

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-32532

ASHLAND GLOBAL HOLDINGS INC.

Delaware
(State or other jurisdiction of incorporation or organization)

81-2587835
(I.R.S. Employer Identification No.)

50 E. RiverCenter Boulevard
Covington, Kentucky 41011
Telephone Number (859) 815-3333

Securities Registered Pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

At March 31, 2016, the aggregate market value of voting stock held by non-affiliates of the Registrant was approximately \$6,767,887,000. In determining this amount, the Registrant has assumed that its directors and executive officers are affiliates. Such assumption shall not be deemed conclusive for any other purpose.

At October 31, 2016, there were 62,174,301 shares of Registrant's common stock outstanding.

Documents Incorporated by Reference

Portions of Registrant's Proxy Statement (Proxy Statement) for its January 26, 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this annual report on Form 10-K to the extent described herein.

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PART I

ITEM 1. BUSINESS

GENERAL

Ashland Global Holdings Inc. is a Delaware corporation, with its principal executive offices located at 50 E. RiverCenter Boulevard, Covington, Kentucky 41011 (Telephone: (859) 815-3333). Ashland Global Holdings Inc. was incorporated in 2016 as the successor to a Kentucky corporation named Ashland Inc. organized in 2004 (now known as Ashland LLC), which was itself organized as the successor to a Kentucky corporation of the same name organized in 1936. The new holding company structure was put in place to allow Ashland Inc. to reincorporate in Delaware and to help facilitate the separation of the Valvoline business from the specialty chemicals businesses, creating two independent, publicly held companies (the Reorganization). As a result of the Reorganization, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation, and Ashland Inc. was converted to a Kentucky limited liability company and is now an indirect, wholly owned subsidiary of Ashland Global Holdings Inc. The terms “Ashland” and the “Company” as used herein include Ashland Global Holdings Inc., its predecessors and its consolidated subsidiaries, except where the context indicates otherwise. As a result of the Reorganization, Ashland is the successor issuer to Ashland Inc. pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934, as amended (the Exchange Act) and will file periodic and other reports required by the Exchange Act.

Ashland is a global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets, including adhesives, architectural coatings, automotive, construction, energy, food and beverage, personal care and pharmaceutical. Ashland also maintains a controlling interest in Valvoline Inc., a premium consumer-branded lubricant supplier. With approximately 11,000 employees worldwide (including approximately 5,000 employees of Valvoline Inc.), Ashland serves customers in more than 100 countries.

Ashland has three reportable segments: Specialty Ingredients, Performance Materials and Valvoline, which is included within a majority-owned, publicly traded subsidiary, Valvoline Inc. As of September 30, 2016, and as described below under “Corporate Developments”, Ashland owned approximately 83% of the outstanding shares of Valvoline Inc.’s common stock. Since Ashland’s ownership interest in Valvoline Inc., which includes the operations of the Valvoline reportable segment, is now less than 100%, the outside stockholders’ interests in Valvoline Inc. are presented separately as a noncontrolling interest within Ashland’s equity in the Consolidated Balance Sheet. The amount of consolidated net income attributable to Ashland and the noncontrolling interest are both presented within the Statement of Consolidated Comprehensive Income. Financial information about Ashland’s three reportable segments for each of the fiscal years in the three-year period ended September 30, 2016 is set forth in Note R of Notes to Consolidated Financial Statements in this Annual Report on Form 10-K, including sales, equity income, other income, operating income and assets. International data, such as sales to external customers, net assets and property, plant and equipment, are set forth in Note R as well.

Specialty Ingredients is a global leader in cellulose ethers, vinyl pyrrolidones and biofunctionals. It offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Specialty Ingredients uses natural, synthetic and semisynthetic polymers derived from cellulose ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract. Specialty Ingredients includes two divisions, Consumer Specialties and Industrial Specialties, that offer comprehensive and innovative solutions for today’s demanding consumer and industrial applications. Key customers include: pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies.

Performance Materials is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Key customers include: manufacturers of residential and commercial building products; industrial product specifiers and manufacturers; wind blade and pipe manufacturers; automotive and truck OEM suppliers; boatbuilders; engineered plastics and electronic producers; and specialty chemical manufacturers.

Valvoline is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants, and automotive chemicals. In 2016, it ranks as the #2 quick-lube chain by number of stores and #3 passenger car motor oil in the “Do-It-Yourself” market by volume brand in the United States. The brand operates and franchises 1,068 Valvoline Instant Oil ChangeSM centers in the United States. It also markets ValvolineTM lubricants and automotive chemicals; MaxLifeTM lubricants created for higher-mileage engines; SynPowerTM synthetic motor oil; and ZerexTM antifreeze. Key customers include: retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. During February 2016, Ashland completed the acquisition of Oil Can Henry’s resulting in the addition of 89 quick-lube stores. On September 28, 2016, Valvoline Inc. completed an initial public offering of 34.5 million shares of its common stock, with Ashland continuing to own 170 million shares of Valvoline Inc.’s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.’s common stock. Valvoline Inc.’s common stock began trading September 23, 2016, on the New York Stock Exchange under the symbol “VVV.” For additional information on the separation and acquisition,

see “Corporate Developments” below and the “Key Developments” section of Management’s Discussion and Analysis in this annual report on Form 10-K.

Available Information - Ashland’s Internet address is <http://www.ashland.com>. On this website, Ashland makes available, free of charge, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as well as any beneficial ownership reports of officers and directors filed on Forms 3, 4 and 5. All such reports are available as soon as reasonably practicable after they are electronically filed with, or electronically furnished to, the Securities and Exchange Commission (SEC). Ashland also makes available, free of charge on its website, its Corporate Governance Guidelines, Board Committee Charters, Director Independence Standards and code of business conduct that applies to Ashland’s directors, officers and employees. These documents are also available in print to any stockholder who requests them. Information contained on Ashland’s website is not part of this annual report on Form 10-K and is not incorporated by reference in this document. The public may read and copy any materials Ashland files with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

CORPORATE DEVELOPMENTS

On September 22, 2015, Ashland announced that the Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the Valvoline business and the specialty chemicals businesses.

In connection with the separation, in May 2016, Ashland filed a proxy statement/prospectus for a proposal to reorganize under a new public holding company to facilitate its reincorporation in the State of Delaware and to help facilitate the separation process. Upon completing the Reorganization in September 2016, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation and, through its subsidiaries, conducts all of the operations previously conducted by Ashland Inc. Each outstanding share of Ashland Inc. common stock was converted into the right to receive one share of Ashland Global Holdings Inc. common stock. Ashland Inc. was converted to a limited liability company and is now an indirect, wholly owned subsidiary of Ashland Global Holdings Inc.

Following the closing of the Reorganization, Ashland took steps to transfer the Valvoline business to Valvoline Inc. On September 22, 2016, Ashland and Valvoline Inc. announced the pricing of the initial public offering (IPO) of 30 million shares of Valvoline Inc.’s common stock at a price to the public of \$22.00 per share and closed the IPO on September 28, 2016. The underwriters exercised an option to purchase an additional 4.5 million shares of Valvoline Inc.’s common stock to cover overallocments. After completing the IPO, Ashland owns 170 million shares of Valvoline Inc.’s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.’s common stock. The total net proceeds, after underwriters discount and other offering expenses, received from the IPO were \$712 million. Valvoline Inc.’s common stock is listed on the New York Stock Exchange under the symbol “VVV”. Ashland presently intends to distribute the remaining Valvoline Inc. shares in 2017 to Ashland’s stockholders following the release of March-quarter earnings results by both Ashland and Valvoline Inc.

During 2016, certain financing related activities were executed for both Ashland and Valvoline in connection with the separation process. See further discussion in Management’s Discussion and Analysis and Note J of Notes to Consolidated Financial Statements in this annual report on Form 10-K.

Transferring of Assets and Liabilities

As of September 30, 2016, Valvoline Inc. includes substantially all of the Valvoline business as historically reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline Inc. by Ashland. The largest transferred liabilities are the net pension and other postretirement plan liabilities, which include a substantial portion of the largest U.S. qualified pension plan and non-qualified U.S. pension plans. Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes, and certain trade payables. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline Inc. as well as certain other tax liabilities as a result of the Tax Matters Agreement entered into between Ashland Global Holdings Inc. and Valvoline Inc. For purposes of Ashland’s 2016 segment reporting and consistent with prior periods, these transferred assets and liabilities remain included within Unallocated and other.

ASHLAND SPECIALTY INGREDIENTS

Ashland Specialty Ingredients (Specialty Ingredients) offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Using natural, synthetic and semisynthetic polymers derived from cellulose

ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract, Specialty Ingredients offers comprehensive and innovative solutions for consumer and industrial applications.

Key customers include pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies. Certain customer relationships are significant, and the loss of any one of those customers could have a material adverse effect on the Specialty Ingredients reportable segment.

Specialty Ingredients' areas of expertise include: organic and synthetic chemistry, polymer chemistry, surface and colloid science, rheology, structural analysis and microbiology.

Specialty Ingredients' solutions provide an array of properties, including: thickening and rheology control, water retention, adhesive strength, binding power, film formation, conditioning and deposition, colloid stabilization and suspension.

Specialty Ingredients is composed of two divisions based on end use markets of customers: Consumer Specialties and Industrial Specialties. Many of the products of the two divisions are produced in shared manufacturing facilities, in order to better manage capacity and achieve desired returns.

Consumer Specialties - The Consumer Specialties division includes the Oral Care, Hair Care, Skin Care, Home Care and Pharmaceutical & Nutrition portfolios.

- Oral Care - Specialty Ingredients' portfolio of oral care products delivers active ingredients in toothpaste and mouthwashes; provides bioadhesive functionality for dentures; delivers flavor, texture and other functional properties; and provides product binding to ensure form and function throughout product lifecycle.
- Hair Care - Specialty Ingredients' portfolio of hair care products includes advanced styling polymers, fixatives, conditioning polymers, emulsifiers, preservatives and rheology modifiers.
- Skin Care - Specialty Ingredients' portfolio of skin care products helps to firm, nourish, revitalize and smooth skin. The Skin Care line also provides sun care products, including UV filters, water-resistant agents and thickeners. Emulsifiers, emollients, preservatives and rheology modifiers complete the Skin Care product line.
- Home Care - Specialty Ingredients' portfolio of products and technologies is used in many types of cleaning applications, including fabric care, home care and dishwashing. Specialty Ingredients' products are used in a variety of applications for viscosity enhancement, particle suspension, rheology modification and stabilization.
- Pharmaceutical - Specialty Ingredients is a leading supplier of excipients and tablet coating systems to the pharmaceutical and nutraceutical industries. Excipients include a comprehensive range of polymers for use as tablet binders, superdisintegrants, sustained-release agents and drug solubilizers, as well as a portfolio of fully formulated, one-step tablet coating systems for immediate-, sustained- and delayed-release applications.
- Nutrition - Specialty Ingredients' nutrition portfolio provides functional benefits in areas such as thickening, texture control, thermal gelation, structure enhancement, water binding, clarification and stabilization. Its core products include cellulose gums and vinyl pyrrolidone polymers which are used in a wide range of offerings for bakery, beverage, dairy, desserts, meat products, pet food, prepared foods, sauces and savory products.

Industrial Specialties - The Industrial Specialties division includes Coatings, Construction, Energy, Adhesives and Performance Specialties.

- Coatings - Coatings Specialties is a recognized leader in rheology solutions for waterborne architectural paint and coatings. Products include hydroxyethylcellulose (HEC), which provides thickening and application properties for interior and exterior paints, and nonionic synthetic associative thickeners (NSATs), which are APEO-free liquid synthetics for high-performance paint and industrial coatings. The Coatings Specialties market complements its rheology offering with a broad portfolio of performance foam-control agents, surfactants and wetting agents, dispersants and pH neutralizers.
- Construction - Construction Specialties is a major producer and supplier of cellulose ethers and companion products for the construction industry. These products control properties such as water retention, open time, workability, adhesion, stabilization, pumping, sag resistance, rheology, strength, appearance and performance in dry-mortar formulations.
- Energy - Energy Specialties is a leading global manufacturer of guar-, synthetic- and cellulosic-based products for drilling fluids, oil-well cement slurries, completion and workover fluids, fracturing fluids and production chemicals. Specialty Ingredients offers the oil and gas industry solutions for drilling, stimulation, completion, cementing and production applications.
- Adhesives - Adhesives Specialties manufactures and sells adhesive solutions to the packaging and converting, building and construction, and transportation markets and manufactures and markets specialty coatings and adhesive solutions for

use across multiple industries. Key technologies and markets include: acrylic polymers for pressure-sensitive adhesives; urethane adhesive for flexible packaging applications; aqueous and radiation-curable adhesives and specialty coatings for printing and converting applications; emulsion polymer isocyanate adhesives for structural wood bonding; elastomeric polymer adhesives for commercial roofing applications; acrylic, polyurethane and epoxy structural adhesives for bonding fiberglass reinforced plastics, composites, thermoplastics and metals in automotive, marine, recreational and industrial applications; specialty phenolic resins for paper impregnation and friction material bonding. Adhesive Specialties' products provide an array of functional properties including high-strength bonding, ease and speed of product assembly, heat and moisture resistance and design flexibility.

- Performance - Performance Specialties provides products and services to over 30 industries. Ashland offers a broad spectrum of organo- and water-soluble polymers that are derived from both natural and synthetic resources. Product lines include derivatized cellulose polymers, synthetics, guar and guar derivatives that impart effective functionalities to serve a variety of industrial markets and specialized applications. Many of the products within Performance Specialties function as performance additives that deliver high levels of end-user value in formulated products. In other areas, such as plastics and textiles, Performance Specialties' products function as a processing aid, improving the quality of end products and reducing manufacturing costs.

Specialty Ingredients' cellulose products were approximately 38% and 16% of Specialty Ingredients' sales and Ashland's total consolidated sales, respectively, for fiscal 2016.

Specialty Ingredients operates throughout the Americas, Europe and Asia Pacific. It has 27 manufacturing facilities in eight countries which serve both the Consumer Specialties and Industrial Specialties divisions and participates in two joint ventures. Specialty Ingredients has manufacturing facilities in Huntsville, Alabama; Wilmington, Delaware; Dalton, Georgia; Calumet City, Illinois; Calvert City, Kentucky; Freetown, Massachusetts; Chatham and Parlin, New Jersey; Columbus, Hilliard and Ashland, Ohio; White City, Oregon; Piedmont, South Carolina; Kenedy and Texas City, Texas and Hopewell, Virginia within the United States and Doel-Beveren, Belgium; Cabreuva, Brazil; Jiangmen and Nanjing, China; Alizay and Sophia Antipolis, France; Memmingen, Germany; Zwijndrecht, the Netherlands and Kidderminster, Newton Aycliffe and Poole, United Kingdom. Specialty Ingredients currently operates two production facilities through a joint venture in Luzhou and Suzhou, China.

Specialty Ingredients markets and distributes its products and services directly and through third-party distributors in the Americas, Europe, the Middle East, Africa and Asia Pacific.

ASHLAND PERFORMANCE MATERIALS

Ashland Performance Materials (Performance Materials) is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Performance Materials' Composites division helps customers create stronger, lighter, more corrosion-resistant substitutes for traditional materials through higher performing, cost-efficient resin technologies that improve the manufacturing, fabrication and design process. Applied industries include construction, transportation, infrastructure, and boatbuilding. The Intermediates and Solvents division provides butanediol and its derivatives to the chemical process industry, plastics manufacturers, and electronics markets, among others.

Key customers include manufacturers of residential and commercial building products, industrial product specifiers and manufacturers, wind blade manufacturers, pipe manufacturers, automotive and truck OEM suppliers, boatbuilders, chemical producers and electronics makers.

Performance Materials is composed of the following divisions:

Composites - The Composites division manufactures and sells a broad range of general-purpose and high-performance grades of unsaturated polyester and vinyl ester resins, gelcoats and low-profile additives for the reinforced plastics industry. Key markets include the transportation, construction, marine and infrastructure end markets. Performance Materials' composite products provide an array of functional properties including corrosion resistance, fire retardance, ultraviolet resistance, water and chemical resistance, high mechanical strength, impact and scratch resistance and high strength-to-weight ratios. In addition, the division also manufactures and sells molten maleic anhydride for the manufacture of a variety of products such as unsaturated polyester resins, copolymers, lubricating oil additives, alkenyl succinic anhydrides, malic acid, fumaric acid and numerous derivative chemicals. Molten maleic anhydride is supplied both to Ashland businesses who consume it as a raw material, primarily in North America, and to the merchant market.

Intermediates and Solvents - The Intermediates and Solvents (I&S) division is a leading producer of 1,4 butanediol and its derivatives, including tetrahydrofuran and n-methylpyrrolidone. These products are used as chemical intermediates in the production of engineering polymers and polyurethanes, and as specialty process solvents in a wide array of applications including

electronics, construction, and active pharmaceutical ingredient manufacture. Butanediol is also supplied to Specialty Ingredients for use as a raw material.

Performance Materials' composites products were approximately 72% and 14% of Performance Materials' sales and Ashland's total consolidated sales, respectively, for fiscal 2016.

Performance Materials operates throughout the Americas, Europe and Asia Pacific. It has 15 manufacturing facilities in seven countries. Composites has manufacturing plants in Fort Smith and Jacksonville, Arkansas; Commerce, California; Bartow, Florida; Neville Island and Philadelphia, Pennsylvania; and Neal, West Virginia within the United States and Aracariguama, Brazil; Changzhou, China; Porvoo, Finland; Miszewo, Poland; and Benicarló, Spain. I&S has manufacturing facilities in Lima, Ohio and Marl, Germany.

Performance Materials markets and distributes its products directly and through third-party distributors in the Americas, Europe, the Middle East, Africa and Asia Pacific. Additionally, Performance Materials has a joint venture agreement through which it manufactures products in two manufacturing plants in Saudi Arabia.

VALVOLINE

Valvoline delivers premium-branded automotive, commercial and industrial lubricants and automotive chemicals. It operates and franchises 1,068 Valvoline Instant Oil ChangeSM centers in the United States. It markets ValvolineTM lubricants and automotive chemicals; MaxLifeTM lubricants for cars with higher mileage engines; SynPowerTM synthetic motor oil; and ZerexTM antifreeze. On September 28, 2016, Valvoline Inc. completed an initial public offering of 34.5 million shares of its common stock, with Ashland continuing to own 170 million shares of Valvoline Inc.'s common stock, representing approximately 83% of the total outstanding shares of Valvoline's common stock. Valvoline's common stock began trading September 23, 2016, on the New York Stock Exchange under the symbol "VVV."

Key customers include retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. Certain customer relationships are significant, and the loss of any one of those customers could have a material adverse effect on the Valvoline business unit.

The Valvoline reportable segment is composed of the following divisions:

Core North America - The "Do-It-Yourself" or "DIY" channel sells ValvolineTM and other branded and private label products to consumers who perform their own automotive maintenance. These products are sold through retail outlets such as AutoZone, O'Reilly Auto Parts and Advance Auto Parts. Valvoline also sells branded products and services to installer customers such as car dealers, general repair shops and quick lubes locations, including Goodyear, Monro, Express Oil Change, TBC Retail Group and Sears, directly and through distributors. The installer channel team also sells branded products and solutions to heavy duty customers, such as on-highway fleets and construction companies, and has a strategic relationship with Cummins Inc. (Cummins) for co-branding products in the heavy duty business.

Quick Lubes - The Valvoline Instant Oil ChangeSM (VIOC) chain is the second largest U.S. retail quick lube service chain by number of stores, providing Valvoline with a significant presence in the passenger car and light truck quick lube market. As of September 30, 2016, 342 company-owned and 726 franchised VIOC centers were operating in 44 states. VIOC centers offer consumers a quick, easy and trusted way to maintain their vehicles, utilizing well trained technicians who have access to a proprietary computer-based point-of-sale technology system and a proprietary service process that sets forth rigorous protocols for both the steps that must be followed in the service of vehicles and for interactions with consumers. In addition, the Quick Lubes market includes the Express CareTM platform, which is a quick lube customer platform developed for independent operators who purchase Valvoline motor oil and other products pursuant to contracts while displaying Valvoline branded signage. During February 2016, Ashland completed the acquisition of Oil Can Henry's resulting in the addition of 89 quick-lube stores.

International - Outside of North America, Valvoline International sells ValvolineTM and other branded products through wholly-owned affiliates, joint ventures, licensees and independent distributors in approximately 140 countries. Valvoline International operates joint ventures with Cummins in Argentina, China and India. In addition, Valvoline International operates joint ventures with local entities in Colombia, Ecuador and Thailand. Valvoline International markets products for both consumer and commercial vehicles and equipment and is served by company-owned plants in the United States, Australia and the Netherlands, a joint venture-owned facility in India and third-party warehouses and toll manufacturers in other regions.

Valvoline International sells branded products and services to original equipment manufacturers (OEMs) through company-owned and operated "direct market" operations, national accounts and a network of distributors. Valvoline International also maintains a strategic alliance with Cummins to distribute heavy duty lubricants to the commercial market, as well as smaller alliances with other global OEMs.

Valvoline's lubricants products were approximately 89% and 35% of Valvoline's sales and Ashland's total consolidated sales, respectively, for fiscal 2016.

Valvoline operates four lubricant blending and packaging plants, three bulk blending and distribution facilities and two distribution centers throughout the United States and additional lubricant blending and packaging plants in Australia and the Netherlands. Valvoline also has a bulk blending and distribution facility in Canada, a distribution center in the U.K., and leased distribution centers in Australia and the Netherlands. In addition to owned and leased facilities, Valvoline also uses numerous toll manufacturers and third-party warehouses.

Valvoline owns or leases approximately 40 facilities throughout the United States, Australia, Brazil, Canada, China, Croatia, India, Indonesia, the Netherlands, New Zealand, the Philippines, Russia, Singapore, the U.K. and Vietnam that comprise over 2,000,000 square feet of blending, packaging, distribution, warehouse and office space. In addition, Valvoline owns or leases the property associated with 342 quick lubes stores under the VIOC and Oil Can Henry's brands throughout the United States. The properties leased by Valvoline have expiration dates ranging from less than one year to more than 25 years (including certain renewal options).

MISCELLANEOUS

Environmental Matters

Ashland maintains a companywide environmental policy overseen by the Environmental, Health, Safety and Quality Committee of Ashland's Board of Directors. Ashland's Environmental, Health, Safety, Quality and Regulatory Affairs (EHSQ&RA) department has the responsibility to ensure that Ashland's businesses worldwide maintain environmental compliance in accordance with applicable laws and regulations. This responsibility is carried out via training; widespread communication of EHSQ&RA policies; information and regulatory updates; formulation of relevant policies, procedures and work practices; design and implementation of EHSQ&RA management systems; internal auditing by a separate auditing group; monitoring of legislative and regulatory developments that may affect Ashland's operations; assistance to the businesses in identifying compliance issues and opportunities for voluntary actions that go beyond compliance; and incident response planning and implementation.

Federal, state and local laws and regulations relating to the protection of the environment have a significant impact on how Ashland conducts its businesses. In addition, Ashland's operations outside the United States are subject to the environmental laws of the countries in which they are located. These laws include regulation of air emissions and water discharges, waste handling, remediation and product inventory, registration and regulation. New laws and regulations may be enacted or adopted by various regulatory agencies globally. The costs of compliance with any new laws or regulations cannot be estimated until the manner in which they will be implemented has been more precisely defined.

At September 30, 2016, Ashland's reserves for environmental remediation and related environmental litigation amounted to \$177 million, reflecting Ashland's best estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries. Engineering studies, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation. Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology and the number and financial strength of other potentially responsible parties at multiparty sites. Although it is not possible to predict with certainty the ultimate costs of environmental remediation, Ashland currently estimates that the upper end of the reasonably possible range of future costs for identified sites could be as high as approximately \$380 million. No individual remediation location is significant, as the largest reserve for any site is less than 15% of the remediation reserve. Ashland regularly adjusts its reserves as environmental remediation continues. Environmental remediation expense, net of insurance receivables, amounted to \$40 million in 2016, compared to \$40 million in 2015 and \$33 million in 2014.

Product Control, Registration and Inventory - Many of Ashland's products and operations are subject to chemical control laws of the countries in which they are located. These laws include regulation of chemical substances and inventories under the Toxic Substances Control Act (TSCA) in the United States and the Registration, Evaluation and Authorization of Chemicals (REACH) regulation in Europe. Under REACH, additional testing requirements, documentation, risk assessments and registrations are occurring and will continue to occur and may adversely affect Ashland's costs of products produced in or imported into the European Union. Examples of other product control regulations include right to know laws under the Global Harmonized System (GHS) for hazard communication, regulation of chemicals used in the manufacture of pharmaceuticals and personal care products and that contact food under the Food, Drug and Cosmetics Act in the United States, the Framework Regulation in Europe and other product control requirements for chemical weapons, drug precursors and import/export. New laws and regulations may be

enacted or adopted by various regulatory agencies globally. The costs of compliance with any new laws or regulations cannot be estimated until the manner in which they will be implemented has been more precisely defined.

Remediation - Ashland currently operates, and in the past has operated, various facilities at which, during the normal course of business, releases of hazardous substances have occurred. Additionally, Ashland has known or alleged potential environmental liabilities at a number of third-party sites. Federal and state laws, including but not limited to the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and various other remediation laws, require that contamination caused by hazardous substance releases be assessed and, if necessary, remediated to meet applicable standards. Some of these laws also provide for liability for related damage to natural resources, and claims for alleged property and personal injury damage can also arise related to contaminated sites. Laws in other jurisdictions in which Ashland operates require that contamination caused by such releases at these sites be assessed and, if necessary, remediated to meet applicable standards.

Air - In the United States, the Clean Air Act (CAA) imposes stringent limits on facility air emissions, establishes a federally mandated operating permit program, allows for civil and criminal enforcement actions and sets limits on the volatile or toxic content of many types of industrial materials and consumer products. The CAA establishes national ambient air quality standards (NAAQS) with attainment deadlines and control requirements based on the severity of air pollution in a given geographical area. Various state clean air acts implement, complement and, in many instances, add to the requirements of the federal CAA. The requirements of the CAA and its state counterparts have a significant impact on the daily operation of Ashland's businesses and, in many cases, on product formulation and other long-term business decisions. Other countries where Ashland operates also have laws and regulations relating to air quality. Ashland's businesses maintain numerous permits and emission control devices pursuant to these clean air laws.

The United States Environmental Protection Agency (USEPA) has increased its frequency in reviewing the NAAQS. The USEPA has stringent standards for particulate matter, ozone and sulfur dioxide. Throughout 2016, state and local agencies continued to implement options for meeting the newest standards. Particulate matter strategies include dust control measures for construction sites and reductions in emission rates allowed for industrial operations. Options for ozone include emission controls for certain types of sources, reduced limits on the volatile organic compound content of industrial materials and consumer products, and requirements on the transportation sector. Most options for sulfur dioxide focus on coal and diesel fuel combustion sources. It is not possible at this time to estimate the potential financial impact that these newest standards may have on Ashland's operations or products. Ashland will continue to monitor and evaluate these standards to meet these and all air quality requirements.

Solid Waste - Ashland's businesses are subject to various laws relating to and establishing standards for the management of hazardous and solid waste. In the United States, Ashland's facilities are subject to RCRA and its regulations governing generators of hazardous waste. Ashland has implemented systems to oversee compliance with the RCRA regulations. In addition to regulating current waste disposal practices, RCRA also addresses the environmental effects of certain past waste disposal operations, the recycling of wastes and the storage of regulated substances in underground tanks. Ashland has the remediation liability for certain facilities subject to these regulations. Other countries where Ashland operates also have laws and regulations relating to hazardous and solid waste, and Ashland has systems in place to oversee compliance.

Water - Ashland's businesses maintain numerous discharge permits. In the United States, such permits may be required by the National Pollutant Discharge Elimination System of the Clean Water Act and similar state programs. Other countries have similar laws and regulations requiring permits and controls relating to water discharge.

Climate Change and Related Regulatory Developments - Ashland has been collecting energy use data and calculating greenhouse gas (GHG) emissions for many years. Ashland evaluates the potential impacts from both climate change and the anticipated GHG regulations to facilities, products and other business interests, as well as the strategies commonly considered by the industrial sector to reduce the potential impact of these risks. These risks are generally grouped as impacts from legislative, regulatory and international developments, impacts from business and investment trends and impacts to company assets from the physical effects of climate change. Current North American, European and other regional regulatory developments are not expected to have a material effect on Ashland's operations, although some facilities are subject to promulgated rules. Business and investment trends are expected to drive an increase in the demand for products that improve energy efficiency, reduce energy use and increase the use of renewable resources. At this time, Ashland cannot estimate the impact of this expected demand increase to its businesses. Physical effects from climate change have the potential to affect Ashland's assets in areas prone to sea level rise or extreme weather events much as they do the general public and other businesses. Due to the uncertainty of these matters, Ashland cannot estimate the impact at this time of GHG-related developments on its operations or financial condition.

Competition

Specialty Ingredients and Performance Materials compete in the highly fragmented specialty chemicals industry. The participants in the industry offer a varied and broad array of product lines designed to meet specific customer requirements. Participants compete with individual and service product offerings on a global, regional and/or local level subject

to the nature of the businesses and products, as well as the end-markets and customers served. Competition is based on several key criteria, including product performance and quality, product price, product availability and security of supply, responsiveness of product development in cooperation with customers, customer service, industry knowledge and technical capability. Certain key competitors are significantly larger than Ashland and have greater financial resources, leading to greater operating and financial flexibility. The industry has become increasingly global as participants have focused on establishing and maintaining leadership positions outside of their home markets. Many of these segments' product lines face domestic and international competition, as a result of industry consolidation, pricing pressures and competing technologies.

Valvoline operates in highly competitive markets and faces competition in each of its product categories and subcategories. In the United States and Canada, its principal competitors for retail customers are global integrated oil brands, such as Shell, which produces Pennzoil and Quaker State, BP, which produces Castrol, and Exxon Mobil, the producer of Mobil1, mid-tier brands, and private label producers. With respect to installer customers in the United States and Canada, Valvoline competes with these major integrated oil brands and regional private label companies. Valvoline also competes with other major franchised brands that offer a turn-key operations management system, such as Jiffy Lube (owned by Shell), Grease Monkey and Express Oil Change, as well as national branded companies that offer a professional signage program with limited business model support, similar to its Express Care network, and regional players such as Super-Lube and American Lube Fast that are not directly affiliated with a major brand. Valvoline also competes to some degree with automotive dealerships and service stations, which provide quick lube and other preventative maintenance services. Jiffy Lube is currently the largest player, with just over 1,900 stores, all of which are owned and operated by franchisees. The major competitors of the Valvoline International market vary by region. Valvoline generally faces strong competition from global integrated oil brands, as these companies have a particularly strong presence in Europe and Asia. In certain markets it also competes with regional brands, including brands produced by national oil companies, such as Sinopec in China and Indian Oil in India. Competitive factors in all of these markets include price, product or service technology, brand awareness and loyalty, customer service and sales and marketing. Certain of Valvoline's products also compete on the basis of shelf space and product packaging.

Intellectual Property

Ashland has a broad intellectual property portfolio which is an important component of all of Ashland's reportable segments. In particular, Ashland's Specialty Ingredients and Performance Materials reportable segments rely on patents, trade secrets, formulae and know-how to protect and differentiate their products and technologies. In addition, these reportable segments own valuable trademarks which identify and differentiate Ashland's products from its competitors. The Valvoline™ trademark and other trademarks related to Valvoline brand products and franchises are of particular importance to the Valvoline brand segment and the overall Ashland business. Ashland also licenses intellectual property rights from third-parties.

Raw Materials

Ashland purchases its raw materials from multiple sources of supply in the United States and other countries, and believes that raw material supplies will be available in quantities sufficient to meet demand in fiscal 2017. All of Ashland's reportable segments were impacted to varying degrees in fiscal 2016 by the volatility of raw materials costs, and these conditions may continue in fiscal 2017.

Research and Development

Ashland's program of research and development is focused on defining the needs of the marketplace and framing those needs into technology platforms. Ashland has the capability to deliver and develop the intellectual property required to grow and protect those platforms. Ashland is focused on developing new chemistries, market-changing technologies and customer driven solutions at numerous technology centers located in the Americas, Europe and the Asia Pacific region. Research and development costs are expensed as they are incurred and totaled \$100 million in 2016, \$110 million in 2015 and \$114 million in 2014. These amounts include impairment charges of \$11 million and \$13 million during 2015 and 2014, respectively, related to certain in-process research and development assets associated with the 2011 acquisition of International Specialty Products Inc. (ISP). For additional information regarding these impairment charges, see Note I of Notes to Consolidated Financial Statements in this annual report on Form 10-K.

Seasonality

Ashland's business may vary due to seasonality. Ashland's business units typically experience stronger demand during warmer weather months, which generally occur during Ashland's third and fourth quarters.

Forward-Looking Statements

This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are not historical facts and generally are identified by words such as "anticipates," "believes,"

“estimates,” “expects,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should,” and “intends” and the negative of these words or other comparable terminology. Although Ashland believes that its expectations are based on reasonable assumptions, such expectations are subject to risks and uncertainties that are difficult to predict and may be beyond Ashland’s control. As a result, Ashland cannot assure that the expectations contained in such statements will be achieved. Important factors that could cause actual results to differ materially from those contained in such statements are discussed under “Use of estimates, risks and uncertainties” in Note A of Notes to Consolidated Financial Statements in this annual report on Form 10-K. For a discussion of other factors and risks that could affect Ashland’s expectations and operations, see “Item 1A. Risk Factors” in this annual report on Form 10-K.

ITEM 1A. RISK FACTORS

The following discussion of “risk factors” identifies the most significant factors that may adversely affect Ashland’s business, operations, financial position or future financial performance. This information should be read in conjunction with Management’s Discussion and Analysis and the consolidated financial statements and related notes incorporated by reference into this annual report on Form 10-K. The following discussion of risks is designed to highlight what Ashland believes are important factors to consider when evaluating its expectations. These factors could cause future results to differ from those in forward-looking statements and from historical trends.

Ashland has set aggressive growth goals for its businesses, including increasing sales, cash flow and margins, in order to achieve its long term strategic objectives. Ashland’s successful execution of its growth strategies and business plans to facilitate that growth involves a number of risks.

Ashland has set aggressive growth goals for its businesses in order to meet long term strategic objectives and improve shareholder value. Ashland’s failure to meet one or more of these goals or objectives would negatively impact Ashland’s potential value and the businesses. One of the most important risks is that Ashland might fail to adequately execute its business and growth plans. Aspects of that risk include changes to global economic environment, changes to the competitive landscape, attraction and retention of skilled employees, the potential failure of product innovation plans, failure to comply with existing or new regulatory schemes, failure to maintain a competitive cost structure and other risks outlined in greater detail in this Item 1A.

Failure to develop and market new products and production technologies could impact Ashland’s competitive position and have an adverse effect on its businesses and results of operations.

The specialty chemical industry is subject to periodic technological change and ongoing product improvements. In order to maintain margins and remain competitive, Ashland must successfully develop and introduce new products or improvements that appeal to its customers and ultimately to global consumers. Ashland plans to grow earnings, in part, by focusing on developing markets and solutions to meet increasing demand in those markets, including demand for personal care and pharmaceutical products which are subject to lengthy regulatory approval processes. Ashland’s efforts to respond to changes in consumer demand in a timely and cost-efficient manner to drive growth could be adversely affected by difficulties or delays in product development, including the inability to identify viable new products, successfully complete research and development, obtain regulatory approvals, obtain intellectual property protection or gain market acceptance of new products. Due to the lengthy development process, technological challenges and intense competition, there can be no assurance that any of the products Ashland is currently developing, or could develop in the future, will achieve substantial commercial success.

Ashland faces competition from other companies, which places downward pressure on prices and margins and may adversely affect Ashland’s businesses and results of operations.

Ashland operates in highly competitive markets, competing against a number of domestic and foreign companies. Competition is based on several key criteria, including product performance and quality, product price, product availability and security of supply, responsiveness of product development in cooperation with customers and customer service, as well as the ability to bring innovative products or services to the marketplace. Certain key competitors are significantly larger than Ashland and have greater financial resources, leading to greater operating and financial flexibility. As a result, these competitors may be better able to withstand changes in conditions within the relevant industry, changes in the prices of raw materials and energy and changes in general economic conditions. In addition, competitors’ pricing decisions could compel Ashland to decrease its prices, which could negatively affect its margins and profitability. Additional competition in markets served by Ashland could adversely affect margins and profitability and could lead to a reduction in market share. Also, Ashland competes in certain markets that are declining and has targeted other markets for growth opportunities. If Ashland’s strategies for dealing with declining markets and leveraging opportunity markets are not successful, its businesses and results of operations could be negatively affected.

Ashland's success depends upon its ability to attract and retain key employees and the identification and development of talent to succeed senior management.

Ashland's success depends on its ability to attract and retain key personnel, and Ashland relies heavily on its management team. The inability to recruit and retain key personnel or the unexpected loss of key personnel may adversely affect Ashland's operations. Also, a substantial portion of Ashland's U.S.-based employees will be retirement-eligible within the next five years. That, combined with the relatively small number of middle tier managers with substantial experience in place to replace this group of retirement-eligible employees, increases the potential negative impact of the risk that key employees could leave the Company. This risk of unwanted employee turnover also is substantial in positions that require certain technical expertise and geographically in developing markets which Ashland has targeted for growth, especially in Asia, India, South America and Eastern Europe. In addition, because of its reliance on its management team, Ashland's future success depends, in part, on its ability to identify and develop talent to succeed its senior management and other key positions throughout the organization. If Ashland fails to identify and develop successors, the company is at risk of being harmed by the departures of these key employees.

Ashland's business exposes it to potential product liability claims and recalls, which could adversely affect its financial condition and performance.

The development, manufacture and sale of specialty chemical and other products by Ashland, including products produced for the food, beverage, personal care, pharmaceutical and nutritional supplement industries, involve an inherent risk of exposure to product liability claims, product recalls, product seizures and related adverse publicity. A product liability claim or judgment against Ashland could also result in substantial and unexpected expenditures, affect consumer or customer confidence in its products, and divert management's attention from other responsibilities. Although Ashland maintains product liability insurance, there can be no assurance that this type or the level of coverage is adequate or that Ashland will be able to continue to maintain its existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product recall or a partially or completely uninsured product liability judgment against Ashland could have a material adverse effect on its reputation, results of operations and financial condition.

Ashland uses information technology (IT) systems to conduct business and these IT systems are at risk of potential disruption and cyber security threats.

Ashland's businesses rely on their IT systems to operate efficiently and in some cases, at all. Ashland employs third parties to maintain aspects of its IT systems and the functions of backing up and securing those systems. A partial or complete failure of Ashland's IT systems or those of our third parties managing, providing or servicing them for any amount of time more than several hours could result in significant business disruption causing harm to Ashland's reputation, results of operations or financial condition. In addition, the nature of our businesses, the markets we serve, and geographic profile of our operations make Ashland a target of cyber security threats. Despite steps Ashland takes to mitigate or eliminate them, cyber security threats to our systems are increasing and becoming more advanced and could occur as a result of the activity of hackers, employee error or employee misconduct. A breach of our IT systems could lead to the loss and destruction of trade secrets, confidential information, proprietary data, intellectual property, customer and supplier data, and employee personal information, and could disrupt business operations which could adversely affect Ashland's relationships with business partners and harm our brands, reputation, and financial results.

Ashland's substantial global operations subject it to risks of doing business in foreign countries, which could adversely affect its business, financial condition and results of operations.

Excluding Valvoline, approximately 60% of Ashland's net sales for fiscal 2017 are expected to be to customers outside of North America. Ashland expects sales from international markets to continue to represent an even larger portion of the Company's sales in the future. Also, a significant portion of Ashland's manufacturing capacity is located outside of the United States. Accordingly, Ashland's business is subject to risks related to the differing legal, political, cultural, social and regulatory requirements and economic conditions of many jurisdictions.

The global nature of Ashland's business presents difficulties in hiring and maintaining a workforce in certain countries. Fluctuations in exchange rates may affect product demand and may adversely affect the profitability in U.S. dollars of products and services provided in foreign countries. In addition, foreign countries may impose additional withholding taxes or otherwise tax Ashland's foreign income, or adopt other restrictions on foreign trade or investment, including currency exchange controls. The imposition of tariffs is also a risk that could impair Ashland's financial performance.

Certain legal and political risks are also inherent in the operation of a company with Ashland's global scope. For example, if the United States withdraws from or engages in renegotiation of trade agreements such as the North American Free Trade Agreement and the Trans-Pacific Partnership or more aggressively prosecutes trade disputes with countries like China, Ashland's ability to do business and execute its growth strategies could be adversely affected. In addition, it may be more difficult for Ashland to enforce its agreements or collect receivables through foreign legal systems. There is a risk that foreign governments may nationalize private enterprises in certain countries where Ashland operates. In certain countries or regions, terrorist activities and

the response to such activities may threaten Ashland's operations more than in those in the United States. In Europe, the effect of economic sanctions imposed on Russia and/or Russia's reaction to the sanctions could adversely impact Ashland's performance and results of operations. Social and cultural norms in certain countries may not support compliance with Ashland's corporate policies including those that require compliance with substantive laws and regulations. Also, changes in general economic and political conditions in countries where Ashland operates, particularly in Europe, the Middle East and emerging markets, are a risk to Ashland's financial performance.

As Ashland continues to operate its business globally, its success will depend, in part, on its ability to anticipate and effectively manage these and other related risks. There can be no assurance that the consequences of these and other factors relating to its multinational operations will not have an adverse effect on Ashland's business, financial condition or results of operations.

Business disruptions from natural, operational and other catastrophic risks could seriously harm Ashland's operations and financial performance. In addition, a catastrophic event at one of Ashland's facilities or involving its products or employees could lead to liabilities that could further impair its operations and financial performance.

Business disruptions, including those related to operating hazards inherent with the production of chemicals, natural disasters, severe weather conditions, supply or logistics disruptions, increasing costs for energy, temporary plant and/or power outages, information technology systems and network disruptions, cyber-security breach, terrorist attacks, armed conflict, war, pandemic diseases, fires, floods or other catastrophic events, could seriously harm Ashland's operations, as well as the operations of its customers and suppliers, and may adversely impact Ashland's financial performance. Although it is impossible to predict the occurrence or consequences of any such events, they could result in reduced demand for Ashland's products, make it difficult or impossible for Ashland to manufacture its products or deliver products and services to its customers or to receive raw materials from suppliers, or create delays and inefficiencies in the supply chain. In addition to leading to a serious disruption of Ashland's businesses, a catastrophic event at one of our facilities or involving our products or employees could lead to substantial legal liability to or claims by parties allegedly harmed by the event.

While Ashland maintains business continuity plans that are intended to allow it to continue operations or mitigate the effects of events that could disrupt its business, Ashland cannot provide assurances that its plans would fully protect it from all such events. In addition, insurance maintained by Ashland to protect against property damage, loss of business and other related consequences resulting from catastrophic events is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of Ashland's damages or damages to others in the event of a catastrophe. In addition, insurance related to these types of risks may not be available now or, if available, may not be available in the future at commercially reasonable rates.

The impact of changing laws or regulations or the manner of interpretation or enforcement of existing rules could adversely impact Ashland's financial performance and restrict its ability to operate its business or execute its strategies.

New laws or regulations, or changes in existing laws or regulations or the manner of their interpretation or enforcement, could increase Ashland's cost of doing business and restrict its ability to operate its business or execute its strategies. This includes, among other things, the possible taxation under U.S. law of certain income from foreign operations, the possible taxation under foreign laws of certain income Ashland reports in other jurisdictions, regulations related to the protection of private information of Ashland's employees and customers, regulations issued by the U.S. Food and Drug Administration (and analogous non-U.S. agencies) affecting Ashland and its customers, compliance with The U.S. Foreign Corrupt Practices Act (and analogous non-U.S. laws) and the European Union's Registration, Authorisation and Restriction of Chemicals (REACH) regulation (and analogous non-EU initiatives), and costs associated with complying with the Patient Protection and Affordable Care Act of 2010 and the regulations promulgated thereunder. In addition, compliance with laws and regulations is complicated by Ashland's substantial and growing global footprint, which will require significant and additional resources to comprehend and ensure compliance with applicable laws in the more than one hundred countries where Ashland conducts business.

The competitive nature of Ashland's markets may delay or prevent the Company from passing increases in raw materials or energy costs on to its customers. In addition, certain of Ashland's suppliers may be unable to deliver products or raw materials or may withdraw from contractual arrangements. The occurrence of either event could adversely affect Ashland's results of operations.

Rising and volatile raw material prices, especially those of hydrocarbon derivatives, cotton linters or wood pulp, may negatively impact Ashland's costs, results of operations and the valuation of its inventory. Similarly, energy costs are a significant component of certain of Ashland's product costs. Ashland is not always able to raise prices in response to such increased costs, and its ability to pass on the costs of such price increases is dependent upon market conditions. Likewise, reductions in the valuation of Ashland's inventory due to market volatility may not be recovered and could result in losses.

Ashland purchases certain products and raw materials from suppliers, often pursuant to written supply contracts. If those suppliers are unable to meet Ashland's orders in a timely manner or choose to terminate or otherwise avoid contractual arrangements,

Ashland may not be able to make alternative supply arrangements. Also, domestic and global government regulations related to the manufacture or transport of certain raw materials may impede Ashland's ability to obtain those raw materials on commercially reasonable terms. If Ashland is unable to obtain and retain qualified suppliers under commercially acceptable terms, its ability to manufacture and deliver products in a timely, competitive and profitable manner or grow its business successfully could be adversely affected.

Imposition of new taxes, disagreements with tax authorities or additional tax liabilities could adversely affect Ashland's business, financial condition, reputation or results of operations.

Ashland's products are made, manufactured, distributed or sold in more than 100 countries and territories. As such, Ashland is subject to myriad tax laws and regulations applicable in those countries and territories, as well as those of the United States and its various state and local governments. Economic and political pressure to increase tax revenues in jurisdictions where Ashland operates or does business, or the adoption of new or reformed tax regulations, may make resolving tax disputes more difficult, and the final resolution of tax audits and any related litigation may differ from our historical provisions and accruals resulting in an adverse impact on our business, financial condition, reputation or results of operations.

Ashland's operations outside the United States generate a significant portion of its net revenues, and repatriation of foreign earnings to the United States could adversely affect its business, results of operations or financial condition. In addition to tax reform strategies being considered in the United States, many other countries, including countries in which Ashland has significant operations, are actively considering changes to existing tax laws. Changes in how United States multinational corporations are taxed on earnings could adversely affect Ashland's business, financial condition or results of operations.

Valvoline is now a publicly traded company with separate risks disclosed in filings with the SEC. Ashland's plan to completely separate from Valvoline is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will continue to involve significant time and expense, any of which could negatively impact our businesses.

On September 22, 2015, Ashland announced plans to separate its Valvoline business from its specialty chemicals businesses in a structure that is expected to be tax free for Ashland shareholders. On April 13, 2016, Ashland announced that it would pursue an initial public offering of up to 20 percent of the common stock of Valvoline as a first step in the separation. On September 22, 2016, Ashland and Valvoline Inc. announced the pricing of the IPO of Valvoline Inc.'s common stock at a price to the public of \$22.00 per share. The IPO closed on September 28, 2016, resulting in approximately 17% of Valvoline's stock being publicly traded. The offering of shares of Valvoline was made by a prospectus filed with the Securities and Exchange Commission by Valvoline Inc. on September 19, 2016 and the risks associated with investing in Valvoline are described in that amended form S-1 prospectus and in subsequent filings with the Securities and Exchange Commission made by Valvoline Inc.

Ashland presently intends to distribute the remaining Valvoline Inc. shares in 2017 following the release of March-quarter earnings results by both Ashland and Valvoline Inc. The final distribution is subject to final approval from Ashland's board of directors. In addition, other unanticipated developments, including changes to the competitive environment for Valvoline's or Ashland's respective businesses, possible delays in obtaining or failure to obtain tax opinions, regulatory or other approvals or clearances to approve or facilitate the separation, uncertainty in financial markets and other challenges in executing the separation as planned, could delay or prevent the final distribution, or cause the final distribution to occur on terms or conditions that are different or less favorable than expected.

Ashland expects that the process of completing the final distribution will continue to be time-consuming and may involve significant costs and expenses, which may be significantly higher than those currently anticipated and may not yield a discernible benefit if the final distribution is not completed. Also, the time and energy required from Ashland's senior management and other employees to plan and execute the final distribution may lead to increased costs, increased expenses, negative effects on relationships with business partners, suppliers, and customers, disruptions in operations and ultimately harm its businesses. Ashland may also experience difficulty attracting, retaining and motivating employees during the pendency of the final distribution, which could also harm its businesses.

If the final distribution is completed, there is a further risk that the sum of the value of the two independent, publicly traded companies will be less than the value of Ashland before the final distribution. There is also a risk that the completed final distribution will not meet all of the intended financial, strategic, and operational benefits that were the impetus for the decision to separate the companies.

The final distribution could result in significant tax liability to Ashland and its stockholders.

Ashland expects to obtain a written opinion of counsel to the effect that the final distribution should qualify for non-recognition of gain and loss under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion of counsel would not address any U.S. state or local or foreign tax consequences of the final distribution. The opinion will assume that the final distribution will be completed according to the terms of the separation agreement and will rely on the facts as described in the

separation agreement, the tax matters agreement, other ancillary agreements, the information statement to be distributed to Ashland's stockholders in connection with the final distribution and a number of other documents. In addition, the opinion will be based on certain representations as to factual matters from, and certain covenants by, Ashland and Valvoline. The opinion cannot be relied on if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or is violated in any material respect. The opinion will be based on current law and cannot be relied upon if current law changes with retroactive effect.

The opinion of counsel will not be binding on the Internal Revenue Service (the "IRS") or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. Ashland has not requested, and does not intend to request, a ruling from the IRS regarding the U.S. federal income tax consequences of the final distribution.

If the final distribution were determined not to qualify for non-recognition of gain and loss, Ashland stockholders could be subject to tax. In this case, each Ashland stockholder who receives Valvoline common stock in the final distribution would generally be treated as receiving a distribution in an amount equal to the fair market value of the Valvoline common stock received, which would generally result in (i) a taxable dividend to the Ashland stockholder to the extent of that Ashland stockholder's pro rata share of Ashland's current and accumulated earnings and profits; (ii) a reduction in the Ashland stockholder's basis (but not below zero) in Ashland common stock to the extent the amount received exceeds the stockholder's share of Ashland's earnings and profits; and (iii) a taxable gain from the exchange of Ashland common stock to the extent the amount received exceeds the sum of the Ashland stockholder's share of Ashland's earnings and profits and the Ashland stockholder's basis in its Ashland common stock.

If the final distribution were determined not to qualify for non-recognition of gain and loss, then Ashland would recognize gain in an amount up to the fair market value of the Valvoline common stock it distributed in the final distribution. In addition, certain internal transactions undertaken in connection with the Reorganization could be determined to be taxable, which could result in additional taxable gain.

The IPO and certain internal transactions undertaken in connection with the Reorganization could give rise to material tax liabilities to Ashland.

Ashland expects that the IPO and certain internal transactions undertaken to effectuate the Reorganization should be nontaxable transactions for U.S. federal income tax purposes and has obtained written opinions of counsel to that effect. The opinions are based on certain assumptions and representations as to factual matters from Ashland and Valvoline Inc., as well as certain covenants by those parties. The opinions cannot be relied upon if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or is violated in any material respect. The opinions of counsel are not binding upon the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position. It is possible that the IRS or a state or local taxing authority could take the position that those internal transactions or the receipt of proceeds of the IPO result in the recognition of significant taxable gain by Ashland, in which case Ashland may be subject to material tax liabilities.

The U.S. federal income tax rules applicable to a tax-free final distribution may restrict Ashland from engaging in certain corporate transactions or from raising equity capital beyond certain thresholds for a period of time after the final distribution.

Section 355(e) of the Code generally creates a presumption that the final distribution would be taxable to Ashland, but not to its stockholders, if Ashland or Valvoline or their respective stockholders were to engage in transactions that result in a 50% or greater change (by vote or value) in the ownership of the respective common stock of Ashland or Valvoline during the four-year period beginning on the date that begins two years before the date of the final distribution, unless it were established that such transactions and the final distribution were not part of a plan or series of related transactions. If the final distribution were taxable for U.S. federal income tax purposes to Ashland due to a 50% or greater change in the ownership of Ashland's or Valvoline's common stock, Ashland would recognize gain as if it had sold Valvoline common stock in a taxable transaction in an amount up to the fair market value of the Valvoline common stock held by Ashland immediately before the final distribution. The tax liability resulting from such gain could have a material impact on Ashland's operations.

An acquisition that occurs during the four-year period beginning on the date that begins two years before the date of the final distribution is presumed to occur pursuant to a plan or series of related transactions, unless it is established that the acquisition is not pursuant to a plan or series of transactions that includes the final distribution. U.S. Treasury regulations currently in effect generally provide that whether an acquisition and a tax-free distribution of common stock are part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the U.S. Treasury regulations. In addition, the U.S. Treasury regulations also provide several "safe harbors" for acquisitions that are not considered to be part of a plan.

In addition, the final distribution would not qualify for non-recognition of gain or loss to Ashland and its stockholders if it were determined to be a "device" for the distribution of earnings and profits. An acquisition of Ashland's or Valvoline's common stock might be considered to be evidence that the final distribution was a "device" unless Ashland and Valvoline could demonstrate, based on all of the facts and circumstances, that they did not plan or anticipate such an acquisition or certain other exceptions.

applied. The tax liability to Ashland that would result from a determination that the final distribution is a “device” could have a material impact on Ashland’s operations.

The potential tax liability to Ashland described above may limit Ashland’s ability to pursue strategic transactions of a certain magnitude that involve the issuance or acquisition of Ashland common stock. This restriction may also limit Ashland’s ability to raise significant amounts of cash through the issuance of common stock, especially if Ashland’s stock price were to suffer substantial declines.

Adverse developments in the global economy and potential disruptions of financial markets could negatively impact Ashland’s customers and suppliers, and therefore have a negative impact on Ashland’s results of operations.

A global or regional economic downturn may reduce customer demand or inhibit Ashland’s ability to produce and sell products. Ashland’s business and operating results are sensitive to global and regional economic downturns, credit market tightness, declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates, changes in interest rates, sovereign debt defaults and other challenges, including those related to international sanctions and acts of aggression or threatened aggression that can affect the global economy. In the event of adverse developments or stagnation in the economy or financial markets, Ashland’s customers may experience deterioration of their businesses, reduced demand for their products, cash flow shortages and difficulty obtaining financing. As a result, existing or potential customers might delay or cancel plans to purchase products and may not be able to fulfill their obligations to Ashland in a timely fashion. Further, suppliers may experience similar conditions, which could impact their ability to fulfill their obligations to Ashland. A weakening or reversal of the current economic recovery in the global economy or a substantial part of it could negatively impact Ashland’s business, results of operations, financial condition and ability to grow.

Ashland may not be able to effectively protect or enforce its intellectual property rights.

Ashland relies on the patent, trademark, trade secret and copyright laws of the United States and other countries to protect its intellectual property rights. The laws of some countries may not protect Ashland’s intellectual property rights to the same extent as the laws of the United States. Failure of foreign countries to have laws to protect Ashland’s intellectual property rights or an inability to effectively enforce such rights in foreign countries could result in the loss of valuable proprietary information, which could have an adverse effect on Ashland’s business and results of operations.

Even in circumstances where Ashland has a patent on certain technologies, such patents may not provide meaningful protection against competitors or against competing technologies. In addition, any patent applications submitted by Ashland may not result in an issued patent. There can be no assurance that Ashland’s intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable. Ashland could also face claims from third parties alleging that Ashland’s products or processes infringe on their proprietary rights. If Ashland is found liable for infringement, it could be responsible for significant damages, prohibited from using certain products or processes or required to modify certain products and processes. Any such infringement liability could adversely affect Ashland’s product and service offerings, profitability and results of operations.

Ashland also has substantial intellectual property associated with its know-how and trade secrets that are not protected by patent or copyright laws. Ashland protects these rights by entering into confidentiality and non-disclosure agreements with most of its employees and with third parties. There can be no assurance that such agreements will not be breached or that Ashland will be able to effectively enforce them. In addition, Ashland’s trade secrets and know-how may be improperly obtained by other means, such as a breach of Ashland’s information technologies security systems or direct theft. Any unauthorized disclosure of any of Ashland’s material know-how or trade secrets could adversely affect Ashland’s business and results of operations.

Ashland has incurred, and will continue to incur, substantial costs as a result of environmental, health and safety, and hazardous substances liabilities and related compliance requirements. These costs could adversely impact Ashland’s cash flow, and, to the extent they exceed Ashland’s established reserves for these liabilities, its results of operations.

Ashland is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment and human health and safety, and the generation, storage, handling, treatment, disposal and remediation of hazardous substances and waste materials. Ashland has incurred, and will continue to incur, significant costs and capital expenditures to comply with these laws and regulations.

Environmental, health and safety regulations change frequently, and such regulations and their enforcement have tended to become more stringent over time. Accordingly, changes in environmental, health and safety laws and regulations and the enforcement of such laws and regulations could interrupt Ashland’s operations, require modifications to its facilities or cause Ashland to incur significant liabilities, costs or losses that could adversely affect its profitability. Actual or alleged violations of environmental, health or safety laws and regulations could result in restrictions or prohibitions on plant operations as well as substantial damages, penalties, fines, civil or criminal sanctions and remediation costs. In addition, under some environmental laws, Ashland may be strictly liable and/or jointly and severally liable for environmental damages and penalties.

Ashland is also subject to various federal, state, local and foreign environmental laws and regulations that require environmental assessment or remediation efforts (collectively, environmental remediation) at multiple locations. Ashland uses engineering studies, historical experience and other factors to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation. Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the applicable costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology and the number and financial strength of other potentially responsible parties at multiparty sites. As a result, Ashland's actual costs for environmental remediation could affect Ashland's cash flow and, to the extent costs exceed established reserves for those liabilities, its results of operations.

Ashland is responsible for, and has financial exposure to, liabilities from pending and threatened claims, including those alleging personal injury caused by exposure to asbestos, which could adversely impact Ashland's results of operations and cash flow.

There are various claims, lawsuits and administrative proceedings pending or threatened, including those alleging personal injury caused by exposure to asbestos, against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability and other matters that seek remedies or damages, some of which are for substantial amounts. While these actions are being contested, their outcome is not predictable. Ashland's results could be adversely affected by financial exposure to these liabilities. Insurance maintained by Ashland to protect against claims for damages alleged by third parties is subject to coverage limitations, depending on the nature of the risk insured. This insurance may not be sufficient to cover all of Ashland's liabilities to others. In addition, insurance related to these types of risks may not be available now or, if available, may not be available in the future at commercially reasonable rates. Ashland's ability to recover from its insurers for asbestos liabilities could also have an adverse impact on its results of operations. Projecting future asbestos costs is subject to numerous variables that are extremely difficult to predict. In addition to the significant uncertainties surrounding the number of claims that might be received, other variables include the type and severity of the disease alleged by each claimant, the long latency period associated with asbestos exposure, dismissal rates, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants in claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards. Furthermore, any predictions with respect to these variables are subject to even greater uncertainty as the projection period lengthens. In light of these inherent uncertainties, Ashland believes that its asbestos reserves represent the best estimate within a range of possible outcomes. As a part of the process to develop these estimates of future asbestos costs, a range of long-term cost models was developed. These models are based on national studies that predict the number of people likely to develop asbestos-related diseases and are heavily influenced by assumptions regarding long-term inflation rates for indemnity payments and legal defense costs, as well as other variables mentioned previously. Because of the inherent uncertainties in projecting future asbestos liabilities and establishing appropriate reserves, Ashland's actual asbestos costs could adversely affect its results of operations and, to the extent they exceed its reserves, could adversely affect its results of operations.

Ashland's substantial indebtedness may adversely affect its business, results of operations and financial condition.

Ashland maintains a substantial amount of debt. Ashland's substantial indebtedness could adversely affect its business, results of operations and financial condition by, among other things:

- requiring Ashland to dedicate a substantial portion of its cash flow from operations to pay principal and interest on its debt, which would reduce the availability of Ashland's cash flow to fund working capital, capital expenditures, acquisitions, execution of its growth strategy and other general corporate purposes;
- limiting Ashland's ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, execution of its growth strategy and other purposes;
- making Ashland more vulnerable to adverse changes in general economic, industry and regulatory conditions and in its business by limiting Ashland's flexibility in planning for, and making it more difficult for Ashland to react quickly to, changing conditions;
- placing Ashland at a competitive disadvantage compared with those of its competitors that have less debt and lower debt service requirements;
- making Ashland more vulnerable to increases in interest rates since some of its indebtedness is subject to variable rates of interest; and
- making it more difficult for Ashland to satisfy its financial obligations.

In addition, Ashland may not be able to generate sufficient cash flow from its operations to repay its indebtedness when it becomes due and to meet its other cash needs. If Ashland is not able to pay its debts as they become due, it could be in default under its credit facility or other indebtedness. Ashland might also be required to pursue one or more alternative strategies to repay indebtedness, such as selling assets, refinancing or restructuring its indebtedness or selling additional debt or equity securities. Ashland may not be able to refinance its debt or sell additional debt or equity securities or its assets on favorable terms, if at all, and if Ashland must sell its assets, it may negatively affect its ability to generate revenues.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Ashland's corporate headquarters is located in Covington, Kentucky. Principal offices of other major operations are located in Wilmington, Delaware (Specialty Ingredients); Bridgewater, New Jersey (Specialty Ingredients); Dublin, Ohio (Specialty Ingredients and Performance Materials); Lexington, Kentucky (Valvoline - includes its current corporate headquarters pursuant to a lease that expires March 31, 2017, and a new long-term lease for its new corporate headquarters, which is currently under construction); and Barendrecht, the Netherlands; Shanghai, China; Hyderabad, India; Warsaw, Poland; and Schaffhausen, Switzerland (each of which are shared service centers of Ashland's business units). All of these office buildings are leased, except for portions of the Dublin, Ohio and the current Lexington, Kentucky facilities that are owned. Principal manufacturing, marketing and other materially important physical properties of Ashland and its subsidiaries are described within the applicable business units under "Item 1" in this annual report on Form 10-K. All of Ashland's physical properties are owned or leased. Ashland believes its physical properties are suitable and adequate for the Company's business. Additional information concerning certain leases may be found in Note L of Notes to Consolidated Financial Statements in this annual report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

The following is a description of Ashland's material legal proceedings.

Asbestos-Related Litigation

Ashland is subject to liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley Stoker Corporation (Riley), a former subsidiary. Although Riley was neither a producer nor a manufacturer of asbestos, its industrial boilers contained some asbestos-containing components provided by other companies.

Hercules LLC (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland, is also subject to liabilities from asbestos-related personal injury lawsuits involving claims which typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products which were sold by one of Hercules' former subsidiaries to a limited industrial market.

Ashland and Hercules are also defendants in lawsuits alleging exposure to asbestos at facilities formerly or presently owned or operated by Ashland or Hercules.

For additional detailed information regarding liabilities arising from asbestos-related litigation, see "Management's Discussion and Analysis - Critical Accounting Policies - Asbestos Litigation" and Note O of Notes to Consolidated Financial Statements in this annual report on Form 10-K.

Environmental Proceedings

(a) *CERCLA and Similar State Law Sites* - Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state laws, Ashland and its subsidiaries may be subject to joint and several liability for cleanup costs in connection with alleged releases of hazardous substances at sites where it has been identified as a "potentially responsible party" (PRP). As of September 30, 2016, Ashland and its subsidiaries have been identified as a PRP by U.S. federal and state authorities, or by private parties seeking contribution, for the cost of environmental investigation and/or cleanup at 81 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the United States Environmental Protection Agency (USEPA) or a state agency, in which Ashland or its subsidiaries are typically participating as a member of a PRP group. Generally, the types of relief sought include remediation of contaminated soil and/or groundwater, reimbursement for past costs of site cleanup and administrative oversight and/or long-term monitoring of environmental conditions at the sites. The ultimate costs are not predictable with assurance.

(b) *Hattiesburg, Mississippi Resource Conservation and Recovery Act Matter* - In November 2008, the Mississippi Department of Environmental Quality (MDEQ) issued a Notice of Violation to Hercules' now-closed Hattiesburg, Mississippi manufacturing facility alleging that a process water impoundment basin at the facility had been operated as a hazardous waste storage and treatment facility without a permit in violation of the Resource Conservation and Recovery Act. In May 2011, the USEPA issued an inspection report from a September 2010 inspection with allegations similar to those of the MDEQ and promulgated an information request. Ashland has been working with the MDEQ and USEPA to settle this matter in the context of the shutdown and ongoing remediation of the Hattiesburg facility. The USEPA proposed a settlement penalty in excess of \$100,000. While it is reasonable to believe that this matter will involve a penalty from the MDEQ and/or the USEPA exceeding \$100,000, the potential penalty with respect to this enforcement matter should not be material to Ashland.

(c) *Lower Passaic River, New Jersey Matters* - Ashland, through two formerly owned facilities, and ISP, through a now-closed facility, have been identified as PRPs, along with approximately 70 other companies (the Cooperating Parties Group or the CPG), in a May 2007 Administrative Order of Consent (AOC) with the USEPA. The parties are required to perform a remedial investigation and feasibility study (RI/FS) of the entire 17 miles of the Passaic River. In June 2007, the EPA separately commenced a Focused Feasibility Study (FFS) as an interim measure. In accordance with the 2007 AOC, in June 2012 the CPG voluntarily entered into another AOC for an interim removal action focused solely at mile 10.9 of the Passaic River. The allocations for the 2007 AOC and the 2012 removal action are based on interim allocations, are immaterial and have been accrued. In April 2014, the EPA released the FFS. The CPG submitted the Draft RI/FS Report on April 30, 2015. The EPA has released the FFS Record of Decision for the lower 8 miles and recently reached an agreement with Occidental to conduct and pay for the remedial design. The EPA has advised that it will be working to secure similar agreements with other PRPs. The release of the FFS Record of Decision did not have a material adverse impact on Ashland's business and financial operations; however, there are a number of contingencies in the future that could possibly have a material impact including adverse rulings or verdicts, allocation proceedings and related orders.

For additional information regarding environmental matters and reserves, see Note O of Notes to Consolidated Financial Statements in this annual report on Form 10-K.

Other Pending Legal Proceedings

In addition to the matters described above, there are other various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability and other environmental matters which seek remedies or damages, some of which are for substantial amounts. While Ashland cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded and losses already recognized with respect to such actions were immaterial as of September 30, 2016. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Ashland believes that such potential losses were immaterial as of September 30, 2016.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM X. EXECUTIVE OFFICERS OF ASHLAND

The following is a list of Ashland's current executive officers, their ages and their positions and offices during the last five years (listed alphabetically after Ashland's Senior Vice Presidents).

WILLIAM A. WULFSOHN (age 54) is Chairman and Chief Executive Officer of Ashland Global Holdings Inc. since September 2016 and held the same positions at Ashland Inc. since January 1, 2015. Prior to joining Ashland, Mr. Wulfsohn served as President and Chief Executive Officer of Carpenter Technology Corp., a manufacturer of stainless steel, titanium, and other specialty metals and engineered products, from July 2010 to November 2014. Mr. Wulfsohn also served as a Director for Carpenter Technology Corp. from April 2009 to November 2014. Mr. Wulfsohn serves as a director of PolyOne Corporation and as the non-executive chairman and director of Valvoline Inc., a majority-owned subsidiary of Ashland.

J. KEVIN WILLIS (age 51) is Senior Vice President and Chief Financial Officer of Ashland Global Holdings Inc. since September 2016. Mr. Willis held the same positions at Ashland Inc. and served in such capacities since May 2013. Mr. Willis served as Vice President of Finance and Controller for the Specialty Ingredients business unit from August 2011 until May 2013 and Vice President of Finance and Treasurer from 2007 to 2011.

LUIS FERNANDEZ-MORENO (age 54) is Senior Vice President of Ashland Global Holdings Inc. and President, Chemicals Group since September 2016 and held the same positions with Ashland Inc. since April 2015. He previously served as Senior Vice President of Ashland and President, Ashland Specialty Ingredients from October 2013 until April 2015. Prior to that, Mr.

Fernandez-Moreno served as Vice President of Ashland and President of Water Technologies from November 2012 until October 2013. During the past five years, he has served as Executive Vice President of Arch Chemicals, Inc., a global biocides company, where he was responsible for the wood protection and HTH water products businesses. In 2016, Mr. Fernandez-Moreno joined the board of directors of Ingevity Corp., a special chemicals manufacturer and supplier.

PETER J. GANZ (age 54) is Senior Vice President, General Counsel and Secretary of Ashland Global Holdings Inc. and has served as Senior Vice President and General Counsel of Ashland Inc. since July 2011 and Secretary since November 2012. From July 2011 to August 2016, Mr. Ganz served as Chief Compliance Officer of Ashland Inc.

GREGORY W. ELLIOTT (age 55) is Vice President and Chief Human Resources and Communications Officer of Ashland Global Holdings Inc. and held the same position with Ashland Inc. since joining the Company in November 2015. Since 2008 until joining Ashland in 2015, Mr. Elliott served as the Senior Vice President, Human Resources and Administration of Navistar, Inc., a global manufacturer of commercial and military trucks, proprietary diesel engines and buses.

J. WILLIAM HEITMAN (age 62) is Vice President and Controller of Ashland Global Holdings Inc. and has served in such capacities with Ashland Inc. since 2008.

KEITH C. SILVERMAN (age 49) is Vice President, Environmental, Health, Safety and Product Regulatory of Ashland Global Holdings Inc. and served in the same capacities at Ashland Inc. since June 2012. Prior to joining Ashland, he spent a number of years at Merck & Co., Inc., a pharmaceutical company, where he held various positions of increasing responsibility in research and development as well as in global safety and the environment.

ANNE T. SCHUMANN (age 56) is Vice President and Chief Information and Administrative Services Officer of Ashland Global Holdings Inc. and served in the same capacities with Ashland Inc. since 2008 and 2009, respectively.

Each executive officer is elected by the Board of Directors of Ashland to a term of one year, or until a successor is duly elected, at the annual meeting of the Board of Directors, except in those instances where the officer is elected other than at an annual meeting of the Board of Directors, in which case his or her tenure will expire at the next annual meeting of the Board of Directors unless the officer is re-elected.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

On September 20, 2016, Ashland Inc. became an indirect wholly owned subsidiary of Ashland Global Holdings Inc., and Ashland Inc.'s common stock ceased trading on the New York Stock Exchange ("NYSE"). Ashland Global Holdings Inc.'s common stock began trading on NYSE under the symbol "ASH" on September 20, 2016. See Quarterly Financial Information on page F-67 for information relating to market price and dividends of Ashland's Common Stock.

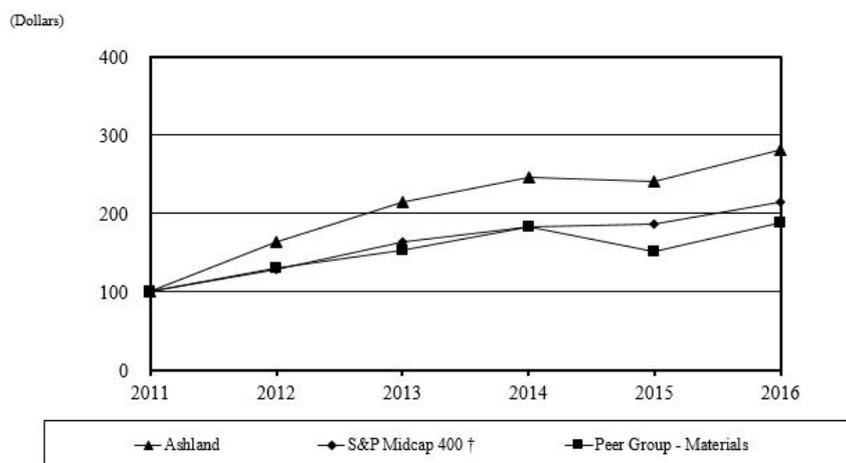
At October 31, 2016, there were approximately 12,500 holders of record of Ashland's Common Stock. Ashland Common Stock is listed on the New York Stock Exchange (NYSE) (ticker symbol ASH) and has trading privileges on NASDAQ.

There were no sales of unregistered securities required to be reported under Item 5 of Form 10-K.

FIVE-YEAR TOTAL RETURN PERFORMANCE GRAPH

The following graph compares Ashland's five-year cumulative total shareholder return with the cumulative total return of the S&P MidCap 400[†] index and one peer group of companies. Ashland is listed in the S&P MidCap 400[†] index. The cumulative total shareholder return assumes the reinvestment of dividends.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN ASHLAND, S&P MIDCAP 400[†] INDEX AND PEER GROUP



	2011	2012	2013	2014	2015	2016
Ashland	100	164	215	245	240	281
S&P MidCap 400[†]	100	128	164	183	186	214
Peer Group - Materials	100	130	153	182	151	187

The peer group consists of the following industry indices:

- *Peer Group – Materials*: S&P 500[†] Materials (large-cap) and S&P MidCap 400[†] Materials. As of September 30, 2016, this peer group consisted of 54 companies.

Purchase of Company Common Stock

Share repurchase activity during the three months ended September 30, 2016 was as follows:

Q4 Fiscal Periods	Total Number of Shares Purchased	Average Price Paid per Share, including commission	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in millions) (a)
July 1, 2016 to July 31, 2016:				\$ 500
Employee tax withholdings	46 (b)	\$ 121.48	—	
August 1, 2016 to August 31, 2016:				500
Employee tax withholdings	1,367 (b)	114.40	—	
September 1, 2016 to September 30, 2016:				500
Employee tax withholdings	83 (b)	115.98	—	
Total.....	<u>1,496</u>		<u>—</u>	<u>\$ 500</u>

(a) In April 2015, the Company's Board of Directors authorized a program to repurchase up to \$1 billion of the Company's stock, with the authorization expiring December 31, 2017. The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 of the Exchange Act. As of September 30, 2016, \$500 million remains available for repurchase under this authorization.

(b) Shares withheld from employees to cover their withholding requirements for personal income taxes related to the vesting of restricted stock.

ITEM 6. SELECTED FINANCIAL DATA

See Five-Year Selected Financial Information on page F-68.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See Management's Discussion and Analysis of Financial Condition and Results of Operations on pages M-1 through M-41.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Quantitative and Qualitative Disclosures about Market Risk on page M-42.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Ashland presented in this annual report on Form 10-K are listed in the index on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures – As of September 30, 2016, Ashland, under the supervision and with the participation of Ashland’s management, including Ashland’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Ashland’s disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of September 30, 2016.

Internal Control over Financial Reporting – See Management’s Report on Internal Control Over Financial Reporting on page F-2 and the Reports of Independent Registered Public Accounting Firms on page F-3, F-4, and F-5.

Changes in Internal Control over Financial Reporting – There have been no changes in Ashland’s internal control over financial reporting that occurred during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, Ashland’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

There is hereby incorporated by reference the information to appear under the caption “Proposal One - Election of Directors” in Ashland’s Proxy Statement, which will be filed with the SEC within 120 days after September 30, 2016. See also the list of Ashland’s executive officers and related information under “Executive Officers of Ashland” in Part I - Item X in this annual report on Form 10-K.

There is hereby incorporated by reference the information to appear under the caption “Corporate Governance - Governance Principles” in Ashland’s Proxy Statement.

There is hereby incorporated by reference the information to appear under the caption “Corporate Governance - Stockholder Nominations of Directors” in Ashland’s Proxy Statement.

There is hereby incorporated by reference the information to appear under the caption “Audit Committee Report” regarding Ashland’s audit committee and audit committee financial experts, as defined under Item 407(d)(4) and (5) of Regulation S-K in Ashland’s Proxy Statement.

There is hereby incorporated by reference the information to appear under the caption “Corporate Governance - Section 16(a) Beneficial Ownership Reporting Compliance” in Ashland’s Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information to appear under the captions “Compensation of Directors,” “Corporate Governance - Personnel and Compensation Committee Interlocks and Insider Participation,” and “Executive Compensation,” in Ashland’s Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

There is hereby incorporated by reference the information to appear under the captions “Ashland Common Stock Ownership of Certain Beneficial Owners,” and “Ashland Common Stock Ownership of Directors and Executive Officers of Ashland” in Ashland’s Proxy Statement.

The following table summarizes the equity compensation plans under which Ashland Common Stock may be issued as of September 30, 2016.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)		(b)		(c)
Equity compensation plans approved by security holders.....	854,605	(1)	\$ 82.94	(2)	3,065,759 (3)
Equity compensation plans not approved by security holders.....	204,717	(4)	—		677,492 (5)
Total.....	1,059,322		\$ 82.94	(2)	3,743,251

(1) This figure includes 102 stock options outstanding under the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan. This figure also includes 153,546 net shares that could be issued under stock-settled SARs under the 2006 Ashland Inc. Incentive Plan (“2006 Incentive Plan”), 255,845 net shares that could be issued under stock-settled SARs under the Amended and Restated 2011 Ashland Inc. Incentive Plan (“2011 Incentive Plan”) and 12,198 net shares that could be issued under stock-settled SARs and 97,950 shares that could be issued under stock-settled restricted stock units under the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (“2015 Incentive Plan”), based upon the closing price of Ashland Common Stock on the NYSE as of September 30, 2016 of \$115.95. Additionally, this figure includes 99,021 restricted shares granted under the Amended and Restated Ashland Inc. Incentive Plan (“Amended Plan”) and deferred, 69,914 performance share units for the fiscal 2014-2016 performance period payable in Ashland Common Stock under the 2011 Incentive Plan, 67,525 performance share units for the fiscal 2015-2017 performance period payable in Ashland Common Stock under the 2011 Incentive Plan, and 72,750 performance share units for the fiscal 2016-2018 performance period payable in Ashland Common Stock under the 2015 Incentive Plan, estimated assuming target performance is achieved. Also included in the figure are 25,754 shares to be issued under the pre-2005 Deferred Compensation Plan for Employees payable in Ashland Common Stock upon termination of employment or service with Ashland.

(2) The weighted-average exercise price excludes shares in Ashland Common Stock which may be distributed under the deferred compensation plans and the deferred restricted stock, and performance share units and restricted stock units which may be distributed under the 2011 Incentive Plan and 2015 Incentive Plan, as described in footnotes (1) and (4) in this table.

(3) This figure includes 1,336,956 shares available for issuance under the 2015 Incentive Plan, 108,985 shares available for issuance under the pre-2005 Deferred Compensation Plan for Employees and 248,570 shares available for issuance under the pre-2005 Deferred Compensation Plan for Non-Employee Directors. Under the 2015 Incentive Plan, full-value awards, which include all awards other than stock options and SARs, reduce the share reserve on a 2.75-to-1 basis. This figure also includes 5,604 shares available for issuance under the 2006 Incentive Plan and 1,365,644 shares available for issuance under the 2011 Incentive Plan; however, both of these plans are closed for new issuances and the only shares remaining to be issued are shares paid in lieu of dividends.

(4) This figure includes 25,514 shares to be issued under the Deferred Compensation Plan for Employees (2005), which is described in the “Non-Qualified Deferred Compensation-Ashland Employees’ Deferral Plan” section of Ashland’s proxy statement, and 179,203 shares to be issued under the Deferred Compensation Plan for Non-Employee Directors (2005), which is described in the “Compensation of Directors-Annual Retainer” and “Compensation of Directors-Restricted Shares/Units” sections of Ashland’s proxy statement, payable in Ashland Common Stock upon termination of employment or service with Ashland. Because these plans are not equity compensation plans as defined by the rules of the NYSE, neither plan required approval by Ashland’s stockholders.

- (5) This figure includes 381,630 shares available for issuance under the Deferred Compensation Plan for Employees (2005) and 295,389 shares available for issuance under the Deferred Compensation Plan for Non-Employee Directors (2005). Because these plans are not equity compensation plans as defined by the rules of the NYSE, neither plan required approval by Ashland's stockholders. Ashland also granted Mr. Wulfsohn, its Chief Executive Officer, an employment inducement award, in compliance with Rule 303A.08 of The New York Stock Exchange Listed Company Manual (the "NYSE Manual"), consisting of a one-time grant of time-vested restricted stock in the amount of 50,000 shares ("2015 Inducement Award"). In 2016, Ashland also granted Mary Meixelsperger, the Chief Financial Officer of Valvoline Inc., an employment inducement award in compliance with Rule 303A.08 of the NYSE Manual, consisting of a one-time grant of time-vested restricted stock in the amount of 4,500 shares ("2016 Inducement Award"). Other than 473 shares registered to cover dividends that are paid in additional shares of restricted stock under the inducement awards, all shares under the 2015 Inducement Award and 2016 Inducement Award have been granted, are no longer available for future issuance and are not included in this figure.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There is hereby incorporated by reference the information to appear under the captions "Corporate Governance - Director Independence and Certain Relationships," "Corporate Governance - Related Person Transaction Policy," and "Audit Committee Report" in Ashland's Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

There is hereby incorporated by reference the information with respect to principal accounting fees and services to appear under the captions "Audit Committee Report" and "Proposal Two - Ratification of Independent Registered Public Accountants" in Ashland's Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Report

- (1) Financial Statements; and
- (2) See Item 15(b) in this annual report on Form 10-K

The consolidated financial statements of Ashland presented in this annual report on Form 10-K are listed in the index on page F-1.

Schedules other than that listed above have been omitted because of the absence of the conditions under which they are required or because the information required is shown in the consolidated financial statements or the notes thereto. Separate financial statements of unconsolidated affiliates are omitted because each company does not constitute a significant subsidiary using the 20% tests when considered individually. Summarized financial information for all unconsolidated affiliates is disclosed in Note E of Notes to Consolidated Financial Statements.

(b) Documents required by Item 601 of Regulation S-K

- 2.1 – Stock and Asset Purchase Agreement, dated as of February 18, 2014, between Ashland Inc. and CD&R Seahawk Bidco, LLC (filed as Exhibit 2.1 to Ashland's Form 8-K filed on February 24, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 2.2 – Sale and Purchase Agreement related to the ASK Chemicals Group, dated April 8, 2014, among Ashland Inc., Ashland International Holdings, Inc., Clariant Produkte (Deutschland) GmbH, Clariant Corp., mertus 158. GmbH, Ascot US Bidco Inc. and Ascot UK Bidco Limited (filed as Exhibit 2.1 to Ashland's Form 8-K filed on April 14, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 2.3 – Agreement and Plan of Merger dated May 31, 2016, by and among Ashland Inc., Ashland Global Holdings Inc. and Ashland Merger Sub Corp. (filed as Exhibit 2.1 to Ashland's Form 8-K filed on May 31, 2016 (SEC File No. 001-32532), and incorporated herein by reference).

- 3.1 – Amended and Restated Articles of Incorporation of Ashland Global Holdings Inc. (filed as Exhibit 3.1 to Ashland’s Form 8-K filed on September 20, 2016 (SEC File No. 001-32532), and incorporated by reference herein).
- 3.2** – Amended and Restated By-laws of Ashland Global Holdings Inc.
- 4.1 – Ashland agrees to provide the SEC, upon request, copies of instruments defining the rights of holders of long-term debt of Ashland and all of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed with the SEC.
- 4.2 – Indenture, dated as of August 15, 1989, as amended and restated as of August 15, 1990, between Ashland Inc. and Citibank, N.A., as Trustee (filed as Exhibit 4.2 to Ashland’s Form 10-K for the fiscal year ended September 30, 2008 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.3 – Agreement of Resignation, Appointment and Acceptance, dated as of November 30, 2006, by and among Ashland Inc., Wilmington Trust Company (Wilmington) and Citibank, N.A. (Citibank) whereby Wilmington replaced Citibank as Trustee under the Indenture dated as of August 15, 1989, as amended and restated as of August 15, 1990, between Ashland Inc. and Citibank (filed as Exhibit 4 to Ashland’s Form 10-Q for the quarter ended December 31, 2006 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.4 – Indenture, dated May 27, 2009, by and among Ashland Inc., the Guarantors and U.S. Bank National Association (filed as Exhibit 4.1 to Ashland’s Form 10-Q for the quarter ended June 30, 2009 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.5 – Warrant Agreement dated July 27, 1999 between Hercules and The Chase Manhattan Bank, as warrant agent (filed as Exhibit 4.4 to Hercules’ Form 8-K filed on July 28, 1999 (SEC File No. 001-00496), and incorporated herein by reference).
- 4.6 – Form of Series A Junior Subordinated Deferrable Interest Debentures (filed as Exhibit 4.5 to Hercules’ Form 8-K filed on July 28, 1999 (SEC File No. 001-00496), and incorporated herein by reference).
- 4.7 – Form of CRESTSSM Unit (filed as Exhibit 4.7 to Hercules’ Form 8-K filed on July 28, 1999 (SEC File No. 001-00496), and incorporated herein by reference).
- 4.8 – Form of Warrant (filed as Exhibit 4.8 to Hercules’ Form 8-K filed on July 28, 1999 (SEC File No. 001-00496), and incorporated herein by reference).
- 4.9 – Form of \$100,000,000 6.6% Debenture due August 27, 2027 (filed as Exhibit 4.2 to Hercules’ Form 8-K filed on July 30, 1997 (SEC File No. 001-00496), and incorporated herein by reference).
- 4.10 – Indenture, dated as of August 7, 2012, between Ashland Inc. and U.S. Bank N.A., as Trustee (filed as Exhibit 4.1 to Ashland’s Form 8-K filed on September 21, 2012 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.11 – First Supplemental Indenture, dated as of February 26, 2013, between Ashland Inc. and U.S. Bank National Association, as Trustee, in respect of the senior notes due 2022 (filed as Exhibit 4.11 to Ashland’s Form 10-K for the fiscal year ended September 30, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.12 – Indenture, dated as of February 26, 2013, between Ashland Inc. and U.S. Bank National Association, as Trustee (filed as Exhibit 4.3 to Ashland’s Form 8-K filed on February 27, 2013 (SEC File No. 001- 32532), and incorporated herein by reference).
- 4.13 – First Supplemental Indenture, dated as of February 26, 2013, between Ashland Inc. and U.S. Bank National Association, as Trustee, in respect of the senior notes due 2016, 2018 and 2043 (filed as Exhibit 4.4 to Ashland’s Form 8-K filed on February 27, 2013 (SEC File No. 001-32532), and incorporated herein by reference).

- 4.14 – Second Supplemental Indenture, dated as of March 14, 2013, between Ashland Inc. and U.S. Bank National Association, as Trustee, in respect of the senior notes due 2043 (filed as Exhibit 4.2 to Ashland’s Form 8-K filed on March 18, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.15 – Indenture dated as of July 20, 2016, among Valvoline Finco Two LLC, Ashland Inc. and U.S. Bank National Association, as trustee (filed as Exhibit 4.1 to Ashland’s Form 8-K filed on July 20, 2016 (SEC File No. 001-32532), and incorporated herein by reference).
- 4.16 – Registration Rights Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.6 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 4.17 – Second Supplemental Indenture dated October 19, 2016, among Ashland LLC, Ashland Global Holdings Inc. and US Bank National Association, to the Indenture dated as of August 7, 2012 between Ashland LLC and US Bank National Association (filed as Exhibit 4.1 to Ashland’s Form 8-K filed on October 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 4.18 – Third Supplemental Indenture dated October 19, 2016, among Ashland LLC, Ashland Global Holdings Inc. and US Bank National Association, to the Indenture dated as of February 27, 2013 between Ashland LLC and US Bank National Association (filed as Exhibit 4.2 to Ashland’s Form 8-K filed on October 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 4.19** – First Supplemental Indenture dated September 26, 2016 among Valvoline Inc., the Guarantors and US Bank National Association, to the Indenture dated as of July 20, 2016 among Valvoline Finco Two LLC, Ashland Inc. and US Bank National Association as trustee.

The following Exhibits 10.1 through 10.62 are contracts or compensatory plans or arrangements or management contracts required to be filed as exhibits pursuant to Items 601(b)(10)(ii)(A) and 601(b)(10)(iii)(A) and (B) of Regulation S-K.

- 10.1 – Ashland Inc. Deferred Compensation Plan for Non-Employee Directors and Amendment No. 1 (filed as Exhibit 10.5 to Ashland’s Form 10-Q for the quarter ended December 31, 2004 (SEC File No. 001-02918), and incorporated herein by reference).
- 10.2 – Ashland Inc. Deferred Compensation Plan and Amendment No. 1 (filed as Exhibit 10.3 to Ashland’s Form 10-Q for the quarter ended December 31, 2004 (SEC File No. 001-02918), and incorporated herein by reference).
- 10.3** – Amended and Restated Ashland Global Holdings Inc. Deferred Compensation Plan for Employees (2005) effective as of January 1, 2017.
- 10.4 – Amended and Restated Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005) (filed as Exhibit 10.4 to Ashland’s Form 10-K for the fiscal year ended September 30, 2008 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.5 – Amended and Restated Valvoline LLC Supplemental Early Retirement Plan for Certain Employees (filed as Exhibit 10.5 to Ashland’s Form 10-K for the fiscal year ended September 30, 2010 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.6 – Amendment to the Valvoline LLC Supplemental Early Retirement Plan for Certain Employees (filed as Exhibit 10.10 to Ashland’s Form 10-Q for the quarter ended June 30, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.7 – Amendment to the Amended and Restated Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005) (filed as Exhibit 10.4 to Ashland’s Form 10-Q for the quarter ended March 31, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.8 – Ashland Supplemental Defined Contribution Plan for Certain Employees (filed as Exhibit 10.3 to Ashland’s Form 10-Q for the quarter ended March 31, 2011 (SEC File No. 001-32532), and incorporated herein by reference) (Frozen).

- 10.9 – Ashland Inc. Supplemental Defined Contribution Plan for Certain Employees effective January 1, 2015 (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on May 18, 2015 (SEC File No. 001-32532), and incorporated herein by reference) (Frozen).
- 10.10 – Amended and Restated Valvoline LLC Nonqualified Excess Benefit Pension Plan (filed as Exhibit 10.6 to Ashland’s Form 10-K for the fiscal year ended September 30, 2008 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.11 – Hercules Incorporated Employee Pension Restoration Plan (filed as Exhibit 10.9 to Ashland’s Form 10- K for the fiscal year ended September 30, 2010 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.12 – Form of Inducement Restricted Stock Award Agreement, between William A. Wulfsohn and Ashland (filed as Exhibit 4.3 to Ashland’s Form S-8 filed on December 18, 2014 (SEC File No. 333-201053), and incorporated herein by reference).
- 10.13 – Form of Chief Executive Officer Change in Control Agreement (filed as Exhibit 10.3 to Ashland’s Form 10-Q for the quarter ended December 31, 2014 (SEC File No. 001-32532), and incorporated herein by reference) (Replaced in the first quarter of fiscal 2016).
- 10.14 – Form of Executive Officer Change in Control Agreement (filed as Exhibit 10.11 to Ashland’s Form 10-K for the fiscal year ended September 30, 2009 (SEC File No. 001-32532), and incorporated herein by reference) (Replaced in the first quarter of fiscal 2016).
- 10.15 – Form of Chief Executive Officer Change in Control Agreement (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on October 9, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.16 – Form of Executive Officer Change in Control Agreement (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on October 9, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.17 – Form of Indemnification Agreement between Ashland Inc. and members of its Board of Directors (filed as Exhibit 10.10 to Ashland’s annual report on Form 10-K for fiscal year ended September 30, 2005 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.18 – Amended and Restated Ashland Inc. Incentive Plan (filed as Exhibit 10.17 to Ashland’s Form 10-K for the fiscal year ended September 30, 2009 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.19 – 2006 Ashland Inc. Incentive Plan (filed as Exhibit 10 to Ashland’s Form 10-Q for the quarter ended December 31, 2005 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.20 – Amended and Restated 2011 Ashland Inc. Incentive Plan (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on February 1, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.21** – Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on July 20, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.22 – Form of Stock Appreciation Rights Award Agreement under the Amended and Restated 2011 Ashland Inc. Incentive Plan (filed as Exhibit 10.16 to Ashland’s Form 10-K for the fiscal year ended September 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.23 – Form of Performance Unit (LTIP) Award Agreement under the Amended and Restated 2011 Ashland Inc. Incentive Plan (filed as Exhibit 10.17 to Ashland’s Form 10-K for the fiscal year ended September 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.24 – Form of Restricted Stock Award Agreement under the Amended and Restated 2011 Ashland Inc. Incentive Plan (filed as Exhibit 10.18 to Ashland’s Form 10-K for the fiscal year ended September 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).

- 10.25 – Form of Restricted Stock Unit Agreement under the Amended and Restated 2011 Ashland Inc. Incentive Plan (filed as Exhibit 10.19 to Ashland’s Form 10-K for the fiscal year ended September 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.26 – Form of Restricted Stock Award Agreement under the Amended and Restated 2015 Ashland Inc. Incentive Plan (filed as Exhibit 10.5 to Ashland’s Form 10-Q for the quarter ended March 31, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.27 – Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2015 Ashland Inc. Incentive Plan (filed as Exhibit 10.6 to Ashland’s Form 10-Q for the quarter ended March 31, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.28 – Form of Stock Appreciation Rights Award Agreement under the Amended and Restated 2015 Ashland Inc. Incentive Plan (filed as Exhibit 10.7 to Ashland’s Form 10-Q for the quarter ended March 31, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.29 – Form of Performance Unit (LTIP) Award Agreement under the Amended and Restated 2015 Ashland Inc. Incentive Plan (filed as Exhibit 10.8 to Ashland’s Form 10-Q for the quarter ended March 31, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.30 – Form of Restricted Stock Award Agreement under the Amended and Restated 2015 Ashland Inc. Incentive Plan (Double-Trigger Form) (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on July 20, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.31 – Letter Agreement between Ashland and Luis Fernandez-Moreno dated November 4, 2013 (filed as Exhibit 10.23 to Ashland’s Form 10-K for the fiscal year ended September 30, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.32 – Letter Agreement between Ashland and William A. Wulfsohn, dated November 12, 2014 (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on November 17, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.33 – Separation Agreement and General Release between Ashland and Susan B. Esler dated October 1, 2015 (filed as Exhibit 10.40 to Ashland’s Form 10-K for the fiscal year ended September 30, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.34 – Separation Agreement and General Release between Ashland and Walter H. Solomon dated October 1, 2015 (filed as Exhibit 10.41 to Ashland’s Form 10-K for the fiscal year ended September 30, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.35 – Form of Performance-Based Restricted Stock Award Agreement (filed as Exhibit 10.3 to Ashland’s Form 8-K filed on October 9, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.36 – Form of Retention Award Agreement for certain Executive Officers (filed as Exhibit 10.43 to Ashland’s Form 10-K for the fiscal year ended September 30, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.37** – Form of Restricted Stock Award Agreement under the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (Double-Trigger Form).
- 10.38** – Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (Double-Trigger Form).
- 10.39** – Form of Stock Appreciation Rights Award Agreement under the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (Double-Trigger Form).
- 10.40** – Form of Performance Unit (LTIP) Award Agreement under the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (Double-Trigger Form).

- 10.41 – Form of Inducement Restricted Stock Award Agreement entered into between Ashland and Mary Meixelsperger (filed as Exhibit 4.3 to Ashland’s Registration Statement on Form S-8 filed on June 20, 2016 (SEC File No. 333-212127), and incorporated herein by reference).
- 10.42 – Form of Indemnification Agreement between Ashland and members of its Board of Directors (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on September 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.43** – Amendment to Ashland Inc. Supplemental Defined Contribution Plan for Certain Employees dated September 30, 2016 (Plan Freeze).
- 10.44** – Amendment to the Hercules Incorporated Employee Pension Restoration Plan dated September 30, 2016 (Plan Freeze).
- 10.45** – Amendment to the Valvoline LLC Nonqualified Excess Benefit Plan dated September 30, 2016 (Plan Freeze).
- 10.46** – Amendment to the Hercules Incorporated Employee Pension Restoration Plan dated September 30, 2016 (Annuity Cash-Out).
- 10.47** – Amendment to the Amended and Restated Supplemental Early Retirement Plan for Certain Employees dated September 30, 2016 (Plan Freeze).
- 10.48** – Ashland Severance Pay Plan effective as of August 1, 2016.
- 10.49** – Ashland Severance Pay Plan effective as of January 1, 2017.
- 10.50 – Ashland Global Holdings Inc. Non-Qualified Defined Contribution Plan for Certain Employees (filed as Exhibit 10.7 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.51** – Valvoline Inc. 2016 Deferred Compensation Plan for Non-Employee Directors (effective October 1, 2016).
- 10.52** – Form of Valvoline Inc. 2016 Deferred Compensation Plan for Employees effective October 1, 2016.
- 10.53** – 2016 Valvoline Incentive Plan.
- 10.54** – Form of Outside Director Restricted Stock Award Agreement under the 2016 Valvoline Inc. Incentive Plan.
- 10.55** – Form of Valvoline Inc. Non-Qualified Defined Contribution Plan (effective October 1, 2016).
- 10.56** – Amendment to the Ashland Inc. Nonqualified Excess Benefit Plan dated September 1, 2016 (Sponsorship Transfer).
- 10.57** – Amendment to the Amended and Restated Supplemental Early Retirement Plan for Certain Employees effective September 1, 2016 (Sponsorship Transfer).
- 10.58** – Amendment to the Hercules Incorporated Employee Pension Restoration Plan effective September 1, 2016 (Sponsorship Transfer).
- 10.59** – Form of Cash-Settled Performance Unit (LTIP) Award Agreement under the Amended and Restated Ashland Global Holdings Inc. Incentive Plan (Double-Trigger Form).
- 10.60 – Amended and Restated Hercules Deferred Compensation Plan effective January 1, 2008 (filed as Exhibit 10.8 to Ashland’s Form 10-K for the fiscal year ended on September 30, 2010 (SEC File No. 001-32532), and incorporated herein by reference).

- 10.61** – Amendment to the Amended and Restated Hercules Deferred Compensation Plan dated September 30, 2016 (annuity cash-out).
- 10.62 – Amended and Restated Ashland Inc. Deferred Compensation Plan for Employees (2005) (filed as Exhibit 10.3 to Ashland’s Form 10-K for the fiscal year ended September 30, 2008 (SEC File No. 001-32532) and incorporated herein by reference).
- 10.63 – Stock Purchase Agreement dated as of May 30, 2011, entered into by and among The Samuel J. Heyman 1981 Continuing Trust for Lazarus S. Heyman, The Samuel J. Heyman 1981 Continuing Trust for Eleanor S. Heyman, The Samuel J. Heyman 1981 Continuing Trust for Jennifer L. Heyman, The Samuel J. Heyman 1981 Continuing Trust for Elizabeth D. Heyman, The Lazarus S. Heyman Age 50 Trust for Assets Appointed Under Will of Lazarus S. Heyman, The Eleanor S. Heyman Age 50 Trust for Assets Appointed Under Will of Lazarus S. Heyman, The Jennifer L. Heyman Age 50 Trust for Assets Appointed Under Will of Lazarus S. Heyman, The Elizabeth D. Heyman Age 50 Trust for Assets Appointed Under Will of Lazarus S. Heyman, The Horizon Holdings Residual Trust, RFH Investment Holdings LLC, Ashland and Ronnie F. Heyman, as representative of the Seller Parties (filed as Exhibit 2.1 to Ashland’s Form 8-K filed on May 31, 2011 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.64 – Credit Agreement dated as of June 23, 2015, among Ashland Inc., as Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, Bank of America, N.A., Deutsche Bank Securities Inc. and PNC Bank, National Association, as Co-Documentation Agents, JPMorgan Chase Bank, N.A., Mizuho Bank LTD., U.S. Bank National Association, and Wells Fargo Bank, National Association, as Managing Agents, and the other Lenders party thereto (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on June 23, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.65 – Transfer and Administration Agreement, dated as of August 31, 2012, among CVG Capital III LLC, Ashland Inc., Hercules Incorporated, Aqualon Company, ISP Technologies Inc., ISP Synthetic Elastomers LLC, and each other entity from time to time party thereto as an Originator, as Originators, Ashland Inc., as initial Master Servicer, each of Liberty Street Funding LLC, Market Street Funding LLC and Gotham Funding Corporation, as Conduit Investors and Uncommitted Investors, The Bank of Nova Scotia, as the Agent, a Letter of Credit Issuer, a Managing Agent, an Administrator and a Committed Investor, and the Letter of Credit Issuers, Managing Agents, Administrators, Uncommitted Investors and Committed Investors parties thereto from time to time (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on September 7, 2012 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.66 – Sale Agreement, dated as of August 31, 2012, among Ashland Inc., Hercules Incorporated, Aqualon Company, ISP Technologies Inc., ISP Synthetic Elastomers LLC and CVG Capital III LLC (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on September 7, 2012 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.67 – Parent Undertaking, dated as of August 31, 2012, by Ashland Inc. in favor of The Bank of Nova Scotia and the Secured Parties (filed as Exhibit 10.3 to Ashland’s Form 8-K filed on September 7, 2012 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.68 – First Amendment to Transfer and Administration Agreement, dated as of April 30, 2013, among Ashland Inc., CVG Capital III LLC, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.2 to Ashland’s Form 10-Q for the quarter ended June 30, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.69 – Omnibus Amendment to Transfer and Administration Agreement, dated as of August 21, 2013, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.34 to Ashland’s Form 10-K for the fiscal year ended September 30, 2013 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.70 – Third Amendment to Transfer and Administration Agreement, dated as of October 15, 2013, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.35 to Ashland’s Form 10-K for the fiscal year ended September 30, 2013 (SEC File No. 001-32532), and incorporated herein by reference).

- 10.71 – Fourth Amendment to Transfer and Administration Agreement, dated as of June 30, 2014, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.1 to Ashland’s Form 10-Q for the quarter ended June 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.72 – Receivables Assignment Agreement, dated as of November 25, 2014, among Ashland Inc., as originator and master servicer, CVG Capital III LLC, Ashland Specialty Ingredients G.P., the Investors, Letter of Credit Issuers, Managing Agent and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.4 to Ashland’s Form 10-Q for the quarter ended December 31, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.73 – Sixth Amendment to Transfer and Administration Agreement, dated as of November 25, 2014, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.5 to Ashland’s Form 10-Q for the quarter ended December 31, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.74 – Seventh Amendment dated as of August 28, 2015 to the Transfer and Administration Agreement dated as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on September 2, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.75 – Eighth Amendment dated as of September 30, 2015 to the Transfer and Administration Agreement as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on October 6, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.76 – First Amendment to Sale Agreement, dated as of June 30, 2014, among Ashland Inc., Hercules Incorporated, Ashland Specialty Ingredients G.P., ISP Technologies Inc., Ashland Elastomers LLC and CVG Capital III LLC (filed as Exhibit 10.2 to Ashland’s Form 10-Q for the quarter ended June 30, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.77 – Originator Removal Agreement and Facility Amendment, dated as of July 28, 2014, by and among Ashland, Hercules Incorporated, Ashland Specialty Ingredients G.P., ISP Technologies Inc., Ashland Elastomers LLC, CVG Capital III LLC, the Investors, the Letter of Credit Issuers, Managing Agents and Administrators party thereto, and the Bank of Nova Scotia, as Agent for the Investors (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on August 1, 2014 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.78 – Ninth Amendment dated as of December 22, 2015 to the Transfer and Administration Agreement dated as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on December 28, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.79 – Tenth Amendment dated as of March 24, 2016 to the Transfer and Administration Agreement dated as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as Agent for the Investors. (filed as Exhibit 10.1 to Ashland’s Form 10-Q for the quarter ended March 31, 2016 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.80** – Eleventh Amendment dated as of August 1, 2016, to the Transfer and Administration Agreement dated as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors.
- 10.81** – Second Amendment dated as of August 1, 2016, to Sale Agreement, dated as of August 31, 2012, among Ashland Inc., Ashland Specialty Ingredients G.P., Valvoline LLC and CVG Capital III LLC.

- 10.82 – Twelfth Amendment dated as of September 15, 2016 to the Transfer and Administration Agreement dated as of August 31, 2012, among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.3 to Ashland’s Form 8-K filed on September 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.83 – Originator Removal Agreement and Facility Amendment among Ashland Inc., CVG Capital III LLC, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.4 to Ashland’s Form 8-K filed on September 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.84** – Originator Joinder Agreement dated as of August 1, 2016, by and among Ashland Inc., Valvoline LLC, the Investors, the Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as Agent for the Investors.
- 10.85 – Master Confirmation - Uncollared Accelerated Share Repurchase, dated November 17, 2015, between Ashland Inc. and Goldman, Sachs & Co. (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on November 18, 2015 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.86 – Amendment No. 1, dated as of July 8, 2016, to the Credit Agreement, dated as of June 23, 2015, among Ashland Inc., The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders from time to time party thereto (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on July 11, 2016 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.87** – Amendment No. 2, dated as of August 15, 2016, to the Credit Agreement, dated as of June 23, 2015, among Ashland Inc., The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders from time to time party thereto.
- 10.88 – Credit Agreement dated as of July 11, 2016, among Valvoline Finco One LLC, as Initial Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders party thereto (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on July 11, 2016 (SEC File No. 001-32532), and incorporated herein by reference).
- 10.89 – Assumption Agreement dated September 20, 2016, by and between Ashland Global Holdings Inc. and Ashland Inc. (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on September 20, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.90 – Separation Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.1 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.91 – Transition Services Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.2 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.92 – Reverse Transition Services Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.3 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.93 – Tax Matters Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.4 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.94 – Employee Matters Agreement dated as of September 22, 2016, between and among Ashland Global Holdings Inc. and Valvoline Inc. (filed as Exhibit 10.5 to Ashland’s Form 8-K filed on September 28, 2016 (SEC File No. 333-211719), and incorporated herein by reference).
- 10.95** – Amendment No. 1 dated September 21, 2016, to Credit Agreement dated as of July 11, 2016, among Valvoline Finco One LLC, as Initial Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders from time to time party thereto.

- 11** – Computation of Earnings Per Share (appearing in Note A of Notes to Consolidated Financial Statements in this annual report on Form 10-K).
- 12** – Computation of Ratio of Earnings to Fixed Charges.
- 21** – List of Subsidiaries.
- 23.1** – Consent of Ernst & Young LLP.
- 23.2** – Consent of PricewaterhouseCoopers LLP.
- 23.3** – Consent of Hamilton, Rabinovitz & Associates, Inc.
- 24** – Power of Attorney.
- 31.1** – Certification of William A. Wulfsohn, Chief Executive Officer of Ashland, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2** – Certification of J. Kevin Willis, Chief Financial Officer of Ashland, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32** – Certification of William A. Wulfsohn, Chief Executive Officer of Ashland, and J. Kevin Willis, Chief Financial Officer of Ashland, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS* XBRL Instance Document.
- 101.SCH* XBRL Taxonomy Extension Schema Document.
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document.

*Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Statements of Consolidated Comprehensive Income for years ended September 30, 2016, 2015 and 2014; (ii) Consolidated Balance Sheets at September 30, 2016 and 2015; (iii) Statements of Consolidated Equity at September 30, 2016, 2015 and 2014; (iv) Statements of Consolidated Cash Flows for years ended September 30, 2016, 2015 and 2014; and (v) Notes to Consolidated Financial Statements.

**Filed herewith.

SM Service mark, Ashland or its subsidiaries, registered in various countries.

TM Trademark, Ashland or its subsidiaries, registered in various countries.

[†] Trademark owned by a third party.

Upon written or oral request, a copy of the above exhibits will be furnished at cost.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASHLAND GLOBAL HOLDINGS INC.

(Registrant)

By:

/s/ J. Kevin Willis

J. Kevin Willis

Senior Vice President and Chief Financial Officer

Date: November 21, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant, in the capacities indicated, on November 21, 2016.

Signatures

/s/ William A. Wulfsohn

William A. Wulfsohn

/s/ J. Kevin Willis

J. Kevin Willis

/s/ J. William Heitman

J. William Heitman

*

Brendan M. Cummins

*

William G. Dempsey

*

Stephen F. Kirk

*

Vada O. Manager

*

Barry W. Perry

*

Mark C. Rohr

*

George A. Schaefer, Jr.

*

Janice J. Teal

*

Michael J. Ward

Capacity

Chairman of the Board, Chief Executive Officer and Director

(Principal Executive Officer)

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

Vice President and Controller

(Principal Accounting Officer)

Director

Director

Director

Director

Director

Director

Director

Director

Director

*By: /s/ Peter J. Ganz

Peter J. Ganz

Attorney-in-Fact

Date: November 21, 2016

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements for the years ended September 30, 2016, 2015 and 2014. As Ashland Global Holdings Inc. is the successor to Ashland Inc., the information set forth refers to Ashland Inc. for the periods prior to September 30, 2016 and to Ashland Global Holdings Inc. on and after September 30, 2016.

BUSINESS OVERVIEW

Ashland profile

Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets, including adhesives, architectural coatings, automotive, construction, energy, food and beverage, personal care and pharmaceutical. Ashland also maintains a controlling interest in Valvoline Inc., a premium consumer-branded lubricant supplier. With approximately 11,000 employees worldwide (including approximately 5,000 employees of Valvoline), Ashland serves customers in more than 100 countries.

Ashland's sales generated outside of North America were 47% in 2016, 2015 and 2014. Sales by region expressed as a percentage of total consolidated sales were as follows:

Sales by Geography	2016	2015	2014
North America (a)	53%	53%	53%
Europe	24%	24%	25%
Asia Pacific	16%	16%	15%
Latin America & other	7%	7%	7%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

(a) Ashland includes only U.S. and Canada in its North American designation.

Reportable segments

Ashland's reporting structure is composed of three reportable segments: Ashland Specialty Ingredients (Specialty Ingredients), Ashland Performance Materials (Performance Materials) and Valvoline. The term Valvoline as used herein, depending on context, refers to either Valvoline Inc. or Valvoline as a reportable segment of Ashland. For further descriptions of each reportable segment, see "Results of Operations – Reportable Segment Review" beginning on page M-14.

Sales by each reportable segment expressed as a percentage of total consolidated sales were as follows:

Sales by Reportable Segment	2016	2015	2014
Specialty Ingredients	42%	42%	41%
Performance Materials	19%	21%	26%
Valvoline	39%	37%	33%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

KEY DEVELOPMENTS

During 2016, the following operational decisions and economic developments had an impact on Ashland's current and future cash flows, results of operations and financial position.

Business results

Ashland's overall financial performance decreased by 4% during 2016 compared to 2015 as Adjusted EBITDA results decreased to \$1,074 million (see U.S. GAAP reconciliation on page M-8). The decrease in Adjusted EBITDA was primarily attributable to declines in the Specialty Ingredients and Performance Materials reportable segments, partially offset by improved Adjusted EBITDA within the Valvoline reportable segment. Compared to 2015, Valvoline's Adjusted EBITDA results increased \$30 million, or 7%, primarily due to improvements in volume, product mix, and lower raw material costs, specifically relating to the price of base oil, which resulted in increased gross profit. Specialty Ingredients' Adjusted EBITDA results decreased \$51

million, or 10%, primarily as a result of decreased gross profit from lower volume levels and pricing driven by results within the energy market. Performance Materials' Adjusted EBITDA results decreased by \$30 million, or 21%, as lower pricing, primarily within Intermediates/Solvents, was only partially offset by lower production costs, resulting in decreased gross profit.

The following discussion outlines significant transactions announced or executed during 2016.

Ashland Separation of Valvoline

On September 22, 2015, Ashland announced that the Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the new Ashland (now known as Ashland Global Holdings Inc.) and Valvoline Inc. The initial step of the separation, the initial public offering of Valvoline Inc., closed on September 28, 2016. The new Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets. These markets are currently served by Specialty Ingredients and Performance Materials. Key markets and applications include pharmaceutical, personal care, food and beverage, architectural coatings, adhesives, automotive, construction and energy. Valvoline Inc., a controlled subsidiary, operates on a stand-alone basis as a premium consumer-branded lubricant supplier.

The following transactions occurred in order to facilitate and as a result of the separation:

- Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation and that, through its subsidiaries, conducts all of the operations previously operated by Ashland Inc. Each outstanding share of Ashland Inc. common stock was converted into the right to receive one share of Ashland Global Holdings Inc. common stock. The exchange of Ashland Inc. common stock for shares of Ashland Global Holdings Inc. common stock was a tax-free transaction for Ashland shareholders.
- On September 22, 2016, Ashland and Valvoline Inc. announced the pricing of an initial public offering (IPO) of 30 million shares of Valvoline Inc.'s common stock at a price to the public of \$22.00 per share and closed the IPO on September 28, 2016. The underwriters exercised an option to purchase an additional 4.5 million shares of Valvoline Inc.'s common stock to cover over-allotments. After completing the IPO, Ashland now owns 170 million shares of Valvoline Inc.'s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.'s common stock. Valvoline Inc.'s common stock is listed on the New York Stock Exchange under the symbol "VVV".
- The total net proceeds after deducting underwriters' discount and other offering expenses received from the IPO were \$712 million. These net proceeds were used primarily to repay debt incurred prior to the IPO and retained for Valvoline Inc.'s cash on hand.
- Ashland presently intends to distribute the remaining Valvoline Inc. shares in 2017 following the release of March-quarter earnings results by both Ashland and Valvoline Inc.

During 2016, Ashland recognized separation costs of \$88 million, which are primarily related to transaction and legal fees. Separation costs are primarily recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income.

Transferring of Assets and Liabilities

As of September 30, 2016 Valvoline Inc. includes substantially all of the Valvoline business as historically reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline Inc. by Ashland as a part of the separation process. The largest transferred liabilities are the net pension and other postretirement plan liabilities, which include a substantial portion of the largest U.S. qualified pension plan and non-qualified U.S. pension plans. As of September 30, 2016, Valvoline Inc.'s net pension and other postretirement plan liabilities totaled approximately \$900 million.

Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes and certain trade payables. The impact of these other transferring assets and liabilities was approximately \$15 million of net assets. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline Inc. as well as certain other tax liabilities as a result of the Tax Matters Agreement. For purposes of Ashland's 2016 segment reporting and consistent with prior periods, these transferred assets and liabilities remain included within Unallocated and other.

Noncontrolling Interest

As a result of the Valvoline Inc. IPO, the outside stockholders' interests in Valvoline Inc., which was approximately 17% as of September 30, 2016, are presented separately as a noncontrolling interest within Ashland's equity in the Consolidated Balance Sheet. As of September 30, 2016, the noncontrolling interest was \$182 million. The amount of consolidated net income attributable to these minority holders is presented as a separate caption on the Statement of Consolidated Comprehensive Income.

Financing Activities

Amendment to Ashland 2015 Senior Credit Agreement

During July 2016, Ashland amended the 2015 Senior Credit Agreement to permit the Reorganization and defined the series of events relating to the separation of Valvoline Inc. Additionally, the amendment provided that if the aggregate principal amount of the Valvoline debt reached \$750 million, Ashland would be required to use the net proceeds of such borrowings to repay its existing term loan A loan (the 2015 term loan facility) and/or permanently reduce its existing revolving credit commitments under the 2015 Senior Credit Agreement in an aggregate amount of up to \$1 billion. As a result of the July 2016 amendment and the Valvoline debt borrowings in connection with the separation, Ashland reduced the revolving borrowing capacity to \$800 million as of September 30, 2016.

In September 2016, following the Valvoline financings described in the Valvoline Credit Agreement section below, the Ashland 2015 term loan facility was repaid in full. The repayment and combined Ashland and Valvoline financing activities during 2016 resulted in Ashland's recognition of \$6 million in previously deferred financing costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income.

Subsidiary senior unsecured term loan

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provides for an aggregate principal amount of \$150 million in a senior unsecured term loan facility maturing on February 15, 2017. This term loan was drawn in full as of September 30, 2016. At the subsidiary's option, loans issued under this term loan facility bear interest at either LIBOR plus 1.75% per annum or an alternate base rate plus 0.75% per annum. The subsidiary may prepay the term loan facility after three months from the date it was drawn upon without any premium or penalty.

Accounts receivable securitization

Due to activity related to the separation of Valvoline Inc. from Ashland during 2016, the available funding for qualifying receivables under the accounts receivable securitization facility was reduced from \$250 million to \$100 million.

Ashland credit ratings

Standard & Poor's ratings are BB, while Moody's Investor Services are Ba1. Moody's Investor Services' outlook remained at stable, while Standard & Poor's increased to stable during the fourth quarter of 2016. Subsequent changes to these ratings may have an effect on Ashland's borrowing rate or ability to access capital markets in the future.

Valvoline Credit Agreement

The Valvoline Credit Agreement initially provided for an aggregate principal amount of \$1,325 million in senior secured credit facilities (Valvoline Credit Facilities), comprised of (i) a five-year \$875 million term loan A facility (the 2016 term loan facility) and (ii) a five-year \$450 million revolving credit facility (the 2016 revolving credit facility) (including a \$100 million letter of credit sublimit). The Valvoline Credit Facilities may be prepaid at any time without premium. Amounts prepaid under the 2016 term loan facility may not be reborrowed.

The Valvoline Credit Facilities are guaranteed by Valvoline Inc.'s existing and future subsidiaries (other than certain immaterial subsidiaries, joint ventures, special purpose financing subsidiaries, regulated subsidiaries, foreign subsidiaries and certain other subsidiaries), and are secured by a first-priority security interest in substantially all the personal property assets, and certain real property assets, of Valvoline Inc. and the guarantors, including all or a portion of the equity interests of certain of Valvoline Inc.'s domestic subsidiaries and first-tier foreign subsidiaries and, in certain cases, a portion of the equity interests of other foreign subsidiaries.

At Valvoline Inc.'s option, the loans issued under the Valvoline Credit Agreement bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. Loans bear interest at LIBOR plus 2.375% per annum, in the case of LIBOR borrowings, or at the alternate base rate plus 1.375%, in the alternative, through and including the date of delivery of a quarterly compliance certificate and thereafter the interest rate will fluctuate between LIBOR plus 1.500% per annum and LIBOR plus 2.500% per annum (or between the alternate base rate plus 0.500% per annum and the alternate base rate plus 1.500% per annum), based upon Valvoline Inc.'s corporate credit ratings or the consolidated first lien net leverage ratio (as defined in the Valvoline Credit Agreement) (whichever yields a lower applicable interest rate margin) at such time. In addition, Valvoline Inc. is required to pay fees of 0.375% per annum on the daily unused amount of the 2016 revolving credit facility through and including the date of delivery of a compliance certificate, and thereafter the fee rate will fluctuate between 0.200% and 0.500% per annum, based upon the Valvoline Inc.'s corporate credit ratings or the consolidated first lien net leverage ratio (whichever yields a lower applicable rate).

During September 2016, Valvoline Inc. borrowed \$875 million of principal on the 2016 term loan facility and \$137 million on the 2016 revolving credit facility. The net proceeds of these borrowings of \$865 million (after deducting fees and expenses) for the 2016 term loan facility and \$137 million for the 2016 revolving credit facility were transferred to Ashland. With these

proceeds, Ashland repaid \$785 million of its 2015 term loan facility, \$150 million of the 2015 revolving credit facility and \$45 million of its accounts receivable securitization.

Valvoline Inc. used \$637 million of the net proceeds of its September 2016 IPO to repay \$500 million of the outstanding balance under its 2016 term loan facility and all of the \$137 million outstanding balance of its 2016 revolving credit facility. See Note B of Notes to Consolidated Financial Statements for more information on the IPO of Valvoline Inc. common stock.

Valvoline Inc. incurred \$10 million of new debt issuance costs in connection with the Valvoline Credit Agreement. These debt issuance costs were capitalized and will be amortized over the term of the Valvoline Credit Agreement using the effective interest method. Additionally, as a result of the \$500 million repayment of the Valvoline 2016 term loan facility, Valvoline Inc. recognized a \$4 million charge for the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income.

Valvoline senior notes

During July 2016, Valvoline completed its issuance of 5.500% senior unsecured notes due 2024 (2024 notes) with an aggregate principal amount of \$375 million. Valvoline incurred \$6 million of new debt issuance costs in connection with the issuance of the 2024 notes. These debt issuance costs were capitalized and will be amortized over the term of the 2024 notes using the effective interest method.

During July 2016, the net proceeds of the offering of \$370 million (after deducting initial purchasers' discounts) were transferred to Ashland. Ashland used these proceeds to repay \$110 million of the outstanding balance under Ashland's 2015 revolving credit facility and \$260 million of 2015 term loan facility.

Valvoline credit ratings

In connection with the Valvoline financing activities discussed above, Valvoline Inc. was assigned a preliminary rating by Standard & Poor's of BB-, while Moody's Investor Services rated Valvoline Finco Two as Ba2. Upon completing the IPO, Standard & Poor's upgraded the rating to BB. Standard & Poor's also updated the outlook to stable, while Moody's Investor Services' outlook was stable. Subsequent changes to these ratings are possible and may have an effect on Valvoline's borrowing rate or ability to access capital markets in the future.

Stock Repurchase Programs

In April 2015, Ashland's Board of Directors approved a \$1 billion share repurchase authorization (the 2015 stock repurchase program), which expires on December 31, 2017, and replaced the March 2014 repurchase program. In November 2015, under this new share repurchase program, Ashland announced that it entered into an accelerated share repurchase agreement (2016 ASR Agreement) with Goldman, Sachs & Co. Under the 2016 ASR Agreement, Ashland paid an initial purchase price of \$500 million and received an initial delivery of approximately 3.9 million shares of common stock during November 2015.

In February 2016, Goldman, Sachs & Co. exercised their early termination option under the 2016 ASR Agreement and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$99.01 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by Goldman, Sachs & Co. under the 2016 ASR Agreement was 5.1 million shares. Ashland received the additional 1.2 million shares during 2016 to settle the difference between the initial share delivery and the total number of shares repurchased. After the 2016 ASR Agreement, \$500 million of share repurchase authorization remains under the 2015 stock repurchase program.

Pension and Other Postretirement Benefit Plans Amendments and Remeasurements

During March 2016, Ashland announced plans to amend the majority of its U.S. pension plans, with the exception of certain union plans, to freeze the accrual of pension benefits for participants. The plan changes were effective September 30, 2016. Additionally, Ashland announced that it will reduce retiree life and medical benefits effective October 1, 2016 and January 1, 2017, respectively. The net effect of these plan changes resulted in a curtailment of benefits requiring a remeasurement of the benefit obligation and plan assets. Ashland recognized a loss of \$23 million within the Statements of Consolidated Comprehensive Income during 2016 as a result of the plan remeasurements. The following details the components of the remeasurement impact:

- As a result of the remeasurement of the affected U.S. pension plans, Ashland recognized a curtailment gain of \$65 million and actuarial loss of \$123 million during 2016.
- As a result of the remeasurement of other postretirement benefit plans, Ashland recognized a curtailment gain of \$39 million and actuarial loss of \$7 million during 2016. This remeasurement reduced the benefit obligations by \$86 million, which will be amortized to income in future periods.
- Ashland was also required to remeasure a non-U.S. pension plan during the March 2016 quarter and as a result recognized a curtailment gain of \$6 million and actuarial loss of \$3 million during 2016.

Pension annuity program

On September 15, 2016, Valvoline Inc. purchased a non-participating annuity contract with pension plan assets from Prudential Insurance Company of America (Prudential) to pay and administer future pension benefits for 14,800 participants within the primary U.S. pension plan. Ashland transferred approximately \$378 million of the outstanding pension benefit obligation to Prudential in exchange for pension trust assets whose value approximated the liability value. The annuity purchase transaction did not generate a material settlement adjustment during 2016. Prudential has unconditionally and irrevocably guaranteed the full payment of benefits to plan participants associated with the annuity purchase and benefit payments will be in the same form that was in effect under the Plan. Prudential has also assumed all investment risk associated with the pension assets that were delivered as annuity contract premiums.

Intermediates/Solvents Impairment

Ashland recorded a non-cash long-lived asset impairment of \$181 million during the fourth quarter of 2016 with respect to its Intermediates/Solvents division, a component within the Performance Materials reportable segment. Throughout 2016, increasing levels of overcapacity for butanediol in the market and resulting weak pricing had a cumulating negative impact on the financial performance of the Intermediates/Solvents division. The deterioration in the butanediol commodity market during 2016 led to reductions in forecasts resulting in the non-cash impairment charge.

Oil Can Henry's

On December 11, 2015, Ashland announced that it signed a definitive agreement to acquire OCH International, Inc. (Oil Can Henry's), which was the 13th largest quick-lube network in the United States, servicing approximately 1 million vehicles annually with 89 quick-lube stores, consisting of 47 company-owned stores and 42 franchise locations, in Oregon, Washington, California, Arizona, Idaho and Colorado. On February 1, 2016, Ashland completed the acquisition.

The acquisition of Oil Can Henry's was valued at \$72 million, which included acquired indebtedness of \$11 million and other working capital adjustments. Net of acquired indebtedness and certain purchase price adjustments, the net cash outlay was \$62 million during 2016. The purchase price allocation primarily included \$83 million of goodwill.

RESULTS OF OPERATIONS – CONSOLIDATED REVIEW

Use of non-GAAP measures

Ashland has included within this document the following non-GAAP measures, on both a consolidated and reportable segment basis, which are not defined within U.S. GAAP and do not purport to be alternatives to net income or cash flows from operating activities as a measure of operating performance or cash flows:

- EBITDA - net income (loss), plus income tax expense (benefit), net interest and other financing expenses, and depreciation and amortization.
- Adjusted EBITDA - EBITDA adjusted for noncontrolling interests, discontinued operations, net gain (loss) on acquisitions and divestitures, other income and (expense) and key items (including the remeasurement gains and losses related to pension and other postretirement plans).
- Adjusted EBITDA margin - Adjusted EBITDA, which can include pro forma adjustments, divided by sales.
- Free cash flow - operating cash flows less capital expenditures and certain other adjustments as applicable.

Management believes the use of EBITDA and Adjusted EBITDA measures on a consolidated and reportable segment basis assists investors in understanding the ongoing operating performance by presenting comparable financial results between periods. Ashland believes that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide Ashland's investors with performance measures that reflect the impact to operations from trends in changes in sales, margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments Ashland makes to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and operating income and which Ashland does not consider to be the fundamental attributes or primary drivers of its business. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by Ashland's management to evaluate financial performance on a consolidated and reportable segment basis and provide consistency in our financial reporting, facilitate internal and external comparisons of Ashland's historical operating performance and its business units and provide continuity to investors for comparability purposes.

The free cash flow metric enables Ashland to provide a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow includes the impact of capital expenditures from continuing operations, providing a more complete picture

of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustment for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

These non-GAAP measures should be considered supplemental in nature and should not be construed as more significant than comparable measures defined by U.S. GAAP. Limitations associated with the use of these non-GAAP measures include that these measures do not present all of the amounts associated with our results as determined in accordance with U.S. GAAP. The non-GAAP measures provided are used by Ashland management and may not be determined in a manner consistent with the methodologies used by other companies. EBITDA and Adjusted EBITDA provide a supplemental presentation of Ashland's operating performance on a consolidated and reportable segment basis. Adjusted EBITDA generally includes adjustments for items that impact comparability between periods. In addition, certain financial covenants related to Ashland's 2015 Senior Credit Agreement and Valvoline's Credit Agreement are based on similar non-GAAP measures and are defined further in the sections that reference this metric.

In accordance with U.S. GAAP, Ashland recognizes actuarial gains and losses for defined benefit pension and other postretirement benefit plans annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement during a fiscal year. Actuarial gains and losses occur when actual experience differs from the estimates used to allocate the change in value of pension and other postretirement benefit plans to expense throughout the year or when assumptions change, as they may each year. Significant factors that can contribute to the recognition of actuarial gains and losses include changes in discount rates used to remeasure pension and other postretirement obligations on an annual basis or upon a qualifying remeasurement, differences between actual and expected returns on plan assets and other changes in actuarial assumptions, for example, the life expectancy of plan participants. Management believes Adjusted EBITDA, which includes the expected return on pension plan assets yet excludes both the actual return on pension plan assets and the impact of actuarial gains and losses, provides investors with a meaningful supplemental presentation of Ashland's operating performance (see the Adjusted EBITDA reconciliation table on page M-8 for additional details on exact amounts included within this non-GAAP measure related to pension and other postretirement plans.) Management believes these actuarial gains and losses are primarily financing activities that are more reflective of changes in current conditions in global financial markets (and in particular interest rates) that are not directly related to the underlying business. For further information on the actuarial assumptions and plan assets referenced above, see the MD&A - Critical Accounting Policies - Employee benefit obligations and Note N of the Notes to Consolidated Financial Statements.

Consolidated review

Net income (loss)

Ashland's net income (loss) is primarily affected by results within operating income, net interest and other financing expense, income taxes, discontinued operations and other significant events or transactions that are unusual or nonrecurring. Operating income includes Ashland's adjustment for the immediate recognition of the change in the fair value of the plan assets and net actuarial gains and losses for defined benefit pension plans and other postretirement benefit plans each fiscal year. See "Critical Accounting Policies" for additional details regarding Ashland's accounting policies for benefit plan obligations.

Key financial results for 2016, 2015 and 2014 included the following:

- Ashland's net income attributable to Ashland amounted to a loss of \$29 million in 2016, and income of \$309 million in 2015 and \$233 million in 2014, or \$(0.46), \$4.48 and \$3.00 diluted earnings (loss) per share, respectively.
- Ashland's net income attributable to noncontrolling interest amounted to \$1 million in 2016 and reflects the noncontrolling interest of Valvoline Inc. for the three days between IPO close (September 28, 2016) and Ashland's fiscal year end.
- Discontinued operations, which are reported net of taxes, resulted in a loss of \$31 million during 2016, and income of \$118 million and \$161 million during 2015 and 2014, respectively.
- Income from continuing operations, which excludes results from discontinued operations, amounted to \$3 million in 2016, \$191 million in 2015 and \$72 million in 2014.
- The effective income tax expense rate of 98% for 2016, income tax benefit rate of 13% for 2015, and income tax benefit rate of 162% for 2014, were significantly affected by a number of discrete items.
- Ashland incurred pretax net interest and other financing expense of \$182 million, \$174 million and \$166 million during 2016, 2015 and 2014, respectively. Certain charges associated with debt refinancing activity impacted 2016 and 2015.
- Net gain (loss) on divestitures totaled losses of \$9 million and \$115 million during 2016 and 2015, respectively, and a gain of \$4 million during 2014.

- Operating income was \$327 million, \$458 million and \$46 million during 2016, 2015 and 2014, respectively.

For further information on the items reported above, see the discussion in the comparative Statements of Consolidated Comprehensive Income caption review analysis.

Operating income

Operating income amounted to \$327 million, \$458 million and \$46 million in 2016, 2015 and 2014, respectively. The current and prior years' operating income include certain key items that are excluded to arrive at Adjusted EBITDA. These key items are summarized as follows:

- \$124 million, \$255 million and \$438 million related to pension and other postretirement plan remeasurement losses during 2016, 2015 and 2014, respectively, from the immediate recognition from the change in fair value of the plan assets and net actuarial gains and losses for defined benefit pension plans and other postretirement plans;
- \$181 million impairment related to Intermediates/Solvents within the Performance Materials reportable segment during 2016;
- Separation, restructuring and other costs, net, include the following:
 - \$88 million of costs related to the separation of Valvoline during 2016, including \$2 million of accelerated depreciation;
 - \$7 million of restructuring costs (including \$4 million of accelerated depreciation, a \$5 million income adjustment to the previously recorded accrual for a restructuring plan within an existing manufacturing facility, \$4 million of charges related to the exit from a toller agreement and restructuring of a manufacturing facility, and \$4 million of charges related to the restructuring of office buildings) during 2016;
 - \$27 million of restructuring costs (including \$6 million of accelerated depreciation and \$17 million related to the restructuring plan within an existing manufacturing facility) during 2015; and
 - \$147 million of restructuring and integration costs (including \$17 million of accelerated depreciation and \$19 million in asset impairment charges related to a foreign operation) during 2014.
- \$15 million, \$12 million and \$13 million net environmental charges during 2016, 2015 and 2014, respectively;
- \$11 million of income related to a legacy benefit for former directors during 2016;
- \$15 million and \$5 million charges for legal reserves during 2016 and 2014, respectively;
- a \$14 million impairment related to the Valvoline joint venture equity investment within Venezuela during 2015 and a \$50 million impairment charge related to the ASK joint venture equity investment during 2014;
- \$11 million and \$13 million impairment charges related to certain in-process research and development (IPR&D) assets associated with the acquisition of International Specialty Products Inc. (ISP) in 2011 during 2015 and 2014, respectively;
- \$13 million charge related to a customer claim during 2015 and a subsequent \$5 million income adjustment to the customer claim during 2016;
- \$16 million of tax indemnity income and a \$7 million charge for a stock incentive plan award modification, each during 2015; and
- a \$5 million charge for a foreign tax indemnification receivable adjustment during 2014.

Operating income for 2016, 2015 and 2014 included depreciation and amortization of \$337 million, \$341 million and \$393 million, respectively (which includes asset impairment charges and accelerated depreciation of \$6 million, \$6 million and \$36 million, respectively, for each year).

EBITDA and Adjusted EBITDA

EBITDA totaled \$618 million, \$796 million and \$568 million for 2016, 2015 and 2014, respectively. EBITDA and Adjusted EBITDA results in the following table have been prepared to illustrate the ongoing effects of Ashland's operations, which exclude certain key items, including the net loss on certain divestitures during 2016 and 2015, since management believes the use of such non-GAAP measures on a consolidated and reportable segment basis assists investors in understanding the ongoing operating performance by presenting the financial results between periods on a more comparable basis.

(In millions)	2016	2015	2014
Net income (loss)	\$ (28)	\$ 309	\$ 233
Income tax expense (benefit)	133	(22)	(188)
Net interest and other financing expense	182	174	166
Depreciation and amortization (a)	331	335	357
EBITDA	618	796	568
Net income attributable to noncontrolling interest	(1)	—	—
Loss (income) from discontinued operations (net of taxes)	31	(118)	(161)
Losses on pension and other postretirement plan remeasurement (b)	124	255	438
Impairments	181	25	82
Separation, restructuring and other costs, net	89	21	111
Net loss on divestitures	12	118	—
Legal reserve	15	—	5
Environmental reserve adjustments	15	12	13
Benefit/stock incentive adjustment	(11)	7	—
Accelerated depreciation	6	6	17
Customer claim adjustment	(5)	13	—
Tax indemnification adjustment	—	(16)	5
Adjusted EBITDA (c)	\$ 1,074	\$ 1,119	\$ 1,078

(a) Excludes \$6 million, \$6 million and \$36 million of asset impairment charges and accelerated depreciation during 2016, 2015 and 2014, respectively.

(b) For supplemental information on the components of this adjustment, see page M-35 within the MD&A - Critical Accounting Policies - Employee benefit obligations.

(c) Includes \$54 million, \$27 million and \$24 million during 2016, 2015 and 2014, respectively, of net periodic pension and other postretirement income recognized ratably through the fiscal year. This income is comprised of service cost, interest cost, expected return on plan assets, and amortization of prior service credit and is disclosed in further detail in Note N of the Notes to Consolidated Financial Statements.

Statements of Consolidated Comprehensive Income – caption review

A comparative analysis of the Statements of Consolidated Comprehensive Income by caption is provided as follows for the years ended September 30, 2016, 2015 and 2014.

(In millions)	2016	2015	2014	2016 change	2015 change
Sales	\$ 4,948	\$ 5,387	\$ 6,121	\$ (439)	\$ (734)

The following table provides a reconciliation of the change in sales between fiscal years 2016 and 2015 and between fiscal years 2015 and 2014.

(In millions)	2016 change	2015 change
Pricing	\$ (251)	\$ (166)
Currency exchange	(85)	(266)
Divestitures and acquisitions	(88)	(283)
Volume and product mix	(15)	(19)
Change in sales	\$ (439)	\$ (734)

Sales for 2016 decreased \$439 million, or 8%, compared to 2015. Pricing declines across all three reportable segments and unfavorable currency exchange decreased sales by \$251 million, or 5%, and \$85 million, or 2%, respectively. Divestitures of certain divisions and product lines decreased sales by \$123 million, or 2%, while the acquisition of Oil Can Henry's within the Valvoline reportable segment increased sales by \$35 million. Changes in volume and product mix decreased sales by \$15 million.

Sales for 2015 decreased \$734 million, or 12%, compared to 2014 primarily due to the divestiture of certain divisions and product lines of \$283 million, or 5%. The divestitures impact on sales was primarily due to the Elastomers division within the Performance Materials reportable segment. Unfavorable foreign currency exchange decreased sales by \$266 million, or 4%, as a

result of the U.S. dollar strengthening against foreign currencies, primarily the Euro. Additionally, pricing declines, primarily due to raw materials declines, across all reportable segments decreased sales by \$166 million, or 3%, while volume and changes in product mix combined to decrease sales by \$19 million, with the primary driver of the decline within Specialty Ingredients' energy market.

(In millions)	2016	2015	2014	2016 change	2015 change
Cost of sales	\$ 3,321	\$ 3,814	\$ 4,605	\$ (493)	\$ (791)
Gross profit as a percent of sales	32.9%	29.2%	24.8%		

Fluctuations in cost of sales are driven primarily by raw material prices, volume and changes in product mix, currency exchange, losses or gains on pension and other postretirement benefit plan remeasurements, and other certain charges incurred as a result of changes or events within the businesses or restructuring activities.

The following table provides a reconciliation of the changes in cost of sales between fiscal years 2016 and 2015 and between fiscal years 2015 and 2014.

(In millions)	2016 change	2015 change
Production costs	\$ (234)	\$ (279)
Divestitures and acquisitions	(83)	(245)
Currency exchange	(61)	(181)
Volume and product mix	(11)	(30)
Pension and other postretirement benefit plans expense (income) (including remeasurements)	(69)	(43)
Asset impairment and accelerated depreciation	(2)	(30)
Customer claim	(15)	13
Severance and other costs	(18)	4
Change in cost of sales	\$ (493)	\$ (791)

Cost of sales for 2016 decreased \$493 million, or 13%, compared to 2015 primarily due to lower production costs, the net impact of the acquisition and divestiture of certain divisions and product lines, and favorable foreign currency exchange. These factors decreased cost of sales by \$234 million, or 6%, \$83 million, or 2%, and \$61 million, or 2%, respectively. Volume and changes in product mix combined to decrease cost of sales by \$11 million.

Pension and other postretirement plans expense decreased cost of sales by \$69 million, primarily as a result of decreased remeasurement losses in 2016 compared to 2015, mainly due to fluctuations in discount rates (see "Critical Accounting Policies" for additional details). Key items primarily related to severance and other costs and customer claim adjustments resulted in a \$35 million decrease to cost of sales in 2016 compared to 2015.

Cost of sales for 2015 decreased \$791 million, or 17%, compared to 2014 primarily due to lower production costs, the divestiture of certain divisions and product lines, and favorable foreign currency exchange, which decreased cost of sales by \$279 million, or 6%, \$245 million, or 5%, and \$181 million, or 4%, respectively. The divestiture of the Elastomers division within the Performance Materials reportable segment accounted for \$202 million, or 82%, of the \$245 million divestiture impact on cost of sales. Volume and change in product mix combined also decreased cost of sales by \$30 million.

Pension and other postretirement plans expense decreased cost of sales by \$43 million, primarily as a result of decreased remeasurement losses in 2015 compared to 2014, mainly due to lower than expected return on pension plan assets (see "Critical Accounting Policies" for additional details). Key items related to severance and other costs, a customer claim adjustment, accelerated depreciation and asset impairment related to a foreign operation within the Specialty Ingredients reportable segment decreased cost of sales during 2015 compared to 2014 by \$13 million.

(In millions)	2016	2015	2014	2016 change	2015 change
Selling, general and administrative expense	\$ 1,228	\$ 1,028	\$ 1,358	\$ 200	\$ (330)
As a percent of sales	24.8%	19.1%	22.2%		

Selling, general and administrative expense for 2016 increased 19% compared to 2015, while expenses as a percent of sales increased 5.7 percentage points. Key drivers of the fluctuation in selling, general and administrative expense compared to 2015 were:

- a \$181 million impairment within the Performance Materials reportable segment related to Intermediates/Solvents;
- \$88 million of costs related to the separation of Valvoline and \$4 million of restructuring charges related to office buildings during the current year; and
- a \$73 million decrease in expense compared to the prior year due to fluctuations in adjustments from the gains and losses for pension and postretirement benefit plans (costs of \$82 million in 2016 and \$155 million in 2015).

Selling, general and administrative expense for 2015 decreased 24% compared to 2014, while expenses as a percent of sales decreased 3.1 percentage points. Key drivers of the fluctuation in selling, general and administrative expense compared to 2014 were:

- a \$146 million decrease in expense compared to the prior year due to fluctuations in adjustments from the gains and losses for pension and postretirement benefit plans (costs of \$155 million in 2015 and \$301 million in 2014). As previously discussed within the cost of sales analysis, the 2015 remeasurement loss was driven primarily by a lower than expected return on pension plan assets (see “Critical Accounting Policies” for additional details);
- Approximately \$100 million of current year cost savings related to the 2014 global restructuring compared to approximately \$40 million of cost savings in the prior year;
- \$98 million key item expense during 2014 for severance and other restructuring costs associated with the 2014 global restructuring;
- Environmental reserve expense adjustments of \$32 million and \$29 million during 2015 and 2014, respectively;
- Favorable foreign currency exchange of \$36 million during 2015;
- Increased employee related costs of approximately \$22 million during 2015;
- \$21 million decrease in expense for certain divestitures, primarily the Elastomers division during 2015; and
- Tax indemnification income of \$16 million and a stock incentive award modification resulting in expense of \$7 million during 2015.

(In millions)	2016		2015		2014		2016 change	2015 change
Research and development expense	\$	100	\$	110	\$	114	\$ (10)	\$ (4)

Research and development expenses during 2016 decreased \$10 million as compared to 2015. The prior year included an impairment of \$11 million related to certain IPR&D assets associated with the acquisition of ISP.

Research and development expenses for 2015 decreased \$4 million as compared to 2014. As noted previously, 2015 included an impairment of \$11 million related to certain IPR&D assets associated with the acquisition of ISP compared to \$13 million in 2014.

(In millions)	2016		2015		2014		2016 change	2015 change
Equity and other income (loss)								
Equity income (loss)	\$	13	\$	1	\$	(25)	\$ 12	\$ 26
Other income		15		22		27	(7)	(5)
	\$	28	\$	23	\$	2	\$ 5	\$ 21

Total equity and other income increased \$5 million during 2016 compared to 2015. The increase in the current year is primarily due to the \$14 million impairment of a Venezuelan joint venture equity investment within the Valvoline reportable segment during the prior year, partially offset by a decrease in other income due to tax consulting income in the prior year.

Total equity and other income increased \$21 million during 2015 compared to 2014. Equity income increased \$26 million in the prior year primarily due to a \$50 million impairment during 2015 related to the ASK joint venture equity investment within the Performance Materials reportable segment, partially offset by \$10 million of lost income from the ASK joint venture as a result

of its June 2014 sale. As noted previously, 2015 included a \$14 million impairment related to the Venezuelan joint venture equity investment within the Valvoline reportable segment. Other income during 2014 included income of \$8 million from a favorable arbitration ruling on a commercial contract within the Valvoline reportable segment.

(In millions)	2016	2015	2014	2016 change	2015 change
Net interest and other financing expense (income)					
Interest expense	\$ 190	\$ 166	\$ 163	\$ 24	\$ 3
Interest income	(6)	(6)	(6)	—	—
Available-for-sale securities income	(8)	(3)	—	(5)	(3)
Other financing costs	6	17	9	(11)	8
	<u>\$ 182</u>	<u>\$ 174</u>	<u>\$ 166</u>	<u>\$ 8</u>	<u>\$ 8</u>

Interest expense and other financing costs, excluding interest income and available-for-sale securities income, increased \$13 million in 2016 compared to 2015. The current year included interest expense of \$10 million related to accelerated debt issuance costs associated with the current year financing activities compared to \$2 million of accelerated amortization for previously capitalized debt issuance costs and \$2 million of new debt issuance costs recognized immediately during 2015 associated with the 2015 refinancing activities. The remaining increase in interest expense is due to higher debt levels maintained in 2016 compared to 2015. Changes in other financing costs for the current year compared to the prior year is primarily the result of a \$9 million charge related to the early redemption premium payment for the tender of the 2016 senior notes in the prior year. Available-for-sale securities income of \$8 million compared to \$3 million in the prior year which represents investment income related to restricted investments discussed in Note G of the Notes to Consolidated Financial Statements.

Interest expense and other financing costs, excluding interest income and available-for-sale securities income, increased \$11 million in 2015 compared to 2014. Excluding certain current year charges associated with the 2015 refinancing, interest expense remained relatively consistent with the prior year as generally lower interest rates offset higher debt levels during the year. As previously noted, 2015 included certain charges related to the 2015 refinancing. These included \$2 million of accelerated amortization for previously capitalized debt issuance costs and \$2 million of new debt issuance costs recognized immediately associated with the 2015 refinancing activities. Other financing costs included a \$9 million charge related to the early redemption premium payment for the tender of the 2016 senior notes. The available-for-sale securities income of \$3 million represents investment income related to the restricted investments discussed in Note G of the Notes to Consolidated Financial Statements.

(In millions)	2016	2015	2014	2016 change	2015 change
Net gain (loss) on divestitures					
Specialty Ingredients joint venture	\$ (12)	\$ —	\$ —	\$ (12)	\$ —
Elastomers	—	(86)	—	86	(86)
Valvoline car care products	—	(26)	—	26	(26)
MAP Transaction adjustments	1	(6)	4	7	(10)
Kelowna	2	—	—	2	—
Other	—	3	—	(3)	3
	<u>\$ (9)</u>	<u>\$ (115)</u>	<u>\$ 4</u>	<u>\$ 106</u>	<u>\$ (119)</u>

Net loss on divestitures during 2016 includes the \$12 million impairment of the Specialty Ingredients joint venture, the sale of the Kelowna plant and other post-closing adjustments related to previous divestitures.

Net loss on divestitures during 2015 includes the pre-tax loss on sale related to Elastomers of \$86 million, the \$26 million impairment for the Valvoline car care products assets, and the \$6 million reduction related to the 2005 transfer of Ashland's 38% interest in the Marathon Ashland Petroleum joint venture and two other small businesses to Marathon Oil Corporation (Marathon) (the MAP Transaction) receivable, primarily due to the January 2015 asbestos insurance settlement.

Net gain on divestitures during 2014 includes a gain resulting from the receipt of a tax credit reimbursement and other subsequent adjustments related to the MAP Transaction for certain state tax attributes.

(In millions)	2016	2015	2014	2016 change	2015 change
Income tax expense (benefit)	\$ 133	\$ (22)	\$ (188)	\$ 155	\$ 166
Effective tax rate	98%	(13)%	(162)%		
Effective tax rate (excluding key items)	26%	23 %	20 %		

The 2016 effective tax rate was impacted by jurisdictional income mix and net unfavorable adjustments primarily related to a nondeductible goodwill impairment for the Intermediates/Solvents division, valuation allowances for domestic attributes, accruals for unrecognized tax benefits and other items related to the separation of Valvoline.

The 2015 effective tax rate was impacted by net favorable items predominantly due to certain valuation allowance releases related to state deferred tax assets. These favorable adjustments were partially offset by an accrual for an unrecognized tax benefit and tax related to certain global restructuring steps.

Income tax benefit for 2014 included a \$168 million tax benefit related to the reversal of deferred tax liabilities for outside basis differences and other related matters, a charge of \$39 million for taxes associated with the sale of shares of subsidiaries included in the sale of the Water Technologies business, net charges of \$32 million for uncertain tax positions and related matters, a charge of \$14 million for a foreign income tax rate change and other net discrete item charges of \$7 million primarily related to changes in valuation allowances. During the quarter ended September 30, 2014, as a result of an updated analysis of future cash needs in the U.S. and opportunities for investment outside the U.S., including the use of proceeds from the Water Technologies sale, Ashland changed its assertion related to the historical earnings of certain subsidiaries, and reversed deferred tax liabilities of \$168 million (as noted previously), resulting in a tax benefit in 2014.

(In millions)	2016	2015	2014	2016 change	2015 change
Income (loss) from discontinued operations (net of taxes)					
Asbestos-related litigation	\$ (30)	\$ 110	\$ 6	\$ (140)	\$ 104
Water Technologies	—	6	151	(6)	(145)
Distribution	(1)	1	—	(2)	1
APAC	—	1	4	(1)	(3)
	<u>\$ (31)</u>	<u>\$ 118</u>	<u>\$ 161</u>	<u>\$ (149)</u>	<u>\$ (43)</u>

The current year primarily includes the after-tax net adjustments to the asbestos reserves and receivables of \$30 million. The prior year included an after-tax gain of \$120 million related to the January 2015 asbestos insurance settlement, partially offset by after-tax net expense adjustments to the asbestos reserves and receivables, including the adjustments for changes in estimates as well as a deferred tax adjustment.

Water Technologies activity during 2015 related primarily to income of \$5 million due to a foreign pension plan rereasurement discussed in Note N in the Notes to Consolidated Financial Statements as well as other post-closing adjustments. The 2014 period includes an after-tax gain of \$92 million on the sale of Water Technologies as a result of the July 31, 2014 sale of the business to CD&R and ten months of Water Technologies' operating results. Water Technologies' sales for 2014 included within discontinued operations were \$1,475 million. Gross profit margin and operating income was 35.0% and \$111 million, respectively during 2014.

The reported results for Water Technologies in 2014 included \$29 million from depreciation and amortization that was recorded before the announced definitive agreement signed in February 2014. Due to Water Technologies designation as held for sale within the Consolidated Balance Sheets, no future depreciation or amortization was recorded. Additionally, 2014 reported results included a loss of \$19 million for pension and other postretirement plan rereasurement net losses, which is discussed further in Note N of the Notes to the Consolidated Financial Statements.

The operational results for income from discontinued operations for 2015 and 2014 also include subsequent environmental and tax adjustments to the previously divested businesses of Ashland Distribution (Distribution) and Ashland Paving And Construction, Inc. (APAC). The results for income from discontinued operations for 2014 also included favorable after-tax net adjustments to the asbestos reserve and related receivables of \$6 million during 2014.

(In millions)	2016	2015	2014	2016 change	2015 change
Net income attributable to					
noncontrolling interest	\$ 1	\$ —	\$ —	\$ 1	\$ —

Since Ashland's ownership interest in Valvoline Inc., which includes the operations of the Valvoline reportable segment, is now approximately 83%, the amount of net income attributable to the outside stockholders' approximately 17% noncontrolling interest in Valvoline Inc., for the three days between IPO close (September 28, 2016) and Ashland's fiscal year end, is presented within this caption on the Statement of Consolidated Comprehensive Income for 2016.

Other comprehensive income (loss)

A comparative analysis of the components of other comprehensive income (loss) is provided below for the last three fiscal years ended September 30.

(In millions)	2016	2015	2014	2016 change	2015 change
Other comprehensive income (loss)					
(net of taxes)					
Unrealized translation loss	\$ (14)	\$ (369)	\$ (160)	\$ 355	\$ (209)
Pension and postretirement obligation adjustment	14	(18)	(21)	32	3
Unrealized gain (loss) on available-for-sale securities	17	(11)	—	28	(11)
	<u>\$ 17</u>	<u>\$ (398)</u>	<u>\$ (181)</u>	<u>\$ 415</u>	<u>\$ (217)</u>

Total other comprehensive income (loss), net of tax, increased \$415 million in 2016 as compared to 2015 as a result of the following components.

- In 2016, other comprehensive income (loss), net of tax, from foreign currency translation adjustments was a loss of \$14 million, compared to a loss of \$369 million during 2015. The fluctuations in unrealized translation gains and losses are primarily due to translating foreign subsidiary financial statements from local currencies to U.S. Dollars. The prior year was significantly impacted by fluctuations in the Euro compared to the U.S. Dollar.
- Pension and postretirement obligation adjustment was income of \$14 million and loss of \$18 million during 2016 and 2015, respectively. Of these amounts, \$41 million and \$17 million during the current and prior years, respectively, of unrecognized prior service credits, net of tax, relating to pension and other postretirement benefit plans were amortized and reclassified into net income. Additional unrecognized prior service credits, net of tax, of \$55 million during 2016 and prior service cost, net of tax, of \$1 million during 2015 were included in other comprehensive income (loss) as a result of the pension and other postretirement plan remeasurements.
- \$17 million of unrealized gains and \$11 million of unrealized losses on available-for-sale securities, net of tax, related to restricted investments, was recognized within other comprehensive income (loss) during 2016 and 2015, respectively.

Total other comprehensive income (loss), net of tax, decreased \$217 million in 2015 as compared to 2014 as a result of the following components.

- In 2015, other comprehensive loss, net of tax, from foreign currency translation adjustments was \$369 million, compared to \$160 million in 2014, mainly as a result of the strengthening of the U.S. Dollar against other global currencies, including the Euro and Australian dollar. The fluctuations in unrealized translation losses are primarily due to translating foreign subsidiary financial statements from local currencies to U.S. Dollars.
- Pension and postretirement obligation adjustment was \$18 million and \$21 million in 2015 and 2014, respectively. Of these amounts, \$17 million and \$25 million during 2015 and 2014, respectively, of unrecognized prior service credits, net of tax, related to pension and other postretirement benefit plans were amortized and reclassified into net income, while cost of \$1 million and credit of \$4 million, respectively, of additional unrecognized prior service, net of tax, was included in other comprehensive loss.
- \$11 million of unrealized loss on available-for-sale securities, net of tax, related to the restricted investments, was recognized within other comprehensive loss during 2015.

RESULTS OF OPERATIONS – REPORTABLE SEGMENT REVIEW

Ashland's businesses are managed within three reportable segments: Specialty Ingredients, Performance Materials and Valvoline. During September 2016, Valvoline Inc. completed the IPO of its common stock as discussed further within the "Key Developments" section of Management's Discussion and Analysis herein. As a result, Ashland has an approximately 83% ownership interest in Valvoline Inc. as of September 30, 2016.

Results of Ashland's reportable segments are presented based on its management structure and internal accounting practices. The structure and practices are specific to Ashland; therefore, the financial results of Ashland's reportable segments are not necessarily comparable with similar information for other comparable companies. Ashland allocates all costs to its reportable segments except for certain significant company-wide restructuring activities, such as the restructuring plans described in Note F of Notes to Consolidated Financial Statements, and other costs or adjustments that generally relate to former businesses that Ashland no longer operates. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Ashland refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and businesses change. Revisions to Ashland's methodologies that are deemed insignificant are applied on a prospective basis.

The EBITDA and Adjusted EBITDA amounts presented within this business section are provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for each segment. Each of these non-GAAP measures is defined as follows: EBITDA (operating income plus depreciation and amortization), Adjusted EBITDA (EBITDA adjusted for key items, which may include pro forma effects for significant acquisitions or divestitures, as applicable), and Adjusted EBITDA margin (Adjusted EBITDA, which may include pro forma adjustments, divided by sales or sales adjusted for pro forma results). Ashland does not allocate items to each reportable segment below operating income, such as interest expense and income taxes. As a result, reportable segment EBITDA and Adjusted EBITDA are reconciled directly to operating income since it is the most directly comparable Statements of Consolidated Comprehensive Income caption.

The following table shows sales, operating income and statistical operating information by reportable segment for each of the last three years ended September 30.

(In millions)	2016	2015	2014
Sales			
Specialty Ingredients	\$ 2,089	\$ 2,263	\$ 2,498
Performance Materials	930	1,157	1,582
Valvoline	1,929	1,967	2,041
	<u>\$ 4,948</u>	<u>\$ 5,387</u>	<u>\$ 6,121</u>
Operating income (loss)			
Specialty Ingredients	\$ 237	\$ 239	\$ 253
Performance Materials	(118)	87	7
Valvoline	403	359	323
Unallocated and other	(195)	(227)	(537)
	<u>\$ 327</u>	<u>\$ 458</u>	<u>\$ 46</u>
Depreciation and amortization			
Specialty Ingredients	\$ 243	\$ 244	\$ 262
Performance Materials	53	59	91
Valvoline	38	38	37
Unallocated and other	3	—	3
	<u>\$ 337</u>	<u>\$ 341</u>	<u>\$ 393</u>
Operating information			
Specialty Ingredients (a)			
Sales per shipping day	\$ 8.2	\$ 8.9	\$ 9.9
Metric tons sold (thousands)	307.4	324.3	355.2
Gross profit as a percent of sales	33.9%	32.4%	31.2%
Performance Materials (a)			
Sales per shipping day	\$ 3.7	\$ 4.6	\$ 6.3
Metric tons sold (thousands)	445.8	476.6	591.1
Gross profit as a percent of sales	19.4%	18.8%	13.1%
Valvoline (a)			
Lubricant sales gallons	174.5	167.4	162.6
Premium lubricants (percent of U.S. branded volumes)	44.8%	40.2%	37.1%
Gross profit as a percent of sales	38.8%	35.6%	31.8%

(a) Sales are defined as sales and operating revenues. Gross profit is defined as sales, less cost of sales.

Sales by region expressed as a percentage of reportable segment sales for each of the last three fiscal years ended September 30 were as follows. Ashland includes only U.S. and Canada in its North American designation.

Sales by Geography	2016		
	Specialty Ingredients	Performance Materials	Valvoline
North America	39%	42%	75%
Europe	31%	38%	7%
Asia Pacific	20%	14%	14%
Latin America & other	10%	6%	4%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Sales by Geography	2015		
	Specialty Ingredients	Performance Materials	Valvoline
North America	39%	43%	73%
Europe	32%	37%	8%
Asia Pacific	19%	14%	14%
Latin America & other	10%	6%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Sales by Geography	2014		
	Specialty Ingredients	Performance Materials	Valvoline
North America	39%	48%	72%
Europe	33%	33%	9%
Asia Pacific	18%	14%	14%
Latin America & other	10%	5%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Specialty Ingredients

Specialty Ingredients is a global leader in cellulose ethers, vinyl pyrrolidones and biofunctionals. It offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Specialty Ingredients uses natural, synthetic and semisynthetic polymers derived from cellulose ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract. Specialty Ingredients includes two divisions, Consumer Specialties and Industrial Specialties, that offer comprehensive and innovative solutions for today's demanding consumer and industrial applications. Key customers include: pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies.

During 2015, Ashland sold the industrial biocides assets within Specialty Ingredients. See Note C of the Notes to Consolidated Financial Statements for information on the divestiture of these assets.

2016 compared to 2015

Specialty Ingredients' sales decreased \$174 million, or 8%, to \$2,089 million in 2016. Energy market sales decreased \$55 million compared to prior year primarily due to lower volume as a result of reduced demand by customers, specifically those within industries negatively impacted by a low oil price environment. The remaining decline in sales of \$119 million was partially due to pricing declines decreasing sales by \$45 million. The divestiture of the industrial biocides assets and the exit from the redispersible powders product line decreased sales by \$24 million and \$11 million, respectively. Unfavorable foreign currency exchange and changes in volume and product mix combined decreased sales by \$27 million and \$12 million, respectively.

Gross profit during 2016 decreased \$26 million compared to 2015. Gross profit included certain key items during the current and prior years as follows:

- as part of a restructuring plan within an existing manufacturing facility, the current year included a net \$1 million of restructuring income and \$4 million of accelerated depreciation, while the prior year included severance and other costs of \$17 million and accelerated depreciation of \$6 million; and
- the current year included \$5 million of income related to a customer claim adjustment while the prior year included a \$13 million charge related to a customer claim.

Additionally, gross profit within the energy market decreased \$17 million compared to the prior year primarily as a result of the unfavorable impact of lower volumes. The remaining gross profit decline of \$47 million compared to the prior year was partially due to planned plant turnarounds, which reduced gross profit by \$19 million during the current year, while lower costs, primarily raw materials, was offset by pricing declines. Volume and changes in product mix combined to decrease gross profit by \$13 million while unfavorable foreign currency exchange decreased gross profit by \$11 million. The divestiture of the industrial biocides assets decreased gross profit by \$4 million during the current year. In total, gross profit margin during 2016 increased 1.5 percentage points to 33.9% as compared to 2015.

Selling, general and administrative expense (which includes research and development expenses throughout the reportable segment discussion and analysis) decreased \$24 million, or 5%, during 2016 as compared to 2015. The decrease was primarily

due to a \$11 million impairment of IPR&D assets within research and development expenses during the prior year and favorable foreign currency exchange of \$8 million. Inflationary increases were offset by other savings initiatives. Equity and other income (loss) remained consistent compared with the prior year.

Operating income totaled \$237 million for 2016 compared to \$239 million in 2015. EBITDA decreased \$1 million to \$476 million in 2016. Adjusted EBITDA decreased \$51 million to \$476 million in 2016. Adjusted EBITDA margin decreased 0.5 percentage points in 2016 to 22.8%.

2015 compared to 2014

Specialty Ingredients' sales decreased \$235 million, or 9%, to \$2,263 million in 2015. Energy market sales decreased \$106 million compared to 2014 primarily due to lower volume, in part due to the exit of the straight guar powder market. Sales in other markets decreased by \$129 million with unfavorable foreign currency exchange decreasing sales by \$105 million due to the U.S. dollar strengthening compared to various foreign currencies. Pricing declines, the exit from the redispersible powders product line and the divestiture of the industrial biocides assets decreased sales by \$27 million, \$19 million and \$11 million, respectively, while changes in volume and product mix increased sales by \$33 million.

Gross profit during 2015 decreased \$47 million compared to 2014. Gross profit in 2015 included \$17 million of severance and other costs, \$6 million of accelerated depreciation relating to a manufacturing facility restructuring plan and a \$13 million charge related to a customer claim, while 2014 included a \$19 million impairment charge related to a foreign operation. Gross profit decreased \$22 million compared to 2014 primarily driven by lower volumes for customers within the energy market. Gross profit in other markets decreased by \$8 million compared to 2014 when taking into consideration the key items discussed previously. Unfavorable foreign currency exchange decreased gross profit by \$51 million as the U.S. dollar strengthened compared to various foreign currencies. Favorable costs, primarily due to lower raw material costs, were partially offset by pricing declines, and increased gross profit by \$23 million while volume and product mix combined to increase gross profit by \$20 million. In total, gross profit margin during 2015 increased 1.2 percentage points as compared to 2014 to 32.4%.

Selling, general and administrative expense decreased \$33 million, or 6%, during 2015 as compared to 2014. This decrease was primarily due to \$41 million of expense savings realized from the 2014 global restructuring program and a favorable foreign currency exchange of \$22 million. Additionally, research and development expenses decreased \$2 million compared to 2014 as there were noncash impairments related to certain IPR&D assets of \$11 million and \$13 million during 2015 and 2014, respectively. These decreases were partially offset by increased allocated resource costs of \$21 million and increased employee benefit costs of \$4 million. Equity and other income remained consistent compared to 2014.

Operating income totaled \$239 million for 2015 compared to \$253 million in 2014. EBITDA decreased \$19 million to \$477 million in 2015. Adjusted EBITDA decreased \$2 million to \$527 million in 2015. Adjusted EBITDA margin increased 2.1 percentage points in 2015 to 23.3%.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA and Adjusted EBITDA presentation for the three annual periods is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Specialty Ingredients. Adjusted EBITDA results have been prepared to illustrate the ongoing effects of Ashland's operations, which exclude certain key items. The current year included \$4 million of restructuring charges, partially offset by a \$5 million income adjustment to a severance accrual. The prior year included \$17 million of severance and other costs related to a manufacturing facility restructuring plan during 2015. The \$4 million and \$6 million of accelerated depreciation in 2016 and 2015, respectively, relates to a manufacturing facility restructuring plan while the \$19 million charge during 2014 related to the impairment of a foreign operation. The \$13 million adjustment during 2015 related to a customer claim while the \$5 million during 2016 was a subsequent adjustment to the customer claim. There were environmental reserve adjustments of \$2 million, \$3 million and \$1 million during 2016, 2015 and 2014, respectively. The impairments of \$11 million and \$13 million during 2015 and 2014, respectively, relate to certain IPR&D assets associated with the acquisition of ISP during 2011.

(In millions)	September 30		
	2016	2015	2014
Operating income	\$ 237	\$ 239	\$ 253
Depreciation and amortization (a)	239	238	243
EBITDA	476	477	496
Severance and other costs	(1)	17	—
Accelerated depreciation and asset impairment	4	6	19
Customer claim	(5)	13	—
Environmental reserve adjustment	2	3	1
Impairment of IPR&D assets	—	11	13
Adjusted EBITDA	\$ 476	\$ 527	\$ 529

(a) Excludes \$4 million, \$6 million and \$19 million of accelerated depreciation and asset impairment charges during 2016, 2015 and 2014, respectively.

Performance Materials

Performance Materials is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Key customers include: manufacturers of residential and commercial building products; industrial product specifiers and manufacturers; wind blade and pipe manufacturers; automotive and truck OEM suppliers; boatbuilders; engineered plastics and electronic producers; and specialty chemical manufacturers.

Elastomers results were included in the Performance Materials reportable segment results of operations within the Statements of Consolidated Comprehensive Income until its December 1, 2014 sale. For additional information on the divestiture of the Elastomers division, see Note C of the Notes to Consolidated Financial Statements.

2016 compared to 2015

Performance Materials' sales decreased \$227 million, or 20%, to \$930 million in 2016. Lower product pricing decreased sales by \$111 million, or 10%, and the divestiture of the Elastomers division resulted in a loss of sales of \$40 million, or 3%. Unfavorable foreign currency exchange and lower volume each decreased sales by \$26 million, or 2%. Changes in product mix decreased sales by \$24 million, or 2%.

Gross profit decreased \$37 million in 2016 compared to 2015, primarily as a result of Intermediates/Solvents performance. Gross profit in the prior year was negatively impacted by \$14 million of costs associated with plant maintenance shutdowns within Intermediates/Solvents manufacturing facilities, while the current year included \$4 million of incremental costs associated with an unplanned shutdown also within an Intermediates/Solvents manufacturing facility. Pricing declines, partially offset by lower raw material costs, also decreased gross profit by \$29 million. Changes in product mix and volume combined to decrease gross profit by \$10 million. The sale of Elastomers and unfavorable foreign currency exchange each decreased gross profit by \$4 million. In total, gross profit margin during 2016 increased 0.6 percentage points as compared to 2015 to 19.4%.

Selling, general and administrative expense increased \$167 million during 2016 compared to 2015, primarily due to the \$181 million non-cash long-lived asset impairment within Intermediates/Solvents during the current year. See further discussion of this impairment within the "Critical Accounting Policies" section of Management's Discussion and Analysis herein. Additionally, the impairment was partially offset by decreased incentive compensation of \$6 million, the sale of the Elastomers division of \$3 million and a favorable foreign currency exchange of \$3 million. Equity and other income decreased \$1 million compared to the prior year.

Operating loss totaled \$118 million in 2016 compared to income of \$87 million in 2015. EBITDA decreased \$211 million to a loss of \$65 million in 2016. Adjusted EBITDA decreased \$30 million to \$116 million in 2016. Adjusted EBITDA margin decreased 0.1 percentage points to 12.5% in 2016.

2015 compared to 2014

Performance Materials' sales decreased \$425 million, or 27%, to \$1,157 million in 2015. The divestiture of the Elastomers division decreased sales by \$237 million, or 15%. Unfavorable foreign currency exchange and lower product pricing within both Composites and Intermediates/Solvents divisions decreased sales by \$87 million, or 5%, and \$81 million, or 5%, respectively. Unfavorable foreign currency exchange was due to the U.S. dollar strengthening compared to various foreign currencies, primarily the Euro. Volume and changes in product mix decreased sales by \$13 million and \$7 million, respectively.

Gross profit increased \$10 million in 2015 compared to 2014. Gross profit in 2015 included \$30 million of costs associated with plant closures resulting from the 2014 global restructuring program as well as \$35 million of gross profit related to the

Elastomers division. Gross profit in 2015 was negatively impacted by plant maintenance shutdowns at both Intermediates/Solvents manufacturing facilities which resulted in a \$14 million decrease in gross profit. Lower input costs, partially offset by pricing declines, within both Composites and Intermediates/Solvents combined to increase gross profit by \$55 million. Unfavorable currency exchange, driven by the U.S. dollar strengthening compared to certain foreign currencies, and changes in volume and product mix combined to decrease gross profit by \$14 million and \$12 million, respectively. In total, gross profit margin during 2015 increased 5.7 percentage points as compared to 2014 to 18.8%.

Selling, general and administrative expense decreased \$30 million, or 18%, during 2015 compared to 2014, primarily due to the sale of the Elastomers division, which included \$19 million of costs in 2014, as well as \$4 million in expense savings realized from the 2014 global restructuring program, and favorable foreign currency exchange of \$5 million. These decreases were partially offset by an increase in incentive compensation. There was also a \$5 million legal reserve charge during 2014.

Equity and other income increased \$40 million during 2015 compared to 2014, primarily due to a \$50 million impairment for the ASK joint venture equity investment during 2014, partially offset by a \$10 million decrease due to the loss of equity income from the ASK joint venture as a result of its June 2014 sale.

Operating income totaled \$87 million in 2015 compared to \$7 million in 2014. EBITDA increased \$65 million to \$146 million in 2015. Adjusted EBITDA decreased \$20 million to \$146 million in 2015. Adjusted EBITDA margin increased 2.1 percentage points to 12.6% in 2015.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA and Adjusted EBITDA presentation for the three annual periods is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Performance Materials. Adjusted EBITDA results have been prepared to illustrate the ongoing effects of Ashland's operations, which exclude certain key items such as the \$181 million impairment during 2016 related to Intermediates/Solvents and \$50 million charge during 2014 related to the impairment of the ASK joint venture equity investment. The \$13 million and \$17 million of severance and accelerated depreciation, respectively, during 2014 related to the 2014 global restructuring program. The \$5 million during 2014 relates to a legal reserve charge. There were no unusual or key items that affected comparability for Adjusted EBITDA during 2015.

(In millions)	September 30		
	2016	2015	2014
Operating income (loss)	\$ (118)	\$ 87	\$ 7
Depreciation and amortization (a)	53	59	74
EBITDA	(65)	146	81
Impairment	181	—	50
Severance	—	—	13
Legal reserve charge	—	—	5
Accelerated depreciation	—	—	17
Adjusted EBITDA	\$ 116	\$ 146	\$ 166

(a) Excludes \$17 million of accelerated depreciation during 2014.

Valvoline

Valvoline is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants, and automotive chemicals. In 2016, it ranked as the #2 quick-lube chain by number of stores and #3 passenger car motor oil in the DIY market by volume brand in the United States. The brand operates and franchises 1,068 Valvoline Instant Oil ChangeSM centers in the United States. It also markets ValvolineTM lubricants and automotive chemicals; MaxLifeTM lubricants created for higher-mileage engines; SynPowerTM synthetic motor oil; and ZerexTM antifreeze. Key customers include: retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. During September 2016, Valvoline Inc. completed the IPO of its common stock as discussed further within the "Key Developments" section of Management's Discussion and Analysis herein. As a result, Ashland maintains an approximately 83% ownership interest in Valvoline Inc. as of September 30, 2016. Valvoline's results as a segment of Ashland may not equal the results of Valvoline Inc. reported on a stand-alone basis.

During February 2016, Ashland completed the acquisition of Oil Can Henry's resulting in the addition of 89 quick-lube stores. For additional information on the separation and acquisition, see the "Key Developments" section of Management's Discussion and Analysis herein.

During the June 2015 quarter, Ashland sold its Valvoline car care product assets, which included Car Brite™ and Eagle One™ automotive appearance products, and sold its joint venture equity investment within Venezuela. See Note B of the Notes to Consolidated Financial Statements for further information.

2016 compared to 2015

Valvoline's sales decreased \$38 million, or 2%, to \$1,929 million in 2016. Lower product pricing decreased sales by \$94 million, or 5%, while higher volume levels increased sales by \$68 million, or 3%, as lubricant gallons sold increased to 174.5 million. Unfavorable foreign currency exchange decreased sales by \$31 million, or 2%, while changes in product mix increased sales by \$29 million. Unfavorable foreign currency exchange was primarily due to the U.S. dollar strengthening compared to various foreign currencies, primarily the Euro, Yuan and Australian dollar. The divestiture of Valvoline car care product assets decreased sales by \$45 million, or 2%, while the acquisition of Oil Can Henry's increased sales by \$35 million, or 2%.

Gross profit increased \$48 million during 2016 compared to 2015. Changes in volume and product mix combined to increase gross profit by \$32 million, and lower raw material costs, partially offset by lower selling pricing, increased gross profit by \$20 million. Unfavorable foreign currency exchange decreased gross profit by \$8 million, while the acquisition of Oil Can Henry's, partially offset by the divestiture of Valvoline car care product assets, increased gross profit by \$4 million. In total, gross profit margin during 2016 increased 3.2 percentage points to 38.8%.

Selling, general and administrative expense increased \$16 million, or 5%, during 2016 as compared to 2015, primarily due to digital infrastructure consulting costs and employee costs of \$5 million each, increased advertising and promotion costs of \$4 million, and increased research and development costs of \$2 million. Equity and other income (loss) increased \$12 million primarily due to the \$14 million impairment of the Venezuelan joint venture equity investment in the prior year.

Operating income totaled \$403 million in 2016 as compared to \$359 million in 2015. EBITDA increased \$44 million to \$441 million in 2016. Adjusted EBITDA increased \$30 million to \$441 million in 2016. Adjusted EBITDA margin increased 2.0 percentage points to 22.9% in 2016.

2015 compared to 2014

Valvoline's sales decreased \$74 million, or 4%, to \$1,967 million in 2015. Unfavorable foreign currency exchange and lower product pricing decreased sales by \$70 million, or 3%, and \$53 million, or 3%, respectively. Unfavorable foreign currency exchange was due to the U.S. dollar strengthening compared to various foreign currencies, primarily the Euro and Australian dollar. Higher volume levels and changes in product mix increased sales by \$55 million, or 3%, and \$10 million, respectively. The divestiture of Valvoline car care product assets on June 30, 2015 decreased sales by \$16 million compared to 2014.

Gross profit increased \$51 million during 2015 compared to 2014. Lower raw material costs, partially offset by lower product pricing, increased gross profit by \$52 million. Changes in volume and product mix combined to increase gross profit by \$20 million, while unfavorable foreign currency exchange decreased gross profit by \$18 million. The divestiture of Valvoline car care product assets also decreased gross profit by \$3 million. In total, gross profit margin during 2015 increased 3.8 percentage points to 35.6%.

Selling, general and administrative expense decreased \$7 million, or 2%, during 2015 as compared to 2014, primarily as a result of \$20 million of cost savings from the 2014 global restructuring as well as declines from favorable foreign currency exchange of \$9 million. These decreases were partially offset by increased employee and allocated resource costs of \$9 million, as well as legal and technology expenses of \$5 million and advertising costs of \$5 million.

Equity and other income decreased by \$22 million during 2015 compared to 2014, primarily due to an \$8 million favorable arbitration ruling on a commercial contract in 2014 and the \$14 million impairment of a joint venture equity investment within Venezuela in 2015. For additional information see Note B in the Notes to Consolidated Financial Statements.

Operating income totaled \$359 million in 2015 as compared to \$323 million in 2014. EBITDA increased \$37 million to \$397 million in 2015. Adjusted EBITDA increased \$51 million to \$411 million in 2015. Adjusted EBITDA margin increased 3.3 percentage points to 20.9% in 2015.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA and Adjusted EBITDA presentation for the three annual periods is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Valvoline. Adjusted EBITDA results have been prepared to illustrate the ongoing effects of Ashland's operations, which exclude certain key items. The \$14 million adjustment in 2015 related to the impairment of a joint venture equity investment within Venezuela. There were no unusual or key items that affected comparability for Adjusted EBITDA during 2016 and 2014.

(In millions)	September 30		
	2016	2015	2014
Operating income	\$ 403	\$ 359	\$ 323
Depreciation and amortization	38	38	37
EBITDA	441	397	360
Impairment of equity investment	—	14	—
Adjusted EBITDA	\$ 441	\$ 411	\$ 360

Unallocated and other

The following table summarizes the key components of the Unallocated and other segment's operating income (loss) for each of the last three years ended September 30.

(In millions)	September 30		
	2016	2015	2014
Losses on pension and other postretirement plan remeasurement	\$ (124)	\$ (255)	\$ (438)
Pension and other postretirement net periodic income (a)	82	54	54
Restructuring activities (includes separation costs, severance and stranded costs from Water Technologies)	(94)	(8)	(129)
Legal reserve	(15)	—	—
Environmental reserves for divested businesses	(36)	(29)	(28)
Tax indemnity income	—	16	—
Other income (expense)	(8)	(5)	4
Total unallocated expense	\$ (195)	\$ (227)	\$ (537)

(a) Amounts exclude service costs of \$28 million, \$27 million and \$30 million during 2016, 2015 and 2014, respectively, which are allocated to Ashland's reportable segments.

Unallocated and other recorded expense of \$195 million, \$227 million and \$537 million for 2016, 2015, and 2014, respectively. Unallocated and other includes pension and other postretirement net periodic costs and income within continuing operations that have not been allocated to reportable segments. These costs include interest cost, expected return on assets and amortization of prior service credit as these items are considered financing activities managed at the corporate level, as opposed to service costs which are allocated to reportable segments. The recurring pension and other postretirement components in Unallocated and other resulted in income of \$82 million in 2016 and \$54 million during each of 2015 and 2014. Unallocated and other also includes gains and losses on pension and other postretirement plan remeasurements which resulted in losses of \$124 million, \$255 million and \$438 million in 2016, 2015 and 2014, respectively. Fluctuations in these amounts from year to year result primarily from changes in the discount rate but are also partially affected by differences between the expected and actual return on plan assets during each year as well as other changes in other actuarial assumptions such as changes in demographic data or mortality assumptions. For additional information regarding the actual remeasurement for certain key assumptions for each year, see Management's Discussion and Analysis - Critical Accounting Policies - Employee benefit obligations and Note N of Notes to Consolidated Financial Statements.

Unallocated and other restructuring activities during 2016 included \$88 million of costs incurred related to the Valvoline separation. Restructuring expense also included \$6 million, \$8 million, and \$98 million during 2016, 2015, and 2014, respectively, primarily related to severance and other restructuring charges. Restructuring expense in 2015 and 2014 was associated with the 2014 global restructuring program. Restructuring activities in 2014 included certain indirect corporate costs of \$31 million in 2014 that were previously allocated to the Water Technologies business. Additionally, unallocated and other includes environmental charges related to previously divested businesses of \$36 million, \$29 million and \$28 million during 2016, 2015, and 2014, respectively.

The current year also included \$15 million for a legal reserve and \$11 million of income related to a legacy benefit for former directors. Unallocated and other in 2015 also included \$16 million of tax indemnity income.

FINANCIAL POSITION

Liquidity

Ashland had \$1,188 million in cash and cash equivalents as of September 30, 2016, of which \$1,013 million was held by foreign subsidiaries and had no significant limitations that would prohibit remitting the funds to satisfy corporate obligations. However, if this amount was repatriated to the United States, additional taxes would likely need to be accrued and paid depending on the source of the earnings remitted. Ashland currently has no plans to repatriate any amounts for which additional U.S. taxes would need to be accrued.

Ashland's cash flows from operating, investing and financing activities, as reflected in the Statements of Consolidated Cash Flows, are summarized as follows.

(In millions)	2016	2015	2014
Cash provided (used) by:			
Operating activities from continuing operations	\$ 703	\$ 89	\$ 580
Investing activities from continuing operations	(332)	(417)	(168)
Financing activities from continuing operations	(394)	(30)	(1,034)
Discontinued operations	(40)	269	1,671
Effect of currency exchange rate changes on cash and cash equivalents	(6)	(47)	(2)
Net increase (decrease) in cash and cash equivalents	<u>\$ (69)</u>	<u>\$ (136)</u>	<u>\$ 1,047</u>

Ashland paid income taxes of \$108 million during 2016 compared to \$226 million in 2015 and \$88 million in 2014. Cash receipts for interest income were \$6 million in each of 2016, 2015 and 2014, while cash payments for interest expense amounted to \$162 million in 2016, \$149 million in 2015 and \$154 million in 2014. Foreign currency exchange had an unfavorable impact on cash and cash equivalents during 2015 primarily as a result of the strengthening of the U.S. dollar compared to foreign currencies, primarily the Euro.

Operating activities

The following discloses the cash flows associated with Ashland's operating activities for 2016, 2015 and 2014, respectively.

(In millions)	2016	2015	2014
Cash flows provided (used) by operating activities from continuing operations			
Net income (loss)	\$ (28)	\$ 309	\$ 233
Loss (income) from discontinued operations (net of tax)	31	(118)	(161)
Adjustments to reconcile income from continuing operations to cash flows from operating activities			
Depreciation and amortization	337	341	393
Debt issuance cost amortization	23	18	14
Deferred income taxes	(23)	(57)	(294)
Equity income from affiliates	(13)	(15)	(25)
Distributions from equity affiliates	18	22	14
Stock based compensation expense - Note Q	30	30	34
Loss on early retirement of debt	—	9	—
Gain on available-for-sale securities	(8)	(3)	—
Net loss (gain) on divestitures - Notes B and C	9	115	(4)
Impairments	181	25	63
Pension contributions	(35)	(610)	(38)
Losses on pension and other postretirement plan remeasurements	124	255	438
Change in operating assets and liabilities (a)	57	(232)	(87)
Total cash flows provided by operating activities from continuing operations	\$ 703	\$ 89	\$ 580

(a) Excludes changes resulting from operations acquired or sold.

Cash flows generated from operating activities from continuing operations, a major source of Ashland's liquidity, amounted to \$703 million in 2016, \$89 million in 2015 and \$580 million in 2014. The significant decline in operating cash flow during the prior year related primarily to \$610 million of pension contributions, which included the \$500 million voluntary pension plan contribution made in June 2015 for plans impacted by the pension settlement program. See Note N in the Notes to Consolidated Financial Statements for further information.

Excluding the voluntary pension contribution in the prior year, the cash results during each year were primarily driven by net income, excluding discontinued operation results, adjusted for certain non-cash items including depreciation and amortization (including debt issuance cost amortization), losses and gains on divestitures as well as changes in working capital, which are fluctuations within accounts receivable, inventory, trade payables and accrued expenses. Ashland continues to emphasize working capital management as a high priority and focus.

The following details certain changes in key operating assets and liabilities for 2016, 2015 and 2014, respectively.

(In millions)	2016	2015	2014
Cash flows from assets and liabilities (a)			
Accounts receivable	\$ 55	\$ 261	\$ (16)
Inventories	44	39	(4)
Trade and other payables	(59)	(229)	64
Other assets and liabilities	17	(303)	(131)
Change in operating assets and liabilities	\$ 57	\$ (232)	\$ (87)

(a) Excludes changes resulting from operations acquired or sold.

Changes in net working capital accounted for inflows of \$40 million, \$71 million and \$44 million in 2016, 2015 and 2014, respectively, and were driven by the following:

- Accounts receivable - Changes in accounts receivable resulted in a \$55 million inflow of cash in 2016 compared to \$261 million of cash inflows in 2015 and \$16 million of cash outflows in 2014. Cash outflows in 2014 versus cash inflows in 2016 and 2015 were the result of sales of \$6,121 million during 2014 compared to \$4,948 million and

\$5,387 million during 2016 and 2015, respectively. The higher sales in 2014 resulted in increased accounts receivables compared to 2016 and 2015 where sales declines from the prior year resulted in decreased accounts receivables.

- Inventory - Changes in inventory resulted in cash inflows of \$44 million in 2016 compared to cash inflows of \$39 million in 2015 and cash outflows of \$4 million in 2014, and were primarily a result of production management.
- Trade and other payables - Changes in trade and other payables resulted in cash outflows of \$59 million in 2016 and \$229 million in 2015 compared to cash inflows of \$64 million in 2014. During 2014, there were increased accruals for incentive compensation and severance related to the 2014 global restructuring which resulted in large cash outflows in 2015. Approximately \$60 million of incentive compensation payments and \$45 million of severance payments related to restructuring activities were made during 2015 compared to 2014 which had approximately \$15 million of incentive compensation payments and \$52 million of severance payments.

The remaining cash inflow during 2016 was \$17 million while 2015 and 2014 were cash outflows of \$303 million and \$131 million, respectively, were primarily due to income taxes paid or income tax refunds, interest paid, and adjustments to certain accruals and long term assets and liabilities.

Operating cash flows for 2016 included income from continuing operations of \$3 million, \$124 million of net losses on pension and other postretirement plan remeasurements and noncash adjustments of \$337 million for depreciation and amortization, and \$23 million for debt issuance cost amortization. Operating cash flows for 2016 also included noncash adjustments of \$181 million related to the impairment of Intermediates/Solvents and a \$12 million impairment related to a Specialty Ingredients joint venture.

Operating cash flows for 2015 included income from continuing operations of \$191 million, \$255 million of net losses on pension and other postretirement plan remeasurements and noncash adjustments of \$341 million for depreciation and amortization, and \$18 million for debt issuance cost amortization. Operating cash flows for 2015 also included noncash adjustments of \$25 million related to the impairment of the Venezuelan joint venture equity investment and certain IPR&D assets associated with the acquisition of ISP.

Operating cash flows for 2014 included income from continuing operations of \$72 million, \$438 million of net losses on pension and other postretirement plan remeasurements and noncash adjustments of \$393 million for depreciation and amortization, which includes a \$19 million impairment related to a foreign operation and \$14 million for debt issuance cost amortization. Operating cash flows for 2014 also included impairments totaling \$63 million related to the ASK joint venture equity investment and IPR&D assets.

Investing activities

The following discloses the cash flows associated with Ashland's investing activities for 2016, 2015 and 2014.

(In millions)	2016	2015	2014
Cash flows provided (used) by investing activities from continuing operations			
Additions to property, plant and equipment	\$ (300)	\$ (265)	\$ (248)
Proceeds from disposal of property, plant and equipment	2	3	3
Purchase of operations - net of cash acquired	(83)	(13)	—
Proceeds from sale of operations or equity investments	16	161	92
Proceeds from sale of available-for-sale securities	10	315	—
Purchase of available-for-sale securities	(10)	(315)	—
Net purchases of funds restricted for specific transactions	(4)	(320)	(15)
Reimbursement from restricted investments	33	6	—
Proceeds from the settlement of derivative instruments	9	18	—
Payments for the settlement of derivative instruments	(5)	(7)	—
Total cash flows used by investing activities from continuing operations	\$ (332)	\$ (417)	\$ (168)

Cash used by investing activities was \$332 million in 2016 compared to \$417 million and \$168 million for 2015 and 2014, respectively. The current period included capital expenditures of \$300 million and a net cash outflow of \$83 million for the purchase of operations, which consisted of \$62 million related to the acquisition of Oil Can Henry's and the remainder related to smaller other Valvoline VIOC acquisitions. The current year also included reimbursements of \$33 million from the restricted renewable annual trust established as a result of the January 2015 asbestos insurance settlement.

The significant cash investing activities for 2015 included capital expenditures of \$265 million and proceeds of \$105 million from the sale of the Elastomers division, approximately \$30 million from the sale of industrial biocides assets and \$24 million from the sale of Valvoline car care product assets. Funds restricted for specific transactions represent the receipt of the January 2015 asbestos insurance settlement funds of \$335 million into a restricted renewable annual trust, partially offset by the reclassification into cash and cash equivalents of \$15 million of assets previously restricted in use for property transactions. The previous restriction of the \$15 million for property transactions occurred in 2014 and is reflected as an investing outflow during 2014. From the restrictive renewable annual trust (derived from the asbestos proceeds received during 2015), Ashland received a \$6 million reimbursement for certain 2015 asbestos disbursements. Additionally, the purchase of and proceeds from the sale of available-for-sale securities of \$315 million related to investment activity involving equity and corporate bond funds within the asbestos trust.

The significant cash investing activities for 2014 included cash outflows of \$248 million for capital expenditures and restricted cash for property transactions of \$15 million previously discussed. These outflows were partially offset by cash inflows related to the sale of the ASK equity investment of \$87 million and \$5 million related to tax receipt from a previously divested business.

Financing activities

The following discloses the cash flows associated with Ashland's financing activities for 2016, 2015 and 2014, respectively.

(In millions)	2016	2015	2014
Cash flows provided (used) by financing activities from continuing operations			
Proceeds from issuance of long-term debt	\$ 1,250	\$ 1,100	\$ —
Repayment of long-term debt	(1,595)	(623)	(11)
Premium on long-term debt repayment	—	(9)	—
Proceeds (repayment) from short-term debt	(156)	(3)	22
Net proceeds from Valvoline Inc. initial public offering	712	—	—
Repurchase of common stock	(500)	(397)	(954)
Debt issuance costs	(15)	(9)	—
Cash dividends paid	(97)	(98)	(103)
Excess tax benefits related to share-based payments	7	9	12
Total cash flows used by financing activities from continuing operations	\$ (394)	\$ (30)	\$ (1,034)

Cash used by financing activities was \$394 million for 2016, \$30 million for 2015, and \$1,034 million for 2014. Significant cash financing activities for the current year included proceeds from the issuance of long-term debt of \$1,250 million, specifically the issuance of \$875 million for the 2016 term loan facility and \$375 million for the 2024 notes which were both issued as part of the Valvoline financing activities. The repayment of long-term debt of \$1,595 million primarily related to the Ashland and Valvoline term loans and the repayment of acquired debt from the Oil Can Henry's acquisition. Cash flows from financing activities during 2016 included an inflow of \$712 million of proceeds, net of underwriting discounts and other offering expenses, from the Valvoline Inc. IPO. These transactions are discussed further within "Key Developments." Additionally 2016 includes a cash outflow of \$500 million for the repurchase of common stock and short-term net debt repayments of \$156 million primarily related to the debt repayments under Ashland's 2015 revolving credit facility and the accounts receivable securitization facility, and the issuance of the \$150 million term loan facility due 2017. The current period also included cash dividends paid of \$1.56 per share, for a total of \$97 million.

Significant cash financing activities during 2015 primarily included the 2015 Senior Credit Agreement, the redemption of the 2016 senior notes, and the repurchase of common stock. As a result of the 2015 Senior Credit Agreement and redemption of the 2016 senior notes, Ashland received \$1,100 million from the issuance of the 2015 term loan facility, repaid \$600 million related to the 2016 senior notes, paid early redemption premiums of \$9 million and debt issuance costs of \$9 million. In addition, Ashland repurchased \$397 million of common stock under the \$1.35 billion common stock repurchase program and paid cash dividends of \$1.46 per share, for a total of \$98 million.

Significant cash financing activities for 2014 included a \$954 million cash outflow related to the repurchase of common stock under the \$1.35 billion common stock repurchase program. Other significant cash financing activities for 2014 included cash outflows of \$11 million in repayments of long-term debt and \$103 million in cash dividends paid at \$1.36 per share, as well as cash inflows of \$22 million primarily related to draw on the revolver and \$12 million for proceeds from the exercise of stock options and excess tax benefits related to share-based payments.

Cash provided by discontinued operations

The following discloses the cash flows associated with Ashland's discontinued operations for 2016, 2015 and 2014, respectively.

(In millions)	2016	2015	2014
Cash provided (used) by discontinued operations			
Operating cash flows	\$ (40)	\$ 245	\$ 63
Investing cash flows	—	24	1,608
Total cash provided (used) by discontinued operations	\$ (40)	\$ 269	\$ 1,671

Cash used by discontinued operations during 2016 related to other previously divested businesses, including net payments of asbestos and environmental liabilities.

Cash provided by discontinued operations during 2015 included \$398 million of cash received, before taxes, related to the January 2015 asbestos insurance settlement, and \$48 million of delayed cash proceeds for a foreign entity from the sale of Water Technologies. These inflows were partially offset by \$91 million in tax payments primarily from the Water Technologies sale and a \$20 million payment for the working capital settlement related to the disposition of Water Technologies.

Cash provided by discontinued operations during 2014 included \$1.6 billion of net proceeds from the sale of Water Technologies, net of working capital and other adjustments as defined in the definitive sale agreement as well as transaction costs. Excluding the \$1.6 billion of proceeds, the remaining cash flows related to Water Technologies were \$68 million in 2014.

The remaining cash flows in 2015 and 2014 principally related to other previously divested businesses, including net payments of asbestos and environmental liabilities.

Free cash flow and other liquidity information

The following represents Ashland's calculation of free cash flow for the disclosed periods and reconciles free cash flow to cash flows provided by operating activities from continuing operations. Free cash flow does not reflect adjustments for certain non-discretionary cash flows such as mandatory debt repayments. See "Results of Operations - Consolidated Review - Use of non-GAAP measures" for additional information.

(In millions)	September 30		
	2016	2015	2014
Cash flows provided by operating activities from continuing operations	\$ 703	\$ 89	\$ 580
Less:			
Additions to property, plant and equipment	(300)	(265)	(248)
Discretionary contribution to pension plans	—	500	—
Free cash flows	\$ 403	\$ 324	\$ 332

At September 30, 2016, working capital (current assets minus current liabilities, excluding long-term debt due within one year) amounted to \$1,669 million, compared to \$1,706 million at the end of 2015. Ashland's working capital is affected by its use of the LIFO method of inventory valuation that valued inventories below their replacement costs by \$29 million at September 30, 2016 and \$34 million at September 30, 2015. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 171% of current liabilities at September 30, 2016 and 154% at September 30, 2015.

The following summary reflects Ashland's cash, investment securities and unused borrowing capacity as of September 30, 2016, 2015 and 2014.

(In millions)	September 30		
	2016	2015	2014
Cash and cash equivalents	\$ 1,188	\$ 1,257	\$ 1,393
Unused borrowing capacity			
2015 Revolving credit facility	\$ 742	\$ 1,013	\$ 1,084
2016 Revolving credit facility (a)	\$ 435	\$ —	\$ —
Accounts receivable securitization facility	\$ 80	\$ 10	\$ —

(a) The 2016 revolving credit facility was executed as part of the Valvoline Financing Activities discussed further within "Key Developments".

Total borrowing capacity remaining under Ashland's 2015 revolving credit facility was \$742 million, due to a reduction of \$58 million for letters of credit outstanding at September 30, 2016. Total borrowing capacity remaining under Valvoline's 2016 revolving credit facility was \$435 million, due to a reduction of \$15 million for letters of credit outstanding at September 30, 2016. In total, Ashland's available liquidity position, which includes cash, the revolving credit facilities and accounts receivable securitization facility, was \$2,445 million at September 30, 2016 as compared to \$2,280 million at September 30, 2015 and \$2,477 million at September 30, 2014. For further information, see Note J within Notes to Consolidated Financial Statements.

Capital resources

Debt

The following summary reflects Ashland's debt as of September 30, 2016 and 2015.

(In millions)	September 30	
	2016	2015
Short-term debt	\$ 170	\$ 326
Long-term debt (including current portion and debt issuance cost discounts) (a)	3,074	3,403
Total debt	\$ 3,244	\$ 3,729

(a) Includes \$29 million and \$28 million of debt issuance cost discounts as of September 30, 2016 and 2015, respectively.

The current portion of long-term debt was \$19 million at September 30, 2016 and \$55 million at September 30, 2015. Debt as a percent of capital employed was 51% at September 30, 2016 and 55% at September 30, 2015. At September 30, 2016, Ashland's total debt had an outstanding principal balance of \$3,419 million, discounts of \$146 million, and debt issuance costs of \$29 million. The scheduled aggregate maturities of long-term debt for the next five fiscal years (including the current portion and excluding debt issuance costs) are as follows: \$19 million in 2017, \$719 million in 2018, \$43 million in 2019, \$38 million in 2020 and \$263 million in 2021.

Ashland Financing Activities

Ashland financing activities during 2016

During July 2016, Ashland amended the 2015 Senior Credit Agreement to permit the Reorganization and the series of events relating to the separation of Valvoline Inc. Additionally, the amendment provided that if the aggregate principal amount of the Valvoline debt reaches \$750 million, Ashland would be required to use the net proceeds of such borrowings to repay its existing 2015 term loan facility and/or permanently reduce its existing revolving credit commitments under the 2015 Senior Credit Agreement in an aggregate amount of up to \$1 billion. As a result of the July 2016 amendment and the Valvoline debt borrowings in connection with the separation, Ashland reduced its revolving borrowing capacity to \$800 million as of September 30, 2016.

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provides for an aggregate principal amount of \$150 million in a senior unsecured term loan facility maturing on February 15, 2017. This term loan was drawn in full as of September 30, 2016. At the subsidiary's option, loans issued under this term loan facility bear interest at either LIBOR plus 1.75% per annum or an alternate base rate plus 0.75% per annum. The subsidiary may prepay the term loan facility after three months from the date it was drawn upon without any premium or penalty.

During 2016, Ashland extended the termination date of the accounts receivable securitization facility from December 31, 2015, the previous termination date extension, to March 22, 2017. Additionally, due to activity related to the separation of Valvoline Inc. from Ashland during 2016, the available funding for qualifying receivables under the accounts receivable securitization facility was reduced from \$250 million to \$100 million. No other changes to the agreement within the current year amendments are

expected to have a significant impact to Ashland's results of operations and financial position. See Note J of the Notes to Consolidated Financial Statements for further information on this agreement.

Ashland financing activities during 2015

During June of 2015, Ashland completed certain refinancing transactions related to the \$600 million 3.000% senior notes due in 2016 (2016 senior notes). Ashland commenced and completed a cash tender offer to purchase for cash any and all of its outstanding 2016 senior notes. At the close of the tender offer, \$550 million aggregate principal amount of the 2016 senior notes was tendered by note holders, representing approximately 92% of the outstanding 2016 senior notes, which have been purchased by Ashland. Subsequently, Ashland redeemed the remaining balance of the 2016 senior notes of \$50 million on July 23, 2015.

In connection with the tender offer and redemption, in June 2015, Ashland entered into the 2015 Senior Credit Agreement. The 2015 Senior Credit Agreement replaced the \$1.2 billion senior unsecured revolving credit facility (the 2013 Senior Credit Facility), and was comprised of a new five-year senior unsecured revolving credit facility in an aggregate amount of \$1.2 billion (the 2015 revolving credit facility), which includes a \$250 million letter of credit sublimit and a \$100 million swing line loan sublimit, and a five-year senior unsecured term loan facility in an aggregate principal amount of \$1.1 billion (the 2015 term loan facility). The 2015 Senior Credit Agreement is not guaranteed, is unsecured and can be prepaid at any time without premium or penalty.

At Ashland's option, borrowings under the 2015 revolving credit facility bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The loans' interest rate fluctuate between LIBOR plus 1.375% per annum and LIBOR plus 2.50% per annum (or between the alternate base rate plus 0.375% per annum and the alternate base rate plus 1.50% per annum), based upon Ashland's corporate credit ratings or the consolidated gross leverage ratio (as defined in the 2015 Senior Credit Agreement) (whichever yields a lower applicable interest rate margin) at such time. In addition, Ashland was required to pay fees of 0.25% per annum on the daily unused amount of the 2015 revolving credit facility through and including June 30, 2015, and thereafter the fee rate will fluctuate between 0.175% and 0.40% per annum, based upon Ashland's corporate credit ratings or the consolidated gross leverage ratio (whichever yields a lower fee rate).

During 2015, the potential funding for qualified receivables was reduced from \$275 million to \$250 million. Under the terms of the Transfer and Administration Agreement, CVG Capital III LLC, a wholly-owned "bankruptcy remote" special purpose subsidiary of the Originators (CVG) may, from time to time, obtain up to \$250 million (in the form of cash or letters of credit for the benefit of Ashland and its subsidiaries) from the Conduit Investors, the Uncommitted Investors and/or the Committed Investors through the sale of an undivided interest in such accounts receivable, related assets and collections. Additionally, during 2015, the termination of the commitments under the Transfer and Administration Agreement under the accounts receivable securitization was extended from August 28, 2015 to December 31, 2015. See Note J of the Notes to Consolidated Financial Statements for further information on this agreement.

Ashland debt covenant restrictions

The 2015 Senior Credit Agreement contains usual and customary representations, warranties and affirmative and negative covenants, including financial covenants for leverage and interest coverage ratios, limitations on liens, additional subsidiary indebtedness, restrictions on subsidiary distributions, investments, mergers, sale of assets and restricted payments and other customary limitations. As of September 30, 2016, Ashland was in compliance with all debt agreement covenant restrictions.

The 2015 Senior Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus unrestricted cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the 2015 Senior Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income. The computation of Covenant Adjusted EBITDA differs from the calculation of EBITDA and Adjusted EBITDA, which have been reconciled on page M-8. In general, consolidated indebtedness includes debt plus all purchase money indebtedness, banker's acceptances and bank guaranties, deferred purchase price of property or services, attributable indebtedness and guaranties. The maximum consolidated leverage ratios permitted under the 2015 Senior Credit Agreement are as follows: 3.75 from June 30, 2015 through December 31, 2016 and 3.5 from March 31, 2017 and each fiscal quarter thereafter.

The 2015 Senior Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period. The minimum required consolidated interest coverage ratio under the 2015 Senior Credit Agreement during its entire duration is 3.0.

At September 30, 2016, Ashland's calculation of the consolidated leverage ratio was 2.7 compared to the maximum consolidated leverage ratio permitted under the 2015 Senior Credit Agreement of 3.75. At September 30, 2016, Ashland's calculation of the consolidated interest coverage ratio was 3.9 compared to the minimum required ratio of 3.0. Any change in

Covenant Adjusted EBITDA of \$100 million would have an approximate 0.4x effect on the consolidated leverage ratio and a 0.7x effect on the consolidated interest coverage ratio. Any change in consolidated indebtedness of \$100 million would affect the consolidated leverage ratio by approximately 0.2x.

Valvoline Financing Activities

Valvoline financing activities during 2016

The Valvoline Credit Agreement initially provided for an aggregate principal amount of \$1,325 million in senior secured credit facilities, comprised of (i) a five-year \$875 million term loan A facility and (ii) a five-year \$450 million revolving credit facility (including a \$100 million letter of credit sublimit). The Valvoline Credit Facilities may be prepaid at any time without premium. Amounts prepaid under the 2016 term loan facility may not be reborrowed.

The Valvoline Credit Facilities are guaranteed by Valvoline Inc.'s existing and future subsidiaries (other than certain immaterial subsidiaries, joint ventures, special purpose financing subsidiaries, regulated subsidiaries, foreign subsidiaries and certain other subsidiaries), and are secured by a first-priority security interest in substantially all the personal property assets, and certain real property assets, of Valvoline Inc. and the guarantors, including all or a portion of the equity interests of certain of Valvoline Inc.'s domestic subsidiaries and first-tier foreign subsidiaries and, in certain cases, a portion of the equity interests of other foreign subsidiaries.

At Valvoline Inc.'s option, the loans issued under the Valvoline Credit Agreement bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. Loans bear interest at LIBOR plus 2.375% per annum, in the case of LIBOR borrowings, or at the alternate base rate plus 1.375%, in the alternative, through and including the date of delivery of a quarterly compliance certificate and thereafter the interest rate will fluctuate between LIBOR plus 1.500% per annum and LIBOR plus 2.500% per annum (or between the alternate base rate plus 0.500% per annum and the alternate base rate plus 1.500% per annum), based upon Valvoline Finco's corporate credit ratings or the consolidated first lien net leverage ratio (as defined in the Valvoline Credit Agreement) (whichever yields a lower applicable interest rate margin) at such time. In addition, Valvoline Inc. is required to pay fees of 0.375% per annum on the daily unused amount of the 2016 revolving credit facility through and including the date of delivery of a compliance certificate, and thereafter the fee rate will fluctuate between 0.200% and 0.500% per annum, based upon the Valvoline Inc.'s corporate credit ratings or the consolidated first lien net leverage ratio (whichever yields a lower applicable rate).

During September 2016, Valvoline Inc. borrowed \$875 million of principal on the 2016 term loan facility and \$137 million on the 2016 revolving credit facility. The net proceeds of these borrowings of \$865 million (after deducting fees and expenses) for the 2016 term loan facility and \$137 million for the 2016 revolving credit facility were transferred to Ashland. With these proceeds, Ashland repaid \$785 million of its 2015 term loan facility, \$150 million of the 2015 revolving credit facility and \$45 million of its accounts receivable securitization.

Valvoline Inc. used \$637 million of the net proceeds of its IPO to repay \$500 million of the outstanding balance under its 2016 term loan facility and all of the \$137 million outstanding balance of its 2016 revolving credit facility. See Note B of Notes to Consolidated Financial Statements for more information on the IPO of Valvoline Inc. common stock.

During July 2016, Valvoline Inc. completed its issuance of 5.500% senior unsecured notes due 2024 with an aggregate principal amount of \$375 million. The net proceeds of the offering of \$370 million (after deducting initial purchasers' discounts) were transferred to Ashland during July 2016. Ashland used these proceeds to repay \$110 million of the outstanding balance under Ashland's 2015 revolving credit facility and \$260 million of the 2015 term loan facility.

Valvoline debt covenant restrictions

The Valvoline Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio) and other customary limitations. As of September 30, 2016, Valvoline Inc. was in compliance with all debt agreement covenant restrictions and financial covenants.

The Valvoline Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus unrestricted cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the Valvoline Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income. The maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement is 4.5.

The Valvoline Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period. The minimum required consolidated interest coverage ratio under the Valvoline Credit Agreement during its entire duration is 3.0.

At September 30, 2016, Valvoline's calculation of the consolidated leverage ratio was 1.4, which is below the maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement of 4.5. At September 30, 2016, Valvoline's calculation of the consolidated interest coverage ratio was 13.3, which exceeds the minimum required consolidated ratio of 3.0. Any change in Covenant Adjusted EBITDA of \$100 million would have an approximate 0.3x effect on the consolidated leverage ratio and a 2.9x effect on the consolidated interest coverage ratio. Any change in consolidated indebtedness of \$100 million would affect the consolidated leverage ratio by approximately 0.2x.

Ashland cash projection

Ashland projects that cash flow from operations and other available financial resources such as cash on hand and revolving credit should be sufficient to meet investing and financing requirements to enable Ashland to comply with the covenants and other terms of its financing obligations. These projections are based on various assumptions that include, but are not limited to: operational results, working capital cash generation, capital expenditures, pension funding requirements and tax payment and receipts.

Total Equity

Total equity increased \$128 million since September 30, 2015 to \$3,165 million at September 30, 2016. This increase was primarily due to \$712 million of net proceeds from the IPO of Valvoline Inc., \$24 million in common shares issued under stock incentive and other plans, \$17 million of an unrealized gain on available-for-sale securities, \$14 million related to pension and other postretirement obligations, and \$1 million of net income attributable to the noncontrolling interest in Valvoline Inc. as of September 30, 2016. These increases were partially offset by a decline of \$500 million related to stock repurchase agreements, cash dividends of \$97 million, a net loss attributable to Ashland during the period of \$29 million, and deferred translation losses of \$14 million.

At September 30, 2016, total equity also includes an amount for noncontrolling interest, which reflects the outside stockholders' interest in Valvoline Inc. At September 30, 2016, Ashland maintains an approximately 83% ownership interest in Valvoline Inc., with the remaining approximately 17% ownership of Valvoline Inc. is held by outside stockholders.

Stock repurchase programs

During 2015, Ashland's Board of Directors approved a \$1 billion share repurchase authorization that will expire on December 31, 2017 (the 2015 stock repurchase program). This authorization allows for common shares to be repurchased in open market transactions, privately negotiated transactions or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans.

During 2014, the Board of Directors of Ashland authorized a \$1.35 billion common stock repurchase program (the 2014 stock repurchase program). Under the program, Ashland's common shares were repurchased pursuant to accelerated stock repurchase agreements, a Rule 10b5-1 plan, and a prepaid variable share repurchase agreement. This repurchase program was completed during 2015.

The 2014 stock repurchase program authorization replaced Ashland's previous \$600 million share repurchase authorization (the 2013 stock repurchase program), approved in May 2013, which had \$450 million remaining when it was terminated.

2015 stock repurchase program agreement

In November 2015, under the 2015 stock repurchase program, Ashland announced that it entered into an accelerated share repurchase agreement (2016 ASR Agreement) with Goldman, Sachs & Co. Under the 2016 ASR Agreement, Ashland paid an initial purchase price of \$500 million and received an initial delivery of approximately 3.9 million shares of common stock during November 2015. In February 2016, Goldman, Sachs & Co. exercised their early termination option under the 2016 ASR Agreement and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$99.01 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by Goldman, Sachs & Co. under the 2016 ASR Agreement was 5.1 million shares. Ashland received the additional 1.2 million shares during 2016 to settle the difference between the initial share delivery and the total number of shares repurchased. After the 2016 ASR Agreement, \$500 million of share repurchase authorization remains under the 2015 stock repurchase program.

2014 stock repurchase program agreements

During 2014, Ashland announced that it had entered into accelerated share repurchase agreements (2014 ASR Agreements) with Deutsche Bank AG, London Branch (Deutsche Bank), and JPMorgan Chase Bank, N.A. (JPMorgan) to repurchase an aggregate

of \$750 million of Ashland's common stock. Under the 2014 ASR Agreements, Ashland paid an initial purchase price of \$750 million, split evenly between the financial institutions. As of September 30, 2014, Ashland received an initial delivery of approximately 5.9 million shares of common stock under the 2014 ASR Agreements. The 2014 ASR Agreements had a variable maturity, at the financial institutions option, with a maximum pricing period termination date of June 30, 2015. During 2015, the 2014 ASR Agreements terminated pursuant to their terms and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$116.33 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by the financial institutions under the 2014 ASR Agreements was 6.4 million shares. Ashland received the additional 0.5 million shares from the financial institutions during 2015 to settle the difference between the initial share delivery and the total number of shares repurchased.

During 2015, Ashland announced and completed accelerated share repurchase agreements (2015 ASR Agreements) with Deutsche Bank and JPMorgan to repurchase an aggregate of \$270 million of Ashland's common stock. Under the 2015 ASR Agreements, Ashland paid an initial purchase price of \$270 million, split evenly between the financial institutions and received an initial delivery of approximately 1.9 million shares of common stock. The 2015 ASR Agreements had a variable maturity, at the financial institutions option, with a maximum pricing period termination date of July 31, 2015. During 2015, Deutsche Bank and JPMorgan exercised their early termination option under the 2015 ASR Agreements and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$125.22 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by the financial institutions under the 2015 ASR Agreements was 2.2 million shares. Ashland received the additional 0.3 million shares from the financial institutions during 2015 to settle the difference between the initial share delivery and the total number of shares repurchased.

Additional stock repurchase agreements

Ashland entered into and completed a \$125 million prepaid variable share repurchase agreement during 2014. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$105.22 per share. Ashland received 0.8 million shares and \$45 million in cash for the unused portion of the \$125 million prepayment, for a net cash outlay of \$80 million.

During 2014, Ashland announced that it had entered into an agreement with each of Deutsche Bank Securities Inc. and JPMorgan to repurchase an aggregate of \$250 million of Ashland's common stock. Under the terms of the agreement, the financial institutions purchased a pre-determined number of shares on various trading days dependent upon Ashland's prevailing stock price on that date. During 2014, Ashland received 1.2 million shares of common stock for a total cost of \$124 million. During 2015, Ashland completed these agreements, receiving an additional 1.2 million shares of common stock for a total cost of \$127 million. The settlement price, which represents the average amount spent after commissions over the common shares repurchased throughout the program, was \$104.51 per share. In total, Ashland paid \$250 million and received 2.4 million shares of common stock under the agreements.

Stockholder dividends

In May 2015, the Board of Directors of Ashland announced a quarterly cash dividend increase to 39 cents per share to eligible shareholders of record. This amount was paid for quarterly dividends during each quarter of fiscal 2016 and the third and fourth quarters of fiscal 2015, and was an increase from the quarterly cash dividend of 34 cents per share paid during the first and second quarters of fiscal 2015 and each quarter of fiscal 2014.

Capital expenditures

Capital expenditures were \$300 million for 2016 and averaged \$271 million during the last three years. A summary of capital expenditures by reportable segment during 2016, 2015 and 2014 follow.

(In millions)	2016	2015	2014
Specialty Ingredients	\$ 179	\$ 171	\$ 159
Performance Materials	36	33	38
Valvoline	70	45	36
Unallocated and other	15	16	15
Total capital expenditures	\$ 300	\$ 265	\$ 248

A summary of the capital employed in Ashland's current operations, which is calculated by adding equity to capital investment, as of the end of the last three years follows.

(In millions)	2016	2015	2014
Capital employed (a)			
Specialty Ingredients	\$ 4,959	\$ 5,043	\$ 5,413
Performance Materials (b)	685	870	1,121
Valvoline	806	653	746

(a) Excludes the assets and liabilities classified within unallocated and other which primarily includes debt and other long-term liabilities such as asbestos and pension. The net liability in unallocated and other was \$3,285 million, \$3,529 million and \$3,697 million as of September 30, 2016, 2015 and 2014, respectively.

(b) Decline during 2015 is primarily due to sale of Elastomers.

Contractual obligations and other commitments

The following table aggregates Ashland's obligations and commitments to make future payments under existing contracts at September 30, 2016. Contractual obligations for which the ultimate settlement of quantities or prices are not fixed and determinable have been excluded.

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual obligations					
Raw material and service contract purchase obligations (a)	\$ 478	\$ 165	\$ 139	\$ 114	\$ 60
Employee benefit obligations (b)	244	38	53	46	107
Operating lease obligations (c)	308	52	84	47	125
Debt (d)	3,419	189	762	301	2,167
Interest payments (e)	1,938	158	336	316	1,128
Unrecognized tax benefits (f)	168	—	—	—	168
Total contractual obligations	\$ 6,555	\$ 602	\$ 1,374	\$ 824	\$ 3,755

Other commitments

Letters of credit (g)	\$ 73	\$ 73	\$ —	\$ —	\$ —
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(a) Includes raw material and service contracts where minimal committed quantities and prices are fixed.

(b) Includes estimated funding of Ashland's qualified U.S. and non-U.S. pension plans for 2017, as well as projected benefit payments through 2026 under Ashland's unfunded pension and other postretirement benefit plans. Excludes the benefit payments from the pension plan trust funds. See Note N of Notes to Consolidated Financial Statements for additional information.

(c) Includes leases for office buildings, retail outlets, transportation equipment, warehouses and storage facilities and other equipment. For further information, see Note L of Notes to Consolidated Financial Statements.

(d) Capitalized lease obligations are not significant and are included within this caption. For further information, see Note J of Notes to Consolidated Financial Statements.

(e) Includes interest expense on both variable and fixed rate debt assuming no prepayments. Variable interest rates have been assumed to remain constant through the end of the term at rates that existed as of September 30, 2016.

(f) Due to uncertainties in the timing of the effective settlement of tax positions with respect to taxing authorities, Ashland is unable to determine the timing of payments related to noncurrent unrecognized tax benefits, including interest and penalties. Therefore, these amounts were included in the "More than 5 years" column.

(g) Ashland issues various types of letters of credit as part of its normal course of business. For further information, see Note J of Notes to Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

As part of its normal course of business, Ashland is a party to various financial guarantees and other commitments. These arrangements involve elements of performance and credit risk that are not included in the Consolidated Balance Sheets. The possibility that Ashland would have to make actual cash expenditures in connection with these obligations is largely dependent on the performance of the guaranteed party, or the occurrence of future events that Ashland is unable to predict. Ashland has reserved the approximate fair value of these guarantees in accordance with U.S. GAAP.

NEW ACCOUNTING PRONOUNCEMENTS

For a discussion and analysis of recently issued accounting pronouncements and its impact on Ashland, see Note A of Notes to Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES

The preparation of Ashland's Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill and other intangible assets), employee benefit obligations, income taxes, liabilities and receivables associated with asbestos litigation and environmental remediation. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions. Management has reviewed the estimates affecting these items with the Audit Committee of Ashland's Board of Directors.

Long-lived assets

Tangible assets

The cost of property, plant and equipment is depreciated by the straight-line method over the estimated useful lives of the assets. Buildings are depreciated principally over 25 to 35 years and machinery and equipment principally over 2 to 25 years. Ashland reviews property, plant and equipment asset groups for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Ashland monitors these changes and events on at least a quarterly basis. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset group, or a current expectation that an asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the property, plant and equipment asset groups, as well as specific appraisals in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other property, plant and equipment asset groups. If the future undiscounted cash flows result in a value that is less than the carrying value, then the long-lived asset is considered impaired and a loss is recognized based on the amount by which the carrying amount exceeds the estimated fair value. Various factors that Ashland uses in determining the impact of these assessments include the expected useful lives of long-lived assets and the ability to realize any undiscounted cash flows in excess of the carrying amounts of such asset groups, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Because judgment is involved in determining the fair value of property, plant and equipment asset groups, there is risk that the carrying value of these assets may require adjustment in future periods.

Total depreciation expense on property, plant and equipment for 2016, 2015 and 2014 was \$260 million, \$263 million and \$304 million, respectively. Depreciation expense for 2016, 2015 and 2014 included \$6 million, \$6 million and \$36 million, respectively, in accelerated depreciation and asset impairments. Capitalized interest for 2016, 2015 and 2014 was \$1 million, \$2 million and \$1 million, respectively.

Finite-lived intangible assets

Finite-lived intangible assets principally consist of certain trademarks and trade names, intellectual property, and customer relationships. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The cost of trademarks and trade names is amortized principally over 3 to 25 years, intellectual property over 5 to 20 years and customer relationships over 3 to 24 years. Ashland reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Ashland monitors these changes and events on at least a quarterly basis.

Amortization expense recognized on finite-lived intangible assets was \$77 million for 2016, \$78 million for 2015 and \$89 million for 2014, and is primarily included in the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income.

Goodwill

Ashland reviews goodwill and indefinite-lived intangible assets for impairment annually or when events and circumstances indicate an impairment may have occurred. The annual assessment is performed as of July 1 and consists of Ashland determining each reporting unit's current fair value compared to its current carrying value. Ashland determined that its reporting units for the allocation of goodwill include the Specialty Ingredients reportable segment, the Composites and Intermediates/Solvents reporting

units within the Performance Materials reportable segment, and the Core North America, Quick Lubes and International reporting units within the Valvoline reportable segments.

Goodwill associated with the reporting units as of September 30, 2016 was \$1,991 million for Specialty Ingredients, \$147 million for Composites, and for the Valvoline business includes \$89 million for Core North America, \$135 million for Quick Lubes and \$39 million for International. The goodwill balance for Intermediates/Solvents was reduced to zero as a result of an impairment charge recorded during 2016.

In the first step of the impairment model, Ashland compares the carrying value of each reporting unit to its respective estimated fair value. Ashland makes various estimates and assumptions in determining the estimated fair values of those reporting units through the use of a combination of discounted cash flow models and valuations based on earnings multiples for guideline public companies in each reporting unit's industry peer group. Discounted cash flow models are highly reliant on various assumptions. Significant assumptions Ashland utilized in these models for the current year included: projected business results and future industry direction, long-term growth factors and weighted-average cost of capital. The base models of future financial performance projections utilized in the goodwill impairment assessment reflect conservative assumptions on future operating performance as approved by Management and the Board of Directors. Ashland uses assumptions that it deems to be reasonable estimates of likely future events and compares the total fair values of each reporting unit to Ashland's market capitalization, and implied control premium, to determine if the fair values are reasonable compared to external market indicators. Subsequent changes in these key assumptions could affect the results of future goodwill impairment reviews.

If the comparison of the estimated fair value of the reporting unit to its carrying value indicates that a reporting unit's estimated fair value is less than its carrying value, a second step is required. If applicable, the second step requires the fair value of the reporting unit be allocated to the estimated fair value of the reporting unit's net assets, with any fair value in excess of amounts allocated to such net assets representing the implied fair value of goodwill for that reporting unit. The implied goodwill balance is compared to the carrying value of goodwill for the actual reporting unit to determine the goodwill impairment amount.

In conjunction with the July 1, 2016 annual assessment of goodwill, Ashland's valuation techniques did not indicate any impairment for Specialty Ingredients, Composites, Core North America, Quick Lubes or International as the fair value for each of these reporting units exceeded the carrying value by 25% or greater. Based on sensitivity analyses performed, a negative 1% change in the long-term growth factor and the weighted-average cost of capital assumption, which are key assumptions, would not have resulted in the carrying value of these reporting units to exceed their respective calculated fair value. Because the fair value results for these reporting units did not indicate a potential impairment existed, Ashland did not record any goodwill impairment for these reporting units during 2016, 2015, and 2014. Subsequent to this annual impairment test, no indicators of impairment were identified for any of these reporting units.

In conjunction with the July 1, 2016 annual assessment of impairment of goodwill, Ashland's valuation techniques determined that the carrying value of the Intermediates/Solvents reporting unit exceeded its fair value at July 1, 2016, which resulted in the reporting unit failing the first step of the goodwill impairment test. Ashland then performed the second step of the goodwill impairment test, which involved, among other things, obtaining third-party appraisals of substantially all of Intermediates/Solvents tangible and intangible assets. Based on the results of its goodwill impairment testing as of July 1, 2016, Ashland recorded a pre-tax goodwill impairment charge of \$171 million in the fourth quarter of 2016, which is in addition to a \$10 million impairment related to Intermediates/Solvents property, plant and equipment, resulted in a total \$181 million impairment charge for Intermediates/Solvents during 2016.

Key factors that affected Ashland's conclusion that an impairment of the Intermediates/Solvents reporting unit had occurred during the fourth quarter included the continued deterioration in the butanediol commodity market during 2016. Market conditions for butanediol, a commodity chemical used in the production of polymers, solvents and fine chemicals, can vary significantly from year to year or even quarter to quarter. Throughout 2016, increasing levels of overcapacity for butanediol in the market, particularly in China, and the resulting weak pricing had a cumulating negative impact on the financial performance of the Intermediates/Solvents division. Butanediol commodity contract prices have fallen consistently over the past several quarters. These factors contributed significantly to lower expected EBITDA results within the longer-term forecast period. Ashland prepares its annual forecast mid-August through October each year. As the 2016 forecast was developed, Ashland considered many factors when assessing the outlook for 2017 and beyond. Because of these factors, Ashland revised its forecasts down significantly, which ultimately led to the goodwill and other long-lived asset impairment charge for the Intermediates/Solvents reporting unit during the fourth quarter of 2016.

Ashland assessed and summed the total fair values of each reporting unit to Ashland's market capitalization at the annual assessment date to determine if the fair values are reasonable compared to external market indicators. The calculated fair value for each reporting unit summed together exceeded Ashland's market capitalization at the annual assessment date by approximately 16%. Ashland evaluated this implied control premium by comparing it to control premiums of recent comparable transactions, noting the 16% implied control premium was below levels of other recent comparable transactions. Accordingly, Ashland believed that its calculated fair values for its reporting units was an appropriately conservative estimate of fair value for purposes of the

annual goodwill impairment assessment. If the implied control premium was not reasonable in light of this assessment, Ashland would reevaluate its fair value estimates of the reporting units by adjusting the discount rates and other assumptions as necessary.

Other indefinite-lived intangible assets

Other indefinite-lived intangible assets include certain trademarks and trade names. These assets had a carrying value of \$301 million as of September 30, 2016. Ashland reviews these intangible assets for possible impairment annually or whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. Ashland tests these assets using a "relief-from-royalty" valuation method compared to the carrying value. Significant assumptions inherent in the valuation methodologies for these intangibles include, but are not limited to, such estimates as projected business results, growth rates, weighted-average cost of capital, and royalty rates. The assumptions utilized in the current year models are generally consistent with the prior year models. In conjunction with the July 1 annual assessment of indefinite-lived intangible assets, Ashland's models did not indicate any impairment, as each indefinite-lived intangible asset's fair value exceeded their carrying values.

Ashland's assessment of an impairment charge on any of these assets classified currently as having indefinite lives, including goodwill, could change in future periods if any or all of the following events were to occur with respect to a particular reporting unit: a significant change in projected business results, a divestiture decision, increase in Ashland's weighted-average cost of capital rates, decrease in growth rates or other assumptions, economic deterioration that is more severe or of a longer duration than anticipated, or another significant economic event. For further information, see Note I of Notes to Consolidated Financial Statements.

Employee benefit obligations

Pension plans

Ashland and its subsidiaries sponsor contributory and noncontributory qualified defined benefit pension plans that cover certain employees in the United States and in a number of other countries. In addition, Ashland and its subsidiaries have non-qualified unfunded pension plans which provide supplemental defined benefits to those employees whose benefits under the qualified pension plans are limited by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. Ashland funds the costs of the non-qualified plans as the benefits are paid. Pension obligations for applicable employees of non-U.S. consolidated subsidiaries are provided for in accordance with local practices and regulations of the respective countries. For further information, see Note N of the Notes to Consolidated Financial Statements.

Other postretirement benefit plans

Ashland and its subsidiaries sponsor health care and life insurance plans for eligible employees in the U.S. and Canada who retire or are disabled. Ashland's retiree life insurance plans are noncontributory, while Ashland shares the costs of providing health care coverage with its retired employees through premiums, deductibles and coinsurance provisions. Ashland funds its share of the costs of the postretirement benefit plans as the benefits are paid. For further information, see Note N of Notes to Consolidated Financial Statements.

Plan transfers

During 2016, Ashland transferred a substantial portion of the largest U.S. qualified pension plan and non-qualified U.S. pension plans as well as certain other postretirement benefit plans to Valvoline Inc. As of September 30, 2016, Valvoline Inc.'s net pension and other postretirement plan liabilities totaled approximately \$900 million.

Pension and other postretirement benefits costs methodology

Ashland recognizes the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and other postretirement benefits expense are recorded ratably on a quarterly basis. Pension and other postretirement benefits adjustments charged directly to cost of sales that are applicable to inactive participants are excluded from inventoriable costs. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other.

The following table discloses the components of the gain or loss on pension and other postretirement plan remeasurements for each of the last three years.

(In millions)	2016	2015	2014
Loss (gain) on pension and other postretirement plan remeasurement:			
Change in discount rate and other actuarial assumptions (a)	\$ 398	\$ 13	\$ 369
Change in mortality table/assumptions (a)	(32)	47	149
Actual return on plan assets (a)	(321)	(15)	(309)
Expected return on plan assets (a)	192	216	237
Total actuarial loss on pension and other postretirement plan remeasurement	237	261	446
Curtailment, settlement and other (gain) loss	(113)	(11)	11
Total loss on pension and other postretirement plan remeasurement	124	250	457
Less: Actuarial loss recognized in discontinued operations	—	2	44
Less: Curtailment, settlement and other gain in discontinued operations	—	(7)	(25)
Total loss on pension and other postretirement plan remeasurement from continuing operations	\$ 124	\$ 255	\$ 438

(a) For additional information on key assumptions and actual plan asset performance in each year, see the “Actuarial assumptions” discussion within this section.

Actuarial assumptions

Ashland’s pension and other postretirement obligations and annual expense calculations are based on a number of key assumptions including the discount rate at which obligations can be effectively settled, the anticipated rate of compensation increase, the expected long-term rate of return on plan assets and certain employee-related factors, such as turnover, retirement age and mortality. Because Ashland’s retiree health care plans contain various caps that limit Ashland’s contributions and because medical inflation is expected to continue at a rate in excess of these caps, the health care cost trend rate has no significant impact on Ashland’s postretirement health care benefit costs.

Ashland developed the discount rate used to determine the present value of its obligations under the U.S. pension and postretirement health and life plans by matching the stream of benefit payments from the plans to spot rates determined from an actuarial-developed yield curve, the above mean yield curve, based on high-quality corporate bonds. Ashland uses this approach to reflect the specific cash flows of these plans when determining the discount rate. Non-U.S. pension plans followed a similar process based on financial markets in those countries where Ashland provides a defined benefit pension plan.

During 2016, Ashland changed the method used to estimate the service and interest cost components of net periodic benefit cost for pension and other postretirement benefits. This change compared to the previous method resulted in a decrease in the service and interest cost components for pension and other postretirement benefit costs during the quarter. Historically, Ashland estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Ashland has elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Ashland has made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of Ashland’s total benefit obligations or annual net periodic benefit costs as the change in the service and interest costs will be offset in the actuarial gain or loss reported, which typically occurs during the fourth fiscal quarter. Ashland has accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly has accounted for it prospectively.

Accordingly Ashland’s 2016 expense, excluding actuarial gains and losses, for both U.S. and non-U.S. pension plans is determined using the discount rate as of the beginning of the fiscal year. The service cost and interest cost discount rates for 2016 expense were 3.94% and 3.30%, respectively. For 2015 and 2014 Ashland’s expense, excluding actuarial gains and losses, for both U.S. and non-U.S. pension plans was determined using the weighted-average discount rate as of the beginning of the fiscal year, which were 4.18%, and 4.68%, respectively. The 2016 discount rates used for the postretirement health and life plans service cost and interest cost were 4.31% and 3.04%, respectively. The weighted-average discount rates used for the postretirement health and life plans were 3.85%, and 4.28% for the years ended September 30, 2015, and 2014, respectively. The actuarial gains and losses recognized within the Statements of Consolidated Comprehensive Income are calculated using updated actuarial assumptions (including discount rates) as of the measurement date, which for Ashland is the end of the fiscal year, unless a plan qualifies for a remeasurement during the year. The weighted-average discount rate at the end of fiscal 2016 was 3.38% for the pension plans and 3.14% for the postretirement health and life plans.

The weighted-average rate of compensation increase assumptions were 3.01% for 2016, 3.18% for 2015 and 3.59% for 2014. The compensation increase assumptions for the U.S. plans were 3.00% for 2016, 3.20% for 2015 and 3.75% for 2014. The rate of the compensation increase assumption for the U.S. plans will remain at 3.00% in determining Ashland's pension costs for 2017.

During 2015, Ashland updated the mortality assumption based on information issued by the Society of Actuaries in October 2015 for the U.S. pension and other postretirement health and life plans. Ashland believes the updated mortality table assumption provides a more accurate assessment of current mortality trends and is a reasonable estimate of future mortality projections. Ashland's mortality assumption in 2016 included consideration of updated mortality information consistent with the data issued by the Society of Actuaries in October 2016.

The weighted-average long-term expected rate of return on assets was assumed to be 6.66% for 2016, 7.27% for 2015 and 7.67% for 2014. The long-term expected rate of return on assets for the U.S. plans was assumed to be 7.10% for 2016, 7.65% for 2015 and 8.00% for 2014. For 2016, the pension plan assets generated an actual weighted-average return of 12.0%, compared to 1.52% in 2015 and 10.62% in 2014. For 2016, the U.S. pension plan assets generated an actual return of 10.52%, compared to 0.44% in 2015 and 10.33% in 2014. The long-term expected rate of return on assets for the U.S. plans will be 6.60% for 2017. However, the expected return on plan assets is designed to be a long-term assumption, and actual returns will be subject to considerable year-to-year variances.

The following table discloses the estimated increases in pension and postretirement expense that would have resulted from a one percentage point change in each of the assumptions for each of the last three years.

(In millions)	2016	2015	2014
Increase in pension costs from			
Decrease in the discount rate	\$ 445	\$ 490	\$ 591
Increase in the salary adjustment rate	8	33	32
Decrease in expected return on plan assets	27	30	31
Increase in other postretirement costs from			
Decrease in the discount rate	13	20	20

U.S. pension legislation and future funding requirements

Ashland's U.S. qualified pension plans funding requirements through fiscal 2017 are calculated in accordance with the regulations set forth in the Moving Ahead for Progress in the 21st Century Act (MAP-21), which provides temporary relief for employers who sponsor defined benefit pension plans related to funding contributions under the Employee Retirement Income Security Act of 1974. Specifically, MAP-21 allows for the use of a 25-year average interest rate within an upper and lower range for purposes of determining minimum funding obligations instead of an average interest rate for the two most recent years, as was previously required.

Ashland expects to contribute approximately \$15 million to its non-qualified U.S. pension plans and \$10 million to its non-U.S. pension plans during 2017.

Income taxes

Ashland is subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment in the forecasting of taxable income using historical and projected future operating results is required in determining Ashland's provision for income taxes and the related assets and liabilities. The provision for income taxes includes income taxes paid, currently payable or receivable, and deferred taxes. Under U.S. GAAP, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities, and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the enactment date occurs. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts expected to be realized. Deferred taxes are not provided on the unremitted earnings of subsidiaries outside of the United States when it is expected that these earnings are indefinitely reinvested. In the event that the actual outcome of future tax consequences differs from Ashland's estimates and assumptions due to changes or future events such as tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans, the resulting change to the provision for income taxes could have a material effect on the Statement of Consolidated Comprehensive Income and Consolidated Balance Sheet.

The recoverability of deferred tax assets and the recognition and measurement of uncertain tax positions are subject to various assumptions and judgment by Ashland. If actual results differ from the estimates made by Ashland in establishing or maintaining

valuation allowances against deferred tax assets, the resulting change in the valuation allowance would generally impact earnings or other comprehensive income depending on the nature of the respective deferred tax asset. Additionally, the positions taken with regard to tax contingencies may be subject to audit and review by tax authorities, which may result in future taxes, interest and penalties. Positive and negative evidence is considered in determining the need for a valuation allowance against deferred tax assets, which includes such evidence as historical earnings, projected future earnings, tax planning strategies and expected timing of reversal of existing temporary differences.

In determining the recoverability of deferred tax assets Ashland gives consideration to all available positive and negative evidence including reversals of deferred tax liabilities (other than those with an indefinite reversal period), projected future taxable income, tax planning strategies and recent financial operations. Ashland attaches the most weight to historical earnings due to their verifiable nature. In evaluating the objective evidence that historical results provide, we consider three years of cumulative income or loss. In addition, Ashland has reflected increases and decreases in our valuation allowance based on the overall weight of positive versus negative evidence on a jurisdiction by jurisdiction basis.

Asbestos litigation

Ashland and Hercules, an indirectly wholly-owned subsidiary of Ashland that was acquired in 2009, have liabilities from claims alleging personal injury caused by exposure to asbestos. To assist in developing and annually updating independent reserve estimates for future asbestos claims and related costs given various assumptions, Ashland retained Hamilton, Rabinovitz & Associates, Inc. (HR&A). The methodology used by HR&A to project future asbestos costs is based largely on recent experience, including claim-filing and settlement rates, disease mix, enacted legislation, open claims and litigation defense. The claim experience of Ashland and Hercules are separately compared to the results of previously conducted third party epidemiological studies estimating the number of people likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population expected to have been exposed to asbestos. Using that information, HR&A estimates a range of the number of future claims that may be filed, as well as the related costs that may be incurred in resolving those claims. Changes in asbestos-related liabilities and receivables are recorded on an after-tax basis within the discontinued operations caption in the Statements of Consolidated Comprehensive Income. See Note O of Notes to Consolidated Financial Statements for additional information.

Ashland asbestos-related litigation

The claims alleging personal injury caused by exposure to asbestos asserted against Ashland result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley, a former subsidiary. The amount and timing of settlements and number of open claims can fluctuate from period to period.

Ashland asbestos-related liability

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A.

During the most recent update completed during 2016, it was determined that the liability for Ashland asbestos-related claims should be increased by \$37 million. Total reserves for asbestos claims were \$415 million at September 30, 2016 compared to \$409 million at September 30, 2015.

Ashland asbestos-related receivables

Ashland has insurance coverage for certain litigation defense and claim settlement costs incurred in connection with its asbestos claims, and coverage-in-place agreements exist with the insurance companies that provide substantially all of the coverage that will be accessed.

For the Ashland asbestos-related obligations, Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. Substantially all of the estimated receivables from insurance companies are expected to be due from domestic insurers, all of which are solvent.

In October 2012, Ashland and Hercules initiated various arbitration proceedings against Underwriters at Lloyd's, certain London companies and/or Chartis (AIG) member companies seeking to enforce these insurers' contractual obligations to provide indemnity for asbestos liabilities and defense costs under existing coverage-in-place agreements. In addition, Ashland and Hercules initiated a lawsuit in Kentucky state court against certain Berkshire Hathaway entities (National Indemnity Company and Resolute Management, Inc.) on grounds that these Berkshire Hathaway entities had wrongfully interfered with Underwriters' and Chartis' performance of their respective contractual obligations to provide asbestos coverage by directing the insurers to reduce and delay certain claim payments.

On January 13, 2015, Ashland and Hercules entered into a comprehensive settlement agreement related to certain insurance coverage for asbestos bodily injury claims with Underwriters at Lloyd's, certain London companies and Chartis (AIG) member companies, along with National Indemnity Company and Resolute Management, Inc., under which Ashland and Hercules received a total of \$398 million. In exchange, all claims were released against these entities for past, present and future coverage obligations arising out of the asbestos coverage-in-place agreements that were the subject of the pending arbitration proceedings. In addition, as part of this settlement, Ashland and Hercules released all claims against National Indemnity Company and Resolute Management, Inc. in the Kentucky state court action. As a result, the arbitration proceedings and the Kentucky state court action have been terminated.

As a result of this settlement, Ashland recorded an after-tax gain of \$120 million within the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2015. The Ashland insurance receivable balance was also reduced as a result of this settlement by \$227 million within the Consolidated Balance Sheets.

In addition, during 2015, Ashland placed \$335 million of the settlement funds received into a renewable annual trust restricted for the purpose of paying for ongoing and future litigation defense and claim settlement costs incurred in conjunction with asbestos claims.

During 2016, Ashland entered into settlement agreements totaling \$4 million with certain insurers, which resulted in a reduction of the Ashland insurance receivable within the Consolidated Balance Sheets by the same amount. Ashland placed \$4 million of the settlement funds into the renewable annual trust.

At September 30, 2016, Ashland's receivable for recoveries of litigation defense and claim settlement costs from insurers amounted to \$151 million (excluding the Hercules receivable for asbestos claims), of which \$6 million relates to costs previously paid. Receivables from insurers amounted to \$150 million at September 30, 2015. During 2016, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on valuation of future recoveries from insurers, was completed. This model update resulted in a \$16 million increase in the receivable for probable insurance recoveries.

Hercules asbestos-related litigation

Hercules has liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products which were sold by one of Hercules' former subsidiaries to a limited industrial market. The amount and timing of settlements and number of open claims can fluctuate from period to period.

Hercules asbestos-related liability

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A. As a result of the most recent annual update of this estimate, completed during 2016, it was determined that the liability for Hercules asbestos-related claims should be increased by \$25 million. Total reserves for asbestos claims were \$321 million at September 30, 2016 compared to \$311 million at September 30, 2015.

Hercules asbestos-related receivables

For the Hercules asbestos-related obligations, certain reimbursement obligations pursuant to coverage-in-place agreements with insurance carriers exist. As a result, any increases in the asbestos reserve have been partially offset by probable insurance recoveries. Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. The estimated receivable consists exclusively of solvent domestic insurers.

As a result of the January 2015 asbestos insurance settlement previously described, Hercules resolved all disputes with Chartis (AIG) member companies under their existing coverage-in-place agreement for past, present and future Hercules asbestos claims. As a result, during 2015, a \$22 million reduction in the insurance receivable balance within the Consolidated Balance Sheets was recorded.

As of September 30, 2016 and 2015, the receivables from insurers amounted to \$63 million and \$56 million, respectively. During 2016, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on valuation of future recoveries from insurers was completed. This model update resulted in a \$7 million increase in the receivable for probable insurance recoveries.

Asbestos litigation cost projection

Projecting future asbestos costs is subject to numerous variables that are extremely difficult to predict. In addition to the significant uncertainties surrounding the number of claims that might be received, other variables include the type and severity of

the disease alleged by each claimant, the long latency period associated with asbestos exposure, mortality rates, dismissal rates, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants in claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards. Furthermore, any predictions with respect to these variables are subject to even greater uncertainty as the projection period lengthens. In light of these inherent uncertainties, Ashland believes that the asbestos reserves for Ashland and Hercules represent the best estimate within a range of possible outcomes. As a part of the process to develop these estimates of future asbestos costs, a range of long-term cost models was developed. These models are based on national studies that predict the number of people likely to develop asbestos-related diseases and are heavily influenced by assumptions regarding long-term inflation rates for indemnity payments and legal defense costs, as well as other variables mentioned previously. Ashland has currently estimated in various models ranging from approximately 40 to 50 year periods that it is reasonably possible that total future litigation defense and claim settlement costs on an inflated and undiscounted basis could range as high as approximately \$670 million for the Ashland asbestos-related litigation (current reserve of \$415 million) and approximately \$490 million for the Hercules asbestos-related litigation (current reserve of \$321 million), depending on the combination of assumptions selected in the various models. If actual experience is worse than projected, relative to the number of claims filed, the severity of alleged disease associated with those claims or costs incurred to resolve those claims, or actuarial refinement or improvements to the assumptions used within these models are initiated, Ashland may need to further increase the estimates of the costs associated with asbestos claims and these increases could be material over time.

Environmental remediation and asset retirement obligations

Ashland is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively environmental remediation) at multiple locations. At September 30, 2016, such locations included 81 waste treatment or disposal sites where Ashland has been identified as a potentially responsible party under Superfund or similar state laws, 130 current and former operating facilities (including certain operating facilities conveyed as part of the MAP Transaction) and about 1,225 service station properties, of which 64 are being actively remediated.

Ashland's reserves for environmental remediation and related environmental litigation amounted to \$177 million at September 30, 2016 compared to \$186 million at September 30, 2015, of which \$134 million at September 30, 2016 and \$139 million at September 30, 2015 were classified in other noncurrent liabilities on the Consolidated Balance Sheets.

The total reserves for environmental remediation reflect Ashland's estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries. Engineering studies, probability techniques, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation. Ashland continues to discount certain environmental sites and regularly adjusts its reserves as environmental remediation continues. Ashland has estimated the value of its probable insurance recoveries associated with its environmental reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage. At September 30, 2016 and 2015, Ashland's recorded receivable for these probable insurance recoveries was \$23 million, of which \$15 million and \$16 million, respectively, were classified in other noncurrent assets in the Consolidated Balance Sheets.

Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology, and the number and financial strength of other potentially responsible parties at multiparty sites. Although it is not possible to predict with certainty the ultimate costs of environmental remediation, Ashland currently estimates that the upper end of the reasonably possible range of future costs for identified sites could be as high as approximately \$380 million. No individual remediation location is significant, as the largest reserve for any site is less than 15% of the remediation reserve.

OUTLOOK

Ashland expects Specialty Ingredients to report improved growth and profitability during 2017 despite an expected low global growth environment. For the year, Ashland expects Adjusted EBITDA to be in the range of \$480 million to \$510 million, with similar seasonal patterns compared to fiscal 2016.

Ashland expects Performance Materials during 2017 to report Adjusted EBITDA to be in the range of \$95 million to \$105 million, which includes an estimated impact of \$20 million from expected lower pricing for butanediol and related derivatives compared to 2016. Within the Composites division, volume and margin results are expected to be generally consistent with 2016. Within the Intermediates/Solvents division, butanediol and related derivatives pricing is expected to remain well below prior year levels through the first three quarters of fiscal 2017.

EFFECTS OF INFLATION AND CHANGING PRICES

Ashland's financial statements are prepared on the historical cost method of accounting in accordance with U.S. GAAP and, as a result, do not reflect changes in the purchasing power of the U.S. dollar. Monetary assets (such as cash, cash equivalents and accounts receivable) lose purchasing power as a result of inflation, while monetary liabilities (such as accounts payable and indebtedness) result in a gain, because they can be settled with dollars of diminished purchasing power. As of September 30, 2016, Ashland's monetary assets exceed its monetary liabilities, leaving it currently more exposed to the effects of future inflation. However, given the recent consistent stability of inflation in the United States in the past several years as well as forward economic outlooks, current inflationary pressures seem moderate.

Certain of the industries in which Ashland operates are capital-intensive, and replacement costs for its plant and equipment generally would substantially exceed their historical costs. Accordingly, depreciation and amortization expense would be greater if it were based on current replacement costs. However, because replacement facilities would reflect technological improvements and changes in business strategies, such facilities would be expected to be more productive than existing facilities, mitigating at least part of the increased expense.

Ashland uses the LIFO method to value a portion of its inventories to provide a better matching of revenues with current costs. However, LIFO values such inventories below their replacement costs during inflationary periods.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements including, without limitation, statements made under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operation" (MD&A), within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "predicts," "projects," "forecasts," "objectives," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable terminology. These forward-looking statements include statements relating to the status of the separation process and the expected completion of the separation through the subsequent distribution of Valvoline common stock. In addition, Ashland may from time to time make forward-looking statements in its Annual Report to Shareholders, quarterly reports and other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland's expectations and assumptions, as of the date such statements are made, regarding Ashland's future operating performance and financial condition, the separation of Ashland's specialty chemicals businesses and Valvoline Inc. (Valvoline), the initial public offering of 34,500,000 shares of Valvoline common stock (the "IPO"), the expected timetable for completing the separation, the strategic and competitive advantages of each company and future opportunities for each company, as well as the economy and other future events or circumstances. Ashland's expectations and assumptions include, without limitation, those mentioned within the MD&A, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw material cost increases through price increases), and risks and uncertainties associated with the following: the possibility that the separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; regulatory, market or other factors and conditions affecting the distribution of Ashland's remaining interests in Valvoline; the potential for disruption to Ashland's business in connection with the IPO, Ashland's reorganization under a new holding company or separation; the potential that Ashland does not realize all of the expected benefits of the IPO, new holding company reorganization or separation or obtain the expected credit ratings following the IPO, new holding company reorganization or separation; Ashland's substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland's future cash flows, results of operations, financial condition and its ability to repay debt); the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); and severe weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are contained in "Use of estimates, risks and uncertainties" in Note A of Notes to Consolidated Financial Statements and in Item 1A of this Annual Report on Form 10-K as well as risks and uncertainties related to the separation that are described in the Form S-4 filed with the SEC, which is available on Ashland's website at <http://investor.ashland.com> or on the SEC's website, and Valvoline's Form S-1 filed with the SEC, available on the SEC's website. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this Annual Report on Form 10-K whether as a result of new information, future events or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Ashland regularly uses derivative instruments to manage its exposure to fluctuations in foreign currencies. All derivative instruments are recognized as either assets or liabilities on the balance sheet and are measured at fair value. Changes in the fair value of all derivatives are recognized immediately in income unless the derivative qualifies as a hedge of future cash flows or a hedge of a net investment in a foreign operation. Gains and losses related to a hedge are either recognized in income immediately to offset the gain or loss on the hedged item, or deferred and recorded in the stockholders' equity section of the Consolidated Balance Sheets as a component of accumulated other comprehensive income and subsequently recognized in the Statements of Consolidated Comprehensive Income when the hedged item affects net income. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. As of September 30, 2016 and 2015, Ashland had not identified any significant credit risk on open derivative contracts. The potential loss from a hypothetical 10% adverse change in foreign currency rates on Ashland's open foreign currency derivative instruments at September 30, 2016 would be a \$19 million impact on Ashland's consolidated financial position, results of operations, cash flows or liquidity. Ashland did not transact or have open any significant hedging contracts with respect to commodities or any related raw material requirements as of and for the year ended September 30, 2016.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the preparation and integrity of the Consolidated Financial Statements and other financial information included in this annual report on Form 10-K. Such financial statements are prepared in accordance with accounting principles generally accepted in the United States. Accounting principles are selected and information is reported which, using management's best judgment and estimates, present fairly Ashland's consolidated financial position, results of operations and cash flows. The other financial information in this annual report on Form 10-K is consistent with the Consolidated Financial Statements.

Ashland's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Ashland's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ashland's Consolidated Financial Statements. Ashland's internal control over financial reporting is supported by a code of business conduct which summarizes our guiding values such as obeying the law, adhering to high ethical standards and acting as responsible members of the communities where we operate. Compliance with that Code forms the foundation of our internal control systems, which are designed to provide reasonable assurance that Ashland's assets are safeguarded and its records reflect, in all material respects, transactions in accordance with management's authorization. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the related benefits. Management believes that adequate internal controls are maintained by the selection and training of qualified personnel, by an appropriate division of responsibility in all organizational arrangements, by the establishment and communication of accounting and business policies, and by internal audits.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Board, subject to stockholder ratification, selects and engages the independent auditors based on the recommendation of the Audit Committee. The Audit Committee, composed of directors who are not members of management, reviews the adequacy of Ashland's policies, procedures, controls and risk management strategies, the scope of auditing and other services performed by the independent auditors, and the scope of the internal audit function. The Committee holds meetings with Ashland's internal auditor and independent auditors, with and without management present, to discuss the findings of their audits, the overall quality of Ashland's financial reporting and their evaluation of Ashland's internal controls. The report of Ashland's Audit Committee can be found in Ashland's 2016 Proxy Statement.

Management assessed the effectiveness of Ashland's internal control over financial reporting as of September 30, 2016. Management conducted its assessment utilizing the framework described in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management believes that Ashland maintained effective internal control over financial reporting as of September 30, 2016.

Ernst & Young LLP, an independent registered public accounting firm, has audited and reported on the Consolidated Financial Statements of Ashland Global Holdings Inc. and Consolidated Subsidiaries as of and for the year ended September 30, 2016 and the effectiveness of Ashland's internal control over financial reporting as of September 30, 2016. The reports of the independent registered public accounting firm are contained in this Annual Report on Form 10-K.

/s/ William A. Wulfsohn
William A. Wulfsohn
Chairman of the Board and Chief Executive Officer

/s/ J. Kevin Willis
J. Kevin Willis
Senior Vice President and Chief Financial Officer

November 21, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Ashland Global Holdings Inc. and Consolidated Subsidiaries

We have audited Ashland Global Holdings Inc. and Consolidated Subsidiaries' internal control over financial reporting as of September 30, 2016, based on criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Ashland Global Holdings Inc. and Consolidated Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ashland Global Holdings Inc. and Consolidated Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ashland Global Holdings Inc. and Consolidated Subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, equity and cash flows for each of the two years in the period ended September 30, 2016 of Ashland Global Holdings Inc. and Consolidated Subsidiaries and our report dated November 21, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Cincinnati, Ohio
November 21, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Ashland Global Holdings Inc. and Consolidated Subsidiaries

We have audited the accompanying consolidated balance sheets of Ashland Global Holdings Inc. and Consolidated Subsidiaries (the "Company") as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, equity and cash flows for each of the two years in the period ended September 30, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ashland Global Holdings Inc. and Consolidated Subsidiaries as of September 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the two years in the period ended September 30, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ashland Global Holdings Inc. and Consolidated Subsidiaries' internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 21, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Cincinnati, Ohio
November 21, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Ashland Global Holdings Inc.:

In our opinion, the consolidated statements of comprehensive income, equity and cash flows for the year ended September 30, 2014 present fairly, in all material respects, the results of operations and cash flows of Ashland Global Holdings Inc. (formerly known as Ashland Inc.) and its subsidiaries for the year ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Cincinnati, Ohio
November 24, 2014, except for Note S which is as of November 21, 2016

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Statements of Consolidated Comprehensive Income

Years Ended September 30

(In millions except per share data)	2016	2015	2014
Sales	\$ 4,948	\$ 5,387	\$ 6,121
Cost of sales	3,321	3,814	4,605
Gross profit	1,627	1,573	1,516
Selling, general and administrative expense (a)	1,228	1,028	1,358
Research and development expense	100	110	114
Equity and other income - Note E	28	23	2
Operating income	327	458	46
Net interest and other financing expense - Note J	182	174	166
Net gain (loss) on divestitures - Notes B and C	(9)	(115)	4
Income (loss) from continuing operations before income taxes	136	169	(116)
Income tax expense (benefit) - Note M	133	(22)	(188)
Income from continuing operations	3	191	72
Income (loss) from discontinued operations (net of tax) - Note D	(31)	118	161
Net income (loss)	(28)	309	233
Net income attributable to noncontrolling interest	1	—	—
Net income (loss) attributable to Ashland	\$ (29)	\$ 309	\$ 233
PER SHARE DATA - NOTE A			
Basic earnings per share			
Income from continuing operations attributable to Ashland	\$ 0.03	\$ 2.81	\$ 0.94
Income (loss) from discontinued operations	(0.50)	1.73	2.10
Net income (loss) attributable to Ashland	\$ (0.47)	\$ 4.54	\$ 3.04
Diluted earnings per share			
Income from continuing operations attributable to Ashland	\$ 0.03	\$ 2.78	\$ 0.93
Income (loss) from discontinued operations	(0.49)	1.70	2.07
Net income (loss) attributable to Ashland	\$ (0.46)	\$ 4.48	\$ 3.00
COMPREHENSIVE INCOME (LOSS)			
Net income (loss)	\$ (28)	\$ 309	\$ 233
Other comprehensive income (loss), net of tax			
Unrealized translation loss	(14)	(369)	(160)
Pension and postretirement obligation adjustment	14	(18)	(21)
Unrealized gain (loss) on available-for-sale securities	17	(11)	—
Other comprehensive income (loss)	17	(398)	(181)
Comprehensive income (loss)	(11)	(89)	52
Comprehensive income attributable to noncontrolling interest	1	—	—
Comprehensive income (loss) attributable to Ashland	\$ (12)	\$ (89)	\$ 52

(a) During 2016, selling, general and administrative expense included an impairment charge of \$181 million related to Intermediates/Solvents within the Performance Materials reportable segment. See Note I for more information.

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

At September 30

(In millions)	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 1,188	\$ 1,257
Accounts receivable (a)	894	961
Inventories - Note A	671	706
Other assets	113	169
Total current assets	2,866	3,093
Noncurrent assets		
Property, plant and equipment - Note H		
Cost	4,343	4,144
Accumulated depreciation	2,119	1,962
Net property, plant and equipment	2,224	2,182
Goodwill - Note I	2,401	2,486
Intangibles - Note I	1,064	1,142
Restricted investments - Note G	292	285
Asbestos insurance receivable - Note O	196	180
Equity and other unconsolidated investments - Note E	57	65
Deferred income taxes - Note M	177	212
Other assets - Note K	420	409
Total noncurrent assets	6,831	6,961
Total assets	\$ 9,697	\$ 10,054
Liabilities and Equity		
Current liabilities		
Short-term debt - Note J	\$ 170	\$ 326
Current portion of long-term debt - Note J	19	55
Trade and other payables	541	573
Accrued expenses and other liabilities	486	488
Total current liabilities	1,216	1,442
Noncurrent liabilities		
Long-term debt - Note J	3,055	3,348
Employee benefit obligations - Note N	1,080	1,076
Asbestos litigation reserve - Note O	686	661
Deferred income taxes - Note M	69	85
Other liabilities - Note K	426	405
Total noncurrent liabilities	5,316	5,575
Commitments and contingencies - Notes L and O		
Equity - Notes P and Q		
Common stock, par value \$.01 per share, 200 million shares authorized		
Issued 62 million shares in 2016 and 67 million shares in 2015	1	1
Paid-in capital	923	46
Retained earnings	2,704	3,281
Accumulated other comprehensive loss	(281)	(291)
Total Ashland stockholders' equity	3,347	3,037
Noncontrolling interest	(182)	—
Total equity	3,165	3,037
Total liabilities and equity	\$ 9,697	\$ 10,054

(a) Accounts receivable includes an allowance for doubtful accounts of \$14 million and \$11 million at September 30, 2016 and 2015, respectively.

See Notes to Consolidated Financial Statements.

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Statements of Consolidated Equity

(In millions)	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss) ^(a)	Noncontrolling interest ^(b)	Total
Balance at September 30, 2013	\$ 1	\$ 506	\$ 3,758	\$ 288	\$ —	\$ 4,553
Total comprehensive income (loss)			233	(181)	—	52
Dividends, \$1.36 per common share			(103)			(103)
Common shares issued under stock incentive and other plans ^(c) ^(d)		35				35
Repurchase of common shares ^(e)		(541)	(413)			(954)
Balance at September 30, 2014	1	—	3,475	107	—	3,583
Total comprehensive income (loss)			309	(398)	—	(89)
Dividends, \$1.46 per common share			(98)			(98)
Common shares issued under stock incentive and other plans ^(c) ^(d)		46	(8)			38
Repurchase of common shares ^(e)			(397)			(397)
Balance at September 30, 2015	1	46	3,281	(291)	—	3,037
Total comprehensive income (loss)			(29)	17	1	(11)
Dividends, \$1.56 per common share			(97)			(97)
Common shares issued under stock incentive and other plans ^(c) ^(d)		24	—			24
Repurchase of common shares ^(e)		(49)	(451)			(500)
Valvoline Inc. initial public offering - Note B		902		(7)	(183)	712
Balance at September 30, 2016	\$ 1	\$ 923	\$ 2,704	\$ (281)	\$ (182)	\$ 3,165

(a) At September 30, 2016 and 2015, the accumulated other comprehensive loss of \$281 million and \$291 million, respectively, was comprised of unrecognized prior service credits as a result of certain employee benefit plan amendments of \$46 million and \$41 million, respectively, net unrealized translation losses of \$333 million and \$321 million, respectively, and net unrealized gain and loss on available for sale securities of \$6 million and \$11 million, respectively. As of September 30, 2016, the unrecognized prior service credits and the net unrealized translation loss excluded amounts attributable to noncontrolling interest of \$9 million and \$2 million, respectively.

(b) See Note B for discussion of Valvoline Inc. noncontrolling interest.

(c) Includes income tax benefits resulting from the exercise of stock options of \$4 million in 2016, \$8 million in 2015 and \$23 million in 2014.

(d) Common shares issued were 417,584, 441,609 and 615,049 for 2016, 2015 and 2014, respectively.

(e) Common shares repurchased were 5,049,911, 3,944,356 and 7,812,342 for 2016, 2015 and 2014, respectively.

See Notes to Consolidated Financial Statements.

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Statements of Consolidated Cash Flows

Years Ended September 30

(In millions)	2016	2015	2014
Cash flows provided (used) by operating activities from continuing operations			
Net income (loss)	\$ (28)	\$ 309	\$ 233
Loss (income) from discontinued operations (net of tax)	31	(118)	(161)
Adjustments to reconcile income from continuing operations			
to cash flows from operating activities			
Depreciation and amortization	337	341	393
Debt issuance cost amortization	23	18	14
Deferred income taxes	(23)	(57)	(294)
Equity income from affiliates	(13)	(15)	(25)
Distributions from equity affiliates	18	22	14
Stock based compensation expense - Note Q	30	30	34
Loss on early retirement of debt	—	9	—
Gain on available-for-sale securities	(8)	(3)	—
Net loss (gain) on divestitures - Notes B and C	9	115	(4)
Impairments	181	25	63
Pension contributions	(35)	(610)	(38)
Losses on pension and other postretirement plan remeasurements	124	255	438
Change in operating assets and liabilities (a)	57	(232)	(87)
Total cash flows provided by operating activities from continuing operations	703	89	580
Cash flows provided (used) by investing activities from continuing operations			
Additions to property, plant and equipment	(300)	(265)	(248)
Proceeds from disposal of property, plant and equipment	2	3	3
Purchase of operations - net of cash acquired	(83)	(13)	—
Proceeds from sale of operations or equity investments	16	161	92
Proceeds from sale of available-for-sale securities	10	315	—
Purchase of available-for-sale securities	(10)	(315)	—
Net purchases of funds restricted for specific transactions	(4)	(320)	(15)
Reimbursement from restricted investments	33	6	—
Proceeds from the settlement of derivative instruments	9	18	—
Payments for the settlement of derivative instruments	(5)	(7)	—
Total cash flows used by investing activities from continuing operations	(332)	(417)	(168)
Cash flows provided (used) by financing activities from continuing operations			
Proceeds from issuance of long-term debt	1,250	1,100	—
Repayment of long-term debt	(1,595)	(623)	(11)
Premium on long-term debt repayment	—	(9)	—
Proceeds (repayment) from short-term debt	(156)	(3)	22
Net proceeds from Valvoline Inc. initial public offering	712	—	—
Repurchase of common stock	(500)	(397)	(954)
Debt issuance costs	(15)	(9)	—
Cash dividends paid	(97)	(98)	(103)
Excess tax benefits related to share-based payments	7	9	12
Total cash flows used by financing activities from continuing operations	(394)	(30)	(1,034)
Cash used by continuing operations	(23)	(358)	(622)
Cash provided (used) by discontinued operations			
Operating cash flows	(40)	245	63
Investing cash flows	—	24	1,608
Total cash provided (used) by discontinued operations	(40)	269	1,671
Effect of currency exchange rate changes on cash and cash equivalents	(6)	(47)	(2)
Increase (decrease) in cash and cash equivalents	(69)	(136)	1,047
Cash and cash equivalents - beginning of year	1,257	1,393	346
Cash and cash equivalents - end of year	\$ 1,188	\$ 1,257	\$ 1,393
Changes in assets and liabilities (a)			
Accounts receivable	\$ 55	\$ 261	\$ (16)
Inventories	44	39	(4)
Trade and other payables	(59)	(229)	64
Other assets and liabilities	17	(303)	(131)
Change in operating assets and liabilities	\$ 57	\$ (232)	\$ (87)
Supplemental disclosures			
Interest paid	\$ 162	\$ 149	\$ 154
Income taxes paid	108	226	88

(a) Excludes changes resulting from operations acquired or sold.

See Notes to Consolidated Financial Statements.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation and basis of presentation

On September 20, 2016, Ashland was reincorporated under the laws of the State of Delaware through a tax-free reorganization under a new holding company structure (the Reorganization). As a result of the Reorganization, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation and, through its subsidiaries, now conducts all of the operations that historically were conducted by Ashland Inc. Pursuant to the terms of the Reorganization, each outstanding share of Ashland common stock was automatically converted into one share of Ashland Global Holdings Inc. common stock. Following consummation of the Reorganization, (i) Ashland Inc. was converted into Ashland LLC, an indirect, wholly owned subsidiary of Ashland Global Holdings Inc., and (ii) Ashland Global Holdings Inc., as the new holding company, will, through its subsidiaries, conduct all of the operations conducted by Ashland Inc. immediately prior to the Reorganization. The Consolidated Financial Statements include the accounts of Ashland Global Holdings Inc. and its majority owned subsidiaries and, when applicable, entities for which Ashland has a controlling financial interest or is the primary beneficiary (Ashland). For entities for which Ashland has a controlling financial interest but owns less than 100%, the outside stockholders' interests are shown as noncontrolling interests. Investments in joint ventures and 20% to 50% owned affiliates where Ashland has the ability to exert significant influence are accounted for under the equity method.

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and U.S. Securities and Exchange Commission regulations. All material intercompany transactions and balances have been eliminated. Additionally, certain prior period data has been reclassified in the Consolidated Financial Statements and accompanying notes to conform to the current period presentation, which includes the adoption of new accounting guidance during the current year related to the classification as noncurrent of all deferred tax assets and liabilities in the Consolidated Balance Sheet.

Ashland is composed of three reportable segments: Ashland Specialty Ingredients (Specialty Ingredients), Ashland Performance Materials (Performance Materials) and Valvoline. As of September 30, 2016, Ashland maintains an approximately 83% controlling interest in Valvoline Inc., which holds the Valvoline reportable segment. See Note B for additional information. The term Valvoline as used herein, depending on context, refers to either Valvoline Inc. or Valvoline as a reportable segment of Ashland. On July 31, 2014, Ashland completed the sale of the assets and liabilities of Ashland Water Technologies (Water Technologies). As a result of the sale, all prior period operating results and cash flows related to Water Technologies have been reflected as discontinued operations in the Statements of Consolidated Comprehensive Income and Statements of Consolidated Cash Flows. During 2015, Ashland sold certain assets in its portfolio of businesses which were not reflected as discontinued operations. See Notes C and R for additional information on these activities as well as Ashland's current reportable segment results.

Use of estimates, risks and uncertainties

The preparation of Ashland's Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill and other intangible assets), employee benefit obligations, income taxes and liabilities and receivables associated with asbestos litigation and environmental remediation. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions.

Ashland's results are affected by domestic and international economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, government fiscal policies and changes in the prices of certain key raw materials, can have a significant effect on operations. While Ashland maintains reserves for anticipated liabilities and carries various levels of insurance, Ashland could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings relating to asbestos, environmental remediation or other matters.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments maturing within three months after purchase.

Allowance for doubtful accounts

Ashland records an allowance for doubtful accounts as a best estimate of the amount of probable credit losses for accounts receivable. Each month, Ashland reviews this allowance and considers factors such as customer credit, past transaction history

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

with the customer and changes in customer payment terms when determining whether the collection of a receivable is reasonably assured. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. The allowance for doubtful accounts is adjusted when it becomes probable a receivable will not be recovered.

A progression of activity in the allowance for doubtful accounts is presented in the following table.

(In millions)	2016	2015	2014
Allowance for doubtful accounts - beginning of year	\$ 11	\$ 13	\$ 12
Adjustments to net income	5	2	5
Reserves utilized	(2)	(3)	(4)
Other changes	—	(1)	—
Allowance for doubtful accounts - end of year	<u>\$ 14</u>	<u>\$ 11</u>	<u>\$ 13</u>

Inventories

Inventories are carried at the lower of cost or market. Inventories are primarily stated at cost using the weighted-average cost method. In addition, certain chemicals and lubricants with a replacement cost of \$162 million at September 30, 2016 and \$170 million at September 30, 2015 are valued at cost using the last-in, first-out (LIFO) method.

The following summarizes Ashland's inventories as of the Consolidated Balance Sheet dates.

(In millions)	2016	2015
Finished products	\$ 516	\$ 542
Raw materials, supplies and work in process	184	198
LIFO reserves	(29)	(34)
	<u>\$ 671</u>	<u>\$ 706</u>

A progression of activity in the inventory reserves, which reduce the amounts of finished products and raw materials, supplies and work in process reported, is presented in the following table.

(In millions)	2016	2015	2014
Inventory reserves - beginning of year	\$ 35	\$ 53	\$ 59
Adjustments to net income	6	9	4
Reserves utilized	(5)	(6)	(10)
Dispositions and other changes	—	(21)	—
Inventory reserves - end of year	<u>\$ 36</u>	<u>\$ 35</u>	<u>\$ 53</u>

Property, plant and equipment

The cost of property, plant and equipment is depreciated by the straight-line method over the estimated useful lives of the assets. Buildings are depreciated principally over 25 to 35 years and machinery and equipment principally over 2 to 25 years. Such costs are periodically reviewed for recoverability when impairment indicators are present. Such indicators include, among other factors, operating losses, unused capacity, market value declines and technological obsolescence. Recorded values of asset groups of property, plant and equipment that are not expected to be recovered through undiscounted future net cash flows are written down to current fair value, which generally is determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale).

Goodwill and other intangibles

Ashland tests goodwill and other indefinite-lived intangible assets for impairment annually as of July 1 and when events and circumstances indicate an impairment may have occurred. Ashland reviews goodwill for impairment based on its identified reporting units, which are defined as operating segments or groupings of businesses one level below the operating segment level. Ashland tests goodwill for impairment by comparing the carrying value to the estimated fair value of its reporting units, determined using a combination of discounted cash flow models and valuations based on earnings multiples for guideline public companies in each reporting unit's industry peer group, when externally quoted market prices are not readily available. If this

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

comparison indicates that a reporting unit's estimated fair value is less than its carrying value, a second step is required. If applicable, the second step requires the fair value of the reporting unit to be allocated to the estimated fair value of the reporting unit's net assets, with any fair value in excess of amounts allocated to such net assets representing the implied fair value of goodwill for that reporting unit. The implied goodwill balance is compared to the actual carrying value of goodwill for the reporting unit to determine the goodwill impairment amount.

Ashland tests its indefinite-lived intangible assets, principally trademarks and trade names, using a "relief-from-royalty" valuation method compared to the carrying value. Significant assumptions inherent in the valuation methodologies for goodwill and other intangibles are employed and include, but are not limited to, such estimates as future projected business results, growth rates, the weighted-average cost of capital for a market participant, and royalty and discount rates. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-lived intangible asset is written down by an amount equal to such excess.

Finite-lived intangible assets principally consist of certain trademarks and trade names, intellectual property, and customer lists. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The cost of trademarks and trade names is amortized principally over 3 to 25 years, intellectual property over 5 to 20 years and customer relationships over 3 to 24 years. Ashland reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Ashland monitors these changes and events on at least a quarterly basis. For further information on goodwill and other intangible assets, see Note I.

Derivative instruments

Ashland regularly uses derivative instruments to manage its exposure to fluctuations in foreign currencies and certain commodities. All derivative instruments are recognized as either assets or liabilities on the balance sheet and are measured at fair value. Changes in the fair value of all derivatives are recognized immediately in income unless the derivative qualifies as a hedge of future cash flows or a hedge of a net investment in a foreign operation. Gains and losses related to a hedge are either recognized in income immediately to offset the gain or loss on the hedged item, or deferred and recorded in the stockholders' equity section of the Consolidated Balance Sheets as a component of accumulated other comprehensive income and subsequently recognized in the Statements of Consolidated Comprehensive Income when the hedged item affects net income. The ineffective portion of the change in fair value of a hedge is recognized in income immediately. For additional information on derivative instruments, see Note G.

Restricted investments

On January 13, 2015, Ashland and Hercules LLC (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland that was acquired in 2009, entered into a comprehensive settlement agreement related to certain insurance coverage for asbestos bodily injury claims with Underwriters at Lloyd's, certain London companies and Chartis (AIG) member companies, along with National Indemnity Company and Resolute Management, Inc., under which Ashland and Hercules received a total of \$398 million (the January 2015 asbestos insurance settlement). During 2015, Ashland placed \$335 million of the settlement funds into a renewable annual trust restricted for the purpose of paying ongoing and future litigation defense and claim settlement costs incurred in conjunction with asbestos claims. These funds are presented primarily as noncurrent assets, with \$30 million classified within other current assets in the Consolidated Balance Sheets as of September 30, 2016 and 2015.

As of September 30, 2016, the funds within the trust were primarily invested in equity and corporate bond investments with a portion maintained in demand deposits. The funds within the trust are classified as available-for-sale securities. Available-for-sale securities are reported at fair value with unrealized gains and losses, net of related deferred income taxes, included in the stockholders' equity section of the Consolidated Balance Sheets as a component of accumulated other comprehensive income. Interest income and realized gains and losses on the available-for-sale securities are reported in the net interest and other financing expense caption in the Statements of Consolidated Comprehensive Income. See Notes G and O for additional information regarding fair value of these investments within the trust and the January 2015 asbestos insurance settlement.

Revenue recognition

Sales generally are recognized when persuasive evidence of an arrangement exists, products are received or services are provided to customers, the sales price is fixed or determinable and collectibility is reasonably assured. Certain shipping and handling costs paid by the customer are recorded in sales, while those costs paid by Ashland are recorded in cost of sales.

Expense recognition

Cost of sales include material and production costs, as well as the costs of inbound and outbound freight, purchasing and receiving, inspection, warehousing, internal transfers and all other distribution network costs. Selling, general and administrative expense includes sales and marketing costs, advertising, customer support, environmental remediation, corporate and divisional administrative and other costs. Advertising costs (\$64 million in 2016, \$62 million in 2015 and \$63 million in 2014) and research and development costs (\$100 million in 2016, \$110 million in 2015 and \$114 million in 2014) are expensed as incurred.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)**Income taxes**

Ashland is subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment in the forecasting of taxable income using historical and projected future operating results is required in determining Ashland's provision for income taxes and the related assets and liabilities. The provision for income taxes includes income taxes paid, currently payable or receivable, and deferred taxes. Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities, and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the enactment date occurs. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts expected to be realized. In the event that the actual outcome of future tax consequences differs from Ashland's estimates and assumptions due to changes or future events such as tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans, the resulting change to the provision for income taxes could have a material effect on the Statements of Consolidated Comprehensive Income and Consolidated Balance Sheets. For additional information on income taxes, see Note M.

A progression of activity in the tax valuation allowances for both continuing and discontinued operations is presented in the following table.

(In millions)	2016	2015	2014
Tax valuation allowances - beginning of year	\$ 107	\$ 148	\$ 166
Adjustments to net income	43	(27)	(5)
Reserves utilized	(8)	(14)	(14)
Other changes	—	—	1
Tax valuation allowances - end of year	<u>\$ 142</u>	<u>\$ 107</u>	<u>\$ 148</u>

Asbestos-related litigation

Ashland is subject to liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims result from indemnification obligations undertaken in 1990 in connection with the sale of Riley Stoker Corporation (Riley) and the acquisition of Hercules Incorporated (Hercules) in November 2008. Although Riley, a former subsidiary, was neither a producer nor a manufacturer of asbestos, its industrial boilers contained some asbestos-containing components provided by other companies. Hercules, an indirect wholly-owned subsidiary of Ashland, has liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products sold by one of Hercules' former subsidiaries to a limited industrial market.

Ashland retained Hamilton, Rabinovitz & Associates, Inc. (HR&A) to assist in developing and annually updating independent reserve estimates for future asbestos claims and related costs given various assumptions. The methodology used by HR&A to project future asbestos costs is based largely on Ashland's recent experience, including claim-filing and settlement rates, disease mix, enacted legislation, open claims, and litigation defense. Ashland's claim experience is compared to the results of previously conducted epidemiological studies estimating the number of people likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population expected to have been exposed to asbestos. Using that information, HR&A estimates a range of the number of future claims that may be filed, as well as the related costs that may be incurred in resolving those claims. From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs. For additional information on asbestos-related litigation, see Note O.

Environmental remediation

Accruals for environmental remediation are recognized when it is probable a liability has been incurred and the amount of that liability can be reasonably estimated. Such costs are charged to expense if they relate to the remediation of conditions caused by past operations or are not expected to mitigate or prevent contamination from future operations. Liabilities are recorded at estimated cost values based on experience, assessments and current technology, without regard to any third-party recoveries and are regularly adjusted as environmental assessments and remediation efforts continue. For additional information on environmental remediation, see Note O.

Pension and other postretirement benefits

The funded status of Ashland's pension and other postretirement benefit plans is recognized in the Consolidated Balance Sheets. The funded status is measured as the difference between the fair value of plan assets and the benefit obligation at September 30, the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation (PBO) and for the other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

(APBO). The PBO represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The measurement of the benefit obligation is based on Ashland's estimates and actuarial valuations. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age and years of service, as well as certain key assumptions that require significant judgment, including, but not limited to, estimates of discount rates, expected return on plan assets, rate of compensation increases, interest rates and mortality rates. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. For additional information regarding plan assumptions and the current financial position of the pension and other postretirement plans, see Note N.

Ashland recognizes the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and other postretirement benefits expense are recorded ratably on a quarterly basis. Pension and other postretirement benefits adjustments charged directly to cost of sales that are applicable to inactive participants are excluded from inventoriable costs. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other.

Foreign currency translation

Operations outside the United States are measured primarily using the local currency as the functional currency. Upon consolidation, the results of operations of the subsidiaries and affiliates whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the average exchange rates for the year while assets and liabilities are translated at year-end exchange rates. Adjustments to translate assets and liabilities into U.S. dollars are recorded in the stockholders' equity section of the Consolidated Balance Sheets as a component of accumulated other comprehensive income and are included in net earnings only upon sale or substantial liquidation of the underlying foreign subsidiary or affiliated company.

Stock incentive plans

Ashland recognizes compensation expense for stock incentive plans awarded to key employees and directors, primarily in the form of stock appreciation rights (SARs), restricted stock and restricted stock units, performance shares and other non-vested stock awards, that are generally based upon the grant-date fair value over the appropriate vesting period. Ashland utilizes several industry accepted valuation models to determine the fair value. For further information concerning stock incentive plans, see Note Q.

Earnings per share

The following is the computation of basic and diluted earnings per share (EPS) from continuing operations attributable to Ashland. Earnings per share are reported under the treasury stock method. Stock options and SARs for each reported year whose grant price was greater than the market price of Ashland Common Stock at the end of each fiscal year were not included in the computation of income from continuing operations per diluted share because the effect of these instruments would be antidilutive. The total number of these shares outstanding was 1.2 million for 2016, 0.7 million for 2015 and 0.6 million for 2014.

(In millions except per share data)	2016	2015	2014
Numerator			
Numerator for basic and diluted EPS -			
Income from continuing operations attributable to Ashland, net of tax	\$ 2	\$ 191	\$ 72
Denominator			
Denominator for basic EPS - Weighted-average			
common shares outstanding	63	68	77
Share based awards convertible to common shares	1	1	1
Denominator for diluted EPS - Adjusted weighted-			
average shares and assumed conversions	64	69	78
EPS from continuing operations attributable to Ashland			
Basic	\$ 0.03	\$ 2.81	\$ 0.94
Diluted	0.03	2.78	0.93

New accounting pronouncements

In August 2016, the FASB issued new accounting guidance on eight specific cash flow classification issues. The amendments in this guidance will become effective retrospectively for Ashland on October 1, 2018. Early adoption is permitted in any interim

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

or annual period. Ashland is currently evaluating the impact this guidance may have on Ashland's Consolidated Financial Statements.

In March 2016, the FASB issued new accounting guidance for certain aspects of share-based payments to employees. This guidance requires all excess tax benefits and tax deficiencies related to share-based payments to be recognized as income tax expense in the income statement instead of additional paid in capital, and changes the classification of excess tax benefits from a financing activity to an operating activity within the statement of cash flows. This guidance also allows entities to make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. Lastly, this guidance increases the amount an employer can withhold to cover income taxes on awards and still qualify for equity classification and requires that cash paid by an employer when directly withholding shares for tax-withholding purposes be classified as a financing activity within the statement of cash flows. The guidance will become effective for Ashland on October 1, 2017. Ashland is currently evaluating the impact this guidance may have on Ashland's Consolidated Financial Statements.

In February 2016, the FASB issued new accounting guidance related to lease transactions. The main objective of this guidance is to increase transparency and comparability among organizations by requiring lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases and to disclose key information about leasing arrangements. The presentation of the statements of comprehensive income and the statements of cash flows is largely unchanged under this guidance. This guidance retains a distinction between finance leases and operating leases, and the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the current accounting literature. The guidance will become effective for Ashland on October 1, 2019. Ashland is currently evaluating the impact this guidance may have on Ashland's Consolidated Financial Statements.

In January 2016, the FASB issued accounting guidance related to the recognition and measurement of financial assets and financial liabilities. The main objective of this guidance is enhancing the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments in this guidance address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The guidance also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet and clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The guidance will become effective for Ashland on October 1, 2018. Early application to financial statements of fiscal years or interim periods that have not yet been issued is permitted as of the beginning of the fiscal year of adoption. Ashland is currently evaluating the impact this guidance may have on Ashland's Consolidated Financial Statements.

In November 2015, the FASB issued accounting guidance requiring all deferred tax assets and liabilities to be classified as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. During 2016, Ashland adopted this new guidance and applied it retrospectively to the September 30, 2015 Consolidated Balance Sheet. The impact of this new guidance within this statement resulted in the reclassification of net current deferred taxes of \$149 million with an increase to noncurrent deferred tax assets of \$145 million and a decrease to noncurrent deferred tax liabilities of \$4 million.

In July 2015, the FASB issued accounting guidance to simplify the subsequent measurement of certain inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. This guidance will become effective prospectively for Ashland on October 1, 2017, with early adoption permitted. Ashland is currently evaluating the new accounting standard and the impact this new guidance will have on Ashland's Consolidated Financial Statements.

In April 2015, the FASB issued accounting guidance to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. Cloud computing arrangements represent the delivery of hosted services over the internet which includes software, platforms, infrastructure and other hosting arrangements. Under the guidance, customers that gain access to software in a cloud computing arrangement account for the software as internal-use software only if the arrangement includes a software license. This guidance will become effective prospectively for Ashland on October 1, 2016.

In April 2015 and August 2015, the FASB issued accounting guidance to simplify the presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs were not affected by this amendment. The adoption of the new guidance was on a retrospective basis. As a result of Ashland electing to early adopt this guidance during 2015, \$28 million of debt issuance costs was presented as long-term debt as of September 30, 2015.

In May 2014, the FASB issued accounting guidance outlining a single comprehensive five step model for entities to use in accounting for revenue arising from contracts with customers (ASC 606 Revenue from Contracts with Customers). The new guidance supersedes most current revenue recognition guidance, in an effort to converge the revenue recognition principles within U.S. GAAP. This new guidance also requires entities to disclose certain quantitative and qualitative information regarding the nature, amount, timing and uncertainty of qualifying revenue and cash flows arising from contracts with customers. Entities have

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

the option of using a full retrospective or a modified retrospective approach to adopt the new guidance. This guidance becomes effective for Ashland on October 1, 2018. Ashland is currently evaluating the new accounting standard and the available implementation options the standard allows as well as the impact this new guidance will have on Ashland's Consolidated Financial Statements.

In April 2014, the FASB issued accounting guidance amending the requirements for reporting discontinued operations (ASC 205 Presentation of Financial Statements and ASC 360 Property, Plant and Equipment). This guidance limits the requirement for discontinued operations treatment to the disposal of a component of an entity, or a group of components of an entity, that represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Additionally, this new guidance no longer precludes discontinued operations presentation based on continuing involvement or cash flows following the disposal. Ashland adopted this guidance on October 1, 2014, which is applicable only to divestitures subsequent to the adoption date, and has evaluated each divestiture during the current and prior years under this new guidance.

NOTE B – VALVOLINE

Ashland Separation of Valvoline

On September 22, 2015, Ashland announced that the Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the new Ashland (now known as Ashland Global Holdings Inc.) and Valvoline Inc. The initial step of the separation, the initial public offering of Valvoline Inc., closed on September 28, 2016. The new Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets. These markets are currently served by Specialty Ingredients and Performance Materials. Key markets and applications include pharmaceutical, personal care, food and beverage, architectural coatings, adhesives, automotive, construction and energy. Valvoline Inc., a controlled subsidiary, operates on a stand-alone basis as a premium consumer-branded lubricant supplier.

On September 22, 2016, Ashland and Valvoline Inc. announced the pricing of an initial public offering (IPO) of 30 million shares of Valvoline Inc.'s common stock at a price to the public of \$22.00 per share and closed the IPO on September 28, 2016. The underwriters exercised an option to purchase an additional 4.5 million shares of Valvoline Inc.'s common stock to cover over-allotments. After completing the IPO, Ashland now owns 170 million shares of Valvoline Inc.'s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.'s common stock. Valvoline Inc.'s common stock is listed on the New York Stock Exchange under the symbol "VVV". Ashland presently intends to distribute the remaining Valvoline Inc. shares in 2017 following the release of March-quarter earnings results by both Ashland and Valvoline Inc.

During September 2016, the total net proceeds after deducting underwriters' discount and other offering expenses received from the IPO were \$712 million. These net proceeds were used primarily to repay debt incurred prior to the IPO and retained for Valvoline Inc.'s cash on hand. See further discussion in Note J regarding certain financing related activities executed for both Ashland and Valvoline in connection with the separation process.

During 2016, Ashland recognized separation costs of \$88 million, which are primarily related to transaction and legal fees. Separation costs are primarily recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income.

Transferring of Assets and Liabilities

As of September 30, 2016, Valvoline Inc. includes substantially all of the Valvoline business as historically reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline Inc. by Ashland as a part of the separation process. The largest transferred liabilities are the net pension and other postretirement plan liabilities, which include a substantial portion of the largest U.S. qualified pension plan and non-qualified U.S. pension plans. As of September 30, 2016, Valvoline Inc.'s net pension and other postretirement plan liabilities totaled approximately \$900 million.

Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes and certain trade payables. The impact of these other transferring assets and liabilities was approximately \$15 million of net assets. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline Inc. as well as certain other tax liabilities as a result of the Tax Matters Agreement. For purposes of Ashland's 2016 segment reporting and consistent with prior periods, these transferred assets and liabilities remain included within Unallocated and other.

NOTE B – VALVOLINE (continued)

Noncontrolling Interest

As a result of the Valvoline Inc. IPO, the outside stockholders' interests in Valvoline Inc., which was approximately 17% as of September 30, 2016, are presented separately as a noncontrolling interest within Ashland's equity in the Consolidated Balance Sheet. As of September 30, 2016, the noncontrolling interest was \$182 million. The amount of consolidated net income attributable to these minority holders is presented as a separate caption on the Statement of Consolidated Comprehensive Income.

The following represents Valvoline acquisition and divestiture activity.

Acquisition

Oil Can Henry's

On December 11, 2015, Ashland announced that it signed a definitive agreement to acquire OCH International, Inc. (Oil Can Henry's), which was the 13th largest quick-lube network in the United States, servicing approximately 1 million vehicles annually with 89 quick-lube stores, consisting of 47 company-owned stores and 42 franchise locations, in Oregon, Washington, California, Arizona, Idaho and Colorado. On February 1, 2016, Ashland completed the acquisition.

The acquisition of Oil Can Henry's was valued at \$72 million, which included acquired indebtedness of \$11 million and other working capital adjustments. Net of acquired indebtedness and certain purchase price adjustments, the net cash outlay was \$62 million during 2016. The purchase price allocation primarily included \$83 million of goodwill.

Divestitures

Valvoline Car Care Products

In April 2015, Ashland entered into a definitive sale agreement to sell Valvoline's car care product assets for \$24 million, which included Car Brite™ and Eagle One™ automotive appearance products. Prior to the sale, Ashland recognized a loss of \$26 million before tax in 2015 to recognize the assets at fair value less cost to sell, using Level 2 nonrecurring fair value measurements. The loss was reported within the net gain (loss) on divestitures caption within the Statements of Consolidated Comprehensive Income. The transaction closed on June 30, 2015 and Ashland received net proceeds of \$19 million after adjusting for certain customary closing costs and final working capital totals.

The sale of Valvoline's car care product assets did not qualify for discontinued operations treatment since it did not represent a strategic shift that had or will have a major effect on Ashland's operations and financial results.

Valvoline Joint Venture

During April 2015, Ashland sold a Valvoline joint venture equity investment in Venezuela. Prior to the sale, Ashland recognized a \$14 million impairment in 2015, for which there was no tax effect, using Level 2 nonrecurring fair value measurements within the equity and other income caption of the Statements of Consolidated Comprehensive Income.

Ashland's decision to sell the equity investment and the resulting charge recorded in the prior year was reflective of the continued devaluation of the Venezuelan currency (bolivar) based on changes to the Venezuelan currency exchange rate mechanisms during the fiscal year. In addition, the continued lack of exchangeability between the Venezuelan bolivar and U.S. dollar had restricted the joint venture's ability to pay dividends and obligations denominated in U.S. dollars. These exchange regulations and cash flow limitations, combined with other recent Venezuelan regulations and the impact of declining oil prices on the Venezuelan economy, had significantly restricted Ashland's ability to conduct normal business operations through the joint venture arrangement. Ashland determined this divestiture did not represent a strategic shift that had or will have a major effect on Ashland's operations and financial results, and thus it did not qualify for discontinued operations treatment.

NOTE C – ACQUISITIONS AND DIVESTITURES

Acquisition

Zeta Fraction™

In September 2015, Specialty Ingredients completed the acquisition of the patented Zeta Fraction™ technology from AkzoNobel for \$8 million. The acquisition broadens Ashland's value-added portfolio in the personal care, pharmaceutical, food and beverage, and agriculture markets. The patented Zeta Fraction™ process and technology selectively isolates efficacious components from living plants and marine sources to produce a wide range of biofunctional ingredients. The purchase price allocation primarily included intellectual property and property, plant and equipment.

Divestitures

Specialty Ingredients Joint Venture

During September 2016, Ashland entered into a definitive sale agreement to sell its ownership interest in a Specialty Ingredients consolidated joint venture. Ashland recognized a loss of \$12 million before tax in 2016 to recognize the assets at fair value less cost to sell, using Level 2 nonrecurring fair value measurements. The loss was reported within the net gain (loss) on divestitures caption within the Statement of Consolidated Comprehensive Income. The net assets held for sale are not material to Ashland's Consolidated Balance Sheets.

Ashland determined this transaction did not qualify for discontinued operations treatment since it did not represent a strategic shift that had or will have a major effect on Ashland's operations and financial results. Any additional gain or loss recognized as a result of the transaction is expected to be nominal and would be recognized in the period incurred.

Industrial Biocides

During May 2015, Ashland entered into a definitive sale agreement to sell the industrial biocides assets within Specialty Ingredients, which closed on July 1, 2015. As a result of the sale, Ashland received net cash proceeds of approximately \$30 million during the fourth quarter of 2015 and recognized a nominal gain before tax and after customary closing costs within the net gain (loss) on divestitures caption within the Statements of Consolidated Comprehensive Income.

The sale of Specialty Ingredients' industrial biocides assets did not qualify for discontinued operations treatment since it did not represent a strategic shift that had or will have a major effect on Ashland's operations and financial results.

MAP Transaction

As part of the 2005 transfer of Ashland's 38% interest in the Marathon Ashland Petroleum LLC (MAP) joint venture and two other small businesses to Marathon Oil Corporation (Marathon) (the MAP Transaction), Marathon is entitled to the tax deductions for Ashland's future payments of certain contingent liabilities, including asbestos liabilities, related to previously owned businesses of Ashland. Marathon agreed to compensate Ashland for these tax deductions and Ashland established a discounted receivable, which represented the estimated present value of probable recoveries from Marathon for the portion of their future tax deductions. As a result of the January 2015 asbestos insurance settlement, Ashland recorded a \$7 million charge during 2015 within the net gain (loss) on divestitures caption of the Statements of Consolidated Comprehensive Income. The total MAP receivable remaining as of September 30, 2016 was \$8 million. See Note O for more information related to the January 2015 asbestos insurance settlement.

Elastomers

On October 9, 2014, Ashland entered into a definitive agreement to sell the Elastomers division of the Performance Materials reportable segment, which operated a 250-person manufacturing facility in Port Neches, Texas, to Lion Copolymer Holdings, LLC. The Elastomers division, which primarily served the North American replacement tire market, accounted for approximately 5% of Ashland's 2014 sales of \$6.1 billion and 18% of Ashland Performance Materials' \$1.6 billion in sales in 2014. The sale was completed on December 1, 2014 in a transaction valued at approximately \$120 million which was subject to working capital adjustments. The total post-closing adjusted cash proceeds received before taxes by Ashland during 2015 was \$105 million, which included working capital adjustments and transaction costs, as defined in the definitive agreement.

Elastomers' net assets as of November 30, 2014 were \$191 million which primarily included accounts receivable, inventory, property, plant and equipment, non-deductible goodwill and other intangibles and payables. Since the net proceeds received were less than book value, Ashland recorded a loss of \$86 million pre-tax, using Level 2 nonrecurring fair value measurements, within the net gain (loss) on divestitures caption of the Statements of Consolidated Comprehensive Income during 2015. The related tax effect was a benefit of \$28 million included in the income tax expense (benefit) caption within the Statements of Consolidated Comprehensive Income.

Ashland determined that the sale of Elastomers did not represent a strategic shift that had or will have a major effect on Ashland's operations and financial results. As such, Elastomers' results were included in the Performance Materials reportable segment results of operations and financial position within the Statements of Consolidated Comprehensive Income and Consolidated Balance Sheets, respectively, until its December 1, 2014 sale. Certain indirect corporate costs of \$11 million for 2015 were included within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income that were previously allocated to the Elastomers division.

Water Technologies

On July 31, 2014, Ashland sold the Water Technologies business to a fund managed by Clayton, Dubilier & Rice (CD&R) in a transaction valued at approximately \$1.8 billion. The total post-closing adjusted cash proceeds received by Ashland during 2014, before taxes, was \$1.6 billion, which includes estimates for certain working capital and other post-closing adjustments, as defined

NOTE C – ACQUISITIONS AND DIVESTITURES (continued)

in the definitive agreement. Ashland recognized a gain of \$92 million after tax, which is included within the discontinued operations caption in the Statement of Consolidated Comprehensive Income for 2014. During 2015, Ashland received \$48 million of delayed purchase price funds related to a foreign entity which completed certain regulatory closing requirements. Final settlement of working capital and other post-closing adjustments occurred during 2015 resulting in a payment of approximately \$20 million to CD&R.

Since this transaction signified Ashland's exit from the Water Technologies business, Ashland has classified Water Technologies' results of operations and cash flows within the Statements of Consolidated Comprehensive Income and Statements of Consolidated Cash Flows as discontinued operations for prior periods presented. Certain indirect corporate costs included within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income that were previously allocated to the Water Technologies reportable segment did not qualify for classification within discontinued operations. These costs were \$31 million during 2014.

Ashland retained and agreed to indemnify CD&R for certain liabilities of the Water Technologies business arising prior to the closing of the sale, including certain pension and postretirement liabilities, environmental remediation liabilities and certain legacy liabilities relating to businesses disposed or discontinued by the Water Technologies business. Costs directly related to these retained liabilities have been included within the discontinued operations caption of the Statements of Consolidated Comprehensive Income. The ongoing effects of the pension and other postretirement plans for former Water Technologies employees are reported within the Unallocated and other segment.

Ashland provided certain transition services to CD&R for a fee. During 2016, 2015 and 2014, Ashland recognized transition service fees of \$5 million, \$28 million and \$7 million, respectively, within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. While the transition services vary in duration depending upon the type of service provided, Ashland continued to reduce costs as the transition services were completed. See Note D for further information on the results of operations of Water Technologies for all periods presented.

Casting Solutions joint venture

During 2014, Ashland, in conjunction with its partner, initiated a process to sell the ASK Chemicals GmbH (ASK) joint venture, in which Ashland had 50% ownership. As part of the sale process, Ashland determined during 2014 that the fair value of its investment in the ASK joint venture was less than the carrying value and that an other than temporary impairment had occurred. As a result, Ashland recognized an impairment charge of \$50 million related to its investment in the ASK joint venture. The charge was recognized within the equity and other income caption of the Statements of Consolidated Comprehensive Income.

On June 30, 2014, Ashland, in conjunction with its partner, sold the ASK joint venture to investment funds affiliated with Rhône Capital, LLC (Rhône), a London and New York-based private equity investment firm. From the sale, total pre-tax proceeds to the sellers, which were split evenly between Ashland and its partner, under the terms of the 50/50 joint venture, were \$205 million, which included \$176 million in cash and a \$29 million note from Rhône due in calendar year 2022.

NOTE D – DISCONTINUED OPERATIONS

In previous periods, Ashland has divested certain businesses that have qualified as discontinued operations. The operating results from these divested businesses and subsequent adjustments related to ongoing assessments of certain retained liabilities and tax items have been recorded within the discontinued operations caption in the Statements of Consolidated Comprehensive Income for all periods presented and are discussed further within this note.

Ashland is subject to liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley, a former subsidiary, which qualified as a discontinued operation and from the acquisition during 2009 of Hercules, an indirect wholly-owned subsidiary of Ashland. Adjustments to the recorded litigation reserves and related insurance receivables are recorded within the discontinued operations caption and continue periodically. During 2015, Ashland recorded an after-tax gain of \$120 million within discontinued operations due to the January 2015 asbestos insurance settlement. See Note O for further discussion of Ashland's asbestos-related activity.

As previously described in Note C, on July 31, 2014, Ashland completed the sale of the Water Technologies business to CD&R. Sales recognized for the ten month period Water Technologies was still owned by Ashland in 2014 were \$1.5 billion. The previous results of operation related to Water Technologies have been reflected as discontinued operations in the Statements of Consolidated Comprehensive Income. Ashland made subsequent post-closing adjustments to the discontinued operations caption in 2016, 2015 and 2014.

On March 31, 2011, Ashland completed the sale to Nexeo Solutions, LLC of substantially all of the assets and certain liabilities of its global distribution business, which previously comprised the Ashland Distribution (Distribution) reportable segment. Ashland

NOTE D – DISCONTINUED OPERATIONS (continued)

determined that this sale qualified as a discontinued operation, in accordance with U.S. GAAP, since Ashland does not have significant continuing involvement in the Distribution business. Ashland made subsequent adjustments to the discontinued operations caption for Distribution during 2015.

On August 28, 2006, Ashland completed the sale of the stock of Ashland Paving And Construction, Inc. (APAC) for \$1.3 billion. The sale qualified as a discontinued operation, and as a result, the previous operating results related to APAC have been reflected as discontinued operations in the Statements of Consolidated Comprehensive Income. Ashland has made subsequent adjustments to the gain on the sale of APAC, primarily relating to the tax effects of the sale, during 2015 and 2014.

Due to the ongoing assessment of certain matters associated with previous divestitures, subsequent adjustments to these divestitures may continue in future periods in the discontinued operations caption in the Statements of Consolidated Comprehensive Income. Components of amounts reflected in the Statements of Consolidated Comprehensive Income related to discontinued operations are presented in the following table for each of the years ended September 30.

(In millions)	2016	2015	2014
Income (loss) from discontinued operations			
Asbestos-related litigation	\$ (37)	\$ 132	\$ 5
Water Technologies	7	(3)	84
Distribution	(2)	(3)	—
Gain on disposal of discontinued operations			
Water Technologies	—	4	148
Income (loss) before taxes	<u>(32)</u>	<u>130</u>	<u>237</u>
Income tax benefit (expense)			
Benefit (expense) related to income (loss) from discontinued operations			
Asbestos-related litigation	7	(22)	1
Water Technologies	(7)	2	(25)
Distribution	1	1	—
Benefit (expense) related to gain on disposal of discontinued operations			
Water Technologies	—	3	(56)
Distribution	—	3	—
APAC	—	1	4
Income (loss) from discontinued operations (net of taxes)	<u>\$ (31)</u>	<u>\$ 118</u>	<u>\$ 161</u>

NOTE E – UNCONSOLIDATED AFFILIATES

Summarized financial information for companies accounted for on the equity method is presented in the following table, along with a summary of the amounts recorded in Ashland's Consolidated Financial Statements. These amounts exclude any applicable affiliates from the Water Technologies business for prior periods presented since it was divested during 2014 and in accordance with provisions within U.S. GAAP the results of this business have been reclassified to discontinued operations in the Statements of Consolidated Comprehensive Income. The results of operations and amounts recorded by Ashland as of and for the years ended September 30, 2015 and 2014 only include results for the Valvoline joint venture within Venezuela and the ASK joint venture, respectively, prior to their divestitures. See Note C for further information on these divestitures in 2015 and 2014.

At September 30, 2016 and 2015, Ashland's retained earnings included \$48 million and \$54 million, respectively, of undistributed earnings from unconsolidated affiliates accounted for on the equity method. The summarized financial information for all companies accounted for on the equity method by Ashland is as of and for the years ended September 30, 2016, 2015 and 2014, respectively.

NOTE E – UNCONSOLIDATED AFFILIATES (continued)

(In millions)	2016	2015	2014
Financial position			
Current assets	\$ 199	\$ 211	
Current liabilities	(50)	(54)	
Working capital	149	157	
Noncurrent assets	38	40	
Noncurrent liabilities	(2)	(1)	
Stockholders' equity	\$ 185	\$ 196	
Results of operations			
Sales	\$ 336	\$ 398	\$ 966
Income from operations	51	57	74
Net income	25	31	63
Amounts recorded by Ashland			
Investments and advances	\$ 57	\$ 65	\$ 81
Equity income (loss) (a)	13	1	(25)
Distributions received	18	22	14

(a) The results in 2015 and 2014 include a \$14 million and \$50 million impairment on the Valvoline joint venture in Venezuela and the ASK joint venture, respectively.

NOTE F – RESTRUCTURING ACTIVITIES

Ashland periodically implements company-wide restructuring programs related to acquisitions, divestitures and other cost reduction programs in order to enhance profitability through streamlined operations and an improved overall cost structure for each business.

Severance costs

During 2014, Ashland announced a global restructuring program to streamline the resources used across the organization. As part of this global restructuring program, Ashland executed a voluntary severance offer (VSO) to certain U.S. employees and an involuntary program for certain employees. Substantially all payments related to the VSO and involuntary programs were paid by the end of fiscal year 2015. The VSO and involuntary programs resulted in expense of \$95 million being recognized during 2014, with \$13 million being recorded within the cost of sales caption and \$82 million being recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. In addition, the employee reductions resulted in a pension curtailment being recorded during 2014. See Note N for further information. As of September 30, 2015, the remaining restructuring reserve for the global restructuring program was \$7 million and was fully paid during 2016. Additional restructuring reserves of \$1 million for other previously announced programs also remained as of September 30, 2016 and 2015.

Facility costs

In prior years, Ashland incurred lease abandonment charges related to its exit from office facilities obtained as part of the Hercules acquisition. During 2014, Ashland incurred an additional \$4 million lease abandonment charge related to its exit from a Hercules related office facility. As of September 30, 2015, the remaining restructuring reserve for all qualifying facility costs totaled \$3 million. During 2016, all remaining lease payments were made, reducing the reserve to zero as of September 30, 2016.

The following table details at September 30, 2016, 2015 and 2014, the amount of restructuring reserves related to the programs discussed above, and the related activity in these reserves during 2016, 2015 and 2014. The severance reserves are included in accrued expenses and other liabilities in the Consolidated Balance Sheets for all periods presented. As of September 30, 2015, facility cost reserves were included in accrued expenses and other liabilities in the Consolidated Balance Sheet, while these reserves were primarily within other noncurrent liabilities as of September 30, 2014.

NOTE F – RESTRUCTURING ACTIVITIES (continued)

(In millions)	Severance	Facility costs	Total
Balance as of September 30, 2013	\$ 17	\$ 8	\$ 25
Restructuring reserves	95	4	99
Reserve adjustments	(4)	—	(4)
Utilization (cash paid)	(52)	(3)	(55)
Balance as of September 30, 2014	56	9	65
Reserve adjustments	(3)	(2)	(5)
Utilization (cash paid)	(45)	(4)	(49)
Balance as of September 30, 2015	8	3	11
Utilization (cash paid)	(7)	(3)	(10)
Balance as of September 30, 2016	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>

Specialty Ingredients Restructuring

During 2015, Specialty Ingredients committed to a restructuring plan within an existing manufacturing facility. As a result, restructuring charges of \$23 million were recorded within the cost of sales caption of the Statements of Consolidated Comprehensive Income. As of September 30, 2015, the remaining restructuring reserve related to severance for the Specialty Ingredients manufacturing facility totaled \$13 million. During 2016, the severance reserve was reduced by a \$5 million reversal of the accrual, as well as reclassifications of certain non-severance related costs, and was fully paid as of September 30, 2016. The severance reserve was included in accrued expenses and other liabilities in the Consolidated Balance Sheets.

NOTE G – FAIR VALUE MEASUREMENTS

As required by U.S. GAAP, Ashland uses applicable guidance for defining fair value, the initial recording and periodic remeasurement of certain assets and liabilities measured at fair value and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows.

Level 1 – Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect Ashland's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include Ashland's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

For assets that are measured using quoted prices in active markets (Level 1), the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs (Level 2) are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. For all other assets and liabilities for which unobservable inputs are used (Level 3), fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models that Ashland deems reasonable.

The following table summarizes financial instruments subject to recurring fair value measurements as of September 30, 2016. For additional information on fair value hierarchy measurements of pension plan asset holdings, see Note N.

NOTE G – FAIR VALUE MEASUREMENTS (continued)

(In millions)	Carrying value	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Assets					
Cash and cash equivalents	\$ 1,188	\$ 1,188	\$ 1,188	\$ —	\$ —
Restricted investments (a)	322	322	322	—	—
Deferred compensation investments (b)	185	185	35	150	—
Investments of captive insurance company (b)	4	4	4	—	—
Foreign currency derivatives	3	3	—	3	—
Total assets at fair value	<u>\$ 1,702</u>	<u>\$ 1,702</u>	<u>\$ 1,549</u>	<u>\$ 153</u>	<u>\$ —</u>

Liabilities					
Foreign currency derivatives	\$ 5	\$ 5	\$ —	\$ 5	\$ —

(a) Included in restricted investments and \$30 million within other current assets in the Consolidated Balance Sheets.

(b) Included in other noncurrent assets in the Consolidated Balance Sheets.

The following table summarizes financial instruments subject to recurring fair value measurements as of September 30, 2015.

(In millions)	Carrying value	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Assets					
Cash and cash equivalents	\$ 1,257	\$ 1,257	\$ 1,257	\$ —	\$ —
Restricted investments (a)	315	315	315	—	—
Deferred compensation investments (b)	180	180	40	140	—
Investments of captive insurance company (b)	4	4	4	—	—
Foreign currency derivatives	13	13	—	13	—
Total assets at fair value	<u>\$ 1,769</u>	<u>\$ 1,769</u>	<u>\$ 1,616</u>	<u>\$ 153</u>	<u>\$ —</u>

Liabilities					
Foreign currency derivatives	\$ 16	\$ 16	\$ —	\$ 16	\$ —

(a) Included in restricted investments and \$30 million within other current assets in the Consolidated Balance Sheets.

(b) Included in other noncurrent assets in the Consolidated Balance Sheets.

Restricted investments

As discussed in Note A, Ashland maintains certain investments in a restricted renewable annual trust for the purpose of paying future asbestos indemnity and defense costs. The investments are designated as available-for-sale securities, classified as Level 1 measurements within the fair value hierarchy. These securities were classified primarily as noncurrent restricted investment assets, with \$30 million classified within other current assets, in the Consolidated Balance Sheets. The following table provides a summary of the activity within the available-for-sale securities portfolio as of September 30, 2016 and 2015:

NOTE G – FAIR VALUE MEASUREMENTS (continued)

(In millions)	2016		2015	
Original cost	\$	335	\$	335
Accumulated investment income and disbursements, net		(3)		—
Adjusted cost (a)		332		335
Investment income (b)		8		3
Unrealized gain		11		—
Unrealized loss		—		(17)
Settlement funds		4		—
Disbursements		(33)		(6)
Fair value	\$	322	\$	315

(a) The adjusted cost in September 30, 2016 represents the carrying value of the demand deposit and the adjusted cost of the equity and corporate bond mutual funds as of September 30, 2015.

(b) Investment income relates to the demand deposit and includes interest income as well as dividend income transferred from the equity and corporate bond mutual funds.

The following table presents gross unrealized gains and losses for the available-for-sale securities as of September 30, 2016 and 2015:

(In millions)	Adjusted Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
As of September 30, 2016				
Demand Deposit	6	—	—	6
Equity Mutual Fund	185	8	—	193
Corporate bond Mutual Fund	120	3	—	123
Fair value	\$ 311	\$ 11	\$ —	\$ 322
As of September 30, 2015				
Demand Deposit	17	—	—	17
Equity Mutual Fund	195	—	(14)	181
Corporate bond Mutual Fund	120	—	(3)	117
Fair value	\$ 332	\$ —	\$ (17)	\$ 315

The unrealized gains and losses as of September 30, 2016 and 2015 were recognized within accumulated other comprehensive income (AOCI). Ashland invests in highly-rated investment grade mutual funds. No realized gain or loss was reclassified out of AOCI and no other-than-temporary impairment was recognized in AOCI during 2016 and 2015.

Deferred compensation investments

Deferred compensation investments consist of Level 1 and Level 2 measurements within the fair value hierarchy. Level 1 investments consist primarily of fixed income U.S. government bonds while Level 2 investments are comprised primarily of a guaranteed interest fund, a common stock index fund and an intermediate government bond fund. Gains and losses related to deferred compensation investments are immediately recognized within the Statements of Consolidated Comprehensive Income.

Derivative and hedging activities

Currency hedges

Ashland conducts business in a variety of foreign currencies. Accordingly, Ashland regularly uses foreign currency derivative instruments to manage exposure on certain transactions denominated in foreign currencies to curtail potential earnings volatility effects of certain assets and liabilities, including short-term inter-company loans, denominated in currencies other than Ashland's functional currency of an entity. These derivative contracts generally require exchange of one foreign currency for another at a fixed rate at a future date and generally have maturities of less than twelve months. All contracts are valued at fair value with net changes in fair value recorded within the selling, general and administrative expense caption. The impacts of these contracts were largely offset by gains and losses resulting from the impact of changes in exchange rates on transactions denominated in non-

NOTE G – FAIR VALUE MEASUREMENTS (continued)

functional currencies. The following table summarizes the gains and losses recognized during 2016, 2015 and 2014 within the Statements of Consolidated Comprehensive Income.

(In millions)	2016	2015	2014
Foreign currency derivative gain (loss)	\$ 2	\$ (17)	\$ (7)

The following table summarizes the fair values of the outstanding foreign currency derivatives as of September 30, 2016 and 2015 included in accounts receivable and accrued expenses and other liabilities of the Consolidated Balance Sheets.

(In millions)	2016	2015
Foreign currency derivative assets	\$ 3	\$ 5
Notional contract values	333	192
Foreign currency derivative liabilities	\$ 4	\$ 16
Notional contract values	530	673

Net investment hedges

Since 2014, Ashland has entered into foreign currency contracts in order to manage the foreign currency exposure of the net investment in certain foreign operations. These foreign currency contracts were primarily the result of certain proceeds from the sale of Water Technologies being received in non-U.S. denominated currencies during 2014 and ongoing management of the volatility in foreign currency exchange rates. Ashland designated the foreign currency contracts as hedges of net investments in its foreign subsidiaries. As a result, Ashland records these hedges at fair value using forward rates, with the effective portion of the gain or loss reported as a component of the cumulative translation adjustment within AOCI and subsequently recognized in the Statements of Consolidated Comprehensive Income when the hedged item affects net income. During 2016 and 2015, these foreign currency contracts were settled and Ashland entered into new foreign currency contracts designated as hedges of net investments in foreign subsidiaries. These settlements resulted in net gains recorded within the cumulative translation adjustment within AOCI of \$4 million and \$11 million during 2016 and 2015, respectively.

As of September 30, 2016 and 2015, the total notional value of foreign currency contracts equaled \$94 million and \$175 million, respectively. The fair value of Ashland's net investment hedge assets and liabilities are calculated using forward rates. Accordingly, these instruments are deemed to be Level 2 measurements within the fair value hierarchy. Counterparties to these net investment hedges are highly rated financial institutions which Ashland believes carry only a nominal risk of nonperformance. The following table summarizes the fair value of the outstanding net investment hedge instruments as of September 30, 2016 and 2015.

(In millions)	Consolidated balance sheet caption	2016	2015
Net investment hedge assets (a)	Accounts receivable	\$ —	\$ 8
Net investment hedge liabilities (a)	Accrued expenses and other liabilities	1	—

(a) Fair values of \$0 denote a value less than \$1 million.

The following table summarizes the change in the unrealized gain (loss) on the net investment hedge instruments recognized within the cumulative translation adjustment within AOCI during 2016 and 2015. No portion of the gain or loss was reclassified to income during 2016 and 2015. There was no hedge ineffectiveness with these instruments during 2016 and 2015.

(In millions)	2016	2015
Change in unrealized gain (loss) in AOCI	\$ (1)	\$ 8
Tax impact of change in unrealized (gain) loss in AOCI (a)	—	(2)

(a) \$0 denotes a value less than \$1 million.

NOTE G – FAIR VALUE MEASUREMENTS (continued)**Other financial instruments**

At September 30, 2016 and 2015, Ashland's long-term debt (including current portion and excluding debt issuance cost discounts) had a carrying value of \$3,103 million and \$3,431 million, respectively, compared to a fair value of \$3,336 million and \$3,484 million, respectively. The fair values of long-term debt are based on quoted market prices or, if market prices are not available, the present values of the underlying cash flows discounted at Ashland's incremental borrowing rates, which are deemed to be Level 2 measurements within the fair value hierarchy.

NOTE H – PROPERTY, PLANT AND EQUIPMENT

The following table describes the various components of property, plant and equipment within the Consolidated Balance Sheets.

(In millions)	2016	2015
Land	\$ 226	\$ 202
Buildings	744	710
Machinery and equipment	3,024	2,957
Construction in progress	349	275
Total property, plant and equipment (gross)	<u>4,343</u>	<u>4,144</u>
Accumulated depreciation (a)	(2,119)	(1,962)
Total property, plant and equipment (net)	<u>\$ 2,224</u>	<u>\$ 2,182</u>

(a) As of September 30, 2016, accumulated depreciation included impairment charges to buildings and machinery and equipment of \$1 million and \$9 million, respectively, related to Intermediates/Solvents. See Note I for more information.

The following table summarizes various property, plant and equipment charges included within the Statements of Consolidated Comprehensive Income.

(In millions)	2016	2015	2014
Depreciation	\$ 260	\$ 263	\$ 304
Capitalized interest	1	2	1

During 2016 and 2015, depreciation included \$4 million and \$6 million, respectively, of accelerated depreciation related to the restructuring plan of an existing manufacturing facility within the Specialty Ingredients reportable segment. These charges were recorded within the cost of sales caption of the Statements of Consolidated Comprehensive Income. Additionally, during 2016, depreciation included \$2 million of accelerated depreciation within Unallocated and other and was recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. During 2014, depreciation included \$36 million of accelerated depreciation and asset impairment, including a \$19 million impairment charge related to the impairment of a product line within the Specialty Ingredients reportable segment. This charge was recorded within the cost of sales caption of the Statements of Consolidated Comprehensive Income. The remaining \$17 million relates to accelerated depreciation associated with plant closures within the Performance Materials reportable segment.

NOTE I – GOODWILL AND OTHER INTANGIBLES*Goodwill*

Ashland reviews goodwill and indefinite-lived intangible assets for impairment annually or when events and circumstances indicate an impairment may have occurred. This annual assessment is performed as of July 1 and consists of Ashland determining each reporting unit's current fair value compared to its current carrying value. Ashland determined that its reporting units for the allocation of goodwill include the Specialty Ingredients reportable segment, the Composites and Intermediates/Solvents reporting units within the Performance Materials reportable segment, and the Core North America, Quick Lubes and International reporting units within the Valvoline reportable segment.

In the first step of the impairment model, Ashland compares the carrying value of each reporting unit to its respective estimated fair value. Ashland makes various estimates and assumptions in determining the estimated fair values of those units through the

NOTE I – GOODWILL AND OTHER INTANGIBLES (continued)

use of a combination of discounted cash flow models and valuations based on earnings multiples for guideline public companies in each reporting unit's industry peer group. Discounted cash flow models are highly reliant on various assumptions. Significant assumptions Ashland utilized in these models for the current year included: projected business results and future industry direction, long-term growth factors and weighted-average cost of capital. Ashland uses assumptions that it deems to be reasonable estimates of likely future events and compares the total fair values of each reporting unit to Ashland's market capitalization, and implied control premium, to determine if the fair values are reasonable compared to external market indicators. Subsequent changes in these key assumptions could affect the results of future goodwill impairment reviews.

In conjunction with the July 1, 2016 annual assessment of goodwill, Ashland's valuation techniques did not indicate any impairment for Specialty Ingredients, Composites, Core North America, Quick Lubes or International. Due to deterioration in the butanediol commodity market during 2016 in which the Intermediates/Solvents reporting unit operates (and the impact thereof on Ashland's most recently completed three-year business plan), Ashland determined that the carrying value of the Intermediates/Solvents reporting unit exceeded its fair value at July 1, 2016, which resulted in the reporting unit failing the first step of the goodwill impairment test. Ashland then performed the second step of the goodwill impairment test, which involved, among other things, obtaining third-party appraisals of substantially all of Intermediates/Solvents tangible and intangible assets. Based on the results of its goodwill impairment testing as of July 1, 2016, Ashland recorded a pre-tax goodwill impairment charge of \$171 million in the fourth quarter of 2016, which is in addition to a \$10 million impairment related to Intermediates/Solvents property, plant and equipment, resulted in a total \$181 million impairment charge for Intermediates/Solvents during 2016. A portion of the goodwill impairment was nondeductible.

Ashland's assessment of an impairment charge on any of these remaining assets currently classified as having indefinite lives, including goodwill, could result in additional impairment charges in future periods if any or all of the following events were to occur with respect to a particular reporting unit: a significant change in projected business results, a divestiture decision, increase in Ashland's weighted-average cost of capital rates, decrease in growth rates or other assumptions, economic deterioration that is more severe or of a longer duration than anticipated, or another significant economic event.

The following is a progression of goodwill by reportable segment for the years ended September 30, 2016 and 2015.

(In millions)	Specialty	Performance		Total
	Ingredients	Materials ^(a)	Valvoline ^(b)	
Balance at September 30, 2014	\$ 2,129	\$ 346	\$ 168	\$ 2,643
Acquisitions ^(c)	—	—	3	3
Divestitures ^(d)	(10)	(10)	(1)	(21)
Currency translation	(115)	(23)	(1)	(139)
Balance at September 30, 2015	<u>2,004</u>	<u>313</u>	<u>169</u>	<u>2,486</u>
Acquisitions ^(c)	—	—	94	94
Divestitures ^(d)	(10)	—	—	(10)
Impairment	—	(171)	—	(171)
Currency translation	(3)	5	—	2
Balance at September 30, 2016	<u>\$ 1,991</u>	<u>\$ 147</u>	<u>\$ 263</u>	<u>\$ 2,401</u>

(a) As of September 30, 2016, goodwill was completely attributable to the Composites reporting unit due to the full impairment of the goodwill for the Intermediates/Solvents reporting unit during 2016. Accumulated impairment for the reportable segment was \$171 million at September 30, 2016.

(b) As of September 30, 2016, goodwill consisted of \$89 million for the Core North America reporting unit, \$135 million for the Quick Lubes reporting unit and \$39 million for the International reporting unit.

(c) Relates to \$83 million for the acquisition of Oil Can Henry's and \$11 million for Valvoline Instant Oil ChangeSM center acquisitions during 2016. See Note B for more information on the acquisition of Oil Can Henry's. Relates to Valvoline Instant Oil ChangeSM acquisitions during 2015.

(d) Divestitures caption represents the amounts of goodwill related to the Specialty Ingredients joint venture during 2016 and the sale of Elastomers, Valvoline car care products and industrial biocides during 2015. See Notes B and C for additional information.

Other intangible assets

Intangible assets principally consist of trademarks and trade names, intellectual property, customer relationships and in-process research and development (IPR&D). Intangible assets classified as finite are amortized on a straight-line basis over their estimated useful lives. The cost of trademarks and trade names is amortized principally over 3 to 25 years, intellectual property over 5 to 20 years and customer relationships over 3 to 24 years.

During 2015 and 2014, there was impairments of certain IPR&D assets associated with the acquisition of International Specialty Products Inc. (ISP) of \$11 million and \$13 million, respectively, which were classified within the research and development expense caption of the Statements of Consolidated Comprehensive Income. These impairments represented Level 2 nonrecurring fair value measurements. As of September 30, 2015, IPR&D and certain intangible assets within trademarks and tradenames were classified

NOTE I – GOODWILL AND OTHER INTANGIBLES (continued)

as indefinite-lived and had a balance of \$311 million. During 2016, Ashland started amortizing the remaining IPR&D assets since the technology was commercialized during this period. As a result, as of September 30, 2016, the indefinite-lived intangible assets consisted only of certain trademarks and trade names of \$301 million.

Ashland annually reviews indefinite-lived intangible assets for possible impairment or whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. In conjunction with the July 1, 2016 annual assessment of indefinite-lived intangible assets, Ashland's models did not indicate any additional impairment for indefinite-lived intangible assets. Intangible assets were comprised of the following as of September 30, 2016 and 2015.

(In millions)	2016			2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets						
Trademarks and trade names (a)	\$ 42	\$ (19)	\$ 23	\$ 38	\$ (16)	\$ 22
Intellectual property	667	(273)	394	657	(228)	429
Customer relationships (b)	546	(200)	346	555	(175)	380
Total definite-lived intangible assets	1,255	(492)	763	1,250	(419)	831
Indefinite-lived intangible assets						
IPR&D	—	—	—	8	—	8
Trademarks and trade names	301	—	301	303	—	303
Total intangible assets	\$ 1,556	\$ (492)	\$ 1,064	\$ 1,561	\$ (419)	\$ 1,142

(a) Acquired trade names during 2016 had gross carrying amounts of \$2 million for Oil Can Henry's. See Note B for more information on the acquisition of Oil Can Henry's.

(b) Intangibles of the Specialty Ingredients joint venture were included in the loss to recognize the fair value less cost to sell during September 2016. These intangibles included customer relationships with a gross carrying amount of \$9 million and accumulated amortization of \$4 million that were impaired during 2016. See Note C for more information related to the Specialty Ingredients joint venture.

Amortization expense recognized on intangible assets was \$77 million for 2016, \$78 million for 2015 and \$89 million for 2014, and is primarily included in the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. As of September 30, 2016, all of Ashland's intangible assets that had a carrying value were being amortized except for certain trademarks and trade names that have been determined to have indefinite lives. Estimated amortization expense for future periods is \$76 million in 2017, \$76 million in 2018, \$72 million in 2019, \$71 million in 2020 and \$70 million in 2021. The amortization expense for future periods is an estimate. Actual amounts may change from such estimated amounts due to fluctuations in foreign currency exchange rates, additional intangible asset acquisitions and divestitures, potential impairment, accelerated amortization, or other events.

NOTE J – DEBT

The following table summarizes Ashland's current and long-term debt at September 30, 2016 and 2015.

NOTE J – DEBT (continued)

(In millions)	2016	2015
4.750% notes, due 2022	\$ 1,121	\$ 1,120
3.875% notes, due 2018	700	700
6.875% notes, due 2043	376	376
Term Loan, due 2021 (a)	375	—
5.500% notes, due 2024 (a)	375	—
Term Loan, due 2017	150	—
6.50% junior subordinated notes, due 2029	140	136
Other international loans, interest at a weighted-average rate of 4.9% at September 30, 2016 (4.8% to 5.0%)	20	25
Medium-term notes, due 2019, interest of 9.4% at September 30, 2016	5	5
Term Loan, due 2020	—	1,086
2015 Revolving Credit Facility	—	110
Accounts receivable securitization (b)	—	190
Other (c)	(18)	(19)
Total debt	3,244	3,729
Short-term debt	(170)	(326)
Current portion of long-term debt	(19)	(55)
Long-term debt (less current portion and debt issuance cost discounts)	<u>\$ 3,055</u>	<u>\$ 3,348</u>

(a) These debt instruments were issued as part of the Valvoline Financing Activities discussed further within this Note.

(b) The potential funding for qualified receivables was reduced from \$275 million to \$250 million during 2015 and from \$250 million to \$100 million during 2016.

(c) Other includes \$29 million and \$28 million of debt issuance cost discounts as of September 30, 2016 and 2015, respectively.

At September 30, 2016, Ashland's total debt had an outstanding principal balance of \$3,419 million, discounts of \$146 million and debt issuance costs of \$29 million. The scheduled aggregate maturities of long-term debt for the next five fiscal years (including the current portion and excluding debt issuance costs) are as follows: \$19 million in 2017, \$719 million in 2018, \$43 million in 2019, \$38 million in 2020 and \$263 million in 2021.

Ashland Financing Activities
Senior notes refinancing, 2015 Senior Credit Agreement and 2016 Amendment

During June of 2015, Ashland completed certain refinancing transactions related to the \$600 million 3.000% senior notes due in 2016 (2016 senior notes). Ashland commenced and completed a cash tender offer to purchase for cash any and all of its outstanding 2016 senior notes. At the close of the tender offer, \$550 million aggregate principal amount of the 2016 senior notes was tendered by note holders, representing approximately 92% of the outstanding 2016 senior notes, which have been purchased by Ashland. Subsequently, Ashland redeemed the remaining balance of the 2016 senior notes of \$50 million on July 23, 2015.

In connection with the tender offer and redemption, in June 2015, Ashland entered into a new Credit Agreement (the 2015 Senior Credit Agreement). The 2015 Senior Credit Agreement replaced the \$1.2 billion senior unsecured revolving credit facility (the 2013 Senior Credit Facility), and was comprised of a new five-year senior unsecured revolving credit facility in an aggregate amount of \$1.2 billion (the 2015 revolving credit facility), which includes a \$250 million letter of credit sublimit and a \$100 million swing line loan sublimit, and a five-year senior unsecured term loan facility in an aggregate principal amount of \$1.1 billion (the 2015 term loan facility). The 2015 Senior Credit Agreement is not guaranteed, is unsecured and can be prepaid at any time without premium or penalty.

At Ashland's option, borrowings under the 2015 revolving credit facility bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. The loans' interest rate fluctuate between LIBOR plus 1.375% per annum and LIBOR plus 2.50% per annum (or between the alternate base rate plus 0.375% per annum and the alternate base rate plus 1.50% per annum), based upon Ashland's corporate credit ratings or the consolidated gross leverage ratio (as defined in the 2015 Senior Credit Agreement) (whichever yields a lower applicable interest rate margin) at such time. In addition, Ashland was required to pay fees of 0.25% per annum on the daily unused amount of the 2015 revolving credit facility through and including June 30, 2015, and thereafter the fee rate will fluctuate between 0.175% and 0.40% per annum, based upon Ashland's corporate credit ratings or the consolidated gross leverage ratio (whichever yields a lower fee rate).

NOTE J – DEBT (continued)

During 2015, Ashland used the proceeds from borrowings under the \$1.1 billion term loan facility along with cash on hand (i) to fund the tender offer of the 2016 senior notes, (ii) to prepay in full the outstanding loans under the 2013 Senior Credit Facility, (iii) to pay accrued interest, fees and expenses under the 2013 Senior Credit Facility and the 2016 senior notes, (iv) to contribute funds to the U.S. pension plans impacted by the pension plan settlement program discussed in Note N, and (v) to pay fees and expenses incurred in connection with the entry into the 2015 Senior Credit Agreement. As a result of the tender offer and redemption, Ashland recognized a \$9 million charge related to early redemption premium payments, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income in 2015.

Ashland incurred \$10 million of new debt issuance costs in connection with the 2015 Senior Credit Agreement, of which \$2 million was recognized immediately during 2015 within the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income. The remaining balance is amortized over the term of the 2015 Senior Credit Agreement using the effective interest method. Additionally, as a result of the termination of the 2013 Senior Credit Facility and the repayment of the 2016 senior notes, Ashland recognized a \$2 million charge during 2015 for the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income.

During July 2016, Ashland amended the 2015 Senior Credit Agreement to permit the Reorganization and the series of events relating to the separation of Valvoline Inc. Additionally, the amendment provided that if the aggregate principal amount of the Valvoline debt reaches \$750 million, Ashland would be required to use the net proceeds of such borrowings to repay the 2015 term loan facility and/or permanently reduce its existing revolving credit commitments under the 2015 Senior Credit Agreement in an aggregate amount of up to \$1 billion. As a result of the July 2016 amendment and the Valvoline debt borrowings in connection with the separation, Ashland reduced its revolving borrowing capacity to \$800 million as of September 30, 2016.

The 2015 term loan facility balance was repaid in full in connection with the combined Ashland and Valvoline financing activities during September 2016. In connection with these transactions, Ashland recognized a \$6 million charge for the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income.

Total borrowing capacity remaining under the 2015 revolving credit facility was \$742 million due a reduction of \$58 million for letters of credit outstanding at September 30, 2016.

Parent Guarantee of 4.750% notes due 2022, 3.875% notes due 2018 and 6.875% notes due 2043

On October 20, 2016, Ashland received the requisite consents with respect to its consent solicitation from the holders of Ashland LLC's 3.875% Senior Notes due 2018, 4.750% Senior Notes due 2022 and 6.875% Senior Notes due 2043 (the Notes) to certain amendments to the reporting covenants in the indentures governing the Notes. Following receipt of the consents, Ashland LLC, as issuer, Ashland and the trustee, entered into two supplemental indentures that (1) modify the applicable reporting covenants contained in the indentures governing the Notes to provide that so long as any parent entity of Ashland LLC guarantees the Notes, the reports, information and other documents required to be filed and furnished to holders of the Notes pursuant to the applicable indenture may, at the option of Ashland LLC, be filed by and be those of such parent entity rather than Ashland LLC and (2) provide for the guarantee of the Notes by Ashland.

Subsidiary senior unsecured term loan

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provides for an aggregate principal amount of \$150 million in a senior unsecured term loan facility maturing on February 15, 2017. This term loan was drawn in full as of September 30, 2016. At the subsidiary's option, loans issued under this term loan facility bear interest at either LIBOR plus 1.75% per annum or an alternate base rate plus 0.75% per annum. The subsidiary may prepay the term loan facility after three months from the date it was drawn upon without any premium or penalty.

Accounts receivable securitization

On August 31, 2012, Ashland entered into a \$350 million accounts receivable securitization facility pursuant to (i) a Sale Agreement, among Ashland and certain of its direct and indirect subsidiaries (each an Originator and collectively, the Originators) and CVG Capital III LLC, a wholly-owned "bankruptcy remote" special purpose subsidiary of the Originators (CVG) and (ii) a Transfer and Administration Agreement, among CVG, each Originator, Ashland, as Master Servicer, certain Conduit Investors, Uncommitted Investors, Letter of Credit Issuers, Managing Agents, Administrators and Committed Investors, and The Bank of Nova Scotia, as agent for various secured parties (the Agent). The Transfer and Administration Agreement had a term of three years, but was extendable at the discretion of Ashland and the Investors. During 2016, the termination date of the commitments under the Transfer and Administration Agreement was extended from December 31, 2015, the previous termination extension date, to March 22, 2017.

NOTE J – DEBT (continued)

Under the Sale Agreement, each Originator will transfer, on an ongoing basis, certain of its accounts receivable, certain related assets and the right to the collections on those accounts receivable to CVG. Under the terms of the Transfer and Administration Agreement, CVG could, from time to time, obtain up to \$350 million (in the form of cash or letters of credit for the benefit of Ashland and its subsidiaries) from the Conduit Investors, the Uncommitted Investors and/or the Committed Investors through the sale of an undivided interest in such accounts receivable, related assets and collections. Subsequently during 2014 and 2015, the available funding for qualifying receivables under the accounts receivable securitization facility was reduced from \$350 million to \$275 million during 2014 and from \$275 million to \$250 million during 2015 due to the divestitures that occurred during the fiscal years. The accounts receivable securitization facility was reduced from \$250 million to \$100 million when Valvoline was removed as an Originator as part of the combined Ashland and Valvoline financing activities in September 2016. Ashland accounts for the securitization facility as secured borrowings, and the receivables sold pursuant to the facility are included in the Consolidated Balance Sheets as accounts receivable. Fundings under the Transfer and Administration Agreement will be repaid as accounts receivable are collected, with new fundings being advanced (through daily reinvestments) as new accounts receivable are originated by the Originators and transferred to CVG, with settlement generally occurring monthly. Ashland continues to classify any borrowings under this facility as a short-term debt instrument within the Consolidated Balance Sheets. Once sold to CVG, the accounts receivable, related assets and rights to collection described above are separate and distinct from each Originator's own assets and are not available to its creditors should such Originator become insolvent. Substantially all of CVG's assets have been pledged to the Agent in support of its obligations under the Transfer and Administration Agreement.

At September 30, 2016 and 2015, the outstanding amount of accounts receivable transferred by Ashland to CVG was \$133 million and \$381 million, respectively. There were no borrowings under the facility as of September 30, 2016, while Ashland had drawn \$190 million under the facility as of September 30, 2015. The available borrowing capacity under the facility was \$80 million as of September 30, 2016. The weighted-average interest rate for this instrument was 1.5% for 2016 and 1.8% for 2015.

Other debt

At September 30, 2016 and 2015, Ashland held other debt totaling \$176 million and \$175 million, respectively, comprised primarily of the 6.60% and 6.50% notes due 2027 and 2029, respectively, assumed in the Hercules acquisition, other short-term international loans, and a medium-term note.

Covenants related to current Ashland debt agreements

Ashland's debt contains usual and customary representations, warranties and affirmative and negative covenants, including financial covenants for leverage and interest coverage ratios, limitations on liens, additional subsidiary indebtedness, restrictions on subsidiary distributions, investments, mergers, sale of assets and restricted payments and other customary limitations. As of September 30, 2016, Ashland was in compliance with all debt agreement covenant restrictions.

The maximum consolidated leverage ratios permitted under the 2015 Senior Credit Agreement are as follows: 3.75 through December 31, 2016 and 3.5 from March 31, 2017 and each fiscal quarter thereafter. The 2015 Senior Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus unrestricted cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the 2015 Senior Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income. The computation of Covenant Adjusted EBITDA differs from the calculation of EBITDA and Adjusted EBITDA, which have been reconciled on page M-8. In general, consolidated indebtedness includes debt plus all purchase money indebtedness, banker's acceptances and bank guaranties, deferred purchase price of property or services, attributable indebtedness and guaranties.

The minimum required consolidated interest coverage ratio under the 2015 Senior Credit Agreement during its entire duration is 3.0. The 2015 Senior Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period.

At September 30, 2016, Ashland's calculation of the consolidated leverage ratio was 2.7, which is below the maximum consolidated leverage ratio permitted under the 2015 Senior Credit Agreement of 3.75. At September 30, 2016, Ashland's calculation of the consolidated interest coverage ratio was 3.9, which exceeds the minimum required consolidated ratio of 3.0.

Valvoline Financing Activities

Valvoline Credit Agreement

The Valvoline Credit Agreement provides for an aggregate principal amount of \$1,325 million in senior secured credit facilities (Valvoline Credit Facilities), comprised of (i) a five-year \$875 million term loan A facility (the 2016 term loan facility) and (ii) a

NOTE J – DEBT (continued)

five-year \$450 million revolving credit facility (the 2016 revolving credit facility) (including a \$100 million letter of credit sublimit). The Valvoline Credit Facilities may be prepaid at any time without premium.

The Valvoline Credit Facilities are guaranteed by Valvoline Inc.'s existing and future subsidiaries (other than certain immaterial subsidiaries, joint ventures, special purpose financing subsidiaries, regulated subsidiaries, foreign subsidiaries and certain other subsidiaries), and are secured by a first-priority security interest in substantially all the personal property assets, and certain real property assets, of Valvoline Inc. and the guarantors, including all or a portion of the equity interests of certain of Valvoline Inc.'s domestic subsidiaries and first-tier foreign subsidiaries and, in certain cases, a portion of the equity interests of other foreign subsidiaries.

At Valvoline Inc.'s option, the loans issued under the Valvoline Credit Agreement will bear interest at either LIBOR or an alternate base rate, in each case plus the applicable interest rate margin. Loans initially bear interest at LIBOR plus 2.375% per annum, in the case of LIBOR borrowings, or at the alternate base rate plus 1.375%, in the alternative, through and including the date of delivery of a quarterly compliance certificate and thereafter the interest rate will fluctuate between LIBOR plus 1.500% per annum and LIBOR plus 2.500% per annum (or between the alternate base rate plus 0.500% per annum and the alternate base rate plus 1.500% per annum), based upon Valvoline Inc.'s corporate credit ratings or the consolidated first lien net leverage ratio (as defined in the Valvoline Credit Agreement) (whichever yields a lower applicable interest rate margin) at such time.

During September 2016, Valvoline Inc. borrowed \$875 million of principal on the 2016 term loan facility and \$137 million on the 2016 revolving credit facility. The net proceeds of these borrowings of \$865 million (after deducting fees and expenses) for the 2016 term loan facility and \$137 million for the 2016 revolving credit facility were transferred to Ashland. With these proceeds, Ashland repaid \$785 million of its 2015 loan facility, \$150 million of the 2015 revolving credit facility and \$45 million of its accounts receivable securitization.

Valvoline Inc. used the net proceeds of its September 2016 IPO to repay \$500 million of the outstanding balance under its 2016 term loan facility and all of the \$137 million outstanding balance of its 2016 revolving credit facility. See Note B for more information on the IPO of Valvoline Inc. common stock.

Valvoline Inc. incurred \$10 million of new debt issuance costs in connection with the Valvoline Credit Agreement. These debt issuance costs were capitalized and will be amortized over the term of the Valvoline Credit Agreement using the effective interest method. Additionally, as a result of the \$500 million repayment of the Valvoline 2016 term loan facility, Valvoline Inc. recognized a \$4 million charge for the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income.

At September 30, 2016, the total borrowing capacity remaining under the 2016 revolving credit facility was \$435 million due to a reduction of \$15 million for letters of credit outstanding.

Valvoline senior notes

During July 2016, Valvoline completed its issuance of 5.500% senior unsecured notes due 2024 (2024 notes) with an aggregate principal amount of \$375 million. Valvoline incurred \$6 million of new debt issuance costs in connection with the issuance of the 2024 notes. These debt issuance costs were capitalized and will be amortized over the term of the 2024 notes using the effective interest method.

During July 2016, the net proceeds of the offering of \$370 million (after deducting initial purchasers' discounts) were transferred to Ashland. Ashland used these proceeds to repay \$110 million of the outstanding balance under Ashland's 2015 revolving credit facility and \$260 million of the 2015 term loan facility.

Covenants related to current Valvoline debt agreements

The Valvoline Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio) and other customary limitations. As of September 30, 2016, Valvoline Inc. was in compliance with all debt agreement covenant restrictions.

The maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement is 4.5. The Valvoline Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus unrestricted cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the Valvoline Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income.

NOTE J – DEBT (continued)

The minimum required consolidated interest coverage ratio under the Valvoline Credit Agreement during its entire duration is 3.0. The Valvoline Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period.

At September 30, 2016, Valvoline's calculation of the consolidated leverage ratio was 1.4, which is below the maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement of 4.5. At September 30, 2016, Valvoline's calculation of the consolidated interest coverage ratio was 13.3, which exceeds the minimum required consolidated ratio of 3.0.

Net interest and other financing expense (income)

(In millions)	2016	2015	2014
Interest expense (a)	\$ 190	\$ 166	\$ 163
Interest income	(6)	(6)	(6)
Available-for-sale securities income (b)	(8)	(3)	—
Other financing costs (c)	6	17	9
	<u>\$ 182</u>	<u>\$ 174</u>	<u>\$ 166</u>

(a) Includes \$10 million and \$4 million of accelerated amortization for debt issuance costs during 2016 and 2015, respectively.

(b) Represents investment income related to the restricted investments discussed in Note G.

(c) Includes \$9 million related to the early redemption premium payments for the tender and redemption of the 2016 senior notes during 2015.

The following table details the debt issuance cost and original issue discount amortization included in interest expense during 2016, 2015 and 2014.

(In millions)	2016	2015	2014
Normal amortization	\$ 13	\$ 14	\$ 14
Accelerated amortization (a)	10	4	—
Total	<u>\$ 23</u>	<u>\$ 18</u>	<u>\$ 14</u>

(a) Accelerated amortization of \$10 million for debt issuance costs during 2016 resulted from the combined Ashland and Valvoline financing activities, including the full repayment of the 2015 term loan facility and the \$500 million repayment of the 2016 term loan facility. Accelerated amortization of \$4 million for debt issuance costs during 2015 resulted from early redemption of the 2016 senior notes and the entrance into the 2015 Senior Credit Agreement.

NOTE K – OTHER NONCURRENT ASSETS AND LIABILITIES

The following table provides the components of other noncurrent assets in the Consolidated Balance Sheets as of September 30.

(In millions)	2016	2015
Deferred compensation investments	\$ 185	\$ 180
Notes receivable	47	36
Defined benefit plan assets	36	29
Manufacturing catalyst supplies	35	37
Land use rights	21	22
Life insurance policies	16	18
Environmental insurance receivables	15	16
Debt issuance costs	13	16
Customer incentive	12	16
Tax receivables	6	7
Debt defeasance assets	6	6
Other	28	26
	<u>\$ 420</u>	<u>\$ 409</u>

NOTE K – OTHER NONCURRENT ASSETS AND LIABILITIES (continued)

The following table provides the components of other noncurrent liabilities in the Consolidated Balance Sheets as of September 30.

(In millions)	2016		2015	
Environmental remediation reserves	\$	134	\$	139
Accrued tax liabilities (including sales and franchise)		113		103
Deferred compensation		63		66
Reserves related to workers compensation and general liability		15		24
Other		101		73
	\$	<u>426</u>	\$	<u>405</u>

NOTE L – LEASE COMMITMENTS

Ashland and its subsidiaries are lessees of office buildings, retail outlets, transportation equipment, warehouses and storage facilities, other equipment, facilities and properties under leasing agreements that expire at various dates. Capitalized lease obligations are not significant and are included in long-term debt while capital lease assets are included in property, plant and equipment. Future minimum rental payments at September 30, 2016 were \$52 million in 2017, \$45 million in 2018, \$39 million in 2019, \$25 million in 2020, \$22 million in 2021 and \$125 million in 2022 and later years. Rental expense under operating leases for continuing operations was as follows:

(In millions)	2016		2015		2014	
Minimum rentals (including rentals under short-term leases)	\$	65	\$	57	\$	69
Contingent rentals		3		4		7
Sublease rental income		(2)		(2)		(2)
	\$	<u>66</u>	\$	<u>59</u>	\$	<u>74</u>

NOTE M – INCOME TAXES

A summary of the provision for income taxes related to continuing operations follows.

(In millions)	2016		2015		2014	
Current						
Federal	\$	60	\$	(32)	\$	34
State		17		1		10
Foreign		79		66		62
		<u>156</u>		<u>35</u>		<u>106</u>
Deferred		(23)		(57)		(294)
Income tax expense (benefit)	\$	<u>133</u>	\$	<u>(22)</u>	\$	<u>(188)</u>

Deferred income taxes are provided for income and expense items recognized in different years for tax and financial reporting purposes. As of September 30, 2016, management intends to indefinitely reinvest approximately \$1.5 billion of foreign earnings. Because these earnings are considered indefinitely reinvested, no U.S. tax provision has been accrued related to the repatriation of these earnings, and it is not practicable to estimate the amount of U.S. tax that might be payable if these earnings were ever to be remitted.

Foreign net operating loss carryforwards primarily relate to certain European and Asian Pacific operations and generally may be carried forward. U.S. state net operating loss carryforwards relate to operational losses within certain states and generally may be carried forward. Temporary differences that give rise to significant deferred tax assets and liabilities as of September 30 are presented in the following table.

NOTE M – INCOME TAXES (continued)

(In millions)	2016	2015
Deferred tax assets		
Foreign net operating loss carryforwards (a)	\$ 76	\$ 81
Employee benefit obligations	397	392
Environmental, self-insurance and litigation reserves (net of receivables)	219	218
State net operating loss carryforwards (net of unrecognized tax benefits) (b)	62	73
Compensation accruals	84	88
Credit carryforwards (net of unrecognized tax benefits) (c)	65	89
Other items	19	26
Valuation allowances (d)	(142)	(107)
Total deferred tax assets	780	860
Deferred tax liabilities		
Goodwill and other intangibles (e)	349	371
Property, plant and equipment	316	351
Unremitted earnings	7	11
Total deferred tax liabilities	672	733
Net deferred tax asset	\$ 108	\$ 127

(a) Gross net operating loss carryforwards of \$263 million will expire in future years beyond 2018 or have no expiration.

(b) Apportioned net operating loss carryforwards generated of \$1.7 billion, will expire in future years as follows: \$24 million in 2017, \$72 million in 2018 and the remaining balance in other future years.

(c) Credit carryforwards consist primarily of foreign tax credits of \$62 million expiring in future years beyond 2018, research and development credits of \$17 million expiring in future years beyond 2018 and alternative minimum tax credits of \$18 million with no expiration date.

(d) Valuation allowances primarily relate to certain state and foreign net operating loss carryforwards and certain domestic tax credit carryforwards.

(e) The total gross amount of goodwill as of September 30, 2016 expected to be deductible for tax purposes is \$32 million.

The U.S. and foreign components of income from continuing operations before income taxes and a reconciliation of the statutory federal income tax with the provision for income taxes follow. The foreign components of income from continuing operations disclosed in the following table exclude any allocations of certain corporate expenses incurred in the U.S.

NOTE M – INCOME TAXES (continued)

(In millions)	2016	2015	2014
Income (loss) from continuing operations before income taxes			
United States (a), (b)	\$ (152)	\$ (158)	\$ (364)
Foreign (b)	288	327	248
Total income (loss) from continuing operations before income taxes	\$ 136	\$ 169	\$ (116)
Income taxes computed at U.S. statutory rate (35%)	\$ 47	\$ 59	\$ (40)
Increase (decrease) in amount computed resulting from			
Net gain on divestitures	—	11	37
Uncertain tax positions	27	23	33
Valuation allowance changes (c)	43	(29)	14
Claim for research and development credits (d)	(10)	(7)	(2)
State taxes (e)	2	(8)	(16)
Goodwill impairment (f)	55	—	—
Net impact of foreign results (g)	(32)	(73)	(214)
Other items (h)	1	2	—
Income tax expense (benefit)	\$ 133	\$ (22)	\$ (188)

(a) A significant component of the fluctuations within this caption relates to the annual remeasurements of the U.S. pension and other postretirement plans.

(b) For 2014, the United States and Foreign amounts for income (loss) from continuing operations before income taxes have been revised to reflect a change in the classification of the elimination of foreign intercompany dividends. There was no impact on the total loss from continuing operations before income taxes or on the computation of income tax expense (benefit) for the year end September 30, 2014 and therefore Ashland does not believe that this revision is material to the previously filed financial information.

(c) Related to foreign tax credit carryforward of \$24 million and state deferred tax asset valuation allowances of \$19 million during 2016.

(d) 2016 and 2015 includes a tax benefit related to credits signed into law on a retroactive basis.

(e) 2016 includes a \$3 million benefit and 2014 includes an expense of \$5 million recorded for deferred tax adjustments, primarily attributable to state rate changes.

(f) 2016 includes tax expense related to nondeductible goodwill impairment.

(g) 2014 includes a \$168 million tax benefit related to the reversal of deferred tax liabilities for outside basis differences and other related matters and a \$14 million expense recorded for a rate change in a foreign jurisdiction.

(h) Other items principally includes permanent items in all periods presented, specifically, 2016 includes expense of \$11 million for nondeductible transaction costs associated with the separation of Valvoline.

The 2016 effective tax rate was impacted by jurisdictional income mix and net unfavorable adjustments primarily related to a nondeductible goodwill impairment for the Intermediates/Solvents division, valuation allowances for domestic attributes, accruals for unrecognized tax benefits and other items related to the separation of Valvoline.

The 2015 effective tax rate was impacted by net favorable items predominantly due to certain valuation allowance releases related to state deferred tax assets. These favorable adjustments were partially offset by an accrual for an unrecognized tax benefit and tax related to certain global restructuring steps.

Income tax benefit for 2014 included a \$168 million tax benefit related to the reversal of deferred tax liabilities for outside basis differences and other related matters, a charge of \$39 million for taxes associated with the sale of shares of subsidiaries included in the sale of the Water Technologies business, net charges of \$32 million for uncertain tax positions and related matters, a charge of \$14 million for a foreign income tax rate change and other net discrete item charges of \$7 million primarily related to changes in valuation allowances.

Unrecognized tax benefits

U.S. GAAP prescribes a recognition threshold and measurement attribute for the accounting and financial statement disclosure of tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step requires Ashland to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The second step requires Ashland to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the amount of benefit that has a greater than 50% likelihood of being realized. Ashland had \$168 million and \$144 million of unrecognized tax benefits, of which \$14 million and \$16 million relate to discontinued operations at September 30, 2016 and 2015, respectively. As of September 30, 2016, the total amount of unrecognized tax benefits that, if recognized, would affect the tax rate for continuing and discontinued operations was \$148 million. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not have an impact on the effective tax rate.

NOTE M – INCOME TAXES (continued)

Ashland recognizes interest and penalties related to uncertain tax positions as a component of income tax expense (benefit) in the Statements of Consolidated Comprehensive Income. Such interest and penalties totaled a \$5 million expense in 2016, \$1 million expense in 2015 and \$2 million benefit in 2014. Ashland had \$21 million and \$18 million in interest and penalties related to unrecognized tax benefits accrued as of September 30, 2016 and 2015, respectively.

Changes in unrecognized tax benefits were as follows:

(In millions)	
Balance at September 30, 2014	\$ 155
Increases related to positions taken on items from prior years	10
Decreases related to positions taken on items from prior years	(15)
Increases related to positions taken in the current year	24
Lapse of statute of limitations	(6)
Settlement of uncertain tax positions with tax authorities	(24)
Balance at September 30, 2015	144
Increases related to positions taken on items from prior years	10
Decreases related to positions taken on items from prior years	(4)
Increases related to positions taken in the current year	22
Lapse of statute of limitations	(2)
Settlement of uncertain tax positions with tax authorities	(2)
Balance at September 30, 2016	\$ 168

From a combination of statute expirations and audit settlements in the next twelve months, Ashland expects a decrease in the amount of accrual for uncertain tax positions of up to \$3 million for continuing operations and zero for discontinued operations. For the remaining balance as of September 30, 2016, it is reasonably possible that there could be material changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues, reassessment of existing uncertain tax positions, or the expiration of applicable statute of limitations; however, Ashland is not able to estimate the impact of these items at this time.

Ashland or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Foreign taxing jurisdictions significant to Ashland include Australia, Canada, Spain, Switzerland, Brazil, Mexico, China, Germany, Singapore and the Netherlands. Ashland is subject to U.S. federal income tax examinations by tax authorities for periods after September 30, 2011 and U.S. state income tax examinations by tax authorities for periods after September 30, 2003. With respect to countries outside of the United States, with certain exceptions, Ashland's foreign subsidiaries are subject to income tax audits for years after 2005.

NOTE N – EMPLOYEE BENEFIT PLANS**Pension plans**

Ashland and its subsidiaries sponsor contributory and noncontributory qualified defined benefit pension plans that cover certain employees in the United States and in a number of other countries. In addition, Ashland has non-qualified unfunded pension plans which provide supplemental defined benefits to those employees whose benefits under the qualified pension plans are limited by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. Ashland funds the costs of the non-qualified plans as the benefits are paid. Pension obligations for applicable employees of non-U.S. consolidated subsidiaries are provided for in accordance with local practices and regulations of the respective countries. Benefits for those eligible for Ashland's U.S. pension plans generally are based on employees' years of service and compensation during the years immediately preceding their retirement.

The majority of Ashland's U.S. pension plans have been closed to new participants since January 1, 2011 and most foreign pension plans are closed to new participants while those that remain open relate to areas where jurisdictions require plans to operate within the applicable country. During March 2016, Ashland announced plans to amend the majority of its U.S. pension plans, with the exception of certain union plans, to freeze the accrual of pension benefits for participants. The plan changes were effective September 30, 2016. During September 2016, Ashland transferred a substantial portion of the largest U.S. qualified pension and non-qualified U.S. pension plans as well as certain other postretirement obligations to Valvoline Inc. as part of the separation process discussed further in Note B. As of September 30, 2016, the net pension and other postretirement plan liabilities attributable to plans now held at Valvoline Inc. was approximately \$900 million.

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

Pension annuity program

On September 15, 2016, Valvoline Inc. purchased a non-participating annuity contract with pension plan assets from Prudential Insurance Company of America (Prudential) to pay and administer future pension benefits for approximately 14,800 participants within the primary U.S. pension plan. Ashland transferred \$378 million of the outstanding pension benefit obligation to Prudential in exchange for pension trust assets whose value approximated the liability value. The annuity purchase transaction did not generate a material settlement adjustment during 2016. Prudential has unconditionally and irrevocably guaranteed the full payment of benefits to plan participants associated with the annuity purchase and benefit payments will be in the same form that was in effect under the Plan. Prudential has also assumed all investment risk associated with the pension assets that were delivered as annuity contract premiums.

Pension plan settlement program

During 2015, Ashland informed approximately 20,000 former employees, who were included in the approximately 53,000 participants within the primary U.S. pension plans, that Ashland was offering these participants the option of receiving a lump sum payment on their vested retirement benefit or a reduced annuity now, in lieu of receiving monthly annuity payments deferred until retirement eligibility or when the participant may choose to initiate payment. During August 2015, approximately 12,000 participants elected to participate in the settlement program which resulted in approximately \$475 million in settlement payments made from the affected pension plans during September 2015. Settlement payments were funded with pension plan assets, which included the \$500 million contribution made during the third quarter of fiscal 2015. Additionally, as a result of this settlement program, Ashland recognized a \$3 million settlement gain during 2015, of which \$1 million and \$2 million was recognized in the cost of sales and selling, general and administrative expense captions, respectively, within the Statements of Consolidated Comprehensive Income.

Pension plans divested

As a result of the sale of the Water Technologies business on July 31, 2014, certain non-U.S. pension plans, with a net benefit obligation of \$70 million were fully transferred.

Other postretirement benefit plans

Ashland and its subsidiaries sponsor health care and life insurance plans for eligible employees in the U.S. and Canada who retire or are disabled. Ashland's retiree life insurance plans are noncontributory, while Ashland shares the costs of providing health care coverage with its retired employees through premiums, deductibles and coinsurance provisions. Ashland funds its share of the costs of the postretirement benefit plans as the benefits are paid. Employees hired after June 30, 2003, and participating in the Ashland plans, will have access to any retiree health care coverage that may be provided, but will have no Ashland company funds available to help pay for such coverage.

Since January 1, 2004, Ashland's legacy plans have limited their annual per capita costs to an amount equivalent to base year per capita costs, plus annual increases of up to 1.5% per year for costs incurred. As a result, health care cost trend rates have no significant effect on the amounts reported for the health care plans. Premiums for retiree health care coverage are equivalent to the excess of the estimated per capita costs over the amounts borne by Ashland.

For certain other plans that have been acquired, the assumed postretirement health care plans include a limit on Ashland's share of costs for recent and future retirees. The assumed pre-65 health care cost trend rate as of September 30, 2016 was 7.9% and continues to be reduced to 4.50% in 2037 and thereafter. The assumptions used to project the liability anticipate future cost-sharing changes to the written plans that are consistent with the increase in health care cost. Employees hired after December 31, 2002 will have access to any retiree health care coverage that may be provided, but will have no Ashland company funds available to help pay for such coverage.

In May 2010, Ashland implemented changes for all plans, effective January 1, 2011, eliminating post-65 benefit coverage for those eligible participants retiring on or after January 1, 2016. In September 2011, Ashland adopted a plan amendment for the legacy Ashland plans to change the current post-65 Ashland Medical plan to Medicare Advantage plan. This change was effective January 1, 2012, at which time Ashland no longer applied for the Medicare Part D subsidy. In September 2012, Ashland further reduced the employer subsidy for the post-65 Ashland legacy Medicare Advantage Plan to account for the impact of certain changes to the prescription drug program adopted as part of the September 2011 plan amendment. During March 2016, Ashland announced that it will eliminate post-65 and pre-65 retiree medical subsidies for active employees participating in Ashland sponsored plans. Additionally, Ashland announced that it will eliminate retiree life insurance benefits to active employees. These changes to retiree medical and life benefits are effective January 1, 2017 and October 1, 2016, respectively. This amendment reduced the benefit obligations by \$86 million, which will be amortized to income in future periods.

Change in Applying Discount Rate to Measure Benefit Costs

During 2016, Ashland changed the method used to estimate the service and interest cost components of net periodic benefit cost for pension and other postretirement benefits. This change compared to the previous method resulted in a decrease in the service and interest cost components for pension and other postretirement benefit costs during the quarter. Historically, Ashland estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Ashland has elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Ashland has made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of Ashland's total benefit obligations or annual net periodic benefit costs as the change in the service and interest costs will be offset in the actuarial gain or loss reported, which typically occurs during the fourth fiscal quarter. Ashland has accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly has accounted for it prospectively.

The impact of this discount rate change compared to the previous method decreased the estimated pension and other postretirement benefits service and interest cost by \$33 million for the full year 2016. The impact on service cost is not significant due to the nature of Ashland's largest U.S. pension plan, which is closed to new entrants and has curtailed other benefits. Of this annual decrease, \$13 million was reported in cost of sales and \$20 million was reported in selling, general, and administrative expense within the Statements of Consolidated Comprehensive Income in the Unallocated and other segment. Service and interest cost, as well as the other components of net periodic benefit costs, were subject to change for such reasons as an event requiring a remeasurement. Ashland's total projected benefit obligations was not impacted by these reductions in service and interest costs as the decrease was substantially offset within the actuarial gain or loss caption when the plans were remeasured during the fiscal year.

Plan Amendments and Remeasurements

During the year ended September 30, 2016, Ashland was required to remeasure a majority of its U.S. pension plans and certain postretirement benefit plans due to the previously discussed plan changes announced during March 2016. The net effect of these plan changes resulted in a curtailment of benefits requiring a remeasurement of the benefit obligation and plan assets. Ashland recognized a loss of \$23 million within the Statements of Consolidated Comprehensive Income during 2016 as a result of the plan remeasurements. The following details the components of the remeasurement impact:

- As a result of the remeasurement of the affected U.S. pension plans, Ashland recognized a curtailment gain of \$65 million and actuarial loss of \$123 million during 2016.
- As a result of the remeasurement of other postretirement benefit plans, Ashland recognized a curtailment gain of \$39 million and actuarial loss of \$7 million during 2016.
- Ashland was also required to remeasure a non-U.S. pension plan and as a result recognized a curtailment gain of \$6 million and actuarial loss of \$3 million during 2016.

During the year ended September 30, 2015, Ashland was required to remeasure a non-U.S. pension plan due to the exit of Water Technologies' employees from the plan. As a result of the remeasurement, Ashland recognized a curtailment gain of \$7 million and actuarial loss of \$11 million during 2015. Of these amounts, all of the curtailment gain and \$2 million of the actuarial loss were attributable to the Water Technologies business and therefore included in the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2015.

During the year ended September 30, 2014, Ashland settled two non-U.S. pension plans, which required the plans to be remeasured. These remeasurements resulted in Ashland recognizing a settlement loss of \$38 million and actuarial loss of \$17 million. Of these amounts, \$6 million of the settlement loss and \$3 million of the actuarial loss were attributable to the Water Technologies business and therefore included in the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2014.

Due to the global restructuring plan initiated in January 2014, Ashland was required to remeasure certain pension and other postretirement plan obligations, which included updating assumptions related to these plans such as the discount rate, asset values and demographic data that were last updated at Ashland's fiscal year end. As a result of the remeasurements, Ashland recognized a curtailment loss of \$6 million and actuarial loss of \$83 million during the year ended September 30, 2014. Of these amounts, \$14 million of the actuarial loss was attributable to the Water Technologies business and included in the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2014.

As a result of the completion of the sale of Water Technologies on July 31, 2014, Ashland was required to remeasure certain pension and other postretirement plan obligations. As a result of the remeasurements, Ashland recognized a curtailment gain of

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

\$31 million and actuarial loss of \$140 million during the year ended September 30, 2014. Of these amounts, all of the curtailment gain and \$27 million of the actuarial loss were attributable to the Water Technologies business and included in the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2014.

Components of net periodic benefit costs (income)

For segment reporting purposes, service cost for continuing operations is proportionately allocated to each reportable segment, excluding the Unallocated and other segment, while all other costs for continuing operations are recorded within the Unallocated and other segment. During the year ended September 30, 2014, income of \$7 million, representing a portion of the other components of pension and other postretirement benefit costs (i.e., interest cost, expected return on assets, and amortization of prior service credit) related to Water Technologies, was reclassified to discontinued operations in the Statements of Consolidated Comprehensive Income.

The following table summarizes the components of pension and other postretirement benefit costs for both continuing and discontinued operations and the assumptions used to determine net periodic benefit costs (income) for the plans.

(In millions)	Pension benefits			Other postretirement benefits		
	2016	2015	2014	2016	2015	2014
Net periodic benefit costs (income)						
Service cost	\$ 27	\$ 26	\$ 38	\$ 1	\$ 1	\$ 2
Interest cost	121	175	190	4	8	9
Curtailment, settlement and other	(74)	(11)	31	(39)	—	(20)
Expected return on plan assets	(192)	(216)	(237)	—	—	—
Amortization of prior service credit (a)	(1)	(4)	(2)	(14)	(17)	(21)
Actuarial loss	200	260	431	37	1	15
	<u>\$ 81</u>	<u>\$ 230</u>	<u>\$ 451</u>	<u>\$ (11)</u>	<u>\$ (7)</u>	<u>\$ (15)</u>
Weighted-average plan assumptions (b)						
Discount rate for service cost (c)	3.94%	4.18%	4.68%	4.31%	3.85%	4.28%
Discount rate for interest cost (c)	3.30%	4.18%	4.68%	3.04%	3.85%	4.28%
Rate of compensation increase	3.01%	3.18%	3.59%	—	—	—
Expected long-term rate of return on plan assets	6.66%	7.27%	7.67%	—	—	—

(a) Changes to the post-65 Ashland Medical plan resulted in negative plan amendments that were amortized within the other postretirement benefits caption during 2016, 2015 and 2014. Pension and other postretirement plan changes announced in March 2016 resulted in negative plan amendments that are being amortized within this caption during 2016.

(b) The plan assumptions discussed are a blended weighted-average rate for Ashland's U.S. and non-U.S. plans. The U.S. pension plan represented approximately 88% of the projected benefit obligation at September 30, 2016. Other postretirement benefit plans consist of U.S. and Canada, with the U.S. plan representing approximately 89% of the accumulated postretirement benefit obligation at September 30, 2016. Non-U.S. plans use assumptions generally consistent with those of U.S. plans.

(c) Weighted-average discount rates in 2016 reflect the adoption of the full yield curve approach.

The following table shows other changes in prior service credit recognized in accumulated other comprehensive income.

(In millions)	Pension		Postretirement	
	2016	2015	2016	2015
Prior service cost (credit)	\$ 2	\$ 2	\$ (88)	\$ —
Curtailment, settlement and other	6	3	39	—
Amortization of prior service credit	1	4	14	17
Total	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ (35)</u>	<u>\$ 17</u>
Total recognized in net periodic benefit cost (income) and accumulated other comprehensive income	\$ 90	\$ 239	\$ (46)	\$ 10

The following table shows the amount of prior service credit in accumulated other comprehensive income at September 30, 2016 that is expected to be recognized as a component of net periodic benefit cost (income) during the next fiscal year.

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

(In millions)	Pension benefits	Other postretirement benefits
Prior service credit (a)	\$ —	\$ (12)

(a) \$0 denotes a value less than \$1 million.

At September 30, 2016 and 2015, the amounts recognized in accumulated other comprehensive income are shown in the following table.

(In millions)	Pension		Postretirement	
	2016	2015	2016	2015
Prior service credit	\$ (3)	\$ (12)	\$ (80)	\$ (45)

Obligations and funded status

Actuarial valuations are performed for the pension and other postretirement benefit plans to determine Ashland's obligation for each plan. In accordance with U.S. GAAP, Ashland recognizes the unfunded status of the plans as a liability in the Consolidated Balance Sheets. Summaries of the change in benefit obligations, plan assets, funded status of the plans, amounts recognized in the balance sheet, and assumptions used to determine the benefit obligations for 2016 and 2015 are as follows.

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

(In millions)	Pension plans		Other postretirement benefit plans	
	2016	2015	2016	2015
Change in benefit obligations				
Benefit obligations at October 1	\$ 3,819	\$ 4,326	\$ 199	\$ 210
Service cost	27	26	1	1
Interest cost	121	175	4	8
Participant contributions	1	1	15	15
Benefits paid	(226)	(217)	(37)	(33)
Actuarial loss	329	59	37	1
Plan amendment	2	2	(88)	—
Foreign currency exchange rate changes	(30)	(40)	1	(3)
Other	(3)	14	—	—
Curtailment and settlement	(454)	(527)	—	—
Benefit obligations at September 30	\$ 3,586	\$ 3,819	\$ 132	\$ 199
Change in plan assets				
Value of plan assets at October 1	\$ 2,951	\$ 3,075	\$ —	\$ —
Actual return on plan assets	321	15	—	—
Employer contributions	35	610	22	18
Participant contributions	1	1	15	15
Benefits paid	(226)	(217)	(37)	(33)
Foreign currency exchange rate changes	(35)	(28)	—	—
Settlement	(387)	(519)	—	—
Other	—	14	—	—
Value of plan assets at September 30	\$ 2,660	\$ 2,951	\$ —	\$ —
Unfunded status of the plans	\$ (926)	\$ (868)	\$ (132)	\$ (199)
Amounts recognized in the balance sheet				
Noncurrent benefit assets	\$ 36	\$ 29	\$ —	\$ —
Current benefit liabilities	(15)	(19)	(15)	(17)
Noncurrent benefit liabilities	(947)	(878)	(117)	(182)
Net amount recognized	\$ (926)	\$ (868)	\$ (132)	\$ (199)
Weighted-average plan assumptions				
Discount rate	3.38%	4.21%	3.14%	3.93%
Rate of compensation increase	3.05%	3.01%	—	—

The accumulated benefit obligation for all pension plans was \$3,569 million at September 30, 2016 and \$3,750 million at September 30, 2015. Information for pension plans with an accumulated benefit obligation in excess of plan assets follows:

(In millions)	2016			2015		
	Qualified plans (a)	Non-qualified plans	Total	Qualified plans (a)	Non-qualified plans	Total
Projected benefit obligation	\$ 3,218	\$ 152	\$ 3,370	\$ 3,446	\$ 162	\$ 3,608
Accumulated benefit obligation	3,203	152	3,355	3,390	156	3,546
Fair value of plan assets	2,410	—	2,410	2,712	—	2,712

(a) Includes qualified U.S. and non-U.S. pension plans.

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

Plan assets

The expected long-term rate of return on U.S. pension plan assets was 7.10% and 7.65% for 2016 and 2015, respectively. The basis for determining the expected long-term rate of return is a combination of future return assumptions for various asset classes in Ashland's investment portfolio, historical analysis of previous returns, market indices and a projection of inflation.

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy that the financial instruments are classified within these investment categories as of September 30, 2016. For additional information and a detailed description of each level within the fair value hierarchy, see Note G.

(In millions)	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	\$ 184	\$ 184	\$ —	\$ —
U.S. government securities	85	—	85	—
Other government securities	184	—	184	—
Corporate debt instruments	1,177	877	300	—
Corporate stocks	270	134	136	—
Insurance contracts	11	—	11	—
Private equity and hedge funds	726	—	—	726
Other investments	23	—	—	23
Total assets at fair value	\$ 2,660	\$ 1,195	\$ 716	\$ 749

The following table summarizes the various investment categories that the pension plan assets are invested in and the applicable fair value hierarchy that the financial instruments are classified within these investment categories as of September 30, 2015.

(In millions)	Total fair value	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	\$ 91	\$ 91	\$ —	\$ —
U.S. government securities	130	4	126	—
Other government securities	163	1	162	—
Corporate debt instruments	1,398	1,036	362	—
Corporate stocks	289	146	143	—
Insurance contracts	10	—	10	—
Private equity and hedge funds	842	—	—	842
Other investments	28	—	—	28
Total assets at fair value	\$ 2,951	\$ 1,278	\$ 803	\$ 870

Ashland's pension plan holds a variety of investments designed to diversify risk. Investments classified as a Level 1 fair value measure principally represent marketable securities priced in active markets. Cash and cash equivalents and public equity and debt securities are well diversified and invested in U.S. and international small-to-large companies across various asset managers and styles. Investments classified as a Level 2 fair value measure principally represents fixed-income securities in U.S. treasuries and agencies and other investment grade corporate bonds and debt obligations.

Ashland's pension plans also hold Level 3 investments primarily within hedge funds and private equity funds with hedge funds accounting for nearly all of the Level 3 investments. Ashland's investments in these funds are primarily valued using the net asset value per share of underlying investments as determined by the respective individual fund administrators on a daily,

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

weekly or monthly basis, depending on the fund. Such valuations are reviewed by the portfolio managers who determine the estimated value of the collective funds based on these inputs. The following table provides a reconciliation of the beginning and ending balances for these Level 3 assets.

(In millions)	Total Level 3 assets	Private equity and hedge funds	Other investments
Balance as of September 30, 2014	\$ 1,118	\$ 1,085	\$ 33
Purchases	1	1	—
Sales	(252)	(252)	—
Actual return on plan assets			
Relating to assets held at September 30, 2015	3	8	(5)
Relating to assets sold during 2015	—	—	—
Balance as of September 30, 2015	<u>870</u>	<u>842</u>	<u>28</u>
Purchases	28	28	—
Sales	(152)	(152)	—
Actual return on plan assets			
Relating to assets held at September 30, 2016	10	15	(5)
Relating to assets sold during 2016	(7)	(7)	—
Balance as of September 30, 2016	<u>\$ 749</u>	<u>\$ 726</u>	<u>\$ 23</u>

Investments and Strategy

In developing an investment strategy for its defined benefit plans, Ashland has considered the following factors: the nature of the plans' liabilities, the allocation of liabilities between active, deferred and retired members, the funded status of the plans, the applicable investment horizon, the respective size of the plans and historical and expected capital market returns. Ashland's U.S. pension plan assets are managed by outside investment managers, which are monitored against investment return benchmarks and Ashland's established investment strategy. Investment managers are selected based on an analysis of, among other things, their investment process, historical investment results, frequency of management turnover, cost structure and assets under management. Assets are periodically reallocated between investment managers to maintain an appropriate asset mix and diversification of investments and to optimize returns.

The current target asset allocation for the U.S. plan is 51% fixed securities and 49% equity securities. Fixed income securities primarily include long duration high grade corporate debt obligations. Risk assets include both traditional equity as well as a mix of non-traditional assets such as hedge funds and private equity. Investment managers may employ a limited use of derivatives to gain efficient exposure to markets.

Ashland's investment strategy and management practices relative to plan assets of non-U.S. plans generally are consistent with those for U.S. plans, except in those countries where investment of plan assets is dictated by applicable regulations. The weighted-average asset allocations for Ashland's U.S. and non-U.S. plans at September 30, 2016 and 2015 by asset category follow.

(In millions)	Target	Actual at September 30	
		2016	2015
Plan assets allocation			
Equity securities	15 - 60%	41%	42%
Debt securities	40 - 85%	57%	56%
Other	0 - 20%	2%	2%
		<u>100%</u>	<u>100%</u>

Cash flows

U.S. pension legislation and future funding requirements

Ashland's U.S. qualified pension plans funding requirements through fiscal 2017 are calculated in accordance with the regulations set forth in the Moving Ahead for Progress in the 21st Century Act (MAP-21), which provides temporary relief for employers who sponsor defined benefit pension plans related to funding contributions under the Employee Retirement Income

NOTE N – EMPLOYEE BENEFIT PLANS (continued)

Security Act of 1974. Specifically, MAP-21 allows for the use of a 25-year average interest rate within an upper and lower range for purposes of determining minimum funding obligations instead of an average interest rate for the two most recent years, as was previously required.

During fiscal 2016 and 2015, Ashland contributed \$23 million and \$596 million, respectively, to its U.S. pension plans and \$12 million and \$14 million, respectively, to its non-U.S. pension plans. The 2015 contributions included \$500 million to the U.S. pension plans impacted by the pension plan settlement program discussed previously. Ashland expects to contribute approximately \$15 million to its non-qualified U.S. pension plans and \$10 million to its non-U.S. pension plans during 2017.

The following benefit payments, which reflect future service expectations, are projected to be paid in each of the next five years and in aggregate for five years thereafter.

(In millions)	Pension benefits	Other postretirement benefits
2017	\$ 210	\$ 15
2018	209	12
2019	209	11
2020	209	9
2021	209	8
2022 - 2026	1,030	38

Other plans

Ashland sponsors savings plans to assist eligible employees in providing for retirement or other future needs. Under such plans, company contributions amounted to \$35 million in 2016, \$38 million in 2015 and \$31 million in 2014. Ashland also sponsors various other benefit plans, some of which are required by different countries. The total noncurrent liabilities associated with these plans were \$16 million as of September 30, 2016 and 2015.

NOTE O – LITIGATION, CLAIMS AND CONTINGENCIES**Asbestos litigation**

Ashland and Hercules have liabilities from claims alleging personal injury caused by exposure to asbestos. To assist in developing and annually updating independent reserve estimates for future asbestos claims and related costs given various assumptions, Ashland retained Hamilton, Rabinovitz & Associates, Inc. (HR&A). The methodology used by HR&A to project future asbestos costs is based largely on recent experience, including claim-filing and settlement rates, disease mix, enacted legislation, open claims and litigation defense. The claim experience of Ashland and Hercules are separately compared to the results of previously conducted third party epidemiological studies estimating the number of people likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population expected to have been exposed to asbestos. Using that information, HR&A estimates a range of the number of future claims that may be filed, as well as the related costs that may be incurred in resolving those claims. Changes in asbestos-related liabilities and receivables are recorded on an after-tax basis within the discontinued operations caption in the Statements of Consolidated Comprehensive Income.

Ashland asbestos-related litigation

The claims alleging personal injury caused by exposure to asbestos asserted against Ashland result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley, a former subsidiary. The amount and timing of settlements and number of open claims can fluctuate from period to period. A summary of Ashland asbestos claims activity, excluding Hercules claims, follows.

(In thousands)	2016	2015	2014
Open claims - beginning of year	60	65	65
New claims filed	2	2	2
Claims settled	—	—	(1)
Claims dismissed	(5)	(7)	(1)
Open claims - end of year	57	60	65

NOTE O – LITIGATION, CLAIMS AND CONTINGENCIES (continued)*Ashland asbestos-related liability*

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A.

During the most recent update completed during 2016, it was determined that the liability for Ashland asbestos-related claims should be increased by \$37 million. Total reserves for asbestos claims were \$415 million at September 30, 2016 compared to \$409 million at September 30, 2015.

A progression of activity in the asbestos reserve is presented in the following table.

(In millions)	2016	2015	2014
Asbestos reserve - beginning of year	\$ 409	\$ 438	\$ 463
Reserve adjustment	37	—	4
Amounts paid	(31)	(29)	(29)
Asbestos reserve - end of year	<u>\$ 415</u>	<u>\$ 409</u>	<u>\$ 438</u>

Ashland asbestos-related receivables

Ashland has insurance coverage for certain litigation defense and claim settlement costs incurred in connection with its asbestos claims, and coverage-in-place agreements exist with the insurance companies that provide substantially all of the coverage that will be accessed.

For the Ashland asbestos-related obligations, Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. Substantially all of the estimated receivables from insurance companies are expected to be due from domestic insurers, all of which are solvent.

In October 2012, Ashland and Hercules initiated various arbitration proceedings against Underwriters at Lloyd's, certain London companies and/or Chartis (AIG) member companies seeking to enforce these insurers' contractual obligations to provide indemnity for asbestos liabilities and defense costs under existing coverage-in-place agreements. In addition, Ashland and Hercules initiated a lawsuit in Kentucky state court against certain Berkshire Hathaway entities (National Indemnity Company and Resolute Management, Inc.) on grounds that these Berkshire Hathaway entities had wrongfully interfered with Underwriters' and Chartis' performance of their respective contractual obligations to provide asbestos coverage by directing the insurers to reduce and delay certain claim payments.

On January 13, 2015, Ashland and Hercules entered into a comprehensive settlement agreement related to certain insurance coverage for asbestos bodily injury claims with Underwriters at Lloyd's, certain London companies and Chartis (AIG) member companies, along with National Indemnity Company and Resolute Management, Inc., under which Ashland and Hercules received a total of \$398 million. In exchange, all claims were released against these entities for past, present and future coverage obligations arising out of the asbestos coverage-in-place agreements that were the subject of the pending arbitration proceedings. In addition, as part of this settlement, Ashland and Hercules released all claims against National Indemnity Company and Resolute Management, Inc. in the Kentucky state court action. As a result, the arbitration proceedings and the Kentucky state court action have been terminated.

As a result of this settlement, Ashland recorded an after-tax gain of \$120 million within the discontinued operations caption of the Statements of Consolidated Comprehensive Income during 2015. The Ashland insurance receivable balance was also reduced as a result of this settlement by \$227 million within the Consolidated Balance Sheets.

In addition, during 2015, Ashland placed \$335 million of the settlement funds received into a renewable annual trust restricted for the purpose of paying for ongoing and future litigation defense and claim settlement costs incurred in conjunction with asbestos claims.

At September 30, 2016, Ashland's receivable for recoveries of litigation defense and claim settlement costs from insurers amounted to \$151 million (excluding the Hercules receivable for asbestos claims), of which \$6 million relates to costs previously paid. Receivables from insurers amounted to \$150 million at September 30, 2015. During 2016, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on valuation of future recoveries from insurers, was completed. This model update resulted in a \$16 million increase in the receivable for probable insurance recoveries.

NOTE O – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

During 2016, Ashland entered into settlement agreements totaling \$4 million with certain insurers, which resulted in a reduction of the Ashland insurance receivable within the Consolidated Balance Sheets by the same amount. Ashland placed \$4 million of the settlement funds into the renewable annual trust.

A progression of activity in the Ashland insurance receivable is presented in the following table.

(In millions)	2016	2015	2014
Insurance receivable - beginning of year	\$ 150	\$ 402	\$ 408
Receivable adjustment	16	(3)	22
Insurance settlement	(4)	(227)	—
Amounts collected	(11)	(22)	(28)
Insurance receivable - end of year	<u>\$ 151</u>	<u>\$ 150</u>	<u>\$ 402</u>

Hercules asbestos-related litigation

Hercules has liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products which were sold by one of Hercules' former subsidiaries to a limited industrial market. The amount and timing of settlements and number of open claims can fluctuate from period to period. A summary of Hercules' asbestos claims activity follows.

(In thousands)	2016	2015	2014
Open claims - beginning of year	20	21	21
New claims filed	1	1	1
Claims dismissed	(6)	(2)	(1)
Open claims - end of year	<u>15</u>	<u>20</u>	<u>21</u>

Hercules asbestos-related liability

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A. As a result of the most recent annual update of this estimate, completed during 2016, it was determined that the liability for Hercules asbestos-related claims should be increased by \$25 million. Total reserves for asbestos claims were \$321 million at September 30, 2016 compared to \$311 million at September 30, 2015.

A progression of activity in the asbestos reserve is presented in the following table.

(In millions)	2016	2015	2014
Asbestos reserve - beginning of year	\$ 311	\$ 329	\$ 342
Reserve adjustments	25	4	10
Amounts paid	(15)	(22)	(23)
Asbestos reserve - end of year	<u>\$ 321</u>	<u>\$ 311</u>	<u>\$ 329</u>

Hercules asbestos-related receivables

For the Hercules asbestos-related obligations, certain reimbursement obligations pursuant to coverage-in-place agreements with insurance carriers exist. As a result, any increases in the asbestos reserve have been partially offset by probable insurance recoveries. Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. The estimated receivable consists exclusively of solvent domestic insurers.

As of September 30, 2016 and 2015, the receivables from insurers amounted to \$63 million and \$56 million, respectively. During 2016, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on

NOTE O – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

valuation of future recoveries from insurers was completed. This model update resulted in a \$7 million increase in the receivable for probable insurance recoveries.

As a result of the January 2015 asbestos insurance settlement previously described, Hercules resolved all disputes with Chartis (AIG) member companies under their existing coverage-in-place agreement for past, present and future Hercules asbestos claims. As a result, during 2015, a \$22 million reduction in the insurance receivable balance within the Consolidated Balance Sheets was recorded.

A progression of activity in the Hercules insurance receivable is presented in the following table.

(In millions)	2016	2015	2014
Insurance receivable - beginning of year	\$ 56	\$ 77	\$ 75
Receivable adjustment	7	1	3
Insurance settlement	—	(22)	—
Amounts collected	—	—	(1)
Insurance receivable - end of year	<u>\$ 63</u>	<u>\$ 56</u>	<u>\$ 77</u>

Asbestos litigation cost projection

Projecting future asbestos costs is subject to numerous variables that are extremely difficult to predict. In addition to the significant uncertainties surrounding the number of claims that might be received, other variables include the type and severity of the disease alleged by each claimant, the long latency period associated with asbestos exposure, mortality rates, dismissal rates, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants in claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards. Furthermore, any predictions with respect to these variables are subject to even greater uncertainty as the projection period lengthens. In light of these inherent uncertainties, Ashland believes that the asbestos reserves for Ashland and Hercules represent the best estimate within a range of possible outcomes. As a part of the process to develop these estimates of future asbestos costs, a range of long-term cost models was developed. These models are based on national studies that predict the number of people likely to develop asbestos-related diseases and are heavily influenced by assumptions regarding long-term inflation rates for indemnity payments and legal defense costs, as well as other variables mentioned previously. Ashland has currently estimated in various models ranging from approximately 40 to 50 year periods that it is reasonably possible that total future litigation defense and claim settlement costs on an inflated and undiscounted basis could range as high as approximately \$670 million for the Ashland asbestos-related litigation (current reserve of \$415 million) and approximately \$490 million for the Hercules asbestos-related litigation (current reserve of \$321 million), depending on the combination of assumptions selected in the various models. If actual experience is worse than projected, relative to the number of claims filed, the severity of alleged disease associated with those claims or costs incurred to resolve those claims, or actuarial refinement or improvements to the assumptions used within these models are initiated, Ashland may need to further increase the estimates of the costs associated with asbestos claims and these increases could be material over time.

Environmental remediation and asset retirement obligations

Ashland is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively environmental remediation) at multiple locations. At September 30, 2016, such locations included 81 waste treatment or disposal sites where Ashland has been identified as a potentially responsible party under Superfund or similar state laws, 130 current and former operating facilities (including certain operating facilities conveyed as part of the MAP Transaction) and about 1,225 service station properties, of which 64 are being actively remediated.

Ashland's reserves for environmental remediation and related environmental litigation amounted to \$177 million at September 30, 2016 compared to \$186 million at September 30, 2015, of which \$134 million at September 30, 2016 and \$139 million at September 30, 2015 were classified in other noncurrent liabilities on the Consolidated Balance Sheets.

The following table provides a reconciliation of the changes in the environmental remediation reserves during 2016 and 2015.

NOTE O – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

(In millions)	2016	2015
Environmental remediation reserve - beginning of year	\$ 186	\$ 197
Disbursements	(44)	(47)
Revised obligation estimates and accretion	35	36
Environmental remediation reserve - end of year	<u>\$ 177</u>	<u>\$ 186</u>

The total reserves for environmental remediation reflect Ashland's estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries. Engineering studies, probability techniques, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation. Ashland continues to discount certain environmental sites and regularly adjusts its reserves as environmental remediation continues. Ashland has estimated the value of its probable insurance recoveries associated with its environmental reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage. At September 30, 2016 and 2015, Ashland's recorded receivable for these probable insurance recoveries was \$23 million, of which \$15 million and \$16 million, respectively, were classified in other noncurrent assets in the Consolidated Balance Sheets.

Components of environmental remediation expense included within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income are presented in the following table for the years ended September 30, 2016, 2015 and 2014.

(In millions)	2016	2015	2014
Environmental expense	\$ 33	\$ 32	\$ 29
Accretion	2	4	3
Legal expense	8	6	5
Total expense	<u>43</u>	<u>42</u>	<u>37</u>
Insurance receivable	(3)	(2)	(4)
Total expense, net of receivable activity (a)	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 33</u>

(a) Net expense of \$2 million, \$5 million and \$4 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively, relates to divested businesses which qualified for treatment as discontinued operations and for which certain environmental liabilities were retained by Ashland. These amounts are classified within the income from discontinued operations caption of the Statements of Consolidated Comprehensive Income.

Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology, and the number and financial strength of other potentially responsible parties at multiparty sites. Although it is not possible to predict with certainty the ultimate costs of environmental remediation, Ashland currently estimates that the upper end of the reasonably possible range of future costs for identified sites could be as high as approximately \$380 million. No individual remediation location is significant, as the largest reserve for any site is less than 15% of the remediation reserve.

Other legal proceedings and claims

In addition to the matters described above, there are other various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability, and other environmental matters, which seek remedies or damages, some of which are for substantial amounts. While Ashland cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded and losses already recognized with respect to such actions were immaterial as of September 30, 2016 and 2015. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Ashland believes that such potential losses were immaterial as of September 30, 2016 and 2015. For additional information on legal proceedings and claims, see the Legal Proceedings section of Form 10-K (Part I, Item 3).

NOTE P – EQUITY ITEMS

Stock repurchase programs

During 2015, Ashland's Board of Directors approved a \$1 billion share repurchase authorization that will expire on December 31, 2017 (the 2015 stock repurchase program). This authorization allows for common shares to be repurchased in open market transactions, privately negotiated transactions or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans.

During 2014, the Board of Directors of Ashland authorized a \$1.35 billion common stock repurchase program (the 2014 stock repurchase program). Under the program, Ashland's common shares were repurchased pursuant to accelerated stock repurchase agreements, a Rule 10b5-1 plan, and a prepaid variable share repurchase agreement. This repurchase program was completed during 2015.

The 2014 stock repurchase program authorization replaced Ashland's previous \$600 million share repurchase authorization (the 2013 stock repurchase program), approved in May 2013, which had \$450 million remaining when it was terminated.

2015 stock repurchase program agreement

In November 2015, under the 2015 stock repurchase program, Ashland announced that it entered into an accelerated share repurchase agreement (2016 ASR Agreement) with Goldman, Sachs & Co. Under the 2016 ASR Agreement, Ashland paid an initial purchase price of \$500 million and received an initial delivery of approximately 3.9 million shares of common stock during November 2015. In February 2016, Goldman, Sachs & Co. exercised their early termination option under the 2016 ASR Agreement and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$99.01 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by Goldman, Sachs & Co. under the 2016 ASR Agreement was 5.1 million shares. Ashland received the additional 1.2 million shares during 2016 to settle the difference between the initial share delivery and the total number of shares repurchased. After the 2016 ASR Agreement, \$500 million of share repurchase authorization remains under the 2015 stock repurchase program.

2014 stock repurchase program agreements

Accelerated stock repurchase agreements

During 2014, Ashland announced that it had entered into accelerated share repurchase agreements (2014 ASR Agreements) with Deutsche Bank AG, London Branch (Deutsche Bank), and JPMorgan Chase Bank, N.A. (JPMorgan) to repurchase an aggregate of \$750 million of Ashland's common stock. Under the 2014 ASR Agreements, Ashland paid an initial purchase price of \$750 million, split evenly between the financial institutions. As of September 30, 2014, Ashland received an initial delivery of approximately 5.9 million shares of common stock under the 2014 ASR Agreements. The 2014 ASR Agreements had a variable maturity, at the financial institutions option, with a maximum pricing period termination date of June 30, 2015. During 2015, the 2014 ASR Agreements terminated pursuant to their terms and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$116.33 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by the financial institutions under the 2014 ASR Agreements was 6.4 million shares. Ashland received the additional 0.5 million shares from the financial institutions during 2015 to settle the difference between the initial share delivery and the total number of shares repurchased.

During 2015, Ashland announced and completed accelerated share repurchase agreements (2015 ASR Agreements) with Deutsche Bank and JPMorgan to repurchase an aggregate of \$270 million of Ashland's common stock. Under the 2015 ASR Agreements, Ashland paid an initial purchase price of \$270 million, split evenly between the financial institutions and received an initial delivery of approximately 1.9 million shares of common stock. The 2015 ASR Agreements had a variable maturity, at the financial institutions option, with a maximum pricing period termination date of July 31, 2015. During 2015, Deutsche Bank and JPMorgan exercised their early termination option under the 2015 ASR Agreements and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$125.22 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by the financial institutions under the 2015 ASR Agreements was 2.2 million shares. Ashland received the additional 0.3 million shares from the financial institutions during 2015 to settle the difference between the initial share delivery and the total number of shares repurchased.

Additional stock repurchase agreements

Ashland entered into and completed a \$125 million prepaid variable share repurchase agreement during 2014. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was \$105.22 per share. Ashland received 0.8 million shares and \$45 million in cash for the unused portion of the \$125 million prepayment, for a net cash outlay of \$80 million.

NOTE P - EQUITY ITEMS (continued)

During 2014, Ashland announced that it had entered into an agreement with each of Deutsche Bank Securities Inc. and JPMorgan to repurchase an aggregate of \$250 million of Ashland's common stock. Under the terms of the agreement, the financial institutions purchased a pre-determined number of shares on various trading days dependent upon Ashland's prevailing stock price on that date. During 2014, Ashland received 1.2 million shares of common stock for a total cost of \$124 million. During 2015, Ashland completed these agreements, receiving an additional 1.2 million shares of common stock for a total cost of \$127 million. The settlement price, which represents the average amount spent after commissions over the common shares repurchased throughout the program, was \$104.51 per share. In total, Ashland paid \$250 million and received 2.4 million shares of common stock under the agreements.

Stockholder dividends

In May 2015, the Board of Directors of Ashland announced a quarterly cash dividend increase to 39 cents per share to eligible shareholders of record. This amount was paid for quarterly dividends during each quarter of fiscal 2016 and the third and fourth quarters of fiscal 2015, and was an increase from the quarterly cash dividend of 34 cents per share paid during the first and second quarters of fiscal 2015 and each quarter of fiscal 2014.

Shares reserved for issuance

At September 30, 2016, 7.7 million common shares are reserved for issuance under stock incentive and deferred compensation plans.

Accumulated other comprehensive income (loss)

Components of other comprehensive income (loss) recorded in the Statements of Consolidated Comprehensive Income are presented in the following table, before tax and net of tax effects.

NOTE P - EQUITY ITEMS (continued)

(In millions)	Before tax	Tax (expense) benefit	Net of tax
Year ended September 30, 2016			
Other comprehensive income (loss)			
Unrealized translation loss	\$ (15)	\$ 1	\$ (14)
Pension and postretirement obligation adjustment:			
Adjustment of unrecognized prior service credit	86	(31)	55
Amortization of unrecognized prior service credits included in net income (a)	(60)	19	(41)
Unrealized gain on available-for-sale securities	28	(11)	17
Total other comprehensive income (loss)	\$ 39	\$ (22)	\$ 17
Year ended September 30, 2015			
Other comprehensive income (loss)			
Unrealized translation loss	\$ (368)	\$ (1)	\$ (369)
Pension and postretirement obligation adjustment:			
Adjustment of unrecognized prior service cost	(2)	1	(1)
Amortization of unrecognized prior service credits included in net income (a)	(24)	7	(17)
Unrealized loss on available-for-sale securities	(17)	6	(11)
Total other comprehensive income (loss)	\$ (411)	\$ 13	\$ (398)
Year ended September 30, 2014			
Other comprehensive income (loss)			
Net change in translation gain (loss):			
Unrealized translation loss	\$ (163)	\$ (3)	\$ (166)
Reclassification adjustment for losses included in net income (b)	6	—	6
Pension and postretirement obligation adjustment:			
Adjustment of unrecognized prior service credit	6	(2)	4
Amortization of unrecognized prior service credits included in net income (a)	(36)	11	(25)
Total other comprehensive income (loss)	\$ (187)	\$ 6	\$ (181)

(a) Amortization of unrecognized prior service credits are included in the calculation of net periodic benefit costs (income) for pension and other postretirement plans. For specific financial statement captions impacted by the amortization see the table below.

(b) Losses from the translation adjustment included in net income are attributable to foreign Water Technologies subsidiaries sold with the divestiture. These adjustments are recorded in the discontinued operations caption of the Statements of Consolidated Comprehensive Income.

In accordance with U.S. GAAP, as disclosed in the table above, certain pension and other postretirement costs (income) are amortized from accumulated other comprehensive income and recognized in net income. The captions on the Statements of Consolidated Comprehensive Income impacted by the amortization of unrecognized prior service credits for pension and other postretirement plans are disclosed below. During 2016, the amortization of unrecognized prior service credits includes the curtailment impact of the pension and other postretirement plan remeasurements related to plan amendments of \$40 million. See Note N for more information on curtailments, settlements and other costs.

NOTE P - EQUITY ITEMS (continued)

(In millions)	2016	2015	2014
Cost of sales	\$ (25)	\$ (8)	\$ (6)
Selling, general and administrative expense	(35)	(13)	(14)
Discontinued operations	—	(3)	(16)
Total amortization of unrecognized prior service credits	<u>\$ (60)</u>	<u>\$ (24)</u>	<u>\$ (36)</u>

NOTE Q – STOCK INCENTIVE PLANS

Ashland has stock incentive plans under which key employees or directors are granted stock appreciation rights (SARs), performance share awards or nonvested stock awards. Each program is typically a long-term incentive plan designed to link employee compensation with increased shareholder value or reward superior performance and encourage continued employment with Ashland. Ashland recognizes compensation expense for the grant date fair value of stock-based awards over the applicable vesting period. The components of Ashland's pretax stock-based awards (net of forfeitures), which is included within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income, and associated income tax benefits are as follows:

(In millions)	2016	(a)	2015	(b)	2014
SARs	\$ 9	\$ 10	\$ 16		
Nonvested stock awards	17	15	10		
Performance share awards	8	13	8		
	<u>\$ 34</u>	<u>\$ 38</u>	<u>\$ 34</u>		
Income tax benefit	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 13</u>		

(a) The year ended September 30, 2016 included \$4 million of expense related primarily to cash-settled nonvested restricted stock awards.

(b) The year ended September 30, 2015 included a \$7 million award modification within performance shares that was designated as a cash item (see table on F-55 for further information) and \$1 million of expense related primarily to cash-settled nonvested restricted stock awards.

Stock Appreciation Rights (SARs)

SARs are granted to employees or directors at a price equal to the fair market value of the stock on the date of grant and typically become exercisable over periods of one to three years. Unexercised SARs lapse ten years and one month after the date of grant. Ashland estimates the fair value of SARs granted using the Black-Scholes option-pricing model. This model requires several assumptions, which Ashland has developed and updates based on historical trends and current market observations. The accuracy of these assumptions is critical to the estimate of fair value for these equity instruments. The following table illustrates the weighted-average of key assumptions used within the Black-Scholes option-pricing model. The risk-free interest rate assumption was based on the U.S. Treasury yield curve in effect at the time of the grant for the expected term of the instrument. The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The volatility assumption was calculated by utilizing an unbiased standard deviation of Ashland's Common Stock closing price for the past five years. The expected life is based on historical data and is not necessarily indicative of exercise patterns that may occur.

(In millions except per share data)	2016	2015	2014
Weighted-average fair value per share of SARs granted	\$ 26.24	\$ 30.70	\$ 34.96
Assumptions (weighted-average)			
Risk-free interest rate	1.8%	1.7%	1.4%
Expected dividend yield	1.4%	1.2%	1.5%
Expected volatility	27.7%	31.8%	49.7%
Expected life (in years)	5	5	5

A progression of activity and various other information relative to SARs and previously issued and vested stock options is presented in the following table.

NOTE Q – STOCK INCENTIVE PLANS (continued)

	2016		2015		2014	
	Number of common shares	Weighted-average exercise price per share	Number of common shares	Weighted-average exercise price per share	Number of common shares	Weighted-average exercise price per share
(In thousands except per share data)						
Outstanding - beginning of year	1,383	\$ 73.18	1,798	\$ 62.85	2,658	\$ 55.84
Granted	362	111.89	277	113.65	391	89.69
Exercised	(196)	59.69	(584)	58.80	(1,123)	54.14
Forfeitures and expirations	(38)	95.65	(108)	83.00	(128)	75.82
Outstanding - end of year (a)	<u>1,511</u>	<u>83.64</u>	<u>1,383</u>	<u>73.18</u>	<u>1,798</u>	<u>62.85</u>
Exercisable - end of year	991	69.68	906	59.92	1,066	53.80

(a) Exercise prices per share for SARs outstanding at September 30, 2016 ranged from \$9.49 to \$37.69 for 104 thousand shares, from \$51.86 to \$69.15 for 287 thousand shares, from \$70.37 to \$89.69 for 525 thousand shares, and from \$111.89 to \$117.38 for 595 thousand shares. The weighted-average remaining contractual life of outstanding SARs and stock options was 6.8 years and exercisable SARs and stock options was 5.7 years.

The total intrinsic value of SARs exercised was \$11 million in 2016, \$35 million in 2015 and \$50 million in 2014. The actual tax benefit realized from the exercised SARs was \$2 million in 2016, \$6 million in 2015 and \$18 million in 2014. The total grant date fair value of SARs that vested during 2016, 2015 and 2014 was \$9 million, \$13 million and \$21 million, respectively. As of September 30, 2016, there was \$8 million of total unrecognized compensation costs related to SARs. That cost is expected to be recognized over a weighted-average period of 1.8 years. As of September 30, 2016, the aggregate intrinsic value of outstanding SARs was \$49 million and exercisable SARs was \$46 million.

Nonvested stock awards

Nonvested stock awards are granted to employees or directors at a price equal to the fair market value of the stock on the date of grant and generally vest over a one-to-five-year period. However, such shares or units are subject to forfeiture upon termination of service before the vesting period ends. During 2016, these awards were primarily granted as stock units that will convert to shares upon vesting, while the grants in prior years were generally made in nonvested shares. Only nonvested stock awards granted in the form of shares entitle employees or directors to vote the shares. Dividends on nonvested stock awards granted are in the form of additional units or shares of nonvested stock awards, which are subject to vesting and forfeiture provisions.

A progression of activity and various other information relative to nonvested stock awards is presented in the following table.

	2016		2015		2014	
	Number of common shares	Weighted-average grant date fair value	Number of common shares	Weighted-average grant date fair value	Number of common shares	Weighted-average grant date fair value
(In thousands except per share data)						
Nonvested - beginning of year	298	\$ 106.41	221	\$ 88.81	140	\$ 56.97
Granted	107	111.76	187	114.97	192	94.17
Vested	(93)	104.44	(69)	77.51	(78)	47.07
Forfeitures	(19)	104.66	(41)	99.20	(33)	83.84
Nonvested - end of year	<u>293</u>	<u>109.12</u>	<u>298</u>	<u>106.41</u>	<u>221</u>	<u>88.81</u>

The total fair value of nonvested stock awards that vested during 2016, 2015 and 2014 was \$10 million, \$5 million and \$4 million, respectively. As of September 30, 2016, there was \$11 million of total unrecognized compensation costs related to nonvested stock awards. That cost is expected to be recognized over a weighted-average period of 1.6 years.

Cash-settled nonvested stock awards

Certain nonvested stock awards are granted to employees and are settled in cash upon vesting. As of September 30, 2016, 94,600 cash-settled nonvested stock awards were outstanding. The value of these cash-settled nonvested stock awards changes in connection with changes in the fair market value of the Ashland Common Stock. These awards generally vest over a period of three years. The expense recognized related to cash-settled nonvested stock awards was \$4 million and \$1 million during 2016 and 2015, respectively.

NOTE Q – STOCK INCENTIVE PLANS (continued)

Performance shares

Ashland sponsors a long-term incentive plan that awards performance shares/units to certain key employees that are tied to Ashland’s overall financial performance relative to the financial performance of selected industry peer groups and/or internal targets. Awards are granted annually, with each award covering a three-year vesting period. Each performance share/unit is convertible to one share of Ashland Common Stock. These plans are recorded as a component of stockholders’ equity in the Consolidated Balance Sheets. Performance measures used to determine the actual number of performance shares issuable upon vesting include an equal weighting of Ashland’s total shareholder return (TSR) performance and Ashland’s return on investment (ROI) performance as compared to the internal targets. TSR relative to peers is considered a market condition while ROI is considered a performance condition under applicable U.S. GAAP. Nonvested performance shares/units do not entitle employees to vote the shares or to receive any dividends thereon.

The following table shows the performance shares/units granted for all plans that award Ashland Common Stock.

(In thousands)	Performance period	Target shares granted (a)	Weighted-average fair value per share
Fiscal Year 2016	October 1, 2015 - September 30, 2018	73	\$ 110.03
Fiscal Year 2015	October 1, 2014 - September 30, 2017	77	\$ 121.87
Fiscal Year 2014	October 1, 2013 - September 30, 2016	110	\$ 85.84

(a) At the end of the performance period, the actual number of shares issued can range from zero to 200% of the target shares granted, which is assumed to be 100%.

The fair value of the ROI portion of the performance share awards is equal to the fair market value of Ashland’s Common Stock on the date of the grant discounted for the dividends forgone during the vesting period of the three-year performance cycle. Compensation cost is recognized over the requisite service period if it is probable that the performance condition will be satisfied. The fair value of the TSR portion of the performance share awards is calculated using a Monte Carlo simulation valuation model using key assumptions included in the following table. Compensation cost is recognized over the requisite service period regardless of whether the market condition is satisfied.

	2016	2015	2014
Risk-free interest rate	0.5% - 1.2%	0.1% - 1.0%	0.1% - 0.6%
Expected dividend yield	1.2%	1.4%	1.4%
Expected life (in years)	3	3	3
Expected volatility	21.1%	24.2%	32.1%

The following table shows changes in nonvested performance shares/units for all plans that award Ashland Common Stock.

(In thousands except per share data)	2016		2015		2014	
	Shares	Weighted-average grant date fair value	Shares	Weighted-average grant date fair value	Shares	Weighted-average grant date fair value
Nonvested - beginning of year	204	\$ 93.79	368	\$ 72.20	433	\$ 65.05
Granted (a)	73	110.03	103	115.19	155	81.09
Vested (a)	(72)	76.26	(133)	68.18	(183)	62.05
Forfeitures (b)	(6)	114.83	(134)	74.79	(37)	75.02
Nonvested - end of year	199	106.91	204	93.79	368	72.20

(a) 2015 includes 26 thousand additional shares from the fiscal 2012 through 2014 plan and 2014 includes 45 thousand additional shares from the fiscal 2011 through 2013 plan since a portion of each plans payout was in excess of the initial 100% target.

(b) During the December 2014 quarter, Ashland modified certain awards of its performance shares. The awards were modified to provide that the instruments be paid in cash instead of stock. This change in payment designation caused Ashland to recognize \$7 million in incremental stock-based compensation expense related to 84 thousand shares modified during 2015.

NOTE Q – STOCK INCENTIVE PLANS (continued)

As of September 30, 2016, there was \$8 million of total unrecognized compensation costs related to nonvested performance share awards. That cost is expected to be recognized over a weighted-average period of approximately 1.7 years.

Other commitments

Executive performance incentive and retention program

During 2016, certain executives were granted 260 thousand performance-based restricted shares of Ashland in order to provide an incentive to remain employed in the period after the full separation. At September 30, 2016, total nonvested shares outstanding, assuming vesting at the 100% performance level, are 264 thousand shares, which includes the cumulative value of forfeitable dividends.

The expense associated with these awards is contingent upon the completion of the full separation and therefore will not be recorded until the full and complete separation occurs. Based on the price of Ashland's common stock on the grant date, the total estimated unrecognized compensation expense is \$15 million assuming the performance mid-target is met. At that time, the awards will be recognized ratably over the remaining vesting period.

NOTE R – REPORTABLE SEGMENT INFORMATION

Ashland determines its reportable segments based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. Operating income is the primary measure reviewed by the chief operating decision maker in assessing each reportable segment's financial performance.

Ashland performed an internal structural review and comprehensive assessment of its operations and reportable segments and concluded that its operating and reportable segments were Specialty Ingredients, Performance Materials and Valvoline. Ashland does not aggregate operating segments to arrive at these reportable segments.

Reportable segment business descriptions

Specialty Ingredients is a global leader in cellulose ethers, vinyl pyrrolidones and biofunctionals. It offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Specialty Ingredients uses natural, synthetic and semisynthetic polymers derived from cellulose ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract. Specialty Ingredients includes two divisions, Consumer Specialties and Industrial Specialties, that offer comprehensive and innovative solutions for today's demanding consumer and industrial applications. Key customers include: pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies. During 2015, Ashland sold the industrial biocides assets within Specialty Ingredients. See Note C for information on the divestiture of these assets.

Performance Materials is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Key customers include: manufacturers of residential and commercial building products; industrial product specifiers and manufacturers; wind blade and pipe manufacturers; automotive and truck OEM suppliers; boatbuilders; engineered plastics and electronic producers; and specialty chemical manufacturers. Results from the former Elastomers division were included in Performance Materials' results of operations within the Statements of Consolidated Comprehensive Income until its December 1, 2014 sale. See Note C for information on the divestiture of the Elastomers division.

Valvoline is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants, and automotive chemicals. In 2016, it ranked as the #2 quick-lube chain by number of stores and #3 passenger car motor oil in the DIY market by volume brand in the United States. The brand operates and franchises 1,068 Valvoline Instant Oil ChangeSM centers in the United States. It also markets ValvolineTM lubricants and automotive chemicals; MaxLifeTM lubricants created for higher-mileage engines; SynPowerTM synthetic motor oil; and ZerexTM antifreeze. Key customers include: retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. During 2016, Ashland completed the acquisition of Oil Can Henry's resulting in the addition of 89 quick-lube stores. See Note B for information on the acquisition of Oil Can Henry's. During 2015, Ashland sold its Valvoline car care product assets, including Car BriteTM and Eagle OneTM automotive appearance products, and sold its joint venture equity investment in Venezuela. See Note B for information on the divestiture of this investment and the car care product assets.

During 2015, Ashland announced a plan to separate Valvoline into an independent, publicly traded company. On September 22, 2016, Ashland and Valvoline Inc. announced an IPO of Valvoline Inc.'s common stock at a price to the public of \$22.00 per share and closed the IPO on September 28, 2016. As a result of the IPO, Ashland maintains an approximately 83% ownership

NOTE R – REPORTABLE SEGMENT INFORMATION (continued)

interest in Valvoline Inc. as of September 30, 2016. See Note B for additional information. The financial information within this footnote is reflective of the manner in which Ashland manages the Valvoline reportable segment and the Valvoline reportable segment does not include any assets or liabilities transferred to Valvoline Inc. by Ashland in September 2016. Valvoline’s financial position and results of operations as reported as a segment of Ashland may be different than how they are reported on a stand-alone basis.

Unallocated and other generally includes items such as components of pension and other postretirement benefit plan expenses (excluding service costs, which are allocated to the reportable segments), certain significant company-wide restructuring activities, including internal separation costs, and legacy costs or adjustments that relate to divested businesses that are no longer operated by Ashland.

International data

Information about Ashland’s domestic and international operations follows. Ashland has no material operations in any individual international country and no single customer represented more than 10% of sales in 2016, 2015 or 2014.

(In millions)	Sales to external customers			Net assets (liabilities)		Property, plant and equipment - net	
	2016	2015	2014	2016	2015	2016	2015
United States	\$ 2,561	\$ 2,715	\$ 3,076	\$ 41	\$ (575)	\$ 1,627	\$ 1,569
International	2,387	2,672	3,045	3,124	3,612	597	613
	<u>\$ 4,948</u>	<u>\$ 5,387</u>	<u>\$ 6,121</u>	<u>\$ 3,165</u>	<u>\$ 3,037</u>	<u>\$ 2,224</u>	<u>\$ 2,182</u>

Reportable segment results

The following tables present various financial information for each reportable segment for the years ended September 30, 2016, 2015 and 2014 and as of September 30, 2016, 2015 and 2014. Results of Ashland’s reportable segments are presented based on its management structure and internal accounting practices. The structure and practices are specific to Ashland; therefore, the financial results of Ashland’s reportable segments are not necessarily comparable with similar information for other comparable companies. Ashland allocates all costs to its reportable segments except for certain significant company-wide restructuring activities, such as the restructuring plans described in Note F, and other costs or adjustments that relate to former businesses that Ashland no longer operates. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Ashland refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and the industry or market changes. Revisions to Ashland’s methodologies that are deemed insignificant are applied on a prospective basis.

Ashland determined that disclosing sales by specific product was impracticable due to the highly customized and extensive portfolio of products offered to customers and since no one product or a small group of products could be aggregated together to represent a majority of revenue within a reportable segment. As such, the following table provides a summary of 2016 sales by product category for each reportable segment:

Sales by product category for 2016					
Specialty Ingredients		Performance Materials		Valvoline	
Cellulosics	38%	Composites	72%	Lubricants (a)	89%
Poly vinyl pyrrolidones	19%	Intermediates/Solvents	28%	Chemicals	4%
Adhesives	16%		<u>100%</u>	Antifreeze	4%
Actives	7%			Filters	3%
Vinyl ethers	6%				<u>100%</u>
Other	14%				
	<u>100%</u>				

(a) Includes sales for Oil Can Henry’s starting February 1, 2016.

The following table presents various financial information for each reportable segment. The operating results of divested divisions and assets during 2016, 2015 and 2014 that did not qualify for discontinued operations accounting treatment are included in the financial information until the date of sale.

NOTE R – REPORTABLE SEGMENT INFORMATION (continued)

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Reportable Segment Information

Years Ended September 30

(In millions)	2016	2015	2014
Sales			
Specialty Ingredients	\$ 2,089	\$ 2,263	\$ 2,498
Performance Materials	930	1,157	1,582
Valvoline	1,929	1,967	2,041
	<u>\$ 4,948</u>	<u>\$ 5,387</u>	<u>\$ 6,121</u>
Equity income (expense)			
Specialty Ingredients	\$ —	\$ 1	\$ 2
Performance Materials	1	2	(38)
Valvoline	12	(2)	10
Unallocated and other	—	—	1
	<u>13</u>	<u>1</u>	<u>(25)</u>
Other income (expense)			
Specialty Ingredients	(1)	(1)	(2)
Performance Materials	5	5	5
Valvoline	8	10	20
Unallocated and other	3	8	4
	<u>15</u>	<u>22</u>	<u>27</u>
	<u>\$ 28</u>	<u>\$ 23</u>	<u>\$ 2</u>
Operating income (loss)			
Specialty Ingredients	\$ 237	\$ 239	\$ 253
Performance Materials	(118)	87	7
Valvoline	403	359	323
Unallocated and other	(195)	(227)	(537)
	<u>\$ 327</u>	<u>\$ 458</u>	<u>\$ 46</u>
Assets			
Specialty Ingredients	\$ 5,235	\$ 5,365	\$ 5,756
Performance Materials	831	1,079	1,395
Valvoline	1,158	976	1,073
Unallocated and other	2,473	2,634	2,683
	<u>\$ 9,697</u>	<u>\$ 10,054</u>	<u>\$ 10,907</u>

NOTE R – REPORTABLE SEGMENT INFORMATION (continued)

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Reportable Segment Information (continued)

Years Ended September 30

(In millions)	2016	2015	2014
Equity and other unconsolidated investments			
Specialty Ingredients	\$ 9	\$ 9	\$ 10
Performance Materials	20	24	23
Valvoline (a)	26	29	44
Unallocated and other	2	3	4
	<u>\$ 57</u>	<u>\$ 65</u>	<u>\$ 81</u>
Depreciation and amortization			
Specialty Ingredients	\$ 243	\$ 244	\$ 262
Performance Materials	53	59	91
Valvoline	38	38	37
Unallocated and other	3	—	3
	<u>\$ 337</u>	<u>\$ 341</u>	<u>\$ 393</u>
Property, plant and equipment - net			
Specialty Ingredients	\$ 1,388	\$ 1,383	\$ 1,433
Performance Materials	335	358	508
Valvoline	318	253	272
Unallocated and other	183	188	201
	<u>\$ 2,224</u>	<u>\$ 2,182</u>	<u>\$ 2,414</u>
Additions to property, plant and equipment			
Specialty Ingredients	\$ 179	\$ 171	\$ 159
Performance Materials	36	33	38
Valvoline	70	45	36
Unallocated and other	15	16	15
	<u>\$ 300</u>	<u>\$ 265</u>	<u>\$ 248</u>

(a) Venezuela joint venture sold during 2015.

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION

The following tables present condensed consolidating financial information for (a) Ashland Global Holdings Inc. (for purposes of this discussion and table, Parent Guarantor); (b) Ashland LLC (formerly Ashland Inc.), the issuer of the 3.875% notes due 2018, 4.750% notes due 2022 and 6.875% notes due 2043 (collectively referred to as the Senior Notes) (the Issuer); and (c) all other non-guarantor subsidiaries of the Parent Guarantor on a combined basis, none of which guaranteed the Senior Notes (the Other Non-Guarantor Subsidiaries).

Ashland Global Holdings Inc. was incorporated on May 6, 2016 as a direct wholly owned subsidiary of Ashland Inc. (now Ashland LLC) to reincorporate in Delaware and to help facilitate the separation of the Valvoline business from the specialty chemical businesses. As a result of the Reorganization, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation, and Ashland Inc. was converted to a Kentucky limited liability company and is now an indirect, wholly owned subsidiary of Ashland Global Holdings Inc. Ashland Global Holdings Inc. fully and unconditionally guaranteed the Senior Notes and has no significant independent assets or operations. For periods prior to September 30, 2016, the parent entity was Ashland LLC (formerly Ashland Inc.).

Ashland presents all investments in subsidiaries in the supplemental guarantor information using the equity method of accounting. Therefore, the net income (loss) of the subsidiaries accounted for using the equity method is in their parents' investment accounts. For each financial statement period presented within the following tables, Ashland Global Holdings Inc.'s activity reflects the accounting for investments in subsidiaries under the equity method reflective of the 2016 Reorganization and resulting presentation. The elimination entries within the tables primarily eliminate investments in subsidiaries and inter-company balances and transactions. The total net effect of the settlement of these inter-company transactions is reflected in the Condensed Statements of Cash Flows as a financing activity. The following supplemental condensed consolidating financial statements present information about Ashland Global Holdings Inc., Ashland LLC and other non-guarantor subsidiaries.

Condensed Statements of Comprehensive Income

Year ended September 30, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
Sales	\$ —	\$ 652	\$ 4,323	\$ (27)	\$ 4,948
Cost of sales	—	496	2,850	(25)	3,321
Gross profit	—	156	1,473	(2)	1,627
Selling, general and administrative expense	—	438	790	—	1,228
Research and development expense	—	14	86	—	100
Equity and other income (loss)	—	(12)	40	—	28
Operating income (loss)	—	(308)	637	(2)	327
Net interest and other financing expense	—	157	25	—	182
Net gain (loss) on divestitures	—	1	(10)	—	(9)
Income (loss) from continuing operations					
before income taxes	—	(464)	602	(2)	136
Income tax expense (benefit)	—	(35)	168	—	133
Equity in net income (loss) of subsidiaries	(29)	137	—	(108)	—
Income (loss) from continuing operations	(29)	(292)	434	(110)	3
Loss from discontinued operations (net of tax)	—	(11)	(20)	—	(31)
Net income (loss)	(29)	(303)	414	(110)	(28)
Net income attributable to noncontrolling interests	—	—	1	—	1
Net income (loss) attributable to Ashland	\$ (29)	\$ (303)	\$ 413	\$ (110)	\$ (29)
Comprehensive income (loss)	(11)	(288)	415	(127)	(11)
Comprehensive income attributable					
to noncontrolling interests	1	—	—	—	1
Comprehensive income (loss) attributable to Ashland	\$ (12)	\$ (288)	\$ 415	\$ (127)	\$ (12)

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Comprehensive Income

Year ended September 30, 2015

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	\$ —	\$ 760	\$ 4,666	\$ (39)	\$ 5,387
Cost of sales	—	658	3,193	(37)	3,814
Gross profit	—	102	1,473	(2)	1,573
Selling, general and administrative expense	—	292	736	—	1,028
Research and development expense	—	15	95	—	110
Equity and other income (loss)	—	(6)	29	—	23
Operating income (loss)	—	(211)	671	(2)	458
Net interest and other financing expense	—	155	19	—	174
Net loss on divestitures	—	(4)	(111)	—	(115)
Income (loss) from continuing operations before income taxes	—	(370)	541	(2)	169
Income tax expense (benefit)	—	(131)	109	—	(22)
Equity in net income (loss) of subsidiaries	309	180	—	(489)	—
Income (loss) from continuing operations	309	(59)	432	(491)	191
Income (loss) from discontinued operations (net of tax)	—	171	(53)	—	118
Net income (loss)	\$ 309	\$ 112	\$ 379	\$ (491)	\$ 309
Comprehensive income (loss)	\$ (89)	\$ 113	\$ (20)	\$ (93)	\$ (89)

Condensed Statements of Comprehensive Income

Year ended September 30, 2014

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	\$ —	\$ 1,038	\$ 5,145	\$ (62)	\$ 6,121
Cost of sales	—	948	3,716	(59)	4,605
Gross profit	—	90	1,429	(3)	1,516
Selling, general and administrative expense	—	564	794	—	1,358
Research and development expense	—	17	97	—	114
Equity and other income (loss)	—	9	(7)	—	2
Operating income (loss)	—	(482)	531	(3)	46
Net interest and other financing expense	—	139	27	—	166
Net gain on divestitures	—	3	1	—	4
Income (loss) from continuing operations before income taxes	—	(618)	505	(3)	(116)
Income tax benefit	—	(169)	(19)	—	(188)
Equity in net income (loss) of subsidiaries	233	406	—	(639)	—
Income (loss) from continuing operations	233	(43)	524	(642)	72
Income from discontinued operations (net of tax)	—	103	58	—	161
Net income (loss)	\$ 233	\$ 60	\$ 582	\$ (642)	\$ 233
Comprehensive income (loss)	\$ 52	\$ 46	\$ 415	\$ (461)	\$ 52

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Balance Sheets

At September 30, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ —	\$ 76	\$ 1,112	\$ —	\$ 1,188
Accounts receivable	—	18	876	—	894
Inventories	—	42	629	—	671
Other assets	7	16	98	(8)	113
Total current assets	7	152	2,715	(8)	2,866
Noncurrent assets					
Property, plant and equipment, net	—	246	1,978	—	2,224
Goodwill	—	141	2,260	—	2,401
Intangibles	—	35	1,029	—	1,064
Restricted investments	—	—	292	—	292
Asbestos insurance receivable	—	133	63	—	196
Equity and other unconsolidated investments	—	2	55	—	57
Investment in subsidiaries	3,127	7,597	—	(10,724)	—
Deferred income taxes	31	97	146	(97)	177
Intercompany receivables	—	5	2,264	(2,269)	—
Other assets	—	253	167	—	420
Total noncurrent assets	3,158	8,509	8,254	(13,090)	6,831
Total assets	\$ 3,165	\$ 8,661	\$ 10,969	\$ (13,098)	\$ 9,697
LIABILITIES AND EQUITY					
Current liabilities					
Short-term debt	\$ —	\$ —	\$ 170	\$ —	\$ 170
Current portion of long-term debt	—	—	19	—	19
Accounts payable and other accrued liabilities	—	244	791	(8)	1,027
Total current liabilities	—	244	980	(8)	1,216
Noncurrent liabilities					
Long-term debt	—	2,182	873	—	3,055
Employee benefit obligations	—	44	1,036	—	1,080
Asbestos litigation reserve	—	381	305	—	686
Deferred income taxes	—	—	166	(97)	69
Intercompany payables	—	2,264	5	(2,269)	—
Other liabilities	—	220	206	—	426
Total noncurrent liabilities	—	5,091	2,591	(2,366)	5,316
Equity					
Total stockholders' equity	3,165	3,326	7,580	(10,724)	3,347
Noncontrolling interests	—	—	(182)	—	(182)
Total equity	3,165	3,326	7,398	(10,724)	3,165
Total liabilities and equity	\$ 3,165	\$ 8,661	\$ 10,969	\$ (13,098)	\$ 9,697

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Balance Sheets

At September 30, 2015

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ —	\$ 21	\$ 1,236	\$ —	\$ 1,257
Accounts receivable	—	41	920	—	961
Inventories	—	42	664	—	706
Other assets	—	220	161	(212)	169
Total current assets	—	324	2,981	(212)	3,093
Noncurrent assets					
Property, plant and equipment, net	—	249	1,933	—	2,182
Goodwill	—	305	2,181	—	2,486
Intangibles	—	38	1,104	—	1,142
Restricted investments	—	—	285	—	285
Asbestos insurance receivable	—	125	55	—	180
Equity and other unconsolidated investments	—	3	62	—	65
Investment in subsidiaries	3,037	7,367	—	(10,404)	—
Deferred income taxes	—	533	212	(533)	212
Intercompany receivables	—	11	1,621	(1,632)	—
Other assets	—	214	195	—	409
Total noncurrent assets	3,037	8,845	7,648	(12,569)	6,961
Total assets	\$ 3,037	\$ 9,169	\$ 10,629	\$ (12,781)	\$ 10,054
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Short-term debt	\$ —	\$ 110	\$ 216	\$ —	\$ 326
Current portion of long-term debt	—	55	—	—	55
Accounts payable and other accrued liabilities	—	302	971	(212)	1,061
Total current liabilities	—	467	1,187	(212)	1,442
Noncurrent liabilities					
Long-term debt	—	3,205	143	—	3,348
Employee benefit obligations	—	844	232	—	1,076
Asbestos litigation reserve	—	375	286	—	661
Deferred income taxes	—	—	618	(533)	85
Intercompany payables	—	1,621	11	(1,632)	—
Other liabilities	—	236	169	—	405
Total noncurrent liabilities	—	6,281	1,459	(2,165)	5,575
Stockholders' equity	3,037	2,421	7,983	(10,404)	3,037
Total liabilities and stockholders' equity	\$ 3,037	\$ 9,169	\$ 10,629	\$ (12,781)	\$ 10,054

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Cash Flows

Year ended September 30, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
Total cash flows provided by operating					
activities from continuing operations	\$ —	\$ 87	\$ 616	\$ —	\$ 703
Cash flows provided (used) by investing					
activities from continuing operations					
Additions to property, plant and equipment	—	(33)	(267)	—	(300)
Purchase of operations - net of cash acquired	—	—	(83)	—	(83)
Proceeds from sale of operations					
or equity investments	—	—	16	—	16
Intercompany dividends	—	1,236	—	(1,236)	—
Net purchases of funds restricted for					
specific transactions	—	(4)	—	—	(4)
Reimbursements from restricted investments	—	33	—	—	33
Proceeds from sales of available-for-sale securities	—	—	10	—	10
Purchase of available-for-sale securities	—	—	(10)	—	(10)
Other investing activities, net	—	2	4	—	6
Total cash flows provided (used) by investing					
activities from continuing operations	—	1,234	(330)	(1,236)	(332)
Cash flows provided (used) by financing					
activities from continuing operations					
Proceeds from issuance of long-term debt	—	—	1,250	—	1,250
Repayment of long-term debt	—	(1,086)	(509)	—	(1,595)
Repayment from short-term debt	—	(111)	(45)	—	(156)
Net proceeds from Valvoline Inc.					
initial public offering	—	—	712	—	712
Repurchase of common stock	—	(500)	—	—	(500)
Cash dividends paid	—	(97)	—	—	(97)
Intercompany dividends	—	—	(1,236)	1,236	—
Other intercompany activity, net	—	547	(547)	—	—
Other financing activities, net	—	3	(11)	—	(8)
Total cash flows provided (used) by financing					
activities from continuing operations	—	(1,244)	(386)	1,236	(394)
Cash provided (used) by continuing operations	—	77	(100)	—	(23)
Cash used by discontinued operations					
Operating cash flows	—	(22)	(18)	—	(40)
Investing cash flows	—	—	—	—	—
Total cash used by discontinued operations	—	(22)	(18)	—	(40)
Effect of currency exchange rate changes on					
cash and cash equivalents	—	—	(6)	—	(6)
Increase (decrease) in cash and cash equivalents	—	55	(124)	—	(69)
Cash and cash equivalents - beginning of year	—	21	1,236	—	1,257
Cash and cash equivalents - end of year	\$ —	\$ 76	\$ 1,112	\$ —	\$ 1,188

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Cash Flows

Year ended September 30, 2015

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
Total cash flows provided (used) by operating					
activities from continuing operations	\$ —	\$ (616)	\$ 705	\$ —	\$ 89
Cash flows provided (used) by investing					
activities from continuing operations					
Additions to property, plant and equipment	—	(32)	(233)	—	(265)
Purchase of operations - net of cash acquired	—	—	(13)	—	(13)
Proceeds from sale of operations or equity investments	—	—	161	—	161
Net purchases of funds restricted for specific transactions	—	(320)	—	—	(320)
Reimbursements from restricted investments	—	6	—	—	6
Proceeds from sales of available-for-sale securities	—	—	315	—	315
Purchase of available-for-sale securities	—	—	(315)	—	(315)
Other investing activities, net	—	16	(2)	—	14
Total cash flows used by investing					
activities from continuing operations	—	(330)	(87)	—	(417)
Cash flows provided (used) by financing					
activities from continuing operations					
Proceeds from issuance of long-term debt	—	1,100	—	—	1,100
Repayment of long-term debt	—	(623)	—	—	(623)
Proceeds (repayment) from short-term debt	—	65	(68)	—	(3)
Repurchase of common stock	—	(397)	—	—	(397)
Cash dividends paid	—	(98)	—	—	(98)
Other intercompany activity, net	—	338	(338)	—	—
Other financing activities, net	—	(9)	—	—	(9)
Total cash flows provided (used) by financing					
activities from continuing operations	—	376	(406)	—	(30)
Cash provided (used) by continuing operations	—	(570)	212	—	(358)
Cash provided (used) by discontinued operations					
Operating cash flows	—	302	(57)	—	245
Investing cash flows	—	—	24	—	24
Total cash provided (used) by discontinued operations	—	302	(33)	—	269
Effect of currency exchange rate changes on cash and cash equivalents	—	—	(47)	—	(47)
Increase (decrease) in cash and cash equivalents	—	(268)	132	—	(136)
Cash and cash equivalents - beginning of year	—	289	1,104	—	1,393
Cash and cash equivalents - end of year	\$ —	\$ 21	\$ 1,236	\$ —	\$ 1,257

NOTE S – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Cash Flows

Year ended September 30, 2014

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non- Guarantor Subsidiaries	Eliminations	Consolidated
Total cash flows provided (used) by operating					
activities from continuing operations	\$ —	\$ (74)	\$ 654	\$ —	\$ 580
Cash flows provided (used) by investing					
activities from continuing operations					
Additions to property, plant and equipment	—	(30)	(218)	—	(248)
Proceeds from sale of operations or equity investments	—	55	37	—	92
Net purchases of funds restricted for specific transactions	—	(15)	—	—	(15)
Other investing activities, net	—	1	2	—	3
Total cash flows provided (used) by investing					
activities from continuing operations	—	11	(179)	—	(168)
Cash flows provided (used) by financing					
activities from continuing operations					
Repayment of long-term debt	—	—	(11)	—	(11)
Proceeds (repayment) from short-term debt	—	41	(19)	—	22
Repurchase of common stock	—	(954)	—	—	(954)
Cash dividends paid	—	(103)	—	—	(103)
Other intercompany activity, net	—	1,298	(1,298)	—	—
Other financing activities, net	—	12	—	—	12
Total cash flows provided (used) by financing					
activities from continuing operations	—	294	(1,328)	—	(1,034)
Cash provided (used) by continuing operations	—	231	(853)	—	(622)
Cash provided (used) by discontinued operations					
Operating cash flows	—	(17)	80	—	63
Investing cash flows	—	69	1,539	—	1,608
Total cash provided (used) by discontinued operations	—	52	1,619	—	1,671
Effect of currency exchange rate changes on cash and cash equivalents	—	—	(2)	—	(2)
Increase in cash and cash equivalents	—	283	764	—	1,047
Cash and cash equivalents - beginning of year	—	6	340	—	346
Cash and cash equivalents - end of year	\$ —	\$ 289	\$ 1,104	\$ —	\$ 1,393

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents quarterly financial information and per share data relative to Ashland's Common Stock.

Quarters ended (In millions except per share data)	December 31		March 31		June 30		September 30	
	2015	2014	2016	2015	2016	2015	2016 (a)	2015 (b)
Sales	\$ 1,163	\$ 1,391	\$ 1,247	\$ 1,350	\$ 1,290	\$ 1,367	\$ 1,248	\$ 1,280
Cost of sales	771	982	823	925	854	939	871	970
Gross profit as a percentage of sales	33.7%	29.4%	34.0%	31.5%	33.8%	31.3%	30.2%	24.2%
Operating income (loss)	151	169	147	193	175	196	(146)	(101)
Income (loss) from continuing operations	91	40	87	95	97	115	(272)	(59)
Net income (loss)	89	32	87	224	71	107	(275)	(55)
Basic earnings per share (c)								
Continuing operations	\$ 1.39	\$ 0.58	\$ 1.39	\$ 1.40	\$ 1.57	\$ 1.70	\$ (4.40)	\$ (0.88)
Net income (loss)	1.37	0.47	1.39	3.30	1.15	1.58	(4.46)	(0.82)
Diluted earnings per share (c)								
Continuing operations	\$ 1.38	\$ 0.57	\$ 1.38	\$ 1.39	\$ 1.55	\$ 1.68	\$ (4.40)	\$ (0.88)
Net income (loss)	1.35	0.46	1.38	3.26	1.13	1.56	(4.46)	(0.82)
Regular cash dividends per share	\$ 0.39	\$ 0.34	\$ 0.39	\$ 0.34	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39
Market price per common share								
High	\$ 113.96	\$ 121.35	\$ 110.98	\$ 130.66	\$ 118.54	\$ 132.38	\$ 125.00	\$ 123.60
Low	98.98	95.21	88.30	115.66	108.33	121.83	110.90	97.58

(a) Fourth quarter results for 2016 include a decrease in operating income of \$181 million related to the impairment of Intermediates/Solvents, \$101 million related to the loss on pension and postretirement benefit plan remeasurement (\$33 million in cost of sales and \$68 million in selling, general and administrative expenses) and a decrease of \$42 million for separation costs. Income tax expense for the fourth quarter included \$83 million of discrete tax expense items.

(b) Fourth quarter results for 2015 include a decrease in operating income of \$246 million related to the loss on pension and postretirement benefit plan remeasurement (\$97 million in cost of sales and \$149 million in selling, general and administrative expenses), a decrease of \$13 million for a customer claim, a decrease of \$11 million related to the impairment on IPR&D assets associated with the ISP acquisition, a decrease of \$6 million related to restructuring and a decrease of \$3 million for an environmental reserve adjustment. Income tax benefit for the fourth quarter included \$6 million of discrete tax income items.

(c) Basic and diluted earnings per share exclude net income attributable to the noncontrolling interest in Valvoline Inc.

Ashland Global Holdings Inc. and Consolidated Subsidiaries

Five-Year Selected Financial Information

Years Ended September 30

(In millions except per share data)	2016	2015	2014	2013	2012
Summary of operations					
Sales	\$ 4,948	\$ 5,387	\$ 6,121	\$ 6,091	\$ 6,472
Cost of sales	3,321	3,814	4,605	4,304	4,813
Gross profit	1,627	1,573	1,516	1,787	1,659
Selling, general and administrative expense	1,228	1,028	1,358	670	1,327
Research and development expense	100	110	114	142	104
Equity and other income	28	23	2	64	53
Operating income	327	458	46	1,039	281
Net interest and other financing expense	182	174	166	282	317
Net gain (loss) on divestitures	(9)	(115)	4	(8)	(7)
Income (loss) from continuing operations					
before income taxes	136	169	(116)	749	(43)
Income tax expense (benefit)	133	(22)	(188)	196	(57)
Income from continuing operations	3	191	72	553	14
Income (loss) from discontinued operations	(31)	118	161	130	12
Net income (loss)	(28)	309	233	683	26
Net income attributable to noncontrolling interest	1	—	—	—	—
Net income (loss) attributable to Ashland	\$ (29)	\$ 309	\$ 233	\$ 683	\$ 26

Balance sheet information (as of September 30)

Current assets (a)	\$ 2,866	\$ 3,093	\$ 3,443	\$ 2,766	\$ 3,093
Current liabilities (a)	1,216	1,442	1,679	1,723	1,911
Working capital (a)	\$ 1,650	\$ 1,651	\$ 1,764	\$ 1,043	\$ 1,182
Total assets (a)	\$ 9,697	\$ 10,054	\$ 10,907	\$ 11,964	\$ 12,441
Short-term debt	\$ 170	\$ 326	\$ 329	\$ 308	\$ 344
Long-term debt (including current portion and debt issuance cost discounts)	3,074	3,403	2,920	2,922	3,193
Equity	3,165	3,037	3,583	4,553	4,029

Cash flow information

Cash flows from operating activities from					
continuing operations	\$ 703	\$ 89	\$ 580	\$ 653	\$ 189
Additions to property, plant and equipment	300	265	248	264	242
Cash dividends	97	98	103	88	63

Common stock information

Basic earnings per share					
Income from continuing operations					
attributable to Ashland	\$ 0.03	\$ 2.81	\$ 0.94	\$ 7.06	\$ 0.18
Net income (loss) attributable to Ashland	(0.47)	4.54	3.04	8.71	0.33
Diluted earnings per share					
Income from continuing operations					
attributable to Ashland	0.03	2.78	0.93	6.95	0.17
Net income (loss) attributable to Ashland	(0.46)	4.48	3.00	8.57	0.33
Dividends	1.56	1.46	1.36	1.13	0.80

(a) As a result of the retrospective adoption during 2016 of the new deferred tax guidance referenced in Note A, the September 30, 2012 through September 30, 2015 deferred tax balances have been reclassified from previous SEC filings to reflect the post-adoption presentation of current deferred tax assets and liabilities as noncurrent.

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BY-LAWS**OF****ASHLAND GLOBAL HOLDINGS INC.**

Amended and restated as of September 19, 2016

ARTICLE IOffices

SECTION 1.01. Registered Office. The registered office of Ashland Global Holdings Inc. (hereinafter called the "Corporation") in the State of Delaware shall be at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, and the registered agent shall be Corporation Trust Company, or such other office or agent as the Board of Directors of the Corporation (the "Board") shall from time to time select.

SECTION 1.02. Other Offices. The Corporation may also have an office or offices, and keep the books and records of the Corporation, except as may otherwise be required by law, at such other place or places, either within or outside of the State of Delaware, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE IIMeetings of Stockholders

SECTION 2.01. Place of Meeting. All meetings of the stockholders of the Corporation (the "stockholders") shall be held at a place, either within or outside of the State of Delaware, to be determined by the Board. If no designation is made by the Board, the place of meeting shall be the principal executive offices of the Corporation. The Board may, in its sole discretion, determine that the meetings shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL") (or any successor provision thereto).

SECTION 2.02. Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on such date and at such time as shall from time to time be fixed by the Board. Any previously scheduled annual meeting of the stockholders may be postponed by action of the Board taken prior to the time previously scheduled for such annual meeting of the stockholders.

SECTION 2.03. Special Meetings. Except as otherwise required by law or the Certificate of Incorporation of the Corporation (the "Certificate"), and subject to

the rights of the holders of any outstanding series of preferred stock (the "Preferred Stock"), special meetings of the stockholders for any purpose or purposes may be called by the Chairman of the Board, the President of the Corporation (the "President") or a majority of the Board. Only such business as is specified in the Corporation's notice of any special meeting of stockholders shall come before such meeting. A special meeting shall be held at such place, if any, and on such date and at such time as shall be fixed by the Board.

SECTION 2.04. Notice of Meetings. (a) Except as otherwise provided by law, notice of each meeting of the stockholders, whether annual or special, shall be given by the Corporation to each stockholder of record entitled to notice of the meeting not less than 10 days nor more than 60 days before the date of the meeting. If mailed, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Each such notice shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

(a) Notice of adjournment of a meeting of the stockholders need not be given if the place, if any, date and hour to which it is adjourned, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at such meeting, unless the adjournment is for more than 30 days or, after adjournment, a new record date is fixed for the adjourned meeting. If the adjournment is for more than 30 days, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after adjournment a new record date is fixed for the adjourned meeting, the Board shall fix a new record date for notice of each adjourned meeting in accordance with the DGCL and notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at such meeting. Such further notice shall be given as may be required by law.

SECTION 2.05. Quorum. Except as otherwise required by law, the Certificate or these by-laws of the Corporation ("By-laws"), the holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereat, present in person or by proxy, shall constitute a quorum at any meeting of the stockholders; provided, however, that in the case of any vote to be taken by classes or series, the holders of a majority of the votes entitled to be cast by the stockholders of a particular class or series, present in person or by proxy, shall constitute a quorum of such class or series. To the fullest extent permitted by law, the stockholders present at a duly organized meeting may continue to transact any business for which a quorum existed at

the commencement of such meeting until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.06. Adjournments. The chairman of the meeting or the stockholders, by the affirmative vote of the holders of a majority of the voting power of the shares of capital stock entitled to vote thereat, who are present in person or by proxy, may adjourn the meeting from time to time whether or not a quorum is present (or, in the case of specified business to be voted on by a class or series, the chairman of the meeting or the stockholders, by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of such class or series so represented, may adjourn the meeting with respect to such specified business). At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.07. Order of Business; Stockholder Proposals. (a) At each meeting of the stockholders, the Chairman of the Board or, in the absence of the Chairman of the Board, the President or, in the absence of the Chairman of the Board and the President, such person as shall be selected by the Board or the executive committee of the Board shall act as chairman of the meeting. The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

(a) At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the annual meeting (i) by or at the direction of the chairman of the meeting or (ii) by any stockholder who is a holder of record at the time of the giving of the notice provided for in this Section 2.07, who is entitled to vote at the meeting and who complies with the procedures set forth in this Section 2.07.

(b) For business properly to be brought before an annual meeting of stockholders by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation (the "Secretary"). To be timely, a stockholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice by the stockholder to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the

90th day prior to such annual meeting and the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or postponement of an annual meeting commence a new time period for the giving of a stockholder's notice as described in this Section 2.07. As used in these By-laws, "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones Newswire, Business Wire, Reuters Information Service or any similar or successor news wire service or (ii) in a communication distributed generally to stockholders and in a document publicly filed by the Corporation with the Securities and Exchange Commission (the "SEC") pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or any successor provisions thereto.

(c) To be in proper written form, a stockholder's notice to the Secretary shall set forth in writing as to each matter the stockholder proposes to bring before the annual meeting:

(1) (the name and address of the each stockholder proposing such business, as they appear on the Corporation's books;

(2) as to each stockholder proposing such business, the name and address of (i) any other beneficial owner of stock of the Corporation that are owned by such stockholder and (ii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the stockholder or such beneficial owner (each, a "Stockholder Associated Person");

(3) as to each stockholder proposing such business and any Stockholder Associated Person, (i) the class or series and number of shares of stock directly or indirectly held of record and beneficially by the stockholder proposing such business or Stockholder Associated Person, (ii) the date such shares of stock were acquired, (iii) a description of any agreement, arrangement or understanding, direct or indirect, with respect to such business between or among the stockholder proposing such business, any Stockholder Associated Person or any others (including their names) acting in concert with any of the foregoing, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions and borrowed or loaned shares) that has been entered into, directly or indirectly, as of the date of such stockholder's notice by, or on behalf of, the stockholder proposing such business or any Stockholder Associated Person, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the stockholder proposing such business or any Stockholder Associated Person with respect to shares of stock of the Corporation (a "Derivative"), (v) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which the stockholder proposing such business or Stockholder Associated Person has a right to vote any shares of stock of the

Corporation, (vi) any rights to dividends on the stock of the Corporation owned beneficially by the stockholder proposing such business or Stockholder Associated Person that are separated or separable from the underlying stock of the Corporation, (vii) any proportionate interest in stock of the Corporation or Derivatives held, directly or indirectly, by a general or limited partnership in which the stockholder proposing such business or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (viii) any performance-related fees (other than an asset-based fee) that the stockholder proposing such business or Stockholder Associated Person is entitled to based on any increase or decrease in the value of stock of the Corporation or Derivatives thereof, if any, as of the date of such notice (the information specified in Section 2.07(d)(1) to (3) is referred to herein as “Stockholder Information”);

(4) a representation that each such stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such business;

(5) a brief description of the business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these By-laws, the text of the proposed amendment) and the reasons for conducting such business at the meeting;

(6) any material interest of the stockholder and any Stockholder Associated Person in such business;

(7) a representation as to whether such stockholder intends (i) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve or adopt such business or (ii) otherwise to solicit proxies from the stockholders in support of such business;

(8) all other information that would be required to be filed with the SEC if the stockholder or any Stockholder Associated Person were participants in a solicitation subject to Section 14 of the Exchange Act; and

(9) a representation that the stockholder shall provide any other information reasonably requested by the Corporation.

(d) Such stockholders shall also provide any other information reasonably requested by the Corporation within five business days after such request.

(e) In addition, such stockholder shall further update and supplement the information provided to the Corporation in the notice or upon the Corporation’s request pursuant to Section 2.07(e) as needed, so that such information shall be true and

correct as of the record date for the meeting and as of the date that is the later of 10 business days before the meeting or any adjournment or postponement thereof. Such update and supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than seven business days before the date for the meeting (in the case of the update and supplement required to be made as of 10 business days before the meeting or any adjournment or postponement thereof).

(f) The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting and such stockholder's proposal has been included in a proxy statement that has been prepared by management of the Corporation to solicit proxies for such annual meeting; provided, however, that if such stockholder does not appear or send a qualified representative to present such proposal at such annual meeting, the Corporation need not present such proposal for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation; and provided, further, that the foregoing shall not imply any obligation beyond that required by applicable law to include a stockholder's proposal in a proxy statement prepared by management of the Corporation. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 2.07.

(g) The chairman of an annual meeting may refuse to permit any business to be brought before an annual meeting, which fails to comply with this Section 2.07 or, in the case of a stockholder proposal, if the stockholder solicits proxies in support of such stockholder's proposal without having made the representation required by Section 2.07(d)(7).

(h) The provisions of this Section 2.07 shall govern all business related to stockholder proposals at the annual meeting of stockholders; provided that business related to the election or nomination of directors shall be governed by the provisions of Section 3.03 and not by this Section 2.07.

SECTION 2.08. List of Stockholders. It shall be the duty of the Secretary or other officer who has charge of the stock ledger to prepare and make, at least 10 days before each meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in such stockholder's name. Such list shall be produced and kept available at the times and places required by law.

SECTION 2.09. Voting. (a) Except as otherwise provided by law or by the Certificate, each stockholder of record of any series of Preferred Stock shall be entitled at each meeting of the stockholders to such number of votes, if any, for each share of such stock as may be fixed in the Certificate or in the resolution or resolutions

adopted by the Board providing for the issuance of such stock, and each stockholder of record of Common Stock shall be entitled at each meeting of the stockholders to one vote for each share of such stock, in each case, registered in such stockholder's name on the books of the Corporation:

(1) on the date fixed pursuant to Section 7.06 as the record date for the determination of stockholders entitled to vote at such meeting; or

(2) if no such record date shall have been so fixed, then at the close of business on the day immediately before the day on which notice of such meeting is given, or, if notice is waived, at the close of business on the day immediately before the day on which the meeting is held.

(b) Each stockholder entitled to vote at any meeting of the stockholders may authorize not in excess of three persons to act for such stockholder by proxy. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated for holding such meeting, but in any event not later than the time designated in the order of business for so delivering such proxies. No such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

(c) Except as otherwise required by law and except as otherwise provided in the Certificate or these By-laws, at each meeting of the stockholders, all corporate actions to be taken by vote of the stockholders shall be authorized by a majority of the votes cast by the stockholders entitled to vote thereon who are present in person or by proxy, and where a separate vote by class or series is required, a majority of the votes cast by the stockholders of such class or series who are present in person or by proxy shall be the act of such class or series.

(d) Unless required by law or determined by the chairman of the meeting to be advisable, the vote on any matter, including the election of directors, need not be by written ballot. Any written ballot shall be signed by the stockholder voting, or by such stockholder's proxy, and shall state the number of shares voted.

SECTION 2.10. Inspectors. The chairman of the meeting shall appoint one or more inspectors to act at any meeting of the stockholders. Such inspectors shall perform such duties as shall be required by law or specified by the chairman of the meeting. Inspectors need not be stockholders. No director or nominee for the office of director shall be appointed such inspector.

ARTICLE III

Board of Directors

SECTION 3.01. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise

all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate directed or required to be exercised or done by the stockholders.

SECTION 3.02. Number, Term of Office, Qualification and Election.

(a) Number of Directors. Subject to the rights of holders of any outstanding series of Preferred Stock with respect to the election of directors, the number of directors of the Corporation shall be fixed from time to time by resolution adopted by the Board. However, no decrease in the number of directors constituting the Board shall shorten the term of any incumbent director. Directors of the Corporation need not be stockholders.

(b) Term of Office. Directors, other than any who may be elected by the holders of any series of Preferred Stock pursuant to the provisions set forth in the Certificate (including any Certificate of Designation relating to such series of Preferred Stock), shall hold office until the next annual meeting of the stockholders and until each of their successors shall have been duly elected and qualified.

(c) Director Qualification. Unless the Board determines otherwise, to be eligible to be a nominee for election or reelection as a director, a person must deliver (in accordance with the time periods prescribed for delivery of notice by the Board) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person will act or vote as a director on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply with such person's fiduciary duties as a director under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading and other policies and guidelines of the Corporation that are applicable to directors.

(d) Election. Directors shall be elected in the manner provided in Section 5.02 of the Certificate.

SECTION 3.03. Notification of Nominations. (a) Subject to the rights of the holders of any outstanding series of Preferred Stock, nominations for the election

of directors may be made by (1) the Board or (2) by any stockholder who is a stockholder of record at the time of giving of the notice of nomination provided for in this Section 3.03 and who is entitled to vote for the election of directors.

(a) Subject to the rights of the holders of any outstanding series of Preferred Stock, any stockholder of record entitled to vote for the election of directors at a meeting may nominate persons for election as directors only if timely written notice of such stockholder's intent to make such nomination is given in proper written form to the Secretary. To be timely, a stockholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation (i) with respect to an election to be held at an annual meeting of the stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, notice by the stockholder to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting and the 10th day following the day on which public announcement of the date of such meeting is first made; and (ii) with respect to an election to be held at a special meeting of the stockholders for the election of directors, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting and the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees to be elected at such meeting. In no event shall an adjournment or postponement, or public announcement of an adjournment or postponement of an annual or special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 3.03.

(b) Each such notice shall set forth:

(1) the Stockholder Information with respect to such stockholder and any Stockholder Associated Persons and the name and address of the person or persons to be nominated;

(2) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote in the election of directors and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(3) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

(4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the

stockholder and any Stockholder Associated Person or any of their respective affiliates or associates or other parties with whom they are acting in concert, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder, Stockholder Associated Person or any person acting in concert therewith, were the “registrant” for purposes of such rule and each nominee were a director or executive of such registrant;

(5) such other information regarding each nominee proposed by such stockholder and Stockholder Associated Persons as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated, or intended to be nominated, by the Board and a completed signed questionnaire, representation and agreement required by Section 3.02(c) ;

(6) a representation as to whether such stockholder intends (a) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve the nomination or (b) otherwise to solicit proxies from stockholders in support of such nomination;

(7) a representation that the stockholder shall provide any other information reasonably requested by the Corporation; and

(8) the executed written consent of each nominee to serve as a director of the Corporation if so elected;

(c) Such stockholders shall also provide any other information reasonably requested by the Corporation within five business days after such request.

(d) In addition, such stockholders shall further update and supplement the information provided to the Corporation in the notice of nomination or upon the Corporation’s request pursuant to Section 3.03(d) as needed, so that such information shall be true and correct as of the record date for the meeting and as of the date that is 10 business days before the meeting or any adjournment or postponement thereof. Such update and supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than five business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than seven business days before the date for the meeting (in the case of the update and supplement required to be made as of 10 business days before the meeting or any adjournment or postponement thereof).

(e) The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure or if the

stockholder solicits proxies in favor of such stockholder's nominee(s) without having made the representations required by Section 3.03(c)(6).

(f) If such stockholder does not appear or send a qualified representative to present such proposal at such meeting, the Corporation need not present such proposal for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(g) Subject to the rights of the holders of any outstanding series of Preferred Stock, only such persons who are nominated in accordance with the procedures set forth in this Section 3.03 shall be eligible to serve as directors of the Corporation.

(h) Notwithstanding anything in this Section 3.03 to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting of the stockholders is increased and there is no public announcement naming all of the nominees for directors or specifying the size of the increased Board made by the Corporation at least 90 days prior to the first anniversary of the date of the immediately preceding annual meeting, a stockholder's notice required by this Section 3.03 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to or mailed to and received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

SECTION 3.04. Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate or these By-laws, (i) a majority of the Whole Board (as defined below) shall constitute a quorum for the transaction of business at any meeting of the Board, and (ii) the affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. The chairman of the meeting or a majority of the directors present may adjourn the meeting to another time and place whether or not a quorum is present. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. The term "Whole Board" shall mean the total number of authorized directors pursuant to Section 3.02(a), whether or not there exist any vacancies on the Board.

SECTION 3.05. Place of Meetings. Subject to Sections 3.06 and 3.07, the Board may hold its meetings at such place or places within or outside of the State of Delaware as the Board may from time to time determine or as shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 3.06. Regular Meetings. (a) As soon as practicable after each annual election of directors, the Board shall meet for the purpose of organization and the transaction of other business.

(a) Regular meetings of the Board shall be held at such times as the Board shall from time to time determine, at such locations as the Board may determine.

SECTION 3.07. Special Meetings. Special meetings of the Board shall be held whenever called by the Chairman of the Board, the President or by a majority of directors then in office, and shall be held at such place, on such date and at such time as he, she or they, as applicable, shall fix.

SECTION 3.08. Notice of Meetings. Notice of regular meetings of the Board or of any adjourned meeting thereof need not be given. Notice of each special meeting of the Board shall be given by overnight delivery service or mailed to each director, in either case addressed to such director at such director's residence or usual place of business, at least two days before the day on which the meeting is to be held or shall be sent to such director at such place by telecopy or by electronic transmission or shall be given personally or by telephone, not later than two days before the meeting is to be held, but notice need not be given to any director who shall, either before or after the meeting, submit a waiver of such notice or who shall attend such meeting without protesting, prior to or at its commencement, the lack of notice to such director. Unless otherwise required by these By-laws, every such notice shall state the time and place but need not state the purpose of the meeting.

SECTION 3.09. Rules and Regulations. The Board may adopt such rules and regulations not inconsistent with the provisions of law, the Certificate or these By-laws for the conduct of its meetings and management of the affairs of the Corporation as the Board may deem proper.

SECTION 3.10. Participation in Meeting by Means of Communications Equipment. Any one or more members of the Board or any committee thereof may participate in any meeting of the Board or of any such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other or as otherwise permitted by law, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.11. Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all of the members of the Board or of any such committee consent thereto in writing, by electronic transmission or transmissions, or as otherwise permitted by law and, if required by law, the writing or writings or electronic transmission or transmissions are filed with the minutes or proceedings of the Board or of such committee.

SECTION 3.12. Resignations. Any director of the Corporation may at any time resign by giving notice in writing or by electronic transmission to the Board, the Chairman of the Board, the President or the Secretary. Such resignation shall take effect at the time specified therein or, if the time be not specified therein, upon receipt thereof,

and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.13. Vacancies. Subject to the rights of the holders of any series of Preferred Stock with respect to the election of directors, newly created directorships resulting from any increase in the number of directors may be filled by the Board, and vacancies on the Board resulting from death, resignation, disqualification, removal or other cause shall, unless otherwise determined by the Board, only be filled by the Board, and not by the stockholders, by the affirmative vote of a majority of the remaining directors then in office or, if there is only one remaining director in office, by such sole remaining director, even though less than a quorum of the Board. Any director elected in accordance with the preceding sentence of this Section 3.13 shall hold office until the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified.

SECTION 3.14. Removal. Subject to the rights of holders of any outstanding series of Preferred Stock with respect to the removal of directors, a director may be removed from office by the Stockholders of the Corporation, with or without cause, by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon.

SECTION 3.15. Compensation. Each director, in consideration of such person serving as a director, shall be entitled to receive from the Corporation such amount per annum and such fees for attendance at meetings of the Board or of committees of the Board, or both, as the Board or a committee thereof shall from time to time determine. In addition, each director shall be entitled to receive from the Corporation reimbursement for the reasonable expenses incurred by such person in connection with the performance of such person's duties as a director. Nothing contained in this Section 3.15 shall preclude any director from serving the Corporation or any of its subsidiaries in any other capacity and receiving compensation therefor.

ARTICLE IV

Committees of the Board of Directors

SECTION 4.01. Establishment of Committees of the Board. The Board shall designate such committees as may be required by the rules of the New York Stock Exchange (or any other principal United States exchange upon which the shares of the Corporation may be listed) and may from time to time, by resolution adopted by a majority of the Board, designate other committees of the Board (including an executive committee), with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee.

SECTION 4.02. Conduct of Business. Any committee, to the extent allowed by law and provided in the resolution establishing such committee or the charter of such committee, shall have and may exercise all the duly delegated powers and authority of the Board in the management of the business and affairs of the Corporation. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, any such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, regular and special meetings and other actions of any such committee shall be governed by the provisions of Article III applicable to meetings and actions of the Board. Each committee shall keep regular minutes and report on its actions to the Board.

ARTICLE V

Officers

SECTION 5.01. Number; Term of Office. (a) The officers of the Corporation shall be determined by the Board and, to the extent provided in Section 5.01(c), the Chairman of the Board, and may include a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (including, without limitation, Senior Vice Presidents) and a Treasurer, Secretary and Controller and such other officers and agents as the Board may elect from time to time, each to have such authority, functions or duties as these By-laws provide or as may be delegated or assigned to such officer, from time to time, by the Board, the Chairman of the Board or the President. One person may hold the offices and perform the duties of any two or more of said officers; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate or these By-laws to be executed, acknowledged or verified by two or more officers. The Board may require any officer or agent to give security for the faithful performance of such person's duties. The Board shall designate which of the officers shall be executive officers of the Corporation.

(a) Each officer shall be elected by the Board at its annual meeting and hold office until the next annual meeting of the Board and until the officer's successor is elected or until the officer's earlier death, resignation or removal in the manner hereinafter provided. If additional officers are elected by the Board during the year, each of them shall hold office until the next annual meeting of the Board at which officers are regularly elected and until the officer's successor is elected or appointed or until the officer's earlier death, resignation or removal in the manner hereinafter provided.

(b) In addition to the foregoing, the Chairman of the Board, by written designation filed with the Secretary, may appoint one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers, Assistant Controllers and Assistant Auditors of the Corporation. If appointed during the year, each of them shall hold office until the next annual meeting of the Board at which officers are regularly elected and until the officer's successor is elected or appointed or until the officer's earlier death, resignation or

removal in the manner hereinafter provided. Subject to the authority of the Board, the Chairman of the Board shall also have authority to fix the salary of such officer.

SECTION 5.02. Resignation; Removal; Vacancies. Any officer may resign at any time by giving written notice to the Chairman of the Board, the President or the Secretary, and such resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date. All officers and agents elected or appointed shall be subject to removal at any time by the Board with or without cause. All appointed officers may be removed at any time by the Chairman of the Board acting jointly with the President or any Executive or Senior Vice President, by written designation filed with the Secretary. A vacancy in any office may be filled for the unexpired portion of the term in the same manner as provided for election or appointment to such office.

SECTION 5.03. Chairman of the Board. The Chairman of the Board, if present, shall preside at all meetings of the stockholders and the Board. If designated by Board resolution, the Chairman of the Board shall be Chief Executive Officer of the Corporation, and if so designated, shall be vested with executive control and management of the business and affairs of the Corporation and have the direction of all other officers, agents and employees. The Chairman of the Board shall perform all such other duties as are incident to the office or as may be properly required of the Chairman of the Board by the Board, subject in all matters to the control of the Board.

SECTION 5.04. President. The President, in the absence of the Chairman of the Board, shall preside at all meetings of the stockholders and the Board. If designated by Board resolution, the President shall be Chief Executive Officer of the Corporation, and if so designated, shall be vested with executive control and management of the business and affairs of the Corporation and have the direction of all other officers, agents and employees. The President shall have such powers, authority and duties as may be delegated or assigned to the President from time to time by the Board or the Chairman of the Board.

SECTION 5.05. Vice Presidents. The Executive Vice Presidents, Senior Vice Presidents, Administrative Vice Presidents and Vice Presidents shall have such powers, authority and duties as may be delegated or assigned to them from time to time by the Board, the Chairman of the Board or the President. An Administrative Vice President or Vice President need not be an officer of the Corporation and shall not be deemed an officer of the Corporation unless designated as such by the Board, the Chairman of the Board or the President.

SECTION 5.06. Treasurer. The Treasurer shall have custody and control of the funds and securities of the Corporation and shall perform all such other duties as are incident to the office of the Treasurer or that may be properly required of the Treasurer by the Board, the Chairman of the Board or the President.

SECTION 5.07. Controller. The Controller shall maintain adequate records of all assets, liabilities and transactions of the Corporation; shall see that adequate

audits thereof are currently and regularly made; shall have general supervision of the preparation of the Corporation's balance sheets, income accounts and other financial statements or records; and shall perform such other duties as shall, from time to time, be assigned to him, by the Board, the Chairman of the Board or the President. Unless otherwise provided by the Board, the Chairman of the Board or the President, these duties and powers shall extend to all subsidiary corporations and, so far as the Board, the Chairman of the Board or the President may deem practicable, to all affiliated corporations.

SECTION 5.08. Secretary. The Secretary shall attend to the giving and serving of all notices required by law or these By-laws, shall be the custodian of the corporate seal and shall affix and attest the same to all papers requiring it; shall have responsibility for preparing minutes of the meetings of the Board and stockholders; shall have responsibility for authenticating records of the Corporation; and shall in general perform all the duties incident to the office of the Secretary, subject in all matters to the control of the Board.

SECTION 5.09. Auditor. The Auditor shall review the accounting, financial and related operations of the Corporation and shall be responsible for measuring the effectiveness of various controls established for the Corporation. The Auditor's duties shall include, without limitation, the appraisal of procedures, verifying the extent of compliance with formal controls and the prevention and detection of fraud or dishonesty and such other duties as shall, from time to time, be assigned to the Auditor by the Board, the Chairman of the Board or the President. Unless otherwise provided by the Board, the Chairman of the Board or the President, these duties and powers shall extend to all subsidiary corporations and, so far as the Board, the Chairman of the Board or the President may deem practicable, to all affiliated corporations.

SECTION 5.10. Assistant Treasurers, Assistant Controllers and Assistant Secretaries. Any Assistant Treasurers, Assistant Controllers and Assistant Secretaries shall perform such duties as shall be assigned to them by the Board or by the Treasurer, Controller or Secretary, respectively, or by the Chief Executive Officer.

SECTION 5.11. General Provision. The powers, authorities and duties established pursuant to this Article V may be delegated or assigned, directly or indirectly by the Board, the Chairman of the Board or the President, as the case may be.

ARTICLE VI

Indemnification

SECTION 6.01. Right to Indemnification. The Corporation, to the fullest extent permitted or required by the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the

Corporation to provide prior to such amendment), shall indemnify and hold harmless any person who is or was a director or officer of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceedings by or in the right of the Corporation to procure a judgment in its favor) (a “Proceeding”) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (a “Covered Entity”) against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding; provided, however, that the foregoing shall not apply to a director or officer of the Corporation with respect to a Proceeding that was commenced by such director or officer unless the proceeding was commenced after a Change in Control (as defined below). Any director or officer of the Corporation entitled to indemnification as provided in this Section 6.01 is hereinafter called an “Indemnitee”. Any right of an Indemnitee to indemnification shall be a contract right and shall include the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader rights to payment of expenses than such law permitted the Corporation to provide prior to such amendment), and the other provisions of this Article VI.

For purposes of this Section 6.01, “Change in Control” means the occurrence of any of the following: (i) any merger or consolidation of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation’s Common Stock would be converted into cash, securities or other property, other than a merger of the Corporation in which the holders of the Corporation’s Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Corporation, or the liquidation or dissolution of the Corporation or (iii) individuals who would constitute a majority of the members of the Board elected at any meeting of stockholders or by written consent (without regard to any members of the Board elected pursuant to the terms of any series of Preferred Stock) shall be elected to the Board and the election or the nomination for election by the stockholders of such directors was not approved by a vote of at least two-thirds of the directors in office immediately prior to such election.

SECTION 6.02. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any director, officer, employee or agent of the Corporation or of any Covered Entity against any expenses, judgments,

finances and amounts paid in settlement as specified in Section 6.01 of this Article VI or incurred by any such director, officer, employee or agent in connection with any Proceeding referred to in Section 6.01 of this Article VI, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation or of any Covered Entity in furtherance of the provisions of this Article VI and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided or authorized in this Article VI.

SECTION 6.03. Indemnification Not Exclusive Right. The right of indemnification provided in this Article VI shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled, and the provisions of this Article VI shall inure to the benefit of the heirs and legal representatives of any Indemnitee under this Article VI and shall be applicable to Proceedings commenced or continuing after the adoption of this Article VI, whether arising from acts or omissions occurring before or after such adoption.

SECTION 6.04. Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or enforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 6.05. Indemnification of Employees Serving as Directors. The Corporation, to the fullest extent of the provisions of this Article VI with respect to the indemnification of directors and officers of the Corporation, may indemnify any person who is or was an employee of the Corporation or of any entity in which the Corporation, directly or indirectly, has an interest and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such employee is or was serving (a) as a director of a corporation in which the Corporation had at the time of such service, directly or indirectly, a 50% or greater equity interest (a "Subsidiary Director") or (b) at the written request of an Authorized Officer, as a director of another corporation in which the Corporation had at the time of such service, directly or indirectly, a less than 50% equity interest (or no equity interest at all) or in a capacity equivalent to that of a director for any partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) in which the

Corporation has an interest (a “Requested Employee”), against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Subsidiary Director or Requested Employee in connection with such Proceeding. The Corporation, to the fullest extent of the provisions of this Article VI with respect to the advancement of expenses of directors and officers of the Corporation, may also advance expenses incurred by any such Subsidiary Director or Requested Employee in connection with any such Proceeding, consistent with the provisions of this Article VI with respect to the advancement of expenses of directors and officers of the Corporation.

For purposes of this Section 6.05, “Authorized Officer” means any one of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, any Vice President that is an officer of the Corporation or the Secretary of the Corporation.

SECTION 6.06. Indemnification of Employees and Agents. Notwithstanding any other provision or provisions of this Article VI, the Corporation, to the fullest extent of the provisions of this Article VI with respect to the indemnification of directors and officers of the Corporation, may indemnify any person other than a director or officer of the Corporation, a Subsidiary Director or a Requested Employee, who is or was an employee or agent of the Corporation or of any entity in which the Corporation, directly or indirectly, has an interest and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, a Covered Entity, or of any entity in which the Corporation, directly or indirectly, has an interest, against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. The Corporation may also advance expenses incurred by such employee or agent in connection with any such Proceeding, consistent with the provisions of this Article VI with respect to the advancement of expenses of directors and officers of the Corporation.

ARTICLE VII

Capital Stock

SECTION 7.01. Certificates for Shares and Uncertificated Shares. (a) The shares of stock of the Corporation shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or shall be represented by certificates, or a combination of both. To the extent that shares are represented by certificates, such certificates whenever authorized by the Board shall be in such form as shall be approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by the Chairman of the Board, the President, or by any Vice President, and by the Secretary or any Assistant Secretary, and sealed with the seal of the Corporation, which may be a facsimile

thereof. Any or all such signatures may be facsimiles if countersigned by a transfer agent or registrar. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

(a) The stock ledger and blank share certificates, if any, shall be kept by the Secretary or by a transfer agent or by a registrar or by any other officer or agent designated by the Board.

SECTION 7.02. Transfer of Shares. Transfers of shares of stock of each class of the Corporation shall be made only on the books of the Corporation upon authorization by the registered holder thereof, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary or a transfer agent for such stock, if any, and if such shares are represented by a certificate, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power (or by proper evidence of succession, assignment or authority to transfer) and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. To the fullest extent permitted by law, the person in whose name shares are registered on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 7.03. Registered Stockholders and Addresses of Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 7.04. Lost, Destroyed and Mutilated Certificates. The holder of any certificate representing any shares of stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of such certificate. The Corporation may issue to such holder a new certificate or certificates for shares, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction. The Board, or a committee designated thereby, or the transfer agents and registrars for the stock, may, in their discretion, require the owner of the lost, stolen or destroyed certificate, or such person's legal representative, to give the Corporation a bond in such sum and with such surety or sureties as they may direct to indemnify the Corporation and said transfer agents and registrars against any claim that may be made on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 7.05. Regulations. The Board may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificated or uncertificated shares of stock of each class of the Corporation and may make such rules and take such action as it may deem expedient concerning the issue of certificates in lieu of certificates claimed to have been lost, destroyed, stolen or mutilated.

SECTION 7.06. Fixing Date for Determination of Stockholders of Record. (a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting nor more than 60 days prior to any such other action (as the case may be). If the Board so fixes a record date for a meeting, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the record date for making such determination.

(a) A determination of stockholders entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for stockholders entitled to vote at the adjourned meeting, and in such case shall also fix the record date for stockholders entitled to notice of such adjourned meeting. Such record date for notice shall be either the same date or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting.

SECTION 7.07. Transfer Agents and Registrars. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Seal. The Board shall provide a suitable corporate seal, which shall bear, but not be limited to, the full name of the Corporation and shall be in the charge of the Secretary. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 8.02. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of October in each year.

SECTION 8.03. Waiver of Notice. Whenever any notice whatsoever is required to be given by these By-laws, by the Certificate or by law, the person entitled

thereto may, either before or after the meeting or other matter in respect of which such notice is to be given, waive such notice in writing or as otherwise permitted by law, which shall be filed with or entered upon the records of the meeting or the records kept with respect to such other matter, as the case may be, and in such event such notice need not be given to such person and such waiver shall be deemed equivalent to such notice. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice other than in the case of attendance for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened.

SECTION 8.04. Execution of Documents. The Board shall designate the officers, employees and agents of the Corporation who shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, notes, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation and may authorize (including authority to redelegate) to other officers, employees or agents of the Corporation. Such delegation may be by resolution or otherwise and the authority granted shall be general or confined to specific matters, all as the Board or any such committee may determine. In the absence of such designation, the officers of the Corporation shall have such power so referred to, to the extent incident to the normal performance of their duties.

SECTION 8.05. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board or any committee thereof or any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee or in these By-laws shall select.

SECTION 8.06. Checks. All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board or of any committee thereof or by any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee thereof or as set forth in these By-laws.

SECTION 8.07. Proxies in Respect of Stock or Other Securities of Other Corporations. The Board shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation or other entity, and to vote or consent in respect of such stock or securities; such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights; and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise,

such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise its said powers and rights.

SECTION 8.08. Subject to Law and Certificate of Incorporation. All powers, duties and responsibilities provided for in these By-laws, whether or not explicitly so qualified, are qualified by the provisions of the Certificate and applicable law.

ARTICLE IX

Amendments

SECTION 9.01. These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the Board at any meeting thereof; provided, however, that notice of such alteration, amendment, repeal or adoption of new By-laws is contained in the notice of such meeting of the Board and such notice is given not less than twenty-four hours prior to the meeting. Unless a higher percentage is required by the Certificate, any such alteration, amendment, repeal or adoption of any By-law shall require approval by a majority of the Board. The stockholders of the Corporation shall have the power to alter, amend, repeal or adopt any By-law only to the extent and in the manner provided in the Certificate.

ARTICLE X

Forum Selection

SECTION 10.01. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or (iv) any action asserting a claim governed by the internal affairs doctrine; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Section 10.01 of Article X. Failure to enforce the foregoing provisions would cause the Corporation irreparable harm and the Corporation shall be entitled to equitable relief, including injunction and specific performance, to enforce the foregoing provisions.

FIRST SUPPLEMENTAL INDENTURE

Dated as of September 26, 2016

VALVOLINE INC.,
THE GUARANTORS PARTY HERETO,
and
U.S. BANK NATIONAL ASSOCIATION,
as Trustee

FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture"), dated as of September 26, 2016, among VALVOLINE INC., a Kentucky corporation (the "Company"), the entities listed on Schedule I hereto (each a "Subsidiary Guarantor"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, VALVOLINE FINCO TWO LLC., a Delaware limited liability company ("Finco Two"), and ASHLAND INC., a Kentucky corporation ("Ashland"), have heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of July 20, 2016, providing for the issuance of an unlimited aggregate principal amount of 5.500% Senior Notes due 2024 (the "Notes");

WHEREAS, on the date hereof, pursuant to Section 271B.11-080 of the Kentucky Business Corporation Act, Finco Two merged with and into the Company (the "Merger"), with the Company as the surviving corporation;

WHEREAS, as a result of the Merger, the Company is assuming, by and under operation of law and this First Supplemental Indenture, the obligations of Finco Two for the due and punctual payment of the principal of, premium, if any, and interest (including Additional Interest, if any) on all the Notes and the performance and observance of the Indenture on the part of Finco Two;

WHEREAS, as a result of the Merger and in accordance with the Indenture, the Subsidiary Guarantors are, by and under this First Supplemental Indenture, unconditionally guaranteeing all of the Company's obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantees"); and

WHEREAS, pursuant to Sections 9.01 and 9.05 of the Indenture, the Trustee is authorized to execute and deliver this First Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. Assumption by the Company. The Company hereby assumes the obligations of Finco Two for the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Notes issued pursuant to the Indenture and the performance and observance of each other obligation and covenant set forth in the Indenture to be performed or observed on the part of Finco Two. The Company is hereby substituted for, and may exercise every right and power of, Finco Two under the Indenture with the same effect as if the Company

had been named as Finco Two in the Indenture, and the Company is a successor company under the Indenture.

3. Agreement to Guarantee. Each Subsidiary Guarantor hereby agrees as follows:

a. Such Subsidiary Guarantor hereby becomes a party to the Indenture as a Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Subsidiary Guarantor under the Indenture, subject to the terms and conditions set forth in the Indenture.

b. Such Subsidiary Guarantor agrees, on a joint and several basis with all the existing Subsidiary Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder of the Notes and the Trustee the Obligations in accordance with the terms set forth in Article X of the Indenture.

4. Release of Ashland Guarantee. Pursuant to Section 10.03 of the Indenture, effective as of the date hereof, Ashland is hereby fully and unconditionally released from the Ashland Guarantee, and shall have no further obligations in respect of the Ashland Guarantee, the Notes, or the Indenture.

5. No Personal Liability of Directors, Officers, Employees and Stockholders. No present, past or future director, officer, employee, member, partner, incorporator or equity holder of the Company, any Subsidiary Guarantor or any Subsidiary of the Company or any of their respective direct or indirect parent companies (except for the Company or any Subsidiary Guarantor in its capacity as obligor or guarantor in respect of the Notes and not in its capacity as equity holder of any Subsidiary Guarantor) shall have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes, the Guarantees, this First Supplemental Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation.

6. Ratification of the Indenture; First Supplemental Indenture part of the Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. Each Subsidiary Guarantor agrees that its Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

7. Governing Law. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

8. Counterparts. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this First Supplemental Indenture and

of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this First Supplemental Indenture as to the parties hereto and may be used in lieu of the original First Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

9. Effect of Headings. The Section headings of this First Supplemental Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

10. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Subsidiary Guarantors.

11. Benefits Acknowledged. The Company and each Subsidiary Guarantor's Guarantee are subject to the terms and conditions set forth in the Indenture. Each of the Company and the Subsidiary Guarantors acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this First Supplemental Indenture and that the Guarantee and waivers made by it pursuant to its Guarantee and this First Supplemental Indenture and are knowingly made in contemplation of such benefits.

12. Successors. All agreements of the Company and the Subsidiary Guarantors in this First Supplemental Indenture shall bind its successors, except as otherwise provided in the Indenture (including without limitation Section 10.03 of the Indenture). All agreements of the Trustee in this First Supplemental Indenture shall bind its successors.

13. Severability. If any provision in this First Supplemental Indenture is deemed unenforceable, it shall not affect the validity or enforceability of any other provision set forth herein, or of this First Supplemental Indenture as a whole.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, all as of the date first above written.

VALVOLINE INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Assistant Treasurer

[Signature Page to the Supplemental Indenture]

VALVOLINE US LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

VALVOLINE LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

VALVOLINE LICENSING AND INTELLECTUAL PROPERTY LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

VALVOLINE BRANDED FINANCE, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: President and Assistant Treasurer

VALVOLINE INTERNATIONAL HOLDINGS INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

[Signature Page to the Supplemental Indenture]

VALVOLINE INSTANT OIL CHANGE
FRANCHISING, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

RELOCATION PROPERTIES MANAGEMENT LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

VIOC FUNDING, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

VALVOLINE INTERNATIONAL, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

[Signature Page to the Supplemental Indenture]

FUNDING CORP. I

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

OCH INTERNATIONAL, INC.

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

OCHI ADVERTISING FUND LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

OCHI HOLDINGS LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

OCHI HOLDINGS II LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Vice President and Assistant Treasurer

[Signature Page to the Supplemental Indenture]

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ William E. Sicking

Name: William E. Sicking
Title: Vice President & Trust Officer

[Signature Page to the Supplemental Indenture]

Subsidiary Guarantors

Valvoline US LLC
Valvoline LLC
Valvoline Licensing and Intellectual Property LLC
Valvoline Branded Finance, Inc.
Valvoline International Holdings Inc.
Valvoline Instant Oil Change Franchising, Inc.
Relocation Properties Management LLC
VIOC Funding, Inc.
Valvoline International, Inc.
Funding Corp. I
OCH International, Inc.
OCHI Advertising Fund LLC
OCHI Holdings LLC
OCHI Holdings II LLC

ASHLAND GLOBAL HOLDINGS INC.
DEFERRED COMPENSATION PLAN FOR EMPLOYEES
(Amended and Restated Effective as of January 1, 2017)

**ASHLAND GLOBAL HOLDINGS INC.
DEFERRED COMPENSATION PLAN FOR EMPLOYEES
(Amended and Restated Effective as of January 1, 2017)**

WHEREAS, the Ashland Inc. Deferred Compensation Plan for Employees (2005) was approved by the Board of Directors of Ashland Inc. on November 4, 2004 to be effective January 1, 2005;

WHEREAS, the Plan as approved and effective reserved the right to amend it;

WHEREAS, the right to amend the Plan was exercised on April 21, 2005 by Ashland Inc. amending and restating the Plan effective January 1, 2005 and further amending the Plan on October 28, 2005 effective January 1, 2005, and amending and restating the Plan on October 7, 2008, effective January 1, 2005;

WHEREAS, in connection with the Valvoline Spin-Off, Ashland Inc. was converted into Ashland LLC, a limited liability company, and the shareholders of Ashland Inc. exchanged their shares of Ashland Inc. stock for shares of Ashland Global Holdings Inc. and Ashland Global Holdings Inc. became the sponsor of the Plan;

WHEREAS, Ashland Global Holdings Inc. desires to exercise the right to amend the Plan and thereby institute the third amendment and restatement of the Plan;

NOW, THEREFORE, effective January 1, 2017, except as otherwise provided herein, the Plan is amended and restated as follows:

1. PURPOSE

The Plan is maintained primarily for the purpose of providing an opportunity to defer compensation for retirement or other future purposes to a select group of management or highly compensated employees (including former employees that met these criteria when employed). The obligations of the Company hereunder constitute a mere promise to make the payments provided for in this Plan. No employee, his or her spouse or the estate of either of them shall have, by reason of this Plan, any right, title or interest of any kind in or to any property of the Company. To the extent any Participant has a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

2. DEFINITIONS

The following definitions shall be applicable throughout the Plan:

(a) "Accounting Date" means the Business Day on which a calculation concerning a Participant's Compensation Account is performed, or as otherwise defined by the Committee or the Company.

- (b) “**Beneficiary**” means the estate of a deceased Participant.
- (c) “**Board**” means the Board of Directors of Ashland Global Holdings Inc.
- (d) “**Business Day**” means a day on which the New York Stock Exchange is open for trading activity.
- (e) “**Change in Control**” shall be deemed to have occurred if:
1. there shall be consummated (A) any consolidation or merger of Ashland Global Holdings Inc. (a “**Business Combination**”), other than a consolidation or merger of Ashland Global Holdings Inc. into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of Ashland Global Holdings Inc. own (directly or indirectly), immediately after the Business Combination, less than fifty percent (50%) of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to which shares of Ashland Global Holdings Inc.’s Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of Ashland Global Holdings Inc.’s Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Ashland Global Holdings Inc., provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of Ashland Global Holdings Inc. shall be deemed to occur unless assets constituting at least eighty percent (80%) of the total assets of Ashland Global Holdings Inc. are transferred pursuant to such sale, lease, exchange or other transfer;
 2. the shareholders of Ashland Global Holdings Inc. shall approve any plan or proposal for the liquidation or dissolution of Ashland Global Holdings Inc.;
 3. any Person shall become the Beneficial Owner of securities of Ashland Global Holdings Inc. representing twenty percent (20%) or more of the combined voting power of Ashland Global Holdings Inc.’s then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or
 4. at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Ashland Global Holdings Inc.’s shareholders of each new

director during such two- (2-) year period was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such two- (2-) year period.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of Ashland Global Holdings Inc. immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Ashland Global Holdings Inc. immediately following such transaction or series of transactions, (2) the repurchase by Ashland Global Holdings Inc. of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

(f) “**Code**” means the Internal Revenue Code of 1986, as amended.

(g) “**Committee**” means the Personnel and Compensation Committee of the Board or its designee.

(h) “**Common Stock**” means the common stock, \$.01 par value, of Ashland Global Holdings Inc.

(i) “**Common Stock Fund**” means that hypothetical investment option, approved by the Committee, in which a Participant’s Compensation Account may be deemed to be invested and may earn income based on a hypothetical investment in Common Stock.

(j) “**Company**” means Ashland Global Holdings Inc. (as successor Plan sponsor to Ashland Inc.) and any successor thereto.

(k) “**Compensation**” means any employee compensation determined by the Committee or the Company to be properly deferrable under the Plan.

(l) “**Compensation Account(s)**” means the Deferral Account (also known as the Retirement Account), the In-Service Account (also known as the Flexible Distribution Account(s)), the Excess Plan Account and/or the SERP Account.

(m) “**Corporate Human Resources**” means the Corporate Human Resources Department of the Company.

(n) “**Credit Date**” means the date Compensation otherwise would have been paid to the Participant if such Compensation was not Deferred Compensation.

(o) “**Deferral Account**” also known as “**Retirement Account**” means the account(s), established annually as determined by the Committee or the Company, described in Section 9(a) to which the Participant’s Deferred Compensation is credited and from which distributions are made.

(p) “**Deferred Compensation**” means the Compensation the Participant elects to defer pursuant to the Plan, which is credited to the Participant’s Compensation Account(s).

(q) **“Disability”** means that a Participant is unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of twelve (12) or more months. Corporate Human Resources or its delegate shall determine whether a Participant has incurred a Disability.

(r) **“Election”** means a Participant’s delivery of a notice of election to defer payment of all or a portion of his or her Compensation under the terms of the Plan. Such notice shall also include instructions specifying the time(s) the Deferred Compensation will be paid and the form (i.e., lump sum or installments) in which it will be paid. Such Elections may be annual or evergreen (as determined by the Committee or the Company), and shall comply with Code section 409A to the extent applicable, and be irrevocable except as otherwise provided in the Plan or pursuant to Treasury guidance. Elections shall be in the form, and made and delivered, as prescribed by the Committee or the Company.

(s) **“Employee”** means a full-time, regular salaried employee (which term shall be deemed to include officers) of the Company and its present and future Related Entities.

(t) **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

(u) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(v) **“Excess Payments”** means payments made to a Participant pursuant to the Plan and the Excess Plan. These are amounts that a Participant deferred from the Excess Plan to this Plan which were transferred to this Plan at a time when the amounts were payable under the Excess Plan and held in an Excess Plan Account for the Participant.

(w) **“Excess Plan”** means the Ashland Inc. Nonqualified Excess Benefit Pension Plan transferred by Ashland Inc. to, and assumed by, Valvoline LLC effective as of September 1, 2016, as it now exists or as it may hereafter be amended.

(x) **“Fair Market Value”** means the price of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange issues on the date and at the time designated by the Company.

(y) **“In-Service Account(s)”** also known as **“Flexible Distribution Account(s)”** means the account(s), established annually as determined by the Committee or the Company, described in Section 9(b) to which the Participant’s Deferred Compensation is credited and from which distributions are made.

(z) **“Participant”** means an Employee who is a highly-compensated or management employee selected to participate in the Plan and who has elected to defer payment of all or a portion of his or her Compensation under the Plan or who otherwise has a Compensation Account in the Plan.

(aa) “Performance-Based Compensation” means Compensation that meets requirements specified by the Secretary of the Treasury, including Treasury Regulation section 1.409A-1(e). Performance-Based Compensation will include the attributes that it is variable, contingent on the satisfaction of pre-established metrics and is not readily ascertainable at the time of the Election to defer such compensation under Section 8(b).

(bb) “Plan” means this Ashland Global Holdings Inc. Deferred Compensation Plan for Employees (Amended and Restated Effective January 1, 2017) as it now exists or as it may hereafter be amended.

(cc) “Plan Year” means the calendar year.

(dd) “Related Entities” means (a) any corporation that is a member of a “controlled group of corporations” as defined in Code section 414(b) that includes the Company, and (b) any trade or business that is under “common control” as defined in Code section 414(c) that includes the Company.

(ee) “Secretary of the Treasury” or **“Treasury”** means the United States Department of Treasury.

(ff) “Separation from Service” or **“Termination”** means a termination from employment resulting in a cessation of performing active service for the Company and the Related Entities. An Employee is considered to incur a Separation from Service on the date the Employee terminates employment with the Company and the Related Entities or when it is reasonably anticipated that the Employee’s services to the Company and the Related Entities will permanently decrease to twenty percent (20%) or less of the average amount of services performed for the Company during the immediately preceding thirty-six (36) month period (or period of total employment if less than thirty-six (36) months). Notwithstanding anything in the foregoing to the contrary, a Separation from Service does not occur as a result of military leave, sick leave or other bona fide leave of absence not exceeding six (6) months or the period during which the Employee retains a right to reemployment.

(gg) “SERP” means the Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees transferred by Ashland Inc. to, and assumed by, Valvoline LLC effective as of September 1, 2016, as it now exists or as it may hereafter be amended..

(hh) “Specified Employee” means, for a particular Plan Year, any Employee who was at anytime during the twelve (12) months ending on the December 31 preceding the start of the particular Plan Year (the Specified Employee identification date) classified on the records of the Company as a “specified employee” within the meaning of Code section 409A(a)(2)(B)(i) and Treasury Regulation section 1.409A-1(i). Such an Employee shall be classified as a Specified Employee as of January 1 of the particular Plan Year (the Specified Employee effective date) and shall remain classified as such for the entirety of such Plan Year. Notwithstanding anything to the contrary, no more than two hundred (200) Employees may be classified as Specified Employees for any Plan Year. Unless otherwise provided in the particular document, this definition of Specified

Employee shall apply to all plans, programs, contracts, agreements and other arrangements maintained by the Company and the Related Entities that are subject to Code section 409A.

(ii) “**Stock Unit(s)**” means the share equivalents credited to the Common Stock Fund of a Participant’s Compensation Account pursuant to Section 6.

(jj) “**Unforeseeable Emergency**” means a severe financial hardship of a Participant (that cannot be alleviated by compensation or reimbursement received insurance companies or otherwise as provided in Treasury Regulation Section 1.409A-3(i)(3)) because of (i) an illness or accident of the Participant, the Participant’s spouse or dependent (as defined in Code section 152(a)); (ii) a loss of the Participant’s property due to casualty; or (iii) such other similar extraordinary unforeseeable circumstances because of events beyond the control of the Participant. Corporate Human Resources or its delegate shall determine whether a Participant has incurred an Unforeseeable Emergency.

(kk) “**Valvoline Spin-Off**” means the transaction or series of transactions initially approved by the board of directors of Ashland Inc. on September 16, 2015, intended to separate the Valvoline business from Ashland Inc.’s specialty chemical business and create two independent, publicly-traded companies.

3. SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) *Shares Authorized for Issuance.* There shall be reserved for issuance under the Plan five hundred thousand (500,000) shares of Common Stock, subject to adjustment pursuant to subsection (c) below.

(b) *Units Authorized for Credit.* The maximum number of Stock Units that may be credited to Participants’ Compensation Accounts under the Plan is one million five hundred thousand (1,500,000), subject to adjustment pursuant to subsection (c) below.

(c) *Adjustments in Certain Events.* In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, share dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange or reclassification of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than ordinary cash dividends, the number or kind of shares or Stock Units that may be issued or credited under the Plan shall be automatically adjusted so that the proportionate interest of the Participants shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes of the Plan.

4. ELIGIBILITY

The Committee shall have the authority to select from management and/or highly compensated Employees those Employees who shall be eligible to participate in the Plan; provided, however, that employees and/or retirees who have elected to defer an amount into this Plan from another plan sponsored or maintained by the Company, the terms of which allowed such employee

or retiree to make such a deferral election into this Plan, shall be considered to be eligible to participate in this Plan.

5.ADMINISTRATION

Full power and authority to construe, interpret and administer the Plan shall be vested in the Company and the Committee or one or more of their delegates. This power and authority includes, but is not limited to, selecting Compensation eligible for deferral, establishing deferral terms and conditions and adopting modifications, amendments and procedures as may be deemed necessary, appropriate or convenient by the Committee. This power and authority also includes, without limitation, the ability to construe and interpret provisions of the Plan, make determinations regarding law and fact, reconcile any inconsistencies between provisions in the Plan or between provisions of the Plan and any other statement concerning the Plan, whether oral or written, supply any omissions to the Plan or any document associated with the Plan, and to correct any defect in the Plan or in any document associated with the Plan. Decisions of the Company and the Committee (or their delegates) shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources. The administration of and all interpretations under the Plan shall be made consistent with all applicable law.

6.PARTICIPANT COMPENSATION ACCOUNT(S)

Upon election to participate in the Plan, there shall be established a Deferral Account and/or In-Service Account(s), as designated by the Participant, to which there shall be credited any Deferred Compensation, as of each Credit Date. There shall also be established an Excess Plan Account and/or a SERP Account to which there shall be credited any distribution from the Excess Plan and/or SERP, as applicable, at the time the Participant is eligible to receive a distribution from such plan and/or plans. Each such Compensation Account shall be credited (or debited) on each Accounting Date with hypothetical income (or hypothetical loss) based upon a hypothetical investment in any one or more of the investment options available under the Plan, as prescribed by the Committee, for the particular Compensation credited, which may include a Common Stock Fund, as elected by the Participant under the terms of Section 8. The crediting or debiting on each Accounting Date of hypothetical income (or hypothetical loss) shall be made for the respective amounts that were subject to each Election under Section 8. All investments of a Participant's Compensation Account, including, but not limited to Stock Units in which such Participant's Compensation Account may be invested in the Common Stock Fund, shall be on each relevant Accounting Date valued at Fair Market Value. Additionally, all distributions, investments and investment exchanges allowed and made under the Plan shall be as of the relevant Accounting Date at Fair Market Value.

7.EARLY WITHDRAWAL

(a) *Unforeseeable Emergency.* A Participant or a Participant's legal representative may submit an application for a distribution from either a Deferral Account or an In-Service Account because of an Unforeseeable Emergency. The amount of the distribution shall not exceed the amount necessary to satisfy the needs of the Unforeseeable Emergency. Such distribution shall include an amount to pay taxes reasonably anticipated as a result of the distribution. The amount allowed as

a distribution under this Section 7(a)) shall take into account the extent to which the Unforeseeable Emergency may be relieved by reimbursement, insurance or liquidation of the Participant's assets (but only to the extent such liquidation would itself not cause a severe financial hardship). The distribution shall be made in a single sum and paid as soon as practicable (but not later than sixty (60) days) after the application for the distribution on account of the Unforeseeable Emergency is approved. The provisions of this Section 7(a)) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury.

(b) Disability. A Participant or a Participant's legal representative may submit an application for a distribution from the Deferral Account and In-Service Account because of the Participant's Disability. The distribution shall be made in a single sum and paid as soon as practicable (but not later than sixty (60) days) after the application for the distribution on account of the Participant's Disability is approved. The provisions of this Section 7(b) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury. If such guidance should allow an election of a period or form of distribution at the time of the application for a distribution on account of the Participant's Disability then the Plan shall allow such elections.

(c) Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions from a Participant's Compensation Account(s) may not be made earlier than the time such amounts would otherwise be distributed pursuant to the terms of the Plan.

8. DEFERRAL ELECTIONS

(a) General. The Company or the Committee shall determine the timing of the filing of the appropriate Election forms. An effective Election may not be revoked or modified except as otherwise determined by the Company or the Committee or as stated herein.

(b) Permissible Deferral Election. A Participant's Election to defer Compensation may only be made in the taxable year before the Compensation is earned, with two (2) exceptions. The first exception applies to a Participant during his or her first (1st) year of eligibility to participate in the Plan. In that event such a Participant may, if so offered by the Company or the Committee, elect to defer Compensation for services performed after the Election, provided that the Election is made within thirty (30) days of the date the Participant becomes eligible to participate in the Plan.

The second exception is with respect to an election to defer Performance-Based Compensation. If Performance-Based Compensation is based on services of a Participant performed over a period of at least twelve (12) months, then the Participant may, if so offered by (and on the terms and limitations specified by) the Company or the Committee, make an Election to defer all or part of such Performance-Based Compensation not later than six (6) months before the end of such service period.

A Participant's Election under this Section 8(b) shall specify the amount or percentage of Compensation deferred and specify the time and form of distribution from among those described in Section 9 of the Plan. Each Election to defer Compensation is a separate election regarding the time and form of distribution.

(c) *Hypothetical Investment Alternatives — Existing Balances.* A Participant may elect to change an existing selection as to the investment alternatives in effect with respect to an existing Compensation Account (in increments prescribed by the Committee or the Company) as often, and with such restrictions, as determined by the Committee or by the Company. If a Participant fails to make an investment selection for his or her Compensation Account, the Committee or the Company may prescribe a default selection or selections in any manner that appears reasonable in their discretion.

9.DISTRIBUTION

(a) *Deferral Account.* In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the Deferral Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's Separation from Service as either a lump sum or in installments not exceeding fifteen (15) years; provided, however, that the distribution to a Participant who is a Specified Employee must not be made before the earliest of the date that is six (6) months after the Participant's Separation from Service or the date of the Participant's death;
2. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years from the date of the Participant's death; or for Elections made on or after October 1, 2016, upon a Participant's death to the Participant's Beneficiary in a lump sum; or
3. At a specified time or under a fixed schedule not exceeding fifteen (15) years from the Participant's Separation from Service.

(b) *In-Service Account.* In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in an In-Service Account (determined in accordance with Section 6) shall be distributed -

1. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years; or for Elections made on or after October 1, 2016, upon a Participant's death to the Participant's Beneficiary in a lump sum; or
2. At a specified time or under a fixed schedule not less than two (2) years measured from the beginning of the Plan Year after the Plan Year in which the Election is made and not exceeding fifteen (15) years measured from the beginning of the Plan Year after the Plan Year in which the Election is made.

(c) Excess Plan and SERP Accounts. In accordance with a Participant's Election, but subject to Sections 7 and 11, amounts subject to such Election in either the Excess Plan Account or SERP Account, or both (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's Separation from Service and entitlement to a distribution under the Excess Plan and/or SERP, as applicable, as either a lump sum or in installments not exceeding fifteen (15) years from the date the Participant was entitled to a distribution under the Excess Plan and/or SERP, as applicable; provided, however, that the distribution to a Participant who is a Specified Employee must not be made before the earliest of the date that is six (6) months after the Participant was entitled to a distribution under the Excess Plan and/or SERP, as applicable or the date of the Participant's death;
2. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years from the date of the Participant's death; or for Elections made on or after October 1, 2016, upon or Participant's death to Participant's Beneficiary in a lump sum; or
3. At a specified time or under a fixed schedule not exceeding fifteen (15) years from the date the Participant incurred a Separation from Service and was entitled to a distribution under the Excess Plan and/or SERP, as applicable.

(d) Medium of Distribution and Default Method. A Participant's Deferral Account, In-Service Account, Excess Plan Account and/or SERP Account shall be distributed in cash or shares of Common Stock (or a combination of both) as determined by the Committee or the Company. If no Election is made by a Participant as to the distribution or form of payment from one or more of his or her Compensation Account(s), upon the earliest time that a distribution from such account is to be made pursuant to the terms of the Plan, such account shall be paid in cash or shares of Common Stock (or a combination of both) as determined by the Committee or the Company in a lump sum within sixty (60) days following the Participant's Separation from Service (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Participant shall have no right, directly or indirectly, to designate the calendar year of payment).

(e) Election to Delay the Time or Change the Form of Distribution. A Participant may make an Election to delay the time of a distribution or change the form of a distribution, or may elect to do both, with respect to an amount that would be payable pursuant to an Election (except in the event of a distribution on account of the Participant's death) if all of the following requirements are met -

1. Such an Election may not take effect until at least twelve (12) months after it is made;
2. Any delay to the distribution that would take effect because of the Election is at least to a date five (5) years after the date the distribution otherwise would have begun; and

3. Such an Election may not be made less than twelve (12) months before the date of the first scheduled payment.

(f) *Distribution Exceptions.* Notwithstanding anything in the Plan to the contrary, the following shall apply to the distribution of Contribution Accounts:

1. Distribution pursuant to a domestic relations order as described in Section 12;
2. Distribution of a Participant's or Beneficiary's Compensation Accounts shall be made in a single lump sum payment as soon as possible provided the distribution will be of the entirety of the Participant's or Beneficiary's Compensation Accounts and the distribution does not exceed the adjusted Code section 402(g) limit; and
3. Distribution or suspension of contributions may be made in the discretion of the Company for any other permitted purpose under Treas. Reg. section 1.409A-3(j)(4)(ii)-(xiv).

(g) *Timing of Payments to Specified Employees.* Notwithstanding anything in the Plan to the contrary, if a Participant is a Specified Employee as of the date of his or her Separation from Service, then no distribution/payment of such Participant's Compensation Accounts shall be made upon the Participant's Separation from Service until the first payroll date of the seventh month following the Participant's Separation from Service (or, if earlier, upon the date of the Participant's death or such other earlier time as would not result in a tax or penalty under Code section 409A) (the "**Specified Employee Payment Date**"). Any payments to which a Specified Employee otherwise would have been entitled under the Plan during the period between the Participant's Separation from Service and the Specified Employee Payment Date shall be accumulated and paid in a lump sum payment on the Specified Employee Payment Date.

10. **BENEFICIARY**

If the Participant dies before receiving distribution of all amounts due hereunder, the remaining unpaid amounts shall be paid in one lump sum to the estate of such Participant, which shall be the Participant's "Beneficiary" under this Plan.

11. **CHANGE IN CONTROL**

In the event of a Change in Control, the Company shall reimburse a Participant for the legal fees and expenses incurred if the Participant is required to seek to obtain or enforce any right to distribution. In the event that it is determined that such Participant is properly entitled to a cash or other distribution hereunder, such Participant shall also be entitled to interest thereon payable in an amount equivalent to the Prime Rate of Interest quoted by Citibank, N.A. as its prime commercial lending rate on the subject date from the date such distribution should have been made to and including the date it is made. Notwithstanding any provision of this Plan to the contrary, this Section

11 may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

12. INALIENABILITY OF BENEFITS; UNFUNDED PLAN

The interests of the Participants and their Beneficiaries under the Plan may not in any way be voluntarily or involuntarily transferred, alienated or assigned, nor subject to attachment, execution, garnishment or other such equitable or legal process. A Participant or Beneficiary cannot waive the provisions of this Section 12. Notwithstanding anything contained herein to the contrary, valid court ordered divisions of a Participant's Compensation Account(s) pursuant to a domestic relations order may be recognized and distributions may be made pursuant to such an order provided that such distributions are consistent with this Section 12. A domestic relations order intended to assign a benefit hereunder to a former spouse of a Participant must be delivered to the Company. The Company will review the order to determine if it is qualified. Upon notification by the Company that the order is qualified, the spouse will be able to elect a distribution of the assigned benefit by the end of the fifth calendar year following the calendar year during which the Company or its delegate notifies the former spouse that the order is qualified. In all events, the entire assigned benefit must be distributed by the end of the fifth calendar year following the calendar year during which the Company or its delegate notifies the former spouse that the order is qualified. The Company may prescribe procedures that are consistent with this Section 12 and applicable law to implement benefit assignments pursuant to qualified orders.

The Plan at all times shall be unfunded; and no provision shall be made at any time with respect to segregating assets of any Participant for the payment of any amounts hereunder. The Plan constitutes a mere promise of the Company and the Related Entities to make payments to Participants (and, to the extent applicable, Participants' Beneficiaries) in the future. Participants and their Beneficiaries and estates have rights only as unsecured general creditors of the Company and the Related Entities.

13. CLAIMS

(a) Initial Claim — Notice of Denial. If any claim for benefits (within the meaning of section 503 of ERISA) is denied in whole or in part, the Company (which shall include the Company or its delegate throughout this Section 13) will provide written notification of the denied claim to the Participant or Beneficiary, as applicable, (hereinafter referred to as the claimant) in a reasonable period, but not later than ninety (90) days after the claim is received. The ninety- (90-) day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the ninety- (90-) day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than one hundred eighty (180) days after the claim is received.

The written decision will include:

1. The reasons for the denial.

2. Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
3. A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
4. A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA — §29 U.S.C. 1132).

The claimant must complete the Plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

(b) Appeal of Denied Claim. The claimant may file a written appeal of a denied claim with the Company in such manner as determined from time to time. The Company is the named fiduciary under ERISA for purposes of the appeal of the denied claim. The Company may delegate its authority to rule on appeals of denied claims and any person or persons or entity to which such authority is delegated may re-delegate that authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Company will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than sixty (60) days after the appeal is received. The sixty- (60-) day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the sixty- (60-) day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than one hundred twenty (120) days after the appeal is received.

Special rules apply if the Company designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the

appeal. If the appeal is received within thirty (30) days of the next following meeting, then the decision must not be made later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five (5) days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

1. The reasons for the denial.
2. Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
3. A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
4. A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA — §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event the claimant may file a civil action in court. The decision regarding a denied claim is final and binding on all those who are affected by the decision. No additional appeals regarding that claim are allowed.

14. GOVERNING LAW

The provisions of this plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky, except to the extent preempted by Federal law.

15. AMENDMENTS

The Company may amend, alter or terminate this Plan at any time without the prior approval of the Board or the Committee; provided, however, that the Company may not, without approval by the Board:

- (a) increase the number of securities that may be issued under the Plan (except as provided in Section 3(c));
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) otherwise materially increase the benefits accruing to Participants under the Plan.

16.COMPLIANCE WITH RULE 16b-3

It is the intention of the Company that the Plan comply in all respects with Rule 16b-3 promulgated under Section 16(b) of the Exchange Act.

17. COMPLIANCE WITH 409A

It is the intention of the Company and the Committee that the Plan be administered in compliance with Code section 409A and the applicable guidance issued thereunder by the Secretary of the Treasury. Any provision that is found to be inconsistent with Code section 409A or the applicable guidance issued thereunder by the Secretary of the Treasury shall be reformed and applied by the Company in a manner consistent with applicable law, as determined by the Company.

18.EFFECTIVE DATE

The Plan was approved by the Personnel and Compensation Committee of the Board of Directors of Ashland Inc. and adopted by the Company to be effective as of January 1, 2017.

2015 ASHLAND GLOBAL HOLDINGS INC. INCENTIVE PLAN
(Amended and Restated as of July 15, 2015)

The 2015 Ashland Global Holdings Inc. Incentive Plan was approved by the Board of Directors on November 12, 2014, subject to the approval by the shareholders of the Company at the annual meeting on January 29, 2015 (the date of such shareholder approval being the "Effective Date"), and is amended and restated, as provided herein, as of July 15, 2015.

SECTION 1. PURPOSE

The purpose of the 2015 Ashland Global Holdings Inc. Incentive Plan is to promote the interests of Ashland Global Holdings Inc. and its shareholders by providing incentives to its directors, officers and employees. Accordingly, the Company may grant to selected officers and employees Option Awards, Stock Appreciation Rights Awards, Restricted Stock Awards, Restricted Stock Unit Awards, Incentive Awards, Performance Unit Awards and Merit Awards in an effort to attract and retain in its employ qualified individuals and to provide such individuals with incentives to continue service with the Company, devote their best efforts to the Company and improve the Company's economic performance, thus enhancing the value of the Company for the benefit of shareholders. This Plan also provides an incentive for qualified persons, who are not officers or employees of the Company, to serve on the Board of Directors of the Company and to continue to work for the best interests of the Company by rewarding such persons with Restricted Stock Awards, Restricted Stock Unit Awards, Option Awards or Stock Appreciation Rights Awards.

SECTION 2. DEFINITIONS

"Agreement" shall mean either: (i) an agreement, either in written or electronic format, entered into by the Company and a Recipient setting forth the terms and provisions applicable to an Award granted under the Plan; or (ii) a statement, either in written or electronic format, issued by the Company to a Recipient describing the terms and provisions of such Award, which need not be signed by the Recipient.

"Award" shall mean an Option Award, a Stock Appreciation Right Award, a Restricted Stock Award, a Restricted Stock Unit Award, an Incentive Award, a Performance Unit Award or a Merit Award, in each case granted under this Plan.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Beneficiary" shall mean the person or persons designated by a Recipient or if no designation has been made, the person or persons entitled by will or the laws of descent and distribution to receive the benefits specified under this Plan in the event of a Recipient's death.

"Board" shall mean the Board of Directors of the Company.

"Change in Control" shall be deemed to have occurred if:

(i) there shall be consummated (A) any consolidation or merger of the Company (a "Business Combination"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than 50% of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to

which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company's Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

(ii) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;

(iii) any Person shall become the Beneficial Owner of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or

(iv) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, or (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Committee" shall mean the P&C Committee or the G&N Committee, as applicable in accordance with Section 4 hereof.

"Common Stock" shall mean the Common Stock of the Company (\$.01 par value), subject to adjustment pursuant to Section 14 hereof.

"Company" shall mean Ashland Global Holdings Inc. or any successor thereto.

"Credited Service" shall mean periods of employment with the Company and its Subsidiaries for which credit is given under the Company's Adjusted Service Date policy in effect when the Employee terminates.

"Disability" shall mean, (i) in the case of a Participant, when he or she becomes unable to perform the functions required by his or her regular job due to physical or mental illness and, in connection with the grant of an Incentive Stock Option, he or she falls within the meaning of that term as provided in Section 22(e)(3) of the Code; and (ii) in the case of an Outside Director, when he or she is unable to attend to his or her duties and responsibilities as a member of the Board because of incapacity due to physical or mental illness.

"Dividend Equivalents" means the equivalent value (in cash, shares of Common Stock, shares of Restricted Stock or RSUs) of dividends that would otherwise be paid on the shares subject to an Award but that have not been issued or delivered, as described in Section 16(N).

“Effective Date” shall have the meaning given in the preamble to this Plan.

“Employee” shall mean a regular, full-time or part-time employee of the Company or any of its Subsidiaries, provided, however, that for purposes of determining whether any individual may be a Participant for purposes of any grant of ISOs, the term “Employee” shall have the meaning given to such term in Section 3401(c) of the Code.

“Exercise Price” shall mean, with respect to each share of Common Stock subject to an Option or Stock Appreciation Right, the price fixed by the Committee at which such share may be purchased from the Company pursuant to the exercise of such Option or Stock Appreciation Right.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Fair Market Value” shall mean (i) as of any date, the closing sale price per share of Common Stock as reported on the Composite Tape of the New York Stock Exchange, or if there are no sales on such day, on the next preceding trading day during which a sale occurred; (ii) with respect to an exercise of a Stock Appreciation Right, the sale price per share of Common Stock as reported on the Composite Tape of the New York Stock Exchange at the time of such exercise; and (iii) in the absence of such markets for the shares of Common Stock, the Fair Market Value shall be determined by the Committee in good faith (which determination shall, to the extent applicable, be made in a manner that complies with Section 409A of the Code), and such determination shall be conclusive and binding for all purposes.

“G&N Committee” shall mean the Governance and Nominating Committee of the Board, as from time to time constituted, or any successor committee of the Board with similar functions, or its delegate.

“Incentive Award” shall mean an Award made pursuant to Section 7 hereof, the payment of which is contingent upon the achievement of the Performance Goals for the particular Performance Period.

“Incentive Stock Option” or “ISO” shall mean an Option that is intended by the Committee to meet the requirements of Section 422 of the Code or any successor provision.

“ISO Award” shall mean an Award of an Incentive Stock Option pursuant to Section 10 hereof.

“Merit Award” shall mean an Award of Common Stock issued pursuant to Section 9 hereof.

“Nonqualified Stock Option” or “NQSO” shall mean an Option granted pursuant to this Plan which does not qualify as an Incentive Stock Option.

“NQSO Award” shall mean an Award of a Nonqualified Stock Option pursuant to Section 10 hereof.

“Option” shall mean the right to purchase Common Stock at a price to be specified and upon terms to be designated by the Committee or otherwise determined pursuant to this Plan. The Committee shall designate an Option as a Nonqualified Stock Option or an Incentive Stock Option.

“Option Award” shall mean an Award of an Option pursuant to Section 10 hereof.

“Outside Director” shall mean a director of the Company, who is not also an Employee, who is selected by the G&N Committee to receive an Award under this Plan.

“P&C Committee” shall mean the Personnel and Compensation Committee of the Board, as from time to time constituted, or any successor committee of the Board with similar functions, which shall consist of three or more members, each of whom shall be a “non-employee director” within the meaning of Rule 16b-3 issued under the Exchange Act, an “outside director” within the meaning of the regulations issued under Section 162(m) of the

Code and an “independent director” within the meaning of the applicable rules of the New York Stock Exchange or any other securities exchange upon which the Company’s Common Stock is listed, or such committee’s delegate.

“Participant” shall mean an Employee who designated (whether individually or as a member of a specified group of Employees) by the P&C Committee to receive an Award under this Plan.

“Performance-Based Exception” shall mean the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

“Performance Goals” shall mean performance goals as may be established in writing by the P&C Committee. Such goals may be absolute in their terms or measured against or in relation to other companies comparably or otherwise situated, and/or may be relative to stock market indices or such other published or special indices as the P&C Committee deems appropriate. Performance Goals may relate to the performance of the Company or one or more of its Subsidiaries, divisions, departments, units, functions, partnerships, joint ventures or minority investments, product lines or products, and/or the performance of the individual Participant. The Performance Goals applicable to any Award that is intended to qualify for the Performance-Based Exception shall be based on one or more of the following criteria (which may be measured either in the aggregate or on per share basis, and which may include or exclude items to measure specific objectives, such as losses from discontinued operations, extraordinary gains or losses, the cumulative effect of accounting changes, acquisitions or divestitures, foreign exchange impacts and any unusual, nonrecurring gain or loss):

- (i) Earnings measures, including net earnings on either a LIFO, FIFO or other basis and including earnings, earnings before interest, earnings before interest and taxes, earnings before interest, taxes and depreciation or earnings before interest, taxes, depreciation and amortization;
- (ii) Operating measures, including operating income, operating earnings, or operating margin;
- (iii) Income or loss measures, including net income or net loss, and economic profit;
- (iv) Cash flow measures, including cash flow or free cash flow;
- (v) Revenue measures;
- (vi) Reductions in expense measures;
- (vii) Operating and maintenance, cost management, and employee productivity measures;
- (viii) Company return measures, including return on assets, investments, equity, or sales;
- (ix) Share price (including attainment of a specified per-share price during the performance period, growth measures, total return to shareholders or attainment of a specified price per share for a specified period of time);
- (x) Strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, business expansion targets, project milestones, production volume levels, or cost targets;
- (xi) Accomplishment of, or goals related to, mergers, acquisitions, dispositions, public offerings, or similar extraordinary business transactions; or
- (xii) Achievement of business or operational goals such as market share, business development and/or customer objectives, and debt ratings; or

(xiii) Growth or rate of growth of any of the performance criteria set forth herein.

“Performance Period” shall mean the period designated by the P&C Committee during which the Performance Goals shall be measured.

“Performance Unit Award” shall mean an Award made pursuant to Section 8 hereof, the payment of which is contingent upon the achievement of the Performance Goals for the particular Performance Period.

“Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, or (iii) an underwriter temporarily holding securities pursuant to an offering on behalf of the Company.

“Personal Representative” shall mean the person or persons who, upon the Disability or incompetence of a Recipient, shall have acquired on behalf of the Recipient by legal proceeding or otherwise the right to receive the benefits specified in this Plan.

“Plan” shall mean this 2015 Ashland Global Holdings Inc. Incentive Plan.

“Recipient” shall mean a Participant or an Outside Director, as appropriate.

“Restricted Period” shall mean the period during which Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of Performance Goals, or upon the occurrence of other events as determined by the Committee, in its discretion).

“Restricted Stock” shall mean those shares of Common Stock issued pursuant to a Restricted Stock Award which are subject to the restrictions, terms, and conditions set forth in the related Agreement or designated by the Committee in accordance with the Plan.

“Restricted Stock Award” shall mean an Award of Restricted Stock pursuant to Section 6 hereof.

“Restricted Stock Unit(s)” or “RSUs” shall mean units (or other Common Stock equivalents) issued pursuant to a Restricted Stock Unit Award which are valued in terms of shares of Common Stock and are subject to the restrictions, terms, and conditions set forth in the related Agreement or designated by the Committee in accordance with the Plan.

“Restricted Stock Unit Award” or “RSU Award” shall mean an Award of Restricted Stock Units pursuant to Section 6 hereof.

“Retirement” shall mean:

(i) in the case of a Participant, termination of the Participant’s employment with the Company and its Subsidiaries at any time such that the Participant has at least five (5) years of Credited Service, and one of the following also applies: (A) the sum of the Participant’s age and years of Credited Service is at least 80, or (B) the Participant is age 55 or older; and

(ii) in the case of an Outside Director, termination of the Outside Director’s service on the Board as a result of a mandatory retirement date established by the G&N Committee.

“Stock Appreciation Right” or “SAR” shall mean a right pursuant to a Stock Appreciation Right Award to be paid an amount measured by the appreciation in the Fair Market Value of shares of Common Stock from the date of grant to the time of exercise of the SAR, with payment to be made wholly in cash, wholly in shares of Common

Stock or a combination thereof as specified in the Agreement or determined by the Committee. A SAR may be granted only singly and may not be granted in tandem with an Option.

“Stock Appreciation Right Award” or “SAR Award” shall mean an Award of a Stock Appreciation Right pursuant to Section 10 hereof.

“Subsidiary” shall mean a corporation, company or other entity, whether U.S. or foreign, (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are now or hereafter, owned or controlled, directly or indirectly, by the Company, or (ii) which does not have outstanding shares or securities (as may be the case, for example, in a partnership, limited liability company, joint venture or unincorporated association), but more than fifty percent (50%) of whose ownership interests representing the right generally to make decisions for such other entity is now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, the term “Subsidiary” shall have the meaning given to such term in Section 424(f) of the Code, as interpreted by the regulations thereunder and applicable law.

“Tax Date” shall mean the date the withholding tax obligation arises with respect to an Award.

SECTION 3. STOCK SUBJECT TO THIS PLAN

(A) Subject to adjustment as provided under Section 14 hereof, there will be reserved for issuance under this Plan an aggregate of 2,475,000 shares of Common Stock, any or all of which may be delivered with respect to ISO Awards. Subject to adjustment as provided under Section 14 hereof, the following limits shall apply with respect to Awards that are intended to qualify for the Performance-Based Exception: (i) the maximum aggregate number of shares of Common Stock that may be subject to Options or SARs granted in any calendar year to any one Participant shall be 500,000 shares; (ii) the maximum aggregate number of Restricted Stock Awards and shares of Common Stock issuable or deliverable under Restricted Stock Unit Awards granted in any calendar year to any one Participant shall be 100,000 shares; and (iii) the maximum aggregate number of shares of Common Stock issuable or deliverable under Performance Unit Awards granted in any calendar year to any one Participant shall be 100,000 shares of Common Stock or, in the case of Performance Unit Awards established in cash, an amount of cash equal to the Fair Market Value (as of the first day of the Performance Period) of 100,000 shares of Common Stock. The maximum aggregate number of shares of Common Stock that may be associated with any Awards made under the Plan in any calendar year to any one Outside Director shall be 5,000 shares.

(B) In the event that any Award is paid solely in cash, no shares shall be deducted from the number of shares available for issuance by reason of such Award. Shares of Common Stock subject to Awards that are forfeited, terminated, canceled or settled without the delivery of Common Stock under the Plan will again be available for Awards under the Plan and credited toward the Plan limit as set forth in Section 3(A) hereof. Notwithstanding any other provision herein, the aggregate number of shares of Common Stock that may be issued under the Plan shall not be increased by: (i) shares of Common Stock tendered in full or partial payment of the Exercise Price of an Option, (ii) shares of Common Stock withheld by the Company or any Subsidiary to satisfy a tax withholding obligation, and (iii) shares of Common Stock that are repurchased by the Company with Option proceeds. Moreover, all shares of Common Stock covered by a SAR, to the extent that it is exercised and settled in shares, and whether or not shares are actually issued or delivered to the Recipient upon exercise of the right, shall be considered issued or delivered pursuant to the Plan for purposes of Section 3(A) hereof.

(C) Any shares of Common Stock underlying Restricted Stock Awards, Restricted Stock Unit Awards, Merit Awards, Incentive Awards, Performance Unit Awards and Dividend Equivalents (collectively, “Full-Value Awards”) that are issued or delivered under the Plan shall reduce the shares available under Section 3(A) hereof by 2.75 shares for every one share of Common Stock issued or delivered in connection with such Full-Value Award, and any shares covered by an Award, other than a Full-Value Award, shall reduce the shares of Common Stock

available under the Plan by one share for every one share of Common Stock issued or delivered under such Award. Any shares of Common Stock that again become available for issuance or delivery pursuant to Section 3(B) of the Plan shall be credited toward the Plan limit as set forth in Section 3(A) hereof in the same manner as such shares were originally deducted from the aggregate Plan limit pursuant to this Section 3(C).

SECTION 4. ADMINISTRATION

The P&C Committee shall have the exclusive authority to administer this Plan; provided that the G&N Committee shall have the exclusive authority to administer this Plan with respect to Awards to Outside Directors.

In addition to any implied powers and duties that may be needed to carry out the provisions hereof, each of the P&C Committee and the G&N Committee, acting individually, shall have all the powers vested in it by the terms hereof, including exclusive authority to select the Recipients, to determine the type, size and terms of the Awards to be made to each Recipient, to determine the time when Awards will be granted, and to prescribe the form of the Agreement embodying Awards made under this Plan. The Committee shall be authorized to interpret this Plan and the Awards granted under this Plan, to establish, amend and rescind any rules and regulations relating to this Plan, to make any other determinations which it believes necessary or advisable for the administration hereof, and to correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems desirable to carry it into effect. To the extent permitted by applicable laws, the P&C Committee may, in its discretion, delegate to one or more directors or Employees any of the Committee's authority under the Plan. The acts of any such delegates shall be treated hereunder as acts of the Committee with respect to any matters so delegated.

The Committee shall have no obligation to treat Recipients or eligible Employees or non-employee directors uniformly, and the Committee may make determinations under the Plan selectively among Recipients who receive, or Employees or directors who are eligible to receive, Awards (whether or not such Recipients or eligible Employees or directors are similarly situated). All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders and resolutions of the Committee shall be final, conclusive and binding on all persons, including the Company, its Subsidiaries, shareholders, Participants, Outside Directors, Employees, directors and their estates, Beneficiaries and Personal Representatives.

Notwithstanding any other provision of this Plan, the Board may reserve to itself any or all of the authority or responsibility of the Committee under the Plan or may act as the administrator of the Plan for any and all purposes. To the extent that the Board has reserved any such authority or responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Committee hereunder, and any reference herein to the P&C Committee, the G&N Committee or the Committee (other than in this paragraph) shall include the Board. To the extent that any action of the Board under the Plan conflicts with any action of the Committee, the action of the Board shall control.

SECTION 5. ELIGIBILITY

Awards may only be granted to Participants and Outside Directors, provided that Outside Directors may not be granted ISOs, Incentive Awards, Performance Awards or Merit Awards.

SECTION 6. RESTRICTED STOCK AND RESTRICTED STOCK UNIT (RSU) AWARDS

- (A) Grant. Any Recipient may receive one or more Restricted Stock Awards or RSU Awards, as the Committee shall from time to time determine.
- (B) Restricted Periods.

(1) Participants. The Restricted Period for each Restricted Stock Award or RSU Award to a Participant shall be set forth in the applicable Agreement. Except as otherwise provided in an Agreement upon a termination of

employment or pursuant to Section 12 in the event of a Change in Control, a Restricted Stock Award or RSU Award granted to a Participant shall have a minimum Restricted Period of (i) one year in the case of restrictions that lapse based on the achievement of Performance Goals; and (ii) three years in the case of restrictions that lapse based solely on the passage of time, which period may, at the discretion of the P&C Committee, lapse on a pro-rated, graded, or cliff basis (as specified in the Agreement); provided that in the P&C Committee's sole discretion, no more than five percent (5%) of the shares of Common Stock available for issuance as Restricted Stock Awards or pursuant to RSU Awards under the Plan may be granted with a Restricted Period of less than three (3) years.

(2) Termination of Employment or Service. Except as otherwise provided in the Agreement or as determined by the Committee, in the event that a Restricted Stock Award or RSU Award has been made to a Recipient whose employment or service as a director is subsequently terminated for any reason prior to the lapse of all restrictions thereon, such Restricted Stock or RSU shall be forfeited in its entirety by such Recipient.

(C) Certain Restricted Stock Award Provisions.

(1) Shareholder Rights; Restrictions on Transferability. Upon the granting of a Restricted Stock Award, a Recipient shall be entitled to all rights incident to ownership of Common Stock of the Company with respect to his or her Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and to receive dividends thereon when, as and if paid in cash, shares of Restricted Stock or Dividend Equivalents, as set forth in the applicable Agreement or as determined by the Committee, in its discretion. Each such grant of Restricted Stock may be made without additional consideration or in consideration of a payment by such Recipient that may be less than the Fair Market Value per share of Common Stock at the date of grant. Subject to Section 16(B) hereof, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered during a Restricted Period.

(2) Restrictions; Dividends on Restricted Stock. During the Restricted Period, (a) any certificates representing the Restricted Stock shall be registered in the Recipient's name and bear a restrictive legend to the effect that ownership of such Restricted Stock, and the enjoyment of all rights appurtenant thereto are subject to the restrictions, terms, and conditions provided in this Plan and the applicable Agreement, and (b) all uncertificated shares of Restricted Stock shall be held by the Company (or its transfer agent) in book entry form with appropriate restrictions relating to the transfer of such shares of Restricted Stock and the other terms and conditions provided in the Plan. Any such certificates shall be deposited by the Recipient with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Stock which shall be forfeited in accordance with this Plan and the applicable Agreement. Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes, with the exception that: (i) the Recipient will not be entitled to delivery of any stock certificates representing such Restricted Stock until the restrictions applicable thereto shall have expired; (ii) the Company will retain custody of all shares of Restricted Stock issued as a dividend or otherwise with respect to an Award of Restricted Stock (and such issued shares of Restricted Stock shall be subject to the same restrictions, terms and conditions as are applicable to the awarded Restricted Stock) until such time, if ever, as such shares of Restricted Stock shall have become vested, and Restricted Stock shall not bear interest or be segregated in separate accounts; (iii) subject to Section 16(B) hereof, the Recipient may not sell, assign, transfer, pledge, exchange, encumber, or dispose of any Restricted Stock during the Restricted Period; and (iv) unless otherwise determined and directed by the Committee, a breach of any restrictions, terms, or conditions provided in this Plan, the applicable Agreement or established by the Committee with respect to any Restricted Stock will cause a forfeiture of such awarded Restricted Stock (including any Restricted Stock issued as a dividend or otherwise) with respect thereto. Notwithstanding anything contained in this Section 6(C)(2) to the contrary, cash dividends or other distributions with respect to Restricted Stock Awards that vest based on the achievement of Performance Goals shall be accumulated until such Award is earned, and the cash dividends or other distributions shall not be paid if the Performance Goals are not satisfied.

(D) Certain Restricted Stock Unit (RSU) Award Provisions.

(1) General. Each RSU Award shall constitute an agreement by the Company to issue or deliver shares of Common Stock or cash to the Recipient following the end of the applicable Restricted Period in consideration of the performance of services. Each such grant of Restricted Stock Units may be made without additional consideration or in consideration of a payment by such Recipient that may be less than the Fair Market Value per share of Common Stock at the date of grant.

(2) No Shareholder Rights; Dividend Equivalents. A Recipient who receives an RSU Award shall not have any rights as a shareholder with respect to the shares of Common Stock subject to such RSUs until such time, if any, that shares of Common Stock are delivered to the Recipient pursuant to the terms of the applicable Agreement. A Recipient who receives an RSU Award shall have such rights, if any, to Dividend Equivalents as shall be set forth in the applicable Agreement or as determined by the Committee, in its discretion.

(3) Payment. Unless otherwise determined by the Committee, each Agreement shall set forth the payment date for the RSU Award, which date shall not be earlier than the end of the applicable Restricted Period. Payment of earned Restricted Stock Units (and Dividend Equivalents, if applicable) may be made in one or more installments and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof as determined by the Committee.

SECTION 7. INCENTIVE AWARDS

(A) Grant. Any Participant may receive one or more Incentive Awards, as the P&C Committee shall from time to time determine.

(B) Terms and Conditions.

(1) Performance Goals. No later than 120 days (90 days or such shorter period as is applicable for those Awards that are intended to qualify for the Performance-Based Exception) after the commencement of each Performance Period, the P&C Committee shall establish in writing one or more Performance Goals that must be reached by a Participant in order to receive an Incentive Award for such Performance Period. Except with respect to Awards that are intended to qualify for the Performance-Based Exception, the P&C Committee shall have the discretion to later revise the Performance Goals and the amount to be paid out upon the attainment of such goals for any reason including the reflection of promotions, transfers or other changes in a Participant's employment so long as such changes are consistent with the Performance Goals established for other Participants in the same or similar positions. Performance Goals established for Awards that are intended to qualify for the Performance-Based Exception may only be adjusted to reduce or eliminate the amount of compensation otherwise payable upon attainment of the Performance Goals.

(2) Award Limits. The target Incentive Award shall be a fixed percentage of the Participant's base salary paid during the year. The maximum aggregate compensation that can be paid pursuant to an Incentive Award granted in any calendar year to any one Participant shall be 6 million dollars (\$6,000,000) or a number of shares of Common Stock having an aggregate Fair Market Value not in excess of such amount.

(C) Payment. Payment of Incentive Awards may be made in one or more installments and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof as determined by the P&C Committee. Except as otherwise provided in the applicable Agreement, payments shall be made no later than the fifteenth day of the third month following the later of (i) the end of the tax year of the Participant in which the Performance Period ends and (ii) the end of the tax year of the Company in which the Performance Period ends.

If payment of an Incentive Award shall be made all or partially in shares of Common Stock, the number of shares of Common Stock to be delivered to a Participant on any payment date shall be determined by dividing (x) the dollar amount of such Incentive Award to be paid (or the part thereof determined by the P&C Committee to be

delivered in shares) by (y) the Fair Market Value on the date the P&C Committee approves payment of the Incentive Award or such other date as the P&C Committee shall determine.

(D) Termination. Unless otherwise provided in an Agreement or determined and directed by the P&C Committee, an Incentive Award shall terminate if the Participant does not remain continuously employed and in good standing with the Company or any of its Subsidiaries until the last business day of the month immediately preceding the month in which such Incentive Award is otherwise payable. Unless otherwise provided in an Agreement or determined and directed by the P&C Committee, in the event a Participant's employment is terminated because of death, Disability, Retirement or other employment termination event determined in the discretion of the P&C Committee, the Participant (or his or her Beneficiaries or estate) shall receive the prorated portion of the payment of an Incentive Award for which the Participant would have otherwise been eligible based upon the portion of the Performance Period during which he or she was so employed so long as the Performance Goals are subsequently achieved.

SECTION 8. PERFORMANCE UNIT AWARDS

(A) Grant. Any Participant may receive one or more Performance Unit Awards, as the P&C Committee shall from time to time determine. Each Performance Unit Award shall be established in dollars or shares of Common Stock, or a combination of both, as determined by the P&C Committee.

(B) Performance Goals. The Performance Goals and Performance Period applicable to a Performance Unit Award shall be set forth in writing by the P&C Committee no later than 120 days (90 days or such shorter period as is applicable for those Awards that are intended to qualify for the Performance-Based Exception) after the commencement of the Performance Period. Except with respect to Awards that are intended to qualify for the Performance-Based Exception, the P&C Committee shall have the discretion to later revise the Performance Goals and the amount to be paid out upon the attainment of such goals for any reason including the reflection of promotions, transfers or other changes in a Participant's employment so long as such changes are consistent with the Performance Goals established for other Participants in the same or similar positions. Goals established for Awards that are intended to qualify for the Performance-Based Exception may only be adjusted to reduce or eliminate the amount of compensation otherwise payable upon attainment of the Performance Goals.

(C) Payment.

(1) General. The amount of payment with respect to Performance Unit Awards shall be determined by the P&C Committee and shall be based on the original amount of such Performance Unit Award (including any Dividend Equivalents with respect thereto) adjusted to reflect the attainment of the Performance Goals during the Performance Period. Payment may be made in one or more installments and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof as determined by the P&C Committee. Except as otherwise provided in the applicable Agreement, payments shall be made no later than the fifteenth day of the third month following the later of (i) the end of the tax year of the Participant in which the Performance Period ends and (ii) the end of the tax year of the Company in which the Performance Period ends. Any payment may be subject to such restrictions and conditions as the P&C Committee may determine.

(2) Payment in Common Stock. If payment of a Performance Unit Award established in dollars is to be made in shares of Common Stock or partly in such shares, the number of shares of Common Stock to be delivered to a Participant on any payment date shall be determined by dividing (i) the amount payable with respect to such Performance Unit Award by (ii) the Fair Market Value of the Common Stock on the date the P&C Committee approves payment of the Performance Unit Award or on such other date as the P&C Committee shall determine.

(3) Payment in Cash. If payment of a Performance Unit Award established in shares of Common Stock is to be made in cash or partly in cash, the amount of cash to be paid to a Participant on any payment date shall be determined by multiplying (i) the number of shares of Common Stock to be paid in cash with respect to such

Performance Unit Award, by (ii) the Fair Market Value of the Common Stock on the date the P&C Committee approves payment of the Performance Unit Award or on such other date as the P&C Committee shall determine.

(D) Termination. Unless otherwise provided in an Agreement or determined and directed by the P&C Committee, a Performance Unit Award (including any Dividend Equivalents with respect thereto) shall terminate for all purposes if the Participant does not remain continuously employed and in good standing with the Company or any of its Subsidiaries until the last business day of the month immediately preceding the month in which such Performance Unit Award is otherwise payable. Unless otherwise provided in an Agreement or determined and directed by the P&C Committee, a Participant (or his or her Beneficiaries or estate) whose employment was terminated because of death, Disability, Retirement or other employment termination event determined in the discretion of the P&C Committee will receive a prorated portion of the payment of his or her Performance Unit Award (including any Dividend Equivalents with respect thereto) based upon the portion of the Performance Period during which he or she was so employed so long as the Performance Goals are subsequently achieved.

SECTION 9. MERIT AWARDS

Any Participant may receive a Merit Award **under** this Plan for such reasons and in such amounts as the P&C Committee may from time to time determine.

SECTION 10. OPTIONS AND SAR AWARDS

(A) Grant. Any Recipient may receive one or more Option or SAR Awards, as the Committee shall from time to time determine.

(B) Designation and Price.

(1) Any Option granted under this Plan may be granted as an Incentive Stock Option or as a Nonqualified Stock Option as shall be designated by the Committee at the time of the grant of such Option. Only Participants may be granted ISOs. Each Option and SAR shall, at the discretion of the Committee, be evidenced by an Agreement, which Agreement shall specify the designation of the Option as an ISO or a NQSO, as the case may be, and shall contain such terms and conditions as the Committee, in its sole discretion, may determine in accordance with this Plan.

(2) Every ISO shall provide for a fixed expiration date of not later than ten years from the date such ISO is granted. Every NQSO and SAR shall provide for a fixed expiration date of not later than ten years and one month from the date such NQSO or SAR is granted.

(3) The Exercise Price of Common Stock issued pursuant to each Option or SAR shall be fixed by the Committee at the time of the granting of the Option or SAR; provided, however, that such Exercise Price shall in no event ever be less than 100% of the Fair Market Value of the Common Stock on the date such Option or SAR is granted, subject to adjustment as provided in Section 14.

(C) Exercise. The Committee may, in its sole discretion, provide for Options or SARs granted under this Plan to be exercisable in whole or in part; provided, however, that no Option or SAR shall be exercisable prior to the first anniversary of the date of its grant, except as provided in Section 12 hereof or as the Committee otherwise determines in accordance with this Plan, and in no case may an Option or SAR be exercised at any time for fewer than 25 shares (or the total remaining shares covered by the Option or SAR if fewer than 25 shares) during the term of the Option or SAR. The specified number of shares of Common Stock will be issued after receipt by the Company of (i) notice from the holder thereof of the exercise of an Option or SAR, and (ii) with respect to Options, payment to the Company (as provided in subsection (D) of this Section) of the Exercise Price for the number of shares with respect to which the Option is exercised. Each such notice and payment shall be delivered or mailed to the Company at such place and in such manner as the Company may designate from time to time.

(D) Payment.

(1) Options. Except as otherwise provided in this Section 10, the Exercise Price for the Common Stock issuable pursuant to an Option shall be paid in full when the Option is exercised. Subject to such rules as the Committee may impose, the Exercise Price may be paid in whole or in part: (i) in cash; (ii) by tendering (either by actual delivery or attestation) unencumbered shares of Common Stock previously acquired by the Recipient exercising such Option having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price; (iii) by a combination of such methods of payment; or (iv) by such other consideration as shall constitute lawful consideration for the issuance of Common Stock and approved by the Committee (including, without limitation, effecting a cashless exercise of the Option with a broker).

(2) Stock Appreciation Rights. A SAR shall entitle the holder thereof, upon exercise, to surrender the SAR and receive in exchange therefor an amount equal to (i) the excess, if any, of (x) the Fair Market Value of a share of Common Stock at the time the SAR is exercised over (y) the Exercise Price specified in such SAR, (ii) multiplied by the number of shares of Common Stock covered by such SAR, or portion thereof, which is so surrendered. Such amount shall be paid to the holder in shares of Common Stock the number of which shall be determined by dividing such amount by the Fair Market Value of the Common Stock at the time the holder makes an effective exercise of the right to receive such amount; provided that, subject to Section 15 hereof, the exercise of any SAR may be settled wholly in cash or a combination of cash and shares of Common Stock as set forth in the Agreement or as determined by the Committee.

(E) Expiration or Termination of Awards.

(1) Participants.

(a) Except as otherwise provided in the Agreement or as determined by the P&C Committee, and subject to the provisions of Section 12(A) hereof, every Option and SAR granted to a Participant shall provide that it may not be exercised in whole or in part for a period of one year after the date of granting such Option or SAR (unless otherwise determined by the P&C Committee) and if the employment of the Participant shall terminate prior to the end of such one year period (or such other period determined by the P&C Committee), the Option or SAR granted to such Participant shall immediately terminate.

(b) Except as otherwise provided in the Agreement or as determined by the P&C Committee, in the event the Participant dies (i) while employed, (ii) during the periods in which Options or SARs may be exercised by a Participant determined to be Disabled, or (iii) after Retirement, such Option or SAR shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by the Beneficiaries of the decedent for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to the Participant's death.

(c) Except as otherwise provided in the Agreement or as determined by the P&C Committee, in the event the employment of any Participant shall cease by reason of Disability, as determined by the P&C Committee at any time during the term of the Option or SAR, such Option or SAR shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by such Participant or his or her Personal Representative for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to the Participant's Disability. The determination by the P&C Committee of any question involving Disability of a Participant shall be conclusive and binding.

(d) Except as otherwise provided in the Agreement or as determined by the P&C Committee, in the event the employment of any Participant shall cease by reason of Retirement, such Option or SAR shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to such Retirement.

(e) Notwithstanding any provision of this Plan to the contrary, any Option or SAR may, in the discretion of the P&C Committee or as provided in the relevant Agreement, become exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, for the full number of awarded shares or any part thereof, less such number as may have been theretofore acquired under the Option or SAR from and after the time the Participant ceases to be an Employee as a result of the sale or other disposition by the Company or any of its Subsidiaries of assets or property (including shares of any Subsidiary) in respect of which such Participant had theretofore been employed or as a result of which such Participant's continued employment is no longer required.

(f) Except as provided in subsections (b), (c), (d) and (e) of this Section 10(E)(1) and Section 12(A) and Section 16(H) hereof, every Option and SAR shall terminate on the earlier to occur of the fixed termination date set forth in the Option or SAR or thirty (30) days after cessation of the Participant's employment for any cause in respect of the number of shares of Common Stock which the Participant could have acquired under the Option or SAR immediately prior to such cessation of employment; provided, however, that no Option or SAR may be exercised after the fixed termination date set forth in the Option or SAR.

(2) Outside Directors.

(a) Except as otherwise provided in the Agreement or as determined by the G&N Committee, and subject to the provisions of Section 12(A) hereof, every Option and SAR granted to an Outside Director shall provide that it may not be exercised in whole or in part for a period of one year after the date of granting such Option or SAR (unless otherwise determined by the G&N Committee) and if the service of the Outside Director shall terminate prior to the end of such one year period (or such other period determined by the G&N Committee), the Option or SAR granted to such Outside Director shall immediately terminate.

(b) Except as otherwise provided in the Agreement or as determined by the G&N Committee, in the event the service of any Outside Director as a director of the Company ceases by reason of Retirement, death or Disability, then any unexercised Options or SARs granted to such Outside Director shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by such Outside Director, his or her Personal Representative or his or her Beneficiaries for the number of shares which the Outside Director could have acquired under the Option or SAR immediately prior to the Outside Director's Retirement, death or Disability, as applicable. The determination by the G&N Committee of any question involving Disability of an Outside Director shall be conclusive and binding.

SECTION 11. CONTINUED EMPLOYMENT

Nothing in this Plan, or in any Award granted pursuant to this Plan, shall confer on any individual any right to continue in the employment of, or service (as an Outside Director or otherwise) to, the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time.

SECTION 12. CHANGE IN CONTROL

(A) Treatment of Awards. The following provisions of this Section 12(A) shall govern the treatment of Awards in the event of a Change in Control, except to the extent otherwise provided in an applicable Agreement. By way of illustration (and not in limitation) of the foregoing, an Agreement may provide, notwithstanding the following provisions of this Section 12(A), that an Award will remain subject to its original vesting schedule and other terms and conditions following a Change in Control and/or will become vested in the event of the termination of the Participant's employment by the Company or a Subsidiary without "cause" within a specified period following a Change in Control.

(1) Restricted Stock and RSU Awards. Upon a Change in Control, there shall be an acceleration of any Restricted Period relating to any Restricted Stock Award or any RSU Award and such Awards shall be free of

all other restrictions for the full number of awarded shares or RSUs less such number as may have been theretofore acquired under the Restricted Stock Award or RSU Award.

(2) Incentive Awards. Upon a Change in Control, there shall be an acceleration of any Performance Period relating to any Incentive Award, and payment of any Incentive Award shall be made in cash within 30 days after such Change in Control based upon achievement of the Performance Goals applicable to such Award up to the date of the Change in Control. Further, the Company's obligation with respect to such Incentive Award shall be assumed, or new obligations substituted therefor, by the acquiring or surviving corporation after such Change in Control. In addition, prior to the date of such Change in Control, the P&C Committee, in its sole judgment, may make adjustments to any Incentive Award as may be appropriate to reflect such Change in Control; provided that, unless otherwise determined by the P&C Committee, any such adjustment that is made with respect to an Incentive Award that is intended to qualify for the Performance-Based Exception shall be made at such times and in such manner as will not cause such Incentive Award to fail to qualify under the Performance-Based Exception.

(3) Performance Unit Awards. Upon a Change in Control, there shall be an acceleration of any Performance Period relating to any Performance Unit Award, and payment of any Performance Unit Award shall be made in cash within 30 days after such Change in Control (or such other time as required in order to comply with Section 409A of the Code and as set forth in the Agreement) based upon achievement of the Performance Goals applicable to such Performance Unit Award up to the date of the Change in Control. If such Performance Unit Award was established in shares of Common Stock, the amount of cash to be paid to a Participant with respect to the Performance Unit Award shall be determined by multiplying (x) the number of shares of Common Stock relating to such Performance Unit Award, by (y) the Fair Market Value of the Common Stock on the date of the Change in Control. Further, the Company's obligation with respect to such Performance Unit Award shall be assumed, or new obligations substituted therefor, by the acquiring or surviving corporation after such Change in Control. In addition, prior to the date of such Change in Control, the P&C Committee, in its sole judgment, may make adjustments to any Performance Unit Award as may be appropriate to reflect such Change in Control; provided that, unless otherwise determined by the P&C Committee, any such adjustment that is made with respect to a Performance Unit Award that is intended to qualify for the Performance-Based Exception shall be made at such times and in such manner as will not cause such Performance Unit Award to fail to qualify under the Performance-Based Exception.

(4) Option and SAR Awards. Upon a Change in Control, any Option Award or SAR Award shall become immediately exercisable for the full number of awarded shares or any part thereof, less such numbers as may have been theretofore acquired under the Option Award or SAR Award from and after the date of such Change in Control.

(B) Cash-out of Awards. In connection with a Change in Control, the Committee may, in its sole discretion and without the consent of the affected Recipient, either by the terms of the Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change in Control, provide that any outstanding Award (or a portion thereof) shall, upon the occurrence of such Change in Control, be cancelled in exchange for a payment in cash in an amount based on the Fair Market Value of the shares of Common Stock subject to the Award (less any Exercise Price), which amount may be zero (0) if applicable.

SECTION 13. WITHHOLDING TAXES

Federal, state, local, foreign or other law may require the withholding of taxes applicable to gains resulting from the payment or vesting of an Award. Unless otherwise prohibited by the P&C Committee, the Company may permit or require (subject to such conditions or procedures as may be established by the Committee) any such tax withholding obligation of a Recipient to be satisfied by any of the following means, or by a combination of such means: (i) a cash payment from Recipient; (ii) withholding from the shares of Common Stock otherwise issuable to the Recipient pursuant to the vesting or exercise of an Award a number of shares of Common Stock having a Fair Market Value, as of the Tax Date, which will satisfy the minimum amount of the withholding tax obligation; or (iii) having the Recipient deliver to the Company a number of shares of Common Stock having a Fair Market Value as

of the Tax Date which will satisfy the minimum amount of the withholding tax obligation arising from the vesting or exercise of an Award. If the payment specified in clause (i) or (iii) of the preceding sentence is not paid by a Recipient, the P&C Committee may refuse to issue Common Stock under this Plan.

SECTION 14. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than normal cash dividends, the number or kind of shares that may be issued under this Plan pursuant to Section 3 hereof and the number or kind of shares subject to, or the price per share under any outstanding Award shall be automatically adjusted so that the proportionate interest of the Recipient shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes hereof. Notwithstanding the foregoing, the Committee shall not make any adjustment pursuant to this Section 14 that would (i) cause any Option intended to qualify as an ISO to fail to so qualify; (ii) cause an Award that is otherwise exempt from Section 409A of the Code to become subject to Section 409A; or (iii) cause an Award that is subject to Section 409A of the Code to fail to satisfy the requirements of Section 409A.

SECTION 15. AMENDMENT AND TERMINATION

The Board may amend, alter, suspend or terminate this Plan in whole or in part and at any time; provided, however, that no alteration or amendment that requires shareholder approval in order for the Plan to continue to comply with the New York Stock Exchange rules or any rule promulgated by the Securities and Exchange Commission or any other securities exchange on which shares of Common Stock are listed or any other applicable laws shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon within the time period required under such applicable listing standard or rule.

Except for adjustments made pursuant to Section 14 hereof, the Board or the Committee will not, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option or SAR to reduce the Exercise Price. No Option or SAR will be cancelled and replaced with Awards having a lower Exercise Price or for another Award, or for cash without further approval of the shareholders of the Company, except as provided in Sections 12 or 14 hereof. Furthermore, no Option or SAR will provide for the payment, at the time of exercise, of a cash bonus or grant or sale of another Award without further approval of the shareholders of the Company. This Section 15 is intended to prohibit the repricing of “underwater” Options or SARs without shareholder approval and will not be construed to prohibit the adjustments provided for in Sections 12 or 14 hereof.

Termination of this Plan shall not affect any Awards made hereunder which are outstanding on the date of termination and such Awards shall continue to be subject to the terms of this Plan notwithstanding its termination. Except as otherwise provided pursuant to this Plan, no amendment, suspension, or modification of this Plan or an Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Recipient holding such Award; provided that the Committee may modify an ISO held by a Participant to disqualify such Option from treatment as an “incentive stock option” under Section 422 of the Code without the Participant’s consent.

SECTION 16. MISCELLANEOUS PROVISIONS

(A) Rights to Awards. No Recipient or other person shall have any claim or right to be granted an Award under this Plan.

(B) Assignment and Transfer. A Recipient’s rights and interests under this Plan (including any Awards granted hereunder) may not be assigned or transferred in whole or in part, either directly or by operation of law or otherwise (except in the event of a Recipient’s death, by will or the laws of descent and distribution), including, but

not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no such rights or interests of any Recipient in this Plan shall be subject to any obligation or liability of such individual; provided, however, that a Recipient's rights and interests under this Plan (including any Awards granted hereunder) may, subject to the discretion and direction of the Committee, be made transferable by such Recipient during his or her lifetime. Except as specified in Section 6 hereof, the holder of an Award shall have none of the rights of a shareholder until the shares subject thereto shall have been registered in the name of the person receiving or person or persons exercising the Award on the transfer books of the Company.

(C) *Compliance with Legal and Exchange Requirements.* The Plan, the granting and exercising of Awards hereunder, the issuance of Common Stock and other interests hereunder, and the other obligations of the Company under the Plan and any Agreement pursuant to the Plan, shall be subject to all applicable United States federal and state laws, rules and regulations, the applicable laws, rules and regulations of any other country or jurisdiction, and to such approvals by any regulatory or governmental agency as may be required. The Company or the Committee, in their respective discretion, may postpone the granting and exercising of Awards, the issuance or delivery of Common Stock under any Award or any other action permitted under the Plan to permit the Company, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Common Stock or other required action under any federal or state law, rule, or regulation and may require any Recipient to make such representations and furnish such information as the Committee may consider appropriate in connection with the issuance or delivery of Common Stock in compliance with applicable laws, rules, and regulations. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue Common Stock in violation of any such laws, rules, or regulations; and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Awards, and neither the Company nor any of its Subsidiaries, directors or officers shall have any obligations or liability to any Recipient with respect to any Award (or Common Stock issuable thereunder) that shall lapse because of such postponement.

(D) *Ratification and Consent.* By accepting any Award under this Plan, each Recipient and each Personal Representative or Beneficiary claiming under or through him or her shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under this Plan by the Company or any of its Subsidiaries, the Board, or the Committee.

(E) *Additional Compensation.* Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required.

(F) *Grant Date.* Each Recipient shall be deemed to have been granted any Award on the date the Committee took action to grant such Award under this Plan or such date as the Committee in its sole discretion shall determine at the time such Award is authorized. The grant date shall not be earlier than the date of the resolution and action therein by the Committee.

(G) *Fractional Shares.* No fractional shares shall be issued or delivered pursuant to this Plan or any Award. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(H) *Forfeiture Provision.* Unless the Agreement specifies otherwise, the Committee may, in its discretion, require a Recipient to forfeit all unexercised, unearned, unvested or unpaid Awards if:

(1) the Recipient, without written consent of the Company, engages directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by the Company or any of its Subsidiaries, as determined by the Committee;

(2) the Recipient performs any act or engages in any activity that is detrimental to the best interests of the Company or any of its Subsidiaries, as determined by the Committee; or

(3) the Recipient breaches any agreement or covenant with, or obligation or duty to, the Company or any Subsidiary, including without limitation, any non-competition agreement, non-solicitation agreement, confidentiality or non-disclosure agreement, or assignment of inventions or ownership of works agreement, as determined by the Committee.

(I) *Compensation Recovery Policy.* Each Award granted to a Participant under the Plan shall be subject to forfeiture or repayment pursuant to the terms of any applicable compensation recovery policy adopted by the Company as in effect from time to time, including any such policy that may be adopted or amended to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations issued by the Securities and Exchange Commission or applicable securities exchange.

(J) *Severability.* The validity, legality, or enforceability of the Plan will not be affected even if one or more of the provisions of this Plan shall be held to be invalid, illegal, or unenforceable in any respect.

(K) *Section 409A.* Awards granted under the Plan shall be designed and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code. To the extent that the Committee determines that any award granted under the Plan is subject to Section 409A of the Code, the Agreement shall incorporate the terms and conditions necessary to avoid the imposition of an additional tax under Section 409A of the Code upon a Recipient. Notwithstanding any other provision of the Plan or any Agreement (unless the Agreement provides otherwise with specific reference to this Section): (i) an Award shall not be granted, deferred, accelerated, extended, paid out, settled, substituted or modified under the Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Recipient; and (ii) if an Award is subject to Section 409A of the Code, and if the Recipient holding the Award is a "specified employee" (as defined in Section 409A of the Code, with such classification to be determined in accordance with the methodology established by the Company), no distribution or payment of any amount under the Award shall be made before a date that is six (6) months following the date of such Recipient's "separation from service" (as defined in Section 409A of the Code) or, if earlier, the date of the Recipient's death. Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, or non-United States law. The Company shall not be liable to any Recipient for any tax, interest, or penalties a Recipient might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

(L) *Awards to Participants Outside the United States.* Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Employees or otherwise to foster and promote achievement of the purposes of this Plan, the P&C Committee, in its sole discretion, shall have the power and authority, without any amendment to the Plan, to: (i) determine which non-United States Subsidiaries shall be covered by this Plan; (ii) determine which foreign nationals and Employees outside the United States are eligible to participate in this Plan; (iii) modify the terms and conditions of any Award granted to Participants who are foreign nationals, who are employed outside the United States or who are otherwise subject to the laws of one or more non-United States jurisdictions; (iv) grant Awards to Participants who are foreign nationals, who are employed outside the United States or who are otherwise subject to the laws of one or more non-U.S. jurisdictions, on such terms and conditions different from those specified in the Plan; (v) modify exercise procedures and other terms and procedures with respect to such Participants, to the extent such actions may be necessary or advisable; and (vi) take any action, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any local government regulatory exemptions, approvals or requirements.

Notwithstanding the above, the P&C Committee may not take any actions hereunder, and no Awards shall be granted that would violate any applicable law.

(M) *Headings.* The headings in this Plan are inserted for convenience only and shall not affect the interpretation hereof.

(N) *Dividend Equivalents.* At the discretion of the Committee, Awards granted pursuant to the Plan may provide Recipients with the right to receive Dividend Equivalents, which may be paid currently or credited to an account for the Recipients, and may be settled in cash and/or shares of Common Stock, as determined by the Committee in its sole discretion, subject in each case to such terms and conditions as the Committee shall establish. No Dividend Equivalents shall relate to shares underlying an Option or SAR unless such Dividend Equivalent rights are explicitly set forth as a separate arrangement and do not cause any such Option or SAR to be subject to Section 409A of the Code. Notwithstanding anything contained in this Plan to the contrary, Dividend Equivalents with respect to Restricted Stock Unit Awards, Incentive Awards, Performance Unit Awards and Merit Awards that vest based on the achievement of Performance Goals shall be accumulated until such Award is earned, and the Dividend Equivalents shall not be paid if the Performance Goals are not satisfied.

(O) *Deferrals.* Except with respect to Options and SARs, the Committee may permit Recipients to elect to defer the issuance or delivery of shares of Common Stock or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of the Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of Dividend Equivalents or interest on the deferral amounts. All elections and deferrals permitted under this provision shall comply with Section 409A of the Code, including setting forth the time and manner of the election (including a compliant time and form of payment), the date on which the election is irrevocable, and whether the election can be changed until the date it is irrevocable.

(P) *Successors.* All obligations of the Company under the Plan and with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the “Company” herein and in any Agreements shall be deemed to refer to such successors.

SECTION 17. EFFECTIVENESS OF THIS PLAN

This Plan shall be submitted to the shareholders of the Company for their approval on January 29, 2015, or such other date fixed for the next meeting of shareholders or any adjournment or postponement thereof. This Plan will be effective as of the Effective Date. No Award may be granted under the Plan after January 28, 2025, or such earlier date as the Board shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

SECTION 18. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

RESTRICTED STOCK AGREEMENT**Name of Participant:** XXXXXXX**Name of Plan:** Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan**Number of Shares of Ashland Global Holdings Inc.****Common Stock:** XXXXXXX**Par Value Per Share:** \$0.01**Vesting Dates:** XXXXXXX**Date of Award:** _____ 20__

Ashland Global Holdings Inc. ("Ashland") hereby awards to the above-named Participant (hereinafter called the "Participant") XXXXXXX shares of Ashland Common Stock, par value \$0.01 per share, subject to certain restrictions (hereinafter called "Restricted Stock"), as an award ("Award") pursuant to the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (hereinafter called the "Plan") and this Restricted Stock Agreement ("Agreement"), in order to provide the Participant with an additional incentive to continue his/her services to Ashland and to continue to work for the best interests of Ashland.

Ashland confirms this Award to the Participant, as a matter of separate agreement and not in lieu of salary or any other compensation for services, of the number of shares of Restricted Stock set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan.

This Award will be evidenced by entry on the books of Ashland's transfer agent, Wells Fargo Bank, N.A. Each entry in respect of shares of Restricted Stock shall be designated in the name of the Participant and shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeitures) contained in the Plan and the Agreement entered into between the registered owner and Ashland Global Holdings Inc."

The Restricted Stock will become vested, provided that the Participant remains in the continuous employment of Ashland and its subsidiaries through the Vesting Dates set forth above. The Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered (except to the extent such shares shall have vested) until such Vesting Dates. While the Restricted Stock granted under this Award remains unvested, on each date the cash dividends are paid to holders of Common Stock, Ashland will credit the Participant with a whole number of additional shares of Restricted Stock on the unvested portion of the Award, determined as (1) the product of the number of unvested shares of Restricted Stock held by Participant as of the date of record for such dividend times the per share cash dividend amount, divided by (2) the Fair Market Value (as defined in the Plan) per share on the dividend payment date (with all fractional shares, if any, resulting from such calculation being cancelled as of such date). Such additional Restricted Stock will be subject to the same vesting conditions and restrictions as the underlying Restricted Stock. Except as otherwise provided below or unless otherwise determined and directed by the P&C Committee, in the case of the Participant's termination for any reason prior to a Vesting Date, all such Restricted Stock which has not vested will be forfeited. Except for such restrictions described above, the Participant will have all rights of a shareholder with respect to the shares of Restricted Stock.

Notwithstanding the foregoing, and notwithstanding any provision of Section 12(A) of the Plan to the contrary, this Award shall be treated as follows in the event of a Change in Control prior to a Vesting Date and while the Participant remains employed by Ashland:

(a) If the Award is assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Award shall continue to vest subject to the Participant's continued employment through the Vesting Dates; provided that any outstanding unvested Restricted Stock will immediately vest upon the termination of the Participant's employment by Ashland without "Cause" and not as a result of the Participant's Disability or death during the one-year period commencing on the date of the Change in Control. For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with Ashland or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to Ashland or a subsidiary, or (iii) the Participant's conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

(b) If the Award is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then any outstanding unvested Restricted Stock subject to the Award will immediately vest upon the date of the Change in Control.

For purposes of this Agreement, the Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control unless (i) the Award is adjusted to prevent dilution of the Participant's rights hereunder as a result of the Change in Control, and (ii) immediately after the Change in Control, the Award relates to shares of stock in the surviving or resulting entity which are publicly traded and listed on a national securities exchange, in each case as determined by the P&C Committee in its sole discretion prior to such Change in Control.

For the avoidance of doubt, the transaction, or series of transactions, initially approved by the Ashland Board of Directors on September 16, 2015, intended to separate the Valvoline business from Ashland's specialty chemical business and create two independent, publicly traded companies, shall not constitute a "Change in Control" for purposes of this Award.

Notwithstanding the foregoing, the P&C Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

As the Restricted Stock vests, the Participant will owe applicable federal income and employment taxes and state and local income and employment taxes at the Vesting Date of the shares of Restricted Stock that vest. The amount of taxes due in each instance is based on the fair market value of the Common Stock delivered on the applicable Vesting Date.

Nothing contained in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employment of, or remain in the service of, Ashland or its subsidiaries.

Information about the Participant and the Participant's participation in the Plan may be collected, recorded and held, used and disclosed by and among Ashland, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Participant understands that such processing of this information may need to be carried out by Ashland, its subsidiaries and by third party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. By accepting this Award, the Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

The Participant consents and agrees to electronic delivery of any documents that Ashland may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to Ashland at 50 E. RiverCenter Blvd., Covington, KY 41011 Attention: Shea Blackburn, this consent shall be effective for the duration of the Award. The Participant also understands that the Participant shall have the right at any time to request that Ashland deliver written copies of any and all materials referred to above at no charge.

This Award is granted under, and is subject to, all the terms and conditions of the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan. In consideration of this Award, the Participant agrees that without the written consent of Ashland, the Participant will not (i) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by Ashland or any of its subsidiaries; or (ii) perform any act or engage in any activity that is detrimental to the best interests of Ashland or any of its subsidiaries, including, without limitation, (aa) solicit or encourage any existing or former employee, director, contractor, consultant, customer or supplier of Ashland or any of its subsidiaries to terminate his, her or its relationship with Ashland or any of its subsidiaries for any reason, or (bb) disclose proprietary or confidential information of Ashland or any of its subsidiaries to third parties or use any such proprietary or confidential information for the benefit of anyone other than Ashland and its subsidiaries (the "Participant Covenants"), provided, however, that section (ii) above shall not be breached in the event that the Participant discloses proprietary or confidential information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or the Participant's disclosure of proprietary or confidential information is protected under the whistleblower provisions of any applicable law or regulation. Furthermore, Participant is advised that if Participant discloses proprietary or confidential information of Ashland or its subsidiaries that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then Participant shall not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of this Agreement where Participant's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where Participant's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against Ashland or any of its subsidiaries, and such filing is made under seal. The Participant understands that if he or she makes a disclosure of proprietary or confidential information that is covered above, he or she is not required to inform Ashland, in advance or otherwise, that such disclosure(s) has been made.

Notwithstanding any other provision of the Plan or this Agreement to the contrary, but subject to any applicable laws to the contrary, the Participant agrees that in the event the Participant fails to comply or otherwise breaches any of the Participant Covenants either during the Participant's employment or within twenty-four (24) months following the Participant's termination of employment with Ashland or its subsidiaries for any reason: (i) Ashland may eliminate or reduce the amount of any compensation, benefit, or payment otherwise payable by Ashland or any of its subsidiaries (either directly or under any employee benefit or compensation plan, agreement, or arrangement), except to the extent such compensation, benefit or payment constitutes deferred compensation under Section 409A of the Code and such elimination or reduction would trigger a tax or penalty under Section 409A of the Code, to or on behalf of the Participant in an amount up to the total amount of the closing stock price of Common Stock on the vesting date multiplied by the number of shares of Common Stock delivered to the Participant under this Agreement; and/or (ii) Ashland may require the Participant to pay Ashland an amount up to the closing stock price of Common Stock on the vesting date multiplied by the number of shares of Common Stock delivered to the Participant under this Agreement; in each case together with the amount of Ashland's court costs, attorney fees, and other costs and expenses incurred in connection therewith.

Copies of the Plan and related Prospectus are available for the Participant's review on Fidelity's website.

This grant of Restricted Stock is subject to the Participant's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. By accepting the terms and conditions of this Agreement, the Participant acknowledges receipt of a copy of the Plan, Prospectus, and Ashland's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

IN WITNESS WHEREOF, ASHLAND has caused this instrument to be executed and delivered effective as of the day and year first above written.

ASHLAND GLOBAL HOLDINGS INC.

By: _____

Name:

Title:

RESTRICTED STOCK UNIT AGREEMENT**Name of Ashland:** Ashland Global Holdings Inc.**Name of Participant:** _____**Name of Plan:** Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan**Number of Restricted Stock Units:** _____**Vesting Dates:** _____**Date of Award:** _____, 20____

Ashland Global Holdings Inc. ("Ashland"), hereby awards to the above-named Participant (hereinafter called the "Participant") _____ Restricted Stock Units (the "Award") pursuant to the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (hereinafter called the "Plan") and this Restricted Stock Unit Agreement ("Agreement"), in order to provide the Participant with an additional incentive to continue his/her services to Ashland and to continue to work for the best interests of the Ashland. Each Restricted Stock Unit represents the contingent right (as set forth herein) of Participant to receive a share of Ashland Common Stock, par value \$0.01 per share, on the Vesting Date.

Ashland confirms this Award to the Participant, as a matter of separate agreement and not in lieu of salary or any other compensation for services, of the number of Restricted Stock Units set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan.

The applicable number of Restricted Stock Units set forth above will become vested, provided that the Participant remains in the continuous employment of Ashland through the Vesting Dates set forth above. Except as otherwise provided below or unless otherwise determined and directed by the P&C Committee of Ashland, in the case of the Participant's termination for any reason prior to a Vesting Date, all Restricted Stock Units which have not vested will be forfeited.

Notwithstanding the foregoing, and notwithstanding any provision of Section 12(A) of the Plan to the contrary, this Award shall be treated as follows in the event of a Change in Control prior to a Vesting Date and while the Participant remains employed by Ashland:

(a) If the Award is assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Award shall continue to vest subject to the Participant's continued employment through the Vesting Dates; provided that any outstanding unvested Restricted Stock Units will immediately vest upon the termination of the Participant's employment by Ashland without "Cause" and not as a result of the Participant's Disability or death during the one-year period commencing on the date of the Change in Control. For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with Ashland or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to Ashland or a subsidiary, or (iii) the Participant's conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

(b) If the Award is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then any outstanding unvested Restricted Stock Units subject to the Award will immediately vest upon the date of the Change in Control.

For purposes of this Agreement, the Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control unless (i) the Award is adjusted to prevent dilution of the Participant's rights hereunder as a result of the Change in Control, and (ii) immediately after the Change in Control, the Award relates to shares of stock in the surviving or resulting entity which are publicly traded and listed on a national securities exchange, in each case as determined by the P&C Committee in its sole discretion prior to such Change in Control.

For the avoidance of doubt, the transaction, or series of transactions, initially approved by the Ashland Board of Directors on September 16, 2015, intended to separate the Valvoline business from Ashland's specialty chemical business and create two independent, publicly traded companies, shall not constitute a "Change in Control" for purposes of this Award.

Notwithstanding the foregoing, the P&C Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

The shares of Common Stock underlying any Restricted Stock Units that become vested pursuant to this Agreement in connection with a Change in Control will be delivered within 30 days after such Restricted Stock Units become vested as provided herein; provided, however, that to the extent necessary to comply with Section 409A of the Code, any such vested Restricted Stock Units shall be delivered upon the earlier of (i) within 30 days after the Vesting Date; (ii) within 30 days after the Participant's separation from service (within the meaning of Section 409A of the Code) or, if the Participant is a specified employee (as determined by Ashland in accordance with Section 409A of the Code), within 30 days after the first business day that is at least six months after the Participant's separation from service; or (iii) within 30 days after the occurrence of a Change in Control that constitutes a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5).

While this Award is outstanding, on each date that cash dividends are paid to holders of Common Stock, the Participant will be credited with a number of additional Restricted Stock Units (which shall be subject to all the terms and conditions of this Agreement and the Plan), determined as (1) the product of the number of outstanding Restricted Stock Units held by the Participant as of the date of record for such dividend times the per share cash dividend amount, divided by (2) the closing stock price of Common Stock on the NYSE Composite Tape on the date of record for such dividend. Such additional Restricted Stock Units will be subject to the same vesting conditions and restrictions as the underlying Restricted Stock Units to which they relate.

The Restricted Stock Units and the Participant's rights under this Agreement may not be sold, assigned, transferred, pledged, or otherwise encumbered.

When the Restricted Stock Units are paid, the Participant will owe applicable federal income and employment taxes and state and local income and employment taxes. The number of shares issued will be netted down to cover the taxes owed.

Nothing contained in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employment of, or remain in the service of, Ashland or its subsidiaries.

Information about the Participant and the Participant's participation in the Plan may be collected, recorded and held, used and disclosed by and among Ashland, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Participant understands that

such processing of this information may need to be carried out by Ashland, its affiliates and subsidiaries and by third party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. By accepting this Award, the Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

The Participant consents and agrees to electronic delivery of any documents that Ashland may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to Ashland Global Holdings Inc. at 50 E. RiverCenter Blvd., Covington, KY 41011 Attention: Shea Blackburn, this consent shall be effective for the duration of the Award. The Participant also understands that the Participant shall have the right at any time to request that Ashland deliver written copies of any and all materials referred to above at no charge.

This Award is granted under, and is subject to, all the terms and conditions of the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan. In consideration of this Award, the Participant agrees that without the written consent of Ashland, the Participant will not (i) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by Ashland or any of its subsidiaries; or (ii) perform any act or engage in any activity that is detrimental to the best interests of Ashland or any of its subsidiaries, including, without limitation, (aa) solicit or encourage any existing or former employee, director, contractor, consultant, customer or supplier of Ashland or any of its subsidiaries to terminate his, her or its relationship with Ashland or any of its subsidiaries for any reason, or (bb) disclose proprietary or confidential information of Ashland or any of its subsidiaries to third parties or use any such proprietary or confidential information for the benefit of anyone other than Ashland and its subsidiaries (the "Participant Covenants"), provided, however, that section (ii) above shall not be breached in the event that the Participant discloses proprietary or confidential information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or the Participant's disclosure of proprietary or confidential information is protected under the whistleblower provisions of any applicable law or regulation. Furthermore, Participant is advised that if Participant discloses proprietary or confidential information of Ashland or its subsidiaries that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then Participant shall not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of this Agreement where Participant's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where Participant's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against Ashland or any of its subsidiaries, and such filing is made under seal. The Participant understands that if he or she makes a disclosure of proprietary or confidential information that is covered above, he or she is not required to inform Ashland, in advance or otherwise, that such disclosure(s) has been made.

Notwithstanding any other provision of the Plan or this Agreement to the contrary, but subject to any applicable laws to the contrary, the Participant agrees that in the event the Participant fails to comply or otherwise breaches any of the Participant Covenants either during the Participant's employment or within twenty-four (24) months following the Participant's termination of employment with Ashland or its subsidiaries for any reason: (i) Ashland may eliminate or reduce the amount of any compensation, benefit, or payment otherwise payable by Ashland or any of its subsidiaries (either directly or under any employee benefit or compensation plan, agreement, or arrangement), except to the extent such compensation, benefit or payment constitutes deferred compensation under Section 409A of the Internal Revenue Code and such elimination or reduction would trigger a tax or penalty under Section 409A of the Code, to or on

behalf of the Participant in an amount up to the total amount paid (or closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock awarded) or payable to the Participant under this Agreement; and/or (ii) Ashland may require the Participant to pay Ashland an amount up to the total amount paid (or closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock awarded) to the Participant under this Agreement; in each case together with the amount of Ashland's court costs, attorney fees, and other costs and expenses incurred in connection therewith.

This grant of Restricted Stock Units is subject to the Participant's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. The right to the Restricted Stock Units under the Plan shall expire if not accepted by _____.

By accepting the terms and conditions of this Agreement, the Participant acknowledges receipt of a copy of the Plan, Prospectus, and Ashland's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

IN WITNESS WHEREOF, Ashland Global Holdings Inc. has caused this instrument to be executed and delivered effective as of the day and year first above written.

Ashland Global Holdings Inc.

By: _____

Name: _____

Title: _____

NOTICE OF GRANT OF STOCK APPRECIATION RIGHT (SAR) AWARD

Name of Employee: _____

Name of Plan: Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan

Number of SAR's: _____

Grant Price Per SAR: \$ _____.

Date of SAR Grant: _____, 20____

Vesting Schedule: 50% on 1st Anniversary of Grant DateAdditional 25% on 2nd Anniversary of Grant DateRemaining 25% on 3rd Anniversary of Grant Date

Expiration Date: _____, 20____

Ashland Global Holdings Inc. ("Ashland") hereby confirms the grant of a Stock Appreciation Right ("SAR") award ("Award") to the above-named Participant (hereinafter called the "Participant") pursuant to the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (hereinafter called the "Plan") and this agreement ("Agreement"), in order to provide the Participant with an additional incentive to continue his/her services to Ashland and to continue to work for the best interests of Ashland. This Award entitles the Participant to receive a number of shares of Ashland Common Stock, par value \$0.01 per share ("Common Stock") with a fair market value equal to the product of (1) the excess of the fair market value per share of Common Stock at the time the SAR is exercised over the grant price per share of the SAR, multiplied by (2) the number of shares of Common Stock covered by the SAR (or the portion thereof which is so exercised). For purposes of this Award, fair market value shall be determined by the sale price of the Common Stock as reported on the Composite Tape of the New York Stock Exchange at the time the SAR is exercised. To the extent vested, this Award may be exercised, as provided in the Plan, until the Expiration Date or such earlier date that the Award terminates pursuant to the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan.

Notwithstanding the foregoing, and notwithstanding any provision of Section 12(A) of the Plan to the contrary, this Award shall be treated as follows in the event of a Change in Control prior to the third anniversary of the Grant Date and while the Participant remains employed by Ashland:

(a) If the Award is assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Award shall continue to vest and become exercisable subject to the Participant's continued employment in accordance with the Vesting Schedule above; provided that any outstanding unvested portion of the Award will immediately vest and become exercisable upon the termination of the Participant's employment by Ashland without "Cause" and not as a result of the Participant's Disability or death during the one-year period commencing on the date of the Change in Control. For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with Ashland or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to Ashland or a subsidiary, or (iii) the Participant's

conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

(b) If the Award is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then any outstanding unvested portion of the Award will immediately vest and become exercisable upon the date of the Change in Control.

For purposes of this Agreement, the Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control unless (i) the Award is adjusted to prevent dilution of the Participant's rights hereunder as a result of the Change in Control, and (ii) immediately after the Change in Control, the Award relates to shares of stock in the surviving or resulting entity which are publicly traded and listed on a national securities exchange, in each case as determined by the P&C Committee in its sole discretion prior to such Change in Control.

For the avoidance of doubt, the transaction, or series of transactions, initially approved by the Ashland Board of Directors on September 16, 2015, intended to separate the Valvoline business from Ashland's specialty chemical business and create two independent, publicly traded companies, shall not constitute a "Change in Control" for purposes of this Award.

Notwithstanding the foregoing, the P&C Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

Ashland confirms this Award to the Participant, as a matter of separate agreement and not in lieu of salary or any other compensation for services, of the number of SARs set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the Plan.

Nothing contained in this Agreement or in the Plan shall confer upon the Participant any right to continue in the employment of, or remain in the service of, Ashland or its subsidiaries.

Information about the Participant and the Participant's participation in the Plan may be collected, recorded and held, used and disclosed by and among Ashland, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Participant understands that such processing of this information may need to be carried out by Ashland, its subsidiaries and by third party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. By accepting this Award, the Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

The Participant consents and agrees to electronic delivery of any documents that Ashland may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to Ashland Global Holdings Inc., Attn: Shea Blackburn, 50 E. RiverCenter Blvd., Covington, KY 41011, this consent shall be effective for the duration of the Award.

The Participant also understands that the Participant shall have the right at any time to request that Ashland deliver written copies of any and all materials referred to above at no charge.

This Award is granted under, and is subject to, all the terms and conditions of the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan. In consideration of this Award, the Participant

agrees that without the written consent of Ashland, the Participant will not (i) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by Ashland or any of its subsidiaries; or (ii) perform any act or engage in any activity that is detrimental to the best interests of Ashland or any of its subsidiaries, including, without limitation, (aa) solicit or encourage any existing or former employee, director, contractor, consultant, customer or supplier of Ashland or any of its subsidiaries to terminate his, her or its relationship with Ashland or any of its subsidiaries for any reason, or (bb) disclose proprietary or confidential information of Ashland or any of its subsidiaries to third parties or use any such proprietary or confidential information for the benefit of anyone other than Ashland and its subsidiaries (the "Participant Covenants"), provided, however, that section (ii) above shall not be breached in the event that the Participant discloses proprietary or confidential information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or the Participant's disclosure of proprietary or confidential information is protected under the whistleblower provisions of any applicable law or regulation. Furthermore, Participant is advised that if Participant discloses proprietary or confidential information of Ashland or its subsidiaries that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then Participant shall not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of this Agreement where Participant's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where Participant's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against Ashland or any of its subsidiaries, and such filing is made under seal. The Participant understands that if he or she makes a disclosure of proprietary or confidential information that is covered above, he or she is not required to inform Ashland, in advance or otherwise, that such disclosure(s) has been made. Notwithstanding any other provision of the Plan or this Agreement to the contrary, but subject to any applicable laws to the contrary, the Participant agrees that in the event the Participant fails to comply or otherwise breaches any of the Participant Covenants either during the Participant's employment or within twenty-four (24) months following the Participant's termination of employment with Ashland or its subsidiaries for any reason: (i) Ashland may eliminate or reduce the amount of any compensation, benefit, or payment otherwise payable by Ashland or any of its subsidiaries (either directly or under any employee benefit or compensation plan, agreement, or arrangement), except to the extent such compensation, benefit or payment constitutes deferred compensation under Section 409A of the Code and such elimination or reduction would trigger a tax or penalty under Section 409A of the Code, to or on behalf of the Participant in an amount up to the total amount of the closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock delivered to the Participant under this Agreement; and/or (ii) Ashland may require the Participant to pay Ashland an amount up to the total amount of the closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock delivered to the Participant under this Agreement; in each case together with the amount of Ashland's court costs, attorney fees, and other costs and expenses incurred in connection therewith.

Copies of the Plan and related Prospectus are available for the Participant's review on Fidelity's website.

This grant of Stock Appreciation Rights is subject to the Participant's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. By accepting this Agreement and its terms and conditions, the Participant acknowledges receipt of a copy of the Plan, Prospectus, and Ashland's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

ASHLAND GLOBAL HOLDINGS INC.

By: _____

Name: _____

Title: _____

PERFORMANCE UNIT AGREEMENT**Name of Participant:** _____**Name of Plan:** Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan**Number of Performance Units:** _____**Three-Year Performance Period:** October 1, 20__ to October 1, 20__**Date of Award:** _____, 20__**Vesting Date of Award:** October 1, 20__

Ashland Global Holdings Inc. ("Ashland") hereby confirms the grant of a Performance Unit Award ("Award") to the above-named Participant (hereinafter called the "Participant") pursuant to the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (hereinafter called the "Plan") (Attachment 1) and this Performance Unit Agreement ("Agreement") in order to provide the Participant with an additional incentive to continue his/her services to Ashland and to continue to work for the best interests of Ashland.

This Award is granted under, and subject to, all the terms and conditions of the Long-Term Incentive Plan Program Memorandum ("LTIP") (Attachment 2) and the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan or the LTIP, as applicable.

In consideration of this Award, the Participant agrees that without the written consent of Ashland, the Participant will not (i) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by Ashland or any of its subsidiaries; or (ii) perform any act or engage in any activity that is detrimental to the best interests of Ashland or any of its subsidiaries, including, without limitation, (aa) solicit or encourage any existing or former employee, director, contractor, consultant, customer or supplier of Ashland or any of its subsidiaries to terminate his, her or its relationship with Ashland or any of its subsidiaries for any reason, or (bb) disclose proprietary or confidential information of Ashland or any of its subsidiaries to third parties or use any such proprietary or confidential information for the benefit of anyone other than Ashland and its subsidiaries (the "Participant Covenants"), provided, however, that section (ii) above shall not be breached in the event that the Participant discloses proprietary or confidential information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or the Participant's disclosure of proprietary or confidential information is protected under the whistleblower provisions of any applicable law or regulation. Furthermore, Participant is advised that if Participant discloses proprietary or confidential information of Ashland or its subsidiaries that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then Participant shall not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of this Agreement where Participant's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where Participant's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against Ashland or any of its subsidiaries, and such filing is made under seal. The Participant understands that if he or she makes a disclosure of proprietary or confidential information that is covered above, he or she is not required to inform Ashland, in advance or otherwise, that such disclosure(s) has been made.

Notwithstanding any other provision of the Plan or this Agreement to the contrary, but subject to any applicable laws to the contrary, the Participant agrees that in the event the Participant fails to comply or otherwise breaches any of the Participant Covenants either during the Participant's employment or within twenty-four (24) months following the Participant's termination of employment with Ashland or its subsidiaries for any reason: (i) Ashland may eliminate or reduce the amount of any compensation, benefit, or payment otherwise payable by Ashland or any of its subsidiaries (either directly or under any employee benefit or compensation plan, agreement, or arrangement), except to the extent such compensation, benefit or payment constitutes deferred compensation under Section 409A of the Internal Revenue Code ("Section 409A") and such elimination or reduction would trigger a tax or penalty under Section 409A, to or on behalf of the Participant in an amount up to the total amount paid (or closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock awarded) or payable to the Participant under this Agreement; and/or (ii) Ashland may require the Participant to pay Ashland an amount up to the total amount paid (or closing stock price of Common Stock on the payment date multiplied by the number of shares of Common Stock awarded) to the Participant under this Agreement; in each case together with the amount of Ashland's court costs, attorney fees, and other costs and expenses incurred in connection therewith.

Based upon the attainment of the Performance Goals outlined in the LTIP and the Participant's continued employment through the Vesting Date, this Award of Performance Units will be paid to the Participant in shares of Ashland Common Stock, par value \$0.01 per share ("Common Stock").

Notwithstanding the foregoing, and notwithstanding any provision of Section 12(A) of the Plan to the contrary, this Award shall be treated as follows in the event of a Change in Control during the Performance Period and while the Participant remains employed by Ashland:

(i) If the Award is assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Award shall be treated as follows:

(a) If the Change in Control occurs during the first twelve (12) months of the Performance Period, then (I) a pro-rata portion of the Performance Units will become vested as of the date of the Change in Control (and payable within 30 days thereafter), determined by multiplying the target number of Performance Units by a fraction, the numerator of which is the number of days from the first day of the Performance Period through the date of the Change in Control and the denominator of which is the full number of days in the Performance Period; and (II) a pro-rata portion of the Performance Units will be converted to a time-based, stock-settled Restricted Stock Unit award, with the number of such Restricted Stock Units determined by multiplying the target number of Performance Units by a fraction, the numerator of which is the number of days remaining in the Performance Period after the date of the Change in Control and the denominator of which is the full number of days in the Performance Period, and such Restricted Stock Units will continue to vest, subject to the Participant's continued employment through the Vesting Date; provided that any such outstanding unvested Restricted Stock Units will immediately vest upon the termination of the Participant's employment by Ashland without "Cause" (as defined below), and not as a result of the Participant's Disability or death, during the one-year period beginning on the date of the Change in Control.

(b) If the Change in Control occurs after the first twelve (12) months of the Performance Period, then (I) a pro-rata portion of the Performance Units will become vested as of the date of the Change in Control (and payable within 30 days thereafter), determined by multiplying the number of Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control by a fraction, the numerator of which is the number of days from the first day of the Performance Period through the date of the Change in Control and the denominator of which is the full number of days in the Performance Period; and (II) a pro-rata portion of the Performance Units will be converted to a time-based, stock-settled Restricted Stock Unit award, with the number of such Restricted Stock Units determined by

multiplying the number of Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control by a fraction, the numerator of which is the number of days remaining in the Performance Period after the date of the Change in Control and the denominator of which is the full number of days in the Performance Period, and such Restricted Stock Units will continue to vest, subject to the Participant's continued employment through the Vesting Date; provided that any such outstanding unvested Restricted Stock Units will immediately vest upon the termination of the Participant's employment by Ashland without "Cause" (as defined below), and not as a result of the Participant's Disability or death, during the one-year period beginning on the date of the Change in Control.

(ii) If the Award is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Performance Units will immediately vest in full (without pro-ration) upon the date of the Change in Control, based upon (a) the target number of Performance Shares, if the Change in Control occurs during the first twelve (12) months of the Performance Period; or (b) the number of Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control, if the Change in Control occurs after the first twelve (12) months of the Performance Period.

For the avoidance of doubt, the transaction, or series of transactions, initially approved by the Ashland Board of Directors on September 16, 2015, intended to separate the Valvoline business from Ashland's specialty chemical business and create two independent, publicly traded companies, shall not constitute a "Change in Control" for purposes of this Award.

For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with Ashland or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to Ashland or a subsidiary, or (iii) the Participant's conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

Notwithstanding any other provision of this Agreement, the P&C Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

For purposes of this Agreement, the Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control unless (i) the Award is adjusted to prevent dilution of the Participant's rights hereunder as a result of the Change in Control, and (ii) immediately after the Change in Control, the Award relates to shares of stock in the surviving or resulting entity which are publicly traded and listed on a national securities exchange, in each case as determined by the P&C Committee in its sole discretion prior to such Change in Control.

To the extent that the Award becomes vested pursuant to this Agreement in connection with a Change in Control or the termination of the Participant's employment thereafter, the vested portion of the Award will be paid within 30 days after such amount becomes vested as provided herein; provided, however, that to the extent necessary to comply with Section 409A, any such vested amount shall be payable upon the earlier of (i) within 30 days after the Vesting Date; (ii) within 30 days after the Participant's separation from service (within the meaning of Section 409A) or, if the Participant is a specified employee (as determined by Ashland in accordance with Section 409A), within 30 days after the first business day that is at least six months after the Participant's separation from service; or (iii) within 30 days after the occurrence of a Change in Control that constitutes a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5).

Ashland confirms this Award to the Participant, as a matter of separate agreement and not in lieu of salary or any other compensation for services, of the number of Performance Units set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the LTIP and the Plan. Copies of the Plan and related Prospectus are available for the Participant's review on Fidelity's website.

Nothing contained in this Agreement, the LTIP or in the Plan shall confer upon the Participant any right to continue in the employment of, or remain in the service of, Ashland or its subsidiaries.

Information about the Participant and the Participant's participation in the Plan may be collected, recorded and held, used and disclosed by and among Ashland, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Participant understands that such processing of this information may need to be carried out by Ashland, its subsidiaries and by third party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. By accepting this Award, the Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

The Participant consents and agrees to electronic delivery of any documents that Ashland may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to Ashland Global Holdings Inc., Attn: Shea Blackburn, 50 E. RiverCenter Blvd., Covington, KY 41011, this consent shall be effective for the duration of the Award. The Participant also understands that the Participant shall have the right at any time to request that Ashland deliver written copies of any and all materials referred to above at no charge.

Please contact Shea Blackburn if you have any questions.

This Award of Performance Units is subject to the Participant's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. The right to the Performance Units under the Plan shall expire if not accepted by _____.

By accepting the terms and conditions of this Agreement, the Participant acknowledges receipt of a copy of the Plan, Prospectus, and Ashland's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

IN WITNESS WHEREOF, ASHLAND has caused this instrument to be executed and delivered effective as of the day and year first above written.

ASHLAND GLOBAL HOLDINGS INC.

By: _____

Name: _____

Title: _____

**AMENDMENT TO
ASHLAND INC. SUPPLEMENTAL DEFINED
CONTRIBUTION PLAN FOR CERTAIN EMPLOYEES**

WHEREAS, Ashland Inc. amended and restated the Ashland Inc. Supplemental Defined Contribution Plan for Certain Employees (the “Plan”) effective January 1, 2015; and

WHEREAS, the Personnel and Compensation Committee of the Board of Directors of Ashland Global Holdings Inc. (the “Committee”) approved the freeze of the Plan effective September 30, 2016; and

WHEREAS, Section 9.1 of the Plan permits the amendment of the Plan;

NOW, THEREFORE, pursuant to Section 9.1 of the Plan and the approval of the Committee, the Plan is hereby amended effective September 30, 2016 as follows:

1. Section 3.1 is amended by the addition of the following at the end thereof:

“Notwithstanding the foregoing, participation in the Plan is closed and frozen as to new Participants effective September 30, 2016, and no Eligible Employees shall commence Plan participation after September 30, 2016.”

2. The following new Section 4.1(c) is added to the Plan:

“(c) **Freeze of Substitute Contribution.** Notwithstanding the foregoing provisions of this Section 4.1, no Substitute Contributions shall be credited to Participants’ Accounts with respect to Participants’ post-September 30, 2016, Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals.”

3. Section 4.2(a) is amended by the addition of the following at the end thereof:

“The foregoing Performance Retirement Contribution provision shall only apply to Participants’ pre-October 1, 2016, Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals.”

4. The following new Section 4.2(b)(vi) is added to the Plan:

“(vi) Notwithstanding the foregoing, no Basic Retirement Contributions shall be credited to Participants’ Accounts with respect to Participants’ post-September 30, 2016, Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals.”

5. Section 4.2(c) is amended by the addition of the following at the end thereof:

“Notwithstanding the foregoing, no Discretionary Profit Sharing Contributions shall be made after September 30, 2016.”

IN WITNESS WHEREOF, Ashland Global Holdings Inc. has caused its duly authorized officer to execute this Amendment to Ashland Inc. Supplemental Defined Contribution Plan for Certain Employees on the date set forth below.

ASHLAND GLOBAL HOLDINGS INC.

/s/ Peter J. Ganz

By: _____

Peter J. Ganz

Senior Vice President, General Counsel and Secretary

**AMENDMENT TO THE
HERCULES INC. EMPLOYEE PENSION RESTORATION PLAN**

WHEREAS, Valvoline LLC (“Valvoline”) sponsors for the benefit of certain of its employees the Hercules, Inc. Employee Pension Restoration Plan (the “Restoration Plan”); and

WHEREAS, benefits within the Restoration Plan are tied to benefits within the Ashland Hercules Pension Plan (the “Pension Plan”); and

WHEREAS, benefit accrual under the Pension Plan will be frozen as of September 30, 2016; and

WHEREAS, Valvoline desires to also cease future benefit accrual under the terms of the Restoration Plan effective as of September 30, 2016 (the “Effective Date”);

NOW, THEREFORE, the Restoration Plan shall be amended as follows:

I. Paragraph 5 of the Restoration Plan shall be amended to add the following to the end thereof:

Notwithstanding the foregoing, service of a Participant for Valvoline, LLC (or any entity within the controlled group of Valvoline LLC as determined in accordance with Section 414 of the Code) following September 30, 2016 shall not be included in determining the benefit payable under the terms of the Restoration Plan; except to the extent such service provides for, under the Pension Plan, an additional benefit.

II. Paragraph 7 of the Restoration Plan shall be amended to add the following to the end thereof:

Notwithstanding the foregoing, Pensionable compensation under the Restoration Plan shall not include any compensation received following September 30, 2016.

III. Paragraph 9(a) of the Restoration Plan shall be amended to add the following to the end thereof:

For the purpose of determining whether a Participant separates from service, so long as a Participant remains a service provider (within the terms of Code section 409A) for Valvoline LLC or Ashland LLC (or any entity within the controlled group of such entity determined in accordance with Section 414 of the Code), the Participant shall not be deemed to have incurred a separation from service.

IV. In all other respect the Plan shall remain unchanged.

(Signature Page Below)

IN WITNESS WHEREOF, this amendment to the Plan has been is executed this 30th day of September, 2016, to be effective as of the date indicated above.

On Behalf of Valvoline LLC

/s/ Peter J. Ganz

By: _____
Peter J. Ganz
Senior Vice President, General Counsel and Secretary
Ashland Global Holdings Inc.

**AMENDMENT TO THE
VALVOLINE LLC NONQUALIFIED EXCESS BENEFIT PLAN**

WHEREAS, Valvoline LLC (“Valvoline”) sponsors for the benefit of certain of its employees the Ashland Inc. Nonqualified Excess Benefit Plan (the “Excess Plan”); and

WHEREAS, Valvoline desires to cease future benefit accrual under the terms of the Excess Plan effective as of September 30, 2016 (the “Effective Date”);

NOW, THEREFORE, the Excess Plan shall be amended as follows:

I. Section 3(v) shall be added to the Plan to read as follows:

(v) Plan Benefit Freeze. The benefit accrual of a Participant shall cease as of September 30, 2016 and no service or compensation of a Participant following that date shall result in any additional benefit due under this Plan. Notwithstanding the provisions of this Section 3(v), any early retirement benefits and subsidization reduction factors to all Participants providing services as of September 30, 2016 shall be provided if the Participant attains age 55 prior to retirement. In addition, any “Rule of 80” requirement to receive an early retirement or subsidized benefit shall be applied by including all service with both Ashland Inc. and Valvoline LLC for Participants for so long as Ashland Inc. (or any entity within the controlled group of Ashland Inc. determined in accordance with Section 414 of the Internal Revenue Code) remains in the same controlled group, as determined within Section 414 of the Internal Revenue Code, of Valvoline LLC. Upon the cessation of Ashland Inc. and Valvoline LLC to be within the same controlled group, determined in accordance with Section 414 of the Internal Revenue Code, only service with Valvoline LLC (or any entity within its controlled group determined in accordance with Section 414 of the Internal Revenue Code) shall be included in determining satisfaction of the “Rule of 80.” For the purpose of determining whether a Participant separates from service, so long as a Participant remains a service provider (within the terms of Code section 409A) for Valvoline LLC or Ashland LLC (or any entity within the controlled group of such entity determined in accordance with Section 414 of the Code), the Participant shall not be deemed to have incurred a separation from service.

II. In all other respect the Plan shall remain unchanged.

IN WITNESS WHEREOF, this amendment to the Plan has been is executed this 30th day of September, 2016, to be effective as of the date indicated above.

/s/ Peter J. Ganz

By: _____
Peter J. Ganz
Senior Vice President, General Counsel and Secretary

**AMENDMENT TO THE HERCULES INCORPORATED
EMPLOYEE PENSION RESTORATION PLAN**

WHEREAS, Valvoline LLC (“Valvoline”), as sponsor of the Hercules Incorporated Employee Pension Restoration Plan (the “Plan”), maintains the Plan for the benefit of employees eligible to participate therein; and

WHEREAS, pursuant to Article IV, Section 5, of the Charter of the Personnel and Compensation Committee of the Board of Directors of Ashland Inc., said Personnel and Compensation Committee (the “Committee”) has retained authority to amend or transfer any of the benefit plans of Ashland Inc. (“Ashland”) and its subsidiaries and affiliates that are more than 50% owned by Ashland; and

WHEREAS, the Committee now desires to amend the Plan to provide Valvoline the discretionary authority to make a limited cashout from the Plan to participants.

NOW, THEREFORE, BE IT RESOLVED, the Plan is amended, effective upon execution, as follows.

I. The following subsection (g) is added to Section 9 as follows:

(g) Limited Cashout. The Administrator and the Employer shall have the discretion to make a limited cashout of a Participant’s account pursuant to section 1.409A-3(j)(4)(v) of the Treasury Regulations to such Participant so long as:

(i) such Participant’s entire interest in his or her accounts in the Plan and all aggregate plans as defined under section 1.409A-1(c)(2) of the Treasury Regulations is terminated and liquidated; and

(ii) the amount to be distributed from the Plan, when added together with the distributable amounts from all aggregate plans as defined under section 1.409A-1(c)(2) of the Treasury Regulations, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B).

II. In all other respects the Plan shall remain unchanged.

[signature page immediately follows]

IN WITNESS WHEREOF, the Committee has caused this amendment to the Plan to be executed this 30th day of September, 2016.

/s/ Peter J. Ganz

By: _____

Peter J. Ganz
Senior Vice President, General Counsel and
Secretary

**AMENDMENT TO THE
AMENDED AND RESTATED SUPPLEMENTAL EARLY RETIREMENT PLAN FOR CERTAIN EMPLOYEES**

WHEREAS, Valvoline LLC (“Valvoline”) sponsors for the benefit of certain of its employees the Amended and Restated Supplemental Early Retirement Plan for Certain Employees (the “SERP”); and

WHEREAS, Valvoline desires to cease future benefit accrual under the terms of the SERP effective as of September 30, 2016 (the “Effective Date”);

NOW, THEREFORE, the SERP shall be amended as follows:

I. Section 2.08 shall be amended to add the following sentence to the end thereto which shall read as follows:

Notwithstanding the foregoing, Continuous Service shall exclude any service of the Employee with Ashland Inc. (or any entity within the Ashland Inc. controlled group as determined in accordance with Section 414 of the Code) upon the separation of Ashland Inc. from the controlled group (as determined in accordance with Section 414 of the Code) with Valvoline LLC; provided, however, for the purpose of determining whether an Employee separates from service for the purpose of determining a distribution, so long as an Employee remains a service provider (within the terms of Code section 409A) Ashland LLC (or any entity within the controlled group of such entity determined in accordance with Section 414 of the Code), the Employee shall not be deemed to have incurred a separation from service.

II. Section 2.11 shall be amended to add the following sentences to the end thereof which shall read as follows:

Notwithstanding the foregoing, the Final Average Bonus of a Participant shall not include any amounts paid after September 30, 2016, provided, however, that payments made under the Fiscal Year 2016 Annual Incentive Compensation program, payable in December of 2016, shall be included in determining the Final Average Bonus of a Participant. The determination of a Participant’s Final Average Bonus shall be made as of September 30, 2016 and such amount shall not be modified thereafter.

III. Section 2.12 shall be amended to add the following sentence to the end thereof which shall read as follows:

Notwithstanding the foregoing, the Final Average Compensation of a Participant shall not include any amounts paid after September 30, 2016. The determination of a Participant’s Final Average Compensation shall be made as of September 30, 2016 and such amount shall not be modified thereafter.

IV. Section 5.06A shall be amended to add the following sentence to the end thereof which shall read as follows:

The determination as to whether a Participant is a Level I or II Participant, or is a Level III, IV and V Participant shall be made as of September 30, 2016 and later modifications to a Participant's employment shall not impact the means of determining benefits under this Plan.

V. In all other respect the Plan shall remain unchanged.

(Signature Page Immediately Follows)

IN WITNESS WHEREOF, this amendment to the Plan has been is executed this 30th day of September, 2016, to be effective as of the date indicated above.

On Behalf of Valvoline LLC

/s/ Peter J. Ganz

By: _____

Peter J. Ganz
Senior Vice President, General Counsel and Secretary
Ashland Global Holdings Inc.

ASHLAND SEVERANCE PAY PLAN

ASHLAND SEVERANCE PAY PLAN
Omnibus Plan Wrap

The three components of the Ashland Severance Pay Plan, as completely amended and restated effective August 1, 2016, consist of:

- 1) Ashland Severance Pay Plan (bands 22, 23, 24 and band UNG);
- 2) Ashland Severance Pay Plan (base salary grades 21 and below); and
- 3) Ashland Salary Continuation Plan.

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INTRODUCTION

This booklet describes the Ashland Severance Pay Plan as applied to employees of the company in bands 22 to 24 and band UNG. The plan may provide compensation to you if your active employment is terminated under certain circumstances. This booklet describes the plan as in effect on August 1, 2016.

If you have questions about the plan, please contact your local Human Resource Representative.

No provision of the plan: (1) gives any employee the right to continued employment; (2) affects the company's right to terminate or discharge an employee at any time; (3) gives the company the right to require any employee to remain employed; or (4) affects any employee's right to terminate employment.

References to "Ashland" or the "company" refer to Ashland Inc., its subsidiaries and its divisions. References to the "plan sponsor" or "plan administrator" refer to Ashland Inc.

PLAN INFORMATION

Eligibility

You are eligible to participate in this plan if you meet all of the following:

- You are a regular, full-time employee of the company; and
- You are working in a group designated by the plan sponsor as eligible for this plan.

Your eligibility is based on your status on the date of your termination from active employment. A termination from active employment occurs when you stop performing active service for the company. You are considered to have terminated from active employment on the date when it is reasonably anticipated that your services to the company will permanently decrease to 20% or less of the average amount of services you performed for the company during the immediately preceding 36 month period (or your total employment if less than 36 months).

Exclusions from Eligibility

You are not eligible to participate in the plan if:

- You are covered by a collective bargaining agreement, unless the collective bargaining agreement provides you are eligible for the plan.
- You have an agreement with the company that provides severance payments for one or more of the conditions for severance payments described in this plan.
- You are in a classification of one or more employees designated in advance by the plan sponsor as exempted from participating in the plan or, you are employed in a division or subsidiary of the company that opted out of participating in the plan.
- You are employed by a non-U.S. subsidiary of the company.
- You reside and work outside of the United States and you are subject to a statutory severance or similar obligation required under the law of the foreign jurisdiction in which you work.

Conditions of Severance Payments

You may be considered for severance benefits under the plan if the plan administrator determines that your termination occurs as a direct result of:

1. the permanent closing of a location or plant;
2. job discontinuance; or
3. any circumstances in which your active employment is terminated at the company's initiative for reasons not excluded under the plan and the company, in conjunction with the plan sponsor, elects to provide benefits for such circumstances.

(See the **Terminations Not Covered** section for limitations).

However, for benefits to become payable, you must satisfy the following additional conditions:

1. If you are given advance notice, you must continue to work until you are officially released by the company; and
2. You must sign and execute a Severance Agreement and General Release prepared by appropriate company legal counsel, and the Severance Agreement and General Release must become effective and irrevocable in accordance with its terms within 55 days after your termination of active employment.

The Severance Agreement and General Release will provide that you agree not to participate in litigation or other legal action against the company with respect to your termination. It may also provide that you agree not to compete in a business against the company for a stated period of time. It may provide that you must keep the terms of the Severance Agreement and General Release confidential. It may also provide that your severance payments under the plan will be reduced by any amounts you owe to the company. The Severance Agreement and General Release may encompass other matters in addition to addressing the benefits payable under this plan. Additionally, the Severance Agreement and General Release may be changed for each termination covered by this plan.

Your Human Resources representative will coordinate the preparation and execution of the Severance Agreement and General Release and provide you with a copy for your file. You will be responsible for obtaining your own legal advice.

Amount of Benefits

If you satisfy the conditions for benefit payments, you will receive the benefit identified in the following table:

Position/Band	Severance Benefit
Chief Executive Officer	104 weeks of base salary
Band UNG	78 weeks of base salary
Bands 22-24	52 weeks of base salary

(See the **Duplication of Payments** and **Deferred Terminations** sections for limitations.)

Continuous Service

Continuous Service is your period of employment, generally beginning with the latest of:

- your hire date;
- your rehire date; or
- your adjusted service date

An earlier adjusted service date may be used to measure your Continuous Service if you became employed with the company as part of the purchase of a business or if you are rehired. (See the **Method of Payment** section for the significance of calculating your Continuous Service.)

Your service with the purchased business only counts towards your Continuous Service under two circumstances. The first is if the agreement that the company signed when the business was purchased provides that such service counts for this purpose. The second is if the company determined that such service would count for this purpose in the absence of any provision in the agreement that the company signed when the business was purchased.

If you were rehired by the company, your prior employment with the company may count as Continuous Service under the plan if your rehire date is within 52 weeks of your prior termination date. In order for your prior employment to count as Continuous Service you must have an adjusted service date connected to your prior employment and you must not have received any severance or similar payment from the company for such prior period(s) of employment.

Base Rate of Pay

Severance payments are computed using your weekly base rate of pay at the time of termination.

Your weekly base rate of pay is determined by taking your annual base salary as of the date of your termination, and dividing it by 52 weeks. It will also include any lump sum payments made in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of your employment.

Base rate of pay does not include special pay such as severance pay, discretionary or non-discretionary bonus payments, income received under the Ashland Inc. Incentive Plan or any other executive compensation plan or program, special allowances, or any other forms of compensation you receive from the company. The company determines those items constituting your base rate of pay.

Method of Payment

Payments of severance may be made in a lump sum at the time of termination or in installments over a period equal to the number of weeks of pay represented by your severance benefit (referred to as payroll continuation). Generally, your severance benefit will be paid or commence on the first payroll date that occurs after your Severance Agreement and Release has become effective and irrevocable in accordance with its terms. If, however, (i) you are eligible for payroll continuation, (ii) a portion of your benefits exceeds the threshold amount set forth below in the **Payments to Specified Employees** section, and (iii) the 55-day period after your termination spans two calendar years, the first payment shall commence on the first payroll date that occurs in the second calendar year and after the Severance Agreement and General Release has become effective and irrevocable in accordance with its terms (and such first installment shall include all installment payments that would otherwise have been paid prior to such date if this provision did not apply), except as otherwise provided in the **Payments to Specified Employees** section. Payments to specified employees are subject to special limits and certain severance payments to specified employees may be delayed as described in the **Payments to Specified Employees** section.

The payment cannot be contingent upon the employee retiring and the amount of the payment cannot exceed twice your annual compensation during the preceding year. For this purpose, "annual compensation" means the total amount that was paid or would have been paid to you if you had been employed with the company during all of the preceding calendar year.

If you are not retirement eligible, your plan benefit is paid in a lump sum. If you are retirement eligible, your plan benefit is paid as payroll continuation in bi-weekly increments, which will be treated as separate payments under Section 409A of the Internal Revenue Code. You are "retirement eligible" if you would be eligible to commence benefits under any qualified pension plan maintained by the company or its affiliates that applies to you, or under any medical benefit plan offered to retirees of the company, either (i) upon termination of your active employment, or (ii) immediately following the last day of your payroll continuation period.

If your benefit is paid in a lump sum, you will be eligible to elect COBRA continuation of coverage for three months at active employee rates under the company medical and dental plans. You must be eligible to elect COBRA under the medical and dental plans to be eligible for the three months of premiums at active employee rates. The summary plan descriptions for the medical and dental plans explain COBRA continuation of coverage.

Severance payments under the plan are subject to all applicable federal and state tax withholding, including FICA, and any other requirements of law. Payroll continuation payments are also subject to the applicable benefit plan contributions as elected by the eligible employee (subject to certain limitations and exclusions). The plan sponsor determines the terms and conditions that apply to any benefits that are made available during payroll continuation.

If your benefit is paid by payroll continuation, you are typically allowed to continue to participate in your medical, dental, vision, group life and other welfare plan coverage as identified by the plan sponsor. You are not eligible to continue long-term disability coverage. However, your full period of payroll continuation does not count for this purpose. Instead, a shorter benefits continuation period applies to determine the period of time you may continue on the benefits selected by the plan sponsor.

Your benefits continuation period is that portion of your payroll continuation period which represents payment for your unused earned and accrued vacation, plus two weeks for each completed 12 months of continuous service (also referred to as a year of continuous service). There is a minimum benefits continuation period of 12 weeks and the maximum benefits continuation period under the plan is 52 weeks.

With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Internal Revenue Code: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

For purposes of the Ashland Inc. and Affiliates Pension Plan and the Ashland Inc. Employee Savings Plan, you are not considered to have terminated from active employment during your benefits continuation period. You will be eligible to make contributions to the Ashland Inc. Employee Savings Plan only during that portion of your benefits continuation period that represents payment for your unused earned and accrued vacation. No additional contributions by you or the Company can be made after that time. Any election before your termination to defer salary to the Ashland Deferred Compensation Plan stops at your termination of active employment.

Notwithstanding anything contained herein to the contrary, the plan sponsor reserves the right to determine the method of payment of any severance benefit, in its sole discretion, to the extent the benefit does not constitute deferred compensation under Section 409A of the Internal Revenue Code.

Payments to Specified Employees

Specified Employee status is determined as of December 31 and is then effective on January 1 of the next calendar year. The plan sponsor has designated employees in bands 23, 24 and UNG as Specified Employees. Therefore, for example, if you were in band 23 at anytime during the 12 months ending on December 31, 2015, you would be a Specified Employee for the 12 month period beginning January 1, 2016.

Payroll continuation benefits to a specified employee that exceed a specified threshold amount are subject to a six month delay of payment. The threshold amount is equal to the sum of (i) the amount of your severance that is considered a "short-term deferral" for purposes of Section 409A of the Internal Revenue Code, plus (ii) the lesser of:

- Two times your annual base pay for the prior calendar year (adjusted for any increase that occurred during that year and that was expected to last indefinitely, but for the termination); or
- Two times the maximum Internal Revenue Code section 401(a)(17) limit for the year of the termination (\$510,000 in 2013, which is two times the 2013 limit of \$255,000).

The excess of the total amount of your severance payments over the threshold amount is considered "deferred compensation", and if that excess would otherwise be paid to you within six months of your termination, it cannot be paid to you until the first payroll date of the seventh month following your termination. The amount that must be delayed is paid you in a single sum in the seventh month following your termination, unadjusted for any earnings.

Duplication of Payments

There will be no duplication of severance benefit payments for the same period of Continuous Service. For example, you cannot receive additional benefits for the same period of Continuous Service if you previously received benefits under this plan or any other payment in the nature of a severance payment with respect to that service.

The determination of whether you are eligible for plan benefits will be delayed if you are absent from work due to your own illness or injury, pending a decision on your eligibility for benefits under the company's long-term disability

plan. If such a claim were filed and the claim is denied, your benefits under this plan would be reduced by the amount of pay you received during the deferred termination period. (Refer to **Deferred Termination** section.)

Terminations Not Covered

Although not all inclusive, the following are some circumstances when termination of active employment with the company would not result in the payment of severance benefits under this plan:

1. Refusal to sign the Severance Agreement and General Release provided by the company;
2. Discharge for less than effective performance, absenteeism or misconduct;
3. Voluntary resignations;
4. Declining an offer by the company of equivalent employment as an alternative to termination, provided that a transfer to a new geographic location shall not be considered to be "equivalent employment;"
5. Accepting an offer of employment by the company of non-equivalent employment;
6. The sale, exchange or transfer of company property to another employer who assumes the operations of a company facility or business, unless such sale, exchange or transfer results in unemployment caused by reasons other than the employee's refusal to accept or continue employment with the new employer, as determined by the plan sponsor;
7. When an employee is entitled to benefits under the "Ashland Salary Continuation Plan;"
8. Death;
9. Retirement (except for retirements which result from situations outlined under the **Condition of Severance Payments** section of this plan);
10. Entitlement to severance or severance-related benefits under an employment agreement;
11. Terminations while on a personal unpaid leave of absence or when reinstatement attempts following the expiration of such leave are unsuccessful; and
12. Subject to certain terminations (refer to the section entitled **Deferred Terminations**), when an employee does not return to work following a period of disability.

The plan sponsor reserves the right to determine circumstances, in addition to those identified above, that will not warrant the payment of severance benefits under this plan. Such determinations can be made without advance notice.

Deferred Terminations

If, at the time of your scheduled termination for reasons covered under this plan, you are absent from work and on a company provided leave of absence due to your own illness or injury, then you may be eligible to file a claim for benefits under the company's long-term disability plan (LTD). If you elect to file a claim for LTD benefits, your scheduled termination will be deferred pending a decision on your LTD claim. During this time, your eligibility to continue to receive paid and/or unpaid leave under the company's regular plans and policies will not be impacted. . If your LTD claim is denied, your termination will then be processed retroactively and you will be eligible to receive benefits under this plan. However any benefits you are eligible to receive under this plan will be reduced by any pay you received after your originally scheduled termination date. If your LTD claim is approved, you will be treated as any disabled individual in accordance with the applicable company policies and benefit plans, and you will not be eligible to receive benefits under this plan.

CLAIM PROCEDURES

How to Apply for Benefits

If you believe you are entitled to plan benefits, contact the Employee Benefits Department or your local HR Representative.

Notice of Claim Denial/Right of Appeal

Initial Claim - Notice of Denial

Written notification of a denied claim will be delivered to the claimant in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
- A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The claimant must complete the plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

Appeal of Denied Claim

The claimant may file a written appeal of a denied claim with the plan administrator in Lexington, Kentucky. Ashland Inc. is the named fiduciary under ERISA for purposes of the appeal of the denied claim. Ashland Inc. has delegated its authority to the Ashland Inc. Benefit Appeals Panel (Panel). The Panel has authority to further delegate some of its authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Panel (or its delegate) will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to, or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the company or the Panel designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee (or the Panel if it functions as such a committee) must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply, the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must be made not later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
- A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event, the claimant may file a civil action in court.

GENERAL INFORMATION

Plan Sponsor/Administrator

Ashland Inc., 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (telephone: 1-859-815-3333) is both the plan administrator and the plan sponsor. The plan sponsor is the named fiduciary under the plan. The plan administrator has the overall responsibility for the operation of the plan. Participants and beneficiaries may receive from the plan administrator, upon written request, information as to whether a particular employer maintains the plan and, if so, the employer's address.

Plan Identification

The Ashland Inc. Severance Pay Plan is a welfare plan. It is identified by the following numbers under IRS rules:

- The Employer Identification Number assigned by the IRS to Ashland Inc. is 20-0865835.
- The plan number assigned to the plan is 541.

Plan Year

For recordkeeping purposes, the plan year is January 1 to December 31.

Legal Service

Service of legal process may be made upon the Secretary of Ashland Inc., 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (1-859-815-3333).

Method of Funding

The plan is funded from the company's general assets, on a pay as you go basis. There is no trust from which benefits are paid and no assets are set aside in advance of the time plan benefits are paid.

Your Rights

As a participant in the Ashland Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at various work sites, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. There will be a charge of 10 cents per page for these documents, and you will be required to furnish a personal check payable to Ashland Inc. covering the photocopying cost before receiving any copies.

- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report.
- File suit in federal court, if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the plan administrator. The court may require the plan administrator to pay you up to \$110 for each day's delay until the materials are received.

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of the plan. These persons are referred to as "fiduciaries" under the law. Fiduciaries must act solely in the interest of plan participants, and they must exercise prudence in the performance of their plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the plan.

Your employer may not fire you or discriminate against you to prevent you from obtaining benefits or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your claim reviewed and reconsidered.

If you are improperly denied a benefit in full or in part, you have a right to file suit in a federal or state court. If plan fiduciaries are misusing the plan's money, you have a right to file suit in a federal court or request assistance from the

U.S. Department of Labor. If you are successful in your lawsuit, the court may, if it so decides, require the other party to pay your legal costs, including attorney's fees.

If you have any questions about this statement or your rights under ERISA, you should contact the plan administrator or the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

Plan Interpretations/Administration

The plan administrator and plan sponsor have all necessary, appropriate, discretionary and convenient power and authority to interpret, administer and apply the provisions of the plan with respect to all persons having or claiming to have any rights, benefits, entitlements or obligations under the plan. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the plan, determine who is eligible and compute benefits, reconcile any inconsistencies between provisions in the plan or between provisions of the plan and any other statement concerning the plan, whether oral or written, supply any omissions to the plan or any document associated with the plan, and to correct any defect in the plan or in any document associated with the plan. All such factual determinations and interpretations of the plan and documents associated with the plan and questions concerning its administration and application as determined by the plan administrator or plan sponsor shall be binding on all persons having an interest under the plan.

Plan Documents

This document constitutes the summary plan description and the plan document of the Ashland Severance Pay Plan. References to "plan" herein include all amendments that have been made to it. The plan also includes two separate documents: one that describes the plan benefits for base salary grades 21 and below and another that describes the benefits associated with terminations after a change in control of the plan sponsor. The plan sponsor has the right to modify plan provisions for a particular severance program for one or more eligible employees. In that event, the descriptions of that particular program produced by the plan sponsor control over the terms of this document to extent they are inconsistent with each other.

Non-Assignments of Benefits

You may not anticipate, assign, pledge, alienate or encumber benefits to which you are entitled under this plan. If you are entitled to plan benefits paid as installments, then you may continue to have contributions deducted from them to pay for company benefits that you are still eligible to maintain, as determined by the plan sponsor. To the extent you have any right to receive plan benefits you are an unsecured creditor of the company. You have no other right, title, or interest in the assets of the company because of this plan.

Plan Amendment/Termination

The plan sponsor, by action of its board of directors or the board's delegate (pursuant to resolution, by-law, or otherwise), reserves the right, in its sole discretion, to amend, suspend, modify, interpret, terminate or otherwise discontinue the plan or change the funding method at any time without the requirement to give cause or consideration to any individual.

Authority to Delegate

The plan administrator or plan sponsor may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator or plan sponsor may also delegate fiduciary responsibilities to one or more persons who shall have the rights to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

Elections and Notices

An election, designation, notice or other correspondence made regarding coverage or benefits under the plan shall not be effective unless it is made both in writing and received by the plan administrator (or its delegate), except as otherwise provided under the terms of the plan or by the plan administrator.

Applicable Law

This plan shall be construed and enforced according to Kentucky state law, to the extent that Kentucky state law is not preempted by federal law.

P.O. Box 391
Ashland Inc.
50 E. RiverCenter Boulevard Covington, Kentucky 41012-0391

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ASHLAND SEVERANCE PAY PLAN
(bands 21 and below) TABLE OF CONTENTS

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INTRODUCTION

This booklet describes the Ashland Severance Pay Plan as applied to employees of the company in bands 21 and below. The plan may provide compensation to you if your active employment is terminated under certain circumstances. This booklet describes the plan as in effect on August 1, 2016.

If you have questions about the plan, please contact your local HR Representative.

No provision of the plan: (1) gives any employee the right to continued employment; (2) affects the company's right to terminate or discharge an employee at any time; (3) gives the company the right to require any employee to remain employed; or (4) affects any employee's right to terminate employment.

References to "Ashland" or the "company" refer to Ashland Inc., its subsidiaries and its divisions. References to the "plan sponsor" or "plan administrator" refer to Ashland Inc.

PLAN INFORMATION

Eligibility

You are eligible to participate in this plan if you meet all of the following:

- You are a regular, full-time employee of the company;
- You have been working for the company for at least 12 weeks; and
- You are working in a group designated by the plan sponsor as eligible for this plan.

Your eligibility is based on your status on the date of your termination from active employment. A termination from active employment occurs when you stop performing active service for the company.

Exclusions from Eligibility

You are not eligible to participate in the plan if:

- You are covered by a collective bargaining agreement, unless the collective bargaining agreement provides you are eligible for the plan.
- You have an agreement with the company that provides severance payments for one or more of the conditions for severance payments described in this plan.
- You are in a classification of one or more employees designated in advance by the plan sponsor as exempted from participating in the plan or, you are employed in a division or subsidiary of the company that opted out of participating in the plan.
- You are employed by a non-U.S. subsidiary of the company.
- You reside and work outside of the United States and you are subject to a statutory severance or similar obligation required under the law of the foreign jurisdiction in which you work.

Conditions of Severance Payments

You may be considered for severance benefits under the plan if the plan administrator determines that your termination occurs as a direct result of:

1. the permanent closing of a location or plant;
2. job discontinuance; or
3. any circumstances in which your active employment is terminated at the company's initiative for reasons not excluded under the plan and the company, in conjunction with the plan sponsor, elects to provide benefits for such circumstances.

(See the **Terminations Not Covered** section for limitations).

However, for benefits to become payable, you must satisfy the following additional conditions:

1. If you are given advance notice, you must continue to work until you are officially released by the company; and
2. You must sign and execute a Severance Agreement and General Release prepared by appropriate company legal counsel, and the Severance Agreement and General Release must become effective and irrevocable in accordance with its terms within 55 days after your termination of active employment.

The Severance Agreement and General Release will provide that you agree not to participate in litigation or other action against the company with respect to your termination. It may also provide that you agree not to compete in a business against the company for a stated period of time. It may provide that you must keep the terms of the Severance Agreement and General Release confidential. It may also provide that your severance payments under the plan will be reduced by any amounts you owe to the company. The Severance Agreement and General Release may encompass other matters in addition to addressing the benefits payable under this plan. Additionally, the Severance Agreement and General Release may be changed for each termination covered by this plan.

Your Human Resources representative will coordinate the preparation and execution of the Severance Agreement and General Release and provide you with a copy for your file. You will be responsible for obtaining your own legal advice.

Amount of Benefits

If you satisfy the conditions for benefit payments, you will receive two weeks of base pay for each completed 12 months of Continuous Service (also referred to as years of Continuous Service). The plan will pay a minimum benefit of four (4) weeks of base pay. The maximum benefit under the plan is 52 weeks of base pay.

Examples: Megan has eighteen (18) months of Continuous Service. Her job is eliminated and she satisfies all the conditions for benefit payments. Megan will receive the minimum benefit of four (4) weeks of base pay.

Bill has 86 months of Continuous Service. Therefore, he has completed seven years of Continuous Service for purposes of computing the plan benefit. Bill's location is permanently closed and he satisfies all the conditions for benefit payments. Bill will receive fourteen (14) weeks of base pay.

Pam has 28 years of Continuous Service. Her job is eliminated and she satisfies all the conditions for benefit payments. Pam will receive the maximum benefit of 52 weeks of base pay.

Continuous Service

Continuous Service is your period of employment, generally beginning with the latest of:

- your hire date;
- your rehire date; or
- your adjusted service date

An earlier adjusted service date may be used to measure your Continuous Service if you became employed with the company as part of the purchase of a business or if you are rehired.

Your service with the purchased business only counts towards your Continuous Service under two circumstances. The first is if the agreement that the company signed when the business was purchased provides that such service counts for this purpose. The second is if the company determined that such service would count for this purpose in the absence of any provision in the agreement that the company signed when the business was purchased.

If you were rehired by the company, your prior employment with the company may count as Continuous Service under the plan if your rehire date is within 52 weeks of your prior termination date. In order for your prior employment to count as Continuous Service you must have an adjusted service date connected to your prior employment and you must not have received any severance or similar payment from the company for such prior period(s) of employment.

Base Rate of Pay

Severance payments are computed using your weekly base rate of pay at the time of termination.

For eligible Non Exempt Hourly employees, your weekly base rate of pay is determined by multiplying your straight-time hourly rate by the number of hours in your regular work week up to a maximum of 40 hours.

For Salaried Employees (exempt and non-exempt), your weekly base rate of pay is determined by taking your annual base salary as of the date of your termination, and dividing it by 52 weeks. It will also include any lump sum payments made in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of your employment.

Base rate of pay does not include special pay such as severance pay, discretionary and non-discretionary bonus, income from vested equity awards, overtime, shift premium, holiday pay, payments under an incentive pay plan, special allowances or any other forms of compensation you receive from the company. T. The company determines the items constituting your base rate of pay.

Method of Payment

Payments of severance may be made in a lump sum at the time of termination or in installments over a period not exceeding 52 weeks (referred to as payroll continuation). Generally, your severance benefit will be paid or commence on the first payroll date that occurs after your Severance Agreement and Release has become effective and irrevocable in accordance with its terms.

The payment cannot be contingent upon the employee retiring and the amount of the payment cannot exceed twice the eligible employee's annual compensation during the preceding year. For this purpose, "annual compensation" means the total amount that was paid or would have been paid if the employee had been employed with the company during all of the preceding calendar year.

If you are not retirement eligible, your plan benefit is paid in a lump sum. If you are retirement eligible, your plan benefit is paid as payroll continuation in bi-weekly increments, which will be treated as separate payments under Section 409A of the Internal Revenue Code. You are "retirement eligible" if you would be eligible to commence benefits under any qualified pension plan maintained by the company or its affiliates that applies to you, or under any medical benefit plan offered to retirees of the company, either (i) upon termination of your active employment, or (ii) immediately following the last day of your payroll continuation period.

If your benefit is paid in a lump sum, you will be eligible to elect COBRA continuation of coverage for three months at active employee rates under the company medical and dental plans. You must be eligible to elect COBRA under the medical and dental plans to be eligible for the three months of premiums at active employee rates. The summary plan descriptions for the medical and dental plans explain COBRA continuation of coverage.

Severance payments under the plan are subject to all applicable federal and state tax withholding, including FICA, and any other requirements of law. Payroll continuation payments are also subject to the applicable benefit plan contributions as elected by the eligible employee (subject to certain limitations and exclusions). The plan sponsor determines the terms and conditions that apply to any benefits that are made available during payroll continuation.

If your benefit is paid by payroll continuation, you are typically allowed to continue to participate in your medical, dental, vision, group life and other welfare plan coverage as identified by the plan sponsor. You are not eligible to continue long-term disability coverage.

With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Internal Revenue Code: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of

the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

For purposes of the Ashland Inc. and Affiliates Pension Plan, the Pension Plan for Hourly Employees of Ashland Chemical Company and the Ashland Inc. Employee Savings Plan, you are not considered to have terminated from active employment during payroll continuation. You will be eligible to make contributions to the Ashland Inc. Employee Savings Plan only during that portion of your payroll continuation period that represents payment for your unused earned and accrued vacation. No additional contributions by you or the Company can be made after that time.

For those who were eligible, any election before your termination to defer salary to the Ashland Deferred Compensation Plan stops at your termination of active employment.

Notwithstanding anything contained herein to the contrary, the plan sponsor reserves the right to determine the method of payment of any severance benefit, in its sole discretion, to the extent the benefit does not constitute deferred compensation under Section 409A of the Internal Revenue Code.

Duplication of Payments

There will be no duplication of severance benefit payments for the same period of Continuous Service. For example, you cannot receive additional benefits for the same period of Continuous Service if you previously received benefits under this plan or any other payment in the nature of a severance payment with respect to that service.

The determination of whether you are eligible for plan benefits will be delayed if you are absent from work due to your own illness or injury, pending a decision on your eligibility for benefits under the company's long-term disability plan. If such a claim were filed at or before your scheduled termination and the claim is denied, your benefits under this plan would be reduced by the amount of pay you received during the deferred termination period. (Refer to Deferred Termination section.)

Terminations Not Covered

Although not all inclusive, the following are some circumstances when termination of active employment with the company would not result in the payment of severance benefits under this plan:

1. Refusal to sign the Severance Agreement and General Release provided by the company;
2. Discharge for less than effective performance, absenteeism or misconduct;
3. Voluntary resignations;
4. Declining an offer by the company of equivalent employment as an alternative to termination, provided that a transfer to a new geographic location shall not be considered to be "equivalent employment;"
5. Accepting an offer of employment by the company of non-equivalent employment;
6. The sale, exchange or transfer of company property to another employer who assumes the operations of a company facility or business, unless such sale, exchange or transfer results in unemployment caused by reasons other than the employee's refusal to accept or continue employment with the new employer, as determined by the plan sponsor;
7. When an employee is entitled to benefits under the "Ashland Salary Continuation Plan;"
8. Death;
9. Retirement (except for retirements which result from situations outlined under the **Condition of Severance Payments** section of this plan);
10. Entitlement to severance or severance-related benefits under an employment agreement;
11. Terminations while on a personal unpaid leave of absence or when reinstatement attempts following the expiration of such leave are unsuccessful; and
12. Subject to certain terminations (refer to the section entitled **Deferred Terminations**), when an employee does not return to work following a period of disability.

The plan sponsor reserves the right to determine circumstances, in addition to those identified above, that will not warrant the payment of severance benefits under this plan. Such determinations can be made without advance notice.

Deferred Terminations

If, at the time of your scheduled termination for reasons covered under this plan, you are absent from work and on a company provided leave of absence due to your own illness or injury, then you may be eligible to file a claim for benefits under the company's long-term disability plan (LTD). If you elect to file a claim for LTD benefits, your scheduled termination will be deferred pending a decision on your LTD claim. During this time, your eligibility to continue to receive paid and/or unpaid leave under the company's regular plans and policies will not be impacted. If your LTD claim is denied, your termination will then be processed retroactively and you will be eligible to receive benefits under this plan. However any benefits you are eligible to receive under this plan will be reduced by any pay you received after your originally scheduled termination date. If your LTD claim is approved, you will be treated as any disabled individual in accordance with the applicable company policies and benefit plans, and you will not be eligible to receive benefits under this plan.

CLAIM PROCEDURES

How to Apply for Benefits

If you believe you are entitled to plan benefits, contact the Employee Benefits Department or your local Human Resources Representative.

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Written notification of a denied claim will be delivered to the claimant in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
- A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The claimant must complete the plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

Appeal of Denied Claim

The claimant may file a written appeal of a denied claim with the plan administrator in Lexington, Kentucky. Ashland Inc. is the named fiduciary under ERISA for purposes of the appeal of the denied claim. Ashland Inc. has delegated its authority to the Ashland Inc. Benefit Appeals Panel (Panel). The Panel has authority to further delegate some of its authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Panel (or its delegate) will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to, or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the company or the Panel designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee (or the Panel if it functions as such a committee) must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply, the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must be made not later than the date of the second committee meeting following the receipt of the appeal.

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In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
- A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132).

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Method of Funding

The plan is funded from the company's general assets, in a pay as you go basis. There is no trust from which benefits are paid and no assets are set aside in advance of the time plan benefits are paid.

Your Rights

As a participant in the Ashland Inc. Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at various work sites, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. There will be a charge of 10 cents per page for these documents, and you will be required to furnish a personal check payable to Ashland Inc. covering the photocopying cost before receiving any copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report.
- File suit in federal court, if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the plan administrator. The court may require the plan administrator to pay you up to \$110 for each day's delay until the materials are received.

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of the plan. These persons are referred to as "fiduciaries" under the law. Fiduciaries must act solely in the interest of plan participants, and they must exercise prudence in the performance of their plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the plan.

Your employer may not fire you or discriminate against you to prevent you from obtaining benefits or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your claim reviewed and reconsidered.

If you are improperly denied a benefit in full or in part, you have a right to file suit in a federal or state court. If plan fiduciaries are misusing the plan's money, you have a right to file suit in a federal court or request assistance from the

U.S. Department of Labor. If you are successful in your lawsuit, the court may, if it so decides, require the other party to pay your legal costs, including attorney's fees.

If you have any questions about this statement or your rights under ERISA, you should contact the plan administrator or the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

Plan Interpretations/Administration

The plan administrator and plan sponsor have all necessary, appropriate, discretionary and convenient power and authority to interpret, administer and apply the provisions of the plan with respect to all persons having or claiming to have any rights, benefits, entitlements or obligations under the plan. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the plan, determine who is eligible and compute benefits, reconcile any inconsistencies between provisions in the plan or between provisions of the plan and any other

statement concerning the plan, whether oral or written, supply any omissions to the plan or any document associated with the plan, and to correct any defect in the plan or in any document associated with the plan. All such factual determinations and interpretations of the plan and documents associated with the plan and questions concerning its administration and application as determined by the plan administrator or plan sponsor shall be binding on all persons having an interest under the plan.

Plan Documents

This document constitutes the summary plan description and the plan document of the Ashland Severance Pay Plan. References to “plan” herein include all amendments that have been made to it. The plan also includes two separate documents: one that describes the plan benefits for base salary grades 22 and above and another that describes the benefits associated with terminations after a change in control of the plan sponsor. The plan sponsor has the right to modify plan provisions for a particular severance program for one or more eligible employees. In that event, the descriptions of that particular program produced by the plan sponsor control over the terms of this document to extent they are inconsistent with each other.

Non-Assignments of Benefits

You may not anticipate, assign, pledge, alienate or encumber benefits to which you are entitled under this plan. If you are entitled to plan benefits paid as installments, then you may continue to have contributions deducted from them to pay for company benefits that you are still eligible to maintain, as determined by the plan sponsor. To the extent you have any right to receive plan benefits you are an unsecured creditor of the company. You have no other right, title, or interest in the assets of the company because of this plan.

Plan Amendment/Termination

The plan sponsor, by action of its board of directors or the board's delegate (pursuant to resolution, by-law, or otherwise), reserves the right, in its sole discretion, to amend, suspend, modify, interpret, terminate or otherwise discontinue the plan or change the funding method at any time without the requirement to give cause or consideration to any individual.

Authority to Delegate

The plan administrator or plan sponsor may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator or plan sponsor may also delegate fiduciary responsibilities to one or more persons who shall have the rights to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

Elections and Notices

An election, designation, notice or other correspondence made regarding coverage or benefits under the plan shall not be effective unless it is made both in writing and received by the plan administrator (or its delegate), except as otherwise provided under the terms of the plan or by the plan administrator.

Applicable Law

This plan shall be construed and enforced according to Kentucky state law, to the extent that Kentucky state law is not preempted by federal law.

P.O. Box 391

Ashland Inc.

50 E. RiverCenter Boulevard Covington, Kentucky 41012-0391

040101-04

**ASHLAND SALARY
CONTINUATION PLAN
(as amended and restated as of August 1, 2016)**

The Ashland Salary Continuation Plan (the “Plan”) is amended and restated effective as of August 1, 2016

The Plan is an employee benefit plan that provides eligible salaried employees (both exempt and non-exempt) of Ashland Inc. and its majority-owned subsidiaries (collectively referred to herein as the “Company”) with certain severance benefits if the individual's employment with the Company is terminated under defined circumstances after a Change in Control, as defined in Section 4(b). The Plan is part of the Ashland Severance Pay Plan. The details and purpose of the Plan are more fully explained below.

SECTION 1. PURPOSE

The purpose of the Plan is to reduce employee concerns about the possibility of a Change in Control, as defined below in Section 4(b). It is important that each employee be able to focus his or her full attention and energy toward the goals and objectives of the Company. The Plan is also designed to permit the Company to retain its high quality work force by increasing stability and improving morale and productivity. In addition, the Plan will allow the company to attract and retain new qualified employees.

SECTION 2. ADMINISTRATION

Ashland Inc. (“Ashland”) shall be the Plan Administrator and shall administer the Plan. Additionally, Ashland shall be the named fiduciary for purposes of the Employee Retirement Income Security Act of 1974. Any determinations by the Vice President, Human Resources and Communications, or his or her designee, in carrying out, administering, or interpreting this Plan shall be final and binding for all purposes and upon all interested persons and their heirs, successors, and personal representatives; provided that the same are reasonably consistent with the terms and intent of the Plan. All costs associated with the Plan shall be borne by the Company.

SECTION 3. ELIGIBILITY

An employee who is classified on the records of the Company as a regular, full-time salaried employee, whether exempt or non-exempt as specified in the Fair Labor Standards Act, as from time to time amended, will be entitled to participate in the Plan, regardless of length of service. Non-exempt hourly employees, employees covered by collective bargaining agreements, employees of subsidiaries, entities, or partnerships in which the Company has a 50% or less ownership interest, employees of foreign subsidiaries (except US employees on expatriate assignments), employees who have entered into employment contracts with the Company, and employees who have a fully executed Change in Control Agreement are not eligible to participate in the Plan.

At any time prior to a Change in Control, as defined in Section 4(b), Ashland reserves, in its complete discretion, the right to amend the eligible classes of employees.

SECTION 4. CONDITIONS FOR BENEFIT PAYMENTS

(a) A participant shall not be entitled to receive benefits under this Plan prior to a Change in Control, as defined in Section 4(b). Participation in the Plan does not create a contract of employment between the Company and its employees. The Company reserves the right to terminate employees at any time for any reason, just as employees have the right to terminate their employment at any time for any reason.

(b) For purposes of the Plan, a change in control of Ashland (herein after referred to as a "Change in Control") shall be deemed to have occurred if:

(i) there shall be consummated (A) any consolidation or merger of the Company (a "Business Combination"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, in which the shareholders of the Company own, directly or indirectly, less than 50% of the then outstanding shares of common stock of the Business Combination that are entitled to vote generally for the election of directors of the Business Combination or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which the holders of the Company's Common Stock immediately prior to the merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer, or

(ii) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company, or

(iii) any Person, other than the Company or a Subsidiary thereof or any employee benefit plan sponsored by the Company or a Subsidiary thereof, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or

(iv) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

(v) Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of: (A) the consummation of any transaction or series of integrated transactions

immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions; (B) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer; or (C) the consummation of the transaction, or series of transactions, initially approved in principle by the Ashland Inc. Board of Directors on September 16, 2015, intended to separate the Valvoline business from the Company's specialty chemicals business and create two independent, unrelated and publicly traded companies.

(c) Benefits shall be payable to a participant under the Plan after a Change in Control has occurred if either a participant's employment is terminated by the Company without Cause, as defined below, within two (2) years from the date of the Change in Control or a participant terminates his or her employment for Good Reason, as defined below, within two (2) years from the date of the Change in Control. For purposes of the Plan, "Cause" shall mean (i) the willful and continued failure of an employee to substantially perform his or her duties with the company (other than such failure resulting from the employee's incapacity due to physical or mental illness), or (ii) willful engaging by an employee in gross misconduct materially injurious to the Company. For purposes of the Plan, "Good Reason" shall mean (A) a reduction of fifteen percent or more in base salary immediately prior to a Change in Control of the Company or (B) a relocation after a Change in Control of the employee's principal place of business to a location that is outside a 50 mile radius from the employee's principal place of business immediately before the Change in Control of the Company. If a participant terminates his or her employment for Good Reason, the participant shall provide written notice of the same to his or her direct supervisor.

(d) Notice of "Good Reason" shall mean a written notice which shall indicate the specific provision relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the employee's employment for "Good Reason" under the provisions (s) so indicated.

(e) Provided that the Company and Employee agree that "Good Reason" shall not exist unless and until the Employee provides the Company with written notice of the act(s) alleged to constitute "Good Reason" within ninety (90) days of Employee's knowledge of the occurrence of such acts(s), and the Company fails to cure such acts within thirty (30) days of receipt of such notice. Further, if the Company fails to cure such act(s) within this thirty (30) day period, then the Employee must exercise the right to terminate their employment for Good Reason within sixty (60) days thereafter, in writing, in order for the termination to be for Good Reason. The determination of when the Employee's employment is terminated shall be made consistent with Section 409A.

SECTION 5. AMOUNT OF BENEFITS

Following a Change in Control and the occurrence within two (2) years of either a participant's termination of employment by the Company without Cause or a participant's termination for Good Reason, a participant shall be entitled to receive benefits under the Plan as described below:

(a) The applicable amount described in this paragraph (a) shall be paid to a participant in an undiscounted lump sum within ten (10) business days after such participant's termination of

employment without Cause. A participant who was in band 22, 23, 24 or UNG on the day before the Change in Control or on the date of his or her termination from employment without cause shall be paid an amount equal to 52 weeks of his or her base pay plus the highest target annual incentive compensation (expressed as a percentage of base compensation for all applicable incentive compensation plans) payable for the determination period in which the participant's termination from employment occurs. The "determination period" is the period for which target annual incentive compensation is calculated and paid. All other participants will receive two (2) weeks of base pay for each completed 12 months of service, with a minimum benefit of 13 weeks of base pay and a maximum benefit of 52 weeks of base pay. For this purpose, a participant's "service" is his or her total aggregate years and months of service (whether or not continuous), rounded up to the next highest whole year.

For purposes of the Plan, "base pay" for eligible salaried employees (exempt and non-exempt), is determined by dividing the participant's annual base salary by 52 weeks. It will also include any lump sum payments made to the participant in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of employment. Base pay does not include special pay such as severance pay, discretionary and non-discretionary bonus, income from vested equity awards, payments under an incentive pay plan, special allowances or any other forms of compensation a participant receives from the company. The company determines the items constituting a participant's base pay.

(b) At the sole expense of the Company, a participant shall be entitled to the continuation of his or her medical, dental, and group life benefits in effect at the time of such participant's termination of employment without Cause or for Good Reason for a period equal to the two (2) weeks for each for each completed 12 months of service, with a minimum benefit continuation period of 13 weeks and a maximum benefit continuation period of 52 weeks.

(c) A participant shall be reimbursed for any legal fees or expenses incurred by the participant during his lifetime to enforce the payment of Plan benefits within ten (10) business days of providing copies of applicable invoices to the Company.

(d) A participant shall be entitled to interest on the amount of any payments due under the Plan (but not timely paid) in an amount equivalent to the prime rate of interest (quoted by Citibank, N.A. as its prime commercial lending rate) on the latest date practicable prior to the date such payments should have been made, to and including the date it is made; provided, however, that such payment, including the applicable interest, shall be made no later than March 15 of the calendar year following the calendar year in which the participant terminated employment.

(e) Within ten (10) business days of the participant's termination of employment following a Change in Control, the Company shall provide, at no cost to the participant, individual outside assistance in finding other employment. Such obligation may be fulfilled by the Company through the retention of an outplacement service for use by individual participants for a period following such participant's termination from employment identified in the following table:

Base Salary Grade	Number of Calendar Months
22, 23, 24 and UNG	12
Exempt employees 21 and below	6
Non-exempt employees	1

(f) Participants shall be entitled to receive any pension, disability, workers' compensation, other Company benefit plan distribution, payment for vacation accrued but not taken, statutory employment termination benefit, or any other compensation plan payment otherwise independently due; however, in no event shall a participant who receives benefit under this Plan be entitled to additional severance payment pursuant to any other existing severance policy or plan of the Company.

SECTION 6. ACCEPTANCE OF BENEFITS

If a participant receives and accepts all of the benefits provided under Section 5 of the Plan, he or she shall be deemed thereby to have waived any right or cause of action against the Company and its directors, officers, or employees arising from the termination of the participant's employment.

SECTION 7. CLAIMS PROCEDURE

(a) Following a Change in Control and a participant's termination of employment, the benefits described in Section 5 of the Plan shall be paid as described therein without any required action on the part of such participant.

(b) If any participant believes that he or she is entitled to benefits provided under the Plan and has not received such benefits within the time prescribed by the Plan, such participant may submit a written claim for payment of such benefits to the Company. If such claim for benefits is wholly or partially denied, the Company shall, within thirty (30) business days after receipt of the claim, notify the participant of the denial of the claim. Such notice of denial (i) shall be in writing,

(ii) shall be written in a manner calculated to be understood by the participant, and (iii) shall contain

(A) the specific reason or reasons for denial of the claim, (B) a specific reference to the pertinent Plan provisions upon which the denial is based, (C) a description of any additional material or information necessary to perfect the claim, along with an explanation of why such material or information is necessary, and (D) an explanation of the claim review procedure, in accordance with the provisions of this Section 7. It will also provide that the participant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The participant may complete the plan's appeal procedure before filing a civil action in court or the participant may proceed directly with filing a civil action in a court of competent jurisdiction.

(c) Within sixty (60) business days after the receipt by the participant of a written notice of denial of the claim, or such later time as shall be deemed reasonable taking into account the nature of the benefit subject to the claim and any other attendant circumstances, the participant may file a written request with the Company that it conduct a full and fair review of the denial of the claim for benefits. As a part of such full and fair review, the participant (or such participant's duly authorized representative) may review and photocopy pertinent documents (including but not limited to the participant's personal history file) and submit issues and comments to the Company in writing. The participant may also submit materials supporting his or her appeal that will be considered by the Company, even if they were not part of the initial claim review. The Company shall make its

determination in accordance with the documents governing the Plan insofar as such documents are consistent with the provisions of the Employee Retirement Income Security Act of 1974 (herein "ERISA").

The Company shall promptly deliver to the participant its written decision on the claim (in no event later than thirty (30) business days after the receipt of the aforesaid request for review, except that if there are special circumstances (such as a conference with the participant or his or her representative) which require an extension of time, the aforesaid thirty (30) business day period shall be extended to a reasonable period of time not to exceed sixty (60) business days). Such decision shall (i) be written in a manner calculated to be understood by the participant, (ii) include the specific reason or reasons for the decision, (iii) contain a specific reference to the pertinent Plan provisions upon which the decision is based, (iv) a statement that the participant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim, and (v) a statement that the participant may file a civil action under Section 502 of ERISA (ERISA - §29 U.S.C. 1132). If the decision on review is not furnished within the time prescribed by this Section 7(c), the claim shall be deemed granted on review.

SECTION 8. AMENDMENTS AND TERMINATIONS

Ashland's Board of Directors shall have plenary authority to terminate, modify, or amend this Plan in such respects as it shall deem advisable at any time prior to a Change in Control.

SECTION 9. SUCCESSORS BINDING AGREEMENT

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to eligible participants, expressly to assume and agree to provide benefits pursuant to this Plan in the same manner and to the same extent that the Company would be required to perform its obligations under the Plan if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a violation of this Plan and shall entitle eligible participants to compensation from the Company in the same amount and on the same terms as the participant would be entitled pursuant to Section 5, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of the participant's termination of employment without Cause. As used in this Plan, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Plan by operation of law.

(b) This Plan shall inure to the benefit of and be enforceable by a participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If a participant should die while any amounts would still be payable to him or her hereunder if he or she had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such participant's devisee, legatee, or other designee or, if there be no such designee, to his or her estate.

SECTION 10. WITHHOLDING TAXES

The Company is authorized to withhold any tax required to be withheld from the amounts payable to a participant pursuant to this Plan which are considered taxable compensation to the participant.

SECTION 11. GOVERNING LAW

The Plan shall be governed by the laws of the Commonwealth of Kentucky, to the extent not preempted by Federal law.

SECTION 12. SECTION 409A

(a) It is intended that the payments and benefits provided under Section 5 of this Plan shall be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code ("Section 409A"). This Plan shall be construed, administered and governed in a manner that effects such intent, and the Company shall not take any action that would be inconsistent with such intent. Specifically, any taxable benefits or payments provided under this Plan are intended to be separate payments that qualify for the "short-term deferral" exception to Section 409A to the maximum extent possible, and to the extent they do not so qualify, are intended to qualify for the separation pay exceptions to Section 409A, to the maximum extent possible. To the extent that none of these exceptions (or any other available exception) applies, then notwithstanding anything contained herein to the contrary, and to the extent required to comply with Section 409A, if a participant is a

"specified employee," as determined under the Company's policy for identifying specified employees on his or her date of termination, then all amounts due under this Plan that constitute a "deferral of compensation" within the meaning of Section 409A, that are provided as a result of a "separation from service" within the meaning of Section 409A, and that would otherwise be paid or provided during the first six months following the participant's separation from service, shall be accumulated through and paid or provided on the first business day that is more than six months after the date of the participant's separation from service (or, if the participant dies during such six-month period, within 30 calendar days after the participant's death).

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and the participant is no longer providing services (at a level that would preclude the occurrence of a "separation from service" within the meaning of Section 409A) to the Company as an employee or consultant, and for purposes of any such provision of this Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service" within the meaning of Section 409A.

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

ASHLAND SEVERANCE PAY PLAN

ASHLAND SEVERANCE PAY PLAN
Omnibus Plan Wrap

The three components of the Ashland Severance Pay Plan, as completely amended and restated effective January 1, 2017, consist of:

- 1) Ashland Severance Pay Plan (bands 22, 23, 24 and band UNG);
- 2) Ashland Severance Pay Plan (base salary grades 21 and below); and
- 3) Ashland Salary Continuation Plan.

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INTRODUCTION

This booklet describes the Ashland Severance Pay Plan as applied to employees of the company in bands 22 to 24 and band UNG. The plan may provide compensation to you if your active employment is terminated under certain circumstances. This booklet describes the plan as in effect on January 1, 2017.

If you have questions about the plan, please contact your local Human Resource Representative.

No provision of the plan: (1) gives any employee the right to continued employment; (2) affects the company's right to terminate or discharge an employee at any time; (3) gives the company the right to require any employee to remain employed; or (4) affects any employee's right to terminate employment.

References to "Ashland" or the "company" refer to Ashland LLC., its subsidiaries and its divisions. References to the "plan sponsor" or "plan administrator" refer to Ashland LLC.

PLAN INFORMATION

Eligibility

You are eligible to participate in this plan if you meet all of the following:

- You are a regular, full-time employee of the company; and
- You are working in a group designated by the plan sponsor as eligible for this plan.

Your eligibility is based on your status on the date of your termination from active employment. A termination from active employment occurs when you stop performing active service for the company. You are considered to have terminated from active employment on the date when it is reasonably anticipated that your services to the company will permanently decrease to 20% or less of the average amount of services you performed for the company during the immediately preceding 36 month period (or your total employment if less than 36 months).

Exclusions from Eligibility

You are not eligible to participate in the plan if:

- You are covered by a collective bargaining agreement, unless the collective bargaining agreement provides you are eligible for the plan.
- You have an agreement with the company that provides severance payments for one or more of the conditions for severance payments described in this plan.
- You are in a classification of one or more employees designated in advance by the plan sponsor as exempted from participating in the plan or, you are employed in a division or subsidiary of the company that opted out of participating in the plan.
- You are employed by a non-U.S. subsidiary of the company.
- You reside and work outside of the United States and you are subject to a statutory severance or similar obligation required under the law of the foreign jurisdiction in which you work.

Conditions of Severance Payments

You may be considered for severance benefits under the plan if the plan administrator determines that your termination occurs as a direct result of:

1. the permanent closing of a location or plant;
2. job discontinuance; or
3. any circumstances in which your active employment is terminated at the company's initiative for reasons not excluded under the plan and the company, in conjunction with the plan sponsor, elects to provide benefits for such circumstances.

(See the **Terminations Not Covered** section for limitations).

However, for benefits to become payable, you must satisfy the following additional conditions:

1. If you are given advance notice, you must continue to work until you are officially released by the company; and
2. You must sign and execute a Severance Agreement and General Release prepared by appropriate company legal counsel, and the Severance Agreement and General Release must become effective and irrevocable in accordance with its terms within 55 days after your termination of employment.

The Severance Agreement and General Release will provide that you agree not to participate in litigation or other legal action against the company with respect to your termination. It may also provide that you agree not to compete in a business against the company for a stated period of time. It may provide that you must keep the terms of the Severance Agreement and General Release confidential. It may also provide that your severance payments under the plan will be reduced by any amounts you owe to the company. The Severance Agreement and General Release may encompass other matters in addition to addressing the benefits payable under this plan. Additionally, the Severance Agreement and General Release may be changed for each termination covered by this plan.

Your Human Resources representative will coordinate the preparation and execution of the Severance Agreement and General Release and provide you with a copy for your file. You will be responsible for obtaining your own legal advice.

Amount of Benefits

If you satisfy the conditions for benefit payments, you will receive the benefit identified in the following table:

Position/Band	Severance Benefit
Chief Executive Officer	104 weeks of base salary
Band UNG	78 weeks of base salary
Bands 22-24	52 weeks of base salary

(See the **Duplication of Payments** and **Deferred Terminations** sections for limitations.)

Continuous Service

Continuous Service is your period of employment, generally beginning with the latest of:

- your hire date;
- your rehire date; or
- your adjusted service date

An earlier adjusted service date may be used to measure your Continuous Service if you became employed with the company as part of the purchase of a business or if you are rehired. (See the **Method of Payment** section for the significance of calculating your Continuous Service.)

Your service with the purchased business only counts towards your Continuous Service under two circumstances. The first is if the agreement that the company signed when the business was purchased provides that such service counts for this purpose. The second is if the company determined that such service would count for this purpose in the absence of any provision in the agreement that the company signed when the business was purchased.

If you were rehired by the company, your prior employment with the company may count as Continuous Service under the plan if your rehire date is within 52 weeks of your prior termination date. In order for your prior employment to count as Continuous Service you must have an adjusted service date connected to your prior employment and you must not have received any severance or similar payment from the company for such prior period(s) of employment.

Base Rate of Pay

Severance payments are computed using your weekly base rate of pay at the time of termination.

Your weekly base rate of pay is determined by taking your annual base salary as of the date of your termination, and dividing it by 52 weeks. It will also include any lump sum payments made in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of your employment.

Base rate of pay does not include special pay such as severance pay, discretionary or non-discretionary bonus payments, equity awards, any income received under any executive compensation plan or program, special allowances, or any other forms of compensation you receive from the company. The company determines those items constituting your base rate of pay.

Method of Payment

Payments of severance shall be made in a lump sum. Generally, your severance benefit will be paid or commence on the first payroll date that occurs after your Severance Agreement and General Release has become effective and irrevocable in accordance with its terms. General Payments to Specified Employees are subject to special limits and may be delayed as described in the **Payments to Specified Employees** section.

The amount of the payment cannot exceed twice your annual compensation during the preceding year. For this purpose, "annual compensation" means the total amount that was paid or would have been paid to you if you had been employed with the company during all of the preceding calendar year.

If you are enrolled in the company's medical and/or dental plans on your last day of active employment, then you will generally be eligible for COBRA continuation coverage under the applicable plan(s) for up to eighteen (18) months. During the initial COBRA continuation coverage period the cost of this coverage will be paid exclusively by the Company. This initial COBRA continuation coverage period will be equal to two (2) weeks for each completed 12 months of Continuous Service, subject to a minimum period of 12 weeks and a maximum period of 52 weeks. During the remainder of your COBRA continuation coverage period, you will receive COBRA continuation coverage at the same contribution rates that apply to terminated employees. To be eligible for COBRA continuation coverage, including the initial period during which coverage is provided at no cost to you, you must first make a timely election of COBRA coverage. You make a timely election by completing and returning the COBRA election form that will be sent to you by the Employee Benefits Department. The summary plan descriptions for the medical and dental plans explain COBRA continuation of coverage.

Severance payments under the plan are subject to all applicable federal and state tax withholding, including FICA, and any other requirements of law.

With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Internal Revenue Code: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

Any election before your termination to defer salary to the Ashland Deferred Compensation Plan stops at your termination of active employment.

Notwithstanding anything contained herein to the contrary, the plan sponsor reserves the right to determine the method of payment of any severance benefit, in its sole discretion, to the extent the benefit does not constitute deferred compensation under Section 409A of the Internal Revenue Code.

Payments to Specified Employees

Specified Employee status is determined as of December 31 and is then effective on January 1 of the next calendar year. The plan sponsor has designated employees in bands 23, 24 and UNG as Specified Employees. Therefore, for example, if you were in band 23 at anytime during the 12 months ending on December 31, 2015, you would be a Specified Employee for the 12 month period beginning January 1, 2016.

Duplication of Payments

There will be no duplication of severance benefit payments for the same period of Continuous Service. For example, you cannot receive additional benefits for the same period of Continuous Service if you previously received benefits under this plan or any other payment in the nature of a severance payment with respect to that service.

The determination of whether you are eligible for plan benefits will be delayed if you are absent from work due to your own illness or injury, pending a decision on your eligibility for benefits under the company's long-term disability plan. If such a claim were filed and the claim is denied, your benefits under this plan would be reduced by the amount of pay you received during the deferred termination period. (Refer to **Deferred Termination** section.)

Terminations Not Covered

Although not all inclusive, the following are some circumstances when termination of active employment with the company would not result in the payment of severance benefits under this plan:

1. Refusal to sign the Severance Agreement and General Release provided by the company;
2. Discharge for less than effective performance, absenteeism or misconduct;
3. Voluntary resignations;
4. Declining an offer by the company of equivalent employment as an alternative to termination, provided that a transfer to a new geographic location shall not be considered to be "equivalent employment;"
5. Accepting an offer of employment by the company of non-equivalent employment;
6. The sale, exchange or transfer of company property to another employer who assumes the operations of a company facility or business, unless such sale, exchange or transfer results in unemployment caused by reasons other than the employee's refusal to accept or continue employment with the new employer, as determined by the plan sponsor;
7. When an employee is entitled to benefits under the "Ashland Salary Continuation Plan;"
8. Death;
9. Retirement (except for retirements which result from situations outlined under the **Condition of Severance Payments** section of this plan);
10. Entitlement to severance or severance-related benefits under an employment agreement;
11. Terminations while on a personal unpaid leave of absence or when reinstatement attempts following the expiration of such leave are unsuccessful; and
12. Subject to certain terminations (refer to the section entitled **Deferred Terminations**), when an employee does not return to work following a period of disability.

The plan sponsor reserves the right to determine circumstances, in addition to those identified above, that will not warrant the payment of severance benefits under this plan. Such determinations can be made without advance notice.

Deferred Terminations

If, at the time of your scheduled termination for reasons covered under this plan, you are absent from work and on a company provided leave of absence due to your own illness or injury, then you may be eligible to file a claim for benefits under the company's long-term disability plan (LTD). If you elect to file a claim for LTD benefits, your scheduled termination will be deferred pending a decision on your LTD claim. During this time, your eligibility to continue to receive paid and/or unpaid leave under the company's regular plans and policies will not be impacted. . If your LTD claim is denied, your termination will then be processed retroactively and you will be eligible to receive benefits under this plan. However any benefits you are eligible to receive under this plan will be reduced by any pay you received after your originally scheduled termination date. If your LTD claim is approved, you will be treated as any disabled individual in accordance with the applicable company policies and benefit plans, and you will not be eligible to receive benefits under this plan.

CLAIM PROCEDURES

How to Apply for Benefits

If you believe you are entitled to plan benefits, contact the Employee Benefits Department or your local HR Representative.

Notice of Claim Denial/Right of Appeal

Initial Claim - Notice of Denial

Written notification of a denied claim will be delivered to the claimant in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
- A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The claimant must complete the plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

Appeal of Denied Claim

The claimant may file a written appeal of a denied claim with the plan administrator in Lexington, Kentucky. Ashland LLC is the named fiduciary under ERISA for purposes of the appeal of the denied claim. Ashland LLC has delegated its authority to the Ashland Benefit Appeals Panel (Panel). The Panel has authority to further delegate some of its authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Panel (or its delegate) will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to, or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the company or the Panel designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee (or the Panel if it functions as such a committee) must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply, the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of

the next following meeting, then the decision must be made not later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
- A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event, the claimant may file a civil action in court.

GENERAL INFORMATION

Plan Sponsor/Administrator

Ashland LLC, 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (telephone: 1-859-815-3333) is both the plan administrator and the plan sponsor. The plan sponsor is the named fiduciary under the plan. The plan administrator has the overall responsibility for the operation of the plan. Participants and beneficiaries may receive from the plan administrator, upon written request, information as to whether a particular employer maintains the plan and, if so, the employer's address.

Plan Identification

The Ashland Severance Pay Plan is a welfare plan. It is identified by the following numbers under IRS rules:

- The Employer Identification Number assigned by the IRS to Ashland LLC is 20-0865835.
- The plan number assigned to the plan is 541.

Plan Year

For recordkeeping purposes, the plan year is January 1 to December 31.

Legal Service

Service of legal process may be made upon the Secretary of Ashland LLC, 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (1-859-815-3333).

Method of Funding

The plan is funded from the company's general assets, on a pay as you go basis. There is no trust from which benefits are paid and no assets are set aside in advance of the time plan benefits are paid.

Your Rights

As a participant in the Ashland Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at various work sites, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. There will be a charge of 10 cents per page for these documents, and you will be required to furnish a personal check payable to Ashland LLC covering the photocopying cost before receiving any copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report.
- File suit in federal court, if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the plan administrator. The court may require the plan administrator to pay you up to \$110 for each day's delay until the materials are received.

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of the plan. These persons are referred to as "fiduciaries" under the law. Fiduciaries must act solely in the interest of plan participants, and they must exercise prudence in the performance of their plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the plan.

Your employer may not fire you or discriminate against you to prevent you from obtaining benefits or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your claim reviewed and reconsidered.

If you are improperly denied a benefit in full or in part, you have a right to file suit in a federal or state court. If plan fiduciaries are misusing the plan's money, you have a right to file suit in a federal court or request assistance from the U.S. Department of Labor. If you are successful in your lawsuit, the court may, if it so decides, require the other party to pay your legal costs, including attorney's fees.

If you have any questions about this statement or your rights under ERISA, you should contact the plan administrator or the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

Plan Interpretations/Administration

The plan administrator and plan sponsor have all necessary, appropriate, discretionary and convenient power and authority to interpret, administer and apply the provisions of the plan with respect to all persons having or claiming to have any rights, benefits, entitlements or obligations under the plan. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the plan, determine who is eligible and compute benefits, reconcile any inconsistencies between provisions in the plan or between provisions of the plan and any other statement concerning the plan, whether oral or written, supply any omissions to the plan or any document associated with the plan, and to correct any defect in the plan or in any document associated with the plan. All such factual determinations and interpretations of the plan and documents associated with the plan and questions concerning its administration and application as determined by the plan administrator or plan sponsor shall be binding on all persons having an interest under the plan.

Plan Documents

This document constitutes the summary plan description and the plan document of the Ashland Severance Pay Plan. References to "plan" herein include all amendments that have been made to it. The plan also includes two separate documents: one that describes the plan benefits for base salary grades 21 and below and another that describes the benefits associated with terminations after a change in control of the plan sponsor. The plan sponsor has the right to modify plan provisions for a particular severance program for one or more eligible employees. In that event, the

descriptions of that particular program produced by the plan sponsor control over the terms of this document to extent they are inconsistent with each other.

Non-Assignments of Benefits

You may not anticipate, assign, pledge, alienate or encumber benefits to which you are entitled under this plan. If you are entitled to plan benefits paid as installments, then you may continue to have contributions deducted from them to pay for company benefits that you are still eligible to maintain, as determined by the plan sponsor. To the extent you have any right to receive plan benefits you are an unsecured creditor of the company. You have no other right, title, or interest in the assets of the company because of this plan.

Plan Amendment/Termination

The plan sponsor, by action of its board of directors or the board's delegate (pursuant to resolution, by-law, or otherwise), reserves the right, in its sole discretion, to amend, suspend, modify, interpret, terminate or otherwise discontinue the plan or change the funding method at any time without the requirement to give cause or consideration to any individual.

Authority to Delegate

The plan administrator or plan sponsor may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator or plan sponsor may also delegate fiduciary responsibilities to one or more persons who shall have the rights to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

Elections and Notices

An election, designation, notice or other correspondence made regarding coverage or benefits under the plan shall not be effective unless it is made both in writing and received by the plan administrator (or its delegate), except as otherwise provided under the terms of the plan or by the plan administrator.

Applicable Law

This plan shall be construed and enforced according to Kentucky state law, to the extent that Kentucky state law is not preempted by federal law.

Ashland, LLC
P.O. Box 391
50 E. RiverCenter Boulevard Covington, Kentucky 41012-0391

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ASHLAND SEVERANCE PAY PLAN
(bands 21 and below) TABLE OF CONTENTS

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INTRODUCTION

This booklet describes the Ashland Severance Pay Plan as applied to employees of the company in bands 21 and below. The plan may provide compensation to you if your active employment is terminated under certain circumstances. This booklet describes the plan as in effect on January 1, 2017.

If you have questions about the plan, please contact your local HR Representative.

No provision of the plan: (1) gives any employee the right to continued employment; (2) affects the company's right to terminate or discharge an employee at any time; (3) gives the company the right to require any employee to remain employed; or (4) affects any employee's right to terminate employment.

References to "Ashland" or the "company" refer to Ashland LLC, its subsidiaries and its divisions. References to the "plan sponsor" or "plan administrator" refer to Ashland LLC.

PLAN INFORMATION

Eligibility

You are eligible to participate in this plan if you meet all of the following:

- You are a regular, full-time employee of the company;
- You have been working for the company for at least 12 weeks; and
- You are working in a group designated by the plan sponsor as eligible for this plan.

Your eligibility is based on your status on the date of your termination from active employment. A termination from active employment occurs when you stop performing active service for the company.

Exclusions from Eligibility

You are not eligible to participate in the plan if:

- You are covered by a collective bargaining agreement, unless the collective bargaining agreement provides you are eligible for the plan.
- You have an agreement with the company that provides severance payments for one or more of the conditions for severance payments described in this plan.
- You are in a classification of one or more employees designated in advance by the plan sponsor as exempted from participating in the plan or, you are employed in a division or subsidiary of the company that opted out of participating in the plan.
- You are employed by a non-U.S. subsidiary of the company.
- You reside and work outside of the United States and you are subject to a statutory severance or similar obligation required under the law of the foreign jurisdiction in which you work.

Conditions of Severance Payments

You may be considered for severance benefits under the plan if the plan administrator determines that your termination occurs as a direct result of:

1. the permanent closing of a location or plant;
2. job discontinuance; or
3. any circumstances in which your active employment is terminated at the company's initiative for reasons not excluded under the plan and the company, in conjunction with the plan sponsor, elects to provide benefits for such circumstances.

(See the **Terminations Not Covered** section for limitations).

However, for benefits to become payable, you must satisfy the following additional conditions:

1. If you are given advance notice, you must continue to work until you are officially released by the company; and
2. You must sign and execute a Severance Agreement and General Release prepared by appropriate company legal counsel, and the Severance Agreement and General Release must become effective and irrevocable in accordance with its terms within 55 days after your termination of employment.

The Severance Agreement and General Release will provide that you agree not to participate in litigation or other action against the company with respect to your termination. It may also provide that you agree not to compete in a business against the company for a stated period of time. It may provide that you must keep the terms of the Severance Agreement and General Release confidential. It may also provide that your severance payments under the plan will be reduced by any amounts you owe to the company. The Severance Agreement and General Release may encompass other matters in addition to addressing the benefits payable under this plan. Additionally, the Severance Agreement and General Release may be changed for each termination covered by this plan.

Your Human Resources representative will coordinate the preparation and execution of the Severance Agreement and General Release and provide you with a copy for your file. You will be responsible for obtaining your own legal advice.

Amount of Benefits

If you satisfy the conditions for benefit payments, you will receive two weeks of base pay for each completed 12 months of Continuous Service (also referred to as years of Continuous Service). The plan will pay a minimum benefit of four (4) weeks of base pay. The maximum benefit under the plan is 52 weeks of base pay.

Examples: Megan has eighteen (18) months of Continuous Service. Her job is eliminated and she satisfies all the conditions for benefit payments. Megan will receive the minimum benefit of four (4) weeks of base pay.

Bill has 86 months of Continuous Service. Therefore, he has completed seven years of Continuous Service for purposes of computing the plan benefit. Bill's location is permanently closed and he satisfies all the conditions for benefit payments. Bill will receive fourteen (14) weeks of base pay.

Pam has 28 years of Continuous Service. Her job is eliminated and she satisfies all the conditions for benefit payments. Pam will receive the maximum benefit of 52 weeks of base pay.

Continuous Service

Continuous Service is your period of employment, generally beginning with the latest of:

- your hire date;
- your rehire date; or
- your adjusted service date

An earlier adjusted service date may be used to measure your Continuous Service if you became employed with the company as part of the purchase of a business or if you are rehired.

Your service with the purchased business only counts towards your Continuous Service under two circumstances. The first is if the agreement that the company signed when the business was purchased provides that such service counts for this purpose. The second is if the company determined that such service would count for this purpose in the absence of any provision in the agreement that the company signed when the business was purchased.

If you were rehired by the company, your prior employment with the company may count as Continuous Service under the plan if your rehire date is within 52 weeks of your prior termination date. In order for your prior employment to count as Continuous Service you must have an adjusted service date connected to your prior employment and you must not have received any severance or similar payment from the company for such prior period(s) of employment.

Base Rate of Pay

Severance payments are computed using your weekly base rate of pay at the time of termination.

For eligible Non Exempt Hourly employees, your weekly base rate of pay is determined by multiplying your straight-time hourly rate by the number of hours in your regular work week up to a maximum of 40 hours.

For Salaried Employees (exempt and non-exempt), your weekly base rate of pay is determined by taking your annual base salary as of the date of your termination, and dividing it by 52 weeks. It will also include any lump sum payments made in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of your employment.

Base rate of pay does not include special pay such as severance pay, discretionary and non-discretionary bonus, income from vested equity awards, overtime, shift premium, holiday pay, payments under an incentive pay plan, special allowances or any other forms of compensation you receive from the company. T. The company determines the items constituting your base rate of pay

Method of Payment

Payments of severance shall be made in a lump sum.. Generally, your severance benefit will be paid on the first payroll date that occurs after your Severance Agreement and General Release has become effective and irrevocable in accordance with its terms.

The amount of the payment cannot exceed twice the eligible employee's annual compensation during the preceding year. For this purpose, "annual compensation" means the total amount that was paid or would have been paid if the employee had been employed with the company during all of the preceding calendar year.

If you are enrolled in the company's medical and/or dental plans on your last day of active employment, then you will generally be eligible for COBRA continuation coverage under the applicable plan(s) for up to eighteen (18) months. During the initial COBRA continuation coverage period the cost of this coverage will be paid exclusively by the Company. This initial COBRA continuation coverage period will be equal to two (2) weeks for each completed 12 months of Continuous Service, subject to a minimum period of 12 weeks and a maximum period of 52 weeks. During the remainder of your COBRA continuation coverage period, you will receive COBRA continuation coverage at the same contribution rates that apply to terminated employees. To be eligible for COBRA continuation coverage, including the initial period during which coverage is provided at no cost to you, you must first make a timely election of COBRA coverage. You make a timely election by completing and returning the COBRA election form that will be sent to you by the Employee Benefits Department. The summary plan descriptions for the medical and dental plans explain COBRA continuation of coverage.

Severance payments under the plan are subject to all applicable federal and state tax withholding, including FICA, and any other requirements of law.

With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Internal Revenue Code: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

For those who were eligible, any election before your termination to defer salary to the Ashland Deferred Compensation Plan stops at your termination of active employment.

Notwithstanding anything contained herein to the contrary, the plan sponsor reserves the right to determine the method of payment of any severance benefit, in its sole discretion, to the extent the benefit does not constitute deferred compensation under Section 409A of the Internal Revenue Code.

Duplication of Payments

There will be no duplication of severance benefit payments for the same period of Continuous Service. For example, you cannot receive additional benefits for the same period of Continuous Service if you previously received benefits under this plan or any other payment in the nature of a severance payment with respect to that service.

The determination of whether you are eligible for plan benefits will be delayed if you are absent from work due to your own illness or injury, pending a decision on your eligibility for benefits under the company's long-term disability plan. If such a claim were filed at or before your scheduled termination and the claim is denied, your benefits under this plan would be reduced by the amount of pay you received during the deferred termination period. (Refer to **Deferred**

Termination section.)

Terminations Not Covered

Although not all inclusive, the following are some circumstances when termination of active employment with the company would not result in the payment of severance benefits under this plan:

1. Refusal to sign the Severance Agreement and General Release provided by the company;
2. Discharge for less than effective performance, absenteeism or misconduct;
3. Voluntary resignations;
4. Declining an offer by the company of equivalent employment as an alternative to termination, provided that a transfer to a new geographic location shall not be considered to be "equivalent employment;"
5. Accepting an offer of employment by the company of non-equivalent employment;
6. The sale, exchange or transfer of company property to another employer who assumes the operations of a company facility or business, unless such sale, exchange or transfer results in unemployment caused by reasons other than the employee's refusal to accept or continue employment with the new employer, as determined by the plan sponsor;
7. When an employee is entitled to benefits under the "Ashland Salary Continuation Plan;"
8. Death;
9. Retirement (except for retirements which result from situations outlined under the **Condition of Severance Payments** section of this plan);
10. Entitlement to severance or severance-related benefits under an employment agreement;
11. Terminations while on a personal unpaid leave of absence or when reinstatement attempts following the expiration of such leave are unsuccessful; and
12. Subject to certain terminations (refer to the section entitled **Deferred Terminations**), when an employee does not return to work following a period of disability.

The plan sponsor reserves the right to determine circumstances, in addition to those identified above, that will not warrant the payment of severance benefits under this plan. Such determinations can be made without advance notice.

Deferred Terminations

If, at the time of your scheduled termination for reasons covered under this plan, you are absent from work and on a company provided leave of absence due to your own illness or injury, then you may be eligible to file a claim for benefits under the company's long-term disability plan (LTD). If you elect to file a claim for LTD benefits, your scheduled termination will be deferred pending a decision on your LTD claim. During this time, your eligibility to continue to receive paid and/or unpaid leave under the company's regular plans and policies will not be impacted. If your LTD claim is denied, your termination will then be processed retroactively and you will be eligible to receive benefits under this plan. However any benefits you are eligible to receive under this plan will be reduced by any pay you received after your originally scheduled termination date. If your LTD claim is approved, you will be treated as any disabled individual in accordance with the applicable company policies and benefit plans, and you will not be eligible to receive benefits under this plan.

CLAIM PROCEDURES

How to Apply for Benefits

If you believe you are entitled to plan benefits, contact the Employee Benefits Department or your local Human Resources Representative.

Notice of Claim Denial/Right of Appeal

Initial Claim - Notice of Denial

Written notification of a denied claim will be delivered to the claimant in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
- A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The claimant must complete the plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

Appeal of Denied Claim

The claimant may file a written appeal of a denied claim with the plan administrator in Lexington, Kentucky. Ashland LLC is the named fiduciary under ERISA for purposes of the appeal of the denied claim. Ashland LLC has delegated its authority to the Ashland Benefit Appeals Panel (Panel). The Panel has authority to further delegate some of its authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Panel (or its delegate) will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to, or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the company or the Panel designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee (or the Panel if it functions as such a committee) must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply, the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must be made not later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- The reasons for the denial.
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
- A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event, the claimant may file a civil action in court.

GENERAL INFORMATION

Plan Sponsor/Administrator

Ashland LLC, 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (telephone: 1-859-815-3333) is both the plan administrator and the plan sponsor. The plan sponsor is the named fiduciary under the plan. The plan administrator has the overall responsibility for the operation of the plan. Participants and beneficiaries may receive from the plan administrator, upon written request, information as to whether a particular employer maintains the plan and, if so, the employer's address.

Plan Identification

The Ashland Severance Pay Plan is a welfare plan. It is identified by the following numbers under IRS rules:

- The Employer Identification Number assigned by the IRS to Ashland LLC is 20-0865835.
- The plan number assigned to the plan is 541.

Plan Year

For recordkeeping purposes, the plan year is January 1 to December 31.

Legal Service

Service of legal process may be made upon the Secretary of Ashland LLC, 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391 (1-859-815-3333).

Method of Funding

The plan is funded from the company's general assets, in a pay as you go basis. There is no trust from which benefits are paid and no assets are set aside in advance of the time plan benefits are paid.

Your Rights

As a participant in the Ashland Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at various work sites, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. There will be a charge of 10 cents per page for these documents, and you will be required to furnish a personal check payable to Ashland LLC covering the photocopying cost before receiving any copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report.
- File suit in federal court, if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the plan administrator. The court may require the plan administrator to pay you up to \$110 for each day's delay until the materials are received.

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of the plan. These persons are referred to as "fiduciaries" under the law. Fiduciaries must act solely in the interest of plan participants, and they must exercise prudence in the performance of their plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the plan.

Your employer may not fire you or discriminate against you to prevent you from obtaining benefits or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have your claim reviewed and reconsidered.

If you are improperly denied a benefit in full or in part, you have a right to file suit in a federal or state court. If plan fiduciaries are misusing the plan's money, you have a right to file suit in a federal court or request assistance from the

U.S. Department of Labor. If you are successful in your lawsuit, the court may, if it so decides, require the other party to pay your legal costs, including attorney's fees.

If you have any questions about this statement or your rights under ERISA, you should contact the plan administrator or the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210.

Plan Interpretations/Administration

The plan administrator and plan sponsor have all necessary, appropriate, discretionary and convenient power and authority to interpret, administer and apply the provisions of the plan with respect to all persons having or claiming to have any rights, benefits, entitlements or obligations under the plan. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the plan, determine who is eligible and compute benefits, reconcile any inconsistencies between provisions in the plan or between provisions of the plan and any other statement concerning the plan, whether oral or written, supply any omissions to the plan or any document associated

with the plan, and to correct any defect in the plan or in any document associated with the plan. All such factual determinations and interpretations of the plan and documents associated with the plan and questions concerning its administration and application as determined by the plan administrator or plan sponsor shall be binding on all persons having an interest under the plan.

Plan Documents

This document constitutes the summary plan description and the plan document of the Ashland Severance Pay Plan. References to “plan” herein include all amendments that have been made to it. The plan also includes two separate documents: one that describes the plan benefits for base salary grades 22 and above and another that describes the benefits associated with terminations after a change in control of the plan sponsor. The plan sponsor has the right to modify plan provisions for a particular severance program for one or more eligible employees. In that event, the descriptions of that particular program produced by the plan sponsor control over the terms of this document to extent they are inconsistent with each other.

Non-Assignments of Benefits

You may not anticipate, assign, pledge, alienate or encumber benefits to which you are entitled under this plan. If you are entitled to plan benefits paid as installments, then you may continue to have contributions deducted from them to pay for company benefits that you are still eligible to maintain, as determined by the plan sponsor. To the extent you have any right to receive plan benefits you are an unsecured creditor of the company. You have no other right, title, or interest in the assets of the company because of this plan.

Plan Amendment/Termination

The plan sponsor, by action of its board of directors or the board's delegate (pursuant to resolution, by-law, or otherwise), reserves the right, in its sole discretion, to amend, suspend, modify, interpret, terminate or otherwise discontinue the plan or change the funding method at any time without the requirement to give cause or consideration to any individual.

Authority to Delegate

The plan administrator or plan sponsor may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator or plan sponsor may also delegate fiduciary responsibilities to one or more persons who shall have the rights to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

Elections and Notices

An election, designation, notice or other correspondence made regarding coverage or benefits under the plan shall not be effective unless it is made both in writing and received by the plan administrator (or its delegate), except as otherwise provided under the terms of the plan or by the plan administrator.

Applicable Law

This plan shall be construed and enforced according to Kentucky state law, to the extent that Kentucky state law is not preempted by federal law.

Ashland LLC.

P.O. Box 391

50 E. RiverCenter Boulevard Covington, Kentucky 41012-0391

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ASHLAND SALARY CONTINUATION PLAN
(as amended and restated as of July 18, 2016)

The Ashland Salary Continuation Plan (the “Plan”) is amended and restated effective as of July 18, 2016.

The Plan is an employee benefit plan that provides eligible salaried employees (both exempt and non-exempt) of Ashland LLC and its majority-owned subsidiaries (collectively referred to herein as the “Company”) with certain severance benefits if the individual's employment with the Company is terminated under defined circumstances after a Change in Control, as defined in Section 4(b). The Plan is part of the Ashland Severance Pay Plan. The details and purpose of the Plan are more fully explained below.

SECTION 1. PURPOSE

The purpose of the Plan is to reduce employee concerns about the possibility of a Change in Control, as defined below in Section 4(b). It is important that each employee be able to focus his or her full attention and energy toward the goals and objectives of the Company. The Plan is also designed to permit the Company to retain its high quality work force by increasing stability and improving morale and productivity. In addition, the Plan will allow the company to attract and retain new qualified employees.

SECTION 2. ADMINISTRATION

Ashland LLC (“Ashland”) shall be the Plan Administrator and shall administer the Plan. Additionally, Ashland shall be the named fiduciary for purposes of the Employee Retirement Income Security Act of 1974. Any determinations by the Vice President, Human Resources and Communications, or his or her designee, in carrying out, administering, or interpreting this Plan shall be final and binding for all purposes and upon all interested persons and their heirs, successors, and personal representatives; provided that the same are reasonably consistent with the terms and intent of the Plan. All costs associated with the Plan shall be borne by the Company.

SECTION 3. ELIGIBILITY

An employee who is classified on the records of the Company as a regular, full-time salaried employee, whether exempt or non-exempt as specified in the Fair Labor Standards Act, as from time to time amended, will be entitled to participate in the Plan, regardless of length of service. Non-exempt hourly employees; employees covered by collective bargaining agreements; employees of subsidiaries, entities, or partnerships in which the Company has a 50% or less ownership interest, employees of foreign subsidiaries, except US employees on expatriate assignments, employees who have entered into employment contracts with the Company, and employees who have a fully executed Change in Control Agreement are not eligible to participate in the Plan.

At any time prior to a Change in Control, as defined in Section 4(b), Ashland reserves, in its complete discretion, the right to amend the eligible classes of employees.

SECTION 4. CONDITIONS FOR BENEFIT PAYMENTS

(a) A participant shall not be entitled to receive benefits under this Plan prior to a Change in Control, as defined in Section 4(b). Participation in the Plan does not create a contract of employment between the Company and its employees. The Company reserves the right to terminate employees at any time for any reason, just as employees have the right to terminate their employment at any time for any reason.

(b) For purposes of the Plan, a change in control of Ashland (herein after referred to as a "Change in Control") shall be deemed to have occurred if:

(i) there shall be consummated (A) any consolidation or merger of the Company (a "Business Combination"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, in which the shareholders of the Company own, directly or indirectly, less than 50% of the then outstanding shares of common stock of the Business Combination that are entitled to vote generally for the election of directors of the Business Combination or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which the holders of the Company's Common Stock immediately prior to the merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer, or

(ii) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company, or

(iii) any Person, other than the Company or a Subsidiary thereof or any employee benefit plan sponsored by the Company or a Subsidiary thereof, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or

(iv) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

(v) Notwithstanding the foregoing, a “Change in Control of the Company” shall not be deemed to have occurred by virtue of: (A) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions; (B) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer; or (C) the consummation of the transaction, or series of transactions, initially approved in principle by the Ashland Inc. Board of Directors on September 16, 2015, intended to separate the Valvoline business from the Company’s specialty chemicals business and create two independent, unrelated and publicly traded companies.

(c) Benefits shall be payable to a participant under the Plan after a Change in Control has occurred if either a participant's employment is terminated by the Company without Cause, as defined below, within two (2) years from the date of the Change in Control or a participant terminates his or her employment for Good Reason, as defined below, within two (2) years from the date of the Change in Control. For purposes of the Plan, “Cause” shall mean (i) the willful and continued failure of an employee to substantially perform his or her duties with the company (other than such failure resulting from the employee's incapacity due to physical or mental illness), or (ii) willful engaging by an employee in gross misconduct materially injurious to the Company. For purposes of the Plan, “Good Reason” shall mean (A) a reduction of fifteen percent or more in base salary immediately prior to a Change in Control of the Company or (B) a relocation after a Change in Control of the employee’s principal place of business to a location that is outside a 50 mile radius from the employee’s principal place of business immediately before the Change in Control of the Company. If a participant terminates his or her employment for Good Reason, the participant shall provide written notice of the same to his or her direct supervisor.

(d) Notice of “Good Reason” shall mean a written notice which shall indicate the specific provision relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the employee’s employment for “Good Reason” under the provisions (s) so indicated.

(e) Provided that the Company and Employee agree that “Good Reason” shall not exist unless and until the Employee provides the Company with written notice of the act(s) alleged to constitute “Good Reason” within ninety (90) days of Employee’s knowledge of the occurrence of such act(s), and the Company fails to cure such acts within thirty (30) days of receipt of such notice. Further, if the Company fails to cure such act(s) within this thirty (30) day period, then the Employee must exercise the right to terminate their employment for Good Reason within sixty (60) days thereafter, in writing, in order for the termination to be for Good Reason. The determination of when the Employee’s employment is terminated shall be made consistent with Section 409A.

(f)

SECTION 5. AMOUNT OF BENEFITS

Following a Change in Control and the occurrence within two (2) years of either a participant's termination of employment by the Company without Cause or a participant's termination for Good Reason, a participant shall be entitled to receive benefits under the Plan as described below:

(a) The applicable amount described in this paragraph (a) shall be paid to a participant in an undiscounted lump sum within ten (10) business days after such participant's termination of employment without Cause. A participant who was in band 22, 23, 24 or UNG on the day before the Change in Control or on the date of his or her termination from employment without cause shall be paid an amount equal to 52 weeks of his or her base pay plus the highest target annual incentive compensation (expressed as a percentage of base compensation for all applicable incentive compensation plans) payable for the determination period in which the participant's termination from employment occurs. The "determination period" is the period for which target annual incentive compensation is calculated and paid. All other participants will receive two (2) weeks of base pay for each completed 12 months of service, with a minimum benefit of 13 weeks of base pay and a maximum benefit of 52 weeks of base pay. For this purpose, a participant's "service" is his or her total aggregate years and months of service (whether or not continuous), rounded up to the next highest whole year.

For purposes of the Plan, "base pay" for eligible salaried employees (exempt and non-exempt), is determined by dividing the participant's annual base salary by 52 weeks. It will also include any lump sum payments made to the participant in lieu of a percentage merit salary increase during the 12-month period immediately preceding the termination of employment. Base pay does not include special pay such as severance pay, discretionary and non-discretionary bonus, income from vested equity awards, payments under an incentive pay plan, special allowances or any other forms of compensation a participant receives from the company. The company determines the items constituting a participant's base pay.

(b) At the sole expense of the Company, a participant shall be entitled to the continuation of his or her medical, dental, and group life benefits in effect at the time of such participant's termination of employment without Cause or for Good Reason for a period equal to the two (2) weeks for each for each completed 12 months of service, with a minimum benefit continuation period of 12 weeks and a maximum benefit continuation period of 52 weeks.

(c) A participant shall be reimbursed for any legal fees or expenses incurred by the participant during his lifetime to enforce the payment of Plan benefits within ten (10) business days of providing copies of applicable invoices to the Company.

(d) A participant shall be entitled to interest on the amount of any payments due under the Plan (but not timely paid) in an amount equivalent to the prime rate of interest (quoted by Citibank, N.A. as its prime commercial lending rate) on the latest date practicable prior to the date such payments should have been made, to and including the date it is made; provided, however, that such payment, including the applicable interest, shall be made no later than March 15 of the calendar year following the calendar year in which the participant terminated employment.

(e) Within ten (10) business days of the participant's termination of employment following a Change in Control, the Company shall provide, at no cost to the participant, individual outside assistance in finding other employment. Such obligation may be fulfilled by the Company through the retention of an outplacement service for use by individual participants for a period following such participant's termination from employment identified in the following table:

Base Salary Grade	Number of Calendar Months
22, 23, 24 and UNG	12
Exempt employees 21 and below	6
Non-exempt employees	1

(f) Participants shall be entitled to receive any pension, disability, workers' compensation, other Company benefit plan distribution, payment for vacation accrued but not taken, statutory employment termination benefit, or any other compensation plan payment otherwise independently due; however, in no event shall a participant who receives benefit under this Plan be entitled to additional severance payment pursuant to any other existing severance policy or plan of the Company.

SECTION 6. ACCEPTANCE OF BENEFITS

If a participant receives and accepts all of the benefits provided under Section 5 of the Plan, he or she shall be deemed thereby to have waived any right or cause of action against the Company and its directors, officers, or employees arising from the termination of the participant's employment.

SECTION 7. CLAIMS PROCEDURE

(a) Following a Change in Control and a participant's termination of employment, the benefits described in Section 5 of the Plan shall be paid as described therein without any required action on the part of such participant.

(b) If any participant believes that he or she is entitled to benefits provided under the Plan and has not received such benefits within the time prescribed by the Plan, such participant may submit a written claim for payment of such benefits to the Company. If such claim for benefits is wholly or partially denied, the Company shall, within thirty (30) business days after receipt of the claim, notify the participant of the denial of the claim. Such notice of denial (i) shall be in writing,

(ii) shall be written in a manner calculated to be understood by the participant, and (iii) shall contain

(A) the specific reason or reasons for denial of the claim, (B) a specific reference to the pertinent Plan provisions upon which the denial is based, (C) a description of any additional material or information necessary to perfect the claim, along with an explanation of why such material or information is necessary, and (D) an explanation of the claim review procedure, in accordance with the provisions of this Section 7. It will also provide that the participant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA - §29 U.S.C. 1132). The participant may complete the plan's appeal procedure before filing a civil action in court or the participant may proceed directly with filing a civil action in a court of competent jurisdiction.

(c) Within sixty (60) business days after the receipt by the participant of a written notice of denial of the claim, or such later time as shall be deemed reasonable taking into account the nature of the benefit subject to the claim and any other attendant circumstances, the participant may file a written request with the Company that it conduct a full and fair review of the denial of the claim for benefits. As a part of such full and fair review, the participant (or such participant's duly authorized representative) may review and photocopy pertinent documents (including but not limited to the participant's personal history file) and submit issues and comments to the Company in writing. The participant may also submit materials supporting his or her appeal that will be considered by the Company, even if they were not part of the initial claim review. The Company shall make its determination in accordance with the documents governing the Plan insofar as such documents are consistent with the provisions of the Employee Retirement Income Security Act of 1974 (herein "ERISA").

The Company shall promptly deliver to the participant its written decision on the claim (in no event later than thirty (30) business days after the receipt of the aforesaid request for review, except that if there are special circumstances (such as a conference with the participant or his or her representative) which require an extension of time, the aforesaid thirty (30) business day period shall be extended to a reasonable period of time not to exceed sixty (60) business days). Such decision shall (i) be written in a manner calculated to be understood by the participant, (ii) include the specific reason or reasons for the decision, (iii) contain a specific reference to the pertinent Plan provisions upon which the decision is based, (iv) a statement that the participant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim, and (v) a statement that the participant may file a civil action under Section 502 of ERISA (ERISA - §29 U.S.C. 1132). If the decision on review is not furnished within the time prescribed by this Section 7(c), the claim shall be deemed granted on review.

SECTION 8. AMENDMENTS AND TERMINATIONS

Ashland's Board of Directors shall have plenary authority to terminate, modify, or amend this Plan in such respects as it shall deem advisable at any time prior to a Change in Control.

SECTION 9. SUCCESSORS BINDING AGREEMENT

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to eligible participants, expressly to assume and agree to provide benefits pursuant to this Plan in the same manner and to the same extent that the Company would be required to perform its obligations under the Plan if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a violation of this Plan and shall entitle eligible participants to compensation from the Company in the same amount and on the same terms as the participant would be entitled pursuant to Section 5, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of the participant's termination of employment without Cause. As used in this Plan, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Plan by operation of law.

(b) This Plan shall inure to the benefit of and be enforceable by a participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If a participant should die while any amounts would still be payable to him or her hereunder if he or she had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such participant's devisee, legatee, or other designee or, if there be no such designee, to his or her estate.

SECTION 10. WITHHOLDING TAXES

The Company is authorized to withhold any tax required to be withheld from the amounts payable to a participant pursuant to this Plan which are considered taxable compensation to the participant.

SECTION 11. GOVERNING LAW

The Plan shall be governed by the laws of the Commonwealth of Kentucky, to the extent not preempted by Federal law.

SECTION 12. SECTION 409A

(a) It is intended that the payments and benefits provided under Section 5 of this Plan shall be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code ("Section 409A"). This Plan shall be construed, administered and governed in a manner that effects such intent, and the Company shall not take any action that would be inconsistent with such intent. Specifically, any taxable benefits or payments provided under this Plan are intended to be separate payments that qualify for the "short-term deferral" exception to Section 409A to the maximum extent possible, and to the extent they do not so qualify, are intended to qualify for the separation pay exceptions to Section 409A, to the maximum extent possible. To the extent that none of these exceptions (or any other available exception) applies, then notwithstanding anything contained herein to the contrary, and to the extent required to comply with Section 409A, if a participant is a

“specified employee,” as determined under the Company's policy for identifying specified employees on his or her date of termination, then all amounts due under this Plan that constitute a “deferral of compensation” within the meaning of Section 409A, that are provided as a result of a “separation from service” within the meaning of Section 409A, and that would otherwise be paid or provided during the first six months following the participant's separation from service, shall be accumulated through and paid or provided on the first business day that is more than six months after the date of the participant's separation from service (or, if the participant dies during such six- month period, within 30 calendar days after the participant's death).

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A and the participant is no longer providing services (at a level that would preclude the occurrence of a “separation from service” within the meaning of Section 409A) to the Company as an employee or consultant, and for purposes of any such provision of this Plan, references to a “termination,” “termination of employment” or like terms shall mean “separation from service” within the meaning of Section 409A.

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A: (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (iii) such payments shall be made on or before the last day of the participant's taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

**VALVOLINE INC.
2016 DEFERRED COMPENSATION PLAN FOR
NON-EMPLOYEE DIRECTORS**

(Effective October 1, 2016)

VALVOLINE INC.
2016 DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Valvoline Inc. hereby establishes a nonqualified deferred compensation plan for members of the Board of Directors who are not employees of the Company to be known as the Valvoline Inc. 2016 Deferred Compensation Plan for Non-Employee Directors.

The Plan is effective as of October 1, 2016, and is entitled to be, and shall be administered as, an unfunded plan maintained for the purpose of providing deferred compensation for the Directors and, as such, is not an “employee benefit plan” within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE I. GENERAL PROVISIONS

1. PURPOSE

The purpose of this Plan is to provide each Director with an opportunity to defer some or all of the Director’s Fees as a means of saving for retirement or other purposes. In addition, the Plan provides Directors with the ability to increase their proprietary interest in the Company’s long-term prospects by permitting Directors to receive all or a portion of their Fees in Valvoline Inc. Common Stock. The obligations of the Company hereunder constitute a mere promise to make the payments provided for in this Plan. No Director, his or her spouse or the estate of either of them shall have, by reason of this Plan, any right, title or interest of any kind in or to any property of the Company. To the extent any Participant has a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

2. DEFINITIONS

The following definitions shall be applicable throughout the Plan:

(a) “**Accounting Date**” means the Business Day on which a calculation concerning a Participant’s Account is performed, or as otherwise defined by the Committee or the Company.

(b) “**Account**” means, collectively, a Deferred Fee Account, Stock Account, Restricted Stock Account, and Transferred Account, as applicable to a Participant. The Account is maintained solely as a bookkeeping entry by the Company to evidence an unfunded, unsecured payment obligation of the Company to a Participant.

(c) “**Ashland Common Stock**” means the common stock, \$.01 per value, of Ashland Inc. or of Ashland Global Holdings Inc.

(d) **“Ashland Director”** means a current or former member of the board of directors of Ashland Inc. or Ashland Global Holdings Inc.

(e) **“Ashland Elections”** means Ashland Fees’ deferral elections and time and form of payment elections made by Ashland Participants under the Ashland Plan.

(f) **“Ashland Fees”** means an Ashland Director’s annual retainer and, as applicable, other annual retainers earned by an Ashland Director for service as an Ashland Director (but excluding Ashland Restricted Stock Units).

(g) **“Ashland Participant”** means a Participant who participates or participated in the Ashland Plan as an Ashland Director.

(h) **“Ashland Plan”** means the Ashland Global Holdings Inc. 2016 Deferred Compensation Plan for Non-Employee Directors and any predecessor plan thereto that is subject to Code section 409A (including the Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005), as amended).

(i) **“Ashland Restricted Stock Units”** means the Ashland Participant’s annual award of deferred restricted stock units for service as an Ashland Director credited to the Ashland Participant under the Ashland Plan and to the Ashland Participant’s Transferred Account.

(j) **“Ashland Stock Units”** means the hypothetical Ashland Common Stock share equivalents credited to an Ashland Participant’s Ashland Plan account and Transferred Account.

(k) **“Beneficiary”** means the Participant’s estate.

(l) **“Board”** or **“Board of Directors”** means the board of directors of Valvoline Inc.

(m) **“Business Day”** means a day on which the New York Stock Exchange is open for trading activity.

(n) **“Change in Control”** shall be deemed to have occurred if:

1. there shall be consummated (A) any consolidation or merger of the Company (a **“Business Combination”**), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than fifty percent (50%) of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to which shares of the Company’s Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company’s Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B)

any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least eighty percent (80%) of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

2. the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;
3. any Person shall become the Beneficial Owner of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or
4. at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two- (2-) year period was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such two- (2-) year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

(o) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

(p) "**Committee**" means the Compensation Committee of the Board or its designee.

(q) "**Common Stock**" means the common stock, \$.01 par value, of the Company.

(r) "**Common Stock Fund**" means that hypothetical investment option, approved by the Committee, in which a Participant's Account may be deemed to be invested and may earn income based on a hypothetical investment in Common Stock.

- (s) “**Company**” means Valvoline Inc., a Kentucky corporation, and any successor thereto.
- (t) “**Corporate Human Resources**” means the Corporate Human Resources Department of the Company.
- (u) “**Credit Date**” means the date on which any Fees would otherwise have been paid to the Participant if such Fees were not Deferred Fees.
- (v) “**Deferred Fee Account**” means the portion of a Participant’s Account that is separately accounted for and to which Deferred Fees are credited.
- (w) “**Deferred Fees**” mean the Fees elected by the Participant to be deferred pursuant to a Fee Deferral Election, and which are credited to the Participant’s Deferred Fee Account and, if applicable to the Participant, the Participant’s Stock Account.
- (x) “**Deferred Ashland Fees**” mean the Ashland Fees that were elected by an Ashland Participant to be deferred under the Ashland Plan.
- (y) “**Director**” means any non-employee director of the Board.
- (z) “**Disability**” means that a Participant is unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of twelve (12) or more months. Corporate Human Resources or its delegate shall determine whether a Participant has incurred a Disability.
- (aa) “**Election**” means a Participant’s delivery of a notice of election to defer payment of all or a portion of his or her Fees under the terms of the Plan. The Committee or the Company may prescribe other means of making and delivering an Election. An Election shall also include instructions specifying the time and form of payment of a Participant’s Deferred Fees and Restricted Stock Units and/or Account under the Plan. Such Elections shall comply with Code section 409A to the extent applicable, and be irrevocable except as otherwise provided in the Plan.
- (bb) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
- (cc) “**Fair Market Value**” means the price of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange on the date and at the time designated by the Company.
- (dd) “**Fees**” mean a Director’s annual cash retainer and, as applicable, other additional annual cash retainers earned by a Director for service as a member of the Board during all or part of a calendar year (but excluding Restricted Stock Units).
- (ee) “**Fee Deferral Election**” means an Election by a Participant to defer Fees pursuant to Article III, Section 3 of the Plan.

(ff) “**Participant**” means a Director, regardless of whether the Director elects to defer the payment of any Fees pursuant to a Fee Deferral Election.

(gg) “**Payment Commencement Date**” means the date payment(s) of amounts credited to a Participant’s Account begin pursuant to Article III, Section 5.

(hh) “**Personal Representative**” means the person or persons who, upon the disability or incompetence of a Participant, have acquired on behalf of the Participant, by legal proceeding or otherwise, the right to receive the payments specified in this Plan.

(ii) “**Plan**” means this Valvoline Inc. 2016 Deferred Compensation Plan for Non-Employee Directors as it now exists or may be hereafter amended.

(jj) “**Restricted Stock Account**” means the portion of a Participant’s Account that is separately accounted for and to which Restricted Stock Units are credited pursuant to Article III, Section 1.

(kk) “**Restricted Stock Units**” means either (i) the Participant’s annual award of deferred Company restricted stock units for service as a Director, or (ii) deferred Company restricted stock units credited after the Separation Date to an Ashland Participant’s Transferred Account in substitution of Ashland Restricted Stock Units credited to the Participant’s Transferred Restricted Stock Subaccount prior to the Separation Date.

(ll) “**Secretary of the Treasury**” or “**Treasury**” means the United States Department of Treasury.

(mm) “**Separation Date**” means the date upon which the Valvoline Spin-Off is completed.

(nn) “**Stock Account**” means the portion of a Participant’s Account that is separately accounted for and to which Deferred Fees are credited with Stock Units attributable to the Participant’s hypothetical investment in the Common Stock Fund.

(oo) “**Stock Unit(s)**” means the hypothetical Common Stock share equivalents credited either (i) to a Participant’s Stock Account pursuant to Article III, Section 1, or (ii) to an Ashland Participant’s Transferred Account in substitution of Ashland Stock Units credited to the Participant’s Transferred Stock Subaccount prior to the Separation Date.

(pp) “**Termination**” means retirement from the Board or termination of service as a Director for any other reason that constitutes a “separation from service” within the meaning of Code section 409A and the Treasury regulations and other guidance promulgated thereunder.

(qq) “**Transferred Account**” means the Ashland Plan bookkeeping account(s), and all Ashland Elections relating thereto, of an Ashland Participant transferred on the Transfer Date by Ashland Inc. or Ashland Global Holdings Inc. from the Ashland Plan to this Plan.

(rr) “**Transfer Date**” means the date an Ashland Participant’s Transferred Account is transferred from the Ashland Plan to this Plan, which date shall be the Separation Date or such other date specified by the Committee.

(ss) “**Transferred Deferred Fee Subaccount**” means the portion of an Ashland Participant’s Transferred Account that is separately accounted for and to which Deferred Ashland Fees were credited to the Ashland Participant under the Ashland Plan.

(tt) “**Transferred Stock Subaccount**” means the portion of an Ashland Participant’s Transferred Account that is separately accounted for and to which Ashland Stock Units were credited to the Ashland Participant under the Ashland Plan.

(uu) “**Transferred Restricted Stock Subaccount**” means the portion of an Ashland Participant’s Transferred Account that is separately accounted for and to which Ashland Restricted Stock Units were credited to the Ashland Participant under the Ashland Plan.

(vv) “**Unforeseeable Emergency**” means a severe financial hardship of a Participant (that cannot be alleviated by compensation or reimbursement received insurance companies or otherwise as provided in Treasury Regulation Section 1.409A-3(i)(3)) because of (i) an illness or accident of the Participant, the Participant’s spouse or dependent (as defined in Code section 152(a)); (ii) a loss of the Participant’s property due to casualty; or (iii) such other similar extraordinary unforeseeable circumstances because of events beyond the control of the Participant. Corporate Human Resources or its delegate shall determine whether a Participant has incurred an Unforeseeable Emergency.

(ww) “**Valvoline Spin-Off**” means the transaction or series of transactions initially approved by the board of directors of Ashland Inc. on September 16, 2015, intended to separate the Valvoline business from Ashland Inc.’s specialty chemical business and create two independent, publicly-traded companies.

3.SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) *Shares Authorized for Issuance.* There shall be reserved for issuance under the Plan one million (1,000,000) shares of Common Stock, subject to adjustment pursuant to subsection (b) below. Such shares shall be authorized but unissued shares of Common Stock.

(b) *Adjustments in Certain Events.* In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than ordinary cash dividends, the number or kind of shares that may be issued under the Plan shall be automatically adjusted so that the proportionate interest of the Directors shall be maintained as before the occurrence of such event. Effective as of the Separation Date, all Ashland Stock Units and Ashland Restricted Stock Units credited to an Ashland Participant’s Transferred Account shall be converted into (and thereafter constitute the hypothetical investments of the Ashland Participant’s

Transferred Account) Stock Units and Restricted Stock Units. Such adjustments shall be conclusive and binding for all purposes of the Plan.

4. ELIGIBILITY

Each Director shall be eligible to, and shall participate in the Plan.

5. ADMINISTRATION

Full power and authority to construe, interpret and administer the Plan shall be vested in the Company and the Committee or one or more of their delegates. This power and authority includes, but is not limited to, establishing deferral terms and conditions and adopting modifications and amendments to procedures as may be deemed necessary or appropriate. This power and authority also includes, without limitation, the ability to construe and interpret provisions of the Plan, make determinations regarding law and fact, reconcile any inconsistencies between provisions in the Plan or between provisions of the Plan and any other statement concerning the Plan, whether oral or written, supply any omissions to the Plan or any document associated with the Plan, and to correct any defect in the Plan or in any document associated with the Plan. Decisions of the Company and the Committee (or their delegates) shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources. The administration of and all interpretations under the Plan shall be made consistent with all applicable law.

ARTICLE II. FEES IN COMMON STOCK PROVISION

Each Participant may make an Election to receive all or a portion of his or her Fees in shares of Common Stock (in lieu of cash) or make a Fee Deferral Election to defer Fees pursuant to Article III, Section 3. A Participant who elects to receive Fees in shares of Common Stock shall receive such shares at the end of each quarter beginning in the quarter the Election is effective. The number of shares of Common Stock so issued shall be equal to the amount of Fees which otherwise would have been payable in cash during the quarter divided by the Fair Market Value. Only whole number of shares of Common Stock will be issued, with any fractional shares to be paid in cash.

ARTICLE III. DEFERRED COMPENSATION

1. PARTICIPANT'S ACCOUNT

(a) *Deferred Fee Account.* For each Participant who makes a Fee Deferral Election, there shall be established a Deferred Fee Account to which there shall be credited any Deferred Fees as of each Credit Date. The Deferred Fee Account shall be credited (or debited) on each Accounting Date with hypothetical income (or hypothetical loss) based upon the Deferred Fee Account's hypothetical investment in any one or more of the hypothetical investment options available under the Plan, as prescribed by the Committee or the Company and as elected by the Participant under the terms of Article III, Section 3. The crediting or debiting on each Accounting

Date of such hypothetical income (or hypothetical loss) shall be made for the respective amounts that were subject to each Fee Deferral Election under Article III, Section 3.

(b) *Stock Account and Stock Units.* To the extent a Participant selects a Common Stock Fund as a hypothetical investment of the Participant's Deferred Fee Account, such shall be accounted for in the Stock Account (instead of the Deferred Fee Account) of the Participant, and shall be credited on each Accounting Date with Stock Units equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased with the amount of such Deferred Fees at the Fair Market Value on the Accounting Date. As of the date of any dividend distribution date for the Common Stock, the Participant's Stock Account shall be credited with additional Stock Units equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased, at the Fair Market Value on such date, with the amount which would have been paid as dividends on that number of shares (including fractions of a share) of Common Stock which is equal to the number of Stock Units then credited to the Participant's Stock Account with respect to a particular Fee Deferral Election under Article III, Section 3.

(c) *Restricted Stock Account and Restricted Stock Units.* Each Participant shall have his or her Restricted Stock Account credited on an Accounting Date with the number of Restricted Stock Units approved for such allocation equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased with the dollar amount of the approved grant for this purpose at the Fair Market Value on the Accounting Date. The Restricted Stock Units so credited shall be separately maintained and accounted for in a Restricted Stock Account for the Participant. Amounts credited to the Restricted Stock Account shall be forfeitable until the one (1) year anniversary of the date on which such amounts were so credited; provided, however, if the Participant does not seek re-election as a Director, such forfeitable amounts shall become non-forfeitable on the date of the Board meeting that immediately precedes such one (1) year anniversary so long as the Participant is a Director on the day before such Board meeting. As of the date of any dividend distribution date for the Common Stock, the Participant's Restricted Stock Account shall be credited with additional Restricted Stock Units equal to the number of shares of Common Stock (including fractions of a share) that could have been purchased, at the Fair Market Value on such date, with the amount which would have been paid as dividends on that number of shares (including fractions of a share) of Common Stock which is equal to the number of Restricted Stock Units then credited to the Participant's Restricted Stock Account. The additional Restricted Stock Units so allocated shall remain forfeitable until the date on which the Restricted Stock Units with respect to which the additional Restricted Stock Units were credited become non-forfeitable. On the date of a Participant's Termination prior to a Change in Control (other than in the circumstance described in the proviso in the third sentence of this paragraph (c)), all Restricted Stock Units (including fractional Restricted Stock Units) that have not become non-forfeitable shall be forfeited; provided, however, that on the date of a Participant's Termination on or after a Change in Control, all Restricted Stock Units (including fractional Restricted Stock Units) shall become non-forfeitable.

(d) *Transferred Account.* For each Ashland Participant, there shall be established a Transferred Account to which there shall be credited on the Transfer Date any amounts credited to such Participant under the Ashland Plan. Each Transferred Account shall have a Transferred Deferred Fee Subaccount, Transferred Stock Subaccount, and Transferred Restricted Stock

Subaccount to which deferred Ashland Fees and hypothetical shares of Ashland Common Stock were credited under the Ashland Plan prior to the Transfer Date; and after the Separation Date, Common Stock shall replace any Ashland Common Stock as the hypothetical investments, with Stock Units replacing Ashland Stock Units and Restricted Stock Units replacing Ashland Restricted Stock replacing Ashland Restricted Stock Units. Each Transferred Stock Subaccount and Transferred Restricted Stock Subaccount shall be administered consistent with the dividend and vesting provisions of Article III, Sections 1(b) and 1(c) above.

2.EARLY PAYMENT/DISTRIBUTION

(a) *Unforeseeable Emergency.* A Participant or a Participant's Personal Representative may submit an application for a payment/distribution from the Participant's Account (including the non-forfeitable portion of the Restricted Stock Account) because of an Unforeseeable Emergency. The amount of the payment/distribution shall not exceed the amount necessary to satisfy the needs of the Unforeseeable Emergency. Such payment/distribution shall include an amount to pay taxes reasonably anticipated as a result of the payment/distribution. The amount allowed as a payment/distribution under this Article III, Section 2(a) shall take into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation from insurance or liquidation of the Participant's assets (but only to the extent such liquidation would itself not cause a severe financial hardship). The payment/distribution shall be made in a single sum and paid as soon as practicable (but not later than sixty (60) days) after the application for the payment/distribution on account of the Unforeseeable Emergency is approved. The provisions of this Article III, Section 2(a) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury.

(b) *Disability.* A Participant or a Participant's legal representative may submit an application for a total payment/distribution from the Participant's Account (including the non-forfeitable portion of the Participant's Restricted Stock Account and Transferred Restricted Stock Subaccount) because of the Participant's Disability. The payment/distribution shall be made in a single lump sum and paid as soon as practicable (but not later than sixty (60) days) after the application is approved.

(c) *Prohibition on Acceleration.* Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, payments/distributions from a Participant's Account may not be made earlier than the time such amounts would otherwise be paid/distributed pursuant to the terms of the Plan. Notwithstanding anything herein to the contrary, acceleration of payments/distributions may be made in the discretion of the Company for any permitted purpose under Treas. Reg. section 1.409A-3(j)(4)(ii)-(xiv).

3.ELECTIONS

(a) *General.* Any Participant wishing to defer Fees under the Plan may elect to do so by completing and delivering a Fee Deferral Election on a form (which may be an online election form) prescribed by Corporate Human Resources (i) electing the time and form of payment/distribution (lump sum or installments not exceeding fifteen (15) years at a specified time or under

a fixed schedule not exceeding fifteen (15) years) of such Deferred Fees, and (ii) designating the manner in which such Deferred Fees are to be deemed invested in accordance with Article III, Section 1. The timing of the filing of the appropriate Fee Deferral Election form shall be determined by the Company or the Committee. An effective Fee Deferral Election to defer Fees may not be revoked or modified except as otherwise determined by the Company or the Committee in a manner consistent with applicable law (including, without limitation, Code section 409A) or as stated herein.

(b) *Permissible Fee Deferral Election.* A Participant's initial Fee Deferral Election to defer Fees may only be made in the taxable year before the Fees are earned, with one exception. The exception applies to a Participant during his or her first year of eligibility to participate in the Plan. In that event such a Participant may, if so offered by the Company or the Committee, elect to defer Fees for services performed after the Fee Deferral Election, provided that the Fee Deferral Election is made within thirty (30) days of the date the Participant first becomes eligible to participate in the Plan. A Participant's Fee Deferral Election under this Article III, Section 3(b) shall specify the amount or percentage of Fees deferred and the time and form of payment/distribution (lump sum installments not exceeding fifteen (15) years at a specified time or under a fixed schedule not exceeding fifteen (15) years) from among those described in Article III, Section 4 of the Plan. Each Fee Deferral Election to defer Fees may be treated as a separate election regarding the time and form of distribution, if so determined at the time of a particular election by the Company.

(c) *Hypothetical Investment Alternatives.* Subject to the following, a Participant may select, and elect to change an existing selection as to the hypothetical investment alternatives in effect with respect to amounts credited to the Participant's Account (in increments prescribed by the Committee or the Company) as often, and with such restrictions, as determined by the Committee or by the Company. Notwithstanding the foregoing, the following rules shall apply to investments of Stock Units, Restricted Stock Units, Ashland Stock Units and Ashland Restricted Stock Units:

1. *Stock Units.* Stock Units credited to a Participant's Stock Account cannot be transferred to another hypothetical investment alternative under the Plan.
2. *Restricted Stock Units.* Restricted Stock Units credited on an annual basis to a Participant's Restricted Stock Account cannot be transferred to another hypothetical investment alternative under the Plan; provided, however, that if the Participant makes an election prior to a grant of Restricted Stock Units, then upon the Participant satisfying the Board's Common Stock ownership guidelines, up to fifty percent (50%) of such Participant's Restricted Stock Units that become non-forfeitable, as credited to such Participant's Restricted Stock Account, may be transferred to another hypothetical investment alternative under the Plan.
3. *Ashland Stock Units.* Ashland Stock Units (and, after the Separation Date, Stock Units) credited to an Ashland Participant's Transferred Stock Subaccount cannot be transferred to another hypothetical investment alternative under the Plan.

4. *Ashland Restricted Stock Units.* Ashland Restricted Stock Units (and, after the Separation Date, Restricted Stock Units) credited to an Ashland Participant's Transferred Restricted Stock Subaccount cannot be transferred to another hypothetical investment under the Plan; provided, however, that upon the Participant satisfying the Board's Common Stock ownership guidelines, up to fifty percent (50%) of the Participant's non-forfeitable Transferred Restricted Stock Subaccount may be transferred to another hypothetical investment alternative under the Plan.

(d) *Ashland Elections.* Ashland Elections relating to an Ashland Participant's Transferred Account may not be changed except as provided in Article III, Section 4(d) below.

4. PAYMENT/DISTRIBUTION

(a) *Account.* In accordance with a Participant's Election and as prescribed by the Committee or the Company, (i) Deferred Fees credited to a Participant's Deferred Fee Account and Stock Account, and (ii) the non-forfeitable portion of the Participant's Restricted Stock Account, shall be paid/distributed (in cash or shares of Common Stock (or a combination of both) as determined by the Company or the Committee pursuant to the Participant's Fee Deferral Election (applicable to Deferred Fees) and Election (applicable to the Participant's Restricted Stock Account); provided that if no such Fee Deferral Election or Election is made by a Participant such amounts shall be paid in a lump sum within sixty (60) days following Termination (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Participant shall have no right, directly or indirectly, to designate the calendar year of payment). In accordance with a Participant's Fee Deferral Election under Article III, Section 3, but subject to Sections 2 and 6 of Article III, amounts subject to such Fee Deferral Election in the Deferred Fee Account and Stock Account and subject to such Election in the Restricted Stock Account shall be paid/distributed --

1. Upon a Participant's Termination, including death, as either a lump sum or in installments not exceeding fifteen (15) years; or

2. At a specified time or under a fixed schedule not exceeding fifteen (15) years.

(b) *Transferred Account.* Except as otherwise provided in Section 4(d) of this Article III, each Ashland Participant's Transferred Account shall be paid pursuant to his or her Ashland Elections; and, in the absence of Ashland Elections, the Ashland Participant's Transferred Account shall be paid/distributed as provided in this Article III, Section 4.

(c) *Medium of Distribution and Default Method.* A Participant's Account shall be paid/distributed in cash or shares of Common Stock (or a combination of both) as determined by the Committee or the Company. Notwithstanding anything in the foregoing to the contrary, all of a Participant's Stock Units and Restricted Stock Units that are subject to the restrictions on hypothetical investment transfer described in Article III, Section 3(c) shall be paid/distributed to the Participant (or, in the event of the Participant's death, the Participant's Beneficiary(ies) or estate) in whole shares of Common Stock, with any remainder distributed in cash. The amounts so paid/

distributed shall be paid/distributed first under the timing of distributions that applies to the portion of the Participant's Account being paid/distributed.

(d) *Election to Delay the Time or Change the Form of Payment/Distribution.* A Participant may make an Election to delay the time of a payment or change the form of a payment, or may elect to do both, with respect to an amount that would be payable pursuant to a Fee Deferral Election, Ashland Election or other Election (except in the event of a payment/distribution on account of the Participant's death) if all of the following Code section 409A requirements are met:

1. Such a subsequent Election may not take effect until at least twelve (12) months after it is made;
2. Any delay to the payment/distribution that would take effect because of the subsequent Election is at least to a date five (5) years after the date the payment/distribution otherwise would have begun; and
3. In the case of a payment/distribution that would be made under paragraph (a)2. of this Section 4, such a subsequent Election may not be made less than twelve (12) months before the date of the first scheduled payment.

5. PAYMENT COMMENCEMENT DATE

Payments of amounts deferred by Participants pursuant to valid Fee Deferral Elections, Elections and Ashland Elections shall commence in accord with such Fee Deferral Elections, Elections and Ashland Elections. If a Participant dies prior to the first deferred payment specified in a Fee Deferral Election, Election or Ashland Election, payments shall commence to the Participant's Beneficiary on the first payment/distribution date so specified.

6. CHANGE IN CONTROL

In the event of a Change in Control, the Company shall reimburse a Participant for the legal fees and expenses incurred if the Participant is required to seek to obtain or enforce any right to payment/distribution. In the event that it is determined that such Participant is properly entitled to a cash or other payment/distribution hereunder, such Participant shall also be entitled to interest thereon payable in an amount equivalent to the Prime Rate of Interest quoted by Citibank, N.A. as its prime commercial lending rate on the subject date from the date such payment/distribution should have been made to and including the date it is made. Notwithstanding any provision of this Plan to the contrary, this Article III, Section 6 and the definition of "Change in Control" in Article I may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

ARTICLE IV. MISCELLANEOUS PROVISIONS

1. BENEFICIARY

If the Participant dies before receiving payment of all amounts due hereunder, remaining unpaid amounts shall be paid in one lump sum to the estate of such Participant which shall be the Participant's "Beneficiary" under this Plan.

2.INALIENABILITY; UNFUNDED PLAN

The interests of a Participant and his or her Beneficiary under the Plan may not in any way be voluntarily or involuntarily transferred, alienated or assigned by a Participant or a Participant's Beneficiary, nor be subject to attachment, execution, garnishment or other such equitable or legal process.

The Plan at all times shall be unfunded; and no provision shall be made at any time with respect to segregating assets of any Participant for the payment of any amounts hereunder. The Plan constitutes a mere promise of the Company to make payments to Participants (and, to the extent applicable, Participants' Beneficiaries) in the future. Participants and their Beneficiaries have rights only as unsecured general creditors of the Company.

3.GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

4.AMENDMENT AND TERMINATION

The Committee may amend, alter or terminate this Plan at any time; provided, however, that the Committee may not, without approval by the Board:

- (a) materially increase the number of securities that may be issued under the Plan (except as provided in Article I, Section 3),
- (b) materially modify the requirements as to eligibility for participation in the Plan, or
- (c) otherwise materially increase the benefits accruing to Participants under the Plan.

5.COMPLIANCE WITH RULE 16b-3

It is the intention of the Company that the Plan comply in all respects with Rule 16b-3 promulgated under Section 16(b) of the Exchange Act and that Participants remain non-employee Directors for purposes of administering other employee benefit plans of the Company and having such other plans be exempt from Section 16(b) of the Exchange Act. Therefore, if any Plan provision is found not to be in compliance with Rule 16b-3 or if any Plan provision would disqualify Participants from remaining non-employee Directors, that provision shall be deemed amended so that the Plan does so comply and the Participants remain non-employee Directors, to the extent permitted by law and deemed advisable by the Committee, and in all events the Plan shall be construed in favor of its meeting the requirements of Rule 16b-3.

6. COMPLIANCE WITH 409A

It is the intention of the Company and the Committee that the Plan be administered in compliance with Code section 409A and the applicable guidance issued thereunder by the Secretary of the Treasury. Any provision that is found to be inconsistent with Code section 409A or the applicable guidance issued thereunder by the Secretary of the Treasury shall be reformed and applied by the Company in a manner consistent with applicable law, as determined by the Company.

No representation is made to any Participant with respect to the tax or securities aspects or implications of the Plan; and Participants should consult with their own tax, financial and legal advisors with respect to their participation in the Plan. Neither the Company, nor any member of the Board or the Committee shall have any liability to any person in the event Code section 409A applies to any Account or payment under the Plan in a manner that results in adverse tax consequences for the Participant or any of his or her Beneficiary.

7. EFFECTIVE DATE

The Plan was approved by the Personnel and Compensation Committee of the Board of Directors of Ashland Inc. and established by the Company to be effective as of October 1, 2016.

IN WITNESS WHEREOF, Valvoline Inc. has caused its duly authorized representative to execute the Plan, this 30th day of September, 2016, to be effective as of the date noted above.

On Behalf of Valvoline Inc.

/s/ Peter J. Ganz

By: _____

Peter J. Ganz
Senior Vice President, General Counsel
and Secretary
Ashland Global Holdings Inc.

FORM OF
VALVOLINE INC.
2016 DEFERRED COMPENSATION PLAN FOR EMPLOYEES
(Effective October 1, 2016)

VALVOLINE INC.
2016 DEFERRED COMPENSATION PLAN FOR EMPLOYEES

1. PURPOSE

Valvoline Inc. hereby establishes the Valvoline Inc. 2016 Deferred Compensation Plan for Employees for the purpose of providing an opportunity to defer compensation for retirement or other future purposes to a select group of management or highly compensated employees (including former employees that met these criteria when employed). The obligations of Valvoline Inc. hereunder constitute a mere promise to make the payments provided for in this Plan. No employee, his or her spouse or the estate of either of them shall have, by reason of this Plan, any right, title or interest of any kind in or to any property of Valvoline Inc. or its Related Entities. To the extent any Participant has a right to receive payments from Valvoline Inc. under this Plan, such right shall be no greater than the right of any unsecured general creditor of Valvoline Inc.

2. DEFINITIONS

The following definitions shall be applicable throughout the Plan:

(a) “**Accounting Date**” means the Business Day on which a calculation concerning a Participant’s Compensation Account is performed, or as otherwise defined by the Committee or the Company.

(b) “**Ashland Plan**” means the Ashland Inc. Deferred Compensation Plan for Employees, as amended.

(c) “**Beneficiary**” means the estate of a deceased Participant.

(d) “**Board**” means the Board of Directors of the Company.

(e) “**Business Day**” means a day on which the New York Stock Exchange is open for trading activity.

(f) “**Change in Control**” shall be deemed to have occurred if:

1. there shall be consummated (A) any consolidation or merger of the Company (a “**Business Combination**”), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than fifty percent (50%) of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to which shares of the Company’s Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company’s

Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least eighty percent (80%) of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

2. the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;
3. any Person shall become the Beneficial Owner of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or
4. at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two- (2-) year period was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such two- (2-) year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" means the Compensation Committee of the Board or its designee.

(i) "Common Stock" means (i) prior to the Separation Date, the common stock, \$.01 per value, of Ashland Global Holdings Inc.; and (ii) on and after the Separation Date, the common stock, \$.01 par value, of the Company.

(j) **“Common Stock Fund”** means that hypothetical investment option, approved by the Committee or the Company, in which a Participant’s Compensation Account may be deemed to be invested and may earn income based on a hypothetical investment in Common Stock.

(k) **“Company”** means Valvoline Inc., a Kentucky corporation, and any successor thereto.

(l) **“Compensation”** means any compensation of an Employee determined by the Committee or the Company to be properly deferrable under the Plan.

(m) **“Compensation Account(s)”** means the Deferred Account (also known as Retirement Account), the In-Service Account(s) (also known as Flexible Distribution Account(s)), the Transferred Excess Plan Account and/or the Transferred SERP Account.

(n) **“Corporate Human Resources”** means the Corporate Human Resources Department of the Company.

(o) **“Credit Date”** means the date Compensation otherwise would have been paid to the Participant if such Compensation was not Deferred Compensation.

(p) **“Deferral Account”** also known as **“Retirement Account”** means the account(s), established annually as determined by the Committee or the Company, described in Section 9(a) to which the Participant’s Deferred Compensation is credited and from which distributions are made, and shall include any corresponding account(s) transferred from the Ashland Plan to this Plan.

(q) **“Deferred Compensation”** means the Compensation the Participant elects to defer pursuant to the Plan, and which is credited to the Participant’s Compensation Account(s).

(r) **“Disability”** means that a Participant is unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of twelve (12) or more months. Corporate Human Resources or its delegate shall determine whether a Participant has incurred a Disability.

(s) **“Election”** means a Participant’s delivery of a notice of election to defer payment of all or a portion of his or her Compensation under the terms of the Plan or, with respect to accounts transferred from the Ashland Plan to this Plan, under the Ashland Plan. Such notice shall also include instructions specifying the time(s) the Deferred Compensation will be paid and the form (i.e., lump sum or installments) in which it will be paid. Such Elections may be annual or evergreen (as determined by the Committee or the Company), and shall comply with Code section 409A to the extent applicable and, be irrevocable except as otherwise provided in the Plan or pursuant to Treasury guidance. Elections shall be in the form, and made and delivered, as prescribed by the Committee or the Company.

(t) **“Employee”** means a full-time, regular salaried employee (which term shall be deemed to include officers) of the Company and its present and future Related Entities.

(u) “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

(v) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(w) “**Fair Market Value**” means the price of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange issues on the date and at the time designated by the Company.

(x) “**In-Service Account(s)**” also known as “**Flexible Distribution Account(s)**” means the account(s), established annually as determined by the Committee or the Company, described in Section 9(b) to which the Participant’s Deferred Compensation is credited and from which distributions are made, and shall include any corresponding account(s) transferred from the Ashland Plan to this Plan.

(y) “**Participant**” means an Employee who is a highly-compensated or management Employee selected to participate in the Plan and who has elected to defer payment of all or a portion of his or her Compensation under the Plan or who otherwise has a Compensation Account in the Plan.

(z) “**Performance-Based Compensation**” means Compensation that meets requirements specified by the Secretary of the Treasury, including Treasury Regulation section 1.409A-1(e). Performance-Based Compensation will include the attributes that it is variable, contingent on the satisfaction of pre-established metrics and is not readily ascertainable at the time of the Election to defer such compensation under Section 8(b).

(aa) “**Plan**” means this Valvoline Inc. 2016 Deferred Compensation Plan for Employees as it now exists or as it may hereafter be amended.

(bb) “**Plan Year**” means the calendar year.

(cc) “**Related Entities**” means (a) any corporation that is a member of a “controlled group of corporations” as defined in Code section 414(b) that includes the Company, and (b) any trade or business that is under “common control” as defined in Code section 414(c) that includes the Company.

(dd) “**Secretary of the Treasury**” or “**Treasury**” means the United States Department of Treasury.

(ee) “**Separation Date**” means the date upon which the Valvoline Spin-Off is completed.

(ff) “**Separation from Service**” or “**Termination**” means a termination from employment resulting in a cessation of performing active service for the Company and the Related Entities. An Employee is considered to incur a Separation from Service on the date the Employee terminates employment with the Company and the Related Entities or when it is reasonably anticipated that the Employee’s services to the Company and the Related Entities will permanently decrease to twenty percent (20%) or less of the average amount of services performed for the

Company and the Related Entities during the immediately preceding thirty-six (36) month period (or period of total employment if less than thirty-six (36) months). Notwithstanding anything in the foregoing to the contrary, a Separation from Service does not occur as a result of military leave, sick leave or other bona fide leave of absence not exceeding six (6) months or the period during which the Employee retains a right to reemployment.

(gg) "Specified Employee" means, for a particular Plan Year, any Employee who was at anytime during the twelve (12) months ending on the December 31 preceding the start of the particular Plan Year (the Specified Employee identification date) classified on the records of the Company as a "specified employee" within the meaning of Code section 409A(a)(2)(B)(i) and Treasury Regulation section 1.409A-1(i). Such an Employee shall be classified as a Specified Employee as of January 1 of the particular Plan Year (the Specified Employee effective date) and shall remain classified as such for the entirety of such Plan Year. Notwithstanding anything to the contrary, no more than two hundred (200) Employees may be classified as Specified Employees for any Plan Year. Unless otherwise provided in the particular document, this definition of Specified Employee shall apply to all plans, programs, contracts, agreements and other arrangements maintained by the Company and the Related Entities that are subject to Code section 409A.

(hh) "Transferred Excess Plan Account" means a Participant's Excess Account under the Transferred Excess Plan that has been deferred by the Participant.

(ii) "Transferred Excess Plan" means the Ashland Inc. Nonqualified Excess Benefit Pension Plan transferred by Ashland Inc. to, and assumed by, Valvoline effective as of September 1, 2016.

(jj) "Transferred SERP Account" means a Participant's SERP Account under the Transferred SERP that has been deferred by the Participant.

(kk) "Transferred SERP" means the Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees transferred by Ashland Inc. to, and assumed by, Valvoline effective as of September 1, 2016.

(ll) "Unforeseeable Emergency" means a severe financial hardship of a Participant (that cannot be alleviated by compensation or reimbursement received insurance companies or otherwise as provided in Treasury Regulation Section 1.409A-3(i)(3)) because of (i) an illness or accident of the Participant, the Participant's spouse or dependent (as defined in Code section 152(a)); (ii) a loss of the Participant's property due to casualty; or (iii) such other similar extraordinary unforeseeable circumstances because of events beyond the control of the Participant. Corporate Human Resources or its delegate shall determine whether a Participant has incurred an Unforeseeable Emergency.

(mm) "Valvoline" means Valvoline LLC, a wholly-owned subsidiary of the Company.

(nn) "Valvoline Spin-Off" means the transaction or series of transactions initially approved by the board of directors of Ashland Inc. on September 16, 2015, intended to separate the

Valvoline business from Ashland Inc.'s specialty chemical business and create two independent, publicly-traded companies.

3. SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) *Shares Authorized for Issuance.* There shall be reserved for issuance under the Plan one million (1,000,000) shares of Common Stock, subject to adjustment pursuant to subsection (c) below.

(b) *Adjustments in Certain Events.* In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, share dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange or reclassification of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than ordinary cash dividends, the number or kind of shares that may be issued or credited under the Plan shall be automatically adjusted so that the proportionate interest of the Participants shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes of the Plan.

4. ELIGIBILITY

The Committee shall have the authority to select from management and/or highly compensated Employees those Employees who shall be eligible to participate in the Plan; provided, however, that employees and/or retirees who have elected to defer an amount into this Plan from another plan sponsored or maintained or transferred and assumed by Valvoline, the terms of which allowed such employee or retiree to make such a deferral election into this Plan, shall be considered to be eligible to participate in this Plan.

5. ADMINISTRATION

Full power and authority to construe, interpret and administer the Plan shall be vested in the Company and the Committee or one or more of their delegates. This power and authority includes, but is not limited to, selecting Compensation eligible for deferral, establishing deferral terms and conditions and adopting modifications, amendments and procedures as may be deemed necessary, appropriate or convenient by the Committee. This power and authority also includes, without limitation, the ability to construe and interpret provisions of the Plan, make determinations regarding law and fact, reconcile any inconsistencies between provisions in the Plan or between provisions of the Plan and any other statement concerning the Plan, whether oral or written, supply any omissions to the Plan or any document associated with the Plan, and to correct any defect in the Plan or in any document associated with the Plan. Decisions of the Company and the Committee (or their delegates) shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources. The administration of and all interpretations under the Plan shall be made consistent with all applicable law.

6. PARTICIPANT COMPENSATION ACCOUNT(S)

Upon election to participate in the Plan, there shall be established a Deferral Account and/or In-Service Account(s), as designated by the Participant, to which there shall be credited any Deferred Compensation, as of each Credit Date. There shall also be established a Transferred Excess Plan Account and/or a Transferred SERP Account for a Participant who has made an applicable deferral election. Each such Compensation Account shall be credited (or debited) on each Accounting Date with hypothetical income (or hypothetical loss) based upon a hypothetical investment in any one or more of the investment options available under the Plan, as prescribed by the Committee, for the particular Compensation credited, which may include a Common Stock Fund, as elected by the Participant under the terms of Section 8. The crediting or debiting on each Accounting Date of hypothetical income (or hypothetical loss) shall be made for the respective amounts that were subject to each Election under Section 8. All investments of a Participant's Compensation Account in which such Participant's Compensation Account may be deemed invested in the Common Stock Fund, shall be on each relevant Accounting Date valued at Fair Market Value. Additionally, all distributions, investments and investment exchanges allowed and made under the Plan shall be as of the relevant Accounting Date at Fair Market Value.

7. EARLY WITHDRAWAL

(a) Unforeseeable Emergency. A Participant or a Participant's legal representative may submit an application for a distribution from either a Deferral Account or an In-Service Account because of an Unforeseeable Emergency. The amount of the distribution shall not exceed the amount necessary to satisfy the needs of the Unforeseeable Emergency. Such distribution shall include an amount to pay taxes reasonably anticipated as a result of the distribution. The amount allowed as a distribution under this Section 7(a) shall take into account the extent to which the Unforeseeable Emergency may be relieved by reimbursement, insurance or liquidation of the Participant's assets (but only to the extent such liquidation would itself not cause a severe financial hardship). The distribution shall be made in a single sum and paid as soon as practicable (but not later than sixty (60) days) after the application for the distribution on account of the Unforeseeable Emergency is approved. The provisions of this Section 7(a) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury.

(b) Disability. A Participant or a Participant's legal representative may submit an application for a distribution from the Participant's Deferral Account and In-Service Account because of the Participant's Disability. The distribution shall be made in a single sum and paid as soon as practicable (but not later than sixty (60) days) after the application for the distribution on account of the Participant's Disability is approved. The provisions of this Section 7(b) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury. If such guidance should allow an election of a period or form of distribution at the time of the application for a distribution on account of the Participant's Disability then the Plan shall allow such elections.

(c) Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions from a Participant's Compensation Account(s) may not be made earlier than the time such amounts would otherwise be distributed pursuant to the terms of the Plan.

8. DEFERRAL ELECTIONS

(a) *General.* The Company or the Committee shall determine the timing of the filing of the appropriate Election forms (which may be an online Election form). An effective Election may not be revoked or modified except as otherwise determined by the Company or the Committee or as stated herein.

(b) *Permissible Deferral Election.* A Participant's Election to defer Compensation may only be made in the taxable year before the Compensation is earned, with two (2) exceptions. The first exception applies to a Participant during his or her first (1st) year of eligibility to participate in the Plan. In that event such a Participant may, if so offered by the Company or the Committee, elect to defer Compensation for services performed after the Election, provided that the Election is made within thirty (30) days of the date the Participant becomes eligible to participate in the Plan.

The second exception is with respect to an election to defer Performance-Based Compensation. If Performance-Based Compensation is based on services of a Participant performed over a period of at least twelve (12) months, then the Participant may, if so offered by (and on the terms and limitations specified by) the Company or the Committee, make an Election to defer all or part of such Performance-Based Compensation not later than six (6) months before the end of such service period.

A Participant's Election under this Section 8(b) shall specify the amount or percentage of Compensation deferred and specify the time and form of distribution from among those described in Section 9 of the Plan. Each Election to defer Compensation is a separate election regarding the time and form of distribution.

(c) *Hypothetical Investment Alternatives — Existing Balances.* A Participant may elect to change an existing selection as to the investment alternatives in effect with respect to an existing Compensation Account (in increments prescribed by the Committee or the Company) as often, and with such restrictions, as determined by the Committee or by the Company. If a Participant fails to make an investment selection for his or her Compensation Account, the Committee or the Company may prescribe a default selection or selections in any manner that appears reasonable in their discretion.

9. DISTRIBUTION

(a) *Deferral Account.* In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the Deferral Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's Separation from Service as either a lump sum or in installments not exceeding fifteen (15) years; provided, however, that the distribution to a Participant who is a Specified Employee must not be made before the earliest of the date that is six (6) months after the Participant's Separation from Service or the date of the Participant's death;

2. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years from the date of the Participant's death; or for Elections made on or after October 1, 2016, upon a Participant's death to the Participant's Beneficiary in a lump sum; or
3. At a specified time or under a fixed schedule not exceeding fifteen (15) years from the Participant's Separation from Service.

(b) *In-Service Account.* In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in an In-Service Account (determined in accordance with Section 6) shall be distributed -

1. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years; or for Elections made on or after October 1, 2016, upon a Participant's death to the Participant's Beneficiary in a lump sum; or
2. At a specified time or under a fixed schedule not less than two (2) years measured from the beginning of the Plan Year after the Plan Year in which the Election is made and not exceeding fifteen (15) years measured from the beginning of the Plan Year after the Plan Year in which the Election is made.

(c) *Transferred Excess Plan Accounts and Transferred SERP Accounts.* In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in either the Transferred Excess Plan Account or Transferred SERP Account, or both (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's Separation from Service and entitlement to a distribution under the Transferred Excess Plan and/or Transferred SERP, as applicable, as either a lump sum or in installments not exceeding 15 years from the date the Participant was entitled to a distribution under the Transferred Excess Plan and/or Transferred SERP, as applicable; provided, however, that the distribution to a Participant who is a Specified Employee must not be made before the earliest of the date that is six (6) months after the Participant was entitled to a distribution under the Transferred Excess Plan and/or Transferred SERP, as applicable or the date of the Participant's death;
2. For Elections made prior to October 1, 2016, upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding fifteen (15) years from the date of the Participant's death; or for Elections made on or after October 1, 2016, upon a Participant's death to the Participant's Beneficiary in a lump sum; or

3. At a specified time or under a fixed schedule not exceeding fifteen (15) years from the date the Participant incurred a Separation from Service and was entitled to a distribution under the Transferred Excess Plan and/or Transferred SERP, as applicable.

(d) Medium of Distribution and Default Method. A Participant's Deferral Account, In-Service Account(s), Transferred Excess Plan Account and Transferred SERP Account shall be distributed in cash or shares of Common Stock (or a combination of both) as determined by the Committee or the Company. If no Election is made by a Participant as to the distribution or form of payment from one or more of his or her Compensation Account(s), upon the earliest time that a distribution from such account is to be made pursuant to the terms of the Plan, such account shall be paid in cash or shares of Common Stock (or a combination of both) as determined by the Committee or the Company in a lump sum, within sixty (60) days following the Participant's Separation from Service (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Participant shall have no right, directly or indirectly, to designate the calendar year of payment).

(e) Election to Delay the Time or Change the Form of Distribution. A Participant may make an Election to delay the time of a distribution or change the form of a distribution, or may elect to do both, with respect to an amount that would be payable pursuant to an Election (except in the event of a distribution on account of the Participant's death) if all of the following requirements are met -

1. Such an Election may not take effect until at least twelve (12) months after it is made;
2. Any delay to the distribution that would take effect because of the Election is at least to a date five (5) years after the date the distribution otherwise would have begun; and
3. Such an Election may not be made less than twelve (12) months before the date of the first scheduled payment.

(f) Distribution Exceptions. Notwithstanding anything in the Plan to the contrary, the following shall apply to the distribution of Contribution Account(s):

1. Distribution pursuant to a domestic relations order as described in Section 12;
2. Distribution of a Participant's or Beneficiary's Compensation Account(s) shall be made in a single lump sum payment as soon as possible provided the distribution will be of the entirety of the Participant's or Beneficiary's Compensation Account(s) and the distribution does not exceed the adjusted Code section 402(g) limit; and

3. Distribution or suspension of contributions may be made in the discretion of the Company for any other permitted purpose under Treasury Regulation section 1.409A-3(j)(4)(ii)-(xiv).

(g) *Timing of Payments to Specified Employees.* Notwithstanding anything in the Plan to the contrary, if a Participant is a Specified Employee as of the date of his or her Separation from Service, then no distribution/payment of such Participant's Compensation Accounts shall be made upon the Participant's Separation from Service until the first payroll date of the seventh month following the Participant's Separation from Service (or, if earlier, upon the date of the Participant's death or such other earlier time as would not result in a tax or penalty under Code section 409A) (the "**Specified Employee Payment Date**"). Any payments to which a Specified Employee otherwise would have been entitled under the Plan during the period between the Participant's Separation from Service and the Specified Employee Payment Date shall be accumulated and paid in a lump sum payment on the Specified Employee Payment Date.

10.BENEFICIARY

If the Participant dies before receiving distribution of all amounts due hereunder, the remaining unpaid amounts shall be paid in one lump sum to the estate of such Participant, which shall be the Participant's "Beneficiary" under this Plan.

11.CHANGE IN CONTROL

In the event of a Change in Control, the Company shall reimburse a Participant for the legal fees and expenses incurred if the Participant is required to seek to obtain or enforce any right to distribution. In the event that it is determined that such Participant is properly entitled to a cash or other distribution hereunder, such Participant shall also be entitled to interest thereon payable in an amount equivalent to the Prime Rate of Interest quoted by Citibank, N.A. as its prime commercial lending rate on the subject date from the date such distribution should have been made to and including the date it is made. Notwithstanding any provision of this Plan to the contrary, this Section 11 and the definition of "Change in Control" may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

12.INALIENABILITY; UNFUNDED PLAN

The interests of the Participants and their Beneficiaries under the Plan may not in any way be voluntarily or involuntarily transferred, alienated or assigned, nor subject to attachment, execution, garnishment or other such equitable or legal process. A Participant or Beneficiary cannot waive the provisions of this Section 12. Notwithstanding anything contained herein to the contrary, valid court ordered divisions of a Participant's Compensation Account(s) pursuant to a domestic relations order may be recognized and distributions may be made pursuant to such an order provided that such distributions are consistent with this Section 12. A domestic relations order intended to assign a benefit hereunder to a former spouse of a Participant must be delivered to the Company. The Company or its delegate will review the order to determine if it is qualified. Upon notification by the Company or its delegate that the order is qualified, the spouse will be able to elect a distribution

of the assigned benefit by the end of the fifth calendar year following the calendar year during which the Company or its delegate notifies the former spouse that the order is qualified. In all events, the entire assigned benefit must be distributed by the end of the fifth (5th) calendar year following the calendar year during which the Company or its delegate notifies the former spouse that the order is qualified. The Company or its delegate may prescribe procedures that are consistent with this Section 12 and applicable law to implement benefit assignments pursuant to qualified orders.

The Plan at all times shall be unfunded; and no provision shall be made at any time with respect to segregating assets of any Participant for the payment of any amounts hereunder. The Plan constitutes a mere promise of the Company and the Related Entities to make payments to Participants (and, to the extent applicable, Participants' Beneficiaries) in the future. Participants and their Beneficiaries and estates have rights only as unsecured general creditors of the Company and the Related Entities.

13.CLAIMS

(a) Initial Claim — Notice of Denial. If any claim for benefits (within the meaning of section 503 of ERISA) is denied in whole or in part, the Company (which shall include the Company or its delegate throughout this Section 13) will provide written notification of the denied claim to the Participant or Beneficiary, as applicable, (hereinafter referred to as the claimant) in a reasonable period, but not later than ninety (90) days after the claim is received. The ninety- (90-) day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the ninety- (90-) day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than one hundred eighty (180) days after the claim is received.

The written decision will include:

1. The reasons for the denial.
2. Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
3. A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
4. A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA — §29 U.S.C. 1132). The claimant must complete the Plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

(b) Appeal of Denied Claim. The claimant may file a written appeal of a denied claim with the Company in such manner as determined from time to time. The Company is the named fiduciary under ERISA for purposes of the appeal of the denied claim. The Company may delegate its authority to rule on appeals of denied claims and any person or persons or entity to which such authority is delegated may re-delegate that authority. The appeal must be sent at least sixty (60) days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Company will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than sixty (60) days after the appeal is received. The sixty- (60-) day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the sixty- (60-) day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than one hundred twenty (120) days after the appeal is received.

Special rules apply if the Company designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within thirty (30) days of the next following meeting, then the decision must not be made later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five (5) days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

1. The reasons for the denial.
2. Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
3. A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
4. A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA — §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event the claimant may file a civil action in court. The decision regarding a denied claim is final and binding on all those who are affected by the decision. No additional appeals regarding that claim are allowed.

14. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky, except to the extent preempted by Federal law.

15. AMENDMENTS

The Company may amend, alter or terminate this Plan at any time without the prior approval of the Board or the Committee; provided, however, that the Company may not, without approval by the Board:

- (a) increase the number of securities that may be issued under the Plan (except as provided in Section 3(b));
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) otherwise materially increase the benefits accruing to Participants under the Plan.

16. COMPLIANCE WITH RULE 16b-3

It is the intention of the Company that the Plan comply in all respects with Rule 16b-3 promulgated under Section 16(b) of the Exchange Act.

17. COMPLIANCE WITH 409A

It is the intention of the Company and the Committee that the Plan be administered in compliance with Code section 409A and the applicable guidance issued thereunder by the Secretary of the Treasury. Any provision that is found to be inconsistent with Code section 409A or the applicable guidance issued thereunder by the Secretary of the Treasury shall be reformed and applied by the Company in a manner consistent with applicable law, as determined by the Company.

18. EFFECTIVE DATE

The Plan was approved by the Personnel and Compensation Committee of the Board of Directors of Ashland Inc. and adopted by the Company to be effective as of October 1, 2016.

2016 VALVOLINE INCENTIVE PLAN
(Effective as of October 1, 2016)

SECTION 1. PURPOSE

The purpose of the 2016 Valvoline Incentive Plan is to promote the interests of the Company and its shareholders by providing incentives to its directors, officers and employees (including prospective directors, officers and employees). Accordingly, the Company may grant to selected officers and employees Option Awards, Stock Appreciation Rights Awards, Restricted Stock Awards, Restricted Stock Unit Awards, Incentive Awards, Performance Unit Awards and Recognition Awards in an effort to attract and retain in its employ qualified individuals and to provide such individuals with incentives to continue service with the Company, devote their best efforts to the Company and improve the Company's economic performance, thus enhancing the value of the Company for the benefit of shareholders. This Plan also provides an incentive for qualified persons, who are not officers or employees of the Company, to serve on the Board of Directors of the Company and to continue to work for the best interests of the Company by rewarding such persons with Option Awards, Stock Appreciation Rights Awards, Restricted Stock Awards or Restricted Stock Unit Awards.

SECTION 2. DEFINITIONS

"Agreement" shall mean either: (i) an agreement, either in written or electronic format, entered into by the Company and a Recipient setting forth the terms and provisions applicable to an Award granted under the Plan; or (ii) a statement, either in written or electronic format, issued by the Company to a Recipient describing the terms and provisions of such Award, which need not be signed by the Recipient.

"Assumed Valvoline Award" shall mean a stock option, stock appreciation right, restricted stock, restricted stock unit, performance unit, merit or other incentive compensation award granted pursuant to the Amended and Restated 2015 Ashland Inc. Incentive Plan, the Amended and Restated 2011 Ashland Inc. Incentive Plan or any other long-term incentive compensation plan sponsored or maintained by Ashland Inc. (or its successor) and assumed under this Plan in connection with the Valvoline Spin-Off.

"Award" shall mean an Option Award, a Stock Appreciation Right Award, a Restricted Stock Award, a Restricted Stock Unit Award, an Incentive Award, a Performance Unit Award or a Recognition Award, in each case granted under this Plan.

"Beneficial Owner" shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

"Beneficiary" shall mean the person or persons designated by a Recipient or, if no designation has been made, the person or persons entitled by will or the laws of descent and distribution to receive the benefits specified under this Plan in the event of a Recipient's death.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall have the meaning assigned thereto in the applicable Agreement or, in the event the applicable Agreement does not assign a meaning to such term, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with the Company or its Subsidiaries (other than any such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to the Company or its Subsidiaries or (iii) the Participant's conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

"Change in Control" shall be deemed to have occurred if:

(i) there shall be consummated (A) any consolidation or merger of the Company (a "Business Combination"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than 50% of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company's Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

- (i) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;
- (ii) any Person shall become the Beneficial Owner of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or
- (iii) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

"Code" shall mean the United States Internal Revenue Code of 1986, as amended.

"Common Stock" shall mean the Common Stock of the Company (\$0.01 par value), subject to adjustment pursuant to Section 14 hereof. "Company" shall mean Valvoline Inc. or any successor thereto.

"Compensation Committee" shall mean the Compensation Committee of the Board, as from time to time constituted, or any successor committee of the Board with similar functions, which shall, unless otherwise determined by the board, consist of three or more members, each of whom shall be a "non-employee director" within the meaning of Rule 16b-3 issued under the Exchange Act, an "outside director" within the meaning of the regulations issued under Section 162(m) of the Code and an "independent director" within the meaning of the applicable rules of the New York Stock Exchange or any other securities exchange upon which the Company's Common Stock is listed, or such committee's delegate.

"Credited Service" shall mean periods of employment with the Company and its Subsidiaries for which credit is given, as determined by the Compensation Committee in its sole discretion.

"Disability" shall have the meaning assigned thereto in the applicable Agreement or, in the event the applicable Agreement does not assign a meaning to such term, "Disability" shall mean, (i) in the case of a Participant, when he or she becomes unable to perform the functions required by his or her regular job due to physical or mental illness and, in connection with the grant of an Incentive Stock Option, he or she falls within the meaning of that term as provided in Section 22(e)(3) of the Code; and (ii) in the case of an Outside Director, when he or she is unable to attend to his or her duties and responsibilities as a member of the Board because of incapacity due to physical or mental illness.

"Dividend Equivalents" shall mean the equivalent value (in cash, shares of Common Stock, shares of Restricted Stock or RSUs) of dividends that would otherwise be paid on the shares subject to an Award but that have not been issued or delivered, as described in Section 16(N).

"Effective Date" shall mean October 1, 2016.

"Employee" shall mean a regular, full-time or part-time employee of the Company or any of its Subsidiaries, provided, however, that for purposes of determining whether any individual may be a Participant for purposes of any grant of an Incentive Stock Option, the term "Employee" shall have the meaning given to such term in Section 3401(c) of the Code.

"Exercise Price" shall mean, with respect to each share of Common Stock subject to an Option or Stock Appreciation Right, the price fixed by the Compensation Committee at which such share may be purchased from the Company pursuant to the exercise of such Option or Stock Appreciation Right.

"Exchange Act" shall mean the United States Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean, as of any date, (i) the closing sale price per share of Common Stock as reported on the Composite Tape of the New York Stock Exchange, or if there are no sales on such day, on the next preceding trading day during which a sale occurred and (ii) in the absence of such markets for the shares of Common Stock, the Fair Market Value shall be determined by the Compensation Committee, in its discretion, (which determination shall be made in a manner that complies with Section 409A of the Code to the extent required to avoid the imposition of taxes or penalties under Section 409A of the Code, as determined by the Committee), and such determination shall be conclusive and binding for all purposes.

"Incentive Award" shall mean an Award made pursuant to Section 7 hereof, the payment of which is contingent upon the achievement of performance goals (including Performance Goals) for the particular Performance Period.

"Incentive Stock Option" or "ISO" shall mean an Option that is intended by the Compensation Committee to meet the requirements of Section 422 of the Code or any successor provision.

“ISO Award” shall mean an Award of an Incentive Stock Option pursuant to Section 10 hereof.

“Nonqualified Stock Option” or “NQSO” shall mean an Option granted pursuant to this Plan which does not qualify as an Incentive Stock Option.

“NQSO Award” shall mean an Award of a Nonqualified Stock Option pursuant to Section 10 hereof.

“Option” shall mean the right to purchase Common Stock at a price to be specified and upon terms to be designated by the Compensation Committee, in its discretion, or otherwise determined pursuant to this Plan. The Compensation Committee, in its discretion, shall designate an Option as a Nonqualified Stock Option or an Incentive Stock Option.

“Option Award” shall mean an Award of an Option pursuant to Section 10 hereof.

“Outside Director” shall mean a director of the Company, who is not also an Employee, who is selected by the Compensation Committee to receive an Award under this Plan.

“Participant” shall mean an Employee who is designated (whether individually or as a member of a specified group of Employees) by the Compensation Committee to receive an Award under this Plan.

“Performance-Based Exception” shall mean the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code.

“Performance Goals” shall mean performance goals as may be established in writing by the Compensation Committee. Such goals may be absolute in their terms or measured against or in relation to other companies comparably or otherwise situated, and/or may be relative to stock market indices or such other published or special indices as the Compensation Committee deems appropriate. Performance Goals may relate to the performance of the Company or one or more of its Subsidiaries, divisions, departments, units, functions, partnerships, joint ventures or minority investments, product lines or products, and/or the performance of the individual Participant. The Performance Goals applicable to any Award that is intended to qualify for the Performance-Based Exception shall be based on one or more of the following criteria (which may be measured either in the aggregate or on per share basis, and which may include or exclude items to measure specific objectives, such as losses from discontinued operations, extraordinary gains or losses, the cumulative effect of accounting changes, acquisitions or divestitures, foreign exchange impacts and any unusual, nonrecurring gain or loss):

- (i) Earnings measures, including net earnings on either a LIFO, FIFO or other basis and including earnings, earnings before interest, earnings before interest and taxes, earnings before interest, taxes and depreciation or earnings before interest, taxes, depreciation and amortization;
- (ii) Operating measures, including operating income, operating earnings, or operating margin;
- (iii) Income or loss measures, including net income or net loss, and economic profit;
- (iv) Cash flow measures, including cash flow or free cash flow;
- (v) Revenue measures;
- (vi) Reductions in expense measures;
- (vii) Operating and maintenance, cost management, and employee productivity measures;
- (viii) Company return measures, including return on assets, investments, equity, or sales;
- (ix) Share price (including attainment of a specified per-share price during the performance period, growth measures, total return to shareholders or attainment of a specified price per share for a specified period of time);
- (x) Strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, business expansion targets, project milestones, production volume levels, or cost targets;
- (xi) Accomplishment of, or goals related to, mergers, acquisitions, dispositions, public offerings, or similar extraordinary business transactions;
- (xii) Achievement of business or operational goals such as market share, business development and/or customer objectives, and debt ratings;

or

- (xiii) Growth or rate of growth of any of the performance criteria set forth herein.

“Performance Period” shall mean the period designated by the Compensation Committee during which performance goals (including Performance Goals) shall be measured.

“Performance Unit Award” shall mean an Award made pursuant to Section 8 hereof, the payment of which is contingent upon the achievement of performance goals (including Performance Goals) for the particular Performance Period.

“Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company, or (iii) an underwriter temporarily holding securities pursuant to an offering on behalf of the Company.

“Personal Representative” shall mean the person or persons who, upon the Disability or incompetence of a Recipient, shall have acquired on behalf of the Recipient by legal proceeding or otherwise the right to receive the benefits specified in this Plan.

“Plan” shall mean this 2016 Valvoline Incentive Plan.

“Plan Share Limit” shall have the meaning given in Section 3(A) hereof. “Qualifying Termination” shall mean:

(i) in the case of a Participant, termination of the Participant’s employment with the Company and its Subsidiaries at any time such that (A) the Participant is age fifty-five (55) or older and has at least ten (10) years of continuous service; and

(ii) in the case of an Outside Director, termination of the Outside Director’s service on the Board as a result of a mandatory retirement date established by the Compensation Committee.

“Recipient” shall mean a Participant or an Outside Director, as appropriate.

“Recognition Award” shall mean an Award of Common Stock issued pursuant to Section 9 hereof.

“Restricted Period” shall mean the period during which Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals (including Performance Goals), or upon the occurrence of other events as determined by the Compensation Committee, in its discretion).

“Restricted Stock” shall mean those shares of Common Stock issued pursuant to a Restricted Stock Award which are subject to the restrictions, terms, and conditions set forth in the related Agreement or designated by the Compensation Committee, in its discretion, in accordance with the Plan.

“Restricted Stock Award” shall mean an Award of Restricted Stock pursuant to Section 6 hereof.

“Restricted Stock Units” or “RSUs” shall mean units (or other Common Stock equivalents) issued pursuant to a Restricted Stock Unit Award which are valued in terms of shares of Common Stock and are subject to the restrictions, terms, and conditions set forth in the related Agreement or designated by the Compensation Committee, in its discretion, in accordance with the Plan.

“Restricted Stock Unit Award” or “RSU Award” shall mean an Award of Restricted Stock Units pursuant to Section 6 hereof.

“Stock Appreciation Right” or “SAR” shall mean a right pursuant to a Stock Appreciation Right Award to be paid an amount measured by the appreciation in the Fair Market Value of shares of Common Stock from the date of grant to the date of exercise of the SAR, with payment to be made wholly in cash, wholly in shares of Common Stock or a combination thereof as specified in the Agreement or determined by the Compensation Committee, in its discretion. A SAR may be granted only singly and may not be granted in tandem with an Option.

“Stock Appreciation Right Award” or “SAR Award” shall mean an Award of a Stock Appreciation Right pursuant to Section 10 hereof.

“Subsidiary” shall mean a corporation, company or other entity, whether U.S. or foreign, (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are now or hereafter, owned or controlled, directly or indirectly, by the Company, or (ii) which does not have outstanding shares or securities (as may be the case, for example, in a partnership, limited liability company, joint venture or unincorporated association), but more than fifty percent (50%) of whose ownership interests representing the right generally to make decisions for such other entity is now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, the term “Subsidiary” shall have the meaning given to such term in Section 424(f) of the Code, as interpreted by the regulations thereunder and applicable law.

“Substitute Awards” shall have the meaning given in Section 14 hereof.

“Tax Date” shall mean the date the withholding tax obligation arises with respect to an Award.

“Valvoline Spin-Off” shall mean the transaction or series of transactions initially approved by the Board of Directors of Ashland, Inc. on September 16, 2015 intended to separate the Valvoline business from Ashland Inc.’s specialty chemical business and create two independent, publicly traded companies.

SECTION 3. STOCK SUBJECT TO THIS PLAN

(A) Subject to adjustment as provided under Section 14 hereof, there will be reserved for issuance under this Plan an aggregate of 7,000,000 shares of Common Stock (the “Plan Share Limit”), any or all of which may be delivered with respect to ISO Awards. Subject to adjustment as provided under Section 14 hereof, the following limits shall apply with respect to Awards that are intended to qualify for the Performance-Based Exception: (i) the maximum aggregate number of shares of Common Stock that may be subject to Options or SARs granted in any calendar year to any one Participant shall be 1,000,000 shares; (ii) the maximum aggregate number of Restricted Stock Awards and shares of Common Stock issuable or deliverable under Restricted Stock Unit Awards granted in any calendar year to any one Participant shall be 500,000 shares; and (iii) the maximum aggregate number of shares of Common Stock issuable or deliverable under Performance Unit Awards granted in any calendar year to any one Participant shall be 500,000 shares of Common Stock or, in the case of Performance Unit Awards established in cash, an amount of cash equal to the Fair Market Value (as of the date of grant) of 500,000 shares of Common Stock. Subject to adjustment as provided under Section 14 hereof, the maximum aggregate number of shares of Common Stock that may be issuable or deliverable under Awards granted in any calendar year to any one Outside Director shall be 25,000 shares or, in the case of Awards established in cash, an amount of cash equal to the Fair Market Value (as of the date of grant) of 25,000 shares of Common Stock.

(B) In the event that any Award is paid solely in cash, no shares shall be deducted from the Plan Share Limit by reason of such Award. Shares of Common Stock subject to Awards that are forfeited, terminated, canceled or settled without the delivery of Common Stock under the Plan (including cash settlement) will again be available for Awards under the Plan and credited toward the Plan Share Limit. Notwithstanding any other provision herein, the Plan Share Limit shall not be increased by: (i) shares of Common Stock tendered in full or partial payment of the Exercise Price of an Option, (ii) shares of Common Stock withheld by the Company or any Subsidiary to satisfy a tax withholding obligation in connection with the vesting or exercise of an Award, and (iii) shares of Common Stock that are repurchased by the Company with Option proceeds. Moreover, all shares of Common Stock covered by a SAR, to the extent that it is exercised and settled in shares, and whether or not shares are actually issued or delivered to the Recipient upon exercise of the right, shall be considered issued or delivered pursuant to the Plan for purposes of the Plan Share Limit.

(C) Any shares of Common Stock underlying Restricted Stock Awards, Restricted Stock Unit Awards, Recognition Awards, Incentive Awards, Performance Unit Awards and Dividend Equivalents (collectively, "Full-Value Awards") that are issued or delivered under the Plan shall reduce the Plan Share Limit by 4.5 shares for every one share of Common Stock issued or delivered in connection with such Full-Value Award, and any shares covered by an Award other than a Full-Value Award shall reduce the Plan Share Limit by one share for every one share of Common Stock issued or delivered under such Award. Any shares of Common Stock that again become available for issuance or delivery pursuant to Section 3(B) of the Plan shall be credited toward the Plan Share Limit in the same manner as such shares were originally deducted from the Plan Share Limit pursuant to this Section 3(C).

SECTION 4. ADMINISTRATION

The Compensation Committee shall have the exclusive authority to administer this Plan.

In addition to any implied powers and duties that may be needed to carry out the provisions hereof the Compensation Committee shall have all the powers vested in it by the terms hereof, including exclusive authority to select the Recipients, to determine the type, size and terms of the Awards to be made to each Recipient, to determine the time when Awards will be granted, and to prescribe the form of the Agreement embodying Awards made under this Plan. The Compensation Committee shall be authorized to interpret this Plan and the Awards (including Substitute Awards) granted under this Plan, to establish, amend and rescind any rules and regulations relating to this Plan, to provide for accelerated vesting of any outstanding Awards, to make any other determinations which it believes necessary or advisable for the administration hereof, and to correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Compensation Committee, in its discretion, deems desirable to carry it into effect. To the extent permitted by applicable laws, the Compensation Committee may, in

its discretion, delegate to one or more directors or Employees any of the Compensation Committee's authority under this Plan. The acts of any such delegates shall be treated hereunder as acts of the Compensation Committee with respect to any matters so delegated.

The Compensation Committee shall have no obligation to treat Recipients or eligible Employees or non-employee directors uniformly, and the Compensation Committee may, in its discretion, make determinations under this Plan selectively among Recipients who receive, or Employees or directors who are eligible to receive, Awards (whether or not such Recipients or eligible Employees or directors are similarly situated). All determinations and decisions made by the Compensation Committee, in its discretion, pursuant to the provisions of this Plan and all related orders and resolutions of the Compensation Committee shall be final, conclusive and binding on all persons, including the Company, its Subsidiaries, shareholders, Participants, Outside Directors, Employees, directors and their estates, Beneficiaries and Personal Representatives.

Notwithstanding any other provision of this Plan, the Board may reserve to itself any or all of the authority or responsibility of the Compensation Committee under this Plan or may act as the administrator of the Plan for any and all purposes. To the extent that the Board has reserved any such authority or responsibility or during any time that the Board is acting as administrator of the Plan, it shall have all the powers of the Compensation Committee hereunder, and any reference herein to the Compensation Committee (other than in this paragraph) shall include the Board. To the extent that any action of the Board under the Plan conflicts with any action of the Compensation Committee, the action of the Board shall control.

SECTION 5. ELIGIBILITY

Awards may only be granted to Participants and Outside Directors, provided that Outside Directors may not be granted ISOs, Incentive Awards, Performance Unit Awards or Recognition Awards.

SECTION 6. RESTRICTED STOCK AND RESTRICTED STOCK UNIT (RSU) AWARDS

(A) *Grant.* Any Recipient may receive one or more Restricted Stock Awards or RSU Awards, as the Compensation Committee, in its discretion, shall from time to time determine.

(B) *Restricted Periods.*

(1) Participants. The Restricted Period for each Restricted Stock Award or RSU Award to a Participant shall be set forth in the applicable Agreement. Except as otherwise provided in an Agreement upon a termination of employment or pursuant to Section 12 in the event of a Change in Control, a Restricted Stock Award or RSU Award granted to a Participant shall have a minimum Restricted Period of (i) one (1) year in the case of restrictions that lapse based on the achievement of performance goals (including Performance Goals); and (ii) three (3) years in the case of restrictions that lapse based solely on the passage of time, which period may, at the discretion of the Compensation Committee, lapse on a pro-rated, graded, or cliff basis (as specified in the Agreement); provided that in the Compensation Committee's sole discretion, no more than five percent (5%) of the shares of

Common Stock available for issuance as Restricted Stock Awards or pursuant to RSU Awards under the Plan may be granted with a Restricted Period of less than three (3) years.

(2) Termination of Employment or Service. Except as otherwise provided in the Agreement or as determined by the Compensation Committee, in its discretion, in the event that a Restricted Stock Award or RSU Award has been made to a Recipient whose employment or service as a director is subsequently terminated for any reason prior to the lapse of all restrictions thereon, such Restricted Stock or RSU shall be forfeited in its entirety by such Recipient.

Certain Restricted Stock Award Provisions.

(1) Shareholder Rights; Restrictions on Transferability. Upon the granting of a Restricted Stock Award, a Recipient shall be entitled to all rights incident to ownership of Common Stock of the Company with respect to his or her Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and to receive dividends thereon when, as and if paid in cash, shares of Restricted Stock or Dividend Equivalents, as set forth in the applicable Agreement or as determined by the Compensation Committee, in its discretion. Each such grant of Restricted Stock may be made without additional consideration or in consideration of a payment by such Recipient that may be less than the Fair Market Value per share of Common Stock at the date of grant. Subject to Section 16(B) hereof, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered during a Restricted Period.

(2) Restrictions; Dividends on Restricted Stock. During the Restricted Period, (a) any certificates representing the Restricted Stock shall be registered in the Recipient's name and bear a restrictive legend to the effect that ownership of such Restricted Stock, and the enjoyment of all rights appurtenant thereto are subject to the restrictions, terms, and conditions provided in this Plan and the applicable Agreement, and (b) all uncertificated shares of Restricted Stock shall be held by the Company (or its transfer agent) in book entry form with appropriate restrictions relating to the transfer of such shares of Restricted Stock and the other terms and conditions provided in the Plan. Any such certificates shall be deposited by the Recipient with the Company, together with stock powers or other instruments of assignment, each endorsed in blank, which will permit transfer to the Company of all or any portion of the Restricted Stock which shall be forfeited in accordance with this Plan and the applicable Agreement. Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes. Notwithstanding the foregoing: (i) the Recipient will not be entitled to delivery of any stock certificates representing such Restricted Stock until the restrictions applicable thereto shall have expired; (ii) the Company will retain custody of all shares of Restricted Stock issued as a dividend or otherwise with respect to an Award of Restricted Stock (and such issued shares of Restricted Stock shall be subject to the same restrictions, terms and conditions as are applicable to the awarded Restricted Stock) until such time, if ever, as such shares of Restricted Stock shall have become vested, and Restricted Stock shall not bear interest or be segregated in separate accounts; (iii) subject to Section 16(B) hereof, the Recipient may not sell, assign, transfer, pledge, exchange, encumber, or dispose of any Restricted Stock during the Restricted Period; and (iv) unless otherwise determined and directed by the Compensation Committee, in its discretion, a breach of any restrictions, terms, or conditions provided in this Plan, the applicable Agreement or established by the Compensation Committee with respect to any Restricted Stock will cause a forfeiture of such awarded Restricted Stock (including any Restricted Stock issued as a dividend or otherwise) with respect thereto. Notwithstanding anything contained in this Section 6(C)(2) to the contrary, cash dividends or other distributions with respect to Restricted Stock Awards that vest based on the achievement of performance goals (including Performance Goals) shall be accumulated until such Award is earned, and the cash dividends or other distributions shall not be paid if the performance goals (including Performance Goals) are not satisfied.

(C) *Certain Restricted Stock Unit (RSU) Award Provisions.*

(1) General. Each RSU Award shall constitute an agreement by the Company to issue or deliver shares of Common Stock or cash to the Recipient following the end of the applicable Restricted Period in consideration of the performance of services. Each such grant of Restricted Stock Units may be made without additional consideration or in consideration of a payment by such Recipient that may be less than the Fair Market Value per share of Common Stock at the date of grant.

(2) No Shareholder Rights; Dividend Equivalents. A Recipient who receives an RSU Award shall not have any rights as a shareholder with respect to the shares of Common Stock subject to such RSUs until such time, if any, that shares of Common Stock are delivered to the Recipient pursuant to the terms of the applicable Agreement. A Recipient who receives an RSU Award shall have such rights, if any, to Dividend Equivalents as shall be set forth in the applicable Agreement or as determined by the Compensation Committee, in its discretion.

(3) Payment. Unless otherwise determined by the Compensation Committee, in its discretion, each Agreement shall set forth the payment date for the RSU Award, which date shall not be earlier than the end of the applicable Restricted Period. Payment of earned Restricted Stock Units (and Dividend Equivalents, if applicable) may be made in one or more installments

and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof, as determined by the Compensation Committee, in its discretion.

SECTION 7. INCENTIVE AWARDS

(A) *Grant.* Any Participant may receive one or more Incentive Awards, as the Compensation Committee shall from time to time determine.

(B) *Terms and Conditions.*

(1) Performance Goals. No later than one hundred and twenty (120) days (or, in the case of Awards that are intended to qualify for the Performance-Based Exception, ninety (90) days or such shorter period as is required under the Performance-Based Exception) after the commencement of each Performance Period, the Compensation Committee shall establish in writing one or more performance goals (including Performance Goals) that must be reached by a Participant in order to receive an Incentive Award for such Performance Period. Except with respect to Awards that are intended to qualify for the Performance-Based Exception, the Compensation Committee shall have the discretion to later revise the performance goals (including Performance Goals) and the amount to be paid out upon the attainment of such goals for any reason, including the reflection of promotions, transfers or other changes in a Participant's employment so long as such changes are consistent with the performance goals (including Performance Goals) established for other Participants in the same or similar positions. Performance goals (including Performance Goals) established for Awards that are intended to qualify for the Performance-Based Exception may only be adjusted to reduce or eliminate the amount of compensation otherwise payable upon attainment of the performance goals (including Performance Goals).

(2) Award Limits. The target Incentive Award shall be a fixed percentage of the Participant's base salary paid during the year. The maximum aggregate compensation that can be paid pursuant to an Incentive Award granted in any calendar year to any one Participant shall be ten million dollars (\$10,000,000) or a number of shares of Common Stock having an aggregate Fair Market Value (as of the date of grant) not in excess of such amount.

(C) *Payment.* Payment of Incentive Awards may be made in one or more installments and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof as determined by the Compensation Committee. Except as otherwise provided in the applicable Agreement, payments shall be made no later than the fifteenth day of the third month following the later of (i) the end of the tax year of the Participant in which the Performance Period ends and (ii) the end of the tax year of the Company in which the Performance Period ends.

If payment of an Incentive Award shall be made all or partially in shares of Common Stock, the number of shares of Common Stock to be delivered to a Participant on any payment date shall be determined by dividing (x) the dollar amount of such Incentive Award to be paid (or the part thereof determined by the Compensation Committee to be delivered in shares) by (y) the Fair Market Value on the date the Compensation Committee approves payment of the Incentive Award or as of such other date or dates as the Compensation Committee shall determine.

(D) *Termination.* Unless otherwise provided in an Agreement or determined and directed by the Compensation Committee, an Incentive Award shall terminate if the Participant does not remain continuously employed and in good standing with the Company or any of its Subsidiaries until the last business day of the month immediately preceding the month in which such Incentive Award is otherwise payable. Unless otherwise provided in an Agreement or determined and directed by the Compensation Committee, in the event a Participant's employment is terminated because of death, Disability, Qualifying Termination or other employment termination event determined in the discretion of the Compensation Committee, the Participant (or his or her Beneficiaries or estate) shall receive the prorated portion of the payment of an Incentive Award for which the Participant would have otherwise been eligible, based upon the portion of the Performance Period during which he or she was so employed, at such time such Incentive Award is otherwise payable, so long as the performance goals (including Performance Goals) are subsequently achieved.

SECTION 8. PERFORMANCE UNIT AWARDS

(A) *Grant.* Any Participant may receive one or more Performance Unit Awards, as the Compensation Committee shall from time to time determine. Each Performance Unit Award shall be established in dollars or shares of Common Stock, or a combination of both, as determined by the Compensation Committee.

(B) *Performance Goals.* The performance goals (including Performance Goals) and Performance Period applicable to a Performance Unit Award shall be set forth in writing by the Compensation Committee no later than one hundred and twenty (120) days (or, in the case of Awards that are intended to qualify for the Performance-Based Exception, ninety (90) days or such shorter period as is required under the Performance-Based Exception) after the commencement of the Performance Period. Except with respect to Awards that are intended to qualify for the Performance-Based Exception, the Compensation Committee shall have the discretion to later revise the performance goals (including any Performance Goals) and the amount to be paid out upon

the attainment of such goals for any reason including the reflection of promotions, transfers or other changes in a Participant's employment so long as such changes are consistent with the Performance Goals established for other Participants in the same or similar positions. Goals established for Awards that are intended to qualify for the Performance-Based Exception may only be adjusted to reduce or eliminate the amount of compensation otherwise payable upon attainment of the Performance Goals.

(C) *Payment.*

(1) General. The amount of payment with respect to Performance Unit Awards shall be determined by the Compensation Committee and shall be based on the original amount of such Performance Unit Award (including any Dividend Equivalents with respect thereto) adjusted to reflect the attainment of the Performance Goals during the Performance Period. Payment may be made in one or more installments and may be made wholly in cash, wholly in shares of Common Stock or a combination thereof as determined by the Compensation Committee. Except as otherwise provided in the applicable Agreement, payments shall be made no later than the fifteenth day of the third month following the later of (i) the end of the tax year of the Participant in which the Performance Period ends and (ii) the end of the tax year of the Company in which the Performance Period ends. Any payment may be subject to such restrictions and conditions as the Compensation Committee may determine.

(2) Payment in Common Stock. If payment of a Performance Unit Award established in dollars is to be made in shares of Common Stock or partly in such shares, the number of shares of Common Stock to be delivered to a Participant on any payment date shall be determined by dividing (i) the amount payable with respect to such Performance Unit Award by (ii) the Fair Market Value of the Common Stock on the date the Compensation Committee approves payment of the Performance Unit Award or as of such other date or dates as the Compensation Committee shall determine.

(3) Payment in Cash. If payment of a Performance Unit Award established in shares of Common Stock is to be made in cash or partly in cash, the amount of cash to be paid to a Participant on any payment date shall be determined by multiplying (i) the number of shares of Common Stock to be paid in cash with respect to such Performance Unit Award, by (ii) the Fair Market Value of the Common Stock on the date the Compensation Committee approves payment of the Performance Unit Award or as of such other date or dates as the Compensation Committee shall determine.

(D) Termination. Unless otherwise provided in an Agreement or determined and directed by the Compensation Committee, a Performance Unit Award (including any Dividend Equivalents with respect thereto) shall terminate for all purposes if the Participant does not remain continuously employed and in good standing with the Company or any of its Subsidiaries until the last business day of the month immediately preceding the month in which such Performance Unit Award is otherwise payable. Unless otherwise provided in an Agreement or determined and directed by the Compensation Committee, a Participant (or his or her Beneficiaries or estate) whose employment was terminated because of death, Disability, Qualifying Termination or other employment termination event determined in the discretion of the Compensation Committee will receive a prorated portion of the payment of his or her Performance Unit Award (including any Dividend Equivalents with respect thereto), based upon the portion of the Performance Period during which he or she was so employed, at such time as such Performance Unit Award is otherwise payable, so long as the Performance Goals are subsequently achieved.

SECTION 9. RECOGNITION AWARDS

Any Participant may receive a Recognition Award under this Plan for such reasons and in such amounts as the Compensation Committee may from time to time determine.

SECTION 10. OPTIONS AND SAR AWARDS

(A) *Grant.* Any Recipient may receive one or more Option or SAR Awards, as the Compensation Committee, in its discretion, shall from time to time determine.

(B) *Designation and Price.*

(1) Any Option granted under this Plan may be granted as an Incentive Stock Option or as a Nonqualified Stock Option as shall be designated by the Compensation Committee, in its discretion, at the time of the grant of such Option. Only Participants may be granted ISOs. Each Option and SAR shall, at the discretion of the Compensation Committee, be evidenced by an Agreement, which Agreement shall specify the designation of the Option as an ISO or a NQSO, as the case may be, and shall contain such terms and conditions as the Compensation Committee, in its sole discretion, may determine in accordance with this Plan.

(2) Every ISO shall provide for a fixed expiration date of not later than ten (10) years from the date such ISO is granted. Every NQSO and SAR shall provide for a fixed expiration date of not later than ten (10) years and one month from the date such NQSO or SAR is granted.

(3) The Exercise Price of Common Stock issued pursuant to each Option or SAR shall be fixed by the Compensation Committee at the time of the granting of the Option or SAR; provided, however, that such Exercise Price shall in no event ever be less than 100% of the Fair Market Value of the Common Stock on the date such Option or SAR is granted, subject to adjustment as provided in Section 14.

(C) *Exercise.* The Compensation Committee may, in its discretion, provide for Options or SARs granted under this Plan to be exercisable in whole or in part. The specified number of shares of Common Stock will be issued after receipt by the Company of (i) notice from the holder thereof of the exercise of an Option or SAR, and (ii) with respect to Options, payment to the Company (as provided in subsection (D) of this Section) of the Exercise Price for the number of shares with respect to which the Option is exercised. Each such notice and payment shall be delivered or mailed to the Company at such place and in such manner as the Company may designate from time to time.

(D) *Payment.*

(1) Options. Except as otherwise provided in this Section 10, the Exercise Price for the Common Stock issuable pursuant to an Option shall be paid in full when the Option is exercised. Subject to such rules as the Compensation Committee in its discretion may impose, the Exercise Price may be paid in whole or in part: (i) in cash; (ii) by tendering (either by actual delivery or attestation) unencumbered shares of Common Stock previously acquired by the Recipient exercising such Option having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price; (iii) by a combination of such methods of payment; or (iv) by such other consideration as shall constitute lawful consideration for the issuance of Common Stock and approved by the Compensation Committee in its discretion (including, without limitation, effecting a cashless exercise of the Option with a broker or by having the Company withhold shares of Common Stock from the shares of Common Stock otherwise issuable pursuant to the exercise of the Option (for the avoidance of doubt, the shares of Common Stock so withheld shall be counted against the Plan Share Limit)).

(2) Stock Appreciation Rights. A SAR shall entitle the holder thereof, upon exercise, to surrender the SAR and receive in exchange therefore an amount equal to (i) the excess, if any, of (x) the Fair Market Value of a share of Common Stock at the time the SAR is exercised over (y) the Exercise Price specified in such SAR, (ii) multiplied by the number of shares of Common Stock covered by such SAR, or portion thereof, which is so surrendered. Such amount shall be paid to the holder in shares of Common Stock the number of which shall be determined by dividing such amount by the Fair Market Value of the Common Stock at the time the holder makes an effective exercise of the right to receive such amount; provided that, subject to Section 15 hereof, the exercise of any SAR may be settled wholly in cash or a combination of cash and shares of Common Stock as set forth in the Agreement or as determined by the Compensation Committee in its discretion.

(E) *Expiration or Termination of Awards.*

(1) Participants.

(a) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, and subject to the provisions of Section 12(A) hereof, every Option and SAR granted to a Participant shall provide that it may not be exercised in whole or in part prior to the first anniversary of the date of its grant of granting such Option or SAR (unless otherwise determined by the Compensation Committee) and if the employment of the Participant shall terminate prior to the end of such first anniversary (or such other period determined by the Compensation Committee), the Option or SAR granted to such Participant shall immediately terminate.

(b) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, in the event the Participant dies (i) while employed, (ii) during the periods in which Options or SARs may be exercised by a Participant determined to be Disabled, or (i) after Qualifying Termination, such Option or SAR shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by the Beneficiaries of the decedent for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to the Participant's death.

(c) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, in the event the employment of any Participant shall cease by reason of Disability, as determined by the Compensation Committee at any time during the term of the Option or SAR, such Option or SAR shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by such Participant or his or her Personal Representative for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to the Participant's Disability. The determination by the Compensation Committee of any question involving Disability of a Participant shall be conclusive and binding.

(d) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, in the event the employment of any Participant shall cease by reason of Qualifying Termination, such Option or SAR shall be exercisable, at

any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, for the number of shares which the Participant could have acquired under the Option or SAR immediately prior to such Qualifying Termination.

(e) Notwithstanding any provision of this Plan to the contrary, any Option or SAR may, in the discretion of the Compensation Committee or as provided in the relevant Agreement, become exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, for the full number of awarded shares or any part thereof, less such number as may have been theretofore acquired under the Option or SAR from and after the time the Participant ceases to be an Employee as a result of the sale or other disposition by the Company or any of its Subsidiaries of assets or property (including shares of any Subsidiary) in respect of which such Participant had theretofore been employed or as a result of which such Participant's continued employment is no longer required.

(f) Except as provided in subsections (b), (c), (d) and (e) of this Section 10(E)(1) and Sections 12(A) and 16(H) hereof, every Option and SAR shall terminate on the earlier to occur of the fixed termination date set forth in the Option or SAR or ninety (90) days after cessation of the Participant's employment for any reason in respect of the number of shares of Common Stock which the Participant could have acquired under the Option or SAR immediately prior to such cessation of employment; provided, however, that no Option or SAR may be exercised after the fixed termination date set forth in the Option or SAR, which shall be no more than ten (10) years from the date of grant.

(2) Outside Directors.

(a) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, and subject to the provisions of Section 12(A) hereof, every Option and SAR granted to an Outside Director shall provide that, unless otherwise determined by the Compensation Committee, (i) it may not be exercised in whole or in part until the earlier to occur of (1) the one-year anniversary of the date of granting such Option or SAR and (2) the next annual meeting of shareholders immediately following the date of granting such Option or SAR and (ii) if the service of the Outside Director shall terminate prior to the end of such one year period (or such other period determined by the Compensation Committee), the Option or SAR granted to such Outside Director shall immediately terminate.

(b) Except as otherwise provided in the Agreement or as determined by the Compensation Committee, in the event the service of any Outside Director as a director of the Company ceases by reason of Qualifying Termination, death, Disability or other event as determined in the discretion of the Compensation Committee, then any unexercised Options or SARs granted to such Outside Director shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option or SAR, by such Outside Director, his or her Personal Representative or his or her Beneficiaries for the number of shares which the Outside Director could have acquired under the Option or SAR immediately prior to the Outside Director's Qualifying Termination, death or Disability, as applicable. The determination by the Compensation Committee of any question involving Disability of an Outside Director shall be conclusive and binding.

SECTION 11. CONTINUED EMPLOYMENT

Nothing in this Plan, or in any Award granted pursuant to this Plan, shall confer on any individual any right to continue in the employment of, or service (as an Outside Director or otherwise) to, the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment with or service to the Company at any time.

SECTION 12. CHANGE IN CONTROL

(A) *Treatment of Awards.* The following provisions of this Section 12(A) shall govern the treatment of Awards in the event of a Change in Control, except to the extent otherwise provided in an applicable Agreement:

(1) Outstanding Awards may be assumed, continued, converted or replaced by the surviving or resulting entity in connection with a Change in Control, as determined by the Compensation Committee in its sole discretion prior to such Change in Control in accordance with Section 12(A)(3), without the consent of the affected Recipient. Any outstanding Award that is assumed, continued, converted or replaced by the surviving or resulting entity in connection with a Change in Control shall continue to vest (and become exercisable, as applicable) subject to the Recipient's continued employment or service with such surviving or resulting entity or its Subsidiaries in accordance with the vesting schedule and other terms set forth in the applicable Agreement; provided that, in the event of the termination of a Participant's employment with such surviving or resulting entity or its Subsidiaries without Cause during the one-year period immediately following the date of the Change in Control, any such Award (or portion thereof) that is then unvested shall immediately vest (and become exercisable, as applicable) and become free of all other restrictions.

(2) Any outstanding Award that is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with a Change in Control shall immediately vest and become free of all other restrictions upon the date of the Change in Control.

(3) An Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with a Change in Control unless, in each case as determined by the Compensation Committee in its sole discretion prior to such Change in Control, the number and kind of shares or other securities underlying the Award, and the exercise prices and performance goals (including Performance Goals) applicable thereto, if any, are adjusted (or, in the case of performance goals (including Performance Goals), measured or deemed achieved in full or in part as of immediately prior to such Change in Control) to prevent dilution of the Recipient's rights hereunder and to preserve the intrinsic value and material terms and conditions of the Award as in effect as of immediately prior to the Change in Control.

(B) *Cash-out of Awards.* In connection with a Change in Control, the Compensation Committee may, in its sole discretion, and without the consent of the affected Recipient, either by the terms of the Agreement applicable to any Award or by resolution adopted prior to the occurrence of the Change in Control, provide that any outstanding Award (or a portion thereof) shall, upon the occurrence of such Change in Control, be cancelled in exchange for a payment in cash in an amount based on the Fair Market Value of the shares of Common Stock subject to the Award (less any Exercise Price), which amount may be zero (0), if applicable.

SECTION 13. WITHHOLDING TAXES

Federal, state, local, non-United States or other law may require the withholding of taxes applicable to gains resulting from the payment or vesting of an Award. Unless otherwise prohibited by the Compensation Committee, the Company may permit or require (subject to such conditions or procedures as may be established by the Compensation Committee in its discretion) any such tax withholding obligation of a Recipient to be satisfied by any of the following means, or by a combination of such means: (i) a cash payment from Recipient; (ii) withholding from the shares of Common Stock otherwise issuable to the Recipient pursuant to the vesting or exercise of an Award a number of shares of Common Stock having a Fair Market Value, as of the Tax Date, equal to the maximum amount that may be withheld under Financial Accounting Standards Board Accounting Standards Codification Topic 718 without creating an additional accounting charge; or (iii) having the Recipient deliver to the Company a number of shares of Common Stock having a Fair Market Value as of the Tax Date which will satisfy the withholding tax obligation (in whole or in part) arising from the vesting or exercise of an Award. If the payment specified in clauses (i) or (iii) of the preceding sentence is not paid by a Recipient, the Compensation Committee may refuse to issue Common Stock under this Plan.

SECTION 14. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than normal cash dividends, the number or kind of shares (or other property) that may be issued under this Plan pursuant to Section 3 hereof, the number or kind of shares (or other property) subject to any outstanding Award and the price per share and performance goals applicable to any outstanding Award shall be automatically adjusted, as determined by the Compensation Committee in its sole discretion, so that the proportionate interest of the Recipient shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes hereof.

Awards may, in the discretion of the Compensation Committee, be granted under this Plan in assumption of, or in substitution for, the Assumed Valvoline Awards and outstanding awards previously granted by a company acquired by the Company or any of its affiliates or with which the Company or any of its affiliates combines ("Substitute Awards"). The number of Shares underlying any Substitute Awards (including the Assumed Valvoline Awards) shall not be counted against the Plan Share Limit; provided, however, that, Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding stock options intended to qualify for special tax treatment under Sections 421 and 422 of the Code that were previously granted by a company that is acquired by the Company or any of its affiliates or with which the Company or any of its affiliates combines shall be counted against number of shares of Common Stock which may be delivered with respect to ISO Awards. Except as otherwise determined by the Compensation Committee, any Substitute Awards granted under this Plan in assumption of, or in substitution of, the Assumed Valvoline Awards shall be subject to the same terms and conditions as were in effect with respect to the Assumed Valvoline Awards as of immediately prior to such assumption or substitution.

SECTION 15. AMENDMENT AND TERMINATION

The Board may amend, alter, suspend or terminate this Plan in whole or in part and at any time; provided, however, that no alteration or amendment that requires shareholder approval in order for the Plan to continue to comply with the New York Stock Exchange rules or any rule promulgated by the Securities and Exchange Commission or any other securities exchange on which shares of Common Stock are listed or any other applicable laws shall be effective unless such amendment shall be approved by the requisite vote of shareholders of the Company entitled to vote thereon within the time period required under such applicable

listing standard or rule.

Except for adjustments made pursuant to Section 14 hereof, the Board or the Compensation Committee will not, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option or SAR to reduce the Exercise Price. No Option or SAR will be cancelled and replaced with Awards having a lower Exercise Price or for another Award or for cash without further approval of the shareholders of the Company, except as provided in Section 12 or 14 hereof. Furthermore, no Option or SAR will provide for the payment, at the time of exercise, of a cash bonus or grant or sale of another Award without further approval of the shareholders of the Company. This Section 15 is intended to prohibit the cash-out or repricing of "underwater" Options or SARs without shareholder approval and will not be construed to prohibit the adjustments provided for in Section 12 or 14 hereof.

Termination of this Plan shall not affect any Awards made hereunder which are outstanding on the date of termination and such Awards shall continue to be subject to the terms of this Plan notwithstanding its termination. Except as otherwise provided pursuant to this Plan, no amendment, suspension, or modification of this Plan or an Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Recipient holding such Award; provided that the Compensation Committee in its discretion may modify an ISO held by a Participant to disqualify such Option from treatment as an "incentive stock option" under Section 422 of the Code without the Participant's consent.

SECTION 16. MISCELLANEOUS PROVISIONS

(A) *Rights to Awards.* No Recipient or other person shall have any claim or right to be granted an Award under this Plan.

(B) *Assignment and Transfer.* A Recipient's rights and interests under this Plan (including any Awards granted hereunder) may not be assigned or transferred in whole or in part, either directly or by operation of law or otherwise (except in the event of a Recipient's death, by will or the laws of descent and distribution), including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no such rights or interests of any Recipient in this Plan shall be subject to any obligation or liability of such individual; provided, however, that a Recipient's rights and interests under this Plan (including any Awards granted hereunder) may, subject to the discretion and direction of the Compensation Committee, be made transferable by such Recipient during his or her lifetime. Except as specified in Section 6 hereof, the holder of an Award shall have none of the rights of a shareholder until the shares subject thereto shall have been registered in the name of the person receiving or person or persons exercising the Award on the transfer books of the Company.

(C) *Compliance with Legal and Exchange Requirements.* The Plan, the granting and exercising of Awards hereunder, the issuance of Common Stock and other interests hereunder, and the other obligations of the Company under the Plan and any Agreement pursuant to the Plan, shall be subject to all applicable United States federal and state laws, rules and regulations, the applicable laws, rules and regulations of any other country or jurisdiction, and to such approvals by any regulatory or governmental agency as may be required. The Company or the Compensation Committee, in their respective discretion, may postpone the granting, vesting and exercising of Awards, the issuance or delivery of Common Stock under any Award or any other action permitted under the Plan to permit the Company, with reasonable diligence, to complete such stock exchange listing or registration or qualification of such Common Stock or other required action under any federal or state law, rule, or regulation and may require any Recipient to make such representations and furnish such information as the Compensation Committee may consider appropriate in connection with the issuance or delivery of Common Stock in compliance with applicable laws, rules, and regulations. The Company shall not be obligated by virtue of any provision of the Plan to recognize the vesting or exercise of any Award or to otherwise sell or issue Common Stock in violation of any such laws, rules, or regulations; and any postponement of the vesting, exercise or settlement of any Award under this provision shall not extend the term of such Awards, and neither the Company nor any of its Subsidiaries, directors or officers shall have any obligations or liability to any Recipient with respect to any Award (or Common Stock issuable thereunder) that shall lapse because of such postponement.

(D) *Ratification and Consent.* By accepting any Award under this Plan, each Recipient and each Personal Representative or Beneficiary claiming under or through him or her shall be conclusively deemed to have indicated his or her acceptance and ratification of, and consent to, any action taken under this Plan by the Company or any of its Subsidiaries, the Board, or the Compensation Committee in its discretion.

(E) *Additional Compensation.* Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required.

(F) *Grant Date.* Each Recipient shall be deemed to have been granted any Award on the date the Compensation Committee took action to grant such Award under this Plan or such date as the Compensation Committee in its discretion shall determine at the time such Award is authorized. The grant date shall not be earlier than the date of the resolution and action therein by the Compensation Committee.

(G) *Fractional Shares.* No fractional shares shall be issued or delivered pursuant to this Plan or any Award. The Compensation Committee in its discretion shall determine whether cash, other Awards, or other property shall be issued or paid

in lieu of fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(H) *Forfeiture Provision.* Unless the Agreement specifies otherwise, the Compensation Committee in its discretion may require a Recipient to forfeit all unexercised, unearned, unvested or unpaid Awards if:

(1) the Recipient, without written consent of the Company, engages directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by the Company or any of its Subsidiaries, as determined by the Compensation Committee in its discretion;

(2) the Recipient performs any act or engages in any activity that is detrimental to the best interests of the Company or any of its Subsidiaries, as determined by the Compensation Committee in its discretion; or

(3) the Recipient breaches any agreement or covenant with, or obligation or duty to, the Company or any Subsidiary, including without limitation, any non-competition agreement, non-solicitation agreement, confidentiality or non-disclosure agreement, or assignment of inventions or ownership of works agreement, as determined by the Compensation Committee in its discretion.

(I) *Compensation Recovery Policy.* Each Award granted to a Participant under the Plan shall be subject to forfeiture or repayment pursuant to the terms of any applicable compensation recovery policy adopted by the Company as in effect from time to time, including any such policy that may be adopted or amended to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any rules or regulations issued by the Securities and Exchange Commission or applicable securities exchange.

(J) *Severability.* The validity, legality, or enforceability of the Plan will not be affected even if one or more of the provisions of this Plan shall be held to be invalid, illegal, or unenforceable in any respect.

(K) *Section 409A.* The Company intends that Awards granted under the Plan will be designed and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A of the Code. To the extent that the Compensation Committee in its discretion determines that any award granted under the Plan is subject to Section 409A of the Code, the Agreement shall incorporate the terms and conditions necessary to avoid the imposition of an additional tax under Section 409A of the Code upon a Recipient. The Compensation Committee reserves the right to make amendments to any Award as it deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. Notwithstanding any other provision of the Plan or any Agreement (unless the Agreement provides otherwise with specific reference to this Section): (i) an Award shall not be granted, deferred, accelerated, extended, paid out, settled, substituted or modified under the Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Recipient; and (ii) if an Award is subject to Section 409A of the Code, and if the Recipient holding the Award is a "specified employee" (as defined in Section 409A of the Code, with such classification to be determined in accordance with the methodology established by the Company), no distribution or payment of any amount under the Award as a result of such Recipient's "separation from service" (as defined in Section 409A of the Code) shall be made before a date that is six (6) months following the date of such separation from service or, if earlier, the date of the Recipient's death. Although the Company intends to administer the Plan so that Awards will be exempt from, or will comply with, the requirements of Section 409A of the Code, the Company does not warrant that any Award under the Plan will qualify for favorable tax treatment under Section 409A of the Code or any other provision of federal, state, local, non-United States or other law. The Company shall not be liable to any Recipient for any tax, interest, or penalties a Recipient might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

(L) *Awards to Participants Outside the United States.* Notwithstanding any provision of this Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Employees or otherwise to foster and promote achievement of the purposes of this Plan, the Compensation Committee, in its sole discretion, shall have the power and authority, without any amendment to the Plan, to: (i) determine which non-United States Subsidiaries shall be covered by this Plan; (ii) determine which foreign nationals and Employees outside the United States are eligible to participate in this Plan; (iii) modify the terms and conditions of any Award granted to Participants who are foreign nationals, who are employed outside the United States or who are otherwise subject to the laws of one or more non-United States jurisdictions; (iv) grant Awards to Participants who are foreign nationals, who are employed outside the United States or who are otherwise subject to the laws of one or more non-United States jurisdictions, on such terms and conditions different from those specified in the Plan; (v) modify exercise procedures and other terms and procedures with respect to such Participants, to the extent such actions may be necessary or advisable; and (vi) take any action, before or after an Award is made, that it deems necessary or advisable to obtain approval or comply with any local government regulatory exemptions, approvals or requirements.

Notwithstanding the above, the Compensation Committee may not take any actions hereunder, and no Awards shall be granted that would violate any applicable law.

(M) *Headings.* The headings in this Plan are inserted for convenience only and shall not affect the interpretation

hereof.

(N) *Dividend Equivalents*. At the discretion of the Compensation Committee, Awards granted pursuant to the Plan may provide Recipients with the right to receive Dividend Equivalents, which may be paid currently or credited to an account for the Recipients, and may be settled in cash and/or shares of Common Stock, as determined by the Compensation Committee in its sole discretion, subject in each case to such terms and conditions as the Compensation Committee shall establish. No Dividend Equivalents shall relate to shares underlying an Option or SAR unless such Dividend Equivalent rights are explicitly set forth as a separate arrangement and do not cause any such Option or SAR to be subject to Section 409A of the Code. Notwithstanding anything contained in this Plan to the contrary, Dividend Equivalents with respect to Restricted Stock Unit Awards, Incentive Awards, Performance Unit Awards and Recognition Awards that vest based on the achievement of Performance Goals shall be accumulated until such Award is earned, and the Dividend Equivalents shall not be paid if the Performance Goals are not satisfied.

(O) *Deferrals*. Except with respect to Options and SARs, the Compensation Committee in its discretion may permit Recipients to elect to defer the issuance or delivery of shares of Common Stock or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of the Plan. The Compensation Committee in its discretion also may provide that deferred issuances and settlements include the payment or crediting of Dividend Equivalents or interest on the deferral amounts. All elections and deferrals permitted under this provision shall comply with Section 409A of the Code, including setting forth the time and manner of the election (including a compliant time and form of payment), the date on which the election is irrevocable, and whether the election can be changed until the date it is irrevocable.

(P) *Successors*. All obligations of the Company under the Plan and with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or other event, or a sale or disposition of all or substantially all of the business and/or assets of the Company and references to the "Company" herein and in any Agreements shall be deemed to refer to such successors.

SECTION 17. EFFECTIVENESS OF THIS PLAN

This Plan shall be effective as of the Effective Date. No Award may be granted under the Plan after the tenth anniversary of the Effective Date, or such earlier date as the Board shall determine. The Plan will remain in effect with respect to outstanding Awards until no Awards remain outstanding.

SECTION 18. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

RESTRICTED STOCK AGREEMENT**Name of Outside Director:** XXXXXXX**Name of Plan:** 2016 Valvoline Inc. Incentive Plan**Number of Shares of Valvoline Inc.****Common Stock:** XXXXXXX**Par Value Per Share:** \$0.01**Date of Award:** _____ 20__

Valvoline Inc. ("Valvoline") hereby awards to the above-named Outside Director (hereinafter called the "Outside Director") XXXXXXX shares of Valvoline Common Stock, par value \$0.01 per share, subject to certain restrictions (hereinafter called "Restricted Stock"), as an award ("Award") pursuant to the 2016 Valvoline Inc. Incentive Plan (hereinafter called the "Plan") and this Restricted Stock Agreement ("Agreement"), in order to provide the Outside Director with an additional incentive to serve on Valvoline's Board of Directors (the "Board") and to continue to work for the best interests of Valvoline.

Valvoline confirms this Award to the Outside Director, as a matter of separate agreement and not in lieu of fees or any other compensation for services, of the number of shares of Restricted Stock set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan.

This Award will be evidenced by entry on the books of Valvoline's transfer agent, Wells Fargo Bank, N.A. Each entry in respect of shares of Restricted Stock shall be designated in the name of the Outside Director and shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeitures) contained in the Plan and the Agreement entered into between the registered owner and Valvoline Inc."

The Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered until the Vesting Date. The Vesting Date shall mean the earlier of (i) the Outside Director's Retirement, (ii) the Outside Director's death or Disability, (iii) the Outside Director's voluntary early retirement to take a position in Governmental Service and (iv) any removal or involuntary separation of the Outside Director from the Board following a Change in Control. Except as otherwise provided below or unless otherwise determined and directed by the Compensation Committee, in the case of voluntary resignation or other termination of service of the Outside Director prior to the Vesting Date, the grant of Restricted Stock made to the Outside Director will be forfeited. Except for such restrictions described above, the Outside Director will have all rights of a shareholder with respect

Personal and Confidential

to the shares of Restricted Stock including but not limited to, the right to vote and to receive dividends as and when paid.

Notwithstanding the foregoing, the Compensation Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

Nothing contained in this Agreement or in the Plan shall confer upon the Outside Director any right to remain in the service of Valvoline.

Information about the Outside Director and the Outside Director's participation in the Plan may be collected, recorded and held, used and disclosed by and among Valvoline, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Outside Director understands that such processing of this information may need to be carried out by Valvoline, its subsidiaries and by third party administrators whether such persons are located within the Outside Director's country or elsewhere, including the United States of America. By accepting this Award, the Outside Director consents to the processing of information relating to the Outside Director and the Outside Director's participation in the Plan in any one or more of the ways referred to above.

The Outside Director consents and agrees to electronic delivery of any documents that Valvoline may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Outside Director understands that, unless earlier revoked by the Outside Director by giving written notice to Valvoline at [●] Attention: [●], this consent shall be effective for the duration of the Award. The Outside Director also understands that the Outside Director shall have the right at any time to request that Valvoline deliver written copies of any and all materials referred to above at no charge.

This Award is granted under, and is subject to, all the terms and conditions of the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan.

Copies of the Plan and related Prospectus are available for the Outside Director's review on Fidelity's website.

This grant of Restricted Stock is subject to the Outside Director's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. By accepting the terms and conditions of this Agreement, the Outside Director acknowledges receipt of a copy of the Plan, Prospectus, and Valvoline's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Outside Director represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

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IN WITNESS WHEREOF, VALVOLINE has caused this instrument to be executed and delivered effective as of the day and year first above written.

VALVOLINE INC.

By: ___

Name: ___

Title: ___

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**FORM OF
VALVOLINE INC.
NONQUALIFIED DEFINED CONTRIBUTION PLAN
(Effective October 1, 2016)**

VALVOLINE INC.
NONQUALIFIED DEFINED CONTRIBUTION PLAN

ARTICLE I
PURPOSE AND EFFECTIVE DATE

1.1 Purpose. Valvoline Inc. hereby establishes the Plan to provide benefits for certain employees that supplements the limitation on compensation imposed by Section 401(a)(17) of the Code (including successor provisions thereto) on the Savings Plan. It is intended that the Plan be maintained primarily for a select group of management or highly compensated employees and be exempt from the Employee Retirement Income Security Act of 1974, as amended.

1.2 Effective Date. The Plan is effective October 1, 2016.

ARTICLE 2
DEFINITIONS

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1 “Account” means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant pursuant to the Plan. Separate Accounts shall be established for a Participant by Plan Year and by type of contribution to the Participant.

2.2 “Base Compensation” means, with respect to each Plan Year, compensation paid to a Participant that is included in the definition of Compensation for deferral purposes in the Savings Plan without giving effect to any reduction required by Code Section 401(a)(17) and which is not Incentive Compensation.

2.3 “Base Compensation Deferrals” means, with respect to each Plan Year, Base Compensation that is deferred into the Deferred Compensation Plan.

2.4 “Base Contribution” means, with respect to each Plan Year, the Base Contribution as provided in Section 4.1.

2.5 “Beneficiary” means the Participant’s estate.

2.6 “Board” means the Board of Directors of the Company.

2.7 “Cause”, for Participants with a Change in Control agreement with the Employer, as defined by the Participant’s Change in Control agreement; and for Participants without a Change in Control agreement, the willful and continuous failure of a Participant to substantially perform his or her duties to the Employer (other than any such failure resulting from incapacity due to physical or mental illness), or the willful engaging by a Participant in gross misconduct materially and demonstrably injurious to the Employer or the Company, each to be determined by the Company in its sole discretion.

2.8 “Change in Control” shall be deemed to have occurred if:

- (1) there shall be consummated (A) any consolidation or merger of the Company (a "**Business Combination**"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than fifty percent (50%) of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such

Business Combination, or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company's Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least eighty percent (80%) of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

- (2) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;
- (3) any Person shall become the Beneficial Owner of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or
- (4) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two- (2-) year period was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such two- (2-) year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

2.9 "Code" means the Internal Revenue Code of 1986, as amended.

2.10 "Committee" means the Compensation Committee of the Board and its designees.

2.11 **“Company”** means Valvoline Inc., a Kentucky corporation, and any successor thereto.

2.12 **“Deferred Compensation Plan”** means the Valvoline Deferred Compensation Plan for Employees, as may be amended, and amended and restated, from time to time.

2.13 **“Disabled”** or **“Disability”** means a determination that the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. A Participant also will be considered disabled if he is determined (a) to be totally disabled by the Social Security Administration, or (b) to be disabled in accordance with a disability insurance program, provided that the definition of disability applied under such disability insurance program complies with the requirements of Treasury Regulation Section 1.409A-3(i)(4). The Committee or its delegate shall determine whether a Participant has incurred a Disability.

2.14 **“Discretionary Contribution”** means, with respect to each Plan Year, the portion of the Employer Contribution as provided in Section 4.2(b).

2.15 **“Effective Date”** means October 1, 2016.

2.16 **“Eligible Employee”** means an employee of the Employer who is determined to be a member of a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and who are classified in base salary and grades 21 and above and are not eligible for the SERP.

2.17 **“Employer”** means the Company, Valvoline and the present and future Related Entities that employ a Participant.

2.18 **“Employer Contribution”** means the Employer contributions provided in ARTICLE 4.

2.19 **“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended.

2.20 **“Excess Base Compensation”** means, with respect to each Plan Year, Base Compensation paid to a Participant that is included in the definition of Compensation in the Savings Plan but that is in excess of the limitation in Code Section 401(a)(17) and which is not Incentive Compensation.

2.21 **“Excess Base Compensation Deferrals”** means, with respect to each Plan Year, Excess Base Compensation that is deferred to the Deferred Compensation Plan other than Incentive Compensation Deferrals.

2.22 **“Identification Date”** means the date at which Key Employees are determined which shall be December 31st.

- 2.23 “Incentive Compensation”** means, with respect to a Plan Year, bonuses paid to a Participant under any applicable incentive compensation plans that are excluded from the definition of “Compensation” in the Savings Plan and which is not Base Compensation.
- 2.24 “Incentive Compensation Deferrals”** means Incentive Compensation that is deferred into the Deferred Compensation Plan.
- 2.25 “Key Employee”** means a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) who satisfies the conditions set forth in Section 8.3.
- 2.26 “Matching Contribution”** means, with respect to each Plan Year, the portion of the Employer Contribution provided in Section 4.2(a).
- 2.27 “Participant”** means an Eligible Employee who commences participation in the Plan in accordance with ARTICLE 3.
- 2.28 “Period of Service”** means, except as otherwise provided in Section 4.2(b)(iv), a period of employment with the Employer commencing on the date an Employee works at least one hour for which the Employee is paid and ending on the date such Employee has a Separation from Service.
- 2.29 “Plan”** means this Valvoline Inc. Nonqualified Defined Contribution Plan, effective October 1, 2016, and as amended from time to time.
- 2.30 “Plan Year”** means each twelve (12) month period beginning January 1st and ending on December 31st, except for the first Plan Year that shall begin on the Effective Date and ends on December 31, 2016.
- 2.31 “Related Entities”** means (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Company, and (b) any trade or business that is under “common control” as defined in Code Section 414(c) that includes the Company.
- 2.32 “Savings Plan”** means the tax-qualified Valvoline LLC Employee Savings Plan, as amended from time to time.
- 2.33 “Separation from Service” and “Separated from Service”** means a Participant’s termination of employment with the Employer for any reason, including death, that meets the requirements of the definition of “separation from service” set forth in Treasury Regulation Section 1.409A-1(h). For purposes of determining whether a Separation from Service has occurred, the twenty percent (20%) default threshold set forth in Treasury Regulation Section 1.409A-1(h)(1)(ii) shall be utilized.
- 2.34 “Valuation Date”** means the last day of each calendar month during a Plan Year, or such other date or dates as determined by the Committee.
- 2.35 “Valvoline”** means Valvoline LLC, a wholly-owned subsidiary of the Company.

2.36 “Valvoline Spin Off” means the transaction or series of transactions initially approved by the board of directors of Ashland Inc. on September 16, 2015, intended to separate the Valvoline business from Ashland Inc.'s specialty chemical business and create two independent, publicly-traded companies.

ARTICLE 3
PARTICIPATION

3.1 Participation. Each Eligible Employee of the Employer shall be eligible for the Plan immediately.

3.2 Termination of Participation. The Employer may terminate a Participant's participation in the Plan, provided, however, any such termination at the direction of the Employer shall not take effect until the first day of the next Plan Year.

ARTICLE 4
EMPLOYER CONTRIBUTIONS

4.1 Base Contribution. If a Participant has not Separated from Service in a Plan Year, a Participant's Account will be credited with a Base Contribution in an amount equal to four percent (4%) of the Participant's Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals for the Plan Year.

4.2 Other Employer Contributions.

(a) Matching Contribution. If a Participant has not Separated from Service in a Plan Year, a Participant's Account will be credited with a Matching Contribution in an amount equal to four percent (4%) of the Participant's Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals for the Plan Year.

(b) Discretionary Contribution. A Discretionary Contribution may be credited to one or more Participants' Accounts in an amount determined solely by the Employer for any Plan Year.

4.3 Crediting Employer Contributions. Each Participant shall be credited with the applicable Employer Contributions in accordance with this ARTICLE 4, as soon as administratively feasible following each Plan Year.

ARTICLE 5
PAYMENT SCHEDULE AND FORM OF PAYMENT

5.1 Payment Schedule and Form of Payment. Amounts credited to a Participant's Account shall be paid to the Participant in a lump sum on or within sixty (60) days following the Participant's Separation from Service other than for Cause (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Participant shall not designate the year of payment). Notwithstanding anything in the Plan to the contrary, a Participant who is a Key Employee shall not have the lump sum payment of such amounts credited to his Account until the first business day of the seventh month following his Separation from Service other than for Cause.

5.2 Death Before Payment. If a Participant dies prior to a Separation from Service for any other reason, the amount credited to the deceased Participant's Account as of his date of death shall be paid in a lump sum to the Participant's Beneficiary within sixty (60) days following the Participant's date of death (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Beneficiary shall not designate the calendar year of payment).

ARTICLE 6
ACCOUNTS AND CREDITS AND FUNDING

6.1 Contribution Credits to Account. A Participant's Account will be credited with the Employer Contributions credited on his behalf under ARTICLE 4.

6.2 Credits and Debits to Account. The Participant's Account shall be credited (or debited) on each Valuation Date with hypothetical income (or loss) based upon a hypothetical investment in any one or more of the hypothetical investment options available under the Plan, as prescribed by the Committee or its delegate. The crediting or debiting on each Valuation Date of hypothetical income (or loss) shall be made for each respective Account. All hypothetical investments of a Participant's Account shall be valued at fair market value. Additionally, all payments, distributions, investments and investment exchanges allowed and made under the Plan shall be as of the relevant Valuation Date at fair market value.

6.3 Adjustment of Accounts. Each Account maintained for a Participant shall be adjusted for hypothetical credits and any expenses allocable under the terms of the Plan to the Account. The Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical credits and expenses described in this ARTICLE 6; (b) amounts credited pursuant to ARTICLE 4; and (c) payments, distributions or withdrawals.

6.4 Establishment of Trust for Funding. The Employer may, but is not required to, establish a trust to hold amounts which the Employer may contribute from time to time to correspond to some or all amounts credited to Participants under this ARTICLE 6. If the Employer establishes a trust, the provisions of Sections 6.4(a) and (b) shall become operative.

(a) Grantor Trust. Any trust established by the Employer shall be between the Employer and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Employer's creditors in the event of the Employer's insolvency, until paid to the Participant and/or his Beneficiaries. The trust is intended to be treated as a grantor trust under the Code, and it is intended that the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Employer must notify the trustee in the event of a lawsuit regarding the Plan or regarding its bankruptcy or insolvency.

(b) Investment of Trust Funds. Any amounts contributed to the trust by the Employer shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Committee or its delegate.

ARTICLE 7
RIGHT TO BENEFITS

7.1 Vesting. Unless a Participant is terminated for Cause, a Participant shall be one hundred percent (100%) vested in his Accounts upon the earlier of a Change in Control or the Participant's Separation from Service. Notwithstanding the preceding sentence, if a Participant is terminated for Cause, the Participant shall forfeit all rights to the Participant's Account.

7.2 Amount of Benefits. The vested amounts credited to a Participant's Account as determined under ARTICLE 4 shall determine and constitute the basis for the amount payable to the Participant (or, in the event of the Participant's death, to the Participant's Beneficiary) under the Plan.

ARTICLE 8
PAYMENTS OF AMOUNTS CREDITED TO ACCOUNTS

8.1 Method and Timing of Payments. Except as otherwise provided under the Plan, including this ARTICLE 8, payments under the Plan shall be made in accordance with ARTICLE 5 of the Plan.

8.2 Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions/payments from a Participant's Account(s) may not be made earlier than the time such amounts would otherwise be distributed pursuant to the terms of the Plan.

8.3 Key Employees. Unless an exception to Code Section 409A applies to a payment to a Participant, in no event shall a distribution made to a Key Employee from his Accounts due to his Separation from Service occur before the date which is six (6) months after his Separation from Service, or, if earlier, his date of death. For purposes of this Section 8.3, a Key Employee means an employee of an employer, including any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the employer and any trade or business that is under common control as defined in Code Section 414(c) with the employer, any of whose stock is publicly traded on an "established securities market," within the meaning of Section 1.409A-1(k), or otherwise who satisfies the requirements of Code Sections 416(i)(1)(A)(i), (ii) or (iii), determined without regard to Code Section 416(i)(5), at any time during the twelve- (12-) month period ending on the Identification Date. An employee who is determined to be a Key Employee on an Identification Date shall be treated as a Key Employee for purposes of the six- (6-) month delay in distributions set forth in this Section 8.3 for the twelve- (12-) month period beginning on the first day of the fourth month following the Identification Date. Whether any stock of the Employer is traded on an established securities market or otherwise is determined on the date a Participant experiences a Separation from Service. This Section 8.3 shall not apply to an accelerated distribution made in accordance with Section 11.9.

8.4 Permissible Delays in Payment. Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of ARTICLE 5 in any of the following circumstances:

(a) Payments Subject to Code Section 162(m). The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would not be permitted due to the application of Code Section 162(m); provided, however, that (i) the deduction limitation of Code Section 162(m) shall be applied to all payments to similarly situated Participants on a reasonably consistent basis; (ii) the payment must be made either during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year, the deduction of such payment will not be barred by application of Code Section 162(m) or during the period beginning with the date of the Participant's Separation from Service (or, if the Participant is a Key Employee, beginning with the date that is

six (6) months after Separation from Service) and ending on the later of the last day of the Employer's taxable year in which the Participant incurs a Separation from Service for the 15th day of the third month following the Participant's Separation from Service (or, if the Participant is a Key Employee, the 15th day of the third month following the date that is six (6) months after Separation from Service); (iii) where any payment to a particular Participant is delayed because of Code Section 162(m), the delay in payment will be treated as a subsequent deferral election under Code Section 409A, unless all scheduled payments to such Participant that could be delayed are also delayed; and (iv) no election may be provided to a Participant with respect to the timing of payment hereunder.

(b) Payments that would violate Federal Securities Laws or Other Applicable Law. The Employer may also delay payment if it reasonably anticipates that the marking of the payment will violate Federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.

(c) Other Events and Conditions. The Employer also reserves the right to delay payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

Except as may be otherwise required under Code Section 409A, a payment is treated as made upon the date contemplated under the provisions of the Plan if the payment is made at such date or a later date within the same calendar year or, if later, by the 15th day of the third calendar month following the date contemplated by the Plan. If calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant (or Participant's Beneficiary), the payment will be treated as made upon the date contemplated by the Plan if the payment is made during the first calendar year in which the payment is administratively practicable. Similarly, if the funds of the Employer are not sufficient to make the payment at the date specified under the Plan without jeopardizing the solvency of the Employer, the payment will be treated as made upon the date contemplated by the Plan if the payment is made during the first calendar year in which the funds of the Employer are sufficient to make the payment without jeopardizing the solvency of the Employer.

If a payment is not made, in whole or in part, as of the date contemplated by the Plan because the Employer refuses to make such payment, the payment will be treated as made upon the date contemplated by the Plan if the Participant accepts the portion (if any) of the payment that the Employer is willing to make (unless such acceptance will result in forfeiture of the claim to all or part of the remaining account), makes prompt and reasonable, good faith efforts to collect the remaining portion of the payment and any further payment (including payment of a lesser amount that satisfies the obligation to make the payment) is made no later than the end of the first calendar year in which the Employer and the Participant enter into a legally binding settlement of such dispute, the Employer concedes that the amount is payable, or the Employer is required to make such payment pursuant to a final and nonappealable judgment or other binding decision. For purposes of this paragraph, efforts to collect the payment will be presumed not to be prompt, reasonable, good faith efforts, unless the Participant provides notice to the Employer within ninety (90) days of the latest date upon which the payment could have been timely made in accordance

with the terms of the Plan and the Treasury Regulations promulgated under Code Section 409A, and unless, if not paid, the Participant takes further enforcement measures within one hundred eighty (180) days after such latest date. For purposes of this paragraph, the Employer is not treated as having refused to make a payment where pursuant to the terms of the Plan the Participant is required to request payment, or otherwise provide information to take any other action, and the Participant has failed to take such action. In addition, for purposes of this paragraph, the Participant is deemed to have requested that a payment not be made, rather than the Employer having refused to make such payment, where the Employer's decision to refuse to make the payment is made by the Participant or a member of the Participant's family (as defined in Code Section 267(c)(4) applied as if the family of an individual includes the spouse of any member of the family), or any person or group of persons over whom the Participant's family member has effective control, or any person any portion of whose compensation is controlled by the Participant or the Participant's family member.

ARTICLE 9
AMENDMENT AND TERMINATION

9.1 Plan Amendment. The Company reserves the sole right to amend the Plan pursuant to a resolution of the Board approving such amendment. An amendment must be in writing and executed by a representative of the Company authorized to take such action. The Company hereby reserves the right to amend the Plan without the consent of the Participants in the future, as required to comply with any present or future law, regulation or rule applicable to the Plan, including, but not limited to Code Section 409A and all applicable guidance promulgated thereunder, and to prevent any Participant from becoming subject to any additional tax or penalty under Code Section 409A. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his vested Account which had accrued prior to the amendment, except to the extent required by the Code or other applicable law.

9.2 Retroactive Amendments. An amendment to the Plan made by the Company in accordance with Section 9.1 may be made effective on a date prior to the first day of the Plan Year in which it is adopted. Any retroactive amendment by the Company shall be subject to the provisions of Section 9.1.

9.3 Plan Termination. The Plan will terminate automatically as of the date that no amounts remain to be paid/distributed under the Plan.

The Company reserves the right to terminate the Plan and accelerate the time of payment of all amounts to be distributed under the Plan in accordance with the following provisions of this Section 9.3. The Company may make an irrevocable election to terminate the Plan and distribute all amounts credited to all Participant Accounts within the thirty (30) days preceding or the twelve (12) months following a Change in Control. For this purpose, the Plan will be treated as terminated only if all other arrangements sponsored by the Employer immediately after the time of the Change in Control with respect to which deferrals of compensation are treated as having been deferred under a single plan under Treasury Regulation Section 1.409A-1(c)(2) are terminated and liquidated with respect to each Participant that experienced the Change in Control, so that under the terms of the termination and liquidation all such Participants are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the date the Company irrevocably takes all necessary action to terminate and liquidate the Plan and such other arrangements. In addition, the Company reserves the right to terminate the Plan within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title 11 of the United States Code, provided that amounts deferred under the Plan are included in the gross incomes of Participants in the earlier of (a) the taxable year in which the amount is actually or constructively received, or (b) the latest of the following years: (1) the calendar year in which the termination occurs, (2) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (3) the first calendar year in which payment is administratively practicable. The Company retains the discretion to terminate the Plan if (1) the termination does not occur proximate to a downturn in the financial

health of the Company; (2) all arrangements sponsored by the Employer that would be aggregated with any terminated arrangement under Treasury Regulation Section 1.409A-1(c) if the same service provider participated in all of the arrangements are terminated, (3) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve (12) months of the termination of the arrangements, (4) all payments are made within twenty-four (24) months of the termination of the arrangements, and (5) the Employer does not adopt new arrangements that would be aggregated with any terminated arrangement under Treasury Regulation Section 1.409A-1(c), if the same service provider participated in both arrangements, at any time with the three (3) year period following the date of termination of the arrangement. The Company also reserves the right to terminate the Plan and accelerate the time of payment of all amounts to be distributed under the Plan under such conditions and events as may be prescribed by the Internal Revenue Service in generally applicable guidance published in the Internal Revenue Bulletin.

9.4 Distribution Upon Termination of the Plan. Except as provided in Section 9.3, the Plan may not be terminated before the date on which all amounts credited to all Participant Accounts have been paid in accordance with the terms of the Plan.

ARTICLE 10
PLAN ADMINISTRATION

10.1 Powers and Responsibilities of the Company. The Company shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Company's powers and responsibilities include, but are not limited to, the following, which powers and responsibilities shall be exercised in its sole discretion:

- (a) To make and enforce such rules and regulations as it deems, in its sole discretion, necessary or proper for the efficient administration of the Plan;
- (b) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan, in its sole discretion, subject to review by the Committee or its delegate.
- (c) To administer the claims and review procedures specified in Section 10.3;
- (d) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan in its discretion;
- (e) To determine the person or persons to whom such benefits will be paid in its discretion;
- (f) To authorize the payment of benefits;
- (g) To comply with any applicable reporting and disclosure requirements of Part 1 of Subtitle B of Title 1 of ERISA;
- (h) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;
- (i) To allocate and delegate its responsibilities in its discretion, including the formation of any administrative sub-committee to administer the Plan.

10.2 Powers and Responsibilities of the Committee. The Committee or its delegate shall be responsible (a) for determining the hypothetical investments relating to Participants' Accounts pursuant to ARTICLE 6, and (b) for the review of denied claims pursuant to Section 10.3(b) in its sole discretion. In the course of reviewing a denied claim, the Committee or its delegate shall have the power to interpret the Plan, in its sole discretion, and its interpretation thereof shall be final, conclusive and binding on all persons claiming benefits under the Plan.

10.3 Claims and Review Procedures.

(a) **Claims Procedure.** If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Company. If any such

claim is wholly or partially denied, the Company or its delegate will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within ninety (90) days after the claim is received by the Company (or within one hundred eighty (180) days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial ninety (90) day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) Review Procedure. Within sixty (60) days after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within sixty (60) days of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Company for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Company. The Company or its delegate will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within sixty (60) days after the request for review is received by the Company (or within one hundred twenty (120) days, if special circumstances require an extension of time for processing the request, such as an election by the Company or its delegate to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial sixty-(60-) day period). If the decision on review is not made within such period, the claim will be considered denied.

10.4 Plan Administrative Costs. All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Company in administering the Plan shall be paid by the Company.

ARTICLE 11
MISCELLANEOUS

11.1 Unsecured General Creditor of the Employer. The Plan at all times shall be entirely unfunded. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the plan, the assets of the Employer shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

11.2 Employer's Liability. The Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan. The Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan.

11.3 Limitation of Rights. Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Company, the Employer or the Committee except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.

11.4 Anti-Assignment. Except as otherwise provided in connection with a division of property under a domestic relations proceeding under state law and subject to the terms of the Plan, no right or interest of the Participants shall be subject to involuntary alienation, assignment or transfer of any kind. An eligible employee may voluntarily assign his rights under the Plan. The Employer, the Board, the Committee and any of their delegates shall not review, confirm, guarantee or otherwise comment on the legal validity of any voluntary assignment. Employer and its delegates may review, provide recommendations and approve submitted domestic relations orders using procedures similar to those that apply to qualified domestic relations orders under the qualified pension plans sponsored by the Employer. A domestic relations order intended to assign a benefit hereunder to a former spouse of an eligible employee must be delivered to the Employer. The Employer will review the order to determine if it is qualified. Upon notification by the Employer that the order is qualified, the spouse will be able to elect a distribution of the assigned benefit by the end of the fifth calendar year following the calendar year during which the Employer notifies the former spouse that the order is qualified. In all events, the entire assigned benefit must be distributed by the end of the fifth calendar year following the calendar year during which the Employer notifies the former spouse that the order is qualified. The Employer may prescribe procedures that are consistent with this Section 11.4 and applicable law to implement benefit assignments pursuant to qualified orders.

11.5 Facility of Payment. If the Employer determines, on the basis of medical reports or other evidence satisfactory to the Employer, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, such payments may be disbursed to a person or institution designated by a court which has

jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments, and any such payment to the extent thereof, shall discharge the liability of the Employer for the payment of benefits hereunder to such recipient.

11.6 Notices. Any notice or other communication required or permitted to be given in connection with the Plan shall be in writing and shall be deemed to have been duly given (i) upon request, if delivered personally or via courier, (ii) upon confirmation of receipt, if given by facsimile or electronic transmission, and (iii) on the third business day following mailing, if mailed first-class, postage prepaid, registered or certified mail as follows:

(a) If it is sent to the Employer, it will be at the address specified by the Employer; or

(b) If it is sent to a Participant or Beneficiary, it will be at the last address filed with the Employer by the Participant (or Beneficiary).

11.7 Tax Withholding. The Employer shall have the right to deduct from all payments or deferrals made under the Plan any tax required by law to be withheld. If the Employer concludes that tax is owing with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant or his Beneficiary, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 11.7, means any federal, state, local, foreign or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants or Beneficiaries under the Plan.

11.8 Indemnification. To the fullest extent allowed by law, the Company shall indemnify and hold harmless each member of the Committee and each employee, officer, or director of the Employer to whom is delegated duties, responsibilities, and authority with respect to the Plan against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him (including but not limited to reasonable attorneys' fees) which arise as a result of his actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Employer. Notwithstanding the foregoing, the Company shall not indemnify any person for any such amount incurred through any settlement or compromise of any action unless the Company consents in writing to such settlement or compromise.

11.9 Permitted Acceleration of Payment. The Company or its delegate, in its sole discretion, may accelerate the time in which payment shall be made under the Plan to: (a) an individual other than the Participant as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p)(1)(B), (b) the extent reasonably necessary to avoid the violation of an applicable federal, state, local, or foreign ethics law or conflicts of interest law (including where such payment is reasonably necessary to permit the Participant to participate in activities in the normal course of his position in which the Participant would otherwise not be able to participate under an applicable rule), determined in accordance with Treasury Regulation Section 1.409A-3(j)

(4)(iii)(B), (c) pay the FICA tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on compensation deferred under the Plan, (d) pay the income tax at source on wages imposed under Code Section 3401 or the corresponding withholding provisions of the applicable, state, local or foreign tax laws as a result of the payment of any FICA tax described in clause (c), and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes, (e) pay state, local, or foreign tax obligations arising from participation in the Plan that apply to an amount deferred under the Plan before the amount is paid or made available to the Participant, (f) pay the income tax at source on wages imposed under Code Section 3401 as a result of the payment described in clause (e) and to pay the additional income tax at source on wages imposed under Code Section 3401 attributable to such additional Code Section 3401 wages and taxes, (g) satisfy the debt of a Participant to the Employer where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, as applicable, the entire amount of the reduction in any Plan year does not exceed \$5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant, and (h) pay the amount required to be included in gross income as a result of the failure of the Plan to comply with the requirements of Code Section 409A. The total payment under clauses (c) and (d) shall, in no event, exceed the aggregate of the FICA tax and the income tax withholding related to such FICA tax. The total payment under clause (e) shall, in no event, exceed the amount of such taxes due as a result of participation in the Plan. The total payment under clauses (e) and (f) shall, in no event, exceed the aggregate of the state, local, and foreign tax amount, and the income tax withholding related to such state, local, and foreign tax amount. The total payment under clause (h) shall, in no event, exceed the amount required to be included in income as a result of the failure to comply with requirements of Code Section 409A.

11.10 No Guarantee or Employment or Participation. Nothing in the Plan shall interfere with or limit in any way the right of the Employer to terminate any Participant's employment at any time and for any reason, nor confer upon any Participant any right to continue in the employ of the Employer. No employee of the Employer shall have a right to be selected as a Participant under the Plan or, if selected, to continue to participate for any Plan Year.

11.11 Unclaimed Benefit. Each Participant shall keep the Employer informed of his current address. The Employer shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Employer within three (3) years after the date on which payment of the Participant's vested Account is scheduled to be made, payment may be made as though the Participant had died at the end of the three- (3-) year period. If within one additional year after such three- (3-) year period has elapsed, or, within three (3) years after the actual death of a Participant, the Employer is unable to locate the Beneficiary of the Participant, then the Employer shall have no further obligation to pay any benefit hereunder to such Participant or Beneficiary or any other person and such benefit shall be irrevocably forfeited.

11.12 Governing Law. The Plan will be construed, administered and enforced according to the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law to the extent not otherwise preempted by ERISA.

11.13 Erroneous Payment. Any amount paid under this Plan in error to a Participant or to a Participant's Beneficiary shall be returned to the Employer. A payment made in error does not create on the part of the recipient a legally binding right to such payment.

11.14 Effective Date. The Plan was approved by the Personnel and Compensation Committee of the Board of Directors of Ashland Inc. and established by the Company to be effective as of October 1, 2016.

**AMENDMENT TO THE ASHLAND INC.
NONQUALIFIED EXCESS BENEFIT PENSION PLAN**

WHEREAS, Ashland Inc. (“Ashland”), maintains the Ashland Inc. Nonqualified Excess Benefit Pension Plan (the “Plan”) for the benefit of employees eligible to participate therein; and

WHEREAS, Ashland is the sponsor of the Plan; and

WHEREAS, pursuant to Article IV, Section 5, of the Charter of the Personnel and Compensation Committee of the Board of Directors of Ashland Inc., said Personnel and Compensation Committee (the “Committee”) has retained authority to amend or transfer any of the benefit plans of Ashland and its subsidiaries and affiliates that are more than 50% owned by Ashland; and

WHEREAS, the Committee has approved the transfer of the sponsorship of the Plan from Ashland to Valvoline LLC; and

WHEREAS, the Chief Financial Officer of Ashland Inc. has been delegated the authority by the Committee to prepare and execute any and all amendments necessary to give effect to this decision of the Committee.

NOW, THEREFORE, BE IT RESOLVED, the Plan is amended, effective September 1, 2016, as follows:

I. The following sentence is added after the first sentence of Section 1:

“In accordance with a corporate reorganization, effective as of September 1, 2016, sponsorship of the Plan was transferred from Ashland Inc. to Valvoline LLC.”

II. All references to “Ashland” and “Ashland Inc.” in the Plan after the recitals are hereinafter changed to “Valvoline” and “Valvoline LLC” respectively.

III. In all other respects the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Chief Financial Officer has caused this amendment to the Plan to be executed this 1st day of September, 2016.

/s/ J. Kevin Willis

By: _____

Chief Financial Officer, Ashland Inc.

**AMENDMENT TO THE AMENDED AND RESTATED
ASHLAND INC. SUPPLEMENTAL EARLY
RETIREMENT PLAN FOR CERTAIN EMPLOYEES**

WHEREAS, Ashland Inc. (“Ashland”), maintains the Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees (the “Plan”) for the benefit of employees eligible to participate therein; and

WHEREAS, Ashland is the sponsor of the Plan; and

WHEREAS, pursuant to Article IV, Section 5, of the Charter of the Personnel and Compensation Committee of the Board of Directors of Ashland Inc., said Personnel and Compensation Committee (the “Committee”) has retained authority to amend or transfer any of the benefit plans of Ashland and its subsidiaries and affiliates that are more than 50% owned by Ashland; and

WHEREAS, the Committee has approved the transfer of the sponsorship of the Plan from Ashland to Valvoline LLC; and

WHEREAS, the Chief Financial Officer of Ashland Inc. has been delegated the authority by the Committee to prepare and execute any and all amendments necessary to give effect to this decision of the Committee.

NOW, THEREFORE, BE IT RESOLVED, the Plan is amended, effective September 1, 2016, as follows:

I. The following sentence is added to Section 1.01 of the Plan:

“In accordance with a corporate reorganization, effective as of September 1, 2016, sponsorship of the Plan was transferred from Ashland Inc. to Valvoline LLC (“Valvoline”).”

II. All references in the Plan to “Ashland” and “Ashland Inc.” after Section 1.01 are hereinafter changed to “Valvoline” and “Valvoline LLC” respectively.

III. In all other respects the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Chief Financial Officer has caused this amendment to the Plan to be executed this _____ day of _____, 2016.

/s/ J. Kevin Willis

By: _____

Chief Financial Officer, Ashland Inc.

**AMENDMENT TO THE HERCULES INCORPORATED
EMPLOYEE PENSION RESTORATION PLAN**

WHEREAS, Ashland Inc. (“Ashland”), maintains the Hercules Incorporated Employee Pension Restoration Plan (the “Plan”) for the benefit of employees eligible to participate therein; and

WHEREAS, Ashland is the sponsor of the Plan; and

WHEREAS, pursuant to Article IV, Section 5, of the Ashland Inc. Charter of the Personnel and Compensation Committee (the “Committee”) of the Board of Directors of Ashland, the Committee has retained authority to amend or transfer any of the benefit plans of Ashland and its subsidiaries and affiliates that are more than 50% owned by Ashland; and

WHEREAS, the SRVP & Chief Financial Officer of Ashland Inc. has been delegated the authority by the Committee to prepare and execute any and all amendments necessary to give effect to this decision of the Committee.

NOW, THEREFORE, BE IT RESOLVED, the Plan is amended, effective September 1, 2016, as follows:

I. The following sentence is added to the end of the paragraph under Section 2, titled "Type of Plan":

In accordance with a corporate reorganization, effective September 1, 2016, sponsorship of the Restoration Plan was transferred to Valvoline LLC.

II. The following subsection (i) is added to Section 3 as follows:

(i) Sponsor shall mean Valvoline LLC.

III. In all other respects the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Chief Financial Officer has executed this amendment to the Plan to be effective as of the date noted above.

/s/ J. Kevin Willis

J. Kevin Willis
SRVP & Chief Financial Officer, Ashland Inc.

CASH-SETTLED PERFORMANCE UNIT AGREEMENT

Name of Participant: _____

Name of Plan: Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan

Number of Cash-Settled
Performance Units: _____

Three-Year Performance Period: _____

Date of Award: _____

Vesting Date of Award: _____

Ashland Global Holdings Inc. ("Ashland") hereby confirms the grant of a Cash-Settled Performance Unit Award ("Award") to the above-named Participant (hereinafter called the "Participant") pursuant to the Amended and Restated 2015 Ashland Global Holdings Inc. Incentive Plan (hereinafter called the "Plan") (Attachment 1) and this Cash-Settled Performance Unit Agreement ("Agreement") in order to provide the Participant with an additional incentive to continue his/her services to Ashland and to continue to work for the best interests of Ashland.

This Award is granted under, and subject to, all the terms and conditions of the Long-Term Incentive Plan Program Memorandum ("LTIP") (Attachment 2) and the Plan, including, but not limited to, the forfeiture provision of Section 16(H) of the Plan. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Plan or the LTIP, as applicable.

In consideration of this Award, the Participant agrees that without the written consent of Ashland, the Participant will not (i) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by Ashland or any of its subsidiaries; or (ii) perform any act or engage in any activity that is detrimental to the best interests of Ashland or any of its subsidiaries, including, without limitation, (aa) solicit or encourage any existing or former employee, director, contractor, consultant, customer or supplier of Ashland or any of its subsidiaries to terminate his, her or its relationship with Ashland or any of its subsidiaries for any reason, or (bb) disclose proprietary or confidential information of Ashland or any of its subsidiaries to third parties or use any such proprietary or confidential information for the benefit of anyone other than Ashland and its subsidiaries (the "Participant Covenants"), provided, however, that section (ii) above shall not be breached in the event that the Participant discloses proprietary or confidential information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or the Participant's disclosure of proprietary or confidential information is protected under the whistleblower provisions of any applicable law or regulation. Furthermore, Participant is advised that if Participant discloses proprietary or confidential information of Ashland or its subsidiaries that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then Participant shall not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of this Agreement where Participant's disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where Participant's disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against Ashland or any of its subsidiaries, and such filing is made under seal. The Participant understands that if he or she makes a disclosure of proprietary or confidential information that is covered above, he or she is not required to inform Ashland, in advance or otherwise, that such disclosure(s) has been made.

Notwithstanding any other provision of the Plan or this Agreement to the contrary, but subject to any applicable laws to the contrary, the Participant agrees that in the event the Participant fails to comply or otherwise breaches any of the

Participant Covenants either during the Participant's employment or within twenty-four (24) months following the Participant's termination of employment with Ashland or its subsidiaries for any reason: (i) Ashland may eliminate or reduce the amount of any compensation, benefit, or payment otherwise payable by Ashland or any of its subsidiaries (either directly or under any employee benefit or compensation plan, agreement, or arrangement), except to the extent such compensation, benefit or payment constitutes deferred compensation under Section 409A of the Internal Revenue Code ("Section 409A") and such elimination or reduction would trigger a tax or penalty under Section 409A, to or on behalf of the Participant in an amount up to the total amount paid or payable to the Participant under this Agreement; and/or (ii) Ashland may require the Participant to pay Ashland an amount up to the total amount paid to the Participant under this Agreement during the twenty-four (24) month period immediately prior to the first breach of any of the Participant Covenants through the date on which Ashland discovers the last breach of such Participant Covenants; in each case together with the amount of Ashland's court costs, attorney fees, and other costs and expenses incurred in connection therewith.

Based upon the attainment of the Performance Goals outlined in the LTIP and the Participant's continued employment through the Vesting Date, this Award of Cash-Settled Performance Units will be paid to the Participant within 30 days thereafter in cash in an amount per vested Cash-Settled Performance Unit equal to the Fair Market Value of a share of Ashland Common Stock, par value \$0.01 per share ("Common Stock"), as of the Vesting Date.

Notwithstanding the foregoing, and notwithstanding any provision of Section 12(A) of the Plan to the contrary, this Award shall be treated as follows in the event of a Change in Control during the Performance Period and while the Participant remains employed by Ashland:

(i) If the Award is assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Award shall be treated as follows:

(a) If the Change in Control occurs during the first twelve (12) months of the Performance Period, then (I) a pro-rata portion of the Cash-Settled Performance Units will become vested as of the date of the Change in Control (and payable in cash within 30 days thereafter), determined by multiplying (A) the Fair Market Value of a share of Common Stock as of the date of the Change in Control by (B) the target number of Cash-Settled Performance Units by a fraction, the numerator of which is the number of days from the first day of the Performance Period through the date of the Change in Control and the denominator of which is the full number of days in the Performance Period; and (II) a pro-rata portion of the Cash-Settled Performance Units will be converted to a time-based, cash-settled Restricted Stock Unit award, with the number of such Restricted Stock Units determined by multiplying the target number of Cash-Settled Performance Units by a fraction, the numerator of which is the number of days remaining in the Performance Period after the date of the Change in Control and the denominator of which is the full number of days in the Performance Period, and such Restricted Stock Units will continue to vest, subject to the Participant's continued employment through the Vesting Date; provided that any such outstanding unvested Restricted Stock Units will immediately vest upon the termination of the Participant's employment by Ashland or the applicable surviving or resulting entity without "Cause" (as defined below), and not as a result of the Participant's Disability or death, during the one-year period beginning on the date of the Change in Control.

(b) If the Change in Control occurs after the first twelve (12) months of the Performance Period, then (I) a pro-rata portion of the Cash-Settled Performance Units will become vested as of the date of the Change in Control (and payable in cash within 30 days thereafter), determined by multiplying (A) the Fair Market Value of a share of Common Stock as of the date of the Change in Control by (B) the number of Cash-Settled Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control, by (C) a fraction, the numerator of which is the number of days from the first day of the Performance Period through the date of the Change in Control and the denominator of which is the full number of days in the Performance Period; and (II) a pro-rata portion of the Cash-Settled Performance Units will be converted to a time-based, cash-settled Restricted Stock Unit award, with the number of such Restricted Stock Units determined by multiplying the number of Cash-Settled Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control by a fraction, the numerator of which is the number of days remaining in the Performance Period after the date of the Change in Control.

and the denominator of which is the full number of days in the Performance Period, and such Restricted Stock Units will continue to vest, subject to the Participant's continued employment through the Vesting Date; provided that any such outstanding unvested Restricted Stock Units will immediately vest upon the termination of the Participant's employment by Ashland or the applicable surviving or resulting entity without "Cause" (as defined below), and not as a result of the Participant's Disability or death, during the one-year period beginning on the date of the Change in Control.

(ii) If the Award is not assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control, then the Cash-Settled Performance Units will immediately vest in full (without pro-rata) upon the date of the Change in Control, based upon (a) the target number of Performance Shares, if the Change in Control occurs during the first twelve (12) months of the Performance Period; or (b) the number of Cash-Settled Performance Units earned based upon actual achievement of the Performance Goals up to the date of the Change in Control, if the Change in Control occurs after the first twelve (12) months of the Performance Period.

For the avoidance of doubt, the transaction, or series of transactions, initially approved by the Ashland Board of Directors on September 16, 2015, intended to separate the Valvoline business from Ashland's specialty chemical business and create two independent, publicly traded companies, shall not constitute a "Change in Control" for purposes of this Award.

For purposes of this Agreement, "Cause" shall mean (i) the willful and continued failure of the Participant to substantially perform his or her duties with Ashland or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), (ii) willful engaging by the Participant in gross misconduct materially injurious to Ashland or a subsidiary, or (iii) the Participant's conviction of or the entering of a plea of nolo contendere (or similar plea under the law of a jurisdiction outside the United States) to the commission of a felony (or a similar crime or offense under the law of a jurisdiction outside the United States).

Notwithstanding any other provision of this Agreement, the P&C Committee may, in its sole discretion, provide for accelerated vesting of the Award at any time and for any reason.

For purposes of this Agreement, the Award will not be considered to be assumed, continued, converted or replaced by the surviving or resulting entity in connection with the Change in Control unless (i) the Award is adjusted to prevent dilution of the Participant's rights hereunder as a result of the Change in Control, and (ii) immediately after the Change in Control, the Award relates to shares of stock in the surviving or resulting entity which are publicly traded and listed on a national securities exchange, in each case as determined by the P&C Committee in its sole discretion prior to such Change in Control.

To the extent that the Award becomes vested pursuant to this Agreement in connection with a Change in Control or the termination of the Participant's employment thereafter, the vested portion of the Award will be paid in cash within 30 days after such amount becomes vested as provided herein; provided, however, that to the extent necessary to comply with Section 409A, any such vested amount shall be payable upon the earlier of (i) within 30 days after the Vesting Date; (ii) within 30 days after the Participant's separation from service (within the meaning of Section 409A) or, if the Participant is a specified employee (as determined by Ashland in accordance with Section 409A), within 30 days after the first business day that is at least six months after the Participant's separation from service; or (iii) within 30 days after the occurrence of a Change in Control that constitutes a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5).

Ashland confirms this Award to the Participant, as a matter of separate agreement and not in lieu of salary or any other compensation for services, of the number of Cash-Settled Performance Units set forth above, subject to and upon all the terms, provisions and conditions contained herein and in the LTIP and the Plan. Copies of the Plan and related Prospectus are available for the Participant's review on Fidelity's website.

Nothing contained in this Agreement, the LTIP or in the Plan shall confer upon the Participant any right to continue in the employment of, or remain in the service of, Ashland or its subsidiaries.

Information about the Participant and the Participant's participation in the Plan may be collected, recorded and held, used and disclosed by and among Ashland, its subsidiaries and any third party Plan administrators as necessary for the purpose of managing and administering the Plan. The Participant understands that such processing of this information may need to be carried out by Ashland, its subsidiaries and by third party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. By accepting this Award, the Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

The Participant consents and agrees to electronic delivery of any documents that Ashland may elect to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered under the Plan. The Participant understands that, unless earlier revoked by the Participant by giving written notice to Ashland Global Holdings Inc., Attn: Shea Blackburn, 50 E. RiverCenter Blvd., Covington, KY 41011, this consent shall be effective for the duration of the Award. The Participant also understands that the Participant shall have the right at any time to request that Ashland deliver written copies of any and all materials referred to above at no charge.

Please contact Shea Blackburn (859) 815-3720; swblackburn@ashland.com if you have any questions.

This Award of Cash-Settled Performance Units is subject to the Participant's on-line acceptance of the terms and conditions of this Agreement through the Fidelity website. The right to the Cash-Settled Performance Units under the Plan shall expire if not accepted by _____.

By accepting the terms and conditions of this Agreement, the Participant acknowledges receipt of a copy of the Plan, Prospectus, and Ashland's most recent Annual Report and Proxy Statement (the "Prospectus Information"). The Participant represents that he or she is familiar with the terms and provisions of the Prospectus Information and hereby accepts this Award on the terms and conditions set forth herein and in the Plan, and acknowledges that he or she had the opportunity to obtain independent legal advice at his or her expense prior to accepting this Award.

IN WITNESS WHEREOF, ASHLAND has caused this instrument to be executed and delivered effective as of the day and year first above written.

ASHLAND GLOBAL HOLDINGS INC.

By: _____

Name: _____

Title: _____

**AMENDMENT TO THE AMENDED AND RESTATED
HERCULES DEFERRED COMPENSATION PLAN**

WHEREAS, Ashland Inc. (“Ashland”), as sponsor of the Amended and Restated Hercules Deferred Compensation Plan (the “Plan”), maintains the Plan for the benefit of employees eligible to participate therein; and

WHEREAS, pursuant to Article IV, Section 5, of the Charter of the Personnel and Compensation Committee of the Board of Directors of Ashland Inc., said Personnel and Compensation Committee (the “Committee”) has retained authority to amend or transfer any of the benefit plans of Ashland and its subsidiaries and affiliates that are more than 50% owned by Ashland; and

WHEREAS, the Committee now desires to amend the Plan to provide Ashland the discretionary authority to make a limited cashout from the Plan to participants.

NOW, THEREFORE, BE IT RESOLVED, the Plan is amended, effective upon execution, as follows.

I. The following paragraph is added to end of the section of the Plan titled “Distributions” as follows:

Notwithstanding the foregoing, the Company shall have the discretion to make a limited cashout of a participant’s account pursuant to section 1.409A-3(j)(4)(v) of the Treasury Regulations to such participant so long as:

(1) such participant’s entire interest in his or her accounts in the Plan and all aggregate plans as defined under section 1.409A-1(c)(2) of the Treasury Regulations is terminated and liquidated; and

(2) the amount to be distributed from the Plan, when added together with the distributable amounts from all aggregate plans as defined under section 1.409A-1(c)(2) of the Treasury Regulations, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B).

II. In all other respects the Plan shall remain unchanged.

IN WITNESS WHEREOF, Ashland Global Holdings Inc. has caused its duly authorized representative to execute the Plan, this 30th day of September, 2016.

ASHLAND GLOBAL HOLDINGS INC.

/s/ Peter J. Ganz

By: _____

Peter J. Ganz
Senior Vice President, General Counsel
and Secretary

ELEVENTH AMENDMENT
Dated as of August 1, 2016
to the
TRANSFER AND ADMINISTRATION AGREEMENT
Dated as of August 31, 2012

This ELEVENTH AMENDMENT (this "Amendment") dated as of August 1, 2016 is entered into among ASHLAND INC., a Kentucky corporation ("Ashland" or "Master Servicer"), CVG CAPITAL III LLC, a Delaware limited liability company ("SPV"), the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party hereto, and THE BANK OF NOVA SCOTIA ("Agent" or "Scotiabank"), as agent for the Investors.

RECITALS

WHEREAS, the parties hereto have entered into that certain Transfer and Administration Agreement, dated as of August 31, 2012 (as amended, supplemented or otherwise modified through the date hereof, the "Agreement");

WHEREAS, concurrently herewith, certain of the parties hereto are entering into that certain Originator Joinder Agreement ("Joinder") by which Valvoline LLC ("Valvoline") agrees to become an Originator and to be bound by the terms of the Agreement, the First Tier Agreement (as defined in the Agreement) and each of the other Transaction Documents;

WHEREAS, concurrently herewith, the parties to the First Tier Agreement (as defined in the Agreement) are entering into that certain Second Amendment thereto (the "First Tier Amendment"); and

WHEREAS, the parties hereto desire to amend the Agreement as set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

All capitalized terms not otherwise defined herein are used as defined in the Transaction Documents.

SECTION 2. Amendments to the Agreement.

(a) Schedule 4.1(i) of the Agreement is amended by deleting the words "Suite 1500" therefrom in each instance in where they appear and inserting the words "Suite 1600" in their stead.

(b) Schedule 4.1(r) of the Agreement is amended as set forth on Annex 1 attached hereto.

(c) Schedule 11.3 of the Agreement is amended by deleting the contact information following the words "If to the SPV" therefrom and inserting the following contact information:

CVG Capital III LLC
Suite 1600, 50 E. RiverCenter Blvd.
Covington, KY 41011
Attention: Asad Lodhi
Telephone: (859) 815-5240
Facsimile: (859) 357-3891
Email: aplodhi@ashland.com

SECTION 3. Post-Closing Blocked Account Agreements. The parties hereto acknowledge that the deposit accounts being added hereby to Schedule 4.1(r) of the Agreement (the “New Blocked Accounts”) are not subject to Blocked Account Agreements as of the date hereof. The parties hereto consent to the existence of such New Blocked Accounts and the use of such accounts to receive Collections on Receivables originated by Valvoline notwithstanding that such New Blocked Accounts may not be subject to Blocked Account Agreements as otherwise required by the Agreement and the other Transaction Documents; provided, however, that such consents shall not apply to any New Blocked Account that is not subject to a Blocked Account Agreement at any time on or after September 1, 2016. The SPV, Ashland and the Originators, jointly and severally, shall (i) cause each New Blocked Account to become subject to a Blocked Account Agreement in form and substance acceptable to the Agent by not later than September 1, 2016, (ii) prevent any Person (other than the relevant Blocked Account Bank, the SPV or the Agent) from having “control” (within the meaning of the UCC) of any New Blocked Account at any time on and after the date hereof, and (iii) cause each New Blocked Account to be maintained by and in the name of the SPV (rather than any Originator), such that the SPV shall constitute the relevant Blocked Account Bank’s “customer” (within the meaning of the UCC) with respect to such New Blocked Account at all times on and after the date hereof. Except as expressly consented to pursuant to this Section, Ashland, the Originators and the SPV shall at all times maintain, and perform all their obligations with respect to, each New Blocked Account as a Blocked Account in accordance with the terms of the Agreement and the other Transaction Documents.

For purposes of Sections 9.1 and 9.2 of the Agreement, the receipt and maintenance of Collections in any New Blocked Account that is not subject to a Blocked Account Agreement (including as permitted hereby) shall constitute commingling of Collections for which the SPV and Master Servicer are required to indemnify the Indemnified Parties and Master Servicer Indemnified Parties (as applicable) as contemplated by Sections 9.1(l) and 9.2(f) of the Agreement; provided that this paragraph shall not be construed to limit any other obligation or liabilities of the SPV, the Master Servicer or any other Ashland Party may have under any Transaction Documents (including with respect to the commingling of funds).

SECTION 4. First Tier Amendment. The parties hereto acknowledge, consent and agree to the terms of the First Tier Amendment.

SECTION 5. Reaffirmation of Parent Undertaking. Ashland hereby (i) acknowledges the joinder of Valvoline as an Originator party to the Agreement and the First Tier Agreement effective as of the date hereof, (ii) represents, warrants and confirms that Valvoline is a direct or indirect wholly-

owned subsidiary of Ashland, and (iii) ratifies and reaffirms the Parent Undertaking and all its obligations and liabilities thereunder, including with respect to Valvoline.

SECTION 6. Representations and Warranties. Each of Ashland, each Originator and the SPV, as to itself, hereby represents and warrants to each of the other parties hereto as follows:

- (i) after giving effect to this Amendment and the transactions contemplated hereby, no Termination Event or Potential Termination Event shall exist;
- (ii) the representations and warranties of such Person set forth in the Transaction Documents to which it is a party (as amended hereby) are true and correct as of the date hereof (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date); and
- (iii) this Amendment constitutes the legal, valid and binding obligations of such Person enforceable against such Person in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 7. Effectiveness. This Amendment shall become effective as of the date first above written upon:

- (i) receipt by the Agent of counterparts of this Amendment duly executed by each of the parties hereto;
- (ii) effectiveness of the Joinder in accordance with its terms;
- (iii) receipt by the Agent of counterparts of the First Tier Amendment duly executed by each of the parties thereto.

SECTION 8. Reference to the Effect on the Transaction Documents.

(a) On and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Agreement, and each reference in each of the other Transaction Documents to "the Transfer and Administration Agreement" or "the TAA," "thereunder", "thereof" or words of like import referring to the Agreement, shall mean and be a reference to the Agreement, as amended by this Amendment.

(b) The Agreement and each of the related documents, as specifically amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all aspects ratified and confirmed. The covenants and other obligations of the SPV, Master Servicer, and each Originator (each in any capacity) shall continue under the Transaction Documents.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent, any of the Investors or any Indemnified Party under

the Agreement or any other Transaction Document, nor constitute a waiver of any provision of the Agreement or any other Transaction Document.

SECTION 9. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or email of an executed signature page of this Amendment shall be effective as delivery of an executed counterpart hereof.

SECTION 10. Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401-1 AND 5-1401-2 OF THE GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).**

SECTION 11. Transaction Document. This Amendment shall be deemed to be a Transaction Document for all purposes of the Agreement and each other Transaction Document.

SECTION 12. Severability. If any one or more of the agreements, provisions or terms of this Amendment shall for any reason whatsoever be held invalid or unenforceable, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions and terms of this Amendment and shall in no way affect the validity or enforceability of the provisions of this Amendment or the Agreement.

SECTION 13. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

ASHLAND INC.

/s/ Eric N. Boni

By: _____
Name: Eric N. Boni
Title: Vice President and Treasurer

ASHLAND SPECIALTY INGREDIENTS G.P.

/s/ Eric N. Boni

By: _____
Name: Eric N. Boni
Title: Vice President-Finance

VALVOLINE LLC

/s/ Laura I. Pentova

By: _____
Name: Laura I. Pentova
Title: Secretary

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

CVG CAPITAL III LLC

/s/ Asad P. Lodhi

By: _____

Name: Asad P. Lodhi

Title: President

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

721112726 12405988 S-2

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

LIBERTY STREET FUNDING LLC, as a Conduit Investor and an Uncommitted Investor

/s/ Jill A. Russo

By: _____

Name: Jill A. Russo

Title: Vice President

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

721112726 12405988 S-3

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

/s/ David V. DeAngelis

By: _____

Name: David V. DeAngelis

Title: Vice President

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

721112726 12405988 S-4

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

/s/ Kostantina Kourmpetis

By: _____
Name: Kostantina Kourmpetis
Title: Managing Director

/s/ Sam Pilcer

By: _____
Name: Sam Pilcer
Title: Managing Director

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

THE BANK OF NOVA SCOTIA, as Agent, a Letter of Credit Issuer, a Committed Investor, a
Managing Agent and an Administrator

/s/ Diane Emanuel

By: _____
Name: Diane Emanuel
Title: Managing Director & Head

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

721112726 12405988 S-6

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a Managing Agent
and Administrator
for the BTMU Investor Group

/s/ Eric Williams

By: _____

Name: Eric Williams

Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as Committed Investor
for the
BTMU Investor Group

/s/ Eric Williams

By: _____

Name: Eric Williams

Title: Managing Director

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

PNC BANK, NATIONAL ASSOCIATION, as a Letter of Credit Issuer, a Managing Agent, and a Committed Investor

/s/ Michael Brown

By: _____

Name: Michael Brown

Title: Senior Vice President

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

721112726 12405988 S-8

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as a Committed Investor, a
Managing Agent and an Administrator

/s/ Kostantina Kourmpetis

By: _____
Name: Kostantina Kourmpetis
Title: Managing Director

/s/ Sam Pilcer

By: _____
Name: Sam Pilcer
Title: Managing Director

721112726 12405988 S-9

*Eleventh Amendment to the TAA
(Ashland – CVG Capital III LLC)*

SECOND AMENDMENT
Dated as of August 1, 2016
to
SALE AGREEMENT
Dated as of August 31, 2012

This SECOND AMENDMENT (this "Amendment") dated as of August 1, 2016 is entered into among ASHLAND INC., a Kentucky corporation ("Ashland"), ASHLAND SPECIALTY INGREDIENTS G.P., a Delaware general partnership, and VALVOLINE LLC, a Delaware limited liability company (each, an "Originator" and collectively, the "Originators"), and CVG CAPITAL III LLC, a Delaware limited liability company ("SPV").

RECITALS

WHEREAS, the parties hereto have entered into that certain Sale Agreement dated as of August 31, 2012 (as amended, supplemented or otherwise modified through the date hereof, the "Sale Agreement");

WHEREAS, concurrently herewith, certain of the parties hereto are entering into that certain Joinder Agreement ("Joinder") by which Valvoline LLC ("Valvoline") agrees to become an Originator and to be bound by the terms of the Sale Agreement, the Second Tier Agreement (as defined in the Sale Agreement) and each of the other Transaction Documents;

WHEREAS, concurrently herewith, the parties to the Second Tier Agreement (as defined in the Sale Agreement) are entering into that certain Eleventh Amendment thereto (the "TAA Amendment"), pursuant to which, among other things, the Agent, the Managing Agents or the Investors (in each case, as such terms are used in the Sale Agreement) are consenting to this Amendment; and

WHEREAS, the parties hereto desire to amend the Sale Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein are used as defined in the Transaction Documents.

SECTION 2. Amendments to the Sale Agreement. The Sale Agreement is hereby amended as follows:

2.1. Schedule I is amended as set forth on Annex 1 attached hereto.

2.2. Schedule II to the Sale Agreement is amended as set forth on Annex 2 attached hereto.

SECTION 3. TAA Amendment. The parties hereto acknowledge, consent and agree to the terms of the TAA Amendment.

SECTION 4. Representations and Warranties. Each Originator and the SPV, as to itself, hereby represents and warrants to each of the other parties hereto as follows:

4.1. the representations and warranties of such Person set forth in the Transaction Documents to which it is a party (as amended hereby) are true and correct as of the date hereof (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date); and

4.2. this Amendment constitutes the legal, valid and binding obligations of such Person enforceable against such Person in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 5. Reference to the Effect on the Transaction Documents.

5.1. On and after the effectiveness of this Amendment, each reference in the Sale Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Sale Agreement, and each reference in each of the other Transaction Documents to "the Sale Agreement", "thereunder", "thereof" or words of like import referring to the Sale Agreement, shall mean and be a reference to the Sale Agreement, as amended by this Amendment.

5.2. The Sale Agreement and each of the related documents, as specifically amended by this Amendment, is and shall continue to be in full force and effect and is hereby in all aspects ratified and confirmed. The covenants and other obligations of the SPV and each Originator (each in any capacity) shall continue under the Transaction Documents.

5.3. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Agent, any of the Investors or any Indemnified Party under the Sale Agreement or any other Transaction Document, nor constitute a waiver of any provision of the Sale Agreement or any other Transaction Document.

SECTION 6. Effectiveness. This Amendment shall become effective as of the date hereof upon:

(i) the Agent's receipt of counterparts hereto duly executed by each of the parties hereto; and

(ii) effectiveness of the TAA Amendment in accordance with its terms.

SECTION 7. Severability. If any one or more of the agreements, provisions or terms of this Amendment shall for any reason whatsoever be held invalid or unenforceable, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions and terms of this Amendment and shall in no way affect the validity or enforceability of the provisions of this Amendment or the Sale Agreement.

SECTION 8. Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401-1 AND 5-1401-2 OF THE GENERAL OBLIGATIONS LAW, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).**

SECTION 9. Transaction Document. This Amendment shall be deemed to be a Transaction Document for all purposes of the Agreement and each other Transaction Document.

SECTION 10. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Sale Agreement or any provision hereof or thereof.

SECTION 11. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or email of an executed signature page of this Amendment shall be effective as delivery of an executed counterpart hereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

CVG CAPITAL III LLC,
as SPV

/s/ Asad P. Lodhi

By: _____

Name: Asad P. Lodhi

Title: President

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ASHLAND INC.,
individually and as Originator

/s/ Eric N. Boni

By: _____

Name: Eric N. Boni

Title: Vice President and Treasurer

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

ASHLAND SPECIALTY INGREDIENTS G.P., as Originator

/s/ Eric N. Boni

By: _____

Name: Eric N. Boni

Title: Vice President-Finance

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

VALVOLINE LLC,
as Originator

/s/ Laura I. Pentova

By: _____

Name: Laura I. Pentova

Title: Secretary

[SIGNATURES CONTINUE ON THE FOLLOWING PAGE]

Originator Joinder Agreement

This JOINDER AGREEMENT (this "Joinder") is made as of August 1, 2016.

Reference is made to (i) that certain Transfer and Administration Agreement (as amended, modified, supplemented, or restated from time to time, the "Transfer and Administration Agreement") dated as of August 31, 2012, entered into by and among the CVG Capital III LLC (the "SPV"), Ashland Inc., as an Originator and as initial Master Servicer, and each other Originator from time to time party thereto, Atlantic Asset Securitization LLC, Liberty Street Funding LLC and Gotham Funding Corporation, as Conduit Investors and Uncommitted Investors, The Bank of Nova Scotia, as Agent, a Letter of Credit Issuer, a Managing Agent, an Administrator and a Committed Investor, PNC Bank, National Association, as a Letter of Credit Issuer, a Managing Agent and a Committed Investor, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as a Managing Agent, an Administrator and a Committed Investor, Credit Agricole Corporate and Investment Bank, as a Managing Agent, an Administrator and a Committed Investor, and the various Investor Groups, Managing Agents, Letter of Credit Issuers and Administrators from time to time party thereto; and (ii) the certain Sale Agreement (as amended, modified, supplemented, or restated from time to time, the "Sale Agreement") dated as of August 31, 2012, entered into by and among the Originators and the SPV. Terms defined in the Transfer and Administration Agreement and the Sale Agreement are used herein with the same meaning.

The "***New Originator***" referred to on Schedule 1 hereby agrees as follows:

The New Originator agrees to become an Originator and to be bound by the terms of the Transfer and Administration Agreement, the Sale Agreement and each of the other Transaction Documents.

The New Originator: (a) confirms that it has received a copy of the Transfer and Administration Agreement, the Sale Agreement and the other Transaction Documents, and such other documents and information as it has deemed appropriate to make its own analysis and decision to enter into this Joinder; (b) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Transfer and Administration Agreement, the Sale Agreement and the other Transaction Documents are required to be performed by it as an Originator; and (c) represents and warrants to the SPV and the Secured Parties that each of the representations and warranties set forth in Sections 5.1 and 5.2 of the Sale Agreement as supplemented by Schedule 1 are true and correct with respect to itself as of the date hereof, except to the extent such representations or warranties relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date.

This Joinder shall be effective on the date (the "Effective Date") that the Agent shall have received: (a) a fully executed copy of this Joinder; (b) such officer certificates and legal opinions as it may reasonably request; (c) UCC search results and filings, reasonably acceptable to the Agent; (d) its reasonable costs incurred in connection with this Joinder, including any applicable fees of its legal counsel; and (e) such other documentation or information as the Agent may request in its reasonable discretion.

Upon the Effective Date, the New Originator shall be a party to the Transfer and Administration Agreement, the Sale Agreement and the other Transaction Documents as an Originator and shall have the rights and obligations of an Originator thereunder.

This Joinder shall be governed by, and construed in accordance with, the laws of the State of New York.

This Joinder may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Joinder by telecopier shall be effective as delivery of a manually executed counterpart of this Joinder.

[Remainder of Page Intentionally Left Blank

Signature Page(s) Follow]

IN WITNESS WHEREOF, the New Originator has caused this Joinder to be executed by its officers thereunto duly authorized as of the date specified thereon.

VALVOLINE LLC,
as the New Originator

/s/ Laura I. Pentova

By: _____
Name: Laura I. Pentova
Title: Secretary

ACCEPTED AND APPROVED:

ASHLAND INC.,

as Master Servicer

/s/ Eric N. Boni

By: _____

Name: Eric N. Boni

Title: Vice President and Treasurer

THE BANK OF NOVA SCOTIA,

as Agent and a Managing Agent

/s/ Diane Emanuel

By: _____

Name: Diane Emanuel

Title: Managing Director & Head

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD,

as a Managing Agent

/s/ Eric Williams

By: _____

Name: Eric Williams

Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION,

as a Managing Agent

/s/ Michael Brown

By: _____

Name: Michael Brown

Title: Senior Vice President

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,

as a Managing Agent

/s/ Kostantina Kourmpetis Sam Pilcer

By: _____ By: _____

Name: Kostantina Kourmpetis

Name: Sam Pilcer

Title: Managing Director

Title: Managing Director

**AMENDMENT NO. 2
TO CREDIT AGREEMENT**

THIS AMENDMENT NO. 2 TO CREDIT AGREEMENT (this "**Amendment**"), dated as of August 15, 2016, is entered into by and among Ashland Inc., a Kentucky corporation (the "**Borrower**"), and The Bank of Nova Scotia, as Administrative Agent (the "**Administrative Agent**").

PRELIMINARY STATEMENTS

The Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer and the other Lenders from time to time party thereto entered into that certain Credit Agreement, dated as of June 23, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time prior to the date hereof, the "**Credit Agreement**," the terms defined therein being used herein as therein defined);

The Borrower has requested an amendment to the Credit Agreement to cure a defect or error in accordance with the last paragraph of Section 10.01 of the Credit Agreement; and

The Borrower and the Administrative Agent have agreed that the Credit Agreement shall be amended as provided in Section 1 hereof, upon the terms and subject to the conditions set forth herein and effective as of the Amendment No. 2 Effective Date.

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments to the Credit Agreement on the Amendment No. 2 Effective Date. The Credit Agreement shall be, effective as of the Amendment No. 2 Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, hereby amended as follows:

(a) Section 7.05 of the Credit Agreement shall be amended by replacing the text "or (k)" in the proviso at the end of such Section with the text ", (k) or (l)".

Section 2. Conditions to Amendment No. 2 Effective Date. Section 1 of this Amendment shall become effective on and as of the date (the "**Amendment No. 2 Effective Date**") that the Administrative Agent or its counsel shall have received the following, each of which shall be electronic transmissions (followed promptly by originals), each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(a) a counterpart of this Amendment, duly executed by the Borrower and the Administrative Agent;

(b) all expenses required to be paid hereunder and/or pursuant to the Credit Agreement and invoiced at least two Business Days before the Amendment No. 2 Effective Date shall have been paid in full in cash or will be paid in full in cash on the Amendment No. 2 Effective Date; and

(c) the following representations and warranties of the Borrower shall be true and correct on and as of the Amendment No. 2 Effective Date:

(i) no Default has occurred and is continuing on and as of the Amendment No. 2 Effective Date; and

(ii) the representations and warranties of the Borrower set forth in Article V of the Credit Agreement or in any other Loan Document are true and correct in all material respects (or in all respects if the applicable representation or warranty is qualified by Material Adverse Effect or materiality) on and as of the Amendment No. 2 Effective Date (except to the extent such representations and warranties are expressly made as of a specified date in which event such representations and warranties shall be true and correct in all material respects (or in all respects, as applicable) as of such earlier date).

Section 3. Reference to and Effect on Loan Documents.

(a) On and after the Amendment No. 2 Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement and each reference in each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) This Amendment is an amendment as referred to in the definition of Loan Documents and shall for all purposes constitute a Loan Document.

(c) On and after the Amendment No. 2 Effective Date, the Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents.

Section 4. Costs and Expenses. The Borrower agrees to pay or reimburse all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration of this Amendment (including, without limitation, the reasonable and documented fees and expenses of a single counsel for the Administrative Agent) in accordance with the terms of Section 10.04(a) of the Credit Agreement.

Section 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first above written.

ASHLAND INC.

/s/ Eric N. Boni

By: _____

Name: Eric N. Boni

Title: Vice President & Treasurer

THE BANK OF NOVA SCOTIA,

as Administrative Agent

/s/ Clement Yu

By: _____

Name: Clement Yu

Title: Director

**AMENDMENT NO. 1
TO CREDIT AGREEMENT**

THIS AMENDMENT NO. 1 TO CREDIT AGREEMENT (this "**Amendment**"), dated as of September 21, 2016, is entered into by and among Valvoline Finco One LLC, a Delaware limited liability company (the "**Initial Borrower**"), The Bank of Nova Scotia, as Administrative Agent (the "**Administrative Agent**"), and each Lender party hereto.

PRELIMINARY STATEMENTS

The Initial Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders from time to time party thereto entered into that certain Credit Agreement, dated as of July 11, 2016 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time prior to the date hereof, the "**Credit Agreement**"; the terms defined therein being used herein as therein defined);

The Initial Borrower has requested an amendment to the Credit Agreement, effective as of the Amendment No. 1 Effective Date (as defined below) to amend certain provisions of the Credit Agreement as set forth herein; and

The Initial Borrower, the Lenders and the Administrative Agent have agreed that the Credit Agreement shall be amended as provided in Section 1 hereof, upon the terms and subject to the conditions set forth herein and effective as of the Amendment No. 1 Effective Date.

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments to the Credit Agreement on the Amendment No. 1 Effective Date. The Credit Agreement shall be, effective as of the Amendment No. 1 Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by inserting the following defined terms in the correct alphabetical order:

(i) "Amendment No. 1" means Amendment No. 1 to this Agreement, dated as of September 21, 2016, among the Initial Borrower, the Administrative Agent and each Lender party thereto.

(ii) "Amendment No. 1 Effective Date" means the date on which Amendment No. 1 to this Agreement became effective in accordance with Section 2 thereof.

(b) The definition of "Audited Financial Statements" in Section 1.01 of the Credit Agreement shall be amended by inserting the text "of the Valvoline Business, for the fiscal years ended September 30, 2014 and September 30, 2015," immediately after the words "audited combined balance sheet".

(c) Section 4.02(k) of the Credit Agreement shall be amended by inserting the following proviso immediately before the period (".") at the end thereof:

“; *provided* that, so long as the Funding Date occurs prior to November 12, 2016, the delivery of the unaudited consolidated (or combined, as the case may be) balance sheet and the related consolidated (or combined, as the case may be) statements of operations and comprehensive income, invested equity and cash flows, including the notes thereto, of the Valvoline Business for (x) the six-month period ended March 31, 2016, and (y) the nine-month period ended June 30, 2016, shall be deemed to satisfy this condition.”

(d) Section 6.01(b) of the Credit Agreement shall be amended by replacing the text “June 30, 2016” therein with the text “December 31, 2016”.

Section 2. Conditions to Amendment No. 1 Effective Date. Section 1 of this Amendment shall become effective on and as of the date (the “**Amendment No. 1 Effective Date**”) that the Administrative Agent or its counsel shall have received the following, each of which shall be electronic transmissions (followed promptly by originals), each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(a) a counterpart of this Amendment, duly executed by the Initial Borrower, each of the Lenders immediately prior to the Amendment No. 1 Effective Date, and the Administrative Agent;

(b) such documents and certifications as the Administrative Agent may reasonably require to evidence that the Initial Borrower is duly organized or formed, and validly existing and in good standing in its state of incorporation;

(c) a certificate executed by a Responsible Officer of the Initial Borrower certifying as to the matters in clause (d) below; and

(d) the following representations and warranties of the Initial Borrower shall be true and correct on and as of the Amendment No. 1 Effective Date:

(i) no Default has occurred and is continuing on and as of the Amendment No. 1 Effective Date, or would result from this Amendment or any transactions contemplated hereby; and

(ii) the representations and warranties of the Initial Borrower set forth in Article V of the Credit Agreement that were required to be made on the Effective Date in accordance with the lead-in paragraph to Article V of the Credit Agreement are true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” is true and correct in all respects) on and as of the Amendment No. 1 Effective Date, except to the extent such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect” shall be true and correct in all respects) as of such earlier date.

Section 3. Reference to and Effect on Loan Documents.

(a) On and after the Amendment No. 1 Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement and each reference in each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) This Amendment is an amendment as referred to in the definition of Loan Documents and shall for all purposes constitute a Loan Document.

(c) On and after the Amendment No. 1 Effective Date, the Credit Agreement and each of the other Loan Documents, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents.

Section 4. Costs and Expenses. The Borrower agrees to pay or reimburse all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration of this Amendment (including, without limitation, the reasonable and documented fees and expenses of a single counsel for the Administrative Agent) in accordance with the terms of Section 10.04(a) of the Credit Agreement, which payment and reimbursement shall occur on the Funding Date to the extent such costs and expenses are invoiced at least three Business Days prior to the Funding Date.

Section 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or other electronic transmission (including “.pdf”, “.tif” or similar format) shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date first above written.

VALVOLINE FINCO ONE LLC

By: /s/ Lynn P. Freeman

Name: Lynn P. Freeman
Title: Assistant Treasurer

Valvoline – Amendment No. 1 to Credit Agreement

THE BANK OF NOVA SCOTIA,
as Administrative Agent

By: /s/ Clement Yu

Name: Clement Yu
Title: Director

Valvoline – Amendment No. 1 to Credit Agreement

CITIBANK, N.A., as a Lender

By: /s/ Kirkwood Roland

Name: Kirkwood Roland
Title: Managing Director & Vice
President

Valvoline – Amendment No. 1 to Credit Agreement

BANK OF AMERICA, N.A., (as a Lender)

By: /s/ Chris Dibiase

Name: Chris Dibiase

Title: Director

Valvoline – Amendment No. 1 to Credit Agreement

MORGAN STANLEY BANK, N.A.,
as a Lender

By: /s/ Lisa Vieira

Name: Lisa Vieira
Title: Authorized Signatory

Valvoline – Amendment No. 1 to Credit Agreement

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/ Michael Grad

Name: Michael Grad
Title: Director

Valvoline – Amendment No. 1 to Credit Agreement

**DEUTSCHE BANK AG NEW YORK
BRANCH, as a Lender**

By: /s/ Marcus M. Tarkington

Name: Marcus M. Tarkington
Title: Director

By: /s/ Dusan Lazarov

Name: Dusan Lazarov
Title: Director

Valvoline – Amendment No. 1 to Credit Agreement

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Mehmet Barlas

Name: Mehmet Barlas
Title: Authorized Signatory

Valvoline – Amendment No. 1 to Credit Agreement

JPMORGAN CHASE BANK N.A.,
as a Lender

By: /s/ Erik Barragan

Name: Erik Barragan
Title: Authorized Officer

Valvoline – Amendment No. 1 to Credit Agreement

PNC BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jeffrey P. Fisher

Name: Jeffrey P. Fisher
Title: Vice President

Valvoline – Amendment No. 1 to Credit Agreement

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Mark Irely

Name: Mark Irely
Title: Vice President

COMPASS BANK,
as a Lender

By: /s/ Cameron Gateman

Name: Cameron Gateman
Title: Senior Banker

BRANCH BANKING & TRUST COMPANY,
as a Lender

By: /s/ Ryan T. Hamilton

Name: Ryan T. Hamilton
Title: Vice President

**THE BANK OF TOKYO-MITSUBISHI
UFJ, LTD.,**
as a Lender

By: /s/ Mark S. Campbell

Name: Mark S. Campbell
Title: Authorized Signatory

CITIZENS BANK OF PENNSYLVANIA,
as a Lender

By: /s/ Leslie D. Broderick

Name: Leslie D. Broderick
Title: Senior Vice President

FIFTH THIRD BANK,
as a Lender

By: /s/ Mike Gifford

Name: Mike Gifford
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Brian P. Fox

Name: Brian P. Fox
Title: Senior Vice President

MIZUHO BANK LTD,
as a Lender

By: /s/ Donna DeMagistris

Name: Donna DeMagistris
Title: Authorized Signatory

SUNTRUST BANK,
as a Lender

By: /s/ Tesha Winslow

Name: Tesha Winslow
Title: Director

Valvoline – Amendment No. 1 to Credit Agreement

TD BANK, N.A.,
as a Lender

By: /s/ Michele Dragonetti

Name: Michele Dragonetti
Title: Senior Vice President

THE BANK OF NEW YORK MELLON,
as a Lender

By: /s/ William M. Feathers

Name: William M. Feathers
Title: Vice President

HUNTINGTON NATIONAL BANK,
as a Lender

By: /s/ Joshua Emerson

Name: Joshua Emerson
Title: Vice President

BMO HARRIS BANK, N.A.,
as a Lender

By: /s/ L. M. Junior Del Brocco

Name: L. M. Junior Del Brocco
Title: Director

THE NORTHER TRUST COMPANAY,
as a Lender

By: /s/ John Canty

Name: John Canty
Title: Senior Vice President

Valvoline – Amendment No. 1 to Credit Agreement

ING BANK N.V., DUBLIN BRANCH,
as a Lender

By: /s/ Sean Hassett

Name: Sean Hassett
Title: Director

By: /s/ Pádraig Matthews

Name: Pádraig Matthews
Title: Vice President

Valvoline – Amendment No. 1 to Credit Agreement

ASHLAND GLOBAL HOLDINGS INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(In millions)

	Years ended September 30				
	2012	2013	2014	2015	2016
<u>EARNINGS</u>					
Income from continuing operations	\$ 14	\$ 553	\$ 72	\$ 191	\$ 3
Income tax expense (benefit)	(57)	196	(188)	(22)	133
Interest expense	197	208	149	148	167
Interest portion of rental expense	28	25	29	20	22
Amortization of deferred debt expense	54	65	14	18	23
Distributions in excess of (less than) earnings of unconsolidated affiliates	(32)	(15)	(11)	7	5
	<u>\$ 204</u>	<u>\$ 1,032</u>	<u>\$ 65</u>	<u>\$ 362</u>	<u>\$ 353</u>
<u>FIXED CHARGES</u>					
Interest expense	\$ 197	\$ 208	\$ 149	\$ 148	\$ 167
Interest portion of rental expense	28	25	29	20	22
Amortization of deferred debt expense	54	65	14	18	23
Capitalized interest	1	1	1	2	1
	<u>\$ 280</u>	<u>\$ 299</u>	<u>\$ 193</u>	<u>\$ 188</u>	<u>\$ 213</u>
RATIO OF EARNINGS TO FIXED CHARGES	(A)	3.45	(B)	1.93	1.66

(A) Deficiency Ratio - The Ratio of Earnings to Fixed Charges was less than 1x. To achieve a ratio of 1x, additional total earnings of \$76 million would have been required for the year ended September 30, 2012.

(B) Deficiency Ratio - The Ratio of Earnings to Fixed Charges was less than 1x. To achieve a ratio of 1x, additional total earnings of \$128 million would have been required for the year ended September 30, 2014.

EXHIBIT 21

LIST OF SUBSIDIARIES

Subsidiaries of Ashland Global Holdings Inc. (“Ashland”) at September 30, 2016, included the companies listed below.

Company	Jurisdiction of Incorporation
565 Corporation	Delaware, United States
ACM Eurasia LLC	Russia
Ash (Gibraltar) One Limited	Gibraltar
Ash (Gibraltar) Two Limited	Gibraltar
Ash Global Holding Three GmbH	Switzerland
Ash Global Holdings Two B.V.	Netherlands
ASH GP INC.	Delaware, United States
Ash Junior Global Holding One LLC	Delaware, United States
Ashland (Changzhou) Advanced Chemical Co., Ltd.	China
Ashland (Changzhou) Specialty Chemical Co.,Ltd	China
Ashland (China) Holdings Co., Ltd.	China
Ashland (Gibraltar) One Holding, Inc.	Delaware, United States
Ashland Atlantic C.V.	Netherlands
Ashland Canada Corp./Corporation Ashland Canada	Nova Scotia, Canada
Ashland Canada Holdings B. V.	Netherlands
Ashland Chemco Inc.	Delaware, United States
Ashland Chemical De Mexico S.A. De C.V.	Mexico
Ashland Chemical Hispania, S. L.	Spain
Ashland Chemical Trading (Shanghai) Company Limited	China
Ashland Chemicals (Nanjing) Company Limited	China
Ashland CZ s.r.o.	Czech Republic
Ashland Danmark ApS	Delaware, United States
Ashland Eastern Markets LLC	Russia
Ashland Ethanol, Inc.	Delaware
Ashland Finance Limited	Bermuda
Ashland Finland Oy	Finland
Ashland France SAS	France
Ashland Global Holdings One C.V.	Netherlands
Ashland Hercules Water Technologies (Australia) Pty Ltd	Australia
Ashland Holdings B. V.	Netherlands
Ashland India Private Limited	India
Ashland Industries Deutschland GmbH	Germany
Ashland Industries Europe GmbH	Switzerland
Ashland Industries France SAS	France
Ashland Industries Ireland Limited	Ireland
Ashland Industries Italia S.r.l.	Italy
Ashland Industries Nederland B.V.	Netherlands
Ashland Industries UK Limited	United Kingdom
Ashland International Holdings LLC	Delaware, United States
Ashland Italia S.r.l.	Italy
Ashland Korea Limited	Korea
Ashland Licensing and Intellectual Property LLC	Delaware, United States
Ashland LLC	Kentucky, United States

Ashland ME Holdings, Inc.	Delaware, United States
Ashland Mexico Holdings One, LLC	Delaware, United States
Ashland Mexico Holdings Two, LLC	Delaware, United States
Ashland Nigeria Exploration Unlimited	Nigeria
Ashland Oil (Nigeria) Company Unlimited	Nigeria
Ashland Oil, Inc.	Kentucky, United States
Ashland Pacific Pty. Ltd.	Australia
Ashland Participacoes Ltda.	Brazil
Ashland Polimeros do Brasil S.A.	Brazil
Ashland Rhine Holdings B.V.	Netherlands
Ashland Rhone Holdings B.V.	Netherlands
Ashland Services B. V.	Netherlands
Ashland Services Mexico, S.A. de C.V.	Mexico
Ashland Singapore Pte. Ltd.	Singapore
Ashland Specialties Austria GmbH	Austria
Ashland Specialties Belgium BVBA	Belgium
Ashland Specialties France S.a.r.l.	France
Ashland Specialties Hispania S.L.	Spain
Ashland Specialties Holding C.V.	Netherlands
Ashland Specialties Poland Sp. z o.o.	Poland
Ashland Specialties Sverige AB	Sweden
Ashland Specialties UK Limited	United Kingdom
Ashland Specialty Ingredients G.P.	Delaware, United States
Ashland Switzerland Holdings GmbH	Switzerland
Ashland Technologies GmbH	Germany
Ashland-Alaskan, Limited	Alaska, United States
Ashland-Plasticos De Portugal, Lda.	Portugal
AshLux Three, S.á.r.l.	Luxembourg
Ashmont Insurance Company, Inc.	Vermont, United States
AshOne C. V.	Netherlands
Ashprop Two LLC	Delaware, United States
Belleville Realty Corp.	Delaware, United States
Bluegrass Insurance Company Limited	Bermuda
CLTA LLC	Delaware, United States
Corporacion ISP Andina, C.A.	Venezuela
Curtis Bay Insurance Co. Ltd	Bermuda
CVG Capital III LLC	Delaware, United States
Delta Technologies LLC	Delaware, United States
East Bay Realty Services, Inc.	Delaware, United States
Ellis Enterprises B.V.	Netherlands
Ever Success Overseas Limited	British Virgin Islands
FRJ, Inc.	Georgia, United States
Funding Corp. I	Delaware, United States
Hercofina	Delaware, United States
Hercules Chemicals South Africa (Proprietary) Limited	South Africa
Hercules Holding BV BVBA	Belgium
Hercules Holding II Limited	United Kingdom
Hercules Holding Specialty Materials B. V.	Netherlands
Hercules Hydrocarbon Holdings, Inc.	Delaware, United States
Hercules International Limited, LLC	Delaware, United States

Hercules Investment ApS	Denmark
Hercules Investments Netherlands B.V.	Netherlands
Hercules Islands Corporation	American Virgin Islands
Hercules LLC	Delaware, United States
Hercules Paper Holdings, Inc.	Delaware, United States
Hercules Tianpu Chemicals Company Limited	China
Hercules Trading (Shanghai) Company Limited	China
International Specialty Holdings LLC	Delaware, United States
International Specialty Products (India) Private Limited	India
International Specialty Products Funding Corporation	Delaware, United States
International Specialty Products Inc.	Delaware, United States
ISP (Australasia) Pty. Limited	Australia
ISP (Belgium) International N. V.	Belgium
ISP (Japan) Ltd	Japan
ISP (Korea) Limited	Korea
ISP (Puerto Rico) Inc.	Delaware, United States
ISP (SINGAPORE) PTE LTD	Singapore
ISP (Thailand) Co., Ltd	Thailand
ISP Alginates Inc.	Delaware, United States
ISP Argentina S.R.L.	Argentina
ISP Asia Pacific Pte. Ltd	Singapore
ISP Bermuda Limited	Bermuda
ISP Biochema Schwaben GmbH	Germany
ISP Canada Corp.	Nova Scotia, Canada
ISP Capital LLC	Delaware, United States
ISP Chemco LLC	Delaware, United States
ISP Chemical Products LLC	Delaware, United States
ISP CHEMICALS (MALAYSIA) SDN.BHD	Malaysia
ISP Chemicals LLC	Delaware, United States
ISP Colombia Ltda.	Colombia
ISP do Brasil Ltda.	Brazil
ISP Environmental Services Inc.	Delaware, United States
ISP France Customer Service SARL	France
ISP France Holding SARL	France
ISP France Marketing SARL	France
ISP Freetown Fine Chemicals Inc.	Delaware, United States
ISP Freight Services N. V.	Belgium
ISP Global Operations (Barbados) Inc.	Barbados
ISP Global Technologies Deutschland Unterstutzungskasse GmbH	Germany
ISP Global Technologies Inc.	Delaware, United States
ISP Global Technologies LLC	Delaware, United States
ISP HC Limited	Cyprus
ISP Holdings (U.K.) Ltd.	United Kingdom
ISP Hungary Holdings Limited Liability Company	Hungary
ISP Industria e Comercio De Ingredientes e Especialidades para Alimentos Ltda.	Brazil
ISP International Corp.	Delaware, United States
ISP Investments LLC	Delaware, United States
ISP Lima LLC	Delaware, United States
ISP Luxembourg Canada S.a.r.l.	Luxembourg

ISP Management Company, Inc.	Delaware, United States
ISP Marl GmbH	Germany
ISP Marl Holdings GmbH	Germany
ISP Microcaps (U.K.) Limited	United Kingdom
ISP Pharma Systems LLC	Delaware, United States
ISP Real Estate Company, Inc.	Delaware, United States
ISP Singapore Holding LLC	Delaware, United States
ISP Technologies Inc.	Delaware, United States
ISP Technologies LLC	Delaware, United States
Jiangmen Ashland Chemicals Company Limited	China
Lex Capital LLC	Delaware, United States
Lubricantes Andinos "Lubrian S. A."	Ecuador
Lubricantes del Peru S.A.	Peru
Lubrival S. A.	Ecuador
OCH International, Inc.	Oregon, United States
OCHI Advertising Fund LLC	Oregon, United States
OCHI Holdings II LLC	Oregon, United States
OCHI Holdings LLC	Oregon, United States
Oil Casualty Insurance, Ltd.	Bermuda
Pakistan Gum Industries (Private) Limited	Pakistan
Progiven S.A.S.	France
PT Ashland Asia	Indonesia
PT ISP Chemicals Indonesia	Indonesia
PT. Valvoline Lubricants and Chemicals Indonesia	Indonesia
Relocation Properties Management LLC	Delaware, United States
Saudi Industrial Resins Co. Ltd. (Polyester)	Saudi Arabia
Shanghai VC Lubricating Oil Co., Ltd.	China
St Croix Petrochemical Corp	American Virgin Islands
Taiwan Ashland Co., Ltd.	Taiwan
Techwax Limited	United Kingdom
V C Lubricating Oil Co. Ltd.	Hong Kong
Valvoline (Australia) Pty. Limited	Australia
Valvoline (Deutschland) GmbH	Germany
Valvoline (Shanghai) Chemical Co., Ltd	China
Valvoline (Thailand) Ltd.	Thailand
Valvoline Branded Finance, Inc.	Delaware, United States
Valvoline Canada Corp.	Nova Scotia, Canada
Valvoline Canada Holdings B.V.	Netherlands
Valvoline Cummins Argentina S.A.	Argentina
Valvoline Cummins Private Limited	India
Valvoline de Colombia S.A.S.	Colombia
Valvoline Distribution C.V.	Netherlands
Valvoline Do Brasil Lubrificantes Ltda.	Brazil
Valvoline Europe Holdings LLC	Delaware, United States
Valvoline Holdings B.V.	Netherlands
Valvoline Holdings Pte. Ltd.	Singapore
Valvoline Inc.	Kentucky, United States
Valvoline Indonesia Holdings LLC	Delaware, United States
Valvoline Instant Oil Change Franchising, Inc.	Delaware, United States
Valvoline International de Mexico, S. de R.L. de C.V.	Mexico

Valvoline International Holdings Inc.	Delaware, United States
Valvoline International Servicios de Mexico, S. de R.L. de C.V.	Mexico
Valvoline International, Inc.	Delaware, United States
Valvoline Investments B.V.	Netherlands
Valvoline Italy S.r.l.	Italy
Valvoline Junior Holdings LLC	Delaware, United States
Valvoline Licensing and Intellectual Property LLC	Delaware, United States
Valvoline LLC	Delaware, United States
Valvoline Lubricants & Solutions India Private Limited	India
Valvoline New Zealand Limited	New Zealand
Valvoline Poland Sp. z o.o.	Poland
Valvoline Pte. Ltd.	Singapore
Valvoline South Africa Proprietary Limited	South Africa
Valvoline Spain, S.L.	Spain
Valvoline UK Limited	United Kingdom
Valvoline US LLC	Delaware, United States
VIOC Funding, Inc.	Delaware, United States
WSP LLC	Delaware, United States

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement on Form S-8 (No. 333-131792-01) pertaining to the 2006 Ashland Inc. Incentive Plan,
2. Registration Statements on Form S-8 (Nos. 333-172019-01 and 333-186408-01) pertaining to the Amended and Restated 2011 Ashland Inc. Incentive Plan,
3. Registration Statement on Form S-8 (No. 333-201895-01) pertaining to the Amended and Restated 2015 Ashland Inc. Incentive Plan,
4. Registration Statement on Form S-8 (No. 333-201053-01) pertaining to the Inducement Restricted Stock Award (Wulfsohn),
5. Registration Statement on Form S-8 (No. 33-62091-01) pertaining to the Ashland Inc. Deferred Compensation Plan,
6. Registration Statement on Form S-8 (No. 33-52125-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (Formerly known as Ashland Oil, Inc. Deferred Compensation and Stock Incentive Plan for Non-Employee Directors),
7. Registration Statement on Form S-8 (No. 333-122269-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Employees (2005),
8. Registration Statement on Form S-8 (No. 333-122270-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005),
9. Registration Statements on Form S-8 (Nos. 33-32612-100, 333-157040-01 and 333-203840-01) pertaining to the Ashland Inc. Employee Savings Plan,
10. Registration Statement on Form S-8 (No. 33-49907-100) pertaining to the Ashland Inc. Leveraged Employee Stock Ownership Plan,
11. Registration Statement on Form S-8 (No. 333-155386-01) pertaining to the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan and the Hercules Incorporated Omnibus Equity Compensation Plan for Non-Employee Directors and the Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan,
12. Registration Statements on Form S-8 (Nos. 333-155396-01 and 333-203840-01) pertaining to the Ashland Inc. Union Employee Savings Plan (Formerly known as the Hercules Incorporated Savings and Investment Plan),
13. Registration Statements on Form S-8 (Nos. 333-184109-01 and 333-203840-01) pertaining to the International Specialty Products Inc. 401(k) Plan,
14. Registration Statement on Form S-8 (No. 333-212773-01) pertaining to the Inducement Restricted Stock Award (Wulfsohn) and the Inducement Restricted Stock Award (Meixelsperger),
15. Registration Statement on Form S-8 (No. 333-212127-01) pertaining to the Inducement Restricted Stock Award (Meixelsperger),
16. Registration Statement on Form S-3ASR (No. 333-214069) of Ashland Global Holdings Inc.

of our reports dated November 21, 2016, with respect to the consolidated financial statements of Ashland Global Holdings Inc. and Consolidated Subsidiaries and the effectiveness of internal control over financial reporting of Ashland Global Holdings Inc. and Consolidated Subsidiaries included in this Annual Report (Form 10-K) of Ashland Global Holdings Inc. for the year ended September 30, 2016.

/s/ Ernst & Young LLP

Cincinnati, Ohio
November 21, 2016

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement on Form S-8 (No. 333-131792-01) pertaining to the 2006 Ashland Inc. Incentive Plan,
2. Registration Statements on Form S-8 (Nos. 333-172019-01 and 333-186408-01) pertaining to the Amended and Restated 2011 Ashland Inc. Incentive Plan,
3. Registration Statement on Form S-8 (No. 333-201895-01) pertaining to the Amended and Restated 2015 Ashland Inc. Incentive Plan,
4. Registration Statement on Form S-8 (No. 333-201053-01) pertaining to the Inducement Restricted Stock Award (Wulfsohn),
5. Registration Statement on Form S-8 (No. 33-62091-01) pertaining to the Ashland Inc. Deferred Compensation Plan,
6. Registration Statement on Form S-8 (No. 33-52125-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (Formerly known as Ashland Oil, Inc. Deferred Compensation and Stock Incentive Plan for Non-Employee Directors),
7. Registration Statement on Form S-8 (No. 333-122269-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Employees (2005),
8. Registration Statement on Form S-8 (No. 333-122270-01) pertaining to the Ashland Inc. Deferred Compensation Plan for Non-Employee Directors (2005),
9. Registration Statements on Form S-8 (Nos. 33-32612-100, 333-157040-01 and 333-203840-01) pertaining to the Ashland Inc. Employee Savings Plan,
10. Registration Statement on Form S-8 (No. 33-49907-100) pertaining to the Ashland Inc. Leveraged Employee Stock Ownership Plan,
11. Registration Statement on Form S-8 (No. 333-155386-01) pertaining to the Hercules Incorporated Amended and Restated Long Term Incentive Compensation Plan and the Hercules Incorporated Omnibus Equity Compensation Plan for Non-Employee Directors and the Hercules Incorporated 1993 Non-Employee Director Stock Accumulation Deferred Compensation Plan,
12. Registration Statements on Form S-8 (Nos. 333-155396-01 and 333-203840-01) pertaining to the Ashland Inc. Union Employee Savings Plan (Formerly known as the Hercules Incorporated Savings and Investment Plan),
13. Registration Statements on Form S-8 (Nos. 333-184109-01 and 333-203840-01) pertaining to the International Specialty Products Inc. 401(k) Plan,
14. Registration Statement on Form S-8 (No. 333-212773-01) pertaining to the Inducement Restricted Stock Award (Wulfsohn) and the Inducement Restricted Stock Award (Meixelsperger),
15. Registration Statement on Form S-8 (No. 333-212127-01) pertaining to the Inducement Restricted Stock Award (Meixelsperger),
16. Registration Statement on Form S-3ASR (No. 333-214069) of Ashland Global Holdings Inc.

of our report dated November 24, 2014, except for Note S which is as of November 21, 2016, relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio
November 21, 2016

CONSENT OF HAMILTON, RABINOVITZ & ASSOCIATES, INC.

We hereby consent to being named in Ashland Global Holdings Inc.'s Annual Report on Form 10-K for the year ended September 30, 2016 in the form and context in which we are named. We do not authorize or cause the filing of such Annual Report and do not make or purport to make any statement other than as reflected in the Annual Report.

/s/ Francine F. Rabinovitz

Hamilton, Rabinovitz & Associates, Inc.
November 21, 2016

Annual Report on Form 10-K

RESOLVED, that the Corporation's Annual Report to the Securities and Exchange Commission (the "SEC") on Form 10-K (the "Form 10-K") in the form previously circulated to the Board in preparation for this meeting be, and it hereby is, approved with such changes as the Chief Executive Officer, Chief Financial Officer, any Senior Vice President, any Vice President, the Secretary or the Corporation's counsel ("Authorized Persons") shall approve, the execution and filing of the Form 10- K with the SEC to be conclusive evidence of such approval;

FURTHER RESOLVED, that the Authorized Persons be, and each of them hereby is, authorized to file with the SEC the Form 10-K and any amendments thereto on Form 10-K/A and/or any other applicable form; and

FURTHER RESOLVED, that the Authorized Persons be, and each of them hereby is, authorized to take all such further actions as in their judgment may be necessary or advisable to accomplish the purposes of the foregoing resolutions.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and Officers of ASHLAND GLOBAL HOLDINGS INC., a Delaware corporation (the "Corporation"), which anticipates filing an Annual Report on Form 10-K with the Securities and Exchange Commission, under the provisions of the Securities Act of 1933, as amended, hereby constitutes and appoints WILLIAM A. WULFSOHN, PETER J. GANZ, MICHAEL S. ROE and JENNIFER I. HENKEL, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act without the others to sign and file such Annual Report and the exhibits thereto and any and all other documents in connection therewith, and any such amendments thereto, with the Securities and Exchange Commission, and to do and perform any and all acts and things requisite and necessary to be done in connection with the foregoing as fully as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Dated: November 21, 2016

/s/ William A. Wulfsohn

William A. Wulfsohn, Chairman of the Board
and Chief Executive Officer
(Principal Executive Officer)

/s/ Barry W. Perry

Barry W. Perry, Director

/s/ J. Kevin Willis

J. Kevin Willis, Senior Vice President
and Chief Financial Officer
(Principal Financial Officer)

/s/ Mark C. Rohr

Mark C. Rohr, Director

/s/ J. William Heitman

J. William Heitman, Vice President
and Controller
(Principal Accounting Officer)

/s/ George A. Schaefer, Jr.

George A. Schaefer, Jr., Director

/s/ William G. Dempsey

William G. Dempsey, Director

/s/ Janice J. Teal

Janice J. Teal, Director

/s/ Stephen F. Kirk

Stephen F. Kirk, Director

/s/ Brendan M. Cummins

Brendan M. Cummins, Director

/s/ Vada O. Manager

Vada O. Manager, Director

/s/ Michael J. Ward

Michael J. Ward, Director

CERTIFICATIONS

I, William A. Wulfsohn, certify that:

1. I have reviewed this annual report on Form 10-K of Ashland Global Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2016

/s/ William A. Wulfsohn

William A. Wulfsohn
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, J. Kevin Willis, certify that:

1. I have reviewed this annual report on Form 10-K of Ashland Global Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2016

/s/ J. Kevin Willis

J. Kevin Willis
Chief Financial Officer
(Principal Financial Officer)

ASHLAND GLOBAL HOLDINGS INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Ashland Global Holdings Inc. (the "Company") on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, William A. Wulfsohn, Chief Executive Officer of the Company, and J. Kevin Willis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William A. Wulfsohn

William A. Wulfsohn
Chief Executive Officer
November 21, 2016

/s/ J. Kevin Willis

J. Kevin Willis
Chief Financial Officer
November 21, 2016