

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, 1999
Commission file number
1-2918

ASHLAND INC.
(a Kentucky corporation)

I.R.S. No. 61-0122250
50 E. RiverCenter Boulevard
P.O. Box 391
Covington, Kentucky 41012-0391

Telephone Number: (606) 815-3333

Securities Registered Pursuant to Section 12(b):

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	New York Stock Exchange and Chicago Stock Exchange
Rights to Purchase Series A Participating Cumulative Preferred Stock	New York Stock Exchange and Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g): None

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 [X] 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. []

At November 30, 1999, based on the New York Stock Exchange closing price, the aggregate market value of voting stock held by non-affiliates of the Registrant was approximately \$2,394,294,188. 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 November 30, 1999, there were 71,290,693 shares of Registrant's common stock outstanding.

Documents Incorporated by Reference

Portions of Registrant's Annual Report to Shareholders for the fiscal year ended September 30, 1999 are incorporated by reference into Parts I and II.

Portions of Registrant's definitive Proxy Statement for its January 27, 2000 Annual Meeting of Shareholders are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

Ashland Inc. is a Kentucky corporation, organized on October 22, 1936, with its principal executive offices located at 50 E. RiverCenter Boulevard, Covington, Kentucky 41012 (Mailing Address: 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391) (Telephone: (606) 815-3333). The terms "Ashland" and the "Company" as used herein include Ashland Inc. and its consolidated subsidiaries, except where the context indicates otherwise.

Ashland's businesses are grouped into six industry segments: APAC, Ashland Distribution, Ashland Specialty Chemical, Valvoline, Refining and Marketing and Arch Coal. Financial information about these segments for the three fiscal years ended September 30, 1999, is set forth on Pages 52 and 53 of Ashland's Annual Report to Shareholders for the fiscal year ended September 30, 1999 ("Annual Report").

APAC performs contract construction work, including highway paving and repair, excavation and grading, and bridge construction, and produces asphaltic and ready-mix concrete, crushed stone and other aggregate, concrete block and certain specialized construction materials in the southern and midwestern United States.

Ashland Distribution distributes industrial chemicals, solvents, ingredients, thermoplastics and resins, fiberglass materials and fine ingredients in North America and plastics in Europe. Ashland Specialty Chemical manufactures and sells a wide variety of performance chemicals, resins, products and services and certain petrochemicals. Ashland Distribution and Ashland Specialty Chemical were formed from the division of Ashland Chemical in March 1999.

Valvoline is a marketer of premium branded, packaged motor oil and automotive chemicals, automotive appearance products, antifreeze, filters, rust preventives and coolants. In addition, Valvoline is engaged in the "fast oil change" business through outlets operating under the Valvoline Instant Oil Change(R) name.

Marathon Ashland Petroleum LLC ("MAP"), a joint venture with Marathon Oil Company, operates seven refineries with a total crude oil refining capacity of 935,000 barrels per day. Refined products are distributed through a network of independent and company-owned outlets in the Midwest, the upper Great Plains and the southeastern United States. Marathon Oil Company has a 62% interest in MAP, and Ashland holds a 38% interest. Ashland accounts for its investment in MAP using the equity method.

Ashland's coal operations are conducted by Arch Coal, Inc., which is owned 58% by Ashland and is publicly traded. Arch Coal produces, transports, processes and markets bituminous coal produced in Central Appalachia and the western and midwestern United States. Ashland accounts for its investment in Arch Coal using the equity method.

At September 30, 1999, Ashland and its consolidated subsidiaries had approximately 23,000 employees (excluding contract employees).

CORPORATE DEVELOPMENTS

In October 1999, Ashland completed its tender offer for Superfos a/s, a Denmark based industrial company. In November 1999, in a series of transactions, Ashland sold the businesses of Superfos, other than its U.S. construction operations, to a unit of Industri Kapital, a European private equity fund, for cash and a short-term note of \$285 million (to be redeemed by the end of the March 2000 quarter). Ashland's net cost for the U.S. construction business of Superfos will be approximately \$520 million.

In October 1999, Ashland announced that it was making progress on its study to explore strategic alternatives for its investment in Arch Coal and that a tax-free spin-off to its shareholders would seem to be its preferred alternative. Ashland also announced that it has submitted a proposal to Arch Coal and has begun discussions with a special committee of the Arch Coal Board of Directors regarding such a spin-off transaction. Such a spin-off would be subject, among other things, to a negotiated agreement with the special committee of the Arch Coal Board of Directors, approval by the Arch Coal shareholders, a favorable ruling from the Internal Revenue Service and approval of Ashland's Board of Directors. There can be no assurance that an agreement with the special committee of the Arch Coal Board of Directors will be reached or that the necessary approvals of the Arch Coal shareholders and the Ashland Board of Directors will be obtained or that a favorable ruling from the Internal Revenue Service

will be obtained. Even if an agreement were reached and such conditions were met, Ashland anticipates that it would be several months before a spin-off could be consummated.

APAC

The APAC group of companies performs construction work such as paving, repairing and resurfacing highways, streets, airports, residential and commercial developments, sidewalks and driveways; grading and base work; and excavation and related activities in the construction of bridges and structures, drainage facilities and underground utilities in 14 southern and midwestern states. APAC also produces and sells construction materials, such as hot-mix asphalt and ready-mix concrete, crushed stone and other aggregate and, in certain markets, concrete block and specialized construction materials, such as architectural block. For information on Ashland's acquisition of the U.S. construction operations of Superfos a/s, see "Item 1. Corporate Developments."

To deliver its services and products, APAC utilizes extensive aggregate-producing properties and construction equipment. It currently has 26 permanent operating quarry locations, 40 other aggregate production facilities, 54 ready-mix concrete plants, 189 hot-mix asphalt plants and a fleet of over 11,000 mobile equipment units, including heavy construction equipment and transportation-related equipment.

Raw aggregate generally consists of sand, gravel, granite, limestone and sandstone. About 26% of the raw aggregate produced by APAC is used in APAC's own contract construction work and the production of various processed construction materials. The remainder is sold to third parties. APAC also purchases substantial quantities of raw aggregate from other producers whose proximity to the job site renders it economically feasible. Most other raw materials, such as liquid asphalt, portland cement and reinforcing steel, are purchased from third parties. APAC is not dependent upon any one supplier or customer.

Approximately 59% of APAC's revenues are derived directly from highway and other public sector sources. The other 41% are derived from industrial and commercial customers, private developers and other contractors to the public sector. The 1998 highway funding authorization package increased federal funding for highways by \$52 billion over a six-year period. More importantly, the states in which APAC operates should see an average increase in annual funding of 59% or \$3.3 billion, based on current estimates.

Climate and weather significantly affect revenues in the construction business. Due to its location, APAC tends to enjoy a relatively long construction season. Most of APAC's operating income is generated during the construction period of May to October.

Total backlog at September 30, 1999 was \$948 million, compared to \$838 million at September 30, 1998. The backlog orders at September 30, 1999 are considered firm, and a major portion is expected to be filled during fiscal 2000.

ASHLAND DISTRIBUTION

Ashland Distribution distributes chemicals, plastics, fiber reinforcements and fine ingredients in North America and plastics in Europe. Ashland Distribution owns or leases approximately 100 distribution facilities in North America and 25 distribution facilities in 17 foreign countries. Ashland Distribution is comprised of the following business units:

INDUSTRIAL CHEMICALS & SOLVENTS DIVISION - This division markets specialty chemicals, additives and solvents to industrial chemical users in major markets through distribution centers in the United States, Canada, Mexico and Puerto Rico. It distributes approximately 7,000 chemicals, solvents, additives and raw materials made by many of the nation's leading chemical manufacturers and a growing number of offshore producers. It specializes in supplying mixed truckloads and less-than-truckload quantities to many industries, including the paint and coatings, inks, adhesives, polymer, rubber, industrial and institutional compounding, automotive, appliance and paper industries. It also offers customers chemical waste collection, disposal and recycling services, working in cooperation with major chemical waste services companies.

GENERAL POLYMERS DIVISION - This division markets a broad range of thermoplastic resins to injection molders, extruders, blow molders, and rotational molders in the plastics industry through distribution locations in the United States, Canada, Mexico and Puerto Rico. It also provides plastic material transfer and packaging services and less-than-truckload quantities of packaged thermoplastics. The division's basic resins group markets bulk wide-spec and off-grade thermoplastic resins to a variety of proprietary processors in North America.

FRP SUPPLY DIVISION - This division markets to customers in the reinforced plastics and cultured marble industries mixed truckload and less-than-truckload quantities of polyester resins, fiberglass and other specialty reinforcements, catalysts and allied products from distribution facilities located throughout North America.

FINE INGREDIENTS DIVISION - This division distributes cosmetic and pharmaceutical specialty chemicals and food-grade and nutritional additives and ingredients across North America.

ASHLAND PLASTICS EUROPE - This division markets a broad range of thermoplastics to processors in Europe. Ashland Plastics Europe has distribution centers located in Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden and the United Kingdom and has compounding manufacturing facilities located in Italy and Spain.

DISTRIBUTION SERVICES - This division provides warehousing and trucking services for North American distribution businesses. It operates a network of 95 warehouses and a fleet of 475 trucks making deliveries to 44,000 customers throughout North America.

ASHLAND SPECIALTY CHEMICAL

Ashland Specialty Chemical manufactures and supplies specialty chemical products and services to industries including the adhesives, automotive, composites, foundry, merchant marine, paint, paper, plastics and semiconductor fabrication industries. Ashland Specialty Chemical owns and operates 36 manufacturing facilities and participates in 14 manufacturing joint ventures in 20 countries. Ashland Specialty Chemical is comprised of the following business units:

COMPOSITE POLYMERS DIVISION - This division manufactures and sells a broad range of chemical-resistant, fire-retardant and general-purpose grades of unsaturated polyester and vinyl ester resins for the reinforced plastics industry. Key markets include the transportation, construction and marine industries. It has manufacturing plants in Jacksonville, Arkansas; Los Angeles, California; Bartow, Florida; Ashtabula, Ohio; Philadelphia, Pennsylvania; Kelowna, British Columbia, Canada; Benicarlo, Spain; and, through a joint venture, in Jeddah, Saudi Arabia and Sao Paulo, Brazil. In addition, the division also manufactures products through other Ashland Specialty Chemical facilities located in Mississauga, Ontario, Canada and Neville Island, Pennsylvania.

FOUNDRY PRODUCTS DIVISION - This division manufactures and sells foundry chemicals worldwide, including sand-binding resin systems, refractory coatings, release agents, engineered sand additives, riser sleeves and die lubricants. This division serves the global metal casting industry from 22 locations in 18 countries. The division is currently building a manufacturing facility in China expected to be completed in the third quarter of calendar 2000.

DREW INDUSTRIAL DIVISION - This division supplies specialized chemicals and consulting services for the treatment of boiler water, cooling water, steam, fuel and waste streams. It also supplies process chemicals and technical services to the pulp and paper and mining industries and additives to manufacturers of latex and paint. It conducts operations throughout North America, Europe and the Far East through subsidiaries, joint venture companies and distributors. The division has manufacturing plants in Kearny, New Jersey; Houston, Texas; Ajax, Ontario, Canada; Somercotes, England; Singapore; Sydney and Perth, Australia; and Auckland, New Zealand.

ELECTRONIC CHEMICALS DIVISION - This division manufactures and sells a variety of ultrapure chemicals for the worldwide semiconductor industry through various manufacturing locations and also custom blends and packages ultrapure liquid chemicals to customer specifications. The division operates manufacturing plants in Pueblo, Colorado; Easton, Pennsylvania; Dallas, Texas and Milan, Italy. In addition, it enters into long-term agreements to provide complete on-site chemical management services, including purchasing, warehousing and delivering chemicals for in-plant use, at major facilities of large consumers of high purity chemicals. This division has entered into a joint venture with Union Petrochemical Corporation of Taipei, Taiwan to build and operate an ultrapure process chemicals manufacturing facility in Taiwan. In addition, the division recently built a facility in Korea to manufacture specialty stripper products for semiconductor manufacturing.

SPECIALTY POLYMERS & ADHESIVES DIVISION - This division manufactures and sells specialty phenolic resins for paper impregnation and friction material bonding; acrylic polymers for pressure-sensitive adhesives; emulsion polymer isocyanate adhesives for structural wood bonding; polyurethane and epoxy structural adhesives for bonding fiberglass reinforced plastics, composites, thermoplastics and metals in automotive, recreational, and industrial applications; induction bonding systems for thermoplastic materials; elastomeric polymer adhesives and butyl rubber roofing tapes for commercial roofing applications; and vapor curing, high-performance urethane coatings systems. It has manufacturing plants in Calumet City, Illinois; Norwood and Totowa, New Jersey; and Ashland and Columbus, Ohio.

DREW MARINE DIVISION - This division supplies specialty chemicals for water and fuel treatment and general maintenance, as well as sealing products, welding and refrigerant products and fire fighting and safety services to the world's merchant marine fleet. Drew Marine currently provides shipboard technical service for more than 10,000 vessels from more than 100 locations serving approximately 600 ports throughout the world.

PETROCHEMICALS DIVISION - This division manufactures maleic anhydride at Neal, West Virginia, and Neville Island, Pennsylvania. Its Energy Services business unit provides industrial and commercial businesses with expert management of their total energy requirements.

RESEARCH AND DEVELOPMENT - Ashland Specialty Chemical conducts research and commercial development programs at the Technical Center in Dublin, Ohio to identify and develop innovative technologies.

OTHER MATTERS

For information on Ashland Distribution and Ashland Specialty Chemical and federal, state and local statutes and regulations governing releases into, or protection of, the environment, see "Item 1. Miscellaneous - Environmental Matters" and "Item 3. Legal Proceedings - Environmental Proceedings."

VALVOLINE

The Valvoline Company, a division of Ashland, is a marketer of premium branded automotive and industrial oils, automotive chemicals, automotive appearance products and automotive services, with sales in more than 140 countries. The Valvoline(R) trademark was federally registered in 1873 and is the oldest trademark for a lubricating oil in the United States. Valvoline is comprised of the following business units:

NORTH AMERICAN PRODUCTS - This unit, Valvoline's largest division, markets automotive, commercial, and industrial lubricants, automotive chemicals and automotive appearance products to a broad network of North American customers. This unit markets Valvoline branded motor oil, one of the top selling brands in the U.S. private passenger car and light truck market and premium synthetic SynPower(R) automobile chemicals for "under-the-hood" use.

North American Products also markets Eagle One(R) premium automotive appearance products, Zerex(R) antifreeze and Pyroil(R) automotive chemicals. Zerex is the second leading antifreeze brand in the United States. This division also markets R-12, an automotive refrigerant that was phased out of production in 1995. R-12 is being replaced in the market by a new generation of refrigerants.

The domestic commercial and specialty products group of the North American Products unit continued its strategic alliance with Cummins Engine Company to distribute heavy-duty lubricants to the commercial market.

EAGLE ONE - Eagle One is a brand of premium automobile appearance chemicals for "above-the-hood" applications. Products include waxes, polishes and wheel cleaners. Managed by Valvoline as a separate business unit, Eagle One markets its products through Valvoline's North American Products and Valvoline International divisions.

VALVOLINE INTERNATIONAL - Valvoline International markets Valvoline branded products, TECTYL(R) rust preventives and Eagle One automotive appearance products through company-owned affiliates or divisions in Argentina, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Italy, the Netherlands, Poland, South Africa, Sweden, Switzerland and Thailand. Licensees and distributors market products in other parts of Europe, Mexico, Central and South America, the Far East, the Middle East and certain African countries. Joint

ventures have been established in Ecuador, India, Thailand and Venezuela. Packaging and blending plants and distribution centers in Australia, the Netherlands and the United States supply international customers.

VALVOLINE INSTANT OIL CHANGE (R) ("VIOC") - VIOC is one of the largest competitors in the expanding U.S. "fast oil change" service business, providing Valvoline with a significant share of the installed segment of the passenger car and light truck motor oil market. As of September 30, 1999, 377 company-owned and 207 franchised service centers were operating in 35 states.

VIOC has continued its customer service innovation through its Maximum Vehicle Performance program ("MVP"). MVP is a computer-based program that maintains system-wide service records on all customer vehicles. MVP also contains a database on all car models, which allows employees to make service recommendations based on vehicle owner's manual recommendations.

ECOGARD, INC. - In September 1999, Valvoline sold Ecogard, Inc. to Safety-Kleen Corp. Ecogard, Inc., through its First Recovery division, collects used motor oil from a network of automotive aftermarket retailers and service businesses.

REFINING AND MARKETING

Refining and Marketing operations are conducted by MAP and its subsidiaries, including its wholly-owned subsidiaries, Speedway SuperAmerica LLC and Marathon Ashland Pipe Line LLC. Marathon Oil Company holds a 62% interest in MAP and Ashland holds a 38% interest in MAP.

REFINING

MAP owns and operates seven refineries with an aggregate refining capacity of 935,000 barrels of crude oil per calendar day. The table below sets forth the location and daily throughput capacity (measured in barrels) of each of MAP's refineries as of September 30, 1999:

Garyville, Louisiana.....	232,000
Catlettsburg, Kentucky.....	222,000
Robinson, Illinois.....	192,000
Detroit, Michigan.....	74,000
Canton, Ohio.....	73,000
Texas City, Texas.....	72,000
St. Paul Park, Minnesota.....	70,000

Total.....	935,000
	=====

MAP's refineries include crude oil atmospheric and vacuum distillation, fluid catalytic cracking, catalytic reforming, desulfurization and sulfur recovery units. The refineries have the capability to process a wide variety of crude oils and to produce typical refinery products, including reformulated gasoline ("RFG"). In addition to typical refinery products, the Catlettsburg refinery manufactures lubricating oils and a wide range of petrochemicals. For the twelve months ended September 30, 1999, 73% of MAP's production of lubricating oils was purchased by Valvoline and 40% of MAP's production of petrochemicals was purchased by Ashland Distribution.

MAP also produces asphalt cements, polymerized asphalt, asphalt emulsions and industrial asphalts. Additionally, MAP manufactures petroleum pitch, primarily used in the graphite electrode, clay target and refractory industries.

The table below sets forth MAP's refinery input and refinery production by product group for the twelve months ended September 30, 1999 and for the nine months ended September 30, 1998.

	Twelve Months Ended September 30, 1999	Nine Months ended September 30, 1998
Refinery Input (In thousands of barrels per day)	1,034.0	1,023.3

Refined Product Yields (In thousands of barrels per day)		
Gasoline	565.5	539.8
Distillates.....	265.6	269.2
Propane.....	22.2	20.9
Feedstocks & Special Products.....	64.9	71.7
Heavy Fuel Oils.....	45.1	47.4
Asphalt.....	70.4	69.3
	-----	-----
Total.....	1,033.7	1,018.3
	=====	=====

MAP and Epsilon Products Company have developed facilities to produce 800 million pounds per year of polymer grade propylene and polypropylene at the Garyville refinery. MAP owns and operates facilities to produce polymer grade propylene, which began production in June 1999. Epsilon Products Company owns and operates the polypropylene facilities and markets its output.

During the second quarter of 1999, MAP sold Scurlock Permian LLC, its crude oil gathering business, to Plains Marketing, L. P. Scurlock Permian's crude oil gathering operations were conducted in an area reaching from the Rocky Mountains to the Gulf Coast. In addition, Scurlock Permian was engaged in purchasing, selling and trading crude oil, principally at Midland, Texas; Cushing, Oklahoma and St. James, Louisiana, three of the major distribution points for United States crude oil. MAP retained the western Canadian operations of Marathon Ashland Petroleum Canada, Ltd.

MARKETING

MAP's principal marketing areas for gasoline, kerosene and light oils include the Midwest, the upper Great Plains and the southeastern United States. Gasoline, kerosene and light fuel oils are sold in 25 states. Gasoline is sold at wholesale primarily to independent marketers, jobbers and chain retailers who resell through several thousand retail outlets principally under their own names. MAP also supplies 3,171 jobber-dealer, open-dealer and lessee-dealer locations using the Marathon(R) and Ashland(R) brand names.

Gasoline, kerosene, distillates and aviation products are also sold to utilities, railroads, river towing companies, commercial fleet operators, airlines and governmental agencies.

Retail sales of gasoline and diesel fuel are made through MAP's wholly-owned subsidiary, Speedway SuperAmerica LLC. Speedway SuperAmerica LLC operates 2,217 retail outlets (convenience store-gasoline stations and truck stops) in 20 states in the Southeast and Midwest under brand names including Speedway(R), SuperAmerica(R), Rich(R) and others. The convenience store-gasoline locations offer consumers gasoline, diesel fuel (at selected locations) and a broad mix of other products and services, such as tobacco, soft drinks, health and beauty aids, groceries, fresh-baked goods, automated teller machines, automotive accessories and a line of private-label items. The truck stops offer diesel fuel, gasoline and a variety of other services associated with such locations. Several truck stop and convenience store locations also have on-premises brand-name restaurants such as Subway and Taco Bell.

On May 24, 1999, MAP signed an agreement with Ultramar Diamond Shamrock ("UDS") to purchase 179 UDS owned-and-operated convenience stores, five product terminals and an assignment of supply contracts for approximately 240 branded UDS jobber stations in Michigan. MAP anticipates closing this transaction before the end of calendar 1999, subject to receipt of government approvals, consents of third parties and satisfaction of customary closing conditions.

During the twelve months ended September 30, 1999, 59% of the revenues (excluding excise taxes) of the Speedway SuperAmerica LLC stores were derived from the sale of gasoline and diesel fuel and 41% of such revenues were derived from the sale of merchandise.

The table below shows the volume of MAP's consolidated refined product sales for the twelve months ended September 30, 1999 and the nine months ended September 30, 1998.

	Twelve Months Ended ----- September 30, 1999 -----	Nine Months ended ----- September 30, 1998 -----
Refined Product Sales (In thousands of barrels per day)		
Gasoline.....	699.3	659.1
Distillates.....	324.6	312.9
Propane.....	22.4	20.8
Feedstocks & Special Products.....	65.1	68.8
Heavy Fuel Oils.....	44.9	48.4
Asphalt.....	74.3	73.7
	-----	-----
Total.....	1,230.6	1,183.7
	=====	=====
Matching Buy/Sell Volumes included in above.....	47.7	38.4

MAP sells RFG in parts of its marketing territory, primarily Chicago, Illinois; Louisville, Kentucky; Northern Kentucky; Maryland; Virginia; and Milwaukee, Wisconsin. MAP also markets low vapor pressure gasolines in eleven states.

SUPPLY AND TRANSPORTATION

The crude oil processed in MAP's refineries is obtained from negotiated lease, contract and spot purchases or exchanges. For the twelve months ended September 30, 1999, MAP's negotiated lease, contract and spot purchases of U.S. crude oil for refinery input averaged 325,400 barrels per day (1 barrel = 42 United States gallons) including an average of 21,800 barrels per day acquired from Marathon Oil Company. For the twelve months ended September 30, 1999, MAP's foreign crude oil requirements were met largely through purchases from various foreign national oil companies, producing companies and traders. Purchases of foreign crude oil represented 64% of MAP's crude oil requirements for the twelve months ended September 30, 1999.

MAP's ownership or interest in domestic pipeline systems in its refining and marketing areas is significant. MAP owns, leases or has an ownership interest in 7,282 miles of active pipeline in 16 states. This network transports crude oil and refined products to and from terminals, refineries and other pipelines. It includes 381 miles of crude oil gathering lines, 4,040 miles of crude oil trunk lines and 2,861 miles of refined product lines.

MAP has a 46.7% ownership interest in LOOP LLC ("LOOP"), which is the owner and operator of the only U.S. deepwater port facility capable of receiving crude oil from very large crude carriers. Ashland has retained a 4% ownership interest in LOOP. MAP also owns a 49.9% ownership interest in LOCAP INC. ("LOCAP"), which is the owner and operator of a crude oil pipeline connecting LOOP to the Capline system. Ashland has retained an 8.6% ownership interest in LOCAP. In addition, MAP has a 37.169% ownership interest in the Capline system. These port and pipeline systems provide MAP with access to common carrier transportation from the Louisiana Gulf Coast to Patoka, Illinois. At Patoka, the Capline system connects with other common carrier pipelines owned or leased by MAP which provide transportation to MAP's refineries in Illinois, Kentucky, Michigan and Ohio.

MAP also has a stock interest in Minnesota Pipe Line Company, which owns a crude oil pipeline in Minnesota. Minnesota Pipe Line Company provides MAP with access to crude oil common carrier transportation from Clearbrook, Minnesota to Cottage Grove, Minnesota, which is in the vicinity of MAP's St. Paul Park, Minnesota refinery.

MAP's marine transportation operations include towboats and barges that transport refined products on the Ohio, Mississippi and Illinois rivers, their tributaries and the Intracoastal Waterway. In addition, MAP leases on a long-term basis two 80,000 deadweight ton tankers, which are "bare boat sub-chartered" to a third party operation. These tankers are not essential for MAP to satisfy its own crude oil requirements.

MAP leases and owns rail cars in various sizes and capacities for movement of petroleum products and chemicals. MAP also owns or leases a large number of tractor-trailers, tank trailers and general service trucks.

In addition, MAP owns and operates 88 terminal facilities from which it sells a wide range of petroleum products. These facilities are supplied by a combination of barges, pipeline, truck and rail.

OTHER MATTERS

MAP experiences normal seasonal variations in its sales and operating results. This seasonality is due primarily to increased demand for gasoline during the summer driving season, higher demand for distillate during the winter heating season and increased demand for asphalt from the road paving industry during the construction season.

For information on MAP and federal, state and local statutes and regulations governing releases into the environment or protection of the environment, see "Item 1. Miscellaneous - Environmental Matters."

ARCH COAL

Ashland owns approximately 58% of Arch Coal, Inc., a publicly-traded corporation (NYSE:ACI). Arch Coal files periodic reports, including annual reports on Form 10-K, pursuant to the Securities Exchange Act of 1934. For information on Ashland's proposed spin-off of Arch Coal, see "Item 1. Corporate Developments."

Arch Coal is the second largest coal producer in the United States with annual production that accounts for almost 10% of annual U.S. coal production. Arch Coal mines, processes and markets primarily compliance and low-sulfur coal from 40 surface, underground and auger mines located in western, central Appalachian and midwestern United States coal fields. Compliance and low-sulfur coal are types of coal that, when burned, emit 1.2 pounds and 1.6 pounds or less of sulfur dioxide per million Btu, respectively. Coal from the mines of Arch Coal's subsidiaries is transported by rail, truck and barge to domestic customers and to Atlantic or Pacific coast terminals for shipment to domestic and international customers.

On June 1, 1998, Arch Coal acquired the Colorado and Utah coal operations of Atlantic Richfield Company ("ARCO") and simultaneously combined the acquired ARCO operations, Arch Coal's Wyoming operations and ARCO's Wyoming operations in a new joint venture named Arch Western Resources, LLC ("Arch Western"). Arch Western is 99% owned by Arch Coal and 1% owned by ARCO. All of the domestic coal reserves acquired from ARCO are "compliance coal," meeting the sulfur dioxide emissions requirements of Phase II of the Clean Air Act.

The following discussion includes pro forma combined operating data which gives effect to the merger of Ashland Coal, Inc. and Arch Mineral Corporation (which occurred on July 1, 1997) as if it had occurred at October 1, 1996 and to the acquisition of ARCO's U.S. operations as of June 1, 1998. The pro forma combined operating data does not purport to represent the operating results which would have been achieved had the merger of Ashland Coal, Inc. and Arch Mineral Corporation actually occurred as of October 1, 1996.

Arch Coal and its independent operating subsidiaries (which does not include tons sold by Canyon Fuel as Arch Coal's interest therein is accounted for using the equity method) sold approximately 109.3 million tons of coal in the twelve months ended September 30, 1999, as compared to 67.3 and 53.7 million tons sold in the twelve months ended September 30, 1998 and 1997, respectively. Of the total tonnage sold in the twelve months ended September 30, 1999, approximately 80.3% was sold under long term contracts (contracts having a term greater than one year), as compared to 76.5% and 72.4% for the twelve months ended September 30, 1998 and 1997, respectively, with the balance being sold on the spot market (contracts having a term of one year or less). In the twelve months ended September 30, 1999, Arch Coal and its independent operating subsidiaries sold 3.9 million tons of coal in the export market (which does not include tons sold by Canyon Fuel), compared to 3.8 and 2.7 million tons in the twelve months ended September 30, 1998 and 1997, respectively.

During the twelve months ended September 30, 1999, Arch Coal's total sales to American Electric Power Company, Inc. ("AEP") and Southern Company and their respective affiliates accounted for approximately 11.3% and 11.1%, respectively, of Arch Coal's total revenues for such period. AEP, Southern Company and/or their affiliates each currently has multiple long-term contracts with Arch Coal. If Arch Coal experienced an immediate loss of all of the contracts with either of these customers, the loss could have a material adverse effect on Arch Coal.

As of September 30, 1999, Arch Coal estimates it owned or controlled measured (proven) and indicated (probable) coal reserves of approximately 3.6 billion tons, as set forth in the following table. Reserve estimates are

prepared by Arch Coal's engineers and geologists and are reviewed and updated periodically. Total reserve estimates will change from time to time reflecting mining activities, analysis of new engineering and geological data, changes in reserve holdings and other factors. Anticipated losses from extraction and, where applicable, washing of the coal have been eliminated from the estimate. Arch Coal believes that a majority of these reserves are comprised of low-sulfur coal, and a substantial portion of such low-sulfur coal is "compliance coal." Ashland has not made an independent verification of the reserve estimate or sulfur content of the estimated reserves.

RECOVERABLE COAL

Region or State -----	Measured -----	Indicated -----	Total -----
		(Thousands of Tons)	
Central Appalachia	982,079	418,171	1,400,250
Illinois	241,735	86,687	328,422
Colorado	115,327	24,931	140,258
Utah	183,330	57,420	240,750 *
Wyoming	1,423,878	68,794	1,492,672
	-----	-----	-----
Total.....	2,946,349	656,003	3,602,352
	=====	=====	=====

* Represents 100% of the reserves held by Canyon Fuel Company, LLC, in which Arch Coal holds a 65% interest.

Arch Coal's coal properties are either owned outright or controlled by lease. As of September 30, 1999, Arch Coal's subsidiaries owned, or controlled primarily through long-term leases, approximately 104,346, 57,571 and 14,500 acres of coal lands in Wyoming, Utah and Colorado, respectively; 273,000, 90,500 and 2,000 acres of coal lands in West Virginia, Eastern Kentucky, and Virginia, respectively; and 118,600 acres of coal lands in the Illinois Basin.

Approximately 84,327 acres of Arch Coal's 660,000 acres of coal land (which totals include 100% of the acreage held by Canyon Fuel) are leased from the federal government with terms expiring between 1999 and 2019, subject to readjustment and/or extension and to earlier termination for failure to meet diligent development requirements. Additionally, private term leases covering principal reserves under Arch Coal's current mining plans are not scheduled to expire prior to expiration of projected mining activities. Arch Coal's subsidiaries also control through ownership or long-term leases approximately 5,880 acres of land which are used either for Arch Coal's coal processing facilities or are being held for possible future development. Royalties are paid to lessors either as a fixed price per ton or as a percentage of the gross sales price of the mined coal. Most of these leases run until the exhaustion of mineable and merchantable coal. The remaining leases have primary terms ranging from one to 40 years from the date of their execution, with most containing options to renew. Mining plans are not necessarily indicative of the life of the mine. The extent to which reserves will eventually be mined depends upon a variety of factors, including future economic conditions and governmental actions affecting both the mining and marketability of coal.

Arch Coal's Apogee Coal Company and Hobet Mining, Inc. subsidiaries are members of the Bituminous Coal Operators Association, and each is a signatory to a collective bargaining agreement with the United Mine Workers of America that expires on December 31, 2002. Two other Arch Coal subsidiaries are signatories to collective bargaining agreements with independent employee associations. Employees of the remainder of Arch Coal's operating subsidiaries are not represented by labor unions.

For information on federal and state statutes and regulations governing the coal industry, see "Item 1. Miscellaneous - Environmental Matters."

ENVIRONMENTAL MATTERS

Ashland has implemented a company-wide environmental policy overseen by the Public Policy - Environmental Committee of Ashland's Board of Directors. Ashland's Environmental, Health and Safety group has the responsibility to ensure that Ashland's operating groups maintain environmental compliance in accordance with applicable laws and regulations.

Federal, state and local laws and regulations relating to the protection of the environment have a significant impact on how Ashland conducts its businesses. These include the Clean Air Act ("CAA") with respect to air emissions, the Clean Water Act ("CWA") with respect to water discharges, the Resource Conservation and Recovery Act ("RCRA") with respect to solid and hazardous waste generation, treatment, storage and disposal, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and the Superfund Amendments and Reauthorization Act of 1986 ("SARA") with respect to releases and remediation of hazardous substances (CERCLA and SARA are sometimes referred to collectively as "Superfund"), the Toxic Substances Control Act ("TSCA") with respect to chemical formulation and use, the Oil Pollution Act of 1990 ("OPA 90") with respect to oil pollution, spill response and financial assurance requirements for marine operations, the Surface Mining Control and Reclamation Act of 1977 ("SMCRA") with respect to surface mining, the Federal Occupational Safety and Health Act ("OSHA") with respect to workplace health and safety standards, the Federal Mine Safety and Health Act of 1977 ("MSHA") with respect to health and safety standards on mining operations, and various other federal, state and local laws related to the environment, health and safety. In addition, most foreign countries in which Ashland conducts business have laws dealing with the same matters.

In connection with the formation of MAP, Marathon and Ashland each retained responsibility for certain environmental costs arising out of their respective prior ownership and operation of the facilities transferred to MAP. In certain situations, various threshold provisions apply, eliminating or reducing the financial responsibility of the contributing party until certain levels of expenditure have been reached. In other situations, sunset provisions gradually diminish the level of financial responsibility of the contributing party over time.

At September 30, 1999, Ashland's reserves for environmental assessments and remediation efforts were \$166 million, reflecting Ashland's current estimate of the costs which are most likely to be incurred over the period during which the clean-up will be performed to remediate identified environmental conditions for which costs are reasonably estimable.

Expenditures for investigatory and remedial efforts in future years are subject to the uncertainties associated with environmental exposures, including identification of new sites at which cleanup is required and changes in laws and regulations and their application. Such expenditures, however, are not expected to have a material adverse effect on Ashland's consolidated financial position, cash flow or liquidity.

AIR - The CAA imposes stringent limits on air emissions, establishes a federally mandated operating permit program, and allows for civil and criminal enforcement actions. Additionally, it establishes air quality 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 some 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. Ashland's businesses maintain numerous permits pursuant to these clean air laws, and have implemented systems to oversee ongoing compliance efforts.

In July 1997, the United States Environmental Protection Agency ("EPA") promulgated revisions to the National Ambient Air Quality Standards for ground level ozone and particulate matter. These revisions, if they are implemented by the states, could have a significant effect on certain of Ashland's chemical manufacturing and

distribution businesses, and on MAP. However, EPA's authority and scientific basis to promulgate these standards were challenged by industry and overturned by the federal Court of Appeals for the District of Columbia. Litigation is continuing as are efforts by EPA and other regulatory and law enforcement agencies to achieve the objectives of these standards through other means. It is not currently possible to estimate any potential financial impact that any revised standards may have on Ashland's operations.

WATER - Ashland's businesses maintain numerous discharge permits as required under the National Pollutant Discharge Elimination System of the CWA and state programs, and have implemented systems to oversee their compliance efforts. In addition, several of MAP's operations, in particular its barge and terminal facilities, are regulated under OPA 90.

SOLID WASTE - Ashland's businesses are subject to RCRA, which establishes standards for the management of solid and hazardous wastes. Besides affecting current waste disposal practices, RCRA also addresses the environmental effects of certain past waste disposal operations, the recycling of wastes and the regulation of underground storage tanks ("USTs") containing regulated substances. In addition, new laws are being enacted and regulations are being adopted by various regulatory agencies on a continuing basis, and the costs of compliance with these new rules cannot be estimated until the manner in which they will be implemented has been more accurately defined.

REMEDIATION - Ashland currently or has in the past operated various facilities where, during the normal course of operations, releases of hazardous constituents have occurred. Federal and state laws, including but not limited to RCRA and various remediation laws, require that contamination caused by such releases be assessed and, if necessary, remediated to meet applicable standards. MAP operates, and in the past has operated, certain retail outlets where, during the normal course of operations, releases of petroleum products from USTs have occurred. Federal and state laws require that contamination caused by such releases at these sites be assessed and, if necessary, remediated to meet applicable standards.

SURFACE MINING - SMCRA was enacted to regulate the surface mining of coal and the surface effects of underground coal mining. All states in which Arch Coal's subsidiaries operate have similar laws and regulations enacted pursuant to SMCRA. These laws impose environmental performance standards, requirements to perform land and natural resource reclamation, and funding requirements to assure that adequate financial reserves are maintained to meet all substantive environmental obligations.

On October 20, 1999, the U.S. District Court for the Southern District of West Virginia permanently enjoined the West Virginia Division of Environmental Protection (the "West Virginia DEP") from issuing new permits that authorize the construction of "valley fills" as part of coal mining operations. The injunction stems from litigation brought by private individuals challenging the legality of surface mining in West Virginia which results in the construction of such valley fills. A valley fill is an engineered work located at a lower elevation from the surface mine where excess rock and earth is placed during mining.

The district court has granted a stay of its injunction pending the outcome of an appeal of the court's decision filed by the West Virginia DEP with the U.S. Court of Appeals for the Fourth Circuit. It is impossible to predict with certainty the outcome of the appeal. If, however, the district court's decision is not overturned or if a legislative or other solution is not achieved, then Arch Coal and other coal producers' ability to mine coal in West Virginia in the future would be seriously compromised.

RESEARCH

Ashland conducts a program of research and development to invent and improve products and processes and to improve environmental controls for its existing facilities. It maintains its primary research facilities in Dublin, Ohio; Lexington, Kentucky; and Atlanta, Georgia. Research and development costs are expensed as they are incurred and totaled \$27 million in fiscal 1999 (\$28 million in 1998 and \$29 million in 1997).

COMPETITION

In all its operations, Ashland is subject to intense competition both from companies in the industries in which it operates and from products of companies in other industries. The majority of the business for which APAC competes is obtained by competitive bidding. Ashland Distribution's chemicals and solvents distribution businesses compete with national, regional and local companies throughout North America, while its plastics distribution businesses compete worldwide. Ashland Specialty Chemical's businesses compete globally in selected niche

markets, largely on the basis of technology and service, while holding proprietary technology in virtually all its specialty chemicals businesses. Ashland Specialty Chemical's petrochemicals business is largely a commodities business, with pricing and quality being the most important factors. Valvoline competes primarily with domestic oil companies and, to a lesser extent, with international oil companies on a worldwide basis. Valvoline's brand recognition and increasing market share in the "fast oil change" market are important competitive factors.

MAP competes primarily with other domestic refiners and, to a lesser extent, with imported products. MAP's refineries are located close to its market areas, giving MAP a geographic advantage in supplying these regions. MAP's retail operations compete with major oil companies, independent oil companies and independent marketers. The coal industry is highly competitive, and Arch Coal competes (principally in price, location and quality of coal) with other coal producers.

FORWARD-LOOKING STATEMENTS

This Form 10-K and the documents incorporated by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including various information within the "Capital Resources," "Derivative Instruments," "Year 2000 Readiness" and "Outlook" sections in Management's Discussion and Analysis in Ashland's Annual Report. Words such as "anticipates," "believes," "estimates," "expects," "is likely," "predicts," and variations of such words and similar expressions are intended to identify such forward-looking statements. Although Ashland believes that its expectations are based on reasonable assumptions, it cannot assure that the expectations contained in such statements will be achieved. Important factors which could cause actual results to differ materially from those contained in such statements are discussed under "Risks and Uncertainties" in Note A of Notes to Consolidated Financial Statements in Ashland's Annual Report. Other factors and risks affecting Ashland's revenues and operations are discussed below, as well as in other portions of this Form 10-K.

Ashland's operations are affected by domestic and international political, legislative, regulatory and legal actions. Such actions may include changes in the policies of OPEC or other developments affecting oil-producing countries, changes in tax laws, and changes in environmental, health and safety laws.

Domestic and international economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, as well as changes in demand for products and services, can also have a significant effect on Ashland's operations. Although 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. In addition, climate and weather can significantly affect Ashland in several of its operations such as its APAC construction activities, MAP's heating oil businesses and Arch Coal's sales and production of coal.

ITEM 2. PROPERTIES

Ashland's corporate headquarters, which is leased, is located in Covington, Kentucky. Principal offices of other major operations are located in Atlanta, Georgia (APAC); Dublin, Ohio (Ashland Distribution and Ashland Specialty Chemical); Lexington, Kentucky (Valvoline); and Russell, Kentucky (Administrative Services), all of which are leased, except for the Russell office, which is owned. Principal manufacturing, marketing and other materially important physical properties of Ashland and its subsidiaries are described under the appropriate segment under Item 1. Additional information concerning certain leases may be found in Note H of Notes to Consolidated Financial Statements in Ashland's Annual Report.

ITEM 3. LEGAL PROCEEDINGS

ENVIRONMENTAL PROCEEDINGS - (1) As of September 30, 1999, Ashland had been identified as a "potentially responsible party" ("PRP") under Superfund or similar state laws for potential joint and several liability for clean-up costs in connection with alleged releases of hazardous substances in connection with 89 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the EPA or a state agency, in which Ashland is typically participating as a member of a PRP group. Generally, the type of relief sought includes remediation of contaminated soil and/or groundwater, reimbursement for past costs of site clean-up and administrative oversight, and/or long-term monitoring of environmental conditions at the sites. Ashland carefully monitors the investigatory and remedial activity at many of these sites. Based on its experience with site remediation, its familiarity with current environmental laws and regulations, its analysis of the specific hazardous substances at issue, the existence of other financially viable PRPs and its current estimates of investigatory, clean-up and monitoring costs at each site, Ashland believes that its liability at these sites, either individually or in the

aggregate, after taking into account its insurance coverage and established financial reserves, will not have a material adverse effect on Ashland's consolidated financial position, cash flow or liquidity. However, such matters could have a material effect on Ashland's results of operations in a particular quarter or fiscal year as they develop or as new issues are identified. Estimated costs for these matters are recognized in accordance with generally accepted accounting principles governing the likelihood that costs will be incurred and Ashland's ability to reasonably estimate future costs.

(2) Pursuant to a 1990 Agreed Order with the Commonwealth of Kentucky's Natural Resources and Environmental Protection Cabinet ("NREPC"), Ashland has conducted source investigation and remedial activities related to hydrocarbon contamination of the groundwater beneath the Catlettsburg, Kentucky refinery, operated since 1998 by MAP. In 1999, Ashland and the NREPC initiated negotiations for a new Agreed Order which would identify future investigative efforts and establish timetables for strategic remedial activities. This Order is also expected to include a monetary penalty. In connection with the formation of MAP, Ashland agreed to retain responsibility for this matter. Because discussions are ongoing, Ashland is unable to predict what the final penalty amount might be. However, the penalty amount is not expected to have a material adverse effect on Ashland's consolidated financial position, cash flow or liquidity.

LOCKHEED LITIGATION - Ashland was a defendant in a series of cases involving more than 600 former workers at the Lockheed aircraft manufacturing facility in Burbank, California. The plaintiffs alleged personal injuries resulting from exposure to chemicals sold to Lockheed by Ashland, and inadequate labeling of such chemicals. Ashland has reached an agreement with plaintiffs' counsel to fully resolve and settle this matter, subject to execution of appropriate documents by the parties and approval by the court. Ashland believes the settlement amount, which is not material to Ashland, will be covered by insurance.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the quarter ended September 30, 1999.

ITEM X. EXECUTIVE OFFICERS OF ASHLAND

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

PAUL W. CHELLGREN* (age 56) is Chairman of the Board, Chief Executive Officer and Director of Ashland and a Director of Arch Coal, Inc. and has served in such capacities since 1997, 1996, 1992 and 1997, respectively. During the past five years, he has also served as President and Chief Operating Officer of Ashland.

JOHN A. BROTHERS* (age 59) was an Executive Vice President of Ashland, a position he had held since 1997. During the past five years, he also served as Senior Vice President and Group Operating Officer - The Valvoline Company and Ashland Chemical Company. Mr. Brothers retired effective September 30, 1999.

JAMES R. BOYD* (age 53) is Senior Vice President and Group Operating Officer - APAC, Inc. and a Director of Arch Coal, Inc., having served in such capacities since 1989, 1993 and 1997, respectively.

DAVID J. D'ANTONI* (age 54) is Senior Vice President and Group Operating Officer - Ashland Distribution Company and Ashland Specialty Chemical Company and has served in such capacities since 1998 and 1999, respectively. During the past five years, he has also served as President of Ashland Chemical Company.

JAMES J. O'BRIEN (age 45) is Senior Vice President of Ashland and President of The Valvoline Company and has served in such capacities since 1997 and 1995, respectively. During the past five years, he has also served as Vice President of Ashland and Vice President of Ashland Petroleum Company.

CHARLES F. POTTS (age 55) is Senior Vice President of Ashland and President of APAC, Inc. and has served in such capacities since 1992.

- - - - -
*Member of Ashland's Executive Committee

J. MARVIN QUIN* (age 52) is Senior Vice President and Chief Financial Officer of Ashland and a Director of Arch Coal, Inc. and has served in such capacities since 1992 and 1997, respectively.

KENNETH L. AULEN (age 50) is Administrative Vice President and Controller of Ashland and has served in such capacities since 1992.

PHILIP W. BLOCK* (age 52) is Administrative Vice President - Human Resources of Ashland and a Director of Arch Coal, Inc. and has served in such capacities since 1992 and 1999, respectively.

PETER M. BOKACH (age 53) is Vice President of Ashland and President of Ashland Distribution Company and has served in such capacities since 1999. During the past five years, he has also served as Group Vice President Distribution of Ashland Chemical Company.

JAMES A. DUQUIN (age 52) is Vice President of Ashland and President of Ashland Specialty Chemical Company and has served in such capacities since 1999. During the past five years, he has also served as Group Vice President - Specialty Chemical Division and Vice President - IC&S Division of Ashland Chemical Company.

DAVID L. HAUSRATH* (age 47) is Vice President and General Counsel of Ashland and has served in such capacities since 1998 and 1999, respectively. During the past five years, he has also served as Associate General Counsel and Assistant General Counsel of Ashland.

J. DAN LACY* (age 52) is Vice President - Corporate Affairs of Ashland and has served in such capacity since 1986.

RICHARD P. THOMAS* (age 53) is Vice President and Secretary of Ashland and has served in such capacities since 1998 and 1999, respectively. During the past five years, he has also served as Associate General Counsel of Ashland and Administrative Vice President and General Counsel of Ashland Petroleum Company.

LAMAR M. CHAMBERS (age 45) is Auditor of Ashland and has served in such capacity since 1998. During the past five years, he has also served as Vice President, Finance and Controller of MAP, Administrative Vice President - Finance of Ashland Petroleum Company and Executive Assistant to the Chief Executive Officer of Ashland.

Each executive officer is elected by the Board of Directors of Ashland to a term of one year, or until his or her 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 STOCK AND RELATED SECURITY HOLDER MATTERS

There is hereby incorporated by reference the information appearing in Note P of Notes to Consolidated Financial Statements in Ashland's Annual Report.

At September 30, 1999, there were approximately 21,000 holders of record of Ashland's Common Stock. Ashland Common Stock is listed on the New York and Chicago stock exchanges (ticker symbol ASH) and has trading privileges on the Boston, Cincinnati, Pacific and Philadelphia stock exchanges.

During the quarter ended September 30, 1999, Ashland issued 790,011 shares of its Common Stock, par value \$1.00 per share in connection with the acquisition of Buster Paving Company, Inc., which closed on August 31, 1999. The shares were issued in a transaction exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, and the regulations thereunder.

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*Member of Ashland's Executive Committee

ITEM 6. SELECTED FINANCIAL DATA

There is hereby incorporated by reference the information appearing under the caption "Five-Year Selected Financial Information" on Page 54 in Ashland's Annual Report.

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

There is hereby incorporated by reference the information appearing under the caption "Management's Discussion and Analysis" on Pages 26 to 33 in Ashland's Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There is hereby incorporated by reference the information appearing under the caption "Derivative Instruments" on Pages 31 and 32 in Ashland's Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

There is hereby incorporated by reference the consolidated financial statements appearing on Pages 35 through 53 in Ashland's Annual Report.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information to appear under the caption "Ashland Inc.'s Board of Directors - Nominees for Election at the 2000 Annual Meeting" and the information regarding Section 16 beneficial ownership reporting compliance in Ashland's definitive Proxy Statement for its January 27, 2000 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after September 30, 1999 ("Proxy Statement"). See also the list of Ashland's executive officers and related information under "Executive Officers of Ashland" in Part I - Item X herein.

ITEM 11. EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information to appear under the captions "Executive Compensation," "Compensation of Directors" and "Miscellaneous - Personnel and Compensation Committee Interlocks and Insider Participation" in Ashland's Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information to appear under the caption "Ashland Common Stock Ownership of Directors and Certain Officers of Ashland" and the information regarding the ownership of securities of Ashland in Ashland's Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information to appear under the caption "Business Relationships" in Ashland's Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (a) DOCUMENTS FILED AS PART OF THIS REPORT

(1) and (2) Financial Statements and Financial Schedule

The consolidated financial statements and financial schedule of Ashland presented or incorporated by reference in this report are listed in the index on Page 20.

(3) Exhibits

- 3.1 - Second Restated Articles of Incorporation of Ashland, as amended to January 30, 1998 (filed as Exhibit 3 to Ashland's Form 10-Q for the quarter ended December 31, 1997 and incorporated herein by reference).
- 3.2 - By-laws of Ashland, as amended to January 28, 1999 (filed as Exhibit 3.2 to Ashland's Form 10-Q for the quarter ended December 31, 1998 and incorporated herein by reference).
- 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 and Citibank, N.A., as Trustee (filed as Exhibit 4(a) to Ashland's Form 10-K for the fiscal year ended September 30, 1991 and incorporated herein by reference).
- 4.3 - Rights Agreement, dated as of May 16, 1996, between Ashland Inc. and Harris Trust and Savings Bank, together with Form of Right Certificate (filed as Exhibits 4(a) and 4(c), respectively, to Ashland's Form 8-A filed with the SEC on May 16, 1996 and incorporated herein by reference).

The following Exhibits 10.1 through 10.16 are compensatory plans or arrangements or management contracts required to be filed as exhibits pursuant to Item 601(b)(10)(ii)(A) of Regulation S-K.

- 10.1 - Amended Stock Incentive Plan for Key Employees of Ashland Inc. and its Subsidiaries.
- 10.2 - Ashland Inc. Deferred Compensation Plan for Non-Employee Directors.
- 10.3 - Tenth Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees.
- 10.4 - Ashland Inc. Incentive Compensation Plan (filed as Exhibit 10.6 to Ashland's Form 10-K for the fiscal year ended September 30, 1993 and incorporated herein by reference).
- 10.5 - Ashland Inc. Salary Continuation Plan (filed as Exhibit 10(c).11 to Ashland's Form 10-K for the fiscal year ended September 30, 1988 and incorporated herein by reference).
- 10.6 - Form of Ashland Inc. Executive Employment Contract between Ashland Inc. and certain executive officers of Ashland.
- 10.7 - Form of Indemnification Agreement between Ashland Inc. and each member of its Board of Directors (filed as Exhibit 10(c).13 to Ashland's Form 10-K for the fiscal year ended September 30, 1990 and incorporated herein by reference).
- 10.8 - Ashland Inc. Nonqualified Excess Benefit Pension Plan (filed as Exhibit 10.11 to Ashland's Form 10-K for the fiscal year ended September 30, 1998 and incorporated herein by reference).
- 10.9 - Ashland Inc. Long-Term Incentive Plan.
- 10.10 - Ashland Inc. Directors' Charitable Award Program (filed as Exhibit 10.13 to Ashland's Form 10-K for the fiscal year ended September 30, 1996 and incorporated herein by reference).
- 10.11 - Ashland Inc. 1993 Stock Incentive Plan.
- 10.12 - Ashland Inc. 1995 Performance Unit Plan (filed as Exhibit 10.2 to Ashland's Form 10-Q for the quarter ended December 31, 1998 and incorporated herein by reference).
- 10.13 - Ashland Inc. Incentive Compensation Plan for Key Executives.
- 10.14 - Ashland Inc. Deferred Compensation Plan.

- 10.15 - Ashland Inc. 1997 Stock Incentive Plan (filed as Exhibit 10.18 to Ashland's Form 10-K for the fiscal year ended September 30, 1998 and incorporated herein by reference).
- 10.16 - Retirement Agreement with Michael D. Rose, director of Ashland.
- 10.17 - Amended and Restated Limited Liability Company Agreement of Marathon Ashland Petroleum LLC dated as of December 31, 1998.
- 10.18 - Put/Call, Registration Rights and Standstill Agreement as amended to December 31, 1998 among Marathon Oil Company, USX Corporation, Ashland Inc. and Marathon Ashland Petroleum LLC.
- 11 - Computation of Earnings Per Share (appearing on Page 41 of Ashland's Annual Report to Shareholders, incorporated by reference herein, for the fiscal year ended September 30, 1999).
- 12 - Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends.
- 13 - Portions of Ashland's Annual Report to Shareholders, incorporated by reference herein, for the fiscal year ended September 30, 1999.
- 21 - List of subsidiaries.
- 23 - Consent of independent auditors.
- 24 - Power of Attorney, including resolutions of the Board of Directors.
- 27 - Financial Data Schedule for the fiscal year ended September 30, 1999.

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

(b) REPORTS ON FORM 8-K

A report on Form 8-K was filed on September 29, 1999 to announce certain events relating to Ashland's tender offer for Superfos a/s.

A report on Form 8-K was filed on October 6, 1999 to announce that a tax-free spin-off would be Ashland's preferred alternative for its investment in Arch Coal. The report also noted that Ashland is reviewing its alternatives with respect to a change in its ownership in MAP.

A report on Form 8-K was filed on October 12, 1999 to announce that shareholders representing more than 90% of the share capital of Superfos a/s accepted Ashland's September 27, 1999 offer and that Ashland will implement the tender offer.

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 INC.
(Registrant)

By: /s/ Kenneth L. Aulen

(Kenneth L. Aulen, Administrative
Vice President and Controller)

Date: December 7, 1999

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 DECEMBER 7, 1999.

Signatures

Capacity

/s/ PAUL W. CHELLGREN ----- PAUL W. CHELLGREN	Chairman of the Board, Chief Executive Officer and Director
/s/ J. MARVIN QUIN ----- J. MARVIN QUIN	Senior Vice President and Chief Financial Officer
/s/ KENNETH L. AULEN ----- KENNETH L. AULEN	Administrative Vice President, Controller and Principal Accounting Officer
* ----- SAMUEL C. BUTLER	Director
* ----- FRANK C. CARLUCCI	Director
* ----- ERNEST H. DREW	Director
* ----- JAMES B. FARLEY	Director
* ----- BERNADINE P. HEALY	Director

*
----- Director
MANNIE L. JACKSON

*
----- Director
PATRICK F. NOONAN

*
----- Director
JANE C. PFEIFFER

*
----- Director
MICHAEL D. ROSE

*
----- Director
WILLIAM L. ROUSE , JR.

*
----- Director
THEODORE M. SOLSO

* By: /s/ David L. Hausrath

David L. Hausrath
Attorney-in-Fact

Date: December 7, 1999

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*The consolidated financial statements appearing on Pages 35 through 53 in Ashland's Annual Report are incorporated by reference in this Annual Report on Form 10-K.

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 for MAP and Arch Coal required by Rule 3-09 of Regulation S-X will be filed as an amendment to this Form 10-K within 90 days after the end of these entities' fiscal years ending December 31, 1999. Separate financial statements of other unconsolidated affiliates are omitted because each company does not constitute a significant subsidiary using the 20% tests when considered individually. Summarized financial information for such affiliates is disclosed in Note E of Notes to Consolidated Financial Statements in Ashland's Annual Report.

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements and schedule of Ashland Inc. and consolidated subsidiaries listed in the accompanying index to financial statements and financial schedule (Item 14(a)). These financial statements and schedule are the responsibility of Ashland's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 listed in the accompanying index to financial statements (Item 14(a)) present fairly, in all material respects, the consolidated financial position of Ashland Inc. and consolidated subsidiaries at September 30, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1999, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Louisville, Kentucky
November 3, 1999

Ashland Inc. and Subsidiaries
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In millions)	Balance at beginning of year	Provisions charged to earnings	Reserves utilized	Other changes	Balance at end of year
=====					
YEAR ENDED SEPTEMBER 30, 1999					
Reserves deducted from asset accounts					
Accounts receivable	\$ 19	\$ 12	\$ (8) (1)	\$ -	\$ 23
Inventories	11	7	(3)	-	15

YEAR ENDED SEPTEMBER 30, 1998					
Reserves deducted from asset accounts					
Accounts receivable	\$ 25	\$ 8	\$ (10) (1)	\$ (4)	\$ 19
Inventories	11	2	(2)	-	11

YEAR ENDED SEPTEMBER 30, 1997					
Reserves deducted from asset accounts					
Accounts receivable	\$ 27	\$ 9	\$ (10) (1)	\$ (1)	\$ 25
Inventories	10	2	(1)	-	11

(1) Uncollected amounts written off, net of recoveries of \$2 million in 1999, 1998 and 1997.

EXHIBIT INDEX

Exhibit No.	Description
10.1	- Amended Stock Incentive Plan for Key Employees of Ashland Inc. and its Subsidiaries.
10.2	- Ashland Inc. Deferred Compensation Plan for Non-Employee Directors.
10.3	- Tenth Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees.
10.6	- Form of Ashland Inc. Executive Employment Contract between Ashland Inc. and certain executive officers of Ashland.
10.9	- Ashland Inc. Long-Term Incentive Plan.
10.11	- Ashland Inc. 1993 Stock Incentive Plan.
10.13	- Ashland Inc. Incentive Compensation Plan for Key Executives.
10.14	- Ashland Inc. Deferred Compensation Plan.
10.16	- Retirement Agreement with Michael D. Rose, director of Ashland.
10.17	- Amended and Restated Limited Liability Company Agreement of Marathon Ashland Petroleum LLC dated as of December 31, 1998.
10.18	- Put/Call, Registration Rights and Standstill Agreement as amended to December 31, 1998 among Marathon Oil Company, USX Corporation, Ashland Inc. and Marathon Ashland Petroleum LLC.
12	- Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends.
13	- Portions of Ashland's Annual Report to Shareholders, incorporated by reference herein, for the fiscal year ended September 30, 1999.
21	- List of subsidiaries.
23	- Consent of independent auditors.
24	- Power of Attorney, including resolutions of the Board of Directors.
27	- Financial Data Schedule for the fiscal year ended September 30, 1999.

AMENDED STOCK INCENTIVE PLAN FOR KEY EMPLOYEES
OF ASHLAND INC. AND ITS SUBSIDIARIES
(Amended as of November 6, 1997)

SECTION 1. PURPOSE

The purpose of this amended Stock Incentive Plan For Key Employees of Ashland Inc. And Its Subsidiaries (herein called the "Plan") is to revise the Incentive Stock Option Plan For Key Employees of Ashland Inc. And Its Subsidiaries (1981) (such plan as it existed prior to the effective date of the Plan hereinafter referred to as the "1981 Plan") and to promote the interests of Ashland Inc. (herein called "Ashland") and its shareholders by providing their officers and key employees with an incentive to continue service with Ashland and its subsidiaries. Through the grant of stock options, stock appreciation rights and Restricted Stock awards (collectively referred to as "Grants"), Ashland seeks to attract and retain in its employ individuals of training, experience and ability and to furnish additional incentive to officers and other key employees upon whose judgment, initiative and efforts the successful conduct of its business largely depends.

SECTION 2. ADMINISTRATION

(a) The Plan shall be administered by the Personnel and Compensation Committee of the Board of Directors of Ashland or its designee (herein called the "Committee"), consisting of not less than three directors of Ashland who shall be appointed, from time to time, by the Board of Directors of Ashland. No person who is (or, within one year prior to his or her appointment as a member of the Committee, was) eligible to participate in the Plan shall be a member of the Committee. Subject to the express provisions of the Plan, the Committee shall have plenary authority to interpret the Plan, to prescribe, amend, and rescind from time to time rules and regulations relating to the Plan, to determine the eligible employees to whom Grants shall be made, to determine whether any option hereunder shall be deemed to be an "incentive stock option" as provided by Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") (herein referred to as "incentive stock options") or an option not qualifying as an "incentive stock option" under the Code (herein referred to as "non-qualified options"), to determine the terms and provisions of the respective Grants (which terms and provisions need not be the same in each case), and to make all other determinations deemed necessary or advisable for the administration of the Plan. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, their present and potential contributions to Ashland's success and such other factors as the Committee in its discretion shall deem relevant. The determinations of the Committee on the matters referred to in this Section 2 shall be conclusive.

(b) All determinations of the Committee shall be made by not less than a majority of its members. Any decision or determination reduced to writing and signed by all the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. No member of the Committee shall be liable, in the absence of bad faith, for any act or omission with respect to his or her services on the Committee. Services on the Committee shall constitute services as a Director of Ashland so that members of the Committee shall be entitled to indemnification and reimbursement for their services as members of the Committee to the same extent as for services as Directors of Ashland.

SECTION 3. STOCK SUBJECT TO THE PLAN

There will be reserved for issuance upon the exercise of options and stock appreciation rights and upon awards of Restricted Stock (as defined in Section 13), to be granted from time to time under the Plan, an aggregate of 2,000,000 shares of Ashland Common Stock, par value \$1.00 per share ("Common Stock") (which shares include shares heretofore provided for under the 1981 Plan). Such shares may be in whole or in part, as the Board of Directors of Ashland or its designee (the "Board") shall from time to time determine, authorized and unissued shares of Common Stock or issued shares of Common Stock which shall have been reacquired by Ashland. If any option or stock appreciation right granted under the Plan shall expire or terminate for any reason without having been exercised (or considered to have been exercised as provided in Section 7) in full, the shares subject thereto shall again be available for the purposes of the Plan.

SECTION 4. ELIGIBILITY

Options and Restricted Stock may be granted only to salaried employees (which term shall be deemed to include officers) of Ashland and its present and future subsidiary corporations as defined in Section 424 of the Code ("subsidiaries"). A director of Ashland or of a subsidiary who is not also such an employee of Ashland or of one of its subsidiaries will not be eligible to receive any options or Restricted Stock under the Plan. Options may be granted to employees who hold or have held options under previous plans. An employee who has been granted an option may be granted an additional option or options.

Notwithstanding anything to the contrary contained herein, in the case of incentive stock options, the maximum aggregate fair market value (determined at the time each incentive stock option is granted under the Plan) of the shares of Common Stock for which any individual employee may be granted incentive stock options under the Plan in any calendar year (and under all other plans of Ashland or any subsidiary which provide for the granting of incentive stock options) shall not exceed \$100,000 plus the amount of any unused limit carry over to such year. If \$100,000 exceeds the

aggregate fair market value (determined at the time each incentive stock option is granted) of the Common Stock for which an employee was granted incentive stock options in any calendar year under the Plan (and under all other plans of Ashland or any subsidiary which provides for the granting of incentive stock options), one half of such excess shall be an unused limit carry over to each of the three succeeding calendar years, under the rules of Section 422A(c)(4) of the Code as it existed before December 31, 1986. For purposes of this paragraph, fair market value of Common Stock shall be the closing price of the Common Stock as reported on the Composite Tape on the date of the grant of an incentive stock option under the Plan, or, if there is no trading at the Common Stock on the date in question, then the closing price of the Common Stock, as so reported, on the next preceding date on which there was trading in the Common Stock.

SECTION 5. PERIOD OF PLAN AND DURATION OF OPTIONS

(a) No options or Restricted Stock awards shall be granted under the Plan after November 7, 1994.

(b) Every incentive stock option shall provide for a fixed expiration date of not later than ten years from the date such incentive option is granted.

SECTION 6. OPTION DESIGNATION AND PRICE

(a) Any option granted under the Plan may be granted as an incentive stock option or as a non-qualified stock option as shall be designated at the time of the grant of such option.

(b) The option price per share of the Common Stock underlying each option shall be fixed by the Committee, but shall not be less than 100% of the fair market value of the stock at the time of the granting of the options. Such fair market value shall be determined by the Committee which may use any reasonable method of valuation, including the closing price of the Common Stock as reported on the Composite Tape on the date on which the option is granted.

SECTION 7. EXERCISE OF OPTIONS

(a) The Committee may in its discretion prescribe in the option grant the installments, if any, in which an option granted under the Plan shall become exercisable provided that no option shall be exercisable prior to the first anniversary of the date of its grant except as provided in Section 12 or as the Committee otherwise determines. In no case may an option be exercised at any time for less than 50 shares (or the remaining shares covered by the option if less than 50 shares) during the term of the option. The specified number of shares will be issued upon receipt by Ashland of (i) notice from the holder thereof of the exercise of an option and (ii) either payment to Ashland of the option price of the number of shares with respect to which the option is exercised or (with approval of the Committee) a promissory note as provided in Section 8 hereof. Each such notice and payment shall be delivered or mailed by postpaid mail, addressed to the Treasurer of Ashland at Ashland's Executive Offices at 1000 Ashland Drive, Russell, Kentucky, or such other place as Ashland may designate from time to time.

(b) An incentive stock option shall not be exercisable while there is outstanding any incentive stock option which was granted before the granting of such option to such employee to purchase stock of Ashland or a subsidiary (determined at the time of granting of such option) or a predecessor of any of such corporations. An option shall be treated as outstanding for this purpose until it is exercised in full or expires by reason of lapse of time.

SECTION 8. PAYMENT FOR SHARES

Except as otherwise provided in this Section 8, the option price shall be paid in full when the option is exercised. The price may be paid in whole or in part (a) in cash or (b) in whole shares of Common Stock evidenced by negotiable certificates, valued at their fair market value (which shares of Common Stock must have been owned by the employee six months or longer and not used to effect a stock option exercise within the preceding six months, in the case of an exercise of options which were granted after May 21, 1992, unless the Committee specifically provides otherwise), (c) by Attestation, (d) by a combination of such methods of payment, or (e) by such other consideration as shall be approved by the Committee (including without limitation, effecting a "cashless exercise," with a broker, of the option). "Attestation" means the delivery to Ashland of a completed Attestation Form prescribed by Ashland setting forth the whole shares of Common Stock owned by the employee which the employee wishes to utilize to pay the option price. In the case of an exercise of stock options granted after May 21, 1992, the Common Stock listed on the Attestation Form must have been owned by the employee six months or longer and not have been used to effect a stock option exercise within the preceding six months, unless the Committee specifically provides otherwise. Moreover, in the case of an exercise of stock options granted prior to May 21, 1992, an employee may request Ashland to "pyramid" his or her shares; that is, to automatically apply the shares which he or she is entitled to receive on the exercise of a portion of a stock option to satisfy the exercise for additional portions of the option, thus resulting in multiple simultaneous exercises of options by use of whole shares as payment.

The Committee may in its discretion authorize payment of all or any part of the option price over a period of not more than five years from the date the option is exercised. Any unpaid balance of the option price shall be evidenced by the employee's promissory note payable to the order of Ashland which shall bear interest at such rate or rates as determined from time to time by the Committee, but not less than the lower of the

prevailing base rate of interest or the most favorable rate of interest charged to commercial borrowers as announced by any major U.S. bank on the date the option is exercised, and shall be payable in full within not later than five years after the date the option is exercised.

SECTION 9. GOVERNANCE OF PLANS

Notwithstanding any terms or provisions to the contrary all incentive stock options outstanding prior to November 8, 1984, shall continue to be governed by the terms and provisions of the 1981 Plan.

SECTION 10. GENERAL STOCK APPRECIATION RIGHTS

The Committee may grant general stock appreciation rights ("SARs") pursuant to the provisions of this Section 10 to the holder of any option granted under the Plan (a "related option") with respect to all or a portion of the shares subject to the related option. An SAR may only be granted concurrently with the grant of the related option. Subject to the terms and provisions of this Section 10, each SAR shall be exercisable only at the same time and to the same extent the related option is exercisable and in no event after the termination of the related option. SARs shall be exercisable only when the fair market value (determined as of the date of exercise of the SARs) of each share of Common Stock with respect to which the SARs are to be exercised shall exceed the option price per share of Common Stock subject to the related option. SARs granted under the Plan shall be exercisable in whole or in part by notice to Ashland. Such notice shall state that the holder of the SARs elects to exercise the SARs and the number of shares in respect of which the SARs are being exercised.

Subject to the terms and provisions of this Section 10, upon the exercise of SARs, the holder thereof shall be entitled to receive from Ashland consideration (in the form hereinafter provided) equal in value to the excess of the fair market value (determined as of the date of exercise of the SARs) of each share of Common Stock with respect to which such SARs have been exercised over the option price per share of Common Stock subject to the related option. Upon the exercise of an SAR, the holder may specify the form of consideration to be received by such holder, which shall be in shares of Common Stock (valued at fair market value on the date of exercise of the SAR), or in cash, or partly in cash and partly in shares of Common Stock, as the holder shall request; provided, however, that the Committee, in its sole discretion, may disapprove the form of consideration requested and instead authorize the payment of such consideration in shares of Common Stock (valued as aforesaid), or in cash, or partly in cash and partly in shares of Common Stock, as the Committee shall determine. For purposes of this Section 10, (a) fair market value of a share of Common Stock shall be the mean between the high and low sales prices thereof on the Composite Tape on the date of exercise of an SAR or, if there is no trading of the Common Stock on the date in question, then the closing price of the Common Stock, as so reported, on the next preceding date on which there was trading in the Common Stock, and (b) the date of exercise of an SAR shall mean the date on which the Company shall have received notice from the holder of the SAR of the exercise of such SAR.

Upon the exercise of SARs, the related option shall be considered to have been exercised (a) to the extent of the number of shares of Common Stock with respect to which such SARs are exercised and (b) to that extent for purposes of determining the number of shares of Common Stock available for the grant of options and Restricted Stock under the Plan. Upon the exercise or termination of the related option, the SARs with respect to such related option shall be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the related option was so exercised or terminated.

SECTION 11. TRANSFER OF OPTIONS, STOCK APPRECIATION RIGHTS, AND RESTRICTED STOCK

Options and SARs granted under the Plan shall be transferable by will, by the laws of descent and distribution, and, subject to the discretion and direction of the Committee, may be made transferable by the employee-holder thereof during his or her lifetime. Restricted Stock may be made transferable at the discretion and direction of the Committee.

SECTION 12. CONTINUED EMPLOYMENT, AGREEMENT TO SERVE AND EXERCISE PERIODS

(a) Subject to the provisions of Paragraph (b), (c) and (f) of this Section 12, every option 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 and if the employment of the employee shall be terminated, for any reason other than death or disability as determined by the Committee, prior to the end of such one year period, the option granted to such employee shall immediately terminate.

(b) Every option shall provide that in the event of the death of the employee while employed by Ashland or one of its subsidiaries or death during the period in which options may be exercised by an employee determined to be disabled as provided in Paragraph (c) of this Section 12 or within three months after cessation of employment for any cause, it shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the option, by the estate of the decedent, or by any person who shall acquire the right to exercise such option by bequest or by the laws of descent and distribution for the full number of optioned shares or any part thereof, less such number as may have been theretofore acquired under the option.

(c) Every option shall provide that in the event the employment of any employee shall cease by reason of disability as determined by the Committee at any time during the term of the option, it shall be exercisable, at any time or from time to time by such employee for the full number of optioned shares or any part thereof, less such number as may have

been theretofore acquired under the option. Options held by an employee determined by the Committee to be disabled prior to September 19, 1996 shall be exercisable during a period of one year of continuing disability following termination of employment by reason of such disability. Options held by an employee determined by the Committee to be disabled on or after September 19, 1996 shall be exercisable at any time prior to the fixed termination date set forth in the option. As used herein, an employee will be deemed "disabled" when he or she becomes unable to perform the functions required by his or her regular job due to a physical or mental illness and, in connection with the grant of an incentive stock option, shall be deemed disabled if he or she falls within the meaning of that term as provided in Section 22(e)(3) of the Code. The determination by the Committee of any question involving disability shall be conclusive and binding.

(d) Every option shall provide that in the event the employment of any employee shall cease by reason of retirement, such option may be exercised only in respect of the number of shares which the employee could have acquired under the option immediately prior to such retirement. Options held by an employee who retires prior to September 19, 1996 shall be exercisable until the earlier to occur of the fixed termination date set forth in the option or three months after such retirement. Options held by an employee who retires on or after September 19, 1996 shall be exercisable until the fixed termination date set forth in the option.

(e) Except as provided in Paragraphs (a), (b), (c), (d) and (f) of this Section 12, every option shall provide that it shall terminate on the earlier to occur of the fixed termination date set forth in the option or three months after cessation of the employee's employment for any cause, and except as provided in Paragraph (f) of this Section 12, if exercised after cessation of such employment, may be exercised only in respect of the number of shares which the employee could have acquired under the option immediately prior to such cessation of employment. No option may be exercised after the fixed termination date set forth in the option.

(f) Notwithstanding any provision of this Section 12 to the contrary, any option granted pursuant to the Plan and any related SAR may, in the discretion of the Committee or as provided in the relevant option agreement, become fully exercisable as to all optioned shares (i) from and after the time the employee ceases to be an employee of Ashland or any of its subsidiaries as a result of the sale or other disposition by Ashland of assets or property (including shares of any subsidiary) in respect of which the employee had theretofore been employed or as a result of which optionee's continued employment with Ashland or any subsidiary is no longer required and (ii) in the case of a change of control (as hereinafter defined) of Ashland from and after the date of such change in control. For purposes of this Paragraph (f), the term "change in control" shall be deemed to occur (1) upon the approval of the shareholders of Ashland (or if such approval is not required, upon the approval of the Board of Directors of Ashland) of (A) any consolidation or merger of Ashland in which Ashland is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Ashland, or (C) adoption of any plan or proposal for the liquidation or dissolution of Ashland, or (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Securities Exchange Act of 1934), other than Ashland or any subsidiary or employee benefit plan or trust maintained by Ashland or any of its subsidiaries, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of more than 15% of the Common Stock outstanding at the time, without the approval of the Board of Directors of Ashland, or (3) at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of Ashland shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Ashland'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.

(g) Each employee granted an option under this Plan shall agree by his or her acceptance of such option to remain in the service of Ashland or a subsidiary corporation of Ashland for a period of at least one year from the date of the option agreement between Ashland and the employee. Such service shall, subject to the terms of any contract between Ashland or any such subsidiary and such employee, be at the pleasure of Ashland or such subsidiary and at such compensation as Ashland or such subsidiary shall reasonably determine from time to time. Nothing in the Plan or in any option granted pursuant to the Plan shall confer on any individual any right to continue in the employment of Ashland or any of its subsidiaries or interfere in any way with the right of Ashland or any of its subsidiaries to terminate his or her employment at any time.

(h) Subject to the limitations set forth in Section 422 of the Code, the Committee may adopt, amend or rescind from time to time such provisions as it deems appropriate with respect to the effect of leaves of absence approved by any duly authorized officer of Ashland with respect to any optionee.

(i) The determination by the Committee of any question involving disability shall be conclusive and binding.

SECTION 13. RESTRICTED STOCK AWARDS

The Committee may grant to employees shares of Common Stock subject to certain restrictions (herein referred to as "Restricted Stock"). The amount of Restricted Stock to be granted to any eligible employee and

the respective terms and conditions of such grant (which terms and provisions need not be the same in each case) shall be determined by the Committee at its sole discretion. As a condition to any award and the corresponding delivery of Restricted Stock hereunder, the Committee may require an employee to pay an amount equal to, or in excess of, the par value of the shares of Restricted Stock awarded to him or her. Each certificate issued in respect of shares of Restricted Stock granted to a participant under the Plans shall be registered 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 Section 13 of the Stock Incentive Plan for Key Employees of Ashland Inc. and Its Subsidiaries and an Agreement entered into between the registered owner and Ashland Inc."

Subject to Section 11 hereof, Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered during a "Restricted Period," which shall be determined by the Committee and which shall not be less than one year nor more than five years from the date of grant. The Committee may reduce the Restricted Period with respect to any outstanding shares of Restricted Stock at any time, but in no event shall the Restricted Period be less than one year. Except for such restrictions, the employee as the owner of the Common Stock issued as Restricted Stock shall have all rights of a shareholder including, but not limited to, the right to vote such Common Stock and to receive dividends thereon as and when paid.

In the event that an employee's employment is terminated by reason of death or disability (as defined in Paragraph (c) of Section 12 hereof), or for such other reasons as the Committee may provide, the employee (or his or her estate) will receive his or her Restricted Stock subject to the terms of his or her employment agreement which agreement shall be in accordance with the terms and provisions set forth in Paragraph (g) of Section 12 herein. In the case of voluntary resignation or any other termination of employment, an employee's Restricted Stock will be forfeited; provided, however, that the Committee may limit such forfeiture to that portion thereof which is proportional to the unexpired portion of the Restricted Period. Any forfeited Restricted Stock shall not again be available for the grant of options and Restricted Stock under the Plan.

At the end of the Restricted Period all shares of Restricted Stock shall be transferred free and clear of all restrictions to the employee. All such shares may also be transferred free and clear of all restrictions to the employee to the same extent provided in Paragraph (f) of Section 12 either in the discretion of the Committee or as provided in the relevant employment agreement.

SECTION 14. WITHHOLDING TAXES

Federal, state or local law may require the withholding of taxes applicable to gains resulting from the exercise of non-qualified stock options granted hereunder. Unless otherwise prohibited by the Committee, each participant may satisfy any such tax withholding obligation by any of the means, or by a combination of such means: (i) a cash payment; or (ii) authorizing Ashland to withhold from the shares of Ashland Common Stock otherwise issuable to the participant as a result of the exercise of the non-qualified stock option a number of shares having a fair market value, as of the date the withholding tax obligation arises (the "Tax Date"), which will satisfy the amount of the withholding tax obligation. A participant's election to pay the withholding tax obligation by (ii) above must be made on or before the Tax Date, is irrevocable, is subject to such rules as the Committee may adopt, and may be disapproved by the Committee.

SECTION 15. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In the event the market price of Common Stock shall decrease as a result of any recapitalization, reorganization, merger, consolidation, spinoff, separation, partial liquidation, or other transaction described in Section 424(a) of the Code, then, in the discretion of the Committee (and subject to any Internal Revenue Service requirements that may be applicable) the price per share of Common Stock under each option or Restricted Stock award granted pursuant to the Plan may be appropriately adjusted (and the number of shares subject to option or Restricted Stock awards may be appropriately adjusted). For purposes of the preceding sentence, the decrease in market price of Common Stock may be determined in any manner the Committee deems reasonable, including the comparison of such market price immediately before and immediately after the event giving rise to any such decrease, subject to Internal Revenue Service requirements.

Adjustments under this Section 15 shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive, and the Committee in its discretion in making such adjustments may disregard fractional shares.

SECTION 16. AMENDMENTS AND TERMINATIONS

Unless the Plan shall theretofore have been terminated as hereinafter provided, the Plan shall terminate on, and no award shall be granted after, November 7, 1994. The Plan may be terminated, modified or amended by the shareholders of Ashland. The Board may, at any time, terminate, modify or amend the Plan in such respects as it shall deem advisable; provided, however, that the Board may not, without approval by the holders of a majority of the outstanding shares of stock present and voting at any annual or special meeting of shareholders of Ashland, (i) increase (except as provided in Section 15) the maximum number of shares as to which options or Restricted Stock may be granted under the Plan, (ii) change the class of employees eligible to receive options and Restricted

Stock awards, (iii) change the manner of determining the minimum option prices other than to change the manner of determining the fair market value of the Common Stock as set forth in Section 6, or (iv) extend the period during which options or Restricted Stock awards may be granted or exercised. No termination, modification or amendment of the Plan may, without the consent of the employee to whom any option or Restricted Stock award shall theretofore have been granted, adversely affect the rights of such employee under such option or Restricted Stock award.

SECTION 17. EFFECTIVENESS OF THE PLAN

The Plan shall be effective on November 8, 1984, subject to its ratification by the holders of a majority of the shares of Ashland stock present and voting at the Annual Meeting of Shareholders of Ashland on January 31, 1985 or such other date fixed for the next meeting of shareholders or any adjournment or postponement thereof. The Committee may in its discretion authorize the granting of options and Restricted Stock awards, the exercise of which shall be expressly subject to the conditions that (a) the Plan shall have been approved or ratified as aforesaid by the shareholders of Ashland, (b) the shares of Common Stock to be issued upon the exercise of options granted under the Plan shall have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and (c) a Registration Statement under the Securities Act of 1933, as amended, with respect to such shares shall have become effective.

SECTION 18. TIME OF GRANTING OPTIONS AND RESTRICTED STOCK AWARDS

Nothing contained in the Plan or any resolutions adopted or to be adopted by the Board of Directors of Ashland or the shareholders of Ashland shall constitute the granting of any option or Restricted Stock award hereunder. Options and Restricted Stock awards shall be granted hereunder only by action of or pursuant to the authority of the Committee and the date of grant shall be the date fixed in the determination thereof by the Committee; provided, however, that no participant shall have any rights in respect of such grant unless and until he or she shall have executed and delivered an option or employment agreement, as the case may be, in form and substance satisfactory to the Committee.

SECTION 19. USE OF CERTAIN TERMS

Options, SARs and Restricted Stock awards granted under the Plan shall be binding upon Ashland, its successors and assigns. Unless the context otherwise requires, the terms used in the Plan which correspond to like terms defined in Sections 421 and 424, inclusive, of the Code and regulations and revenue rulings applicable thereto shall have the meanings attributed to them in said sections of such Code.

ASHLAND INC.
DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS
(Amended as of January 28, 1998)

ARTICLE I. GENERAL PROVISIONS

1. PURPOSE

The purpose of this Ashland Inc. Deferred Compensation Plan For Non-Employee Directors (the "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 Ashland Common Stock.

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.

(b) "Act" means the Securities Act of 1933, as amended from time to time.

(c) "Beneficiary" means the person(s) designated by a Participant in accordance with Article IV, Section 1.

(d) "Board" means the Board of Directors of Ashland Inc. or its designee.

(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 occur (1) upon the approval of the shareholders of the Company (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) 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 Company, or (C) adoption of any plan or proposal for the liquidation or dissolution of the Company, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than the Company or any subsidiary or employee benefit plan or trust maintained by the Company, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of the Common Stock outstanding at the time, without the approval of the Board, or (3) if at any time during a period of two 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.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee on Directors" means the Committee on Directors of the Board or its designee.

(i) "Common Stock" means the common stock, \$1.00 par value, of Ashland Inc.

(j) "Common Stock Fund" means that investment option, approved by the Committee on Directors, in which a Participant's Retirement Account may be deemed to be invested and may earn income based on a hypothetical investment in Common Stock.

(k) "Company" means Ashland Inc., its divisions and subsidiaries.

(l) "Corporate Human Resources" means the Corporate Human Resources Department of the Company.

(m) "Credit Date" means the date on which any Fees would otherwise have been paid to the Participant or in the case of the Participant's designation of investment option changes, within three Business Days after the Participant's designation is received by Corporate Human Resources, or as otherwise designated by the Committee.

(n) "Deferral Account" means the account(s) to which the Participant's Deferred Fees are credited and from which, pursuant to Article III, Section 5, distributions are made.

(o) "Deferred Fees" means the Fees elected by the Participant to be deferred pursuant to the Plan.

(p) "Director" means any non-employee director of the Company.

(q) "Disability" means a Director's incapacity, due to physical or mental illness, resulting in an inability to attend to his or her duties and responsibilities as a member of the Board.

(r) "Election" means a Participant's delivery of a written notice of election to the Secretary of the Company electing to defer payment of his or her Fees or to receive such Fees in the form of Common Stock.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(t) "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.

(u) "Fees" mean the annual retainer and meeting fees, as well as any per diem compensation for special assignments, earned by a Director for his or her service as a member of the Board during a calendar year or portion thereof.

(v) "Fiscal Year" means that annual period commencing October 1 and ending the following September 30.

(w) "Participant" means a Director who has elected to defer payment of all or a portion of his or her Fees and/or to receive all or a specified portion of his or her Fees in shares of Common Stock.

(x) "Payment Commencement Date" means the date payments of amounts deferred begin pursuant to Article III, Section 6.

(y) "Personal Representative" means the person or persons who, upon the disability or incompetence of a Director, shall have acquired on behalf of the Director, by legal proceeding or otherwise, the right to receive the benefits specified in this Plan.

(z) "Plan" means this Ashland Inc. Deferred Compensation Plan For Non-Employee Directors.

(aa) "Stock Account" means an account by that name established pursuant to Article III, Section 1.

(bb) "Stock Unit(s)" means the share equivalents credited to a Participant's Stock Account pursuant to Article III, Section 1.

(cc) "Termination" means retirement from the Board or termination of service as a Director for any other reason.

3. SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) SHARES AUTHORIZED FOR ISSUANCE. There shall be reserved for issuance under the Plan 500,000 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 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. Such adjustment shall be conclusive and binding for all purposes of the Plan.

4. ELIGIBILITY

Any non-employee Director of the Company shall be eligible to 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 on Directors. Decisions of the Company and the Committee on Directors shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources. This Department may authorize new or modify existing forms for use under this Plan so long as any such modified or new forms are not inconsistent with the terms of the Plan.

ARTICLE II. COMMON STOCK PROVISION

Each Director may elect to receive all or a portion of his or her Fees in shares of Common Stock by making an Election pursuant to Article III, Section 4. Shares shall be issued to the Director 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 to such Director 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 ACCOUNTS

(a) Upon election to participate in the Plan, there shall be established a Deferral Account to which there shall be credited any Deferred Fees as of each Credit Date. The Deferral Account shall be credited (or debited) on each Accounting Date with income (or loss) based upon a hypothetical investment in any one or more of the investment options available under the Plan, as prescribed by the Committee on Directors,

which may include a Common Stock Fund, as elected by the Participant under the terms of Article III, Section 4.

(b) The Stock Account of a Participant 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 as to which a stock deferral election has been made 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.

2. FINANCIAL HARDSHIP

Upon the written request of a Participant or a Participant's Personal Representative and a finding that continued deferral will result in an unforeseeable financial hardship to the Participant, the Committee on Directors or the Company (each in its sole discretion) may authorize (a) the payment of all or a part of a Participant's Deferral Account in a single installment prior to his or her ceasing to be a Director, or (b) the acceleration of payment of any multiple installments hereof. It is intended that the Committee's determinations as to whether the Participant has suffered an "unforeseeable financial emergency" shall be made consistent with the requirements under Section 457(d) of the Internal Revenue Code. If the Participant requesting such a payment is a member of the Committee on Directors, the Participant shall abstain from the Committee on Directors' determination as to whether the payment shall be made.

3. ACCELERATED DISTRIBUTION

(a) AVAILABILITY OF WITHDRAWAL PRIOR TO TERMINATION. The Participant or the Participant's Beneficiary who is receiving installment payments under the Plan may elect, in writing, to withdraw all or a portion of a Participant's Deferral Account at any time prior to the time such Deferral Account otherwise becomes payable under the Plan, provided the conditions specified in subsections (c), (d) and (e) of this Article III, Section 3 are satisfied.

(b) ACCELERATION OF PERIODIC DISTRIBUTIONS. Upon the written election of the Participant or the Participant's Beneficiary who is receiving installment payments under the Plan, the Participant or Participant's Beneficiary may elect to have all or a portion of the remaining installments distributed in the form of an immediately payable lump sum, provided the conditions specified in subsection (c) and (e) of this Article III, Section 3 are satisfied.

(c) FORFEITURE PENALTY. In the event of a withdrawal pursuant to subsection (a) of this Article III, Section 3, or an accelerated distribution pursuant to subsection (b) of this Article III, Section 3, the Participant shall forfeit from such Deferral Account an amount equal to 10% of the amount of the withdrawal or accelerated distribution, as the case may be. The forfeited amount shall be deducted from the Deferral Account prior to giving effect to the requested withdrawal or acceleration. Neither the Participant nor the Participant's Beneficiary shall have any right or claim to the forfeited amount, and the Company shall have no obligation whatsoever to the Participant, the Participant's Beneficiary or any other person with regard to the forfeited amount.

(d) MINIMUM WITHDRAWAL. In no event shall the amount withdrawn in accordance with subsection (a) of this Article III, Section 3 be less than 25% of the amount credited to such Participant's Deferral Account immediately prior to the withdrawal.

(e) SUSPENSION FROM DEFERRALS. In the event of a withdrawal pursuant to subsection (a) or (b) of this Article III, Section 3, a Participant who is otherwise eligible to make deferrals of Fees under this Plan shall be prohibited from making such deferrals with respect to the remainder of the current Fiscal Year and the Fiscal Year of the Plan immediately following the Fiscal Year of the Plan during which the withdrawal was made, and any Election previously made by the Participant with respect to deferrals of Fees for such Fiscal Year of the Plan shall be void and of no effect.

4. MANNER OF ELECTION

(a) GENERAL. Any Director wishing to participate in the Plan may elect to do so by delivering to the Secretary of the Company an Election on a form prescribed by Corporate Human Resources designating the manner in which such Deferred Fees are to be invested in accordance with Article III, Section 1 and electing the timing and form of distribution. The timing of the filing of the appropriate form with Corporate Human Resources shall be determined by the Company or the Committee on Directors. An effective election to defer Fees may not be revoked or modified except as otherwise determined by the Company or the Committee on Directors or as stated herein.

(b) INVESTMENT ALTERNATIVES - EXISTING BALANCES. A Participant may elect to change an existing selection as to the investment alternatives in effect with respect to existing deferred Fees (in increments prescribed by the Committee on Directors or the Company) as often, and with such restrictions, as determined by the Committee on Directors or by the Company.

(c) CHANGE OF BENEFICIARY. A Participant may, at any time, elect to change the designation of a Beneficiary in accordance with Article IV,

(d) INITIAL ELECTION. With respect to Directors' Fees payable for all or any portion of a calendar year after such person's initial election to the office of Director of the Company, any such person wishing to participate in the Plan may file a proper Election within 30 days after such election to office. Any such Election shall be effective upon filing or as soon as possible thereafter with respect to such Fees.

5. DISTRIBUTION

(a) DEFERRAL ACCOUNT. In accordance with the Participant's Election and as prescribed by the Committee on Directors, Deferred Fees credited to a Participant's Deferral Account shall be distributed in cash or shares of Common Stock (or a combination of both). Unless otherwise directed by the Committee on Directors, if no Election is made by a Participant as to the distribution or form of payment of his or her Deferral Account, upon Termination such account shall be paid in cash in lump sum. The entire Deferral Account must be paid out within forty years following the date of the Participant's Termination.

(b) CHANGE OF DISTRIBUTION OF DEFERRAL ACCOUNT. A Participant will be allowed to change the Election as to the applicable payment period for all amounts deferred pursuant to such Election, subject to approval by the Company or the Committee. Such change must be made by the earlier of:

(i) the date six months prior to the first day of the month following the Participant's Termination; or

(ii) the December 31 immediately preceding the first day of the month following the Participant's Termination.

If the Participant making such change is a member of the Committee on Directors, such Participant shall abstain from the Committee on Directors' decision to approve or disapprove such change.

6. PAYMENT COMMENCEMENT DATE

Payments of amounts deferred pursuant to a valid Election shall commence after a Participant's Termination in accordance with his or her Election. If a Participant dies prior to the first deferred payment specified in an Election, payments shall commence to the Participant's Beneficiary on the first payment date so specified.

7. CHANGE IN CONTROL

Notwithstanding any provision of this Plan to the contrary, in the event of a "Change in Control" (as defined in Section 2(f) of Article I), each Participant in the Plan shall receive an automatic lump sum cash distribution of all amounts accrued in the Participant's Cash and/or Stock Account(s) (including interest at the Prime Rate of Interest through the business day immediately preceding the date of distribution) not later than fifteen (15) days after the date of the "Change in Control." For this purpose, the balance in the Stock Account shall be determined by multiplying the number of Stock Units by the higher of (a) the highest closing price of a share of Common Stock during the period commencing 30 days prior to such Change in Control or (b) if the Change in Control of the Company occurs as a result of a tender or exchange offer or consummation of a corporate transaction, then the highest price paid per share of Common Stock pursuant thereto. Any consideration other than cash forming a part or all of the consideration for Common Stock to be paid pursuant to the applicable transaction shall be valued at the valuation price thereon determined by the Board.

In addition, the Company shall reimburse a Director for the legal fees and expenses incurred if the Director is required to seek to obtain or enforce any right to distribution. In the event that it is determined that such Director is properly entitled to a cash distribution hereunder, such Director shall also be entitled to interest thereon at 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, Article I, Section 2(f) and Section 7 of this Article 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 DESIGNATION

A Director may designate one or more persons (including a trust) to whom or to which payments are to be made if the Director dies before receiving payment of all amounts due hereunder. A designation of Beneficiary will be effective only after the signed Election is filed with the Secretary of the Company while the Director is alive and will cancel all designations of a Beneficiary signed and filed earlier. If the Director fails to designate a Beneficiary as provided above or if all of a Director's Beneficiaries predecease him or her and he or she fails to designate a new Beneficiary, remaining unpaid amounts shall be paid in one lump sum to the estate of such Director. If all Beneficiaries of the Director die before the Director or before complete payment of all amounts due hereunder, the remaining unpaid amounts shall be paid in one lump sum to the estate of the last to die of such Beneficiaries.

2. INALIENABILITY OF BENEFITS

The interests of the Directors and their Beneficiaries under the Plan may not in any way be voluntarily or involuntarily transferred,

alienated or assigned, nor be subject to attachment, execution, garnishment or other such equitable or legal process.

3. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

4. AMENDMENTS

The Committee on Directors may amend, alter or terminate this Plan at any time without the prior approval of the Directors; provided, however, that the Committee on Directors may not, without approval by the shareholders:

(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 Plan Participants remain non-employee directors ("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 Plan participants from remaining Non-Employee Directors, that provision shall be deemed amended so that the Plan does so comply and the Plan participants remain Non-Employee Directors, to the extent permitted by law and deemed advisable by the Committee on Directors, and in all events the Plan shall be construed in favor of its meeting the requirements of Rule 16b-3.

6. EFFECTIVE DATE

The Plan was approved by the shareholders of the Company on January 27, 1994, and originally became effective as of November 9, 1993, and has been restated in this document effective January 28, 1998.

TENTH AMENDED AND RESTATED
ASHLAND INC.
SUPPLEMENTAL EARLY RETIREMENT PLAN
FOR CERTAIN EMPLOYEES
November 4, 1999

ARTICLE I. PURPOSE AND EFFECTIVE DATE.

1.01 PURPOSE

The purpose of the Plan is to allow designated employees to retire prior to their sixty-fifth birthday without an immediate substantial loss of income. This Plan is a supplemental retirement arrangement for a select group of management.

1.02 EFFECTIVE DATE

The Tenth Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees is hereby amended effective November 4, 1999. However, the rights and obligations of Employees who were selected by the Board or approved for participation pursuant to the eligibility requirements of the Plan to receive a benefit under the Plan, or who were receiving benefits prior to November 4, 1999 shall be governed by the terms of the Plan in effect at the time of each such Employee's Effective Retirement Date, unless otherwise determined by the Committee in its sole discretion.

ARTICLE II. DEFINITIONS.

The following terms used herein shall have the following meanings unless the context otherwise requires:

2.01 "Age" - means the age of an Employee as of his or her last birthday, except as may otherwise be provided under Sections 5.01 and 5.02 in the event of a Change in Control.

2.02 "Annual Retirement Income" - means the annual income payable under this Plan by Ashland for the lifetime of a Participant commencing on such Participant's Effective Retirement Date and ending on his or her date of death, subject to the provisions of Section 5.04.

2.03 "Ashland" - means Ashland Inc. and its present or future subsidiary corporations.

2.04 "Board" - means the Board of Directors of Ashland and its designees.

2.05 "Change in Control" - shall be deemed to occur (1) upon the approval of the shareholders of Ashland (or if such approval is not required, the approval of the Board) of (A) any consolidation or merger of Ashland in which Ashland is not the continuing or surviving corporation or pursuant to which shares of Ashland common stock would be converted into cash, securities or other property other than a merger in which the holders of Ashland common stock immediately prior to the merger will have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Ashland, or (C) adoption of any plan or proposal for the liquidation or dissolution of Ashland, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Securities Exchange Act of 1934), other than Ashland or any subsidiary or employee benefit plan or trust maintained by Ashland or any of its subsidiaries, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of more than 15% of the Ashland common stock outstanding at the time, without the approval of the Board, or (3) if at any time during a period of two 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 nomination for election by Ashland'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.

2.06 "Committee" - means the Personnel and Compensation Committee of the Board and its designees.

2.07 "Effective Retirement Date" - means the date upon which a Participant retires under this Plan which shall be the first day of the month following the Participant's 62nd birthday or, at Ashland's discretion or as otherwise provided in Article V or VI, any earlier age. Upon approval as provided in Sections 3.01 and 3.02, the "Effective Retirement Date" of a Participant may occur after the Employee reaches age 62. The Effective Retirement Date of an Employee who becomes a Participant under Section 3.03 because of a Change in Control and who is considered to be a Level I or II participant in the Incentive Compensation Plan and who has an Employment Agreement shall be the first day of the month following (i) such Employee's termination for reasons other than "Cause" or (ii) such Employee's resignation for "Good Reason." The Effective Retirement Date of an Employee who becomes a Participant under Section 3.03 because of a Change in Control and who is considered to be a Level III, IV or V participant in the Incentive Compensation Plan, or who is considered to be a Level I or II participant in the Incentive Compensation Plan and who does not have an Employment Agreement, shall be the first day of the month following such Employee's termination for reasons other than "Cause". For Employees who do not have an Employment Agreement with Ashland, "Cause" shall have the meaning given to that word in Section 3.05.

2.08 "Employee" - means an employee of Ashland who (i) is at least 55 years of age or such earlier age pursuant to Section 5.06(b); and (ii) is deemed on the Effective Retirement Date to be a Level V or above employee under the Incentive Compensation Plan. Notwithstanding anything herein to the contrary, if, after a Change in Control, an Employee is terminated other than for "Cause" or, in the case of a Level I or II Employee having an

- Employment Agreement, resigns for "Good Reason," the age 55 threshold in clause (i) does not apply and is inapplicable.
- 2.09 "Employment Agreements" - means those contractual agreements, in effect from time to time, which are approved by the Board and which provide an Employee with a specified period of employment and other benefits.
- 2.10 "Final Average Bonus" - means the Participant's average bonus paid under the Incentive Compensation Plan (including amounts that may have been deferred) during the highest thirty-six (36) months out of the final sixty-month (60) period. For these purposes, the "bonus paid" for a particular month within a particular fiscal year under such plan shall be equal to the amount of such bonus actually paid (regardless of the date paid, but excluding any adjustment for the deferral of such payment) to such Participant on account of such fiscal year divided by the number of months contained in such fiscal year which were used in determining the amount of such bonus actually paid to such Participant.
- 2.11 "Final Average Compensation" - means the average total compensation paid during the highest thirty-six months (36) out of the final sixty-month (60) period. For these purposes, "total compensation paid" is the sum of the "compensation paid" and the "bonus paid" during a particular month. "Compensation paid" shall be the base rate of compensation for such Participant in effect on the first day of such calendar month. "Bonus paid" shall have the same meaning as set forth in Section 2.10. In the event a payment is due under the Plan after a Change in Control because the Participant was terminated other than for "Cause" or resigned for "Good Reason," the calculation of Final Average Compensation shall include the amount paid under such Participant's Employment Agreement. The amount so paid shall be divided by 36 to derive the monthly "total compensation paid" it represents.
- 2.12 "Incentive Compensation Plan" - means the Ashland Inc. Incentive Compensation Plan or the Ashland Inc. Incentive Compensation Plan for Key Executives, as applicable, including any successor to such plans.
- 2.13 "Participant" - means an Employee who has been approved for participation in the Plan pursuant to Article III or Section 5.06.
- 2.14 "Plan" - means the Tenth Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Employees as set forth herein.
- 2.15 "Service" - means the number of years and fractional years of employment by Ashland of an Employee, measured from the first day of the month coincident with or next succeeding his or her initial date of employment up to and including such Employee's Effective Retirement Date. For purposes of this Section 2.15, Service shall include an Employee's employment with a subsidiary or an affiliate of Ashland determined in accordance with rules from time to time adopted or approved by the Board, or its delegate.

ARTICLE III. PARTICIPATION IN PLAN.

Eligibility for benefits shall be determined as follows:

- 3.01 EMPLOYEES WHO REQUIRE BOARD APPROVAL
Except as otherwise provided in Section 3.03, an Employee who on the Effective Retirement Date is deemed to be a Level I or II participant under the Incentive Compensation Plan shall require Board approval to participate in this Plan.
- 3.02 EMPLOYEES WHO REQUIRE CEO OR OTHER APPROVAL
Except as otherwise provided in Section 3.03, an Employee who on the Effective Retirement Date is deemed to be a Level III, IV, or V participant under the Incentive Compensation Plan shall require the approval of either (i) Ashland's Chief Executive Officer or (ii) Ashland's Administrative Vice President, Human Resources and either the President or the Chief Financial Officer to participate in this Plan.
- 3.03 AUTOMATIC APPROVAL FOR CHANGE IN CONTROL
Subject to the provisions of Article VI, in the event of a Change in Control (as defined in Section 2.05), an Employee who is deemed to be a Level I, II, III, IV or V participant under the Incentive Compensation Plan shall automatically be deemed to be approved by the Board or by the Chief Executive Officer, as applicable, for participation under this Plan.
- 3.04 OTHER APPROVALS
The Board or Chief Executive Officer, as applicable, may approve such employees for participation in the Plan as they deem to be appropriate, all in its or his sole discretion.
- 3.05 TERMINATION FOR CAUSE
Ashland reserves the right to terminate any Participant for "Cause" prior to his or her Effective Retirement Date, with a resulting forfeiture of the payment of benefits under the Plan. Ashland also reserves the right to terminate any Participant's participation in the Plan for "Cause" subsequent to his or her Effective Retirement Date. For purposes of this Section 3.05, "Cause" shall mean the willful and continuous failure of a Participant to substantially perform his or her duties to Ashland (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 Ashland, each to be determined by Ashland in its sole discretion.

ARTICLE IV. INTERACTION WITH EMPLOYMENT AGREEMENTS.

- 4.01 TERMINATIONS - GENERAL
Notwithstanding any provision of this Plan to the contrary, an Employee who has entered into an Employment Agreement with Ashland and who is either terminated without "Cause" prior to a "change in control of Ashland" or is terminated without "Cause" or resigns for "Good Reason" following a "change in control of Ashland" (each quoted term as defined in the applicable employment agreement) shall be entitled to receive the benefits as provided pursuant to this Plan. Benefits payable hereunder in such a situation shall be calculated in accordance with the payment option selected by the

Employee at such time.
 4.02 BENEFITS PRIOR TO "CHANGE IN CONTROL."
 If the Employee's termination is without "Cause" prior to a "change in control of Ashland," the benefits payable hereunder shall commence no earlier than as of the first day of the calendar month coincident with or next following the second anniversary following the Employee's "Date of Termination" (as defined in the applicable employment agreement); however, if the Employee elects to receive such benefits in a lump sum as provided in Section 5.04(b) (1), such benefits shall commence and be payable as therein specified.

4.03 BENEFITS SUBSEQUENT TO A "CHANGE IN CONTROL."
 If the Employee's termination is without "Cause" or he or she resigns for "Good Reason" following a "change in control of Ashland," benefits payable hereunder shall begin as of the first day of the calendar month next following the Participant's Effective Retirement Date.

4.04 SUBSEQUENT ACTIVITY IN CONFLICT WITH ASHLAND
 The provisions of this Section 4.04 shall apply to Level I, II, III, IV and V Participants, regardless of whether such a Participant has an Employment Agreement; except that the provisions of this Section 4.04 shall not apply to any Participant who was approved for participation hereunder under the provisions of Section 3.03. If a Participant accepts, during a period of five (5) years subsequent to his or her Effective Retirement Date, any consulting or employment activity which is in direct and substantial conflict with the business of Ashland at such time (such determination regarding conflicting activity to be made in the sole discretion of the Board), he or she shall be considered in breach of the provisions of this Section 4.04; provided, however, he or she shall not be restricted in any manner with respect to any other non-conflicting activity in which he or she is engaged.

If a Participant wishes to accept employment or consulting activity which may be prohibited under this Section 4.04, such Participant may submit to Ashland written notice (Attention: Administrative Vice President, Human Resources) of his or her wish to accept such employment or consulting activity. If within ten (10) business days following receipt of such notice Ashland does not notify the Participant in writing of Ashland's objection to his or her accepting such employment or consulting activity, then such Participant shall be free to accept such employment or consulting activity for the period of time and upon the basis set forth in his or her written request. In the event the provisions of this Section 4.04 are breached by a Participant, the Participant shall not be entitled to any additional periodic payments hereunder and shall be liable to repay to Ashland all amounts such Participant received prior to such breach. If a Participant who breaches the provisions of this Section 4.04 received a lump sum distribution of his or her benefit prior to such breach, such Participant shall be liable to repay to Ashland the amount of such distribution. If a Participant who breaches the provisions of this Section 4.04 deferred all or any part of a lump sum distribution hereunder to the Ashland Inc. Deferred Compensation Plan, the amount so deferred shall be forfeited, and if any amount of the amount so deferred was distributed from the Ashland Inc. Deferred Compensation Plan before the breach occurred, the amount so distributed shall be repaid to Ashland. Any repayment of benefits hereunder shall be assessed interest at the rate applicable for the calculation of a lump sum payment under Section 5.04(b) for the month in which the breach occurs, with such interest compounded monthly from the month in which the breach occurs to the month in which such repayment is made to Ashland. Ashland shall have available to it all other remedies at law and equity to remedy a breach of this Section 4.04.

ARTICLE V. ANNUAL RETIREMENT INCOME AND OTHER BENEFITS.

5.01 LEVELS I AND II.
 The Annual Retirement Income of a Participant who is deemed to be a Level I or II Participant under the Incentive Compensation Plan shall be equal to:

(a) PRE-AGE 62 BENEFIT
 A Participant who retires under this Plan, including a Participant to whom the provisions of paragraph (d) of this Section 5.01 apply, shall receive an Annual Retirement Income from and after the first day of the calendar month next following his or her Effective Retirement Date until the end of the month in which he or she attains age 62 equal to the greater of (1) the amounts provided in the following schedule or (2) 50% of Final Average Compensation. Notwithstanding the previous sentence, in the event such Participant retired with less than 20 years of Service, such Annual Retirement Income shall be multiplied by a fraction (A) the numerator of which is such Participant's years of and fractional years of Service, and (B) the denominator of which is twenty (20).

RETIREMENT	% OF COMPENSATION
1st - Year After Effective Retirement Date	75%
2nd - "	70%
3rd - "	65%
4th - "	60%
5th - "	55%
6th - Year and thereafter to Age 62	50%

For purposes of this Section 5.01(a), "% of Compensation" shall mean the annualized average of the Participant's base monthly compensation rates (excluding incentive awards, bonuses, and any other form of extraordinary compensation) in effect with respect to Ashland on the first day of the thirty-six (36) consecutive calendar months which will give the highest average out of the one-hundred twenty (120) consecutive calendar month period ending on the Participant's Effective Retirement Date.

(b) AGE 62 BENEFIT AND THEREAFTER

From and after the first day of the calendar month next following his or her Effective Retirement Date, or the attainment of age 62, whichever is later, the Participant's Annual Retirement Income shall be equal to 50% of Final Average Compensation; provided, however, that in the event such Participant retired with less than 20 years of Service, such Annual Retirement Income shall be 50% of Final Average Compensation multiplied by a fraction (A) the numerator of which is such Participant's years of and fractional years of Service, and (B) the denominator of which is twenty (20).

(c) BENEFIT REDUCTION

The amount of benefit provided in paragraphs (a) and (b) of this Section 5.01 shall be reduced by the sum of the following:

- (1) the Participant's benefit under the Ashland Inc. and Affiliates Pension Plan (the "Pension Plan") (assuming 50% of such Participant's account under the Ashland Inc. Leveraged Employee Stock Ownership Plan were transferred to the Pension Plan, as allowed under the terms of each of the said plans), determined on the basis of a single life annuity form of benefit;
- (2) the Participant's benefit under any other defined benefit pension plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended which is maintained by Ashland, determined on the basis of a single life annuity form of benefit (said plans referred to in sub-paragraphs (1) and (2) of this paragraph (c) are hereinafter referred to jointly and severally as the "Affected Plans");
- (3) the Participant's benefit under the Ashland Inc. Nonqualified Excess Benefit Pension Plan, determined on the basis of a single life annuity form of benefit; and
- (4) the Participant's benefit under the Ashland Inc. ERISA Forfeiture Plan attributable to amounts which were forfeited under the Ashland Inc. Leveraged Employee Stock Ownership Plan, multiplied by 50%, and determined on the basis of a single life annuity benefit.

In the event a Participant's benefit hereunder is paid as a lump sum pursuant to an election under Section 5.04(b)(1), the reduction to such benefit shall be calculated based upon the lump sum actuarial present value of the benefits referred to in sub-paragraphs (1)-(4) of this paragraph (c) to which the Participant would be entitled at age 62, regardless of the date payments actually commence. In the event the Participant's benefit hereunder is paid in any form of periodic payments, the reduction shall apply from and after the date the Participant actually commences payments under the plans referred to under sub-paragraphs (1), (2) or (3) of this paragraph (c).

(d) BENEFIT AFTER A CHANGE IN CONTROL

- (1) PARTICIPANTS HAVING EMPLOYMENT AGREEMENTS. A Participant having an Employment Agreement who either is terminated without "Cause" or resigns for "Good Reason" after a Change in Control shall have the benefit payable under this Section 5.01 computed by adding 3 years to the Participant's Age and Service at the Participant's Effective Retirement Date. These additions to Age and Service shall, except as otherwise provided, apply for purposes of computing the single life annuity payment to the Participant. A Participant subject to this paragraph (d)(1) whose Effective Retirement Date occurs before attaining an actual age of 55 shall have the 3 year addition to Age apply when converting the single life annuity amount to any permitted optional form under this Article V. If the Effective Retirement Date of a Participant subject to this paragraph (d)(1) occurs on or after the Participant attains an actual age of 55, then the Participant's actual age shall be used when making such a conversion. Notwithstanding anything to the contrary contained herein, when converting a Participant's single life annuity to a lump sum payment option, the Participant's actual age shall be used without reference to the additional 3 years. If the addition of 3 years to the Participant's age results in an Age less than 55 and the Participant commences the benefit, the amount of the benefit shall be

adjusted to account for the fact it is paid before the Participant's attainment of Age 55. This adjustment shall be based upon the early retirement table in Section 6.2 of the Ashland Inc. and Affiliates Pension Plan as it existed on September 30, 1999. When applying this table under these circumstances, age 55 shall be substituted for age 62 and adjustments for ages younger than those on the table shall be reasonably determined by an actuary or actuarial firm who regularly performs services in connection with the Plan.

(2) PARTICIPANTS WITHOUT EMPLOYMENT AGREEMENTS. A Participant without an Employment Agreement who is terminated without "Cause" after a Change in Control shall have the benefit payable under this Section 5.01 computed by adding the applicable amount to the Participant's Age and Service at the Participant's Effective Retirement Date. For these purposes, the applicable amount is derived from the following table.

LENGTH OF PARTICIPANT'S SERVICE AT SEPARATION FROM EMPLOYMENT	NUMBER OF YEARS (THE APPLICABLE AMOUNT)
Up to 5 years	3 months
More than 5 and up to 10 years	6 months
More than 10 and up to 15 years	1 year
More than 15 and up to 20 years	1 year and 6 months
More than 20 years	2 years

These additions to Age and Service shall, except as otherwise provided, apply for purposes of computing the single life annuity payment to the Participant. A Participant subject to this paragraph (d)(2) whose Effective Retirement Date occurs before attaining an actual age of 55 shall have the applicable amount added to such Participant's Age apply when converting the single life annuity amount to any permitted optional form under this Article V. If the Effective Retirement Date of a Participant subject to this paragraph (d)(2) occurs on or after the Participant attains an actual age of 55, then the Participant's actual age shall be used when making such a conversion. Notwithstanding anything to the contrary contained herein, when converting a Participant's single life annuity to a lump sum payment option, the Participant's actual age shall be used without reference to the addition of the applicable amount. If the addition of the applicable amount to the Participant's age results in an Age less than 55 and the Participant commences the benefit, the amount of the benefit shall be adjusted to account for the fact it is paid before the Participant's attainment of Age 55. This adjustment shall be based upon the early retirement table in Section 6.2 of the Ashland Inc. and Affiliates Pension Plan as it existed on September 30, 1999. When applying this table under these circumstances, age 55 shall be substituted for age 62 and adjustments for ages younger than those on the table shall be reasonably determined by an actuary or actuarial firm who regularly performs services in connection with the Plan.

5.02 LEVELS III, IV AND V.

(a) GENERAL

The Annual Retirement Income of a Participant (including a Participant to whom the provisions of paragraph (b) of this Section 5.02 apply) who on his or her Effective Retirement Date was deemed to be a Level III, IV, or V Participant under the Incentive Compensation Plan shall, from and after the first day of the calendar month next following his or her 62nd birthday, be equal to 50% of Participant's Final Average Bonus; provided, however, that in the event such Participant retired with less than 20 years of Service, such Annual Retirement Income after age 62 shall be 50% of Final Average Bonus multiplied by a fraction (A) the numerator of which is such Participant's years of and fractional years of Service, and (B) the denominator of which is twenty (20). Although a Participant may elect to commence benefits under this Plan upon his or her Effective Retirement Date, there shall be an actuarial adjustment (consistent with that applied under Ashland's qualified pension plan, as from time to time in effect) for Participants receiving benefits under this Section 5.02 whose Effective Retirement Date is prior to age 62.

(b) BENEFIT AFTER A CHANGE IN CONTROL

A Participant who is terminated other than for "Cause" after a Change in Control shall have the benefit payable under this Section 5.02 computed by adding to the Participant's Age and Service at the Participant's Effective Retirement Date the number of years equal to

the applicable amount for the Participant derived from the following table.

LENGTH OF PARTICIPANT'S SERVICE AT SEPARATION FROM EMPLOYMENT	NUMBER OF YEARS (THE APPLICABLE AMOUNT)
Up to 5 years	3 months
More than 5 and up to 10 years	6 months
More than 10 and up to 15 years	1 year
More than 15 and up to 20 years	1 year and 6 months
More than 20 years	2 years

These additions to Age and Service shall, except as otherwise provided, apply for purposes of computing the single life annuity payment to the Participant. A Participant subject to this paragraph (b) whose Effective Retirement Date occurs before attaining an actual age of 62 shall have the applicable amount from the table hereinabove added to his or her Age apply when converting the single life annuity amount to any permitted optional form under this Article V. If the Effective Retirement Date of a Participant subject to this paragraph (b) occurs on or after the Participant attains an actual age of 62, then the Participant's actual age shall be used when making such a conversion. Notwithstanding anything to the contrary contained herein, when converting a Participant's single life annuity to a lump sum payment option, the Participant's actual age shall be used without reference to the applicable amount derived from the table hereinabove. If the addition of the applicable amount from the table hereinabove to the Participant's age results in an Age less than 62 and the Participant commences the benefit, the amount of the benefit shall be adjusted to account for the fact it is paid before the Participant's attainment of Age 62. This adjustment shall be based upon the early retirement table in Section 6.2 of the Ashland Inc. and Affiliates Pension Plan as it existed on September 30, 1999, and adjustments for ages younger than those on the table shall be reasonably determined by an actuary or actuarial firm who regularly performs services in connection with the Plan.

5.03 BENEFITS PAYABLE FOR LESS THAN 12 MONTHS
Annual Retirement Income benefits payable under Sections 5.01 and 5.02 for a period of less than 12 months due to a Participant's attainment of age 62 or death will be payable on a pro-rata basis, with months taken as a fraction of a year.

5.04 PAYMENT OPTIONS

(a) ELECTION

A Participant shall, subject to Sections 5.05 and 5.06, elect the form in which such benefit shall be paid from among those identified in this Section 5.04 and such election shall be made at the time and in the manner prescribed by Ashland, from time to time, provided that the election is made before the Participant's Effective Retirement Date. Such election, including the designation of any contingent annuitant or alternate recipient under Sections 5.04(b)(4) or (5), shall be irrevocable except as otherwise set forth herein. Notwithstanding anything in the foregoing to the contrary, any Participant approved for participation in the Plan pursuant to Sections 3.01, 3.02 and 3.04 who makes an election under Section 5.04(b)(2) shall make such election by the later of -

- (1) the 60th day following such Participant's approval to participate in this Plan; or
- (2) the earlier of -
 - (A) the date six months prior to Participant's Effective Retirement Date; or
 - (B) the December 31 immediately preceding the Participant's Effective Retirement Date.

Such deferral election shall be made in the manner prescribed by Ashland, from time to time, and shall be irrevocable as of the applicable time identified under Sections 5.04(a)(1) or (2).

Until the time at which an election becomes irrevocable, a Participant shall be able to change it.

(b) OPTIONAL FORMS OF PAYMENT

(1) LUMP SUM OPTION A Participant may elect to receive the benefit under Article V as a lump sum distribution.. A lump sum benefit payable under the Plan to a Participant shall be computed on the basis of the actuarially equivalent present value of such Participant's benefit under Article V based upon such actuarial assumptions as determined by the Committee. Such lump sum shall be payable within thirty (30) days following the later of the Participant's Effective Retirement Date, or at such later date as Ashland or its delegate may determine, in its sole discretion. The option shall be made available to a Participant contingent upon various considerations, including, but not limited to, the following: The tax status of Ashland, including without limitation, the corporate and individual tax

- rate then applicable and whether or not Ashland has or projects a net operating loss; the current and projected liquidity of Ashland, including cash flow, capital expenditures and dividends; Ashland's borrowing requirements and debt leverage; applicable book charges; organizational issues, including succession issues; security of the retirement payment(s) with respect to the retiree; and the Participant's preference.
- (2) LUMP SUM DEFERRAL OPTION A Participant who is eligible to receive a lump sum distribution under 5.04(b)(1) shall be able to elect to defer all or a portion of the receipt of the elected lump sum (in increments of such percentage or such amount as may be prescribed by Ashland or its delegatee, from time to time), by having the obligation to distribute such amount transferred to the Ashland Inc. Deferred Compensation Plan to be held thereunder in a notional account and paid pursuant to the applicable provisions of such Plan, as they may be amended from time to time; provided, however, that the election to defer such distribution shall be made at the time and in the manner prescribed in Section 5.04(a)(1) and (2).
- (3) SINGLE LIFE ANNUITY A Participant may elect to have such benefit paid in the form of equal monthly payments for and during such Participant's life, with such payments ending at such Participant's death. Payments under this option shall be actuarially equivalent to the benefit provided under Section 5.01 or 5.02, whichever is applicable, determined on the basis of the applicable actuarial assumptions and other relevant provisions used for the same in the Pension Plan.
- (4) JOINT AND SURVIVOR INCOME OPTION A Participant may elect to receive an actuarially reduced benefit payable monthly during the Participant's lifetime with payments to continue after his or her death to the person he designates (hereinafter called "contingent annuitant"), in an amount equal to (1) 100% of such actuarially reduced benefit, (2) 66 2/3% of such actuarially reduced benefit, or (3) 50% of such actuarially reduced benefit. Benefit payments under this option shall terminate with the monthly payment for the month in which occurred the date of death of the later to die of the Participant and his or her contingent annuitant. The following additional limitations and conditions apply to this option:
- (A) The contingent annuitant shall be designated by the Participant in writing in such form and at such time as Ashland may from time to time prescribe. Before the Participant's Effective Retirement Date, the Participant may change the contingent annuitant elected.
- (B) In the event of the death of the contingent annuitant prior to the date as of which the election is irrevocable, the Participant's selection of this option shall be void and the Participant may change the contingent annuitant or change the option elected, subject to the applicable limitations and conditions applied to elections for the options described under 5.04(a)(1) and (2).
- (C) Actuarial equivalence under this sub-paragraph (4) shall be determined on the basis of the applicable actuarial assumptions and other relevant provisions used for the same in the Pension Plan.
- (5) PERIOD CERTAIN INCOME OPTION A Participant may elect to receive an actuarially reduced benefit payable monthly during his or her lifetime and terminating with the monthly payment for the month in which his or her death occurs, with the provision that not less than a total of 120 monthly payments shall be made in any event to him or her and/or the person designated by him or her to receive payments under this sub-paragraph (5) in the event of his or her death (hereinafter called "alternate recipient"). If a Participant and his or her alternate recipient die after the Effective Retirement Date, but before the total specified monthly payments have been made to such Participant and/or his or her alternate recipient, the commuted value of the remaining unpaid payments shall be paid in a lump sum to the estate of the later to die of the Participant or his or her alternate recipient. The following additional limitations and

conditions shall apply to this option:

(A) The alternate recipient shall be designated in writing by the Participant in such form and at such time as Ashland may from time to time prescribe. The designation of an alternate recipient under this sub-paragraph (5) is irrevocable after the Effective Retirement Date, provided, however, a Participant may designate a new alternate recipient if the one first designated dies before the Participant and after the Effective Retirement Date.

(B) In the event of the death of the alternate recipient prior to the date as of which the election is irrevocable, the Participant's selection of this option shall be void and the Participant may change the alternate recipient or change the option elected, subject to the applicable limitations and conditions applied to elections for the options described under 5.04(a)(1) and (2).

(C) Actuarial equivalence under this sub-paragraph (5) shall be determined on the basis of the applicable actuarial assumptions and other relevant provisions used for the same in the Pension Plan.

5.05. PAYMENT OF SMALL AMOUNTS

Unless such Participant elects to receive his or her benefit in a lump sum as provided in Section 5.04, in the event a monthly benefit under this Plan, payable to either a Participant or to his or her contingent annuitant, alternate recipient or surviving spouse, is too small (in the sole judgment of Ashland) to be paid monthly, such benefit may be paid quarterly, semi-annually, or annually, as determined by Ashland to be administratively convenient.

5.06. SURVIVING BENEFITS

(a) Except as otherwise provided in Section 5.04 of this Plan, in the event that a Participant receiving Annual Retirement Income benefits shall die after his or her Effective Retirement Date, no additional benefits shall be payable by Ashland under this Plan to such deceased Participant's beneficiaries, survivors, or estate.

(b) If an Employee dies while in active service with Ashland

(1) prior to approval for participation in the Plan and said Employee is a Level I or II participant under the Incentive Compensation Plan; or

(2) after approval for participation in the Plan but prior to making an election pursuant to Section 5.04(a) and said Employee is a Level I -V participant under the Incentive Compensation Plan; then such Employee shall be deemed:

(i) to be a Participant under the Plan in the case of Section 5.06 (b)(1); (ii) to have commenced participation one (1) day prior to the date of the Employee's death; and (iii) to have elected to receive his or her benefits in the form of the 100% Joint & Survivor retirement income option and to have designated his or her spouse as the beneficiary thereunder.

(c) In the event an Employee is approved for participation under the Plan and dies after having made an election under Section 5.04(a) but prior to his or her Effective Retirement Date, then such Employee shall be deemed to have commenced participation one (1) day prior to the date of the Employee's death and payment shall be made under this Plan in accordance with the Employee's election.

5.07 PARTICIPATION IN OTHER BENEFITS

After a Participant's Effective Retirement Date, he or she shall continue to participate in Ashland's Group Life Insurance, Medical and Dental programs in the same manner and under the same terms and conditions as provided for retirees as a class under the provisions of such programs, as from time to time in effect. Except as otherwise expressly provided in this Plan, a Participant's active participation in all employee benefit programs maintained by Ashland derived from his or her employment status with Ashland shall be discontinued.

ARTICLE VI. CHANGE IN CONTROL.

Notwithstanding any provision of this Plan to the contrary, in the event of a Change in Control, an Employee who is deemed to be a Level I, II, III, IV or V participant under Ashland's Incentive Compensation Plan, shall, in accordance with Section 3.03, automatically be deemed approved for participation under this Plan. Consistent with the applicable terms of Sections 5.01 and 5.02, such a Participant may, in his or her sole discretion, elect to retire prior to Age 62. In addition, Ashland (or its successor after the Change in Control) shall reimburse an Employee for legal fees, fees of other experts and expenses incurred by such Employee if he or she is required to, and is successful in, seeking to obtain or enforce any right to payment pursuant to the Plan. In

the event that it shall be determined that such Employee is properly entitled to the payment of benefits hereunder, such Employee 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 latest date practicable prior to the date of the actual commencement of payments) from the date such payment(s) should have been made to and including the date it is made. Notwithstanding any provision of this Plan to the contrary, the provisions of this Plan or any other plan of Ashland Inc. having a material impact on the benefits payable under this Plan may not be amended after a Change in Control occurs without the written consent of a majority of the Board who were directors prior to the Change in Control.

ARTICLE VII. MISCELLANEOUS.

- 7.01 The obligations of Ashland hereunder constitute merely the promise of Ashland 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 Ashland. To the extent any Participant has a right to receive payments from Ashland under this Plan, such right shall be no greater than the right of any unsecured general creditor of Ashland.
- 7.02 Full power and authority to construe, interpret and administer this Plan shall be vested in the Board or its delegate. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the Plan, 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 Board or its delegate shall be final, conclusive and binding upon all parties, provided, however, that no such decision may adversely affect the rights of any Participant who has been approved for participation in the Plan under the terms of Section 3.03 and whose benefit is determined under the terms of Section 5.01(d) or Section 5.02(b).
- 7.03 This Plan shall be binding upon Ashland and any successors to the business of Ashland and shall inure to the benefit of the Participants and their beneficiaries, if applicable. Except as otherwise provided in Article VI, the Board or its delegate may, at any time, amend this Plan, retroactively or otherwise, but no such amendment may adversely affect the rights of any Participant who has been approved for participation in the Plan except to the extent that such action is required by law.
- 7.04 Except as otherwise provided in Section 5.04, no right or interest of the Participants under this Plan shall be subject to voluntary or involuntary alienation, assignment or transfer of any kind.
- 7.05 This Plan shall be governed for all purposes by the laws of the Commonwealth of Kentucky.
- 7.06 If any term or provision of this Plan is determined by a court or other appropriate authority to be invalid, void, or unenforceable for any reason, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Name and Address

Dear _____:

Ashland Inc. considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interest of the Company and its shareholders. In this regard, the Company recognizes that, as is the case with many publicly-held corporations, the possibility of a Change in Control of the Company does exist and that such possibility, and the uncertainty and questions which a Change in Control of the Company may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. In addition, difficulties in attracting and retaining new senior management personnel may be experienced. Accordingly, on the basis of the recommendation of the Personnel and Compensation Committee of the Board, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of certain members of the Company's management, including you, to their assigned duties without distraction in the face of the potentially disruptive circumstances arising from the possibility of a Change in Control of the Company.

In order to encourage you to remain in the employ of the Company, this Agreement sets forth those benefits which the Company will provide to you in the event your employment with the Company (1) is terminated without Cause during the term of this Agreement, or (2) you resign for Good Reason following a Change in Control of the Company under the circumstances described below.

SECTION A. DEFINITIONS

1. "Agreement" shall mean this letter agreement.
2. "Board" shall mean the Company's Board of Directors.

3. "Cause" shall occur hereunder only upon (A) the willful and continued failure by you substantially to perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, (B) the willful engaging by you in gross misconduct materially and demonstrably injurious to the Company after a written demand to cease such misconduct is delivered to you by the Board, or (C) your conviction of or the entering of a plea of nolo contendere to the commission of a felony involving moral turpitude. For purposes of this paragraph, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose, among others, (after at least 20 days prior notice to you and an opportunity for you, together with your counsel, to be heard before the Board), of finding that (i) in the good faith opinion of the Board you failed to perform your duties or engaged in misconduct as set forth above in subparagraph (A) or (B) of this paragraph, and that you did not correct such failure or cease such misconduct after being requested to do so by the Board, or (ii) as set forth in subparagraph (C) of this paragraph, you have been convicted of or have entered a plea of nolo contendere to the commission of a felony involving moral turpitude.

4. "Change in Control of the Company" shall be deemed to have occurred if (i) there shall be consummated (A) any consolidation, merger, or share exchange of the Company in which the Company is not the continuing or surviving corporation 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, 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 15% 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, 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.

5. "COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act, as amended.

6. "Common Stock" shall mean the common stock, par value \$1.00 per share, of the Company.

7. "Company" shall mean Ashland Inc. and any successor to its business and/or assets which executes and delivers the agreement provided for in Section F, paragraph 1 hereof or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

8. "Competitive Activity" shall have the meaning as set forth in Section C, paragraph 2.

9. "Competitive Operation" shall have the meaning as set forth in Section C, paragraph 2.

10. "Confidential Information" shall mean information relating to the Company's, its divisions' and Subsidiaries' and their successors' business practices and business interests, including, but not limited to, customer and supplier lists, business forecasts, business and strategic plans, financial and sales information, information relating to products, process, equipment, operations, marketing programs, research, or product development, engineering records, computer systems and software, personnel records or legal records.

11. "Date Of Termination" shall mean: (A) if this Agreement is terminated for Disability, thirty (30) days after the Notice of Termination is given by the Company to you (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty (30) day period), (B) if your employment is terminated for Good Reason by you, the date specified in the Notice of Termination, and (C) if your employment is terminated for any other reason, the date on which a Notice of Termination is received by you unless a later date is specified.

12. "Disability" shall occur when: if, as a result of your incapacity due to physical or mental illness, you shall have been absent from your duties with the Company for six (6) consecutive months and shall not have returned to full-time performance of your duties within thirty (30) days after written notice is given to you by the Company.

13. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

14. "Excise Tax" shall have the meaning as set forth in Section E.

15. "Good Reason" shall mean:

(a) without your express written consent, the assignment to you after a Change in Control of the Company, of any duties inconsistent with, or a significant diminution of, your positions, duties, responsibilities or status with the Company immediately prior to a Change in Control of the Company, or a diminution in your titles or offices as in effect immediately prior to a Change in Control of the Company or any removal of you from, or any failure to reelect you to, any of such positions;

(b) a reduction by the Company in your base salary in effect immediately prior to a Change in Control of the Company or a failure by the Company to increase (within fifteen months of your last increase in base salary) your base salary after a Change in Control of the Company in an amount which is substantially similar, on a percentage basis, to the average percentage increase in base salary for all corporate officers of the Company during the preceding twelve (12) months;

(c) the failure by the Company to continue in effect any thrift, stock ownership, pension, life insurance, health, dental and accident or disability plan in which you are participating or are eligible to participate at the time of a Change in Control of the Company (or plans providing you with substantially similar benefits), except as otherwise required by the terms of such plans as in effect at the time of any Change in Control of the Company, or the taking of any action by the Company which would adversely affect your participation in or materially reduce your benefits under any of such plans or deprive you of any material fringe benefits enjoyed by you at the time of the Change in Control of the Company or the failure by the Company to provide you with the number of paid vacation days to which you are entitled in accordance with the vacation policies of the Company in effect at the time of a Change in Control of the Company, unless a comparable plan is substituted therefor;

(d) the failure by the Company to continue in effect any incentive plan or arrangement (including without limitation, the Company's Incentive Compensation plan, annual bonus and contingent bonus arrangements and credits and the right to receive performance awards and similar incentive compensation benefits) in which you are participating at the time of a Change in Control of the Company (or to substitute and continue other plans or arrangements providing you with substantially similar benefits), except as otherwise required by the terms of such plans as in effect at the time of any Change in Control of the Company;

(e) the failure by the Company to continue in effect any plan or arrangement to receive securities of the Company (including, without limitation, any plan or arrangement to receive and exercise stock options, stock appreciation rights, restricted stock or grants thereof or to acquire stock or other securities of the Company) in which you are participating at the time of a Change in Control of the Company (or to substitute and continue plans or arrangements providing you with substantially similar

benefits), except as otherwise required by the terms of such plans as in effect at the time of any Change in Control of the Company, or the taking of any action by the Company which would adversely affect your participation in or materially reduce your benefits under any such plan;

(f) the relocation of the Company's principal executive offices to a location outside the Covington, Kentucky area, or the Company's requiring you to be based anywhere other than at your current location or at the location of the Company's principal executive or divisional offices, except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations, or, in the event you consent to any such relocation of the Company's principal executive or divisional offices, the failure by the Company to pay (or reimburse you for) all reasonable moving expenses incurred by you relating to a change of your principal residence in connection with such relocation and to indemnify you against any loss (defined as the difference between the actual sale price of such residence and the greater of (a) your aggregate investment in such residence, or (b) the fair market value of such residence as determined by Relocation Properties Management LLC or other real estate appraiser reasonably satisfactory to both you and the Company) realized in the sale of your principal residence in connection with any such change of residence;

(g) any breach by the Company of any material provision of this Agreement; or

(h) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company.

16. "Gross-up Payment" shall have the meaning as set forth in Section E.

17. "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

18. "Payment" shall have the meaning as set forth in Section E.

19. "Person" shall have the meaning as set forth in the Sections 13(d) and 14(d) (2) of the Exchange Act.

20. "Qualifying Termination" shall mean the termination of your employment after a Change in Control of the Company while this Agreement is in effect, unless such termination is (a) by reason of your death or Disability, (b) by the Company for Cause, or (c) by you other than for Good Reason.

21. "Salary Continuation Period" shall have the meaning set forth in Section C, paragraph 1.

22. "Subsidiary" shall mean any corporation of which more than 20% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether or not at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by the Company, by the Company and one or more other Subsidiaries, or by one or more other Subsidiaries.

SECTION B. TERM AND BENEFITS

This Agreement shall be in effect for two years from the date you accept this Agreement and shall automatically renew for successive two (2) year periods on the first day of each month. This Agreement may be terminated by either party provided that at least fifteen (15) days advance written notice is given by either party to the other party hereto prior to the commencement of the next succeeding two (2) year period at which time the Agreement shall terminate at the end of the next succeeding two (2) year period. During the term of employment hereunder, you agree to devote your full business time and attention to the business and affairs of the Company and to use your best efforts, skills and abilities to promote its interests.

In the event of your retirement, at your election or in accordance with the Company's generally applicable retirement policies, as in effect from time to time, this Agreement shall automatically terminate, without additional notice to you, as of the effective date of your retirement. Notwithstanding the first sentence of this paragraph and the first and second sentences of this Section B, if a Change in Control of the Company should occur while you are still an employee of the Company and while this Agreement is in effect, then this Agreement shall continue in effect from the date of such Change in Control of the Company for a period of two years. Prior to a Change in Control of the Company, your employment may be terminated by the Company for Cause at any time pursuant to a Notice of Termination. In such event, you shall not be entitled to the benefits provided hereunder. No benefits shall be payable hereunder unless your employment is terminated without Cause or there shall have been a Change in Control of the Company and your employment by the Company shall thereafter terminate in accordance with Section D hereof.

SECTION C. TERMINATION PRIOR TO CHANGE IN CONTROL

1. Compensation Prior to a Change in Control. If you are terminated by the Company without Cause during the term of this Agreement

and prior to a Change in Control of the Company, you shall be entitled to receive:

(a) payment of your highest salary during the prior two year fiscal years preceding the fiscal year in which your Date of Termination occurs for a period of two (2) years after your Date of Termination ("Salary Continuation Period");

(b) continuation of your and your eligible dependents' existing participation at regular employee rates, in effect from time to time, in all of the Company's medical, dental and group life plans or programs in which you were participating immediately prior to your Date of Termination during the Salary Continuation Period, after which time you and your eligible dependents will be eligible for coverage under COBRA. In the event that your continued participation in any such plan or program is for whatever reason impossible, the Company shall arrange upon comparable terms to provide you with benefits substantially equivalent on an after tax basis to those which you and your eligible dependents are, or become, entitled to receive under such plans and programs;

(c) if and when payments are made, payment in cash of any pro-rata portion (up through your Date Of Termination) of any amounts you would have received under the Company's performance unit/share plans, incentive compensation plan and any other similar executive compensation plan in which you were a participant immediately prior to your Date of Termination; and

(d) outplacement services historically offered to displaced employees by the Company under substantially the same terms and fee structure as is consistent with an employee in your position.

However, in the event that your employment with the Company is terminated during the term of this Agreement and prior to a Change in Control of the Company and such termination is not a termination without Cause (including, without limitation, termination by reason of your voluntary termination, retirement, death, or Disability), or if your employment is terminated for Cause during the term of this Agreement, you shall not be entitled to receive any benefits under this Agreement.

2. Competitive Activity. In consideration of the foregoing, you agree that if your employment is terminated during the term of this Agreement and prior to a Change in Control of the Company, then during a period ending six (6) months following your Date of Termination you shall not engage in any Competitive Activity; provided, you shall not be subject to the foregoing obligation if the Company breaches a material provision of this Agreement. If you engage in any Competitive Activity during that period, the Company shall be entitled to recover any benefits paid to you under this Agreement. For purposes of this Agreement, "Competitive Activity" shall mean your participation, without the written consent of the General Counsel of the Company, in the management of any business operation of any enterprise if such operation (a "Competitive Operation") engages in substantial and direct competition with any business operation actively conducted by the Company or its divisions and Subsidiaries on your Date of Termination. For purposes of this paragraph, a business operation shall be considered a Competitive Operation if such business sells a competitive product or service which constitutes (i) 15% of that business's total sales or (ii) 15% of the total sales of any individual subsidiary or division of that business and, in either event, the Company's sales of a similar product or service constitutes (i) 15% of the total sales of the Company or (ii) 15% of the total sales of any individual Subsidiary or division of the Company. Competitive Activity shall not include (i) the mere ownership of securities in any enterprise, or (ii) participation in the management of any enterprise or any business operation thereof, other than in connection with a Competitive Operation of such enterprise.

3. Release. In exchange for the benefits herein, you completely release the Company to the fullest extent permitted by law from all claims you may have against the Company on your Date of Termination except claims related to (a) claims for benefits to which you are entitled under this Agreement and (b) any applicable worker's compensation or unemployment compensation laws.

SECTION D. TERMINATION FOLLOWING CHANGE IN CONTROL

1. Qualifying Termination. If your termination is a Qualifying Termination, you shall be entitled to receive the payments and benefits provided in this Section.

2. Notice of Termination. Except as provided in Section F, paragraph 1, any termination of your employment following a Change in Control of the Company shall be communicated by written Notice of Termination to the other party hereto. No termination shall be effective without such Notice of Termination.

3. Compensation Upon Termination After a Change in Control.

(a) If your termination is a Qualifying Termination, then the Company shall pay to you as severance pay (and without regard to the provisions of any benefit or incentive plan), in a lump sum cash payment on the fifth (5th) day following your Date of Termination, an amount equal to three (3) times the highest of your annual compensation (including annual incentive compensation) paid or payable in respect of the prior three (3) fiscal years preceding the fiscal year in which your Date of Termination occurs or, if greater, the prior three (3) fiscal years preceding the fiscal year in which the Change in Control of the Company occurs.

(b) If your termination is a Qualifying Termination, the Company

shall, in addition to the payments required by the preceding paragraph:

(i) provide for continuation of your and your eligible dependents' participation at regular employee rates, in effect from time to time, in all of the Company's medical, dental and group life plans or programs in which you were participating immediately prior to your Date of Termination for a period of three years from your Date of Termination, after which time you and your eligible dependents will be eligible for coverage under COBRA. In the event that your continued participation in any such plan or program is for whatever reason impossible, the Company shall arrange upon comparable terms to provide you with benefits substantially equivalent on an after tax basis to those which you and your eligible dependents are, or become, entitled to receive under such plans and programs;

(ii) provide for full payment in cash of any performance unit/share awards in existence on your Date of Termination less any amounts paid to you under the applicable performance unit/share plan upon a Change in Control of the Company pursuant to the provisions of such plan;

(iii) provide for payment in cash of any incentive compensation (a) for the fiscal year during which the Change in Control of the Company occurred and any prior fiscal years for which you have not yet received payment, and (b) payment of incentive compensation for the fiscal year in which your Date of Termination occurs calculated as the greater of (x) the highest incentive compensation amount you were awarded in the last (3) three fiscal years preceding the fiscal year in which your Date of Termination occurs and (y) 125% of your gross base salary (gross base salary to be calculated as of the day prior to the date the Change in Control of the Company occurs or, if greater, your Date of Termination);

(iv) provide benefits or compensation under any compensation plan, arrangement or agreement not in existence as of the date hereof but which may be established by the Company prior to your Date of Termination at such time as payments are made thereunder to the same extent as if you had been a full-time employee on the date such payments would otherwise have been made or benefits vested;

(v) if requested by you, purchase your principal residence in accordance with the provisions of Relocation Properties Management LLC that have historically applied in the case of transfers of the Company's employees; provided, however, that the purchase price of your residence shall be deemed to be the greater of (a) your aggregate investment in such residence, or (b) the then current fair market value of such residence;

(vi) for one (1) year after your Date of Termination, provide and pay for outplacement services, by a firm reasonably acceptable to you, that have historically been offered to displaced employees generally by the Company under substantially the same terms and fee structure as is consistent with an employee in your then current position (or, if higher, your position immediately prior to the Change in Control of the Company);

(vii) for one (1) year after your Date of Termination, provide and pay for financial planning services, by a firm reasonably acceptable to you, that have historically been offered to you under substantially the same terms and fee structure as is consistent with an employee in your then current position (or, if higher, your position immediately prior to the Change in Control of the Company);

(viii) pay to you an amount equal to the value of all unused, earned and accrued vacation as of your Date of Termination pursuant to the Company's policies in effect immediately prior to the Change in Control of the Company; and

(ix) provide for the immediate vesting of all stock options held by you, as of your Date of Termination, under any Company stock option plan and all such options shall be exercisable for the remaining terms of the options.

(c) Unless otherwise provided in this Agreement or in the applicable compensation or stock option plan or program, all payments shall be made to you within thirty (30) days after your Date of Termination. The benefits in this Agreement are in addition to all accrued and vested benefits to which you are entitled to under any of the Company's plans and arrangements (to the extent accrued and vested benefits are relevant under the particular plan or arrangement), including but not limited to, the accrued vested benefits to which you are eligible and entitled to receive under any of the Company's qualified and non-qualified benefit or retirement plans, or any successor plans in effect on your Date of

Termination hereunder. For these purposes, accrued and vested benefits shall include any extra, special or additional benefits under such qualified and non-qualified benefit or retirement plans that become due because of the Change in Control.

(d) You shall not be required to mitigate the amount of any payment provided for in this Section by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section be reduced by any compensation earned by you as the result of employment by another employer after your Date of Termination, or otherwise. Except as provided herein, the Company shall have no right to set off against any amount owing hereunder any claim which it may have against you.

SECTION E. ADDITIONAL PAYMENTS BY THE COMPANY

Notwithstanding anything to the contrary in this Agreement, in the event that any payment or distribution by the Company to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are hereinafter collectively referred to as the "Excise Tax"), the Company shall pay to you an additional payment (a "Gross-up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any income, employment and Excise Tax imposed on any Gross-up Payment, you retain an amount of the Gross-up Payment equal to the Excise Tax imposed upon the Payments. You and the Company shall make an initial determination as to whether a Gross-up Payment is required and the amount of any such Gross-up Payment. If you and the Company can not agree on whether a Gross-up Payment is required or the amount thereof, then an independent nationally recognized accounting firm, appointed by you, shall determine the amount of the Gross-up Payment. The Company shall pay all expenses which you may incur in determining the Gross-up Payment. You shall notify the Company in writing of any claim by the Internal Revenue Service which, if successful, would require the Company to make a Gross-up Payment (or a Gross-up Payment in excess of that, if any, initially determined by the Company and you) within ten days of the receipt of such claim. The Company shall notify you in writing at least ten days prior to the due date of any response required with respect to such claim if it plans to contest the claim. If the Company decides to contest such claim, you shall cooperate fully with the Company in such action; provided, however, the Company shall bear and pay directly or indirectly all costs and expenses (including additional interest and penalties) incurred in connection with such action and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of the Company's action. If, as a result of the Company's action with respect to a claim, you receive a refund of any amount paid by the Company with respect to such claim, you shall promptly pay such refund to the Company. If the Company fails to timely notify you whether it will contest such claim or the Company determines not to contest such claim, then the Company shall immediately pay to you the portion of such claim, if any, which it has not previously paid to you.

SECTION F. MISCELLANEOUS

1. Assumption of Agreement. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, share exchange or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to you, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it 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 breach of a material provision of this Agreement and shall entitle you to compensation in the same amount and on the same terms as you would be entitled pursuant to Section D, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed your Date of Termination without a Notice of Termination being given.

2. Confidentiality. All Confidential Information which you acquire or have acquired in connection with or as a result of the performance of services for the Company, whether under this Agreement or prior to the effective date of this Agreement, shall be kept secret and confidential by you unless (a) the Company otherwise consents, (b) the Company breaches any material provision of this Agreement, or (c) you are legally required to disclose such Confidential Information by a court of competent jurisdiction. This covenant of confidentiality shall extend beyond the term of this Agreement and shall survive the termination of this Agreement for any reason. If you breach this covenant of confidentiality, the Company shall be entitled to recover from any benefits paid to you under this Agreement its damages resulting from such breach.

3. Employment. You agree to be bound by the terms and conditions of this Agreement and to remain in the employ of the Company during any period following any public announcement by any person of any proposed transaction or transactions which, if effected, would result in a Change in Control of the Company until a Change in Control of the Company has taken place. However, nothing contained in this Agreement shall impair or interfere in any way with the right of the Company to terminate your employment for Cause prior to a Change in Control of the Company.

4. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled exclusively by arbitration in accordance with the Center for Public Resources' Model ADR Procedures and Practices, and judgment upon the award

rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Company shall not be restricted from seeking equitable relief, including injunctive relief as set forth in paragraph 5 of this Section, in the appropriate forum. Any cost of arbitration will be paid by the Company. In the event of a dispute over the existence of Good Reason or Cause after a Change in Control of the Company, the Company shall continue to pay your salary, bonuses and plan benefits pending resolution of the dispute. If you prevail in the arbitration, the amounts due to you under this Agreement are to be immediately paid to you.

5. Injunctive Relief. You acknowledge and agree that the remedy of the Company at law for any breach of the covenants and agreements contained in paragraph 2 of this Section and in Section C, paragraph 2 will be inadequate, and that the Company will be entitled to injunctive relief against any such breach or any threatened, imminent, probable or possible breach. You represent and agree that such injunctive relief shall not prohibit you from earning a livelihood acceptable to you.

6. Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the General Counsel of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. Indemnification. The Company will indemnify you to the fullest extent permitted by the laws of the Commonwealth of Kentucky and the existing By-laws of the Company, in respect of all your services rendered to the Company and its divisions and Subsidiaries prior to your Date of Termination. You shall be entitled to the protection of any insurance policies the Company now or hereafter maintains generally for the benefit of its directors, officers and employees (but only to the extent of the coverage afforded by the existing provisions of such policies) to protect against all costs, charges and expenses whatsoever incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of your being or having been a director, officer or employee of the Company or any of its divisions or Subsidiaries during your employment therewith.

8. Further Assurances. Each party hereto agrees to furnish and execute such additional forms and documents, and to take such further action, as shall be reasonably and customarily required in connection with the performance of this Agreement or the payment of benefits hereunder.

9. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer(s) as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

10. Termination of other Agreements. Upon execution by both parties, this Agreement shall terminate all prior employment and severance agreements between you and the Company and its divisions or Subsidiaries.

11. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

13. Legal Fees And Expenses. Any other provision of this Agreement notwithstanding, the Company shall pay all legal fees and expenses which you may incur as a result of the Company's unsuccessful contesting of the validity, enforceability or your interpretation of, or determinations under, any part of this Agreement.

14. Governing Law. This Agreement shall be governed in all respects by the laws of the Commonwealth of Kentucky.

15. Agreement Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amounts would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

16. Headings. All Headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

If this Agreement correctly sets forth our agreement on the subject matter hereof, please sign and return to the Company the enclosed copy of this Agreement which will then constitute our agreement on this matter.

Sincerely,
ASHLAND INC.

By:

ACCEPTED this ____ day of
_____, 19__.

Name of employee

ASHLAND INC.
LONG-TERM INCENTIVE PLAN
(Amended as of November 6, 1997)

SECTION 1. PURPOSE

The purpose of the Ashland Inc. Long-Term Incentive Plan is to promote the interests of Ashland Inc. and its shareholders by providing its directors, officers and employees with an incentive to continue service with Ashland. Accordingly, the Company may grant to selected officers and employees Stock Options, Stock Appreciation Rights, Restricted Stock and Performance Share awards in an effort to attract and retain in its employ qualified individuals and to provide such individuals with additional incentive to devote their best efforts to the Company through ownership of the Company's stock, thus enhancing the value of the Company for the benefit of shareholders. The 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 automatic grants of Restricted Stock of the Company. Stock Options, Stock Appreciation Rights and Performance Shares may not be granted to such Outside Directors under the Plan.

SECTION 2. DEFINITIONS

(A) "Agreement" shall mean a written agreement setting forth the terms of an Award.

(B) "Ashland" shall mean, collectively, Ashland Inc. and its Subsidiaries.

(C) "Award" shall mean an Option (which may be a Nonqualified or Incentive Stock Option), a Stock Appreciation Right, a Restricted Stock Award, or a Performance Share Award, in each case granted under this Plan.

(D) "Beneficiary" shall mean the person, persons, trust or trusts designated by an Employee or Outside Director or if no designation has been made, the person, persons, trust, or trusts entitled by will or the laws of descent and distribution to receive the benefits specified under this Plan in the event of an Employee's or Outside Director's death.

(E) "Board" shall mean the Board of Directors of the Company or its designee.

(F) "Change in Control" shall be deemed to occur (1) upon approval of the shareholders of Ashland (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of Ashland in which Ashland is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Ashland, or (C) adoption of any plan or proposal for the liquidation or dissolution of Ashland, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than Ashland or any Subsidiary or employee benefit plan or trust maintained by Ashland, shall become the "beneficial owner" (as defined in Rule 3(a)(9) or 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of Ashland's Common Stock outstanding at the time, without the approval of the Board, or (3) at any time during a period of two 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'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.

(G) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(H) "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 or its designee.

(I) "Common Stock" shall mean the Common Stock of the Company (\$1.00 par value), subject to adjustment pursuant to Section 12.

(J) "Company" shall mean, collectively, Ashland Inc. and its Subsidiaries.

(K) "Employee" shall mean an officer or employee of the Company.

(L) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(M) "Exercise Price" shall mean, with respect to each share of Common Stock subject to an Option, the price fixed by the Committee at which such share may be purchased from the Company pursuant to the exercise of such Option, which price at no time may be less than 100% of the Fair Market Value of the Common Stock on the date the Option is granted.

(N) "Fair Market Value" shall mean the price of the Common Stock as reported on the Composite Tape on the date and at the time designated by

the Company.

(O) "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.

(P) "Nonqualified Stock Option" or "NQSO" shall mean an Option granted pursuant to this Plan which does not qualify as an Incentive Stock Option.

(Q) "Non-Employee Director" shall mean a non-employee director within the meaning of applicable regulatory requirements, including those promulgated under Section 16 of the Exchange Act.

(R) "Option" shall mean the right to purchase Common Stock at a price to be specified and upon terms to be designated by the Committee pursuant to this Plan. An Option shall be designated by the Committee as a Nonqualified Stock Option or an Incentive Stock Option.

(S) "Outside Director" shall mean a director of the Company who is not also an Employee of the Company.

(T) "Performance Period" shall mean the period designated by the Committee during which the performance objectives shall be measured.

(U) "Performance Share Award" shall mean an award of shares of Common Stock, the issuance of which is contingent upon attainment of performance objectives specified by the Committee.

(V) "Performance Shares" shall mean those shares of Common Stock issuable pursuant to a Performance Share Award.

(W) "Personal Representative" shall mean the person or persons who, upon the disability or incompetence of an Employee or Outside Director, shall have acquired on behalf of the Employee or Outside Director by legal proceeding or otherwise the right to receive the benefits specified in this Plan.

(X) "Plan" shall mean this Ashland Inc. Long-Term Incentive Plan.

(Y) "Restricted Period" shall mean the period designated by the Committee during which Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered, which period in the case of Employees shall not be less than one year nor more than five years from the date of grant, and in the case of Outside Directors is the period set forth in subsection (B) of Section 8.

(Z) "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.

(AA) "Restricted Stock Award" shall mean an award of Restricted Stock.

(BB) "Retained Distributions" shall mean any securities or other property (other than regular cash dividends) distributed by the Company in respect of Restricted Stock during any Restricted Period.

(CC) "Retirement" shall mean retirement of an Employee from the employ of the Company at any time as described in the Ashland Inc. and Affiliates Pension Plan or in any successor pension plan, as from time to time in effect.

(DD) "Section 16(b) Optionee" shall mean an Employee or former Employee who is subject to Section 16(b) of the Exchange Act.

(EE) "Stock Appreciation Right" or "SAR" shall mean the right of the holder to elect to surrender an Option or any portion thereof which is then exercisable and receive in exchange therefor shares of Common Stock, cash, or a combination thereof, as the case may be, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock over the Exercise Price specified in such Option multiplied by the number of shares of Common Stock covered by such Option or portion thereof which is so surrendered. An SAR may be granted as part of an Option or as a separate right to any holder of any Option theretofore or then being granted under this Plan. An SAR shall be exercisable upon any additional terms and conditions (including, without limitation, the issuance of Restricted Stock and the imposition of restrictions upon the timing of exercise) which may be determined as provided in the Plan.

(FF) "Subsidiary" shall mean any present or future subsidiary corporations, as defined in Section 424 of the Code, of Ashland.

(GG) "Tax Date" shall mean the date the withholding tax obligation arises with respect to the exercise of an Award.

SECTION 3. STOCK SUBJECT TO THE PLAN

There will be reserved for issuance under the Plan (upon the exercise of Options and Stock Appreciation Rights, upon awards of Restricted Stock and Performance Shares and for stock bonuses on deferred awards of Restricted Stock and Performance Shares), an aggregate of 3,000,000 shares of Ashland Common Stock, par value \$1.00 per share. Such shares shall be authorized but unissued shares of Common Stock. Except as provided in Sections 7 and 8, if any Award under the Plan shall expire or terminate for any reason without having been exercised in full, or if any Award shall be forfeited, the shares subject to the unexercised or forfeited portion of such Award shall again be available for the purposes of the Plan.

SECTION 4. ADMINISTRATION

The Plan shall be administered by the Committee. No person who is (or, within one year prior to his or her appointment as a member of the Committee, was) eligible to participate in the Plan, except as specifically authorized under subsection (B) of Section 8 herein, or in any other stock option or stock bonus plan of the Company, shall be a member of the Committee. The Committee shall have no authority regarding the granting of Restricted Stock to Outside Directors, as such grants are fixed pursuant to subsection (B) of Section 8 of the Plan.

In addition to any implied powers and duties that may be needed to carry out the provisions of the Plan, the Committee shall have all the powers vested in it by the terms of the Plan, including exclusive authority (except as to Awards of Restricted Stock granted to Outside Directors) to select the Employees to be granted Awards under the Plan, to determine the type, size and terms of the Awards to be made to each Employee selected, to determine the time when Awards will be granted, and to prescribe the form of the Agreements embodying Awards made under the Plan. Subject to the provisions of the Plan specifically governing Awards of Restricted Stock granted or to be granted to Outside Directors pursuant to subsection (B) of Section 8 herein, the Committee shall be authorized to interpret the Plan and the Awards granted under the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to make any other determinations which it believes necessary or advisable for the administration of the Plan, and to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent the Committee deems desirable to carry it into effect. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive.

The Committee may act only by a majority of its members. Any determination of the Committee may be made, without notice, by the written consent of the majority of the members of the Committee. In addition, the Committee may authorize any one or more of its number or any officer of the Company to execute and deliver documents on behalf of the Committee. No member of the Committee shall be liable for any action taken or omitted to be taken by him or her or by any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

The provisions of this Section 4 with respect to decisions made by, and authority of, the Committee shall be subject to the provisions of subsection (B) of Section 8 herein.

SECTION 5. ELIGIBILITY

Awards may only be granted (i) to individuals who are Employees of Ashland, and (ii) as expressly provided in subsection (B) of Section 8 of the Plan, to individuals who are duly elected Outside Directors of Ashland.

SECTION 6. STOCK OPTIONS

A. Designation and Price.

(a) Any Option granted under the 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. Each Option shall be evidenced by an Agreement between the recipient and the Company, 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 the Plan.

(b) Every Incentive Stock Option shall provide for a fixed expiration date of not later than ten years from the date such Incentive Stock Option is granted.

(c) The Exercise Price of Common Stock issued pursuant to each Option shall be fixed by the Committee at the time of the granting of the Option; provided, however, that such Exercise Price shall in no event be less than 100% of the Fair Market Value of the Common Stock on the date such Option is granted.

B. Exercise.

The Committee may, in its discretion, provide for Options granted under the Plan to be exercisable in whole or in part; provided, however, that no Option shall be exercisable prior to the first anniversary of the date of its grant, except as provided in Section 10 or as the Committee otherwise determines in accordance with the Plan, and in no case may an Option be exercised at any time for fewer than 50 shares (or the total remaining shares covered by the Option if fewer than 50 shares) during the term of the Option. The specified number of shares will be issued upon receipt by Ashland of (i) notice from the holder thereof of the exercise of an Option, and (ii) either payment to Ashland (as provided in this Section 6, subsection (C) below), of the Exercise Price for the number of shares with respect to which the Option is exercised, or with approval of the Committee, a promissory note as hereinafter provided. Each such notice and payment shall be delivered or mailed by postpaid mail, addressed to the Treasurer of Ashland at Ashland Inc., 1000 Ashland Drive, Russell, Kentucky, 41169, or such other place as Ashland may designate from time to time.

C. Payment for Shares.

Except as otherwise provided in this Section 6, the Exercise Price for the Common Stock 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) in whole shares of Common Stock (which shares of Common Stock must have been owned by the Employee six months or longer, and not used to effect an Option exercise within the preceding six months, in the case of an exercise of an Option which was granted after May 21, 1992, unless the Committee specifically provides otherwise) evidenced by negotiable certificates, valued at their Fair Market Value on the date of exercise, (iii) by Attestation; (iv) by a combination of such methods of payment, or (v) by such other consideration as shall be approved by the Committee (including without limitation, by effecting a "cashless exercise," with a broker, of the Option). "Attestation" means the delivery to Ashland of a completed Attestation Form prescribed by Ashland setting forth the whole shares of Common Stock owned by the Employee which the Employee wishes to utilize to pay the Exercise Price. In the case of an exercise of an Option granted after May 21, 1992, the Common Stock listed on the Attestation Form must have been owned by the Employee six months, unless the Committee specifically provides otherwise. Moreover, in the case of an exercise of an Option granted prior to May 21, 1992, if so provided in the Agreement, and subject to such restrictions, terms and conditions as the Committee may impose, an Employee may request Ashland to "pyramid" his or her shares; that is, to automatically apply the shares which he or she is entitled to receive on the exercise of a portion of an Option to satisfy the exercise for additional portions of the Option, thus resulting in multiple simultaneous exercises of an Option by use of whole shares as payment.

The Committee may, in its discretion, authorize payment of all or any part of the Exercise Price over a period of not more than five years from the date the Option is exercised. In such instance any unpaid balance of the Exercise Price shall be evidenced by the Employee's promissory note payable to the order of Ashland which shall bear interest at such rate or rates as determined from time to time by the Committee.

SECTION 7. STOCK APPRECIATION RIGHTS

The Committee may grant Stock Appreciation Rights pursuant to the provisions of this Section 7 to any holder of any Option granted under the Plan with respect to all or a portion of the shares subject to the related Option. An SAR may be granted as part of an Option or as a separate right to any holder of any Option theretofore or then being granted under this Plan. Subject to the terms and provisions of this Section 7, each SAR shall be exercisable only at the same time and to the same extent the related Option is exercisable and in no event after the termination of the related Option. An SAR shall be exercisable only when the Fair Market Value (determined as of the date of exercise of the SAR) of each share of Common Stock with respect to which the SAR is to be exercised shall exceed the Exercise Price per share of Common Stock subject to the related Option. An SAR granted under the Plan shall be exercisable in whole or in part by notice to Ashland. Such notice shall state that the holder of the SAR elects to exercise the SAR and the number of shares in respect of which the SAR is being exercised. For purposes of this Section 7, the date of exercise of an SAR shall mean the date on which the Company receives such notice.

Subject to the terms and provisions of this Section 7, upon the exercise of an SAR, the holder thereof shall be entitled to receive from Ashland consideration (in the form hereinafter provided) equal in value to the excess of the Fair Market Value (determined as of the date of exercise of the SAR) of each share of Common Stock with respect to which such SAR has been exercised over the Exercise Price per share of Common Stock subject to the related Option. The Committee may stipulate in the Agreement the form of consideration which shall be received upon the exercise of an SAR. If no consideration is specified therein, upon the exercise of an SAR, the holder may specify the form of consideration to be received by such holder, which shall be in shares of Common Stock (valued at Fair Market Value on the date of exercise of the SAR), or in cash, or partly in cash and partly in shares of Common Stock, as the holder shall request; provided, however, that the Committee, in its sole discretion, may disapprove the form of consideration requested and instead authorize the payment of such consideration in shares of Common Stock (valued as aforesaid), or in cash, or partly in cash and partly in shares of Common Stock.

Upon the exercise of an SAR, the related Option shall be deemed exercised to the extent of the number of shares of Common Stock with respect to which such SAR is exercised and to that extent for purposes of determining the number of shares of Common Stock available for the grant of Awards under the Plan. Upon the exercise or termination of the related Option, the SAR with respect thereto shall be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the related Option was so exercised or terminated.

SECTION 8. RESTRICTED STOCK AWARDS

A. Awards to Employees

The Committee may make an award of Restricted Stock to selected Employees, evidenced by an Agreement which shall contain such terms and conditions as the Committee, in its sole discretion, may determine. The amount of each Restricted Stock Award and the respective terms and conditions of each Award (which terms and conditions need not be the same in each case) shall be determined by the Committee in its sole discretion. As a condition to any Award hereunder, the Committee may require an Employee to pay to the Company an amount equal to, or in excess of, the par value of the shares of Restricted Stock awarded to him or her. Any such Restricted Stock Award shall automatically expire if not purchased in accordance with the Committee's requirements within thirty (30) days after the date of grant. Subject to the terms and conditions of each Restricted

Stock Award, the Employee, as the owner of the Common Stock issued as Restricted Stock, shall have all rights of a shareholder including, but not limited to, voting rights as to such Common Stock and the right to receive dividends thereon when, as and if paid.

In the event that a Restricted Stock Award has been made to an Employee whose employment or service is subsequently terminated by reason of death or disability (as defined in subsection (C) of Section 10 hereof), or for such other reason as the Committee may provide, such Employee (or his or her estate) will receive his or her Restricted Stock subject to the terms of his or her Agreement with the Company, which Agreement shall be in accordance with the terms and conditions set forth in this Section 8. In the event that a Restricted Stock Award has been made to an Employee who subsequently voluntarily resigns or whose employment is terminated for any reason other than as referred to above, such Restricted Stock will be forfeited by such Employee; provided, however, that the Committee may limit such forfeiture to that portion thereof which is proportional to the unelapsed portion of the Restricted Period under such Award.

Employees may be offered the opportunity to defer the receipt of payment of vested shares of Restricted Stock, and Common Stock may be granted as a bonus for deferral, under terms as may be established by the Committee from time to time; however, in no event shall the Common Stock granted as a bonus for deferral exceed 20% of the Restricted Stock so deferred per year over a five-year period.

B. Awards to Outside Directors

Subject to the limitation of the number of shares of Common Stock available pursuant to Section 3, effective immediately following the 1989 Annual Meeting of Shareholders of the Company, each person who at such time shall be a duly elected Outside Director is hereby granted, effective on such date, 1,000 shares of Restricted Stock subject to the terms and conditions set forth in this subsection (B) and subsection (C) below. Subsequent to the 1989 Annual Meeting of Shareholders of the Company, each person who has received no previous Award under the Plan and who is duly appointed or elected as an Outside Director of the Company is hereby granted, effective on the date of his or her appointment or election to the Board, 1,000 shares of Restricted Stock, subject to the terms and conditions set forth in this subsection (B) and subsection (C) below.

As a condition to any Award hereunder, the Outside Director will be required to pay to the Company a non-refundable amount equal to the par value of the shares of Restricted Stock awarded to him or her. Upon the granting of the Restricted Stock Award, such Outside Director 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; provided, however, that, subject to subsection (B) of Section 14 hereof, in no case may any shares of Restricted Stock granted to an Outside Director be sold, assigned, transferred, pledged, or otherwise encumbered during the Restricted Period which shall not lapse until the earlier to occur of the following: (i) normal retirement from the Board at age 70, (ii) the death or disability of such Outside Director, or (iii) a 50% change in the beneficial ownership of the Company as defined in Rule 13d-3 under the Exchange Act. In the case of voluntary resignation or other termination of service of an Outside Director prior to the occurrence of any of the events described in (i), (ii) or (iii) of the preceding sentence, any grant of Restricted Stock made to him or her pursuant to this subsection (B) will be forfeited by such Outside Director. As used herein, an Outside Director shall be deemed "disabled" 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.

C. Transferability

Subject to subsection (B) of Section 14 hereof, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered during a Restricted Period, which, in the case of Employees, shall be determined by the Committee and which shall not be less than one year nor more than five years from the date such Restricted Stock was awarded, and, in the case of Outside Directors, shall be determined in accordance with subsection (B) of this Section 8. The Committee may at any time, reduce the Restricted Period with respect to any outstanding shares of Restricted Stock awarded under the Plan to Employees, but in no event shall such Restricted Period be less than one year.

During the Restricted Period, certificates representing the Restricted Stock and any Retained Distributions shall be registered in the recipient's name and bear a restrictive legend to the effect that ownership of such Restricted Stock (and any such Retained Distributions), and the enjoyment of all rights appurtenant hereto are subject to the restrictions, terms, and conditions provided in the Plan and the applicable Agreement. 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 and any securities constituting Retained Distributions which shall be forfeited in accordance with the Plan and the applicable Agreement. Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes. The recipient will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends, and to exercise all other rights, powers, and privileges of a holder of Common Stock with respect to such Restricted Stock, with the exception that (i) the recipient will not be entitled to delivery of the stock certificate or certificates representing such Restricted Stock until the restrictions applicable thereto shall have expired; (ii) the Company will retain custody of all Retained Distributions made or declared with respect to the Restricted Stock (and such Retained

Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid, or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts; (iii) the recipient may not sell, assign, transfer, pledge, exchange, encumber, or dispose of the Restricted Stock or any Retained Distributions during the Restricted Period; and (iv) a breach of any restrictions, terms, or conditions provided in the Plan or established by the Committee with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto. Any forfeited Restricted Stock shall not again be available for the grant of Awards under the Plan.

SECTION 9. PERFORMANCE SHARES

The Committee may make awards of Common Stock, evidenced by an Agreement, to selected Employees on the basis of the Company's financial performance in any given period. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees who shall receive such Performance Shares, to determine the number of such shares to be granted for each Performance Period, and to determine the duration of each such Performance Period. There may be more than one Performance Period in existence at any one time, and the duration of Performance Periods may differ from each other.

The Committee shall establish performance measures for each Performance Period on the basis of such criteria and to accomplish such objectives as the Committee may from time to time, in its sole discretion, determine. Such measures may include, but shall not be limited to, return on investments, cumulative earnings per share, or return on shareholders' equity. The performance measures determined by the Committee shall be established prior to the beginning of each Performance Period but may be subject to such later revisions as the Committee shall deem appropriate. Subject to subsection (B) of Section 14 hereof, Performance Shares may not be sold, assigned, transferred, pledged, or otherwise encumbered, except as herein provided and as provided in subsection (F) of Section 10 hereof, during the Performance Period.

The Committee shall determine, in its sole discretion, the manner of payment, which may include (i) cash, (ii) shares of Common Stock, or (iii) shares of Restricted Stock in such proportions as the Committee shall determine. Employees may be offered the opportunity to defer the receipt of payment of earned Performance Shares, and Common Stock may be granted as a bonus for deferral under terms as may be established by the Committee from time to time; however, in no event shall the Common Stock granted as a bonus for deferral exceed 20% of the Performance Shares so deferred per year over a five-year period.

An Employee must be employed by the Company at the end of a Performance Period in order to be entitled to payment of Performance Shares in respect of such period; provided, however, that in the event of an Employee's cessation of employment before the end of such period, or upon the occurrence of his or her death, retirement, or disability, or other reason approved by the Committee, the Committee may, in its discretion, limit such forfeiture to that portion of the Performance Shares deemed not earned.

SECTION 10. CONTINUED EMPLOYMENT, AGREEMENT TO SERVE AND EXERCISE PERIODS

(A) Subject to the provisions of subsections (B), (C) and (F) of this Section 10, every Option and SAR 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 (unless otherwise determined by the Committee) and, if the employment of the Employee shall be terminated, for any reason other than death or disability as determined by the Committee, prior to the end of such one year period, the Option granted to such Employee shall immediately terminate.

(B) Every Option shall provide that in the event the Employee dies while employed by Ashland; during the period in which Options may be exercised by an Employee determined to be disabled as provided in subsection (C) of this Section 10; or within three months after cessation of employment for any cause, such Option shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option, by the Beneficiaries of the decedent for the full number of optioned shares or any part thereof, less such number as may have been theretofore acquired under the Option.

(C) Every Option shall provide that in the event the employment of any Employee shall cease by reason of disability as determined by the Committee at any time during the term of the Option, such Option shall be exercisable, at any time or from time to time by such Employee for the full number of optioned shares or any part thereof, less such number as may have been theretofore acquired under the Option. An Option held by an Employee determined by the Committee to be disabled prior to September 19, 1996 shall be exercisable during a period of one year of continuing disability following termination of employment by reason of such disability. An Option held by an Employee determined by the Committee to be disabled on or after September 19, 1996 shall be exercisable at any time prior to the fixed termination date set forth in the Option. As used herein, an Employee will be deemed "disabled" when he or she becomes unable to perform the functions required by his or her regular job due to a physical or mental illness and, in connection with the grant of an Incentive Stock Option, shall be deemed disabled if he or she falls within the meaning of that term as provided in Section 22(e)(3) of the Code. The determination by the Committee of any question involving disability shall be conclusive and binding.

(D) Every Option shall provide that in the event the employment of

any Employee shall cease by reason of Retirement, such Option may be exercised only in respect of the number of shares which the Employee could have acquired under the Option immediately prior to such Retirement. Options held by an Employee who retires prior to September 19, 1996 shall be exercisable until the earlier of the fixed termination date set forth in the Option or three years after such Retirement. Options held by an Employee who retires on or after September 19, 1996 shall be exercisable until the fixed termination date set forth in the Option.

(E) Except as provided in subsections (A), (B), (C), (D) and (F) of this Section 10, every Option shall provide that it shall terminate on the earlier to occur of the fixed termination date set forth in the Option or three months after cessation of the Employee's employment for any cause, and, except as provided in subsection (F) of this Section 10, if exercised after cessation of such employment, may be exercised only in respect of the number of shares which the Employee could have acquired under the Option immediately prior to such cessation of employment; provided, however, that no Option may be exercised after the fixed termination date set forth in the Option.

(F) Notwithstanding any provision of this Section 10 to the contrary, any Award granted pursuant to the Plan, except a Restricted Stock Award to Outside Directors, which is governed by Section 8, subsection (B), may, in the discretion of the 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 Award for the full number of awarded shares or any part thereof, less such numbers as may have been theretofore acquired under the Award (i) from and after the time the Employee ceases to be an Employee of Ashland as a result of the sale or other disposition by Ashland of assets or property (including shares of any subsidiary) in respect of which such Employee had theretofore been employed or as a result of which such Employee's continued employment with Ashland is no longer required, and (ii) in the case of a Change in Control of Ashland, from and after the date of such Change in Control.

(G) Each Employee granted an Award under this Plan shall agree by his or her acceptance of such Award to remain in the service of Ashland for a period of at least one year from the date of the Agreement respecting the Award between Ashland and the Employee. Such service shall, subject to the terms of any contract between Ashland and such Employee, be at the pleasure of Ashland and at such compensation as Ashland shall reasonably determine from time to time. Nothing in the Plan, or in any Award granted pursuant to the Plan, shall confer on any individual any right to continue in the employment of or service to Ashland or interfere in any way with the right of Ashland to terminate the Employee's employment at any time.

(H) Subject to the limitations set forth in Section 422 of the Code, the Committee may adopt, amend, or rescind from time to time such provisions as it deems appropriate with respect to the effect of leaves of absence approved by any duly authorized officer of Ashland with respect to any Employee.

SECTION 11. WITHHOLDING TAXES

Federal, state or local law may require the withholding of taxes applicable to gains resulting from the exercise of an Award. Unless otherwise prohibited by the Committee, each Employee may satisfy any such tax withholding obligation by any of the following means, or by a combination of such means: (i) a cash payment, (ii) authorizing Ashland to withhold from the shares of Common Stock otherwise issuable to the Employee pursuant to the exercise or vesting of an Award a number of shares having a Fair Market Value, as of the Tax Date, which will satisfy the amount of the withholding tax obligation, or (iii) by delivery to Ashland of a number of shares of Common Stock having a Fair Market Value as of the Tax Date which will satisfy the amount of the withholding tax obligation arising from an exercise or vesting of an Award. An Employee's election to pay the withholding tax obligation by (ii) or (iii) above must be made on or before the Tax Date, is irrevocable, is subject to such rules as the Committee may adopt, and may be disapproved by the Committee. If the amount requested is not paid, the Committee may refuse to issue Common Stock under the Plan.

SECTION 12. 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 stockholders other than cash dividends, the number or kind of shares that may be issued under the Plan pursuant to Section 3 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 Employee or Outside Director shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes of the Plan.

SECTION 13. AMENDMENTS AND TERMINATIONS

Unless the Plan shall have been terminated as hereinafter provided, the Plan shall terminate on, and no Award shall be granted after, November 3, 1993. The Plan may be terminated, modified or amended by the shareholders of the Company. The Board may at any time terminate, modify or amend the Plan in such respects as it shall deem advisable; provided, however, that the Board may not, without approval by the holders of a majority of the outstanding shares of stock present and voting at any annual or special meeting of shareholders of Ashland: (i) increase (except as provided in Section 12) the maximum number of shares which may be issued pursuant to the Awards granted under the Plan, (ii) change the class of persons eligible to receive Awards, (iii) change the manner of determining the minimum Exercise Price of Options other than to change the manner of

determining the Fair Market Value of the Common Stock as set forth in Section 2, (iv) extend the period during which Awards may be granted or exercised, or (v) amend any provision of the Plan insofar as it applies specifically to Restricted Stock Awards granted or to be granted to Outside Directors.

SECTION 14. MISCELLANEOUS PROVISIONS

(A) Except as to Awards to Outside Directors, no Employee or other person shall have any claim or right to be granted an Award under the Plan.

(B) An Employee's or Outside Director's rights and interest under the Plan 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 an Employee's or Outside Director'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 right or interest of any Employee or Outside Director in the Plan shall be subject to any obligation of liability of such individual; provided, however, that an Employee's or Outside Director's rights and interest under the Plan may, subject to the discretion and direction of the Committee, be made transferable by such Employee or Outside Director during his or her lifetime. Except as specified in Section 8, 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 or persons exercising the Award on the transfer books of the Company.

(C) No Common Stock shall be issued hereunder unless counsel for the Company shall be satisfied that such issuance will be in compliance with applicable Federal, state, and other securities laws.

(D) The expenses of the Plan shall be borne by the Company.

(E) By accepting any Award under the Plan, each Employee and Outside Director 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 the Plan by the Company or the Board.

(F) Awards granted under the Plan shall be binding upon Ashland, its successors, and assigns.

(G) The appropriate officers of the Company shall cause to be filed any reports, returns, or other information regarding Awards hereunder or any Common Stock issued pursuant hereto as may be required by Section 13 or 15(d) of the Exchange Act, or any other applicable statute, rule, or regulation.

(H) Nothing contained in this Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required.

SECTION 15. EFFECTIVENESS OF THE PLAN

The Plan shall be submitted to the shareholders of the Company for their approval and adoption on January 26, 1989 or such other date fixed for the next meeting of shareholders or any adjournment or postponement thereof. The Plan shall not be effective and no Award shall be made hereunder unless and until the Plan has been so approved and adopted at a meeting of the Company's shareholders.

SECTION 16. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

ASHLAND INC.
1993 STOCK INCENTIVE PLAN

(Amended as of November 6, 1997)

SECTION 1. PURPOSE

The purpose of the Ashland Inc. 1993 Stock Incentive Plan is to promote the interests of Ashland Inc. and its shareholders by providing its directors, officers and employees with an incentive to continue service with Ashland. Accordingly, the Company may grant to selected officers and employees Stock Options, Stock Appreciation Rights, Restricted Stock, Merit Awards and Performance Share Awards in an effort to attract and retain in its employ qualified individuals and to provide such individuals with incentives to devote their best efforts to the Company through ownership of the Company's stock, thus enhancing the value of the Company for the benefit of shareholders. The 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 automatic grants of Restricted Stock of the Company. Stock Options, Stock Appreciation Rights, Merit Awards and Performance Shares may not be granted to such Outside Directors under the Plan.

SECTION 2. DEFINITIONS

(A) "Agreement" shall mean a written agreement setting forth the terms of an Award.

(B) "Ashland" shall mean, collectively, Ashland Inc. and its Subsidiaries.

(C) "Award" shall mean an Option, a Stock Appreciation Right, a Restricted Stock Award, a Merit Award, or a Performance Share Award, in each case granted under this Plan.

(D) "Beneficiary" shall mean the person, persons, trust or trusts designated by an Employee or Outside Director or if no designation has been made, the person, persons, trust, or trusts entitled by will or the laws of descent and distribution to receive the benefits specified under this Plan in the event of an Employee's or Outside Director's death.

(E) "Board" shall mean the Board of Directors of the Company or its designee.

(F) "Change in Control" shall be deemed to occur (1) upon approval of the shareholders of Ashland (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of Ashland in which Ashland is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Ashland, or (C) adoption of any plan or proposal for the liquidation or dissolution of Ashland, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than Ashland or any Subsidiary or employee benefit plan or trust maintained by Ashland, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of Ashland's Common Stock outstanding at the time, without the approval of the Board, or (3) at any time during a period of two 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'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.

(G) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(H) "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 or its designee.

(I) "Common Stock" shall mean the Common Stock of the Company (\$1.00 par value), subject to adjustment pursuant to Section 13.

(J) "Company" shall mean, collectively, Ashland Inc. and its Subsidiaries.

(K) "Employee" shall mean an officer or employee of the Company.

(L) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(M) "Exercise Price" shall mean, with respect to each share of Common Stock subject to (i) an Option (other than a Reload Option), the price fixed by the Committee at which such share may be purchased from the Company pursuant to the exercise of such Option, which price at no time may be less than 100% of the Fair Market Value of the Common Stock on the date the Option is granted or (ii) a Reload Option, the price of which is as fixed pursuant to Section 6 of the Plan.

(N) "Fair Market Value" shall mean the price of the Common Stock as

reported on the Composite Tape on the date and at the time selected by the Company.

(O) "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.

(P) "Long-Term Incentive Plan" shall mean the Ashland Inc. Long-Term Incentive Plan approved and adopted on January 26, 1989 by the shareholders of the Company, as it now exists or as it may hereafter be amended.

(Q) "Merit Award" shall mean an award of Common Stock issued pursuant to Section 9 of the Plan.

(R) "Non-Employee Director" shall mean a non-employee director within the meaning of applicable regulatory requirements, including those promulgated under Section 16 of the Exchange Act.

(S) "Nonqualified Stock Option" or "NQSO" shall mean an Option granted pursuant to this Plan which does not qualify as an Incentive Stock Option.

(T) "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. An Option shall be designated by the Committee as a Nonqualified Stock Option or an Incentive Stock Option.

(U) "Original Option" shall mean an option as defined in Subsection (D) of Section 6 of the Plan.

(V) "Outside Director" shall mean a director of the Company who is not also an Employee of the Company.

(W) "Performance Period" shall mean the period designated by the Committee during which the performance objectives shall be measured.

(X) "Performance Share Award" shall mean an award of shares of Common Stock, the issuance of which is contingent upon attainment of performance objectives specified by the Committee.

(Y) "Performance Shares" shall mean those shares of Common Stock issuable pursuant to a Performance Share Award.

(Z) "Personal Representative" shall mean the person or persons who, upon the disability or incompetence of an Employee or Outside Director, shall have acquired on behalf of the Employee or Outside Director by legal proceeding or otherwise the right to receive the benefits specified in this Plan.

(AA) "Plan" shall mean this Ashland Inc. 1993 Stock Incentive Plan.

(BB) "Reload Option" shall mean an option granted pursuant to Subsection (D) of Section 6 of the Plan.

(CC) "Restricted Period" shall mean the period designated by the Committee during which Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered, which period in the case of Employees shall not be less than one year from the date of grant, and in the case of Outside Directors is the period set forth in subsection (B) of Section 8.

(DD) "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.

(EE) "Restricted Stock Award" shall mean an award of Restricted Stock.

(FF) "Retained Distributions" shall mean any securities or other property (other than regular cash dividends) distributed by the Company in respect of Restricted Stock during any Restricted Period.

(GG) "Retirement" shall mean retirement of an Employee from the employ of the Company at any time as described in the Ashland Inc. and Affiliates Pension Plan or in any successor pension plan, as from time to time in effect.

(HH) "Section 16(b) Optionee" shall mean an Employee or former Employee who is subject to Section 16(b) of the Exchange Act.

(II) "Stock Appreciation Right" or "SAR" shall mean the right of the holder to elect to surrender an Option or any portion thereof which is then exercisable and receive in exchange therefor shares of Common Stock, cash, or a combination thereof, as the case may be, with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock over the Exercise Price specified in such Option multiplied by the number of shares of Common Stock covered by such Option or portion thereof which is so surrendered. An SAR may only be granted concurrently with the grant of the related Option. An SAR shall be exercisable upon any additional terms and conditions (including, without limitation, the issuance of Restricted Stock and the imposition of restrictions upon the timing of exercise) which may be determined as provided in the Plan.

(JJ) "Subsidiary" shall mean any present or future subsidiary corporations, as defined in Section 424 of the Code, of Ashland.

(KK) "Tax Date" shall mean the date the withholding tax obligation arises with respect to the exercise of an Award.

SECTION 3. STOCK SUBJECT TO THE PLAN

There will be reserved for issuance under the Plan (upon the exercise of Options and Stock Appreciation Rights, upon awards of Restricted Stock, Performance Shares and Merit Awards and for stock bonuses on deferred awards of Restricted Stock and Performance Shares), an aggregate of 2,900,000 shares of Ashland Common Stock, par value \$1.00 per share; provided, however, that of such shares, only 1,500,000 shares in the aggregate shall be available for issuance for Restricted Stock Awards and Merit Awards. Such shares shall be authorized but unissued shares of Common Stock. Except as provided in Sections 7 and 8, if any Award under the Plan shall expire or terminate for any reason without having been exercised in full, or if any Award shall be forfeited, the shares subject to the unexercised or forfeited portion of such Award shall again be available for the purposes of the Plan.

SECTION 4. ADMINISTRATION

The Plan shall be administered by the Committee. No person who is (or, within one year prior to his or her appointment as a member of the Committee, was) eligible to participate in the Plan, except as specifically authorized under subsection (B) of Section 8 herein, or in any other stock option or stock bonus plan of the Company, shall be a member of the Committee. The Committee shall have no authority regarding the granting of Restricted Stock to Outside Directors, as such grants are fixed pursuant to subsection (B) of Section 8 of the Plan.

In addition to any implied powers and duties that may be needed to carry out the provisions of the Plan, the Committee shall have all the powers vested in it by the terms of the Plan, including exclusive authority (except as to Awards of Restricted Stock granted to Outside Directors) to select the Employees to be granted Awards under the Plan, to determine the type, size and terms of the Awards to be made to each Employee selected, to determine the time when Awards will be granted, and to prescribe the form of the Agreements embodying Awards made under the Plan. Subject to the provisions of the Plan specifically governing Awards of Restricted Stock granted or to be granted to Outside Directors pursuant to subsection (B) of Section 8 herein, the Committee shall be authorized to interpret the Plan and the Awards granted under the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to make any other determinations which it believes necessary or advisable for the administration of the Plan, and to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent the Committee deems desirable to carry it into effect. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive.

The Committee may act only by a majority of its members. Any determination of the Committee may be made, without notice, by the written consent of the majority of the members of the Committee. In addition, the Committee may authorize any one or more of their number or any officer of the Company to execute and deliver documents on behalf of the Committee. No member of the Committee shall be liable for any action taken or omitted to be taken by him or her or by any other member of the Committee in connection with the Plan, except for his or her own willful misconduct or as expressly provided by statute.

The provisions of this Section 4 with respect to decisions made by, and authority of, the Committee shall be subject to the provisions of subsection (B) of Section 8 herein.

SECTION 5. ELIGIBILITY

Awards may only be granted (i) to individuals who are Employees of Ashland, and (ii) as expressly provided in subsection (B) of Section 8 of the Plan, to individuals who are duly elected Outside Directors of Ashland.

SECTION 6. STOCK OPTIONS

A. Designation and Price.

(a) Any Option granted under the 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. Each Option shall be evidenced by an Agreement between the recipient and the Company, 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 the Plan.

(b) Every Incentive Stock Option shall provide for a fixed expiration date of not later than ten years from the date such Incentive Stock Option is granted.

(c) The Exercise Price of Common Stock issued pursuant to each Option (other than a Reload Option) shall be fixed by the Committee at the time of the granting of the Option; provided, however, that such Exercise Price shall in no event be less than 100% of the Fair Market Value of the Common Stock on the date such Option is granted.

B. Exercise.

The Committee may, in its discretion, provide for Options granted under the Plan to be exercisable in whole or in part; provided, however, that no Option (other than a Reload Option) shall be exercisable prior to the first anniversary of the date of its grant, except as provided in Section 11 or as the Committee otherwise determines in accordance with the

Plan, and in no case may an Option be exercised at any time for fewer than 50 shares (or the total remaining shares covered by the Option if fewer than 50 shares) during the term of the Option. The specified number of shares will be issued upon receipt by Ashland of (i) notice from the holder thereof of the exercise of an Option, and (ii) either payment to Ashland (as provided in this Section 6, subsection (C) below), of the Exercise Price for the number of shares with respect to which the Option is exercised, or with approval of the Committee, a secured promissory note as hereinafter provided. Each such notice and payment shall be delivered or mailed by postpaid mail, addressed to the Treasurer of Ashland at Ashland Inc., 1000 Ashland Drive, Russell, Kentucky, 41169, or such other place as Ashland may designate from time to time.

C. Payment for Shares.

Except as otherwise provided in this Section 6, the Exercise Price for the Common Stock 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) in whole shares of Common Stock owned by the Employee and evidenced by negotiable certificates, valued at their Fair Market Value (which shares of Common Stock must have been owned by the Employee six months or longer, and not used to effect a stock Option exercise within the preceding six months, unless the Committee specifically provides otherwise), (iii) by Attestation, (iv) by a combination of such methods of payment, or (v) by such other consideration as shall constitute lawful consideration for the issuance of Common Stock and be approved by the Committee (including, without limitation, effecting a "cashless exercise," with a broker, of the Option). "Attestation" means the delivery to Ashland of a completed Attestation Form prescribed by Ashland setting forth the whole shares of Common Stock owned by the Employee which the Employee wishes to utilize to pay the Exercise Price. The Common Stock listed on the Attestation Form must have been owned by the Employee six months or longer, and not have been used to effect an Option exercise within the preceding six months, unless the Committee specifically provides otherwise. The Committee may, in its discretion, authorize payment of all or any part of the Exercise Price over a period of not more than five years from the date the Option is exercised. In such instance any unpaid balance of the Exercise Price shall be evidenced by the Employee's promissory note payable to the order of Ashland which shall be secured by such collateral and shall bear interest at such rate or rates as determined from time to time by the Committee.

D. Reload Options

The Committee shall have the authority to specify at the time of grant that an Employee shall be granted another Stock Option (a "Reload Option") in the event such Employee exercises all or a part of a Stock Option (an "Original Option") by surrendering in accordance with Section 6, subsection (C) already owned shares of Common Stock in full or partial payment of the Exercise Price under such Original Option, subject to the availability of shares of Common Stock under the Plan at the time of exercise. Each Reload Option shall cover a number of shares of Common Stock equal to the number of shares of Common Stock surrendered in payment of the Exercise Price, shall have an Exercise Price per share of Common Stock equal to the Fair Market Value of the Common Stock on the date of grant of such Reload Option and shall expire on the stated expiration date of the Original Option. A Reload Option shall be exercisable at any time and from time to time from and after the date of grant of such Reload Option (or, as the Committee in its sole discretion shall determine at the time of grant, at such time or times as shall be specified in the Reload Option); provided, however, that a Reload Option granted to a Section 16(b) Optionee shall not be exercisable during the first six months from the date of grant of such Reload Option. The first such Reload Option may provide for the grant, when exercised, of one subsequent Reload Option to the extent and upon such terms and conditions, consistent with this Section 6, subsection (D), as the Committee in its sole discretion shall specify at or after the time of grant of such Reload Option. A Reload Option shall contain such other terms and conditions which may include a restriction on the transferability of the number of shares of Common Stock received upon exercise of the Original Option reduced by a number of shares equal in value to the tax liability incurred upon exercise as the Committee in its sole discretion may deem desirable which may be set forth in the Agreement evidencing the Reload Option.

SECTION 7. STOCK APPRECIATION RIGHTS

The Committee may grant Stock Appreciation Rights pursuant to the provisions of this Section 7 to any holder of any Option (including any Reload Option) granted under the Plan with respect to all or a portion of the shares subject to the related Option. An SAR may only be granted concurrently with the grant of the related Option. Subject to the terms and provisions of this Section 7, each SAR shall be exercisable only at the same time and to the same extent the related Option is exercisable and in no event after the termination of the related Option. An SAR shall be exercisable only when the Fair Market Value (determined as of the date of exercise of the SAR) of each share of Common Stock with respect to which the SAR is to be exercised shall exceed the Exercise Price per share of Common Stock subject to the related Option. An SAR granted under the Plan shall be exercisable in whole or in part by notice to Ashland. Such notice shall state that the holder of the SAR elects to exercise the SAR and the number of shares in respect of which the SAR is being exercised. For purposes of this Section 7, the date of exercise of an SAR shall mean the date on which the Company receives such notice.

Subject to the terms and provisions of this Section 7, upon the exercise of an SAR, the holder thereof shall be entitled to receive from Ashland consideration (in the form hereinafter provided) equal in value to the excess of the Fair Market Value (determined as of the date of exercise of the SAR) of each share of Common Stock with respect to which such SAR

has been exercised over the Exercise Price per share of Common Stock subject to the related Option. The Committee may stipulate in the Agreement the form of consideration which shall be received upon the exercise of an SAR. If no consideration is specified therein, upon the exercise of an SAR, the holder may specify the form of consideration to be received by such holder, which shall be in shares of Common Stock, or in cash, or partly in cash and partly in shares of Common Stock (valued at Fair Market Value on the date of exercise of the SAR), as the holder shall request; provided, however, that the Committee, in its sole discretion, may disapprove the form of consideration requested and instead authorize the payment of such consideration in shares of Common Stock (valued as aforesaid), or in cash, or partly in cash and partly in shares of Common Stock.

Upon the exercise of an SAR, the related Option shall be deemed exercised to the extent of the number of shares of Common Stock with respect to which such SAR is exercised and to that extent a corresponding number of shares of Common Stock shall not again be available for the grant of Awards under the Plan. Upon the exercise or termination of the related Option, the SAR with respect thereto shall be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the related Option was so exercised or terminated.

SECTION 8. RESTRICTED STOCK AWARDS

A. Awards to Employees

The Committee may make an award of Restricted Stock to selected Employees, evidenced by an Agreement which shall contain such terms and conditions as the Committee, in its sole discretion, may determine. The amount of each Restricted Stock Award and the respective terms and conditions of each Award (which terms and conditions need not be the same in each case) shall be determined by the Committee in its sole discretion. As a condition to any Award hereunder, the Committee may require an Employee to pay to the Company an amount equal to, or in excess of, the par value of the shares of Restricted Stock awarded to him or her. Any such Restricted Stock Award shall automatically expire if not purchased in accordance with the Committee's requirements within thirty (30) days after the date of grant. Subject to the terms and conditions of each Restricted Stock Award, the Employee, as the owner of the Common Stock issued as Restricted Stock, shall have all rights of a shareholder including, but not limited to, voting rights as to such Common Stock and the right to receive dividends thereon when, as and if paid.

In the event that a Restricted Stock Award has been made to an Employee whose employment or service is subsequently terminated for any reason prior to the lapse of all restrictions thereon, such Restricted Stock will be forfeited in its entirety by such Employee; provided, however, that the Committee may, in its sole discretion, limit such forfeiture. Any Restricted Stock so forfeited by an Employee shall not again be available for the grant of Awards under the Plan.

Employees may be offered the opportunity to defer the receipt of payment of vested shares of Restricted Stock, and Common Stock may be granted as a bonus for deferral, under terms as may be established by the Committee from time to time; however, in no event shall the Common Stock granted as a bonus for deferral exceed 20% of the Restricted Stock so deferred.

B. Awards to Outside Directors

During the term of the Plan, (i) each Outside Director who was granted an award of restricted stock under the Long-Term Incentive Plan on January 26, 1989 and who continues to serve as an Outside Director on January 31, 1994 shall be granted an Award of 1,000 shares of Restricted Stock on January 31, 1994; (ii) each Outside Director who was granted an award of restricted stock under such Long-Term Incentive Plan other than those Outside Directors in (i) above shall be granted an Award of 1,000 shares of Restricted Stock upon the fifth anniversary of his or her prior award under the Long-Term Incentive Plan; and (iii) each person who is hereafter duly appointed or elected as an Outside Director and who does not receive an award under the Long-Term Incentive Plan shall be granted, effective on the date of his or her appointment or election to the Board, an Award of 1,000 shares of Restricted Stock. All Awards under this subsection (B) are subject to the limitation on the number of shares of Common Stock available pursuant to Section 3 and to the terms and conditions set forth in this subsection (B) and subsection (C) below.

As a condition to any Award hereunder, the Outside Director will be required to pay to the Company a non-refundable amount equal to the par value of the shares of Restricted Stock awarded to him or her. Upon the granting of the Restricted Stock Award, such Outside Director 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; provided, however, that in no case may any shares of Restricted Stock granted to an Outside Director be sold, assigned, transferred, pledged, or otherwise encumbered during the Restricted Period which shall not lapse until the earlier to occur of the following: (i) normal retirement from the Board at age 70, (ii) the death or disability of such Outside Director, (iii) a 50% change in the beneficial ownership of the Company as defined in Rule 13d-3 under the Exchange Act, or (iv) voluntary early retirement to take a position in governmental service. In the case of voluntary resignation or other termination of service of an Outside Director prior to the occurrence of any of the events described in (i), (ii), (iii) or (iv) of the preceding sentence, any grant of Restricted Stock made to him or her pursuant to this subsection (B) will be forfeited by such Outside Director. Any Restricted Stock so forfeited by an Outside Director shall not again be available for

the grant of Awards under the Plan. As used herein, a director shall be deemed "disabled" 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.

C. Transferability

Subject to subsection (B) of Section 15 hereof, Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered during a Restricted Period, which, in the case of Employees, shall be determined by the Committee and which shall not be less than one year from the date such Restricted Stock was awarded, and, in the case of Outside Directors, shall be determined in accordance with subsection (B) of this Section 8. The Committee may, at any time, reduce the Restricted Period with respect to any outstanding shares of Restricted Stock awarded under the Plan to Employees, but in no event shall such Restricted Period be less than one year.

During the Restricted Period, certificates representing the Restricted Stock and any Retained Distributions shall be registered in the recipient's name and bear a restrictive legend to the effect that ownership of such Restricted Stock (and any such Retained Distributions), and the enjoyment of all rights appurtenant thereto are subject to the restrictions, terms, and conditions provided in the Plan and the applicable Agreement. 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 and any securities constituting Retained Distributions which shall be forfeited in accordance with the Plan and the applicable Agreement. Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes. The recipient will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends, and to exercise all other rights, powers, and privileges of a holder of Common Stock with respect to such Restricted Stock, with the exception that (i) the recipient will not be entitled to delivery of the stock certificate or certificates representing such Restricted Stock until the restrictions applicable thereto shall have expired; (ii) the Company will retain custody of all Retained Distributions made or declared with respect to the Restricted Stock (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid, or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts; (iii) subject to subsection (B) of Section 15 hereof, the recipient may not sell, assign, transfer, pledge, exchange, encumber, or dispose of the Restricted Stock or any Retained Distributions during the Restricted Period; and (iv) a breach of any restrictions, terms, or conditions provided in the Plan or established by the Committee with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto.

SECTION 9. MERIT AWARDS

The Committee may from time to time make an award of Common Stock under the Plan to selected Employees for such reasons and in such amounts as the Committee, in its sole discretion, may determine. As a condition to any such Merit Award, the Committee may require an Employee to pay to the Company an amount equal to, or in excess of, the par value of the shares of Common Stock awarded to him or her.

SECTION 10. PERFORMANCE SHARES

The Committee may make awards of Common Stock, evidenced by an Agreement, to selected Employees on the basis of the Company's financial performance in any given period. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees who shall receive such Performance Shares, to determine the number of such shares to be granted for each Performance Period, and to determine the duration of each such Performance Period. There may be more than one Performance Period in existence at any one time, and the duration of Performance Periods may differ from each other.

The Committee shall establish performance measures for each Performance Period on the basis of such criteria and to accomplish such objectives as the Committee may from time to time, in its sole discretion, determine. Such measures may include, but shall not be limited to, return on investment, earnings per share, return on shareholders' equity, or return to shareholders. The performance measures determined by the Committee shall be established prior to the beginning of each Performance Period but may be subject to such later revisions as the Committee shall deem appropriate. Performance Shares may not be sold, assigned, transferred, pledged, or otherwise encumbered, except as herein provided and as provided in subsection (E) of Section 11 and subject to subsection (B) of Section 15, during the Performance Period.

The Committee shall determine, in its sole discretion, the manner of payment, which may include (i) cash, (ii) shares of Common Stock, or (iii) shares of Restricted Stock in such proportions as the Committee shall determine. Employees may be offered the opportunity to defer the receipt of payment of earned Performance Shares, and Common Stock may be granted as a bonus for deferral under terms as may be established by the Committee from time to time; however, in no event shall the Common Stock granted as a bonus for deferral exceed 20% of the Performance Shares so deferred.

An Employee must be employed by the Company at the end of a Performance Period in order to be entitled to payment of Performance Shares in respect of such period; provided, however, that in the event of an Employee's cessation of employment before the end of such period, or upon

the occurrence of his or her death, retirement, or disability, or other reason approved by the Committee, the Committee may, in its sole discretion, limit such forfeiture.

SECTION 11. CONTINUED EMPLOYMENT, AGREEMENT TO SERVE AND EXERCISE PERIODS

(A) Subject to the provisions of subsection (F) of this Section 11, every Option (other than a Reload Option) and SAR 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 (unless otherwise determined by the Committee) and, if the employment of the Employee shall terminate, for any reason other than death or disability (as defined in subsection (C) of this Section 11) as determined by the Committee, prior to the end of such one year period or with respect to any Reload Option such other period as may be specified by the Committee within which such Reload Option may not be exercised, the Option granted to such Employee shall immediately terminate.

(B) Every Option shall provide that in the event the Employee dies while employed by Ashland; during the period in which Options may be exercised by an Employee determined to be disabled as provided in subsection (C) of this Section 11, or within three months after cessation of employment for any cause, such Option shall be exercisable, at any time or from time to time, prior to the fixed termination date set forth in the Option, by the Beneficiaries of the decedent for the number of shares which the Employee could have acquired under the Option immediately prior to the Employee's death.

(C) Every Option shall provide that in the event the employment of any Employee shall cease by reason of disability, as determined by the Committee at any time during the term of the Option, such Option shall be exercisable, at any time or from time to time by such Employee for the number of shares which the Employee could have acquired under the Option immediately prior to the Employee's disability. An Option held by an Employee determined by the Committee to be disabled prior to September 19, 1996 shall be exercisable during a period of one year of continuing disability following termination of employment by reason of such disability. An Option held by an Employee determined by the Committee to be disabled on or after September 19, 1996 shall be exercisable at any time prior to the fixed termination date set forth in the Option. As used herein, an Employee will be deemed "disabled" 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, shall be deemed disabled if he or she falls within the meaning of that term as provided in Section 22(e)(3) of the Code. The determination by the Committee of any question involving disability shall be conclusive and binding.

(D) Every Option shall provide that in the event the employment of any Employee shall cease by reason of Retirement, such Option may be exercised only in respect of the number of shares which the Employee could have acquired under the Option immediately prior to such Retirement. Options held by an Employee who retires prior to September 19, 1996 shall be exercisable for a period of three years after such Retirement date, which three-year period may be extended at the discretion of the Committee. Options held by an Employee who retires on or after September 19, 1996 shall be exercisable until the fixed termination date set forth in the Option.

(E) Except as provided in subsections (A), (B), (C) (D) and (F) of this Section 11, every Option shall provide that it shall terminate on the earlier to occur of the fixed termination date set forth in the Option or three months after cessation of the Employee's employment for any cause only in respect of the number of shares which the Employee could have acquired under the Option immediately prior to such cessation of employment; provided, however, that no Option may be exercised after the fixed termination date set forth in the Option.

(F) Notwithstanding any provision of this Section 11 to the contrary, any Award granted pursuant to the Plan, except a Restricted Stock Award to Outside Directors, which is governed by Section 8, subsection (B), may, in the discretion of the 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 Award for the full number of awarded shares or any part thereof, less such numbers as may have been theretofore acquired under the Award (i) from and after the time the Employee ceases to be an Employee of Ashland as a result of the sale or other disposition by Ashland of assets or property (including shares of any Subsidiary) in respect of which such Employee had theretofore been employed or as a result of which such Employee's continued employment with Ashland is no longer required, and (ii) in the case of a Change in Control of Ashland, from and after the date of such Change in Control.

(G) Each Employee granted an Award under this Plan shall agree by his or her acceptance of such Award to remain in the service of Ashland for a period of at least one year from the date of the Agreement respecting the Award between Ashland and the Employee. Such service shall, subject to the terms of any contract between Ashland and such Employee, be at the pleasure of Ashland and at such compensation as Ashland shall reasonably determine from time to time. Nothing in the Plan, or in any Award granted pursuant to the Plan, shall confer on any individual any right to continue in the employment of or service to Ashland or interfere in any way with the right of Ashland to terminate the Employee's employment at any time.

(H) Subject to the limitations set forth in Section 422 of the Code, the Committee may adopt, amend, or rescind from time to time such provisions as it deems appropriate with respect to the effect of leaves of absence approved by any duly authorized officer of Ashland with respect to any Employee.

SECTION 12. WITHHOLDING TAXES

Federal, state or local law may require the withholding of taxes applicable to gains resulting from the exercise of an Award. Unless otherwise prohibited by the Committee, each Employee may satisfy any such tax withholding obligation by any of the following means, or by a combination of such means: (i) a cash payment, (ii) authorizing Ashland to withhold from the shares of Common Stock otherwise issuable to the Employee pursuant to the exercise or vesting of an Award a number of shares having a Fair Market Value, as of the Tax Date, which will satisfy the amount of the withholding tax obligation, or (iii) by delivery to Ashland of a number of shares of Common Stock having a Fair Market Value as of the Tax Date which will satisfy the amount of the withholding tax obligation arising from an exercise or vesting of an Award. An Employee's election to pay the withholding tax obligation by (ii) or (iii) above must be made on or before the Tax Date, is irrevocable, is subject to such rules as the Committee may adopt, and may be disapproved by the Committee. If the amount requested is not paid, the Committee may refuse to issue Common Stock under the Plan.

SECTION 13. 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 stockholders other than cash dividends, the number or kind of shares that may be issued under the Plan pursuant to Section 3 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 Employee or Outside Director shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes of the Plan.

SECTION 14. AMENDMENTS AND TERMINATIONS

Unless the Plan shall have been terminated as hereinafter provided, the Plan shall terminate on, and no Award (other than Reload Options automatically granted pursuant to Section 6) shall be granted after January 26, 1998. The plan may be terminated, modified or amended by the shareholders of the Company. The Board may at any time terminate, modify or amend the Plan in such respects as it shall deem advisable; provided, however, that the Board may not, without approval by the holders of a majority of the outstanding shares of stock present and voting at any annual or special meeting of shareholders of Ashland: (i) increase (except as provided in Section 13) the maximum number of shares which may be issued pursuant to the Awards granted under the Plan, (ii) change the class of persons eligible to receive Awards, (iii) change the manner of determining the minimum Exercise Price of Options other than to change the manner of determining the Fair Market Value of the Common Stock as set forth in Section 2, (iv) extend the period during which Awards may be granted or exercised, or (v) amend any provision of the Plan insofar as it applies specifically to Restricted Stock Awards granted or to be granted to Outside Directors.

SECTION 15. MISCELLANEOUS PROVISIONS

(A) Except as to Awards to Outside Directors, no Employee or other person shall have any claim or right to be granted an Award under the Plan.

(B) An Employee's or Outside Director's rights and interest under the Plan 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 an Employee's or Outside Director'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 right or interest of any Employee or Outside Director in the Plan shall be subject to any obligation of liability of such individual; provided, however, that an Employee's or Outside Director's rights and interest under the plan may, subject to the discretion and direction of the Committee, be made transferable by such Employee or Outside Director during his or her lifetime. Except as specified in Section 8, 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) No Common Stock shall be issued hereunder unless counsel for the Company shall be satisfied that such issuance will be in compliance with applicable Federal, state, and other securities laws.

(D) The expenses of the Plan shall be borne by the Company.

(E) By accepting any Award under the Plan, each Employee and Outside Director 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 the Plan by the Company, the Board or the Committee.

(F) Awards granted under the Plan shall be binding upon Ashland, its successors, and assigns.

(G) The appropriate officers of the Company shall cause to be filed any reports, returns, or other information regarding Awards hereunder or any Common Stock issued pursuant hereto as may be required by Section 13 or 15(d) of the Exchange Act, or any other applicable statute, rule, or regulation.

(H) Nothing contained in this Plan shall prevent the Board of Directors from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required.

(I) Each Employee shall be deemed to have been granted any Award on the date the Committee took action to grant such Award under the Plan or such later date as the Committee in its sole discretion shall determine at the time such grant is authorized; provided, however, that a Reload Option shall be deemed to have been granted on the date on which the Original Option is exercised or such later date as the Committee in its sole discretion shall determine prior to the date on which such exercise occurs and a subsequent Reload Option shall be deemed to have been granted on the date on which the underlying Reload Option is exercised or such later date as the Committee in its sole discretion shall determine prior to the date on which such exercise occurs.

SECTION 16. EFFECTIVENESS OF THE PLAN

The Plan shall be submitted to the shareholders of the Company for their approval and adoption on January 28, 1993 or such other date fixed for the next meeting of shareholders or any adjournment or postponement thereof. The Plan shall not be effective and no Award shall be made hereunder unless and until the Plan has been so approved and adopted at a meeting of the Company's shareholders.

SECTION 17. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky.

ASHLAND INC.
INCENTIVE COMPENSATION PLAN FOR KEY EXECUTIVES
(As amended November 5, 1997)

1. PURPOSE

The principal purposes of the Ashland Inc. Incentive Compensation Plan for Key Executives (the "Plan") are to provide to Eligible Officers incentives to earn annual incentive compensation through the achievement of performance goals and to assist the Company in attracting, motivating and retaining key employees on a competitive basis.

2. DEFINITIONS

Terms not otherwise defined herein shall have the following meanings:

(a) "Board" means the Board of Directors of Ashland Inc. or its designee.

(b) "Change in Control" shall be deemed to occur (1) upon the approval of the shareholders of the Company (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) 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 Company or (C) adoption of any plan or proposal for the liquidation or dissolution of the Company, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than the Company or any subsidiary or employee benefit plan or trust maintained by the Company or any of its subsidiaries, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of the Common Stock outstanding at the time, without the approval of the Board, or (3) if at any time during a period of two 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.

(c) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(d) "Committee" means the Personnel and Compensation Committee of the Board or its designee.

(e) "Common Stock" means the common stock, \$1.00 par value, of Ashland Inc.

(f) "Company" means Ashland Inc., its divisions and subsidiaries.

(g) "Eligible Officer" means an executive officer described in Section 4.

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(i) "Executive Officer" means an executive officer as defined in Rule 3b-7 under the Exchange Act.

(j) "Fair Market Value" means, as of any specified date (or, if a weekend or holiday, the next preceding business day), the closing price of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange issues.

(k) "Hurdle" means the minimum Performance Goal(s) that must be reached in order for the Eligible Officer to receive any Incentive Award.

(l) "Incentive Award" means the amount determined by the Committee to be payable to a Participant upon the achievement of the Performance Goals for the particular Performance Period.

(m) "Participant" means any Eligible Officer who receives an Incentive Award under the Plan for a Performance Period.

(n) "Performance Goals" mean performance goals as may be established in writing by the Committee which may be based on earnings, stock price, return on equity, return on investment, total return to shareholders, economic value added, debt rating or achievement of business or operational goals, such as drilling or exploration targets or profit per barrel. Such goals may be absolute in their terms or measured against or in relationship to other companies comparably or otherwise situated. Such performance goals may be particular to an Eligible Officer or the division, department, branch, line of business, subsidiary or other unit in which the Eligible Officer works and/or may be based on the performance of the Company generally.

(o) "Performance Period" means an annual period based upon the Company's fiscal year, except to the extent the Committee determines otherwise.

(p) "Target" means the Performance Goal(s) that must be reached in order for the Eligible Officer to receive the maximum Incentive Award. The maximum Incentive Award is a fixed percentage of the midpoint of the salary range for the position held by the Eligible Officer and is based upon the Eligible Officer's level of employment. No Eligible Officer may receive a maximum Incentive Award more than 150% of their salary range midpoint.

3. SHARES; ADJUSTMENTS IN THE EVENT OF CHANGES IN CAPITALIZATION

(a) SHARES AUTHORIZED FOR ISSUANCE. There shall be reserved for issuance under the Plan 150,000 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 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 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 Eligible Officers shall be maintained as before the occurrence of such event.

4. ELIGIBILITY

The Chief Executive Officer and the Chief Operating Officer of the Company, plus any other Executive Officers chosen by the Committee, shall be eligible to participate in the Plan. An individual who becomes eligible to participate in the Plan during the Plan Year may be approved by the Committee for a partial year of participation.

5. ADMINISTRATION

Full power and authority to construe, interpret and administer the Plan shall be vested in the Committee. Decisions of the Committee shall be final, conclusive and binding upon all parties.

6. AWARDS; PAYMENT

(a) No later than 90 days after the commencement of each Performance Period, the Committee shall establish in writing one or more Performance Goals, including the Hurdle and Target, that must be reached by an Eligible Officer in order to receive an Incentive Award for such Performance Period. The Committee shall have the discretion to later revise the Performance Goals and the amount to be paid out upon the attainment of these goals solely for the purpose of reducing or eliminating the amount of compensation otherwise payable upon attainment of the Performance Goals; provided that the Performance Goals and the amounts payable upon attainment of the Performance Goals may be adjusted during any Performance Period to reflect 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.

(b) The amount payable to a Participant shall be based upon the achievement of the Performance Goals and the Participant achieving the highest possible individual performance rating for the Performance Period. To the extent that a Participant does not achieve the highest possible individual performance rating for the Performance Period, the Committee shall have the discretion to reduce the amount payable to such Participant; provided, however, that no payment for individual performance shall be made unless the Performance Goals are achieved.

(c) Payment of Incentive Awards shall be made on a date or dates fixed by the Committee. 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 Committee.

In addition, Participants may be offered the opportunity to defer the receipt of payment of an Incentive Award. Common Stock may be granted (i) as a bonus for deferral or (ii) as a bonus for retaining, for a specified period of time, Common Stock received in payment of an Incentive Award, all under such terms as may be established by the Committee from time to time. Notwithstanding, in no event shall the value of the Common Stock granted as a bonus for deferral or retention exceed 20% of the value of the Incentive Award so deferred or retained. Any and all payments made under the Plan shall be subject to applicable federal, state or local taxes required by law to be withheld.

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 original dollar amount to be paid on the payment date (or the part thereof determined by the Committee to be delivered in shares of such Incentive Award) by (y) the Fair Market Value on the date the Board approves the Committee's decision to pay an Incentive Award.

(d) An Incentive Award shall terminate for all purposes if the Participant does not remain continuously employed and in good standing with the Company until the date of payment of such award. In the event an Eligible Officer's employment is terminated because of death, disability or retirement, the Eligible Officer (or his or her beneficiaries or estate) shall receive a pro rata portion of the payment of an Incentive Award for which the Eligible Officer 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.

7. INALIENABILITY OF BENEFITS

Incentive Awards may not be assigned or transferred in whole or in part, either directly or by operation of law or otherwise (except by will or pursuant to the laws of descent and distribution) including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or any other manner.

8. GOVERNING LAW

The provisions of this Plan shall be interpreted and construed in accordance with laws of the Commonwealth of Kentucky.

9. AMENDMENTS

The Committee may amend, alter or terminate this Plan at any time without the prior approval of the Board; provided, however, that the Committee may not, without approval by the Board and the shareholders of the Company:

(a) increase the amount 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.

10. CHANGE IN CONTROL

Upon a Change in Control, in order to maintain an Eligible Officer's rights under the Plan, 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 as soon as practicable 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 Committee, in its sole judgment, may make adjustment to any Incentive Award as may be appropriate to reflect such Change in Control.

11. EFFECTIVE DATE; TERM OF THE PLAN

This Plan shall be submitted to the shareholders of the Company for their approval and adoption on January 26, 1995 or such other date fixed for the next meeting of shareholders or any adjournment or postponement thereof. If approved and adopted by the shareholders, the Plan will become effective as of September 14, 1994. Unless terminated sooner by the Committee, to the extent necessary to ensure that Incentive Award payments be deductible under the Code, the Plan shall terminate on, and no Incentive Awards shall be granted after, the first meeting of shareholders occurring in calendar year 2000.

ASHLAND INC.
DEFERRED COMPENSATION PLAN
(Amended and Restated as of November 5, 1997)

1. PURPOSE

The purpose of this Ashland Inc. Deferred Compensation Plan (the "Plan"), is to provide eligible key employees of the Company with an opportunity to defer compensation to be earned by them from the Company as a means of saving for retirement or other future purposes.

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.

(b) "Beneficiary" means the person(s) designated by the Participant in accordance with Section 12, or if no person(s) is/are so designated, the estate of a deceased Participant.

(c) "Board" means the Board of Directors of Ashland Inc. or its designee.

(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 occur (1) upon the approval of the shareholders of the Company (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of Common Stock of the surviving corporation immediately after the merger, (B) 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 Company, or (C) adoption of any plan or proposal for the liquidation or dissolution of the Company, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than Ashland Inc. or any subsidiary or employee benefit plan or trust maintained by Ashland Inc. or any of its subsidiaries, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of the Common Stock outstanding at the time, without the approval of the Board, or (3) if at any time during a period of two 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.

(f) "Committee" means the Personnel and Compensation Committee of the Board or its designee.

(g) "Common Stock" means the common stock, \$1.00 par value, of Ashland Inc.

(h) "Common Stock Fund" means that 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.

(i) "Company" means Ashland Inc., its divisions, subsidiaries and affiliates.

(j) "Compensation" means any employee compensation determined by the Committee to be properly deferrable under the Plan.

(k) "Compensation Account(s)" means the Retirement Account and/or the In-Service Account(s).

(l) "Corporate Human Resources" means the Corporate Human Resources Department of the Company.

(m) "Credit Date" means the date on which Compensation would otherwise have been paid to the Participant or in the case of the Participant's designation of investment option changes, within three Business Days after the Participant's designation is received by Corporate Human Resources, or as otherwise designated by the Committee.

(n) "Deferred Compensation" means the Compensation elected by the Participant to be deferred pursuant to the Plan.

(o) "Election" means a Participant's delivery of a written notice of election to Corporate Human Resources electing to defer payment of all or a portion of his or her Compensation either until retirement, Termination, death or such other time as further provided by the Committee or the Company.

(p) "Employee" means a full-time, regular salaried employee (which term shall be deemed to include officers) of the Company, its present and future subsidiary corporations as defined in Section 424 of the Internal Revenue Code of 1986, as amended or its affiliates.

(q) "Excess Payments" means payments made to a Participant

pursuant to the Plan and the Excess Plan.

(r) "Excess Plan" means the Ashland Inc. Nonqualified Excess Benefit Pension Plan, as it now exists or as it may hereafter be amended.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(t) "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.

(u) "Fiscal Year" means that annual period commencing October 1 and ending the following September 30.

(v) "In-Service Account" means the account(s) to which the Participant's Deferred Compensation is credited and from which, pursuant to Section 10, distributions are made.

(w) "Participant" means an Employee selected by the Committee 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.

(x) "Plan" means this Ashland Inc. Deferred Compensation Plan as it now exists or as it may hereafter be amended.

(y) "Retirement Account" means the account(s) to which the Participant's Deferred Compensation is credited and from which, pursuant to Section 10, distributions are made.

(z) "SERP" means the Ninth Amended and Restated Ashland Inc. Supplemental Early Retirement Plan for Certain Key Executive Employees, as it now exists or as it may hereafter be amended.

(aa) "SERP Payments" means payments made to a Participant pursuant to the Plan and the SERP.

(bb) "Stock Unit(s)" means the share equivalents credited to the Common Stock Fund of a Participant's Compensation Account pursuant to Section 6.

(cc) "Termination" means termination of services as an Employee for any reason other than retirement.

3. SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) SHARES AUTHORIZED FOR ISSUANCE. There shall be reserved for issuance under the Plan 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 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 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 Ashland Inc., 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. 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. Decisions of the Company and the Committee shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources.

6. PARTICIPANT ACCOUNTS

Upon election to participate in the Plan, there shall be established a Retirement Account and/or In-Service Account, as designated by the Participant to which there shall be credited any Deferred Compensation, as of each Credit Date. Each such Compensation Account shall be credited (or debited) on each Accounting Date with income (or 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 9.

7. FINANCIAL HARDSHIP

Upon the written request of a Participant or a Participant's legal representative and a finding that continued deferral will result in an unforeseeable financial emergency to the Participant, the Committee or the Company (each in its sole discretion) may authorize (a) the payment of all or a part of a Participant's Compensation Account in a single installment prior to his or her ceasing to be a Participant, or (b) the acceleration of payment of any multiple installments thereof. It is intended that the Committee's determinations as to whether the Participant has suffered an "unforeseeable financial emergency" shall be made consistent with the requirements under Section 457(d) of the Internal Revenue Code.

8. ACCELERATED DISTRIBUTION

(a) AVAILABILITY OF WITHDRAWAL PRIOR TO RETIREMENT. The Participant or the Participant's Beneficiary who is receiving installment payments under the Plan may elect, in writing, to withdraw all or a portion of a Participant's Compensation Account at any time prior to the time such Compensation Account otherwise becomes payable under the Plan, provided the conditions specified in Sections 8(c), 8(d) and 8(e) hereof are satisfied.

(b) ACCELERATION OF PERIODIC DISTRIBUTIONS. Upon the written election of the Participant or the Participant's Beneficiary who is receiving installment payments under the Plan, the Participant or Participant's Beneficiary may elect to have all or a portion of the remaining installments distributed in the form of an immediately payable lump sum, provided the conditions specified in Section 8(c) and 8(e) hereof are satisfied.

(c) FORFEITURE PENALTY. In the event of a withdrawal pursuant to Section 8(a), or an accelerated distribution pursuant to Section 8(b), the Participant shall forfeit from such Compensation Account an amount equal to 10% of the amount of the withdrawal or accelerated distribution, as the case may be. The forfeited amount shall be deducted from the Compensation Account prior to giving effect to the requested withdrawal or acceleration. Neither the Participant nor the Participant's Beneficiary shall have any right or claim to the forfeited amount, and the Company shall have no obligation whatsoever to the Participant, the Participant's Beneficiary or any other person with regard to the forfeited amount.

(d) MINIMUM WITHDRAWAL. In no event shall the amount withdrawn in accordance with Section 8(a) be less than 25% of the amount credited to such Participant's Compensation Account immediately prior to the withdrawal.

(e) SUSPENSION FROM DEFERRALS. In the event of a withdrawal pursuant to Section 8(a) or 8(b), a Participant who is otherwise eligible to make deferrals of Compensation under this Plan shall be prohibited from making such deferrals with respect to the remainder of the current Fiscal Year and the Fiscal Year of the Plan immediately following the Fiscal Year of the Plan during which the withdrawal was made, and any Election previously made by the Participant with respect to deferrals of Compensation for such Fiscal Years of the Plan shall be void and of no effect.

9. MANNER OF ELECTION

(a) GENERAL. Any Employee selected by the Committee to participate in the Plan may elect to do so by delivering to Corporate Human Resources an Election on a form prescribed by Corporate Human Resources, designating the Compensation Account to which the Deferred Compensation is to be credited, electing the timing and form of distribution, and setting forth the manner in which such Deferred Compensation shall be invested in accordance with Section 6 hereof. The timing of the filing of the appropriate form with Corporate Human Resources shall be determined by the Company or the Committee. An effective election to defer Compensation may not be revoked or modified except as otherwise determined by the Company or the Committee or as stated herein. In addition to the provisions contained in this Plan, any deferrals of SERP Payments or Excess Payments must be in accordance with the terms of the SERP or the Excess Plan.

(b) 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.

(c) CHANGE OF BENEFICIARY. A Participant may, at any time, elect to change the designation of a Beneficiary in accordance with Section 11 hereof.

10. DISTRIBUTION

(a) RETIREMENT ACCOUNT. In accordance with the Participant's Election, Deferred Compensation credited to a Participant's Retirement Account shall be distributed in cash or shares of Common Stock (or a combination of both). If no Election is made by a Participant as to the distribution or form of payment of his or her Retirement Account, upon the earlier of death or retirement such account shall be paid in cash in lump sum. The entire Retirement Account must be paid out within forty years following the date of the earlier of the Participant's death or retirement.

(b) IN-SERVICE ACCOUNT. In accordance with the Participant's Election and within the guidelines established by the Committee or the Company, Deferred Compensation credited to a Participant's In-Service Account shall be distributed in cash. A Participant may make different Elections with respect to the applicable distribution periods for different

deferral cycles in the In-Service Accounts.

(c) TERMINATION. Notwithstanding the foregoing, in the event of a Participant's Termination, the Company reserves the right to distribute the Participant's Compensation Account at such time and in such manner as deemed appropriate.

(d) CHANGE OF DISTRIBUTION OF COMPENSATION ACCOUNT. A Participant will be allowed to change the Election as to the distribution of Deferred Compensation of his or her Retirement Account for all amounts previously deferred pursuant to such Election, subject to approval by the Committee or the Company. Such change must be made by the earlier of:

(1) the date six months prior to the first day of the month following such Participant's retirement; or

(2) the December 31 immediately preceding the first day of the month following such Participant's retirement.

A Participant may not change the Election as to the distribution of Deferred Compensation in his or her In-Service Account(s) except as otherwise set forth in Sections 7 and 8.

11. BENEFICIARY DESIGNATION

A Participant may designate one or more persons (including a trust) to whom or to which payments are to be made if the Participant dies before receiving distribution of all amounts due hereunder. A designation of Beneficiary will be effective only after the signed Election is filed with Corporate Human Resources while the Participant is alive and will cancel all designations of Beneficiary signed and filed earlier. If the Participant fails to designate a Beneficiary as provided above or if all of a Participant's Beneficiaries predecease him or her and he or she fails to designate a new Beneficiary, the remaining unpaid amounts shall be paid in one lump sum to the estate of such Participant. If all Beneficiaries of the Participant die after the Participant but before complete payment of all amounts due hereunder, the remaining unpaid amounts shall be paid in one lump sum to the estate of the last to die of such Beneficiaries.

12. CHANGE IN CONTROL

Notwithstanding any provision of this Plan to the contrary, in the event of a Change in Control, each Participant in the Plan shall receive an automatic lump sum cash distribution of all amounts accrued in the Participant's Compensation Account not later than fifteen (15) days after the date of the Change in Control. For this purpose, the balance in the portion of a Participant's Compensation Account invested in the Common Stock Fund shall be determined by multiplying the number of Stock Units by the higher of (a) the highest Fair Market Value on any date within the period commencing 30 days prior to such Change in Control, or (b) if the Change in Control of the Company occurs as a result of a tender or exchange offer or consummation of a corporate transaction, then the highest price paid per share of Common Stock pursuant thereto. Any consideration other than cash forming a part or all of the consideration for Common Stock to be paid pursuant to the applicable transaction shall be valued at the valuation price thereon determined by the Board.

In addition, 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 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 12 may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

13. INALIENABILITY OF BENEFITS

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 13.

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 Committee may amend, alter or terminate this Plan at any time without the prior approval of the Board; provided, however, that the Committee may not, without approval by the Board and the shareholders:

(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.

The Plan was approved by the shareholders of the Company on January 26, 1995, and originally became effective as of October 1, 1994, and has been restated in this document effective as of September 18, 1997.

ASHLAND INC. 50 E. RIVERCENTER BLVD. P.O. BOX 391 COVINGTON, KY 41012-0391

PHILIP W. BLOCK
Administrative Vice President
Human Resources
(606) 815-3759
(606) 815-5053 (FAX)

November 22, 1999

Mr. Michael D. Rose
Midaro Investments, Inc.
6305 Humphreys Blvd.
Suite 110
Memphis, TN 38120

Dear Mike:

The purpose of this letter is to confirm our discussions earlier this month in Covington, regarding your retirement from the Board and the operation of our various compensation and benefit programs. The Board approved our proposals and recommendations at its meeting on November 4, 1999.

- I. Your participation in the Directors' Charitable Award Program was approved. Thus, as contemplated under the program, Ashland will donate \$1,000,000 upon your death to your designated beneficiaries.
- II. Under the shareholder-approved plan governing the restricted stock grants you've previously received, your retirement will result in the forfeiture of the shares. Ashland will pay to you the market value of those shares on the date of your retirement from the Board.
- III. With respect to the stock options you've previously been granted, you will have one year from the date of your retirement to exercise the options. To the extent you have not exercised, Ashland will pay to you the Black-Scholes value of the unexercised option shares. The Black-Scholes value will be determined on the first anniversary of your date of retirement.
- IV. Your account balance under the Directors' Deferred Compensation Plan will be paid to you in accordance with your previously filed elections.
- V. As you may recall, the Directors' Retirement and Death Benefit Plans were terminated and benefits were converted to shares of Ashland Common Stock under the Deferred Retirement Benefit Account. The shares allocated to this account will be paid to you in accordance with your previously filed elections.

A detail of your current elections and account balances under the above-mentioned plans is enclosed with this letter. Should you have any questions, please don't hesitate to contact me or Susan Esler, Manager of Executive Compensation, at 606/815-3543.

Sincerely,

/s/ Phil

Philip W. Block

Enclosure

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

of

MARATHON ASHLAND PETROLEUM LLC

Dated as of December 31, 1998

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Adjustments to Historical EBITDA (Ashland)
Initial Executive Officers

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT dated as of December 31, 1998, of MARATHON ASHLAND PETROLEUM LLC (the "Company"), by and between Marathon Oil Company, an Ohio corporation ("Marathon"), and Ashland Inc., a Kentucky corporation ("Ashland"), as Members.

Preliminary Statement

WHEREAS, on June 11, 1997, Marathon and Emro Marketing Company ("Emro Marketing") formed the Company (formerly known as "Emro Supply, LLC") by filing a Certificate of Formation of the Company with the Secretary of State of the State of Delaware and executed the Limited Liability Company Agreement of the Company pursuant to which Marathon received a 60% interest in the Company and Emro Marketing received a 40% interest in the Company;

WHEREAS, on July 18, 1997, Emro Marketing assigned its interest in the Company to Marathon and Fuelgas Company, Inc., a wholly owned subsidiary of Marathon ("Fuelgas"), with Marathon receiving an additional 39% interest in the Company and Fuelgas receiving a 1% interest in the Company, which interest will be transferred to Marathon immediately following the Closing (for purposes of this Agreement and the other Transaction Documents, all references to Marathon's interest in the Company shall be deemed to include the 1% interest owned by Fuelgas);

WHEREAS, on July 18, 1997, Marathon and Fuelgas executed the First Amended and Restated Limited Liability Company Agreement of the Company and filed an Amended and Restated Certificate of Formation of the Company with the Secretary of State of the State of Delaware;

WHEREAS, on October 29, 1997, Marathon and Fuelgas filed a Second Amended and Restated Certificate of Formation of the Company with the Secretary of State of the State of Delaware to change the name of the Company to Marathon Ashland Petroleum LLC;

WHEREAS, on December 8, 1997, Marathon and Fuelgas executed the Second Amended and Restated Limited Liability Company Agreement of the Company which became effective on December 10, 1997;

WHEREAS the parties hereto desire that the Company (a) be a premier petroleum supply, refining, marketing and transportation business, (b) create a highly efficient, cost-effective and competitive petroleum supply, refining, marketing and transportation system, (c) deliver to the Members the highest possible economic value added, (d) be customer-focused and market-driven in its business strategy, (e) be a respected and responsible member of the communities in which the Company will operate, with a high regard for environmental responsibility and employee safety, and (f) seek to maximize Distributable Cash to the Members consistent with the foregoing, including capital spending levels which over time are expected to be generally equivalent to the level of non-cash charges; and

WHEREAS the Members entered into this Agreement on January 1, 1998 to set forth the rights and responsibilities of each of them with respect to the governance, financing and operation of the Company;

WHEREAS, the Members have executed Amendment No. 1 to this Agreement as of August 21, 1998, and have executed Amendment No. 2 to this Agreement as of September 1, 1998; and

WHEREAS, the Members wish to make certain additional amendments to this Agreement, and to restate this Agreement incorporating such additional amendments as well as the amendments contained in Amendment No. 1 and Amendment No. 2.

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

Certain Definitions; Applicable GAAP

SECTION 1.01. Definitions. Defined terms used in this Agreement shall have the meanings ascribed to them by definition in this Agreement or in Appendix A. In addition, when used herein the following terms have the following meanings:

"Accounting Determination" has the meaning set forth in Section 1.02.

"Acquisition Expenditures" means, in connection with any acquisition by the Company and its subsidiaries, without duplication (i) the purchase price paid or to be paid for the net assets or capital stock or other equity interests in connection with such acquisition, (ii) any Indebtedness assumed by the Company and its subsidiaries in connection with any such acquisition, (iii) any contingent liabilities assumed or incurred by the Company and its subsidiaries in connection with any such acquisition to the extent that such contingent liabilities are required to be reflected on the balance sheet of the Company and its subsidiaries in accordance with Financial Accounting Standard Number 5 (or any successor or superseding provision of Applicable GAAP), and (iv) all other costs and expenses

incurred or to be incurred by the Company or any of its subsidiaries in connection with any such acquisition to the extent that such costs and expenses would be capitalized if such acquisition were consummated.

8.13. "Adjustable Amount" has the meaning set forth in Section

Section 14.03(c).

"Additional Required Cash Amount" has the meaning set forth in Section 14.01(a).

"Adjusted DD&A" means:

(i) for the twelve-month periods ended December 31, 1995 and 1996, \$348 million and \$346 million, respectively;

(ii) for the twelve-month period ended December 31, 1997, the total combined depreciation, depletion and amortization expense of the Marathon Business and the Ashland Business during such twelve-month period, including, without duplication, (a) any gains (deductions from depreciation, depletion and amortization) or losses (additions to depreciation, depletion and amortization) on asset retirements during such period and (b) pro forma depreciation, depletion and amortization expense related to the Financed Properties during such period (calculated in the same manner such pro forma depreciation, depletion and amortization expense was calculated in Schedule A, which considers the placed-in-service dates of the Financed Properties);

(iii) for the twelve-month period ended September 30, 1998, the sum of:

(a) the total combined depreciation, depletion and amortization expense of the Marathon Business and the Ashland Business during the period commencing on October 1, 1997, and ended on the date immediately preceding the Closing Date, including, without duplication, (1) any gains (deductions from depreciation, depletion and amortization) or losses (additions to depreciation, depletion and amortization) on asset retirements during such period and (2) pro forma depreciation, depletion and amortization expense related to the Financed Properties during such period (calculated in the same manner such pro forma depreciation, depletion and amortization expense was calculated in Schedule A, which considers the placed-in-service dates of the Financed Properties); and

(b) the total depreciation, depletion and amortization expense of the Company and its subsidiaries for the period commencing on the Closing Date and ended on September 30, 1998, including (1) any gains (deductions from depreciation, depletion and amortization) or losses (additions to depreciation, depletion and amortization) on asset retirements during such period, (2) depreciation, depletion and amortization expense related to the Garyville Propylene Upgrade Project during such period and (3) depreciation, depletion and amortization expense related to all Company-funded Capital Expenditures, but excluding (4) depreciation, depletion and amortization expense related to Member-Funded Capital Expenditures and (5) the increase or decrease in such depreciation, depletion and amortization expense related to the Ashland Transferred Assets (including pro forma depreciation, depletion and amortization expense related to the Financed Properties) resulting from the application of purchase accounting treatment to the transactions contemplated by the Transaction Documents (such purchase accounting treatment causing an increase or decrease in the estimated useful lives and the net book value of the Ashland Transferred Assets); and

(iv) for the twelve-month period ended September 30, 1999, and each twelve-month period ended September 30 thereafter, the total depreciation, depletion and amortization expense of the Company and its subsidiaries for such twelve-month period, including, without duplication, (a) any gains (deductions from depreciation, depletion and amortization) or losses (additions to depreciation, depletion and amortization) on asset retirements during such period, (b) depreciation, depletion and amortization expense related to the Garyville Propylene Upgrade Project during such period and (c) depreciation, depletion and amortization expense related to Company-funded Capital Expenditures but excluding (d) depreciation, depletion and amortization expense related to Member-Funded Capital Expenditures and (e) the increase or decrease in such depreciation, depletion and amortization expense related to the Ashland Transferred Assets (including pro forma depreciation, depletion and amortization expense related to the Financed Properties) resulting from the application of purchase accounting treatment to the transactions contemplated by the Transaction Documents (such purchase accounting treatment causing an increase or decrease in the estimated useful lives and the net book value of the Ashland Transferred Assets);

all as determined on a consolidated basis with respect to (x) in the case of any period ending prior to the Closing Date, Marathon and its subsidiaries or Ashland and its subsidiaries, as applicable, or (y) in

the case of any period ending on or after the Closing Date, the Company and its subsidiaries, in each case in accordance with Applicable GAAP.

"Adjusted EBITDA" means:

(i) for the twelve-month periods ended December 31, 1995 and 1996, \$657 million and \$600 million, respectively;

(ii) for the twelve-month period ended December 31, 1997, the sum of:

(a) Historical EBITDA for such twelve-month period, plus

(b) \$80 million, minus

(c) 38% of an amount equal to (1) the sum of the amounts calculated pursuant to clauses (a) and (b) above for such twelve-month period less (2) the Adjusted DD&A for such twelve-month period.

(iii) for the twelve-month period ended September 30, 1998, the sum of:

(a) for the period commencing on October 1, 1997, and ended on the date immediately preceding the Closing Date, the sum of:

(1) Historical EBITDA for such period, plus

(2) \$20 million, minus

(3) 38% of an amount equal to (A) the sum of the amounts calculated pursuant to clauses (1) and (2) above with respect to such period less (B) the Adjusted DD&A for such period; and

(b) for the period commencing on the Closing Date and ended on September 30, 1998, the sum of:

(1) EBITDA of the Company and its subsidiaries for such period, plus

(2) \$12.4 million, minus

(3) the Tax Distribution Amounts paid or to be paid in respect of each of the three Fiscal Quarters (or portion thereof) included in such period; and

(iv) for the twelve-month period ended September 30, 1999 and each twelve-month period ended September 30 thereafter, the sum of:

(a) EBITDA of the Company and its subsidiaries for such twelve-month period, minus

(b) the Tax Distribution Amounts paid or to be paid in respect of each of the four Fiscal Quarters included in such twelve-month period;

all as determined on a consolidated basis with respect to (x) in the case of any period ending prior to the Closing Date, Marathon and its subsidiaries or Ashland and its subsidiaries, as applicable, or (y) in the case of any period ending on or after the Closing Date, the Company and its subsidiaries, in each case in accordance with then Current GAAP (other than Ordinary Course Lease Expenses which shall be calculated in accordance with Applicable GAAP).

"Advanced Amount" has the meaning set forth in Section

14.01(b).

"Affiliate Transaction" means any agreement or transaction between the Company or any of its subsidiaries and any Member or any Affiliate of any Member that:

(a) for purposes of Section 7.03(a)(i), will result or is reasonably anticipated will result in expenditures, contingent or actual liabilities or benefits to the Company and its subsidiaries in excess of \$2 million;

(b) for purposes of Section 7.03(b), is either (i) outside the ordinary course of the Company and its subsidiaries' business and results or will result in contingent or actual liabilities or benefits to the Company and its subsidiaries in excess of \$100,000 in the applicable Fiscal Year or (ii) within the ordinary course of the Company and its subsidiaries' business and results or will result in expenditures, contingent or actual liabilities or benefits to the Company and its subsidiaries (A) in excess of \$2 million individually in the applicable Fiscal Year or (B) when taken together with all other agreements or transactions entered into the same Fiscal Year as such agreement or transaction which are either related to such agreement or transaction or are substantially the same type of agreement or transaction as such agreement or transaction, in excess of \$2 million in the aggregate in the applicable Fiscal Year; and

(c) for purposes of Section 8.08(k)(i), is either (i) outside the ordinary course of the Company and its subsidiaries' business and will result or is reasonably anticipated will result

in expenditures, contingent or actual liabilities or benefits to the Company and its subsidiaries in excess of \$2 million or (ii) within the ordinary course of the Company and its subsidiaries' business and will result or is reasonably anticipated will result in expenditures, contingent or actual liabilities or benefits to the Company and its subsidiaries in excess of \$25 million.

For purposes of this definition of Affiliate Transaction, any guarantee by a Member or any Affiliate of any Member of any obligations of the Company or any of its subsidiaries that is provided by such Member or such Affiliate without cost to the Company and its subsidiaries shall not be deemed to be an Affiliate Transaction. Notwithstanding the foregoing, the term "Affiliate Transaction" shall not include any distributions of cash or other property to the Members pursuant to Article V.

"Affiliate Transaction Dispute Notice" has the meaning set forth in Section 8.11(b).

"Aggregate Tax Rate" has the meaning set forth in Section 5.01(a)(i).

"Agreed Additional Capital Contributions" has the meaning set forth in Section 4.02(c).

"Agreement" means this Limited Liability Company Agreement of the Company, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Annual Capital Budget" has the meaning set forth in Section 8.09(a).

"Applicable GAAP" has the meaning set forth in Section 1.02.

"Approved Marathon Crude Oil Purchase Program" has the meaning set forth in Section 8.12.

"Arbitratable Dispute" has the meaning set forth in Section 13.04(a).

"Arbitration Payment Due Date" has the meaning set forth in Section 14.03(a).

"Arbitration Proceeding" has the meaning set forth in Section 14.01(a).

"Arbitration Tribunal" has the meaning set forth in Appendix B.

"Arm's-Length Transaction" has the meaning set forth in Section 8.11(a).

"Ashland Designated Sublease Agreements" shall mean the Ashland Sublease Agreements attached as Exhibits L-1, L-2, L-3 and L-4 to the Asset Transfer and Contribution Agreement.

"Ashland-Funded Capital Expenditures" has the meaning set forth in Section 4.02(a).

"Audited Financial Statements" has the meaning set forth in Section 7.02(c).

"Average Annual DD&A" means:

(a) for Fiscal Year 1998, the average of the Adjusted DD&A for the three twelve-month periods ended December 31, 1995, 1996 and 1997;

(b) for Fiscal Year 1999, the average of the Adjusted DD&A (i) for the two twelve-month periods ended December 31, 1996 and 1997 and (ii) for the one twelve-month period ended September 30, 1998;

(c) for Fiscal Year 2000, the average of the Adjusted DD&A (i) for the twelve-month period ended December 31, 1997 and (ii) for the two twelve-month periods ending on September 30, 1998 and 1999; and

(d) for Fiscal Year 2001 and each Fiscal Year thereafter, the average of the Adjusted DD&A for the three twelve-month periods ending on September 30 in each of the three Fiscal Years immediately preceding such Fiscal Year.

"Average Adjusted EBITDA" means:

(a) for Fiscal Year 1998, the average of the Adjusted EBITDA for the three twelve-month periods ended December 31, 1995, 1996 and 1997;

(b) for Fiscal Year 1999, the average of the Adjusted EBITDA (i) for the two twelve-month periods ended December 31, 1996 and 1997 and (ii) for the one twelve-month period ended September 30, 1998;

(c) for Fiscal Year 2000, the average of the Adjusted EBITDA (i) for the twelve-month period ended December 31, 1997 and (ii) for the two twelve-month periods ending on September 30, 1998 and 1999; and

(d) for Fiscal Year 2001 and each Fiscal Year thereafter,

the average of the Adjusted EBITDA for the three twelve-month periods ending on September 30 in each of the three Fiscal Years immediately preceding such Fiscal Year.

"Average Annual Level" means for any twelve-month period ending on September 30 of any calendar year, the average of the level of the Price Index ascertained by adding the twelve monthly levels of the Price Index during such twelve-month period and dividing the total by twelve.

"Bareboat Charters" has the meaning set forth in Section 9.3(k) of the Asset Transfer and Contribution Agreement.

"Base Level" means 161.2.

"Base Rate" has the meaning set forth in Section 1.01 of the Put/Call, Registration Rights and Standstill Agreement.

"Board of Managers" has the meaning set forth in Section 8.02(a).

"Bulk Motor Oil Business" has the meaning set forth in Section 14.03(h) of the Put/Call, Registration Rights and Standstill Agreement.

"Business Plan" has the meaning set forth in Section 8.10.

"Capital Account" has the meaning set forth in Section 6.01.

"Capital Expenditures" means, for any period, the aggregate of all expenditures incurred by the Company and its subsidiaries during such period that, in accordance with Applicable GAAP, are or should be included in additions to property, plant or equipment or similar items reflected in the consolidated statement of cash flows of the Company and its subsidiaries; provided, however, that Capital Expenditures shall not include (a) exchanges of such items for other items, (b) expenditures of proceeds of insurance settlements by the Company or any of its subsidiaries in respect of lost, destroyed or damaged assets, equipment or other property to the extent such expenditures are made to replace or repair such lost, destroyed or damaged assets, equipment or other property within 18 months of such loss, destruction or damage, (c) funds expended by a Member or an Affiliate of a Member to purchase any Subleased Property that is contributed to the Company or a subsidiary of the Company pursuant to Section 4.01(c)(i)(A) or (d) Member-Funded Capital Expenditures; all as determined on a consolidated basis with respect to the Company and its subsidiaries in accordance with Applicable GAAP.

"Capital Lease" means any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a consolidated balance sheet of the Company and its subsidiaries in accordance with Applicable GAAP.

"Closing Date Affiliate Transactions" has the meaning set forth in Section 8.08(k)(i)(A).

"Company Independent Auditors" has the meaning set forth in Section 7.01.

"Company Investment Guidelines" has the meaning set forth in Section 8.15.

"Company Leverage Policy" has the meaning set forth in Section 8.14.

"Competitive Business" has the meaning set forth in Section 14.01(a) of the Put/Call, Registration Rights and Standstill Agreement.

"Competitive Third Party" has the meaning set forth in Section 14.01(d) of the Put/Call, Registration Rights and Standstill Agreement.

"Contracting Member" has the meaning set forth in Section 8.11(b).

"Covered Person" means any Member, any Affiliate of a Member or any officers, directors, shareholders, partners, employees, representatives or agents of a Member or their respective Affiliates, or any Representative, or any employee, officer or agent of the Company or its Affiliates.

"Critical Decision" means each Primary Critical Decision and each Other Critical Decision.

"Critical Decision Termination Date" means (a) in the case of any Other Critical Decision, the first anniversary of the Closing Date or (b) in the case of any Primary Critical Decision, the first anniversary of the Closing Date or, if the Critical Decision Termination Date shall be extended with respect to such Primary Critical Decision as provided in Section 8.19(c), the fifteen-month anniversary of the Closing Date.

"Crude Oil Purchases" means any purchase of crude oil by the Company or any of its subsidiaries from Marathon or any Affiliate of Marathon.

"Current GAAP" means, at any time, GAAP as in effect at such time.

"Delinquent Member" has the meaning set forth in Section 14.01(a).

"Designated Sublease Agreements" means the Ashland Designated Sublease Agreements and the Marathon Designated Sublease Agreements.

"Designated Sublease Amount" means any obligation of a Member to the Company or a subsidiary of the Company under Section 4.01(c) with respect to a Subleased Property or a Designated Sublease Agreement.

"Dispute" has the meaning set forth in Section 13.01.

"Dispute Notice" has the meaning set forth in Section 13.02.

"Disputed Capital Contribution Amount" has the meaning set forth in Section 13.04(a).

"Disputed Indemnification Amount" has the meaning set forth in Section 14.01(a).

"Disputed Monetary Amount" has the meaning set forth in Section 14.01(a).

"Distributable Cash" means, for each Fiscal Quarter, without duplication:

(a) the Short-Term Investments of the Company and its subsidiaries on the last day of such Fiscal Quarter, minus

(b) the Ordinary Course Debt of the Company and its subsidiaries on the last day of such Fiscal Quarter, minus

(c) the Tax Distribution Amount to be paid in respect of such Fiscal Quarter, minus

(d) funds held on the last day of such Fiscal Quarter for financing Special Projects or Permitted Capital Projects/Acquisitions, minus

(e) if the notional repayment of principal for Special Project Indebtedness or Permitted Capital Project/Acquisition Indebtedness during such Fiscal Quarter calculated using a notional repayment schedule established and approved by the Board of Managers in accordance with the Company Leverage Policy was more than the amount of actual principal repayments for such Special Project Indebtedness or Permitted Capital Project/Acquisition Indebtedness during such Fiscal Quarter, the amount of such excess, plus

(f) if the amount of the actual principal repayments for Special Project Indebtedness or Permitted Capital Project/Acquisition Indebtedness during such Fiscal Quarter was more than the notional repayment of principal for such Special Project Indebtedness or Permitted Capital Project/Acquisition Indebtedness during such Fiscal Quarter (calculated in the manner described in clause (e) above), the amount of such excess, plus or minus

(g) any adjustments or reserves (including any adjustments for minimum cash balance requirements, including cash reserves for accrued or withheld Taxes not yet due) in the amounts and for the time periods established and approved by the Board of Managers pursuant to a vote in accordance with Section 8.07(b).

"Distribution Date" has the meaning set forth in Section 5.01(a).

"Distributions Calculation Statement" has the meaning set forth in Section 5.01(c).

"EBITDA" means for any period:

(a) net income, plus

(b) to the extent deducted in computing such net income, the sum of (i) estimated or actual Federal, state, local and foreign income tax expense, (ii) interest expense, (iii) depreciation, depletion and amortization expense, (iv) non-cash charges resulting from the cumulative effect of changes in accounting principles, and (v) non-cash lower of cost or market inventory or fixed asset writedowns; minus

(c) to the extent added in computing such net income, (i) any interest income (excluding interest income on accounts receivable related to marketing programs), (ii) non-cash gains resulting from the cumulative effect of changes in accounting principles and (iii) non-cash lower of cost or market inventory or fixed asset gains;

all as determined on a consolidated basis (x) in the case of any period ended prior to the Closing Date, Marathon and its subsidiaries or Ashland and its subsidiaries, as applicable, or (y) in the case of any period ending on or after the Closing Date, with respect to the Company and its subsidiaries, in each case in accordance with then Current GAAP. For purposes of this definition, depreciation, depletion and amortization expense will include any gains (deductions from depreciation, depletion and

amortization) or losses (additions to depreciation, depletion and amortization) on asset retirements and excess purchase price amortization adjustments. For the avoidance of doubt, EBITDA shall not include any revenues or expenses constituting Member-Funded Capital Expenditures or Member-Indemnified Expenditures.

"Executive Officers" has the meaning set forth in Section 9.01(a).

"Final Monetary Amount" has the meaning set forth in Section 14.03(a).

"Financed Properties" means each of the properties listed in Schedule 1.01.

"Fiscal Quarter" means the three-month period ended March 31, June 30, September 30 and December 31 of each Fiscal Year.

"Fiscal Year" has the meaning set forth in Section 6.05.

"Fuelgas Interest" means the 1% interest in the Company which is owned by Fuelgas.

"GAAP" means United States generally accepted accounting principles applied on a consistent basis.

"Garyville Propylene Upgrade Project" means the propylene splitter with a capacity of approximately 800 million pounds per year that is being constructed at the Garyville refinery for the production of propylene.

"Historical EBITDA" means for any period ending prior to the Closing Date the sum of:

(a) EBITDA of the Marathon Business for such period as adjusted for each of the "EBIT Adjustment" items set forth in lines 10-55 of Schedule B-1 and each of the "Depreciation Adjustment" items set forth in lines 133 through 150 of Schedule B-1, in each case calculated for such period in the same manner that such adjustments were calculated in Schedule B-1, plus

(b) EBITDA of the Ashland Business for such period as adjusted for each of the "EBIT Adjustment" items set forth in lines 11-56 of Schedule B-2 and each of the "Depreciation Adjustment" items set forth in lines 111-120 of Schedule B-2, in each case calculated for such period in the same manner that such adjustments were calculated in Schedule B-2;

all determined on a consolidated basis with respect to Marathon and its subsidiaries or Ashland and its subsidiaries, as applicable, in accordance with then Current GAAP.

"Initial GAAP" has the meaning set forth in Section 1.02.

"Initial Term" has the meaning set forth in Section 2.03.

"Make-Up Expense" has the meaning set forth in Section 6.02(d).

"Maralube Express Business" has the meaning set forth in Section 14.03(d)(i) of the Put/Call, Registration Rights and Standstill Agreement.

"Marathon Crude Oil Purchase Program" has the meaning set forth in Section 8.12.

"Marathon Designated Sublease Agreements" shall mean the Marathon Sublease Agreements attached as Exhibits E-1, E-2 and E-3 to the Asset Transfer and Contribution Agreement.

"Marathon-Funded Capital Expenditures" has the meaning set forth in Section 4.02(a).

"Material Adverse Effect" has the meaning set forth in the Asset Transfer and Contribution Agreement.

"Member-Funded Capital Expenditures" has the meaning set forth in Section 4.02(a).

"Member-Indemnified Expenditures" has the meaning set forth in Section 4.02(b).

"Monetary Dispute" has the meaning set forth in Section 14.01(a).

"Non-Contracting Member" has the meaning set forth in Section 8.11(b).

"Non-Delinquent Member" has the meaning set forth in Section 14.01.

"Non-Terminating Member" has the meaning set forth in the Put/Call, Registration Rights and Standstill Agreement.

"Normal Annual Capital Budget Amount" means, for each Fiscal Year, an amount equal to the sum of:

(i) an amount equal to 130% of the Average Annual DD&A for such Fiscal Year, plus

(ii) if, with respect to any Fiscal Year, (a) the Average Adjusted EBITDA for such Fiscal Year less the amount calculated pursuant to clause (i) above for such Fiscal Year exceeds (b) \$240 million (such excess, the "Excess EBITDA" for such Fiscal Year), the sum of (1) the lesser of: (x) 10% of the Average Annual DD&A for such Fiscal Year and (y) the Excess EBITDA for such Fiscal Year and (2) 50% of the amount by which the Excess EBITDA for such Fiscal Year exceeds an amount equal to 10% of the Average Annual DD&A for such Fiscal Year.

An example of the calculation of Adjusted DD&A, Adjusted EBITDA, Average Annual DD&A, Average Adjusted EBITDA and the Normal Annual Capital Budget Amount is shown in Schedule A. In the event of any inconsistency between such Schedule A and the language of this definition of Normal Annual Capital Budget Amount, neither shall control over the other.

"Offer Notice" has the meaning set forth in Section 10.04(a).

"Ordinary Course Debt" means, without duplication, the aggregate outstanding principal amount of all loans and advances under any committed or uncommitted credit facilities (including any commercial paper borrowings or borrowings under the Revolving Credit Agreement, but excluding trade payables), provided that Ordinary Course Debt shall not include any Permitted Intercompany Debt, any Special Project Indebtedness or any Permitted Capital Project Indebtedness.

"Ordinary Course Lease Expense" means, with respect to any Fiscal Year, the rental or lease expense for such Fiscal Year of assets rented or financed by operating leases (as determined in accordance with Applicable GAAP).

"Original Lease" means the lease or charter underlying a Marathon Designated Sublease Agreement or an Ashland Designated Sublease Agreement in which Marathon or Ashland, as applicable, is the lessee or charterer.

"Other Critical Decision" means each of the Level III decisions set forth in paragraphs 2(c)(iii), (v), (vii), (viii) and (ix) of the Retail Integration Protocol.

"Packaged Motor Oil Business" has the meaning set forth in Section 14.03(h) of the Put/Call, Registration Rights and Standstill Agreement.

"Percentage Interest" has the meaning set forth in Section 3.01.

"Permitted Capital Project/Acquisition Indebtedness" has the meaning set forth in the Company Leverage Policy.

"Permitted Intercompany Debt" has the meaning set forth in the Company Leverage Policy.

"Price Index" means the Consumer Price Index for All Urban Consumers of the United States Department of Labor Bureau of Labor Statistics for all Urban Areas (on the 1982-84 equals 100 standard).

"Primary Critical Decision" means each of the Level III decisions set forth in paragraphs 2(c)(i), (ii), (iv) and (vi) of the Retail Integration Protocol.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Citibank, NA, as its prime rate in effect at its principal office in New York; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

"Private Label Packaged Motor Oil Business" has the meaning set forth in Section 14.03(h) of the Put/Call Registration Rights and Standstill Agreement.

"Profit and Loss", as appropriate, means, for any period, the taxable income or tax loss of the Company and its subsidiaries under Code Section 703(a) and Treasury Regulation Section 1.703-1 for the Fiscal Year, adjusted as follows:

(a) All items of income, gain, loss or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included;

(b) Tax exempt income as described in Code Section 705(a)(1)(B) realized by the Company during such Fiscal Year shall be taken into account as if it were taxable income;

(c) Expenditures of the Company described in Code Section 705(a)(2)(B) for such Fiscal Year, including items treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(i) as items described in Code Section 705(a)(2)(B), shall be taken into account as if they were deductible items;

(d) With respect to any property (other than money) which has been contributed to the capital of the Company, "Profit" and "Loss" shall be computed in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(g) by computing depreciation, amortization, income, gain, loss or deduction based upon the fair market value of such property at the date of contribution. Book depreciation (as that term is used in Treasury

Regulation Section 1.704-(b)(2)(iv)(g)(3)) for any asset contributed to the Company that was fully depreciated for federal income tax purposes as of the date of its contribution shall be based on the applicable recovery period (as determined in Code Section 168(c)) for new assets of the same type;

(e) With respect to any property of the Company which has been revalued as required or permitted by Treasury Regulations under Code Section 704(b), "Profit" or "Loss" shall be determined based upon the fair market value of such property as determined in such revaluation; and

(f) With respect to any property of the Company which (i) is distributed in kind to a Member, or (ii) has been revalued under Section 6.03 upon the occurrence of any event specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the difference between the adjusted basis for federal income tax purposes and the fair market value shall be treated as gain or loss upon the disposition of such property.

"Qualified Candidate" has the meaning set forth in Section 9.02(c).

"Quick Lube Business" has the meaning set forth in Section 14.03(h) of the Put/Call, Registration Rights and Standstill Agreement.

"Refundable Amount" has the meaning set forth in Section 14.03(d).

"Representatives" has the meaning set forth in Section 8.01

"Response" has the meaning set forth in Section 13.02.

"Retail Integration Protocol" means the Speedway SuperAmerica LLC Retail Integration Protocol attached hereto as Exhibit A.

"Revolving Credit Agreement" has the meaning set forth in Section 2.2(a) of the Master Formation Agreement.

"Section 8.11(b) Affiliate Transaction" has the meaning set forth in Section 8.11(b).

"Security Interest" has the meaning set forth in Section 14.05(a).

"Selling Member" has the meaning set forth in Section 10.04(a).

"Senior Manager" has the meaning set forth in Section 13.02.

"Shared Service" means an administrative service that is provided to the Company or its subsidiaries by Marathon, Ashland or any of their respective Affiliates pursuant to the Shared Services Agreement or provided to Marathon, Ashland or any of their respective Affiliates by the Company or its subsidiaries pursuant to the Shared Services Agreement.

"Shared Services Agreement" means the Shared Services Agreement by and among Marathon, Ashland and the Company, including the Schedules thereto, attached as Exhibit U to the Asset Transfer and Contribution Agreement.

"Short-Term Investments" means, without duplication, collected or available bank cash balances, the fair market value of any investment made by the Company or any of its subsidiaries pursuant to the Company's Investment Guidelines and the fair market value of any investment made by the Company or any of its subsidiaries that should have been made pursuant to the Company's Investment Guidelines, but excluding Incidental Cash and any cash balances that represent uncollected funds.

"Significant Shared Service" means (a) any Shared Service related to the Treasury and Cash Management function and (b) any Shared Service (or group of related Shared Services) that results or is reasonably anticipated to result in the payment by or to the Company or any of its subsidiaries of more than \$2 million in any contract year in the period during which such Shared Service will be provided. For purposes of determining whether the \$2 million threshold of this definition has been satisfied, payments for all Shared Services in each of the following general administrative areas shall be aggregated within each area specified below and considered related Shared Services: Human Resources; Health, Environment and Safety; Law; Public Affairs; Governmental Affairs; Finance and Accounting (including Internal Audit); Administrative Services; Information Technology Services; Procurement; Business Development; Aviation; Engineering and Technology; Economics; and Security.

"Sole Arbitrator" has the meaning set forth in Appendix B.

"Special Project" has the meaning set forth in the Company Leverage Policy.

"Special Project Indebtedness" has the meaning set forth in the Company Leverage Policy.

"Special Termination Right" has the meaning set forth in Section 2.01(a) of the Put/Call, Registration Rights and Standstill Agreement.

"Subleased Property" has the meaning set forth in Section 4.01(c).

"Super Majority Decision" has the meaning set forth in Section 8.08.

"Surplus Cash" has the meaning assigned to such term in the Company Leverage Policy.

"Tax Distribution Amount" has the meaning set forth in Section 5.01(a).

"Tax Liability" means, with respect to a Fiscal Year, a Member's liability for Federal, state, local and foreign taxes attributable to taxable income allocated to such Member pursuant to Section 6.03 and Section 10.03, taking into account any Tax deduction or loss specifically allocated to a Member pursuant to this Agreement or any other Transaction Document.

"Term of the Company" has the meaning set forth in Section 2.03.

"Terminating Member" has the meaning set forth in Section 2.01(a) of the Put/Call, Registration Rights and Standstill Agreement.

"Unaudited Financial Statements" has the meaning set forth in Section 7.02(a).

"Valvoline Business" has the meaning set forth in Section 14.03(h) of the Put/Call, Registration Rights and Standstill Agreement.

SECTION 1.02. APPLICABLE GAAP. In connection with the calculation pursuant to this Agreement of Adjusted DD&A, Capital Expenditures or Ordinary Course Lease Expenses, the determination of whether a lease is a Capital Lease or the determination of whether the Company has entered into an operating lease for purposes of Section 8.16 (each such calculation or determination, an "Accounting Determination"), the Company shall apply then Current GAAP; provided, however, that if at any time after January 1, 1998, a change shall occur in GAAP which would result in any Accounting Determination being different under Current GAAP than such Accounting Determination would have been under GAAP as in effect on January 1, 1998 ("Initial GAAP"), then (a) the Members shall negotiate in good faith to make such amendments to the relevant provisions of this Agreement as shall be required to preserve the economic and other results intended by the Members as of January 1, 1998 with respect to such Accounting Determination and (b) unless and until such time as the Members shall in good faith mutually agree to such amendments, Initial GAAP shall be applied to make such Accounting Determination or, if the Members shall have previously amended the relevant provisions of this Agreement pursuant to this Section 1.02 in response to a prior change in GAAP, then GAAP as in effect at the time the most recent such previous amendment was made shall be used to make such Accounting Determination (the GAAP that is actually applied by the Company in making any such Accounting Determination pursuant to this Agreement being the "Applicable GAAP").

ARTICLE II

General Provisions

SECTION 2.01. FORMATION; EFFECTIVENESS. The Company has been formed as a limited liability company pursuant to the provisions of the Delaware Act by the filing of the Certificate of Formation with the Secretary of State of the State of Delaware. Pursuant to Section 18-201(d) of the Delaware Act, the provisions of this Agreement shall be effective as of the Closing Date. Each Member hereby adopts, confirms and ratifies the Certificate of Formation and all acts taken in connection therewith. Ashland shall be admitted as a member of the Company upon its execution and delivery of this Agreement. Except as provided in this Agreement, the rights, duties, liabilities and powers of the Members shall be as provided in the Delaware Act.

SECTION 2.02. NAME. The name of the Company shall be Marathon Ashland Petroleum LLC. The Board of Managers may adopt such trade or fictitious names as it may determine.

SECTION 2.03. TERM. Subject to the provisions of Article XV providing for early termination in certain circumstances and the provisions of Article IX of the Put/Call, Registration Rights and Standstill Agreement, the initial term of the Company (the "Initial Term") began on the date the Certificate of Formation was filed with the Secretary of State of the State of Delaware, and shall continue until the close of business on December 31, 2022 and, thereafter, the term of the Company shall be automatically extended for successive 10-year periods unless at least two years prior to the end of the Initial Term or any succeeding 10-year period, as applicable, a Member notifies the Board of Managers and the other Member in writing that it wants to terminate the term of the Company at the end of the Initial Term or such 10-year period, in which event, the term of the Company shall not thereafter be extended for a successive ten-year term. The President of the Company shall notify each Member in writing at least six months prior to each such two-year notification date that the Term of the Company will be automatically extended unless a Member provides a notice to the contrary pursuant to this Section 2.03. The failure of the President of the Company to give such notice, or any defect in any notice so given, shall not affect the Members' rights to terminate the Term of the Company pursuant to this Section 2.03, and shall not result in a termination of the Term of the Company unless a Member provides a notice to the contrary pursuant to this Section 2.03. The Initial Term, together with any such extensions, is hereinafter referred to

as the "Term of the Company". The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation in the manner provided in the Delaware Act.

SECTION 2.04. REGISTERED AGENT AND OFFICE. The name of the registered agent of the Company for service of process on the Company in the State of Delaware is The Corporation Trust Company, and the address of the registered agent and the address of the office of the Company in the State of Delaware is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The Board of Managers may change such office and such agent from time to time in its sole discretion.

SECTION 2.05. PURPOSE. (a) The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be formed under the Delaware Act (either directly or indirectly through one or more subsidiaries). It is the Members' understanding and intent that (i) the Company will be an independent, self-funding entity, (ii) no additional capital contributions are expected to be required by the Members and (iii) the administrative requirements of the Company will generally be provided by the Company's own employees. In furtherance of this understanding and intent, and without limiting the generality of the foregoing, unless the Members shall mutually agree otherwise, the following administrative functions and services shall be provided substantially by the Company and its subsidiaries' employees (or by its unaffiliated third party contractors) under the supervision and control of the Company's officers: Human Resources; Health, Environment and Safety; Law; Finance and Accounting; Internal Audit; Treasury and Cash Management; and Information Technology. For the avoidance of doubt, the Members acknowledge and agree that the provision at any time of the specific Shared Services identified and described in Schedule 10.2(e) to the Marathon Asset Transfer and Contribution Agreement Disclosure Letter and Schedule 10.2(e) to the Ashland Asset Transfer and Contribution Agreement Disclosure Letter to the Company and its subsidiaries by the Members shall not be deemed to violate the requirements of the immediately preceding sentence.

(b) The Company, and the President on behalf of the Company, may enter into and perform the Transaction Documents and the Commercial Documents to which the Company is a party without any further act, vote or approval of the Board of Managers or the Members notwithstanding any other provision of this Agreement, the Delaware Act or other Applicable Law. The President of the Company is hereby authorized to enter into such Transaction Documents and such Commercial Documents on behalf of the Company, but such authorization shall not be deemed a restriction on the power of the Board of Managers to enter into other agreements on behalf of the Company.

SECTION 2.06. POWERS. In furtherance of its purposes, but subject to all the provisions of this Agreement, the Company shall have the power and is hereby authorized to:

(a) acquire by purchase, lease, contribution of property or otherwise, own, operate, hold, sell, convey, transfer or dispose of any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(b) act as a trustee, executor, nominee, bailee, director, officer, agent or in some other fiduciary capacity for any person or entity and to exercise all the powers, duties, rights and responsibilities associated therewith;

(c) take any and all actions necessary, convenient or appropriate as trustee, executor, nominee, bailee, director, officer, agent or other fiduciary, including the granting or approval of waivers, consents or amendments of rights or powers relating thereto and the execution of appropriate documents to evidence such waivers, consents or amendments;

(d) borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Company, and secure the same by mortgage, pledge or other lien on the assets of the Company;

(e) invest any funds of the Company pending distribution or payment of the same pursuant to the provisions of this Agreement;

(f) prepay in whole or in part, refinance, recast, increase, modify or extend any Indebtedness of the Company and, in connection therewith, execute any extensions, renewals or modifications of any mortgage or security agreement securing such Indebtedness;

(g) enter into, perform and carry out contracts of any kind, including, without limitation, contracts with any person or entity affiliated with any of the Members, necessary to, in connection with, convenient to, or incidental to the accomplishment of the purposes of the Company;

(h) employ or otherwise engage employees, managers, contractors, advisors, attorneys and consultants and pay reasonable compensation for such services;

(i) enter into partnerships, limited liability companies, trusts, associations, corporations or other ventures with other persons or entities in furtherance of the purposes of the Company; and

(j) do such other things and engage in such other activities related to the foregoing as may be necessary, convenient or incidental to the conduct of the business of the Company, and have and exercise all of the powers and rights conferred upon limited liability companies formed pursuant to the Delaware Act.

ARTICLE III

Members

SECTION 3.01. MEMBERS; PERCENTAGE INTERESTS. The names and addresses of the Members and their respective percentage interests in the Company ("Percentage Interests") are as follows:

Members	Percentage Interests
Marathon Oil Company 5555 San Felipe P.O. Box 3128 Houston, TX 77056-2723	62%
Ashland Inc. 50 East RiverCenter Boulevard P.O. Box 391 Covington, KY 41012-0391	38%

Marathon's Percentage Interest shall be deemed to include the Fuelgas Interest. Promptly after the Closing, Marathon will cause Fuelgas to merge with and into Marathon.

SECTION 3.02. ADJUSTMENTS IN PERCENTAGE INTERESTS.

Marathon's and Ashland's Percentage Interests, and the Percentage Interests of each other Member, if any, shall be adjusted (a) at the time of any Transfer of such Member's Membership Interests pursuant to Section 10.02 and (b) at the time of the admission of each new Member pursuant to such terms and conditions as the Board of Managers from time to time shall determine pursuant to a vote in accordance with Section 8.07(b), in each case to take into account such Transfer or admission of a new Member.

ARTICLE IV

Capital Contributions; Assumption of Assumed Liabilities

SECTION 4.01. CONTRIBUTIONS. (a) On or before the Closing

Date, Marathon shall contribute, convey, transfer, assign and deliver to the Company or shall have contributed, conveyed, transferred, assigned and delivered to the Company, the Marathon Transferred Assets, and Ashland shall contribute, convey, transfer, assign and deliver to the Company or shall have contributed, conveyed, transferred, assigned and delivered to the Company, the Ashland Transferred Assets, in each case pursuant to terms and conditions of the Asset Transfer and Contribution Agreement. In addition, any additional assets that Marathon or Ashland are required to contribute, convey, transfer, assign and deliver to the Company at a later date pursuant to the terms and conditions of the Asset Transfer and Contribution Agreement shall be so contributed at such later date.

(b) The Company shall assume, as of the Closing Date, the Assumed Liabilities pursuant to the terms of the Asset Transfer and Contribution Agreement.

(c) PAYMENTS OR DAMAGES UNDER DESIGNATED SUBLEASE AGREEMENTS AS CONTRIBUTIONS. (i) Each Member has agreed, pursuant to the Designated Sublease Agreements to which it is a party, to sublease to the Company or one of its subsidiaries the assets or property listed on Schedule 4.01(c) ("Subleased Property") for a nominal consideration in lieu of transferring such property to the Company or such subsidiary, free of any Liens, other than Permitted Encumbrances, as a capital contribution.

(A) If at any time after January 1, 1998 a Member in its capacity as a sublessor shall become the owner of any Subleased Property, such Member shall promptly contribute, convey, transfer, assign and deliver to the Company (or, if the Company so directs, to one of its subsidiaries) at no cost to the Company or such subsidiary, and the Company hereby agrees to accept, or to cause such subsidiary to accept, such Subleased Property and the related Designated Sublease Agreement shall be terminated with respect to such Subleased Property, all as more specifically set forth in such Designated Sublease Agreement. In addition, if at any time after January 1, 1998 a Member assigns to the Company (or a subsidiary of the Company) a purchase option with respect to a Subleased Property pursuant to a Designated Sublease Agreement and the Company or such subsidiary exercises such purchase option and pays all or a portion of the purchase price therefor, such Member shall promptly reimburse the Company or such subsidiary such amount so paid and, if not so reimbursed, such amount shall be subject to set-off pursuant to Section 14.04. Any such payment by the Company shall be treated as a distribution to the appropriate Member for capital account purposes, and any such amount paid to the Company or such subsidiary by a Member in connection with such reimbursement obligation, or to the extent of a set-off applied pursuant to Section 14.04 as a result of such failure to so reimburse, shall be treated as a capital contribution to the Company.

(B) Any amount paid by the Company or any of its subsidiaries under a Designated Sublease Agreement to cure or prevent a payment default by the sublessor Member under the underlying Original Lease shall be reimbursed to the Company or such subsidiary by such Member, and if not so reimbursed, shall be subject to set-off pursuant to Section 14.04. Any such payment by the Company shall be treated as a distribution to the appropriate Member for capital account purposes, and any such amount paid to

the Company or such subsidiary by a Member in connection with a default of its payment obligations under its respective Designated Sublease Agreements, or to the extent of a set-off applied pursuant to Section 14.04 as a result of such default, shall be treated as a capital contribution to the Company.

(C) None of the capital contributions pursuant to (A) and (B) above shall result in any adjustment to the Members' respective Percentage Interests in the Company.

(ii) If (A) a Member commences a voluntary case under any applicable bankruptcy, insolvency, liquidation, receivership, reorganization or other similar law now in effect, or an order for relief is entered against such Member in an involuntary case under any such law and (B) a trustee of such Member rejects a Designated Sublease Agreement of such Member, then (1) the Member shall be obligated to reimburse the Company for the Loss to the Company as a result of such rejected Designated Sublease Agreement, which Loss, if not so reimbursed, shall be subject to set-off pursuant to Section 14.04 prior to the interest of such Member in any distributions hereunder and (2) the amount of such Loss shall be deemed to be the loss of use of such Subleased Property for the economic life thereof rather than any other period.

SECTION 4.02. ADDITIONAL CONTRIBUTIONS. (a) Member-Funded Capital Expenditures. For each Capital Expenditure project identified on Schedule 4.02(a)-1, Marathon shall contribute to the Company the amount of funds necessary to comply with its obligations under Section 7.1(j) of the Asset Transfer and Contribution Agreement with respect to such Capital Expenditure project as, when and if the Company actually incurs Capital Expenditures related to such Capital Expenditure project (such Capital Expenditures, as, when and if they are funded by Marathon, are referred to herein as the "Marathon-Funded Capital Expenditures"). For each Capital Expenditure project identified on Schedule 4.02(a)-2, Ashland shall contribute to the Company the amount of funds necessary to comply with its obligations under Section 7.2(k) of the Asset Transfer and Contribution Agreement with respect to such Capital Expenditure project as, when and if the Company actually incurs Capital Expenditures related to such Capital Expenditure project (such Capital Expenditures, as, when and if they are funded by Ashland, are referred to herein as the "Ashland-Funded Capital Expenditures", and together with the Marathon-Funded Capital Expenditures, the "Member-Funded Capital Expenditures"). Each Member-Funded Capital Expenditure shall be treated as a capital contribution to the Company, but shall not result in any adjustment to the Members' respective Percentage Interests in the Company. To the extent permitted by applicable Tax law, any Tax deduction by the Company of a Member-Funded Capital Expenditure shall be specially allocated so that each Member will have the Tax benefit of its Member-Funded Capital Expenditures.

(b) INDEMNIFICATION PAYMENTS AS CONTRIBUTIONS. Any indemnity amount paid by Marathon or Ashland to the Company under Article IX of the Asset Transfer and Contribution Agreement (each a "Member-Indemnified Expenditure") shall be treated as a capital contribution to the Company, but shall not result in any adjustment to the Members' respective Percentage Interests in the Company. A determination of whether the associated Loss will be deducted or capitalized by the Company for Tax purposes shall be made by the Company at the direction of the Indemnifying Party. Any Tax deduction or loss claimed by the Company with respect to the indemnified amount shall be specially allocated to the Indemnifying Party.

(c) OTHER ADDITIONAL CAPITAL CONTRIBUTIONS. The Members shall make other additional capital contributions ("Agreed Additional Capital Contributions") pro rata based on their respective Percentage Interests if and to the extent such capital contributions are approved by the Board of Managers pursuant to a vote in accordance with Section 8.07(b).

(d) NO THIRD-PARTY BENEFICIARIES. The provisions of this Agreement, including without limitation, this Section 4.02, are intended solely to benefit the Members and, to the fullest extent permitted by Applicable Law, shall not be construed as conferring any benefit upon any creditor of the Company other than the Members, and no such creditor of the Company other than the Members shall be a third-party beneficiary of this Agreement, and no Member or member of the Board of Managers shall have any duty or obligation to any creditor of the Company to issue any call for capital pursuant to this Agreement.

SECTION 4.03. NEGATIVE BALANCES; WITHDRAWAL OF CAPITAL; INTEREST. Neither of the Members shall have any obligation to the Company or to the other Member to restore any negative balance in its Capital Account. Neither Member may withdraw capital or receive any distributions from the Company except as specifically provided herein. No interest shall be paid by the Company on any capital contributions.

ARTICLE V

Distributions

SECTION 5.01. DISTRIBUTIONS. (a) Within 45 days after the end of each Fiscal Quarter during each Fiscal Year, the Company shall distribute to the Members (the date of such distribution being a "Distribution Date") an amount in cash (the "Tax Distribution Amount") determined as follows:

(i) The maximum Tax Liability of each Member with respect to its allocable portion (as provided in Section 6.03) of the Company's estimated taxable income for the portion of such Fiscal

Year ending on the last day of such Fiscal Quarter shall be determined, based upon the highest aggregate marginal statutory Federal, state and local income tax rate (determined taking into account the deductibility, to the extent allowed, of income-based taxes paid to governmental entities) to which any Member may be subject for the related Fiscal Year (and excluding any deferred taxes) (the "Aggregate Tax Rate").

(ii) If the Tax Liability determined in clause (i) is positive with respect to either Member, there shall be a cash distribution to each of the Members, in accordance with their Percentage Interests, of an aggregate amount such that neither Member shall have received distributions under this clause and subsection (b) below for such portion of such Fiscal Year in an amount less than its Tax Liability for such portion of such Fiscal Year.

(iii) Following a determination by the Company of the Company's actual net taxable income with respect to a Fiscal Year, the maximum Tax Liability of each Member with respect to its allocable portion (as provided in Section 6.03) of the Company's net taxable income for such Fiscal Year shall be determined, based upon the Aggregate Tax Rate. If the maximum Tax Liability of any Member for the Fiscal Year is in excess of the cash distributions previously made to the Member for such Fiscal Year under clause (ii) above and subsection (b) below, the Company shall make a cash distribution to all the Members, in accordance with their Percentage Interests, of an aggregate amount such that the excess is eliminated for all the Members. Such distribution shall be made within 45 days of the date the Company's actual net taxable income is determined.

(iv) In the event that the Company Independent Auditors determine pursuant to Section 7.02(d) that the Company's actual net taxable income with respect to a Fiscal Year is greater than the amount determined by the Company pursuant to clause (iii) above, the Company shall make a determination of the amount of cash, if any, required to be distributed to the Members, in accordance with their Percentage Interests, such that, after taking into account cash distributions previously made to a Member under clauses (ii) and (iii) above and subsection (b) below, no Member shall receive less than its Tax Liability for such Fiscal Year based on such higher net taxable income amount. The Company shall, within 15 days after the determination is made, distribute such additional amount of cash to the Members, in accordance with their Percentage Interests.

(v) In the event that the Company Independent Auditors determine pursuant to Section 7.02(d) that the Company's actual net taxable income with respect to a Fiscal Year is less than the amount determined by the Company pursuant to clause (iii) above, a determination shall be made of the excess Tax Distribution Amount that was distributed to the Members in respect of such Fiscal Year based on the Company's determination of its actual net taxable income and the Company shall deduct from the next Tax Distribution Amount payable to the Members pursuant to this Section 5.01, the amount of such excess distribution.

(b) In addition to the distributions pursuant to Section 5.01(a), on each Distribution Date, the Company shall distribute to the Members all Distributable Cash for the Fiscal Quarter to which such Distribution Date relates provided, however, that the distribution of (i) Distributable Cash pursuant to this paragraph 5.01(b) or (ii) cash pursuant to Section 5.01(a) above, in each case with respect to any Fiscal Quarter may be made in such other manner and in such other amount as the Members shall agree with respect to such Fiscal Quarter; provided, further, however, that any agreement by any Member with respect to the distribution of either Distributable Cash pursuant to this paragraph 5.01(b) or cash pursuant to Section 5.01(a) for any Fiscal Quarter pursuant to the preceding proviso shall not alter or waive any of the rights of either Member under this Agreement with respect to distributions of Distributable Cash pursuant to this paragraph 5.01(b) or cash pursuant to Section 5.01(a) with respect to any subsequent Fiscal Quarter. Subject to Section 5.02(b), each such distribution shall be allocated between the Members pro rata based upon their respective Percentage Interests.

(c) The Company shall prepare and distribute to each Member within 45 days after the end of each Fiscal Quarter a statement (a "Distributions Calculation Statement") setting forth the calculations (in reasonable detail) used by the Company for purposes of distributions pursuant to this Section 5.01 of (i) the Tax Distribution Amount for each Member for such Fiscal Quarter, (ii) the amount of Distributable Cash for such Fiscal Quarter and (iii) the allocation of such Distributable Cash between the Members.

(d) Notwithstanding anything to the contrary in this Agreement, any agreement reached between the Members to distribute any amount of cash different from the amounts which would be calculated in accordance with the methodology set forth in Section 5.01(a) and Section 5.01(b) above shall not alter or waive in any manner the obligations of the Company to prepare and deliver the Distributions Calculation Statement as set forth in Section 5.01(c) above, and after any such agreement has been reached the Company shall continue to prepare and deliver such Distribution Calculation Statement with respect to each Fiscal Quarter as if no such agreement had been reached.

SECTION 5.02. CERTAIN GENERAL LIMITATIONS. (a)

Notwithstanding any provision to the contrary contained in this Agreement, the Company, and the Board of Managers on behalf of the Company, shall not

be required to make a distribution to either Member with respect to such Member's Membership Interests if such distribution would violate Section 18-607 of the Delaware Act or other applicable law.

(b) Notwithstanding any other provision of this Article V, all amounts distributed to the Members in connection with a dissolution of the Company or the sale or other disposition of all or substantially all the assets of the Company that results in a dissolution of the Company shall be distributed to the Members in accordance with their respective Capital Account balances, as adjusted pursuant to Article VI for all Company operations up to and including the date of such distribution.

SECTION 5.03. DISTRIBUTIONS IN KIND. The Company shall not distribute to the Members any assets in kind unless approved by the Board of Managers pursuant to a vote in accordance with Section 8.07(b). If cash and property in kind are to be distributed simultaneously, the Company shall distribute such cash and property in kind in the same proportion to each Member, unless otherwise approved by the Board of Managers pursuant to a vote in accordance with Section 8.07(b). For purposes of determining amounts distributable to Members under Section 5.01, for purposes of determining Profit and Loss under Section 1.01, for purposes of making adjustments to Capital Accounts under Article VI and for purposes of allocations under Article VI, any property to be distributed in kind shall have the value assigned to such property by the Board of Managers pursuant to a vote in accordance with Section 8.07(b) and such value shall be deemed to be part of and included in Distributable Cash for purposes of determining distributions to the Members under this Agreement.

SECTION 5.04. DISTRIBUTIONS IN THE EVENT OF AN EXERCISE OF THE MARATHON CALL RIGHT, ASHLAND PUT RIGHT OR THE SPECIAL TERMINATION RIGHTS. In the event of an exercise by Marathon of its Marathon Call Right or its Special Termination Right or the exercise by Ashland of its Ashland Put Right or its Special Termination Right pursuant to the Put/Call, Registration Rights and Standstill Agreement, certain distributions to Ashland or Marathon, as applicable, will be suspended in accordance with the provisions of Section 5.01 thereof.

ARTICLE VI

Allocations and Other Tax Matters

SECTION 6.01. MAINTENANCE OF CAPITAL ACCOUNTS.

An account (a "Capital Account") shall be established and maintained in the Company's books for each Member in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv) and to which the following provisions apply to the extent not inconsistent with such Regulation:

(a) There shall be credited to each Member's Capital Account (i) the amount of money contributed by such Member to the Company (including liabilities of the Company assumed by such Member as provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(c)), (ii) the fair market value of any property contributed by the Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752), and (iii) such Member's share of the Company's Profit;

(b) There shall be debited from each Member's Capital Account (i) the amount of money distributed to such Member by the Company (including liabilities of such Member assumed by the Company as provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(c) other than amounts which are in repayment of debt obligations of the Company to such Member, (ii) the fair market value of property distributed to such Member (net of liabilities secured by such property that such Member is considered to assume or take subject to under Code Section 752), and (iii) such Member's share of the Company's Loss;

(c) To each Member's Capital Account there shall be credited, in the case of an increase, or debited, in the case of a decrease, such Member's share of any adjustment to the adjusted basis of Company assets pursuant to Code Section 734(b) or Code Section 743(b) to the extent provided by Treasury Regulation Section 1.704-1(b)(2)(iv)(m); and

(d) Upon the transfer of all or any part of the Membership Interests of a Member, the Capital Account of the transferee Member shall include the portion of the Capital Account of the transferor Member attributable to such transferred Membership Interest (or portion thereof).

SECTION 6.02. ALLOCATIONS. (a) Except as provided in Section 6.02(b), 6.02(c), 6.02(d) and 6.02(e), Profit or Loss for any Fiscal Year shall be allocated between the Members in proportion to their respective Percentage Interests.

(b) To the extent any Tax deduction or loss is specifically allocated to a Member pursuant to this Agreement (other than pursuant to Section 6.03) or any other Transaction Document, including any deduction or loss indemnified by a Member, any Member-Funded Capital Expenditure, any Member-Indemnified Expenditure and any special allocations pursuant to Sections 6.12, 6.13, 6.14, 6.15 and 6.16 the associated Profit and Loss shall be allocated to the same Member.

(c) Depreciation and amortization with respect to any asset contributed by a Member to the Company shall be allocated solely to such Member.

(d) If any asset contributed by a Member is sold or otherwise disposed of prior to the time such asset has been completely depreciated or amortized for Federal income tax purposes, the Member

contributing such property shall be allocated an expense ("Make-Up Expense") equal to (i) the remaining tax basis of the asset at the time of the sale or other disposition, multiplied by (ii) the other Member's Percentage Interest at the time of such sale or other disposition. The contributing Member shall be allocated Make-Up Expense over the remaining tax life of the asset at the time of sale or other disposition at the same rate as depreciation or amortization would have been allocated to such Member if the sale or other disposition had not occurred. Make-Up Expense allocated to a Member shall be taken from and reduce the amount of expenses allocated to the other Member. The purpose for this provision is to allocate to a Member, with respect to depreciable or amortizable assets contributed by such Member, a total amount of deductions and cost recovery allowances equal to 100% of the basis of such assets at the time of contribution.

(e) In the event that the Company sells or otherwise disposes of all or substantially all its assets or engages in any other transaction that will lead to a liquidation of the Company, then, notwithstanding the foregoing provisions of this Section 6.02, (i) any Profit or Loss realized by the Company in such transaction and (ii), to the extent necessary, any other Profit or Loss in the Fiscal Year such transaction occurs or thereafter (and, in each case, to the extent necessary, constituent items of income, gain, loss, deduction and credit) shall be specially allocated as between the Members as required so as to cause in so far as possible each Member's Capital Account balance to be proportionate to its Percentage Interest.

SECTION 6.03. TAX ALLOCATIONS. (a) For income tax purposes only, each item of income, gain, loss, deduction and credit of the Company as determined for income tax purposes shall be allocated between the Members in accordance with the corresponding allocation in Section 6.02, subject to the requirements of Section 704(c) of the Code.

(b) The Members acknowledge and agree that Section 704(c) shall be applied using the so-called "traditional method with curative allocations" set forth in Treasury Regulation Section 1.704-3(c). Curative allocations of income, gain, loss or deduction shall, to the extent possible, have substantially the same effect on each Member's Federal income tax liability as the item of income, gain, loss or deduction for which allocation is limited.

(c) By reason of the special allocation of book depreciation and amortization with respect to the assets contributed by the Members pursuant to Section 6.02(c), tax depreciation and amortization with respect to each such asset shall be allocated solely to the contributing Member.

(d) Items described in this Section 6.03 shall neither be credited nor charged to the Members' Capital Accounts.

SECTION 6.04. TAX ELECTIONS. (a) The Members intend that the Company be treated as a partnership for Federal income tax purposes. Accordingly, neither the Tax Matters Partner nor either Member shall file any election or return on its own behalf or on behalf of the Company that is inconsistent with that intent.

(b) Any elections or other decisions relating to tax matters that are not expressly provided for herein, including the determination of the fair market value of contributed property and the decision to adjust the Capital Accounts to reflect the fair market value of the Company's assets upon the occurrence of any event specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), shall be made jointly by the Members in any manner that reasonably reflects the purpose and intention of this Agreement.

SECTION 6.05. FISCAL YEAR. The fiscal year (the "Fiscal Year") of the Company for tax and accounting purposes shall be the 12-month (or shorter) period ending on the last day of December of each year.

SECTION 6.06. TAX RETURNS. (a) The Company shall cause to be prepared and timely filed all Federal, state, local and foreign income tax returns and reports required to be filed by the Company and its subsidiaries. The Company shall provide copies of all the Company's Federal, state, local and foreign tax returns (and any schedules or other required filings related to such returns) that reflect items of income, gain, deduction, loss or credit that flow to separate Member returns, to the Members for their review and comment prior to filing, except as otherwise agreed by the Members. The Members agree in good faith to resolve any difference in the tax treatment of any item affecting such returns and schedules. However, if the Members are unable to resolve the dispute, the position of the Tax Matters Partner shall be followed if nationally recognized tax counsel acceptable to both Members provides an opinion that substantial authority exists for such position. Substantial authority shall be given the meaning ascribed to it in Code Section 6662. If the Members are unable to resolve the dispute prior to the due date for filing the return, including approved extensions, the position of the Tax Matters Partner shall be followed, and amended returns shall be filed if necessary at such time the dispute is resolved. The costs of the dispute shall be borne by the Company. The Members agree to file their separate Federal income tax returns in a manner consistent with the Company's return, the provisions of this Agreement and in accordance with applicable Federal income tax law.

(b) The Company shall elect the most rapid method of depreciation and amortization allowed under Applicable Law, unless the Members agree otherwise. The failure of either Member to agree that the Company should elect a less rapid method of depreciation or amortization is not subject to any dispute resolution provisions.

(c) The Members shall provide each other with copies of all correspondence or summaries of other communications with the Internal Revenue Service or any state, local or foreign taxing authority (other than routine correspondence and communications) regarding the tax treatment of the Company's operations. No Member shall enter into settlement negotiations with the Internal Revenue Service or any state, local or foreign taxing authority with respect to any issue concerning the Company's income, gains, losses, deductions or credits if the tax adjustment attributable to such issue (assuming the then current Aggregate Tax Rate) would be \$2 million or greater, without first giving reasonable advance notice of such intended action to the other Member.

SECTION 6.07. TAX MATTERS PARTNER. (a) Initially, Marathon shall be the "Tax Matters Partner" of the Company within the meaning of Section 6231(a)(7) of the Code, and shall act in any similar capacity under state, local or foreign law, but only with respect to returns for which items of income, gain, loss, deduction or credit flow to the separate returns of the Members. In the event of a transfer of any Member's interest in the Company, the Tax Matters Partner shall be the Member with the largest Percentage Interest following such transfer.

(b) The Tax Matters Partner shall incur no liability (except as a result of the gross negligence or willful misconduct of the Tax Matters Partner) to the other Member including, but not limited to, liability for any additional taxes, interest or penalties owed by the other Member due to adjustments of Company items of income, gain, loss, deduction or credit at the Company level.

SECTION 6.08. DUTIES OF TAX MATTERS PARTNER. (a) Except as provided in Section 6.08(b), the Tax Matters Partner shall cooperate with the other Member and shall promptly provide the other Member with copies of notices or other materials from, and inform the other Member of discussions engaged in with, the Internal Revenue Service or any state, local or foreign taxing authority and shall provide the other Member with notice of all scheduled administrative proceedings, including meetings with agents of the Internal Revenue Service or any state, local or foreign taxing authority, technical advice conferences, appellate hearings, and similar conferences and hearings, as soon as possible after receiving notice of the scheduling of such proceedings, but in any case prior to the date of such scheduled proceedings.

(b) The duties of the Tax Matters Partner under Section 6.08(a) shall not apply with respect to notices, materials, discussions, proceedings, meetings, conferences, or hearings involving any issue concerning the Company's income, gains, losses, deductions or credits if the tax adjustment attributable to such issue (assuming the then current Aggregate Tax Rate) would be less than \$2 million except as otherwise required under Applicable Law.

(c) The Tax Matters Partner shall not extend the period of limitations or assessments without the consent of the other Member, which consent shall not be unreasonably withheld.

(d) The Tax Matters Partner shall not file a petition or complaint in any court, or file any claim, amended return or request for an administrative adjustment with respect to partnership items, after any return has been filed, with respect to any issue concerning the Company's income, gains, losses, deductions or credits if the tax adjustment attributable to such issue (assuming the then current Aggregate Tax Rate) would be \$2 million or greater, unless agreed by the other Member. If the other Member does not agree, the position of the Tax Matters Partner shall be followed if nationally recognized tax counsel acceptable to both Members issues an opinion that a reasonable basis exists for such position. Reasonable basis shall be given the meaning ascribed to it for purposes of applying Code Section 6662. The costs of the dispute shall be borne by the Company.

(e) The Tax Matters Partner shall not enter into any settlement agreement with the Internal Revenue Service or any state, local or foreign taxing authority, either before or after any audit of the applicable return is completed, with respect to any issue concerning the Company's income, gains, losses, deductions or credits, unless any of the following apply:

- (i) both Members agree to the settlement;
- (ii) the tax effect of the issue if resolved adversely would be, and the tax effect of settling the issue is, proportionately the same for both Members (assuming each otherwise has substantial taxable income);
- (iii) the Tax Matters Partner determines that the settlement of the issue is fair to both Members and the amount of the tax adjustment attributable to such issue (assuming the then current Aggregate Tax Rate) would be less than \$2 million; or
- (iv) nationally recognized tax counsel acceptable to both Members determines that the settlement is fair to both Members and is one it would recommend to the Company if both Members were owned by the same person and each had substantial taxable income.

In all events, the costs incurred by the Tax Matters Partner in performing its duties hereunder shall be borne by the Company in accordance with the Shared Services Agreement.

(f) The Tax Matters Partner may request extensions to file any tax return or statement without the written consent of, but shall so inform, the other Member.

SECTION 6.09. SURVIVAL OF PROVISIONS. The provisions of this Agreement regarding the Company's tax returns and Tax Matters Partner shall survive the termination of the Company and the transfer of any Member's interest in the Company and shall remain in effect for the period of time necessary to resolve any and all matters regarding the federal, state, local and foreign taxation of the Company and items of Company income, gain, loss, deduction and credit.

SECTION 6.10. SECTION 754 ELECTION. In the event that a Member purchases the Membership Interests of a Selling Member pursuant to Section 10.04, the purchasing Member shall have the right to direct the Tax Matters Partner to make an election under Section 754 of the Code. The purchasing Member shall pay all costs incurred by the Company in connection with such election, including any costs borne by the Company to maintain records required as a result of such election. The purchasing Member, at its option and expense, may maintain on behalf of the Company any records required as a result of such election.

SECTION 6.11. QUALIFIED INCOME OFFSET, MINIMUM GAIN CHARGEBACK. Notwithstanding anything to the contrary in this Agreement, there is hereby incorporated a qualified income offset provision which complies with Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and minimum gain chargeback and partner minimum gain chargeback provisions which comply with the requirements of Treasury Regulation Section 1.704-2 and such provisions shall apply to the allocation of Profits and Losses.

SECTION 6.12. TAX TREATMENT OF DESIGNATED SUBLEASE AGREEMENTS. (a) For purposes of Article VI, Ashland or Marathon, as the case may be, shall be treated as transferring to the Company all of its interest in Subleased Property pursuant to an Ashland Designated Sublease Agreement or a Marathon Designated Sublease Agreement, as if the leasehold interest in such Subleased Property was an Ashland Transferred Asset or a Marathon Transferred Asset.

(b) Payments under the Original Lease made by Ashland or Marathon, as the case may be, after the effective date of the Ashland Designated Sublease Agreement or Marathon Designated Sublease Agreement, as the case may be, shall be treated as made by the Company or its subsidiaries, and then immediately reimbursed by Ashland or Marathon, as the case may be.

(c) All items of loss, deduction and credit attributable to payments under the Original Lease made by Ashland or Marathon, as the case may be, including payments by the Company or any of its subsidiaries that are charged to Ashland or Marathon by set-off or other means, shall be allocated entirely to the Member incurring such payments.

(d) Depreciation and amortization deductions, if any, as well as any deductions or offsets to taxable income or gain, attributable to property described in the Ashland Designated Sublease Agreements or the Marathon Designated Sublease Agreements, as the case may be, shall be allocated entirely to Ashland or Marathon, as the case may be, except to the extent such deductions or offsets are attributable to amounts paid by the Company or any of its subsidiaries and not reimbursed by Ashland or Marathon, as the case may be, either directly or indirectly.

SECTION 6.13. TAX TREATMENT OF REIMBURSED LIABILITY PAYMENTS. Any tax deduction or loss attributable to payments by the Company or any of its subsidiaries of Assumed Liabilities, as described in Schedules 2.3(d) and 3.3(d) to the Asset Transfer and Contribution Agreement, that are reimbursed by a Member either directly or indirectly, shall be allocated entirely to such Member.

SECTION 6.14. TAX TREATMENT OF DISPROPORTIONATE PAYMENTS. Except as otherwise provided in this Agreement or in any other Transaction Document, any Tax deduction or loss reflected on a Tax return, report or other Tax filing by the Company, attributable to (i) payments made or costs incurred by a Member, (ii) payments made or costs incurred by the Company and reimbursed or to be reimbursed by a Member and (iii) payments made or costs incurred by the Company and not shared among the Members based on their Percentage Interests, shall be allocated among the Members to take into account the amounts paid, incurred, reimbursed or shared by each.

SECTION 6.15. ALLOCATION OF INCOME, GAINS, LOSSES AND OTHER ITEMS FROM LOOP LLC AND LOCAP, INC. (a) Income, gains, losses, deductions, credits, adjustments, tax preferences and other distributive share items with respect to the Company's interest in LOOP LLC, a tax partnership, for periods beginning on or after the Closing, shall be allocated between the Members in such a manner so that, when such items are included with the same items allocated to Ashland with respect to the Ashland LOOP/LOCAP Interest, each Member is allocated all such items in proportion to its respective Percentage Interest in the Company.

(b) In determining the Capital Account for each Member, (i) Ashland shall be treated as contributing the Ashland LOOP/LOCAP Interest to the Company, (ii) Profit and Loss shall be treated as including taxable income, gain, loss and distributions arising from Ashland's 4% interest in LOOP LLC and (iii) dividends and distributions that Ashland receives from LOOP LLC or LOCAP, Inc. in respect of the Ashland LOOP/LOCAP Interest and paid to the Company pursuant to Section 7.2(i) of the Asset Transfer and Contribution Agreement shall be treated as being received directly by the Company.

SECTION 6.16. ALLOCATION OF INCOME, GAIN, LOSS, DEDUCTION AND CREDITS ATTRIBUTABLE TO STOCK-BASED COMPENSATION. Each item of income, gain, loss, deduction (excluding deductions for administrative costs incurred by the Company) and credit attributable to the grant to, or the exercise by or on behalf of, an employee or retired employee of the Company of a stock option, stock appreciation right, or other stock-based incentive

compensation involving the stock of a Member or an Affiliate of a Member shall be allocated to the Member whose stock or whose Affiliate's stock is involved. Any exercise price paid by or on behalf of the employee or retired employee to the Company shall be paid over to the Member whose stock (or whose Affiliate's stock) is involved. A Member's Capital Account shall be (i) increased by the fair market value of its (or its Affiliate's) stock delivered to or on behalf of an employee or retired employee as aforesaid (without duplication to the extent such stock is first contributed to the Company), (ii) decreased (pursuant to Section 6.01(a)(iii) or (b)(iii)) by the deduction allocated to such Member as aforesaid and (iii) decreased by the amount of the exercise price so paid over by the Company or deemed to be paid over by the Company under principles analogous to those in Treasury Regulation Section 1.83-6(d)(1).

ARTICLE VII

Books and Records

SECTION 7.01. BOOKS AND RECORDS; EXAMINATION. The Board of Managers shall keep or cause to be kept such books of account and records with respect to the Company's business as they may deem appropriate. Each Member and its duly authorized representatives shall have the right at any time to examine, or to appoint independent certified public accountants (the fees of which shall be paid by such Member) to examine, the books, records and accounts of the Company and its subsidiaries, their operations and all other matters that such Member may wish to examine, including, without limitation, all documentation relating to actual or proposed transactions with either Member or any Affiliate of either Member. The Company, and the Board of Managers, shall not have the right to keep confidential from the Members any information that the Board of Managers would otherwise be permitted to keep confidential from the Members pursuant to Section 18-305(c) of the Delaware Act. The Company's books of account shall be kept using the method of accounting determined by the Board of Managers. The Company Independent Auditors (the "Company Independent Auditors") shall be an independent public accounting firm selected by the Board of Managers pursuant to a vote in accordance with Section 8.07(b) or Section 8.07(c), as applicable, and shall initially be Price Waterhouse LLP.

SECTION 7.02. FINANCIAL STATEMENTS AND REPORTS. (a) Unaudited Monthly Financial Statements. (i) The Company shall prepare and send to each Member (at the same time) promptly, but in no event later than noon on the 15th Business Day after the last day of each month, the following unaudited financial statements with respect to the Company and its subsidiaries: a balance sheet, a statement of operations, a statement of cash flows and a statement of changes in capital (collectively, "Unaudited Financial Statements") as at the end of and for such month.

(ii) The Company shall prepare and send to each Member promptly, but in no event later than noon on the 20th Business Day after the last day of each month, an unaudited financial summary booklet containing a breakdown of such operating and financial information by major department or division of the Company and its subsidiaries as at the end of and for such month as either Member shall reasonably request; provided that each Member shall be provided with the same information at the same time as the other Member.

(b) Unaudited Quarterly Financial Statements. The Company shall prepare and send to each Member (at the same time) promptly, but in no event later than the 30th day after the last day of each Fiscal Quarter, (i) Unaudited Financial Statements as at the end of and for such Fiscal Quarter; (ii) a management's discussion and analysis of financial condition and results of operations section prepared in accordance with Rule 303 of Regulation S-K of the Securities Act with respect to such Fiscal Quarter; and (iii) an unaudited statement of changes in the Members' capital accounts as at the end of and for such Fiscal Quarter.

(c) Audited Annual Financial Statements. Within 75 days after the end of each Fiscal Year, the Board of Managers shall cause (i) an examination to be made, at the expense of the Company, by the Company Independent Auditors, covering (A) the assets, liabilities and capital of the Company and its subsidiaries, and the Company's and its subsidiaries' operations during such Fiscal Year, (B) an examination of the Distributions Calculation Statement for such Fiscal Year, and (C) all other matters customarily included in such examinations and (ii) to be delivered to each Member (at the same time) a copy of the report of such examination, stating that such examination has been performed in accordance with generally accepted auditing standards, together with (1) the following financial statements with respect to the Company and its subsidiaries certified by such accountants as having been prepared in accordance with GAAP: a balance sheet, a statement of operations, a statement of cash flows and a statement of changes in capital as at the end of and for such Fiscal Year (collectively, the "Audited Financial Statements") and (2) a management's discussion and analysis of financial condition and results of operations section prepared in accordance with Rule 303 of Regulation S-K of the Securities Act with respect to such Fiscal Year. The Company shall prepare the Audited Financial Statements in such manner and form as is necessary to enable Ashland to file such Audited Financial Statements with the Commission in accordance with Item 3-09 of Regulation S-X under the Exchange Act.

(d) Schedule of Members' Capital Accounts. (i) Preliminary Annual Capital Account Schedule. The Company shall prepare and send to each Member (at the same time) promptly, but in no event later than the 75th day after the last day of each Fiscal Year, a schedule showing the respective Capital Accounts of the Members based on the Company's estimated taxable income for such Fiscal Year.

(ii) Examination. Unless otherwise agreed by the Members, within 15 days after the date the Company determines its net taxable income with respect to any Fiscal Year, but in no event later than 7 months after the end of such Fiscal Year, the Board of Managers shall cause (i) an examination to be made, at the expense of the Company, by the Company Independent Auditors, covering (A) the determination of the Company's taxable income with respect to such Fiscal Year and (B) the respective Capital Accounts of the Members based on the Company's taxable income for such Fiscal Year and (ii) to be delivered to each Member (at the same time) a copy of the report of such examination, stating that such examination has been performed in accordance with generally accepted auditing standards.

(iii) Final Annual Capital Account Schedule. The Company shall prepare and send to each Member (at the same time) promptly, but in no event later than the 15th day after the date the Company files its federal income tax return with respect to each Fiscal Year, a schedule showing the respective Capital Accounts of the Members based on the Company's actual taxable income for such Fiscal Year.

(e) Other Financial Information. The Company shall prepare and send to each Member (at the same time) promptly such other financial information as a Member shall from time to time reasonably request.

SECTION 7.03. NOTICE OF AFFILIATE TRANSACTIONS; ANNUAL LIST. (a) (i) The Company shall notify each Member of any Affiliate Transaction (other than an Affiliate Transaction that is a Significant Shared Service) that the Company or any of its subsidiaries is considering entering into or renewing or extending the term thereof (whether pursuant to contractual provisions thereof or otherwise), which notice shall be given, to the extent reasonably possible, sufficiently in advance of the time that the Company intends to enter into, renew or extend the term of such Affiliate Transaction so as to provide the Members with a reasonable opportunity to examine the documentation related to such Affiliate Transaction.

(ii) The Company shall notify each Member of any Affiliate Transaction that is a Significant Shared Service that the Company or any of its subsidiaries is considering entering into or renewing or extending the term thereof (whether pursuant to contractual provisions thereof or otherwise), which notice shall be given, to the extent reasonably possible, sufficiently in advance of the time that the Company intends to enter into, renew or extend the term of such Affiliate Transaction so as to provide the Members with a reasonable opportunity to examine the documentation related to such Affiliate Transaction.

(b) Within 60 days after the end of each Fiscal Year, the Company shall prepare and distribute to each Member a list setting forth a description of each Affiliate Transaction entered into by the Company or any of its subsidiaries during such Fiscal Year and identifying all of the parties to such Affiliate Transactions; provided that if two or more Affiliate Transactions either (i) constitute a series of related transactions or agreements or (ii) are substantially the same type of transaction or agreement, the Company need not separately describe each such Affiliate Transaction but instead can describe such related or similar Affiliated Transactions as a group.

ARTICLE VIII

Management of the Company

SECTION 8.01. MANAGING MEMBERS. The business and affairs of the Company shall be managed by the Members acting through their respective representatives on the Board of Managers ("Representatives"). The President and the Representatives shall be deemed "managers" of the Company within the meaning of the Delaware Act. Except for such matters as may be delegated to a Member from time to time by the Board of Managers pursuant to a vote in accordance with Section 8.07(b), and subject to the provisions of Sections 6.07 and 6.08, no Member shall act unilaterally on behalf of the Company or any of its subsidiaries without the approval of the other Member and no Member shall have the power unilaterally to bind the Company or any of its subsidiaries.

SECTION 8.02. BOARD OF MANAGERS. (a) The Members shall exercise their management authority through a board of managers (the "Board of Managers") consisting of (i) the President of the Company, who shall not be deemed a Representative hereunder and who shall not be entitled to vote on any matter coming before the Board of Managers, and (ii) eight Representatives, each of whom shall be entitled to vote, five of whom shall be designated by Marathon and three of whom shall be designated by Ashland. In the event of a Transfer by a Member of its Membership Interests pursuant to Article X, effective at the time of such Transfer, (i) such Member's Representatives shall automatically be removed from the Board of Managers and (ii) the transferee of such Membership Interests shall be permitted to designate the number of Representatives to the Board of Managers as is equal to the number previously designated by the transferor of such Membership Interests. Such transferee shall promptly notify the other Member as to the names of the persons who such transferee has designated as its Representatives on the Board of Managers.

(b) Each Representative may be removed and replaced, with or without cause, at any time by the Member designating him or her, but, except as provided in Section 8.02(a), may not be removed or replaced by any other means. A Member who removes one or more of its Representatives from the Board of Managers shall promptly notify the other Member as to the

names of its replacement Representatives.

SECTION 8.03. RESPONSIBILITY OF THE BOARD OF MANAGERS.

The Board of Managers shall be responsible for overseeing the operations of the Company and shall, in particular, have sole jurisdiction to approve each of the following matters:

(i) hiring senior executives of the Company, evaluating their performance and planning for their succession;

(ii) reviewing and approving Company strategies, Business Plans and Annual Capital Budgets;

(iii) reviewing and approving significant external business opportunities for the Company, including acquisitions, mergers and divestitures;

(iv) reviewing and approving policies of the Company that maintain high standards in areas of environmental responsibility, employee safety and health, community, government, employee and customer relations;

(v) reviewing external and internal audits and management responses thereto; and

(vi) establishing compensation and benefits policies for employees of the Company.

SECTION 8.04. MEETINGS. (a) Except as set forth in

Section 8.04(h), all actions of the Board of Managers shall be taken at meetings of the Board of Managers in accordance with this Section 8.04.

(b) As soon as practicable after the appointment of the Representatives, the Board of Managers shall meet for the purpose of organization and the transaction of other business.

(c) Regular meetings of the Board of Managers shall be held at such times as the Board of Managers shall from time to time determine, but no less frequently than once each Fiscal Quarter; provided that an annual meeting of the Board of Managers (which annual meeting shall count as one of the regular quarterly meetings) shall be held no later than June 30 of each Fiscal Year.

(d) Special meetings of the Board of Managers shall be held whenever called by any Member. Any and all business may be transacted at a special meeting that may be transacted at a regular meeting of the Board of Managers.

(e) The Board of Managers may hold its meetings at such place or places as the Board of Managers may from time to time by resolution determine or as shall be designated in the respective notices or waivers of notice thereof; however, the Board of Managers shall consider holding meetings from time to time at each of the Member's corporate headquarters and at the operational sites of the Company.

(f) Notices of regular meetings of the Board of Managers or of any adjourned meeting shall be given at least two weeks prior to such meeting, unless otherwise agreed by each Member. Notices of special meetings of the Board of Managers shall be mailed by the Secretary or an Assistant Secretary to each member of the Board of Managers addressed to him or her at his or her residence or usual place of business, so as to be received at least two Business Days before the day on which such meeting is to be held, or shall be sent to him or her by telegraph, cable, facsimile or other form of recorded communication or be delivered personally, by overnight courier or by telephone so as to be received not later than two Business Days before the day on which such meeting is to be held. Such notice shall include the purpose, time and place of such meeting and shall set forth in reasonable detail the matters to be considered at such meeting. However, notice of any such meeting need not be given to any member of the Board of Managers if such notice is waived by him or her in writing or by telegraph, cable, facsimile or other form of recorded communication, whether before or after such meeting shall be held, or if he or she shall be present at such meeting.

(g) Action by Communication Equipment. The members of the Board of Managers may participate in a meeting of the Board of Managers by means of video or telephonic conferencing or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

(h) Unanimous Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Managers may be taken without a meeting if all the Representatives consent thereto in writing and such writing is filed with the minutes of the proceedings of the Board of Managers.

(i) Organization. Meetings of the Board of Managers shall be presided over by a chair, who will be a member of the Board of Managers selected by a majority of the Board of Managers. The Secretary of the Company or, in the case of his or her absence, any person whom the person presiding over the meeting shall appoint, shall act as secretary of such meeting and keep the minutes thereof.

SECTION 8.05. COMPENSATION. Unless the Members otherwise

agree, no person shall be entitled to any compensation from the Company in connection with his or her services as a Representative.

SECTION 8.06. QUORUM. (a) Quorum for Super Majority

Decisions. Subject to Section 14.01(e) of the Put/Call, Registration Rights

and Standstill Agreement and Sections 14.01 and 14.05 and Section 5 of Schedule 8.14, at all meetings of the Board of Managers, the quorum required for the transaction of any business that constitutes a Super Majority Decision shall be the presence, either in person or by proxy, of (i) at least one Representative of each Member and (ii) a majority of all the Representatives on the Board of Managers (which may include the Representatives referred to in the preceding clause (i)).

(b) Quorum for Other Decisions. Subject to Sections 14.01 and 14.05 and Section 5 of Schedule 8.14, at all meetings of the Board of Managers, the quorum required for the transaction of any business that does not constitute a Super Majority Decision shall be (i) in the case of all matters that were described in the notice in reasonable detail for such meeting delivered to the members of the Board of Managers pursuant to Section 8.04(f), the presence, either in person or by proxy, of a majority of all the Representatives on the Board of Managers and (ii) in the case of all matters that were not described in the notice in reasonable detail for such meeting delivered to the members of the Board of Managers pursuant to Section 8.04(f), the presence, either in person or by proxy, of (A) at least one Representative of each Member and (B) a majority of all the Representatives on the Board of Managers (which may include the Representatives referred to in the preceding clause (A)).

(c) Rescheduled Meetings. The Company shall use its reasonable best efforts to schedule the time and place of each meeting of the Board of Managers so as to ensure that a quorum will be present at each such meeting and that at least one Representative of each Member will be present at each such meeting. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority in voting interest of those present in person or by proxy and entitled to vote thereat may reschedule such meeting from time to time until the Representatives requisite for a quorum, as aforesaid, be present in person or by proxy. At any such rescheduled meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally called.

SECTION 8.07. VOTING. (a) General. Each Representative shall be entitled to cast one vote on all matters coming before the Board of Managers. In exercising their voting rights under this Agreement, the Representatives may act by proxy.

(b) Super Majority Decisions. Subject to Section 14.01(e) of the Put/Call, Registration Rights and Standstill Agreement and Sections 14.01 and 14.05 and Section 5 of Schedule 8.14, all Super Majority Decisions to be decided by the Board of Managers shall be approved by the unanimous affirmative vote of the votes cast by the Representatives who are present, either in person or by proxy, at a duly called meeting of the Board of Managers at which a quorum is present. The parties acknowledge and agree that all references in this Agreement, any other Transaction Document and any appendices, exhibits or schedules hereto or thereto to any determination, decision, approval or other form of authorization by the Board of Managers pursuant to a vote in accordance with Section 8.07(b) shall be deemed to mean that such determination, decision, approval or other form of authorization shall constitute a Super Majority Decision which requires the approval of the Board of Managers in accordance with this Section 8.07(b).

(c) Other Decisions. Subject to Sections 14.01 and 14.05 and Section 5 of Schedule 8.14, all matters other than Super Majority Decisions to be decided by the Board of Managers shall be approved by the affirmative vote of a majority of the votes cast by the Representatives who are present, either in person or by proxy, at a duly called meeting of the Board of Managers at which a quorum is present, unless the vote of a greater number of Representatives is required by Applicable Law or this Agreement.

SECTION 8.08. MATTERS CONSTITUTING SUPER MAJORITY DECISIONS. Subject to the provisions of Section 8.07(b), each of the following matters, and only the following matters, shall constitute a "Super Majority Decision" which requires the approval of the Board of Managers pursuant to Section 8.07(b):

(a) (i) the purchase or investment by the Company or any of its subsidiaries of or in any assets or securities, or any group of assets or securities, that have an aggregate purchase price or cost of more than \$20 million, if the purpose or effect of such purchase or investment is to enable the Company to enter into a line of business other than (A) the Company's Business as such Business is conducted on the Closing Date or (B) any other line of business that is approved after the Closing Date by the Board of Managers as a Super Majority Decision under this Section 8.08(a) (i) pursuant to a vote in accordance with Section 8.07(b), provided that any such purchase or investment by the Company or any of its subsidiaries shall not require a Super Majority Decision under this Section 8.08(a) if and to the extent such purchase or investment is being made to enable the Company to enter into the Bulk Motor Oil Business, the Packaged Motor Oil Business, the Private Label Packaged Motor Oil Business and/or the Quick Lube Business and, at the time of such purchase or investment, (1) the Company and its subsidiaries are permitted to engage in such business under Section 14.03(b) of the Put/Call, Registration Rights and Standstill Agreement and (2) Ashland and its Affiliates shall own (beneficially or otherwise) 20% or more of the Valvoline Business (it being understood and agreed that this proviso shall not limit or constitute an exception to any other provision of Section 8.08); and

(ii) the determination of whether any new line of business approved by the Board of Managers as a Super Majority

Decision under Section 8.08(a)(i) should constitute a "Competitive Business" for purposes of Section 14.01 of the Put/Call, Registration Rights and Standstill Agreement;

(b) (i) any reorganization, merger, consolidation or similar transaction between the Company and any person (other than a direct or indirect Wholly Owned Subsidiary of the Company) or any sale or lease of all or substantially all of the Company's assets to any person (other than a direct or indirect Wholly Owned Subsidiary of the Company);

(ii) any (A) reorganization, merger, consolidation or similar transaction or series of transactions between any of the Company's subsidiaries and any person (other than the Company or a direct or indirect Wholly Owned Subsidiary of the Company) or (B) sale or lease of all or substantially all of any of the Company's subsidiaries' assets to any person (other than the Company or a direct or indirect Wholly Owned Subsidiary of the Company) which in either case involves an aggregate consideration of over \$50,000,000;

(c) the admission of a new Member (other than as a result of a Transfer of an existing Member's Membership Interests pursuant to Article X) or the issuance of any additional Membership Interests or other equity interests to any person, including any existing Member;

(d) except as expressly provided in Sections 4.01(c), 4.02(a) and 4.02(b), the acceptance or requirement of any additional capital contributions to the Company by either Member;

(e) the initial hiring of the following officers of the Company: the President; the Executive Vice President; the officers principally in charge of (i) refining, (ii) wholesale and branded marketing, (iii) retail marketing (two initially), (iv) supply and transportation and (v) environmental health and safety and human resources; the Senior Vice President-Finance and Commercial Services of the Company; and the general counsel of the Company;

(f) (i) the approval of Acquisition Expenditures, Capital Expenditures and such other expenditures of the type to be included in the Annual Capital Budget for any Fiscal Year (other than (A) Ordinary Course Lease Expenses, (B) up to \$100 million in the aggregate for all periods in Capital Expenditures of the Company and its subsidiaries directly associated with the Garyville Propylene Upgrade Project, (C) Member-Funded Capital Expenditures, (D) Member-Indemnified Expenditures and (E) Acquisition Expenditures or Capital Expenditures of the Company and its subsidiaries directly associated with Permitted Capital Projects/Acquisitions that are funded with Permitted Capital Project/Acquisition Indebtedness) that when taken together with (x) the other expenditures already approved as part of the Annual Capital Budget for such Fiscal Year and (y) all other expenditures already made in such Fiscal Year, would reasonably be expected to exceed the Normal Annual Capital Budget Amount for such Fiscal Year; and

(ii) the incurrence of rentals or operating leases which result in aggregate Ordinary Course Lease Expenses (other than Ordinary Course Lease Expenses incurred under the Bareboat Charters) for any Fiscal Year that exceed \$80 million; provided, however, in the event the Company or one of its subsidiaries shall make any acquisition or divestiture, the Members shall negotiate in good faith to adjust the dollar amount set forth in this Section 8.08(f)(ii) to take into account the effect of such acquisition or divestiture;

(g) (i) except for any acquisition or capital project related to the Bulk Motor Oil Business, the Packaged Motor Oil Business, the Private Label Motor Oil Business and/or the Quick Lube Business, any acquisition, divestiture or individual capital project (other than (i) Ordinary Course Lease Expenses, (ii) up to \$100 million in the aggregate for all periods in Capital Expenditures of the Company and its subsidiaries directly associated with the Garyville Propylene Upgrade Project, (iii) Member-Funded Capital Expenditures, (iv) Member-Funded Indemnified Expenditures and (v) Acquisition Expenditures or Capital Expenditures of the Company and its subsidiaries directly associated with Permitted Capital Projects/Acquisitions that are funded with Permitted Capital Project/Acquisition Indebtedness) where the liability or consideration involved is more than \$50 million in the aggregate (including contingent liabilities only to the extent required to be reflected on the balance sheet of the Company in accordance with Financial Accounting Standard Number 5 (or any successor or superseding provision of Current GAAP));

(ii) any acquisitions or individual capital projects related to the Bulk Motor Oil Business, the Packaged Motor Oil Business, the Private Label Motor Oil Business and/or the Quick Lube Business during any Fiscal Year where the liability or consideration involved is more than \$50 million in the aggregate in such Fiscal Year (including contingent liabilities only to the extent required to be reflected on the balance sheet of the Company in accordance with Financial Accounting Standard Number 5 (or any successor or superseding provision of Current GAAP)); provided that nothing in this Section 8.08(g)(ii) shall be deemed or interpreted to permit the Company or any of its subsidiaries to engage in any of such businesses except as and to the extent expressly permitted under Section 14.03 of the Put/Call,

(iii) for the avoidance of doubt, acquisitions or individual capital projects related to the Maralube Express Business shall be subject to clause (i) of this Section 8.08(g) and not clause (ii) of this Section 8.08(g);

(h) the initiation or settlement of any action, suit, claim or proceeding involving (i) an amount in excess of \$50 million (with respect to initiation) or \$25 million (with respect to settlement), (ii) material non-monetary relief (including, without limitation, entering into any consent decree that has or could reasonably be expected to (A) impose any material obligation on Ashland or any of its Affiliates or the Company or any of its subsidiaries or (B) have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of Ashland or any of its Affiliates or the Company or any of its subsidiaries) or (iii) the initiation or settlement of any criminal action, suit, claim or proceeding (other than a misdemeanor) if such criminal action, suit or proceeding has or could reasonably be expected to (A) impose any material obligation on Ashland or any of its Affiliates or (B) have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of Ashland or any of its Affiliates;

(i) any change in the Company Independent Auditors unless the new firm is one of the "Big Six" accounting firms (or any successor thereto) or a firm of comparable stature in Ashland's opinion;

(j) any modification, alteration, amendment or termination of any Transaction Document to which the Company or any of its subsidiaries is a party and all Members are not a party;

(k) (i) in the case of any Affiliate Transaction that is not a Crude Oil Purchase, a Significant Shared Service or a Designated Sublease Agreement, (A) any Affiliate Transaction (other than the Affiliate Transactions listed on Schedule 8.08(k)(i)(A) (the "Closing Date Affiliate Transactions")), (B) any material amendment to or change in the terms or provisions of any Affiliate Transaction that was either a Closing Date Affiliate Transaction or previously approved by the Board of Managers pursuant to Section 8.08(k)(i)(A) (it being understood that a renewal or extension of the term of an Affiliate Transaction pursuant to contractual provisions that were previously approved by the Board of Managers pursuant to this Section 8.08(k)(i) or that were included in a Closing Date Affiliate Transaction on the Closing Date shall be deemed for purposes of this Agreement not to constitute a new Affiliate Transaction or a material amendment to or change in an Affiliate Transaction) or (C) any amendment or change in the terms or provisions of any agreement or transaction between the Company or any of its subsidiaries and any Member or any Affiliate of any Member which causes such agreement or transaction to become an Affiliate Transaction;

(ii) in the case of Crude Oil Purchases, the approval of such Crude Oil Purchases in accordance with Section 8.12(a);

(iii) in the case of any Significant Shared Service, (A) any agreement or transaction constituting a Significant Shared Service (other than the specific Significant Shared Services identified and described in Schedule 10.2(e) to the Asset Transfer and Contribution Agreement), (B) any material amendment to or change in the terms and provisions of any Significant Shared Service identified and described in Schedule 10.2(e) to the Asset Transfer and Contribution Agreement or thereafter approved by the Board of Managers in accordance with this Section 8.08(k)(iii), (C) subject to the provisions of Section 8.11(b) and except as expressly provided in Section 8.12(b), any cancellation or failure by the Company or any of its subsidiaries to renew any Significant Shared Service provided by Ashland or any Affiliate of Ashland to the Company or any of its subsidiaries or provided by the Company or any of its subsidiaries to Ashland or any Affiliate of Ashland and (D) the periodic review and approval of Significant Shared Services in accordance with Section 8.12(b); and

(iv) any material amendment to or change in the terms or provisions of, cancellation, termination or failure to renew, any Designated Sublease Agreement or any election by the Company to refuse or reject the contribution of any Subleased Property to the Company or any of its subsidiaries;

(l) the commencement of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent to the entry of an order for relief in an involuntary case under any such law, or the consent to the appointment of or the taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Company or any of its subsidiaries or for any substantial part of the Company's or any of its subsidiaries' property, or the making of any general assignment for the benefit of creditors;

(m) (i) the modification, alteration or amendment of the amount, timing, frequency or method of calculation of distributions to the Members from that provided in Article V or

(ii) an adjustment to the amount of Distributable Cash pursuant to clause (g) of the definition of "Distributable Cash" in Section 1.01;

(n) (i) the modification, alteration or amendment of the Company Leverage Policy, or (ii) the approval of any matter which the Company Leverage Policy provides is to be approved by the Board of Managers as a Super Majority Decision;

(o) (i) the approval of any distribution by the Company to the Members of any assets in kind, (ii) the approval of any distribution by the Company to the Members of cash and property in kind on a non-pro rata basis, and (iii) the determination of the value assigned to such assets in kind;

(p) each Critical Decision or material amendment thereto made on or prior to the Critical Decision Termination Date for such Critical Decision; and

(q) the delegation to a Member of the power to unilaterally bind the Company or any of its subsidiaries with respect to any matter.

SECTION 8.09. ANNUAL CAPITAL BUDGET. (a) In Fiscal Year 1999 and in each Fiscal Year thereafter, the Executive Officers of the Company shall timely prepare or cause to be prepared a draft capital budget (the "Draft Annual Capital Budget") for such Fiscal Year, which shall set forth in reasonable line item detail the proposed Acquisition Expenditures, Capital Expenditures and the Ordinary Course Lease Expenditures of the Company and its subsidiaries for such Fiscal Year, including all Ordinary Course Lease Expenditures and all Capital Expenditures of the Company and its subsidiaries directly associated with the Garyville Propylene Upgrade Project. In addition, to the extent that information can reasonably be obtained on the nature of assets rented or financed by operating leases, such information shall be presented along with the Annual Capital Budget. Copies of the Draft Annual Capital Budget shall be provided to each Member (at the same time) and to the Board of Managers. No later than the last regular meeting of the Board of Managers for a Fiscal Year, the Executive Officers shall present to the Board of Managers the Draft Annual Capital Budget for the following Fiscal Year for the Board of Managers' review, consideration and approval, with such additions, deletions and changes thereto as the Board of Managers shall deem necessary. Upon its approval by the Board of Managers (and taking into account any additions, deletions or other changes deemed necessary by the Board of Managers) the Draft Annual Capital Budget for a Fiscal Year shall become the "Annual Capital Budget" for such Fiscal Year.

(b) If the Board of Managers shall fail to approve an Annual Capital Budget for any Fiscal Year, the total expenditures provided for in the Annual Capital Budget for such Fiscal Year shall be in an amount equal to the Normal Annual Capital Budget Amount for such Fiscal Year.

(c) No later than August 30 of each Fiscal Year, the Board of Managers shall review the Annual Capital Budget for such Fiscal Year and shall make such additions, deletions and changes thereto as the Board of Managers shall deem necessary.

SECTION 8.10. BUSINESS PLAN. In Fiscal Year 1999 and in each Fiscal Year thereafter, the Executive Officers of the Company shall timely prepare or cause to be prepared a draft business plan (the "Draft Business Plan") for the next three Fiscal Years. Copies of the Draft Business Plan shall be provided to each Member (at the same time) and to the Board of Managers. No later than the last regular meeting of the Board of Managers for a Fiscal Year, the Executive Officers shall present to the Board of Managers the Business Plan for their review, consideration and approval, with such additions, deletions and changes thereto as the Board of Managers shall deem necessary. Upon its approval by the Board of Managers (and taking into account any such additions, deletions or other changes deemed necessary by the Board of Managers), the Draft Business Plan for a Fiscal Year shall become the "Business Plan" for such Fiscal Year.

SECTION 8.11. REQUIREMENTS AS TO AFFILIATE TRANSACTIONS. (a) The Company and its subsidiaries shall only be permitted to enter into or renew or extend the term thereof (whether pursuant to contractual provisions thereof or otherwise) an agreement or a transaction with a Member or an Affiliate of a Member (which, solely for purposes of this Section 8.11, shall be deemed to include any entity more than 10% of the voting stock or other ownership interests of, or economic interest in, which is owned by a Member (other than the Company or any of its subsidiaries)) on the same terms or on terms no less favorable to the Company or such subsidiary than could be obtained from a third party on an arm's-length basis (an "Arm's-Length Transaction").

(b) (i) If (A) the Company or any subsidiary of the Company enters into, renews or extends the term of (pursuant to contractual provisions thereof that were previously approved by the Board of Managers or otherwise) or materially amends or changes the terms or provisions of, any agreement or transaction between the Company or any of its subsidiaries and any Member or any Affiliate of any Member (a "Section 8.11(b) Affiliate Transaction") or proposes to do any of the foregoing and (ii) not later than 90 days after receiving written notice thereof from the Company pursuant to Section 7.03 or otherwise (which notice describes the material terms and conditions of such transaction in reasonable detail), the Member that is not (or whose Affiliate is not) a party to such Section 8.11(b) Affiliate Transaction (the "Non-Contracting Member") notifies the Company and the Member that is (or whose Affiliate is) a party to such Section 8.11(b) Affiliate Transaction (the "Contracting Member") in writing that

the Non-Contracting Member believes in good faith that either such Affiliate Transaction is not an Arm's-Length Transaction or that the quality of the service being provided or to be provided by the Contracting Member is inferior to that which the Company and its subsidiaries could otherwise obtain on comparable terms and conditions, then the Company shall promptly (and, in any event within 30 days) provide the Non-Contracting Member with a reasonably detailed explanation of the basis for the Company's determination that such new, renewed or extended Affiliate Transaction is an Arm's-Length Transaction or the quality of the service being provided or to be provided to the Company and its subsidiaries is not inferior.

(ii) If following receipt of such evidence, the Non-Contracting Member is not reasonably satisfied that such Affiliate Transaction is an Arm's-Length Transaction or the quality of the service being provided or to be provided to the Company and its subsidiaries is not inferior, then, at the written request of the Non-Contracting Member (such written request being an "Affiliate Transaction Dispute Notice"), the Company shall (A) modify the terms of such Affiliate Transaction so that it becomes an Arm's-Length Transaction, (B) if the Company had given the Members written notice pursuant to Section 7.03(a) prior to entering into, renewing or extending such Affiliate Transaction, not enter into, renew or extend such Affiliate Transaction or (C) if the Company had given the Members written notice pursuant to Section 7.03(a) prior to entering into, renewing or extending such Affiliate Transaction, enter into, renew or extend such Affiliate Transaction in which event the determination of whether such Affiliate Transaction is an Arm's Length Transaction and/or whether the quality of the service being provided is inferior shall be in accordance with the Dispute Resolution Procedures set forth in Article XIII or (D) if the Company shall not have given the Members written notice pursuant to Section 7.03(a) prior to entering into, renewing or extending such Affiliate Transaction, commence the dispute resolution procedures set forth in Article XIII.

(iii) For purposes of Article XIII, a Non-Contracting Member's delivery of an Affiliate Transaction Dispute Notice to the Company shall constitute delivery of a Dispute Notice thereunder, and the Company shall be required to deliver a Response to the Non-Contracting Member within 30 days thereafter. If it is finally determined pursuant to such Dispute Resolution Procedures that such Affiliate Transaction is an Arm's-Length Transaction and, if disputed, that the quality of service being so provided is not inferior, then the Company shall be permitted to enter into, renew or extend such Affiliate Transaction. If it is finally determined pursuant to such Dispute Resolution Procedures that such Affiliate Transaction is not an Arm's-Length Transaction or that the quality of service being so provided is inferior, then the Company shall either modify the terms of such Affiliate Transaction so that it becomes an Arm's-Length Transaction and, if disputed, with an adequate level of quality of service or not enter into, renew or extend such Affiliate Transaction. In the event that such Affiliate Transaction has already been entered into, renewed or extended, then (A) the Company and the Contracting Member shall make such modifications to the terms of such Affiliate Transaction as are necessary so that such Affiliate Transaction becomes an Arm's-Length Transaction and, if disputed, with an adequate level of quality of service and (B) the Contracting Member shall pay the Company an amount equal to the difference between (I) the costs incurred by the Company under such Affiliate Transaction since the time of such entering into, renewal or extension and (II) the costs that the Company would have incurred under such Affiliate Transaction during such time period had such Affiliate Transaction been an Arm's-Length Transaction and, if disputed, with an adequate level of quality of service at the time of such initial agreement, renewal or extension.

SECTION 8.12. REVIEW OF CERTAIN AFFILIATE TRANSACTIONS

RELATED TO CRUDE OIL PURCHASES AND SHARED SERVICES. (a) (i) Not less than 30 days prior to the regular meeting of the Board of Managers during the fourth Fiscal Quarter of each Fiscal Year (or, if no regular meeting of the Board of Managers is scheduled during such Fiscal Quarter, at a special meeting of the Board of Managers during such Fiscal Quarter), the Company shall submit to the Board of Managers a reasonably detailed description of any proposed transactions or agreements related to crude oil purchases by the Company and its subsidiaries from Marathon or any Affiliate of Marathon that are intended to remain in effect or to be put into effect during such next Fiscal Year (collectively, the "Marathon Crude Oil Purchase Program"). Following such submission, the Company shall provide the Board of Managers promptly with such information with respect to such Marathon Crude Oil Purchase Program and the Company's other proposed crude oil purchases and policies for such next Fiscal Year as any Representative shall reasonably request. At each such regular or special meeting during the fourth Fiscal Quarter of each Fiscal Year, the Board of Managers shall review such Marathon Crude Oil Purchase Program. During such next Fiscal Year, the Company and its subsidiaries shall be permitted to purchase crude oil from Marathon or any Affiliate of Marathon only on the terms and conditions of the proposed transactions and agreements submitted to and approved by the Board of Managers at such regular or special meeting pursuant to a vote in accordance with Section 8.07(b) (the "Approved Marathon Crude Oil Purchase Program"). Any purchase (or group of related purchases) of crude oil by the Company or any of its subsidiaries from Marathon or any Affiliate of Marathon during such Fiscal Year that is an Affiliate Transaction for purposes of Section 8.08(k) and is not made under or in accordance with the Approved Marathon Crude Oil Purchase Program and any material amendment to

or change in the Approved Marathon Crude Oil Purchase Program during such Fiscal Year shall be made only with the prior approval of the Board of Managers pursuant to a vote in accordance with Section 8.07(b).

(ii) The Company shall prepare and send to each Member (at the same time) promptly, but in no event later than the 30th day after the last day of each Fiscal Quarter, (A) a summary of all Crude Oil Purchases during such Fiscal Quarter, (B) a description of any amendments to, changes in or deviations from the Approved Marathon Crude Oil Purchase Program in effect during such Fiscal Quarter, (C) a description of any then known proposed amendments to, changes in or deviations from the Approved Marathon Crude Oil Purchase Program in effect during the remaining balance of the Fiscal Year and (D) such other information with respect to purchases of crude oil by the Company and its subsidiaries as either Member shall reasonably request.

(b)(i) All administrative services that Marathon, Ashland and each of their respective Affiliates provide to the Company or any of its subsidiaries, and that the Company and its subsidiaries provide to Marathon, Ashland or any of their respective Affiliates, shall be pursuant to the Shared Services Agreement. To the extent that there is a conflict between the Shared Services Agreement, Schedule 10.2(e) to the Marathon Asset Transfer and Contribution Agreement Disclosure Letter or Schedule 10.2(e) to the Ashland Asset Transfer and Contribution Agreement Disclosure Letter, on the one hand, and this Agreement, on the other hand, this Agreement shall control.

(ii) Not less than 90 days prior to each of the annual meetings of the Board of Managers held in 2000, 2003 and every three years thereafter, the Company shall submit to the Board of Managers the provisions of the Shared Services Agreement that relate to each Significant Shared Service then in effect or that is proposed to be put into effect. Following such submission, the Company shall provide the Board of Managers promptly with such information with respect to such Significant Shared Services and with respect to any other Shared Services then being provided or proposed to be provided as any Representative shall reasonably request. At each such annual meeting, unless all the Representatives otherwise agree, the Board of Managers shall review each such Significant Shared Service and shall determine pursuant to a vote in accordance with Section 8.07(b) whether such Significant Shared Service should be continued (or, in the case of any proposed Significant Shared Service, put into effect). Unless the Board of Managers approves pursuant to a vote in accordance with Section 8.07(b) the continuation or effectiveness of a Significant Shared Service, the Shared Service Agreement to the extent it relates to such Significant Shared Service shall be terminated effective 90 days after such annual meeting or at such later date as the Board of Managers shall specify pursuant to a vote in accordance with Section 8.07(b) and the Company shall be deemed at the time of such annual meeting to have given notice to the Member providing or receiving (or whose Affiliate is providing or receiving) such Significant Shared Service that the Company is terminating the Shared Service Agreement with respect to such Significant Shared Service.

SECTION 8.13. ADJUSTABLE AMOUNTS. Within 30 days following the date on which the United States Department of Labor Bureau of Labor Statistics for all Urban Areas publishes the Price Index for the month of September of each Fiscal Year commencing September, 1998, the Company shall determine whether the Average Annual Level for the immediately preceding twelve-month period exceeds the Base Level. If the Company determines that the Average Annual Level for such twelve-month period exceeds the Base Level, then the Company shall increase or decrease each of the dollar amounts set forth in this Agreement (other than the \$348 million and \$346 million amounts set forth in the definition of Adjusted DD&A, the \$657 million, \$600 million, \$80 million, \$20 million and \$12.4 million amounts set forth in the definition of Adjusted EBITDA, the \$240 million amount set forth in the definition of "Normal Annual Capital Budget Amount" in Section 1.01, the \$100 million amount set forth in Section 8.08(f)(i) and any dollar amount set forth in any Appendix, Exhibit or Schedule to this Agreement, including Schedule 8.14) (each dollar amount that is adjusted pursuant to this Section 8.13 being an "Adjustable Amount"), including, without limitation, the following amounts, to an amount calculated by multiplying the relevant Adjustable Amount by a fraction whose numerator is the Average Annual Level for such twelve-month period and whose denominator is the Base Level: (i) the \$100,000, \$2 million and \$25 million amounts set forth in the definition of "Affiliate Transaction" and the \$2 million amount set forth in the definition of "Significant Shared Service" in each case in Section 1.01; (ii) the \$2 million amount set forth in Section 6.06(c); (iii) the \$2 million amounts set forth in Sections 6.08(b), (d) and (e); (iv) the \$20 million amount set forth in Section 8.08(a)(i); (v) the \$80 million amount set forth on Section 8.08(f)(ii) (or such other dollar amount as shall be agreed pursuant to the proviso to Section 8.08(f)(ii)); (vi) the \$50 million amount set forth in Section 8.08(g); (vii) the \$50 million and \$25 million amounts set forth in Section 8.08(h)(i); and (viii) each \$7.5 million amount set forth in Section 14.01(a); provided that in no event shall any Adjustable Amount be decreased below the initial amount thereof set forth herein. Within five Business Days after making such determinations, the Company shall distribute to each Member a notice setting forth: (A) the amount by which the Average Annual Level for such Fiscal Year exceeded the Base Level and (B) the calculations of any adjustments made to the Adjustable Amounts pursuant to this Section 8.13. Any adjustment made to the Adjustable Amounts pursuant to this Section 8.13 shall be effective as of January 1st of the next Fiscal Year.

SECTION 8.14. COMPANY LEVERAGE POLICY. The leverage policy for the Company shall be the leverage policy set forth on Schedule 8.14, with such modifications, alterations or amendments thereto as the Board of Managers shall from time to time approve pursuant to a vote in accordance with Section 8.07(b) (such leverage policy, as so modified, altered or amended, is referred to herein as the "Company Leverage Policy").

SECTION 8.15. COMPANY'S INVESTMENT GUIDELINES.

The Company's Senior Vice President-Finance and Commercial Services, Vice President-Finance and Controller and Treasurer (or Treasury Manager) shall constitute an Investment Policy Committee of the Company and shall establish investment guidelines for the Company and its subsidiaries (such investment guidelines, as they may be modified, altered or amended by such Investment Policy Committee from time to time, are referred to herein as the "Company Investment Guidelines"). The initial Company Investment Guidelines is set forth on Schedule 8.15. The Company and its subsidiaries shall only make investments that are permitted under the Company Investment Guidelines at the time of such investments. In addition, the Company and its subsidiaries shall invest all Surplus Cash (after meeting daily cash requirements) in accordance with the Company Investment Guidelines.

SECTION 8.16. REQUIREMENTS AS TO OPERATING LEASES. The Company and its subsidiaries shall not enter into any operating lease (as determined in accordance with Applicable GAAP) if the purpose or intent of entering into such operating lease is to circumvent the Company Leverage Policy or the super majority voting requirement for Capital Expenditures of the Company set forth in Section 8.08(f). The lease by the Company and its subsidiaries of vehicles, railcars and computers in accordance with the historical practices of the Ashland Business and the Marathon Business shall not be deemed to violate this Section 8.16, provided, for the avoidance of doubt, that all Ordinary Course Lease Expenses related to any such leases shall be considered Ordinary Course Lease Expenses for the purposes of Section 8.08(f) (ii).

SECTION 8.17. LIMITATIONS ON ACTIONS RELATING TO THE CALCULATION OF DISTRIBUTABLE CASH. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not, and shall cause its subsidiaries not to (a) modify, alter or amend the Company Investment Guidelines, (b) accelerate the payment of the Company's and its subsidiaries' accounts payable, (c) delay the collection of the Company's and its subsidiaries' accounts receivable or (d) take any other action, if the purpose or intent of such action is to reduce the amount of Distributable Cash in a manner that is inconsistent with the intent of the Members to maximize the amount of Distributable Cash distributions to the Members.

SECTION 8.18. RELIANCE BY THIRD PARTIES. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Board of Managers herein set forth. Except as provided in this Agreement, neither the President, nor a Representative, nor any Member shall have any authority to bind the Company or any of its subsidiaries.

SECTION 8.19. INTEGRATION OF RETAIL OPERATIONS. (a) Until the Critical Decision is made regarding the location of the Company's retail operations' headquarters, the Company's retail operations' business shall have headquarters in both Enon, Ohio and Lexington, Kentucky.

(b) (i) The Company shall make a formal recommendation to the Board of Managers with respect to each Critical Decision not later than the ten-month anniversary of the Closing Date. Following receipt of a formal recommendation with respect to any Critical Decision, Marathon and Ashland shall negotiate in good faith to reach an agreement with respect to such Critical Decision not later than the first anniversary of the Closing Date.

(ii) Each formal recommendation with respect to any Critical Decision shall be accompanied by a report on the business and economic analyses used by the Company to arrive at such recommendation, including but not limited to, a reasonably detailed description of the risks and benefits of the recommended decision and the anticipated impact of the recommended decision on the Speedway and SuperAmerica brand images and business models.

(iii) Following receipt of any formal recommendation with respect to any Critical Decision, each Member may request, and the Company shall promptly provide to both Members, such additional information and analyses (including studies by outside consultants) as such Member may reasonably request; provided, however, any additional information request shall not extend the Critical Decision Termination Date.

(c) If any Primary Critical Decision shall not have been agreed by the Board of Managers pursuant to a vote in accordance with Section 8.07(b) prior to the first anniversary of the Closing Date, the Critical Decision Termination Date with respect to such Primary Critical Decision shall be automatically, and without any further action required by either Member, the Company or the Board of Managers, extended until the fifteen-month anniversary of the Closing Date. During the period of such extension, the Company shall provide promptly to each Member such additional information or analyses (including studies by outside consultants) as either Member shall reasonably request. Not later than 30 days prior to the fifteen-month anniversary of the Closing Date, the Company shall, if requested by either Member, again make a formal recommendation to the Board of Managers with respect to such Primary Critical Decision. Such formal recommendation shall include a report on the supporting business and economic analyses described in Section 8.19(b) (ii). Any request for additional information shall not extend the Critical Decision Termination Date.

(d) Until such time as the implementation of any Critical Decision shall have been completed in all material respects, the President of the Company shall report to the Board of Managers at each regular meeting of the Board of Managers on the implementation of such Critical Decision and on any material modifications or changes to such Critical Decision.

(e) To the extent there is any conflict between the terms and provisions of this Agreement and the terms and provisions of the Retail Integration Protocol, the terms and provisions of this Agreement shall control.

ARTICLE IX

Officers

SECTION 9.01. (a) ELECTION, APPOINTMENT AND TERM OF OFFICE. The executive officers of the Company (the "Executive Officers") shall consist solely of: a President; an Executive Vice President; an officer principally in charge of refining; an officer principally in charge of wholesale and branded marketing; the officer or officers (two initially) principally in charge of retail marketing; an officer principally in charge of supply and transportation; an officer who shall be the Senior Vice President-Finance and Commercial Services of the Company; and an officer who shall be the general counsel of the Company; provided, however, that Marathon and Ashland may make additions or deletions to the positions which shall be considered executive officers of the Company by mutual agreement. Schedule C sets forth a list of (i) the persons who Marathon and Ashland have chosen to serve initially as the Executive Officers of the Company, (ii) the executive office for which each such person is to serve and (iii) whether each such person was designated by Marathon or Ashland. Marathon and Ashland agree that the composition of the initial Executive Officers is intended to reflect their respective Percentage Interests in the Company. Accordingly, if any person identified on Schedule C is for any reason unable or unwilling to serve as an Executive Officer at the Closing Date, the Member who designated such person shall have the right to designate a substitute person, subject to the right of the other Member to consent to such substitute nominee (which consent shall not be unreasonably withheld). Marathon and Ashland shall cause their respective Representatives to promptly approve the appointment of each person listed on Schedule C to the related executive office position listed on Schedule C.

(b) Except as otherwise determined by the Board of Managers, each Executive Officer shall hold office until his or her death or until his or her earlier resignation or removal in the manner hereinafter provided. Except as otherwise expressly provided herein, the Executive Officers shall have such powers and duties in the management of the Company as generally pertain to their respective offices as if the Company were a corporation governed by the General Corporation Law of the State of Delaware.

(c) The Board of Managers may elect or appoint such other officers to assist and report to the Executive Officers as it deems necessary. Subject to the preceding sentence, each such officer shall have such authority and shall perform such duties as may be provided herein or as the Board of Managers may prescribe. The Board of Managers may delegate to any Executive Officer the power to choose such other officers and to prescribe their respective duties and powers.

(d) Except as otherwise determined by the Board of Managers, if additional officers are elected or appointed during the year pursuant to Section 9.01(c), each such officer shall hold office until his or her death or until his or her earlier resignation or removal in the manner hereinafter provided.

SECTION 9.02. RESIGNATION, REMOVAL AND VACANCIES. (a) Any officer may resign at any time by giving written notice to the President or the Secretary of the Company, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, when accepted by action of the Board of Managers. Except as aforesaid, the acceptance of such resignation shall not be necessary to make it effective.

(b) All officers and agents elected or appointed by the Board of Managers shall be subject to removal at any time by the Board of Managers with or without cause.

(c) Vacancies in all Executive Officer positions may only be filled by the majority vote of the Representatives on the Board of Managers. In each instance where a vacant Executive Officer position is to be filled, Marathon, after consultation with the Company, shall first send Ashland a notice which discloses the name and details of the candidate for the vacant Executive Officer position that the Representatives of Marathon will nominate and vote in favor of for such position. Ashland shall thereafter have the right, by notice to the Company and Marathon within ten days after receipt of such notice from Marathon, to veto such candidate. Each candidate that Marathon proposes for a vacant Executive Officer position shall be a bona fide candidate who is willing and able to serve and who Marathon in good faith believes is qualified to fill such vacant Executive Officer position (a "Qualified Candidate"). In the event Ashland exercises its veto with respect to a Qualified Candidate, the vacancy will be filled by the majority vote of the Representatives on the Board of Managers.

SECTION 9.03. DUTIES AND FUNCTIONS OF EXECUTIVE OFFICERS.

(a) President. The President of the Company, who shall be a non-voting member of the Board of Managers, shall be in charge of the day-to-day operations of the Company and shall preside at all meetings of the Board of

Managers and shall perform such other duties and exercise such powers, as may from time to time be prescribed by the Board of Managers.

(b) Executive Vice President. The Executive Vice President of the Company initially shall report to the President and be the officer principally in charge of all supply, refining, marketing and transportation operations of the Company other than the Company's retail operations.

(c) Other Executive Officers. The Executive Officers of the Company other than the President and the Executive Vice President shall perform such duties and exercise such powers, as may from time to time be prescribed by the President or the Board of Managers.

ARTICLE X

Transfers of Membership Interests

SECTION 10.01. RESTRICTIONS ON TRANSFERS. (a) General. Except as expressly provided by this Article X, neither Member shall Transfer all or any part of its Membership Interests to any person without first obtaining the written approval of the other Member, which approval may be granted or withheld in its sole discretion. Notwithstanding anything to the contrary contained in this Agreement, no Transfer by a Member of its Membership Interests to any person shall be made except to a permitted assignee under Article XV of the Put/Call, Registration Rights and Standstill Agreement.

(b) Transfer by Operation of Law. In the event a Member shall be party to a merger, consolidation or similar business combination transaction with a third party or sell all or substantially all its assets to a third party, such Member may Transfer all (but not part) of its Membership Interests to such third party; provided, however, that such Member shall not be permitted to Transfer its Membership Interests to such third party as aforesaid if the purpose or intent of such merger, consolidation, similar business combination transaction or sale is to circumvent or avoid the application of Sections 10.01(c) and 10.04 to the Transfer of such Member's Membership Interests to such third party.

(c) Transfer by Sale to Third Party. At any time after December 31, 2002, a Member may sell all (but not part) of its Membership Interests (and, in the case of Ashland, the Ashland LOOP/LOCAP Interest) to any person (other than a Transfer by operation of law pursuant to Section 10.01(b), a Transfer to a Wholly Owned Subsidiary pursuant to Section 10.01(d) or a Transfer by Ashland to Marathon pursuant to Section 10.01(e)) if (i) it shall first have offered the other Member the opportunity to purchase such Membership Interests (and, in the case of Ashland, the Ashland LOOP/LOCAP Interest) pursuant to the right of first refusal procedures set forth in Section 10.04, (ii) such sale is completed within the time periods specified in Section 10.04, (iii) the other Member shall have approved the purchaser of such Membership Interests (and, in the case of Ashland, the Ashland LOOP/LOCAP Interest), which approval shall not be unreasonably withheld or delayed and (iv) it shall use its commercially reasonable best efforts to (A) terminate the outstanding Original Lease underlying each of its Designated Sublease Agreements on or prior to the date of such Transfer and (B) contribute the related Subleased Property to the Company or one of its subsidiaries at no cost to the Company or such subsidiary on or prior to the date of such Transfer; provided, however, that (i) such Member shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such underlying Original Lease in order to obtain any consent required from such lessor and (ii) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property or to terminate the Original Lease shall be deemed not to constitute an obligation to pay more than a reasonable amount. In the event that such Member is unable to terminate an outstanding Original Lease in accordance with this Section 10.02(b), then (i) the Company shall be entitled to continue to sublease the Subleased Property pursuant to the related Designated Sublease Agreement until the term of the Original Lease expires, (ii) the Member shall continue to use its commercially reasonable best efforts to terminate the Original Lease and contribute the Subleased Property to the Company as provided above; provided, however that (A) such Member shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such Original Lease in order to obtain any consent required from such lessor and (b) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property or to terminate the Original Lease shall be deemed not to constitute an obligation to pay more than a reasonable amount and (iii) if such Member subsequently acquires fee title to the Subleased Property, such Member shall contribute such Subleased Property to the Company or one of its subsidiaries at no cost to the Company or such subsidiary at such time. It is expressly understood and agreed that, in determining whether to reasonably withhold its approval of a proposed purchaser of Marathon's Membership Interests pursuant to this Section 10.01(c), Ashland shall be entitled to consider the creditworthiness of such proposed purchaser, including whether such proposed purchaser is likely to be able to perform all of Marathon's and USX's respective obligations under the Put/Call, Registration Rights and Standstill Agreement.

(d) Transfer to Wholly Owned Subsidiary. A Member may Transfer all (but not part) of its Membership Interests at any time to a Wholly Owned Subsidiary of such Member if (i) such Member shall have received an opinion from nationally recognized tax counsel acceptable to both Members that such Transfer will not result in a termination of the

status of the Company as a partnership for Federal income tax purposes and (ii) the transferring Member enters into an agreement with the other Member providing that so long as such Wholly Owned Subsidiary holds such transferring Member's Membership Interests, such Wholly Owned Subsidiary shall remain a Wholly Owned Subsidiary of such transferring Member.

(e) Transfer Pursuant to Put/Call, Registration Rights and Standstill Agreement. Ashland may Transfer all of its Membership Interests to Marathon in connection with the exercise by Marathon of its Marathon Call Right or its Special Termination Right or the exercise by Ashland of its Ashland Put Right. In addition, Marathon may Transfer all of its Membership Interests to Ashland in connection with the exercise by Ashland of its Special Termination Right.

(f) Consequences of Permitted Transfers. (i) In connection with any Transfer by a Member to a third party transferee pursuant to Section 10.01(b), (A) such third party transferee shall at the time of such Transfer become subject to all of such transferring Member's obligations hereunder and shall succeed to all of such transferring Member's rights hereunder and (B) such transferring Member shall be relieved of all of its obligations hereunder other than with respect to any default hereunder by such transferring Member or any of its Affiliates hereunder that occurred prior to the time of such Transfer.

(ii) In connection with any Transfer by a Member to a third party transferee or to the other Member pursuant to Section 10.01(c), (A) such third party transferee or such other Member shall at the time of such Transfer become subject to all of such transferring Member's obligations hereunder and shall succeed to all of such transferring Member's rights hereunder and (B) such transferring Member shall at the time of such Transfer be relieved of all of its obligations hereunder other than with respect to any default hereunder by such transferring Member or any of its Affiliates that occurred prior to the time of such Transfer.

(iii) In connection with any Transfer by a Member to a Wholly Owned Subsidiary of such Member pursuant to Section 10.01(d), (A) such Wholly Owned Subsidiary shall at the time of such Transfer become subject to all of such Member's obligations hereunder and shall succeed to all of such Member's rights hereunder and (B) such Member shall not be relieved of its obligations hereunder without the prior written consent of the other Member, which consent shall not be unreasonably withheld or delayed.

(iv) In connection with any Transfer by Ashland to Marathon pursuant to Section 10.01(e), (A) Marathon shall at the time of such Transfer become subject to all of Ashland's obligations hereunder and shall succeed to all of Ashland's rights hereunder and (B) Ashland shall at the time of such Transfer be relieved of all of its obligations hereunder other than with respect to any default hereunder by Ashland or any of its Affiliates that occurred prior to the Exercise Date (as such term is defined in the Put/Call, Registration Rights and Standstill Agreement).

(v) In connection with any Transfer by Marathon to Ashland pursuant to Section 10.01(e), (A) Ashland shall at the time of such Transfer become subject to all of Marathon's obligations hereunder and shall succeed to all of Marathon's rights hereunder and (B) Marathon shall at the time of such Transfer be relieved of all of its obligations hereunder other than with respect to any default hereunder by Marathon or any of its Affiliates that occurred prior to the Special Termination Exercise Date (as such term is defined in the Put/Call, Registration Rights and Standstill Agreement).

(vi) In connection with any Transfer by Ashland to a third party transferee pursuant to Section 10.01(b), 10.01(c) or 10.01(d), such third party transferee shall at the time of such Transfer succeed to all of Ashland's veto rights under Section 9.02(c); provided, that if Ashland Transfers its Membership Interests to a third party transferee pursuant to Section 10.01(c), such third party transferee shall not thereafter be permitted to transfer its veto rights under Section 9.02(c) to another third party transferee pursuant to Section 10.01(c).

(vii) In connection with any Transfer by a Member to a third party transferee pursuant to this Article X, such transferring Member shall retain all of the rights granted to a Member under Article VII to examine the books and records of the Company and to receive financial statements and reports prepared by the Company until such time following such Transfer as such transferring Member ceases to have any liability under Article IX of the Asset Transfer and Contribution Agreement.

(g) Consequences of an Unpermitted Transfer. Any Transfer of a Member's Membership Interests made in violation of the applicable provisions of this Agreement shall be void and without legal effect.

SECTION 10.02. CONDITIONS FOR ADMISSION. No transferee of all of the Membership Interests of any Member shall be admitted as a Member hereunder unless (a) such Membership Interests are Transferred to a person in compliance with the applicable provisions of this Agreement, (b) such transferee shall have executed and delivered to the Company such instruments as the Board of Managers deems necessary or desirable in its reasonable discretion to effectuate the admission of such transferee as a Member and to confirm the agreement of such transferee or recipient to be bound by all the terms and provisions of this Agreement with respect to the

Membership Interests acquired by such transferee and (c) such transferee shall have executed and delivered an assignment and assumption agreement pursuant to Section 15.04 of the Put/Call, Registration Rights and Standstill Agreement.

SECTION 10.03. ALLOCATIONS AND DISTRIBUTIONS. Subject to applicable Treasury Regulations, upon the Transfer of all the Membership Interests of a Member as herein provided, the Profit or Loss of the Company attributable to the Membership Interests so transferred for the Fiscal Year during which such Transfer occurs shall be allocated between the transferor and transferee as of the date set forth on the written assignment, and such allocation shall be based upon any permissible method agreed to by the Members that is provided for in Code Section 706 and the Treasury Regulations issued thereunder. Except as otherwise expressly provided in Section 5.01 of the Put/Call, Registration Rights and Standstill Agreement, distributions shall be made to the holder of record of the Membership Interests on the date of distribution.

SECTION 10.04. RIGHT OF FIRST REFUSAL. (a) If a Member (the "Selling Member") shall desire to sell all (but not part) of its Membership Interests (which, for purposes of this Section 10.04, shall be deemed to include, in the case of Ashland, the Ashland LOOP/LOCAP Interest) pursuant to Section 10.01(c), then the Selling Member shall give notice (the "Offer Notice") to the other Member, identifying the proposed purchaser from whom it has received a bona fide offer and setting forth the proposed sale price (which shall be payable only in cash or purchase money obligations secured solely by the Membership Interests being sold) and the other material terms and conditions upon which the Selling Member is proposing to sell such Membership Interests to such proposed purchaser. No such sale shall encompass or be conditioned upon the sale or purchase of any property other than such Membership Interests (other than, in the case of Ashland, the Ashland LOOP/LOCAP Interest). The other Member shall have 30 days from receipt of the Offer Notice to elect, by notice to the Selling Member, to purchase the Membership Interests offered for sale on the terms and conditions set forth in the Offer Notice.

(b) If a Member makes such election, the notice of election shall state a closing date not later than 60 days after the date of the Offer Notice. If such Member breaches its obligation to purchase the Membership Interests of the Selling Member on the same terms and conditions as those contained in the Offer Notice after giving notice of its election to make such purchase (other than where such breach is due to circumstances beyond such Member's reasonable control), then, in addition to all other remedies available, the Selling Member may, at any time for a period of 270 days after such default, sell such Membership Interests to any person at any price and upon any other terms without further compliance with the procedures set forth in Section 10.04.

(c) If the other Member gives notice within the 30-day period following the Offer Notice from the Selling Member that it elects not to purchase the Membership Interests, the Selling Member may, within 120 days after the end of such 30-day period (or 270 days in the case where such parties have received a second request under HSR), sell such Membership Interests to the identified purchaser (subject to clause (iii) of Section 10.01(c)) on terms and conditions no less favorable to the Selling Member than the terms and conditions set forth in such Offer Notice. In the event the Selling Member shall desire to offer the Membership Interests for sale on terms and conditions less favorable to it than those previously set forth in an Offer Notice, the procedures set forth in this Section 10.04 must again be initiated and applied with respect to the terms and conditions as modified.

SECTION 10.05. RESTRICTION ON RESIGNATION OR WITHDRAWAL. Except in connection with a Transfer permitted pursuant to Section 10.01, neither Member shall resign or withdraw from the Company without the consent of the other Member. Any purported resignation or withdrawal from the Company in violation of this Section 10.05 shall be null and void and of no force or effect.

ARTICLE XI

Liability, Exculpation and Indemnification

SECTION 11.01. LIABILITY. Except as otherwise provided by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person.

SECTION 11.02. EXCULPATION. (a) No Covered Person shall be liable to the Company or any other Covered Person for any cost, expense, loss, damage, claim or liability incurred by reason of any act or omission performed or omitted by such Covered Person in such capacity, whether or not such person continues to be a Covered Person at the time of such cost, expense, loss, damage, claim or liability is incurred or imposed, if the Covered Person acted in good faith and in a manner the Covered Person reasonably believed to be in or not opposed to the best interests of the Company, and if, with respect to any criminal action or proceeding, such Covered Person had no reasonable cause to believe its conduct was unlawful, except that a Covered Person shall be liable for any such cost, expense, loss, damage, claim or liability incurred by reason of such Covered Person's breach of Section 12.02.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any person as to any matters the Covered Person reasonably believes are within such other

person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

SECTION 11.03. INDEMNIFICATION. (a) To the fullest extent permitted by Applicable Law, a Covered Person shall be entitled to indemnification from the Company for any reasonable cost and expense, loss, damage, claim or liability incurred by such Covered Person in connection with any pending, threatened or completed claim, action, suit or proceeding by reason of being a Covered Person or by reason of any act or omission performed or omitted by such Covered Person in such capacity, whether or not such person continues to be a Covered Person at the time such cost, expense, loss, damage, claim or liability is incurred or imposed, if the Covered Person (i) has been successful on the merits or otherwise with respect to such claim, action, suit or proceeding, or (ii) acted in good faith and in a manner the Covered Person reasonably believed to be in or not opposed to the best interests of the Company, and if, with respect to any criminal action or proceeding, such Covered Person had no reasonable cause to believe its conduct was unlawful, except that no Covered Person shall be entitled to be indemnified in respect of any such cost, expense, loss, damage, claim or liability incurred by such Covered Person by reason of such Covered Person's breach of Section 12.02 with respect to such acts or omissions; provided, however, that any indemnity under this Section 11.03 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account of such indemnification of any other Covered Person, and provided further that, in the case of officers, employees and agents of the Company, such right to indemnification shall be subject to any further limitations or requirements that may be adopted by the Board of Managers, provided such limitations or requirements were adopted prior to the events that gave rise to the claim for indemnification.

(b) Expenses incurred with respect to any claim, action, suit or proceeding of the character described in Section 11.03(a) shall be advanced to a Covered Person by the Company prior to the final disposition thereof, but the Covered Person shall be obligated to repay such advances if it is ultimately determined that the Covered Person is not entitled to indemnification under Section 11.03(a). As a condition to advancing expenses hereunder, the Company may require the Covered Person to sign a written instrument acknowledging his obligation to repay any advances hereunder if it is ultimately determined he is not entitled to such indemnity.

(c) Notwithstanding anything in this Section 11.03 to the contrary, no Covered Person shall be indemnified in respect of any claim, action, suit or proceeding initiated by such Covered Person or his personal or legal representative, or which involved the voluntary solicitation or intervention of such person or his personal or legal representative (other than an action to enforce indemnification rights hereunder or any action initiated with the approval of a majority of the Board of Managers).

(d) The rights of indemnification provided in this Section 11.03 shall be in addition to any other rights to which any Covered Person may otherwise be entitled to by contract or otherwise; and in the event of any Covered Person's death, such rights shall extend to such Covered Person's heirs and personal representatives.

ARTICLE XII

Fiduciary Duties

SECTION 12.01. DUTIES AND LIABILITIES OF COVERED PERSONS. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

SECTION 12.02. FIDUCIARY DUTIES OF MEMBERS OF THE COMPANY AND MEMBERS OF THE BOARD OF MANAGERS. Each Member and each member of the Board of Managers shall have the fiduciary duties of loyalty and care (similar to the fiduciary duties of loyalty and care of directors of a business corporation governed by the General Corporation Law of the State of Delaware) to the Company and all of the Members. Notwithstanding any provision of this Agreement to the contrary, each Member and each member of the Board of Managers agrees to and shall exercise good faith, fairness and loyalty to the Company and to all of the Members, and shall make all decisions in a manner that such Member or such member of the Board of Managers reasonably believes to be in the best interest of the Company and all of the Members. Notwithstanding the foregoing, this Section 12.02 is not intended to limit a Member's ability to exercise or enforce any of its rights and remedies under this Agreement and the other Transaction Documents in good faith, including, without limitation, Article IX of the Asset Transfer and Contribution Agreement.

ARTICLE XIII

Dispute Resolution Procedures

SECTION 13.01. GENERAL. All controversies, claims or

disputes between the Members or between the Company and either Member that arise out of or relate to this Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity of this Agreement, or the commercial, economic or other relationship of the parties hereto, whether such claim is based on rights, privileges or interests recognized by or based upon statute, contract, tort, common law or otherwise and whether such claim existed prior to or arises on or after January 1, 1998 (a "Dispute") shall be resolved in accordance with the provisions of this Article XIII (except as otherwise expressly provided in Sections 6.06 and 6.08). Notwithstanding anything to the contrary contained in this Article XIII, nothing in this Article XIII shall limit the ability of the directors and officers of either Member from communicating directly with the directors and officers of the other Member.

SECTION 13.02. DISPUTE NOTICE AND RESPONSE. Either Member may give the other Member written notice (a "Dispute Notice") of any Dispute which has not been resolved in the normal course of business. Within fifteen Business Days after delivery of the Dispute Notice, the receiving Member shall submit to the other Member a written response (the "Response"). The Dispute Notice and the Response shall each include (i) a statement setting forth the position of the Member giving such notice, a summary of the arguments supporting such position and, if applicable, the relief sought and (ii) the name and title of a senior manager of such Member who has authority to settle the Dispute and will be responsible for the negotiations related to the settlement of the Dispute (the "Senior Manager").

SECTION 13.03. NEGOTIATION BETWEEN SENIOR MANAGERS. (a) Within 10 days after delivery of the Response provided for in Section 13.02, the Senior Managers of both Members shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, and shall negotiate in good faith to attempt to resolve the Dispute that is the subject of such Dispute Notice. If such Dispute has not been resolved within 45 days after delivery of the Dispute Notice, then the Members shall attempt to settle the Dispute pursuant to Section 13.04.

(b) All negotiations between the Senior Managers pursuant to this Section 13.03 shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations which is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration or litigation.

SECTION 13.04. NEGOTIATION BETWEEN CHIEF EXECUTIVE OFFICER AND PRESIDENT. (a) If the Dispute has not been resolved by negotiation between the Senior Managers pursuant to Section 13.03, then within 10 Business Days after the expiration of the 45 day period provided in Section 13.03, the Chief Executive Officer of Ashland and the President of Marathon shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, and shall negotiate in good faith to attempt to resolve the Dispute that is the subject of such Dispute Notice. If such Dispute has not been resolved within 20 Business Days after the expiration of the 45 day period provided in Section 13.03, then (i) if the Dispute relates solely to (A) a claim by a Member or the Board of Managers that the other Member has failed to pay the Company a Designated Sublease Amount or an amount in respect of a Member-Funded Capital Expenditure, a Member-Funded Indemnity Expenditure or an Agreed Additional Capital Contribution required to be made by it pursuant to Section 4.02 (a "Disputed Capital Contribution Amount"), (B) the determination of any of the following amounts with respect to any period: distributions pursuant to Article V; the Aggregate Tax Rate; Adjusted DD&A; Adjusted EBITDA; EBITDA; Distributable Cash; the Average Annual Level and adjustments to Adjustable Amounts; the Normal Annual Capital Budget Amount; Ordinary Course Lease Expenses; Profit and Loss; the Tax Distribution Amount; the Tax Liability of any Member; and the determination of fair market value of property distributed in kind under Section 15.03, (C) the resolution of any dispute arising under Section 8.11(b) with respect to Affiliate Transactions or (D) the resolution of any dispute arising under Section 8.12 with respect to certain Affiliate Transactions related to Crude Oil Purchases and Shared Services (any Dispute relating to any of the matters set forth in clause (A), (B), (C) or (D) above being referred to herein as an "Arbitratable Dispute"), such Dispute shall be settled pursuant to the arbitration procedures set forth in Appendix B and (ii) if the Dispute does not relate primarily to an Arbitratable Dispute, each party hereto shall be permitted to take such actions at law or in equity as it is otherwise permitted to take or as may be available under Applicable Law.

(b) All negotiations between the Chief Executive Officer of Ashland and the President of Marathon pursuant to this Section 13.04 shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations which is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration or litigation.

SECTION 13.05. RIGHT TO EQUITABLE RELIEF PRESERVED. Notwithstanding anything in this Agreement or Appendix B to the contrary, either Member or the Company may at any time seek from any court of the United States located in the State of Delaware or from any Delaware state court, any interim, provisional or injunctive relief that may be necessary to protect the rights or property of such party or maintain the status quo before, during or after the pendency of the negotiation process or the arbitration proceeding or any other proceeding contemplated by Section 13.03 or 13.04.

Rights and Remedies with Respect to Monetary Disputes

SECTION 14.01. ABILITY OF COMPANY TO BORROW TO FUND DISPUTED MONETARY AMOUNTS. (a) If the Company or a Member on behalf of the Company (a "Non-Delinquent Member") claims that the other Member (a "Delinquent Member") owes the Company a monetary amount in respect of either (i) a Disputed Capital Contribution Amount or (ii) an indemnification obligation under Article IX of the Asset Transfer and Contribution Agreement that the Company or the Non-Delinquent Member claims the Delinquent Member owes the Company and is either (A) past due or (B) in dispute (a "Disputed Indemnification Amount") (each such claim described in clauses (i) and (ii) above being a "Monetary Dispute", and each such claimed amount being a "Disputed Monetary Amount"), and if (1) the Disputed Monetary Amount itself, or when added together all other Disputed Monetary Amounts, exceeds \$7.5 million; (2) the Board of Managers (by vote of a majority of the Representatives of the Non-Delinquent Member at a special or regular meeting of the Board of Managers (which majority shall constitute a quorum for purposes of the transaction of such business)) has determined that an out-of-pocket disbursement of such Disputed Monetary Amount or any portion thereof by the Company or one of its subsidiaries within the next twelve months is reasonably necessary for the operation and conduct of the Company's Business and, accordingly, that such amount should be paid within the next twelve months; (3) the aggregate amount of all Disputed Monetary Amounts (or portions thereof) that the Board of Managers shall have determined pursuant to clause (2) above should be paid within the next twelve months (such aggregate amount being the "Additional Required Cash Amount") exceeds \$7.5 million; (4) postponement by the Company or such subsidiary of such disbursement until such time as the Monetary Dispute is reasonably likely to be finally resolved pursuant to an arbitration proceeding in accordance with Appendix B to this Agreement or Appendix B to the Asset Transfer and Contribution Agreement, as applicable (an "Arbitration Proceeding"), would have, or would reasonably be expected to have, a Material Adverse Effect on the Company's Business; and (5) the Delinquent Member has not paid the Company the Disputed Monetary Amount pursuant to Section 14.02 or otherwise, then the Board of Managers (by vote of a majority of the Representatives of the Non-Delinquent Member at a special or regular meeting of the Board of Managers (which majority shall constitute a quorum for purposes of the transaction of such business)) shall be permitted to cause the Company to incur an amount of Indebtedness equal to such Additional Required Cash Amount, which Indebtedness may be borrowed from a third party or the Non-Delinquent Member.

(b) If the Non-Delinquent Member lends the Company the Additional Required Cash Amount pursuant to Section 14.01(a), then (i) the amount actually lent by the Non-Delinquent Member (the "Advanced Amount") and all accrued interest thereon shall be due and payable on the Arbitration Payment Due Date (provided that the Company shall be permitted to prepay the Advanced Amount in whole or in part at any time prior to such date); and (ii) the Advanced Amount shall bear interest at the Base Rate from the date on which such advance is made until the date that the Advanced Amount, together with all interest accrued thereon, is repaid to the Non-Delinquent Member.

SECTION 14.02. INTERIM PAYMENT OF DISPUTED MONETARY AMOUNT. In order to reduce the amount of liquidated damages that a Delinquent Member would be required to pay to the Company pursuant to Section 14.03 in the event that such Delinquent Member loses in an Arbitration Proceeding with respect to a Monetary Dispute, the Delinquent Member shall be permitted to pay the Company the related Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding. The Arbitration Tribunal or Sole Arbitrator, as applicable, shall not take into consideration in determining the liability of the Delinquent Member, a decision by such Delinquent Member to pay the Disputed Monetary Amount prior to the commencement of the Arbitration Proceeding.

SECTION 14.03. LIQUIDATED DAMAGES. (a) No Interim Payment of Disputed Monetary Amount--Delinquent Member is Found Liable for Final Monetary Amount. If (i) it is finally determined in an Arbitration Proceeding that a Delinquent Member owes the Company a monetary amount in respect of (A) a Disputed Capital Contribution Amount or (B) a Disputed Indemnification Amount (each such finally determined amount being a "Final Monetary Amount") and (ii) the Delinquent Member had not paid the Company the Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding pursuant to Section 14.02, then the Delinquent Member shall promptly, and in any event on or before the tenth Business Day following the date on which the Arbitration Tribunal or Sole Arbitrator makes its final determination (such tenth Business Day being the "Arbitration Payment Due Date"), pay to the Company (A) the Final Monetary Amount, together with interest, accrued from the commencement of the Arbitration Proceeding to the date that the Delinquent Member pays the Final Monetary Amount to the Company, on the Final Monetary Amount, at a rate per annum equal to (1) during the period from the commencement of the Arbitration Proceeding to the Arbitration Payment Due Date, the Prime Rate and (2) at any time thereafter, 150% of the Prime Rate, in each case, with daily accrual of interest, plus (B) an amount equal to 25% of the Final Monetary Amount.

(b) Interim Payment of Disputed Monetary Amount--Delinquent Member is Found Liable for the Same Amount. If (i) it is finally determined in an Arbitration Proceeding that a Delinquent Member owes the Company a Final Monetary Amount, (ii) the Final Monetary Amount is equal to the Disputed Monetary Amount and (iii) the Delinquent Member had paid the Company the Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding pursuant to Section 14.02, then if the Final Monetary Amount is equal to the Disputed Monetary Amount, the Delinquent Member shall not owe the Company any other amount in respect of the Monetary Dispute.

(c) Interim Payment of Disputed Monetary Amount--Delinquent Member is Found Liable for a Greater Amount. If (i) it is finally determined in an Arbitration Proceeding that a Delinquent Member owes the Company a Final Monetary Amount, (ii) the Final Monetary Amount is greater than the Disputed Monetary Amount and (iii) the Delinquent Member had paid the Company the Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding pursuant to Section 14.02, then the Delinquent Member shall promptly, and in any event on or before the Arbitration Payment Due Date, pay to the Company an amount (an "Additional Monetary Amount") equal to (A) the Final Monetary Amount less (B) the Disputed Monetary Amount, together with interest, accrued from the commencement of the Arbitration Proceeding to the date that the Delinquent Member pays the Additional Monetary Amount to the Company, on the Additional Monetary Amount, at a rate per annum equal to (1) during for the period from the commencement of the Arbitration Proceeding to the Arbitration Payment Due Date, the Prime Rate and (2) at any time thereafter, 150% of the Prime Rate, in each case, with daily accrual of interest.

(d) Interim Payment of Disputed Monetary Amount--Delinquent Member is Found Liable for a Lesser Amount. If (i) it is finally determined in an Arbitration Proceeding that a Delinquent Member owes the Company a Final Monetary Amount, (ii) the Final Monetary Amount is less than the Disputed Monetary Amount and (iii) the Delinquent Member had paid the Company the Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding, then the Company shall promptly, and in any event on or before the Arbitration Payment Due Date, repay to the Delinquent Member an amount (a "Refundable Amount") equal to (A) the Disputed Monetary Amount less (B) the Final Monetary Amount, together with interest, accrued from the commencement of the Arbitration Proceeding to the date that the Company repays the Refundable Amount to the Delinquent Member, on the Refundable Amount, at a rate per annum equal to (1) during the period from the commencement of the Arbitration Proceeding to the Arbitration Payment Due Date, the Prime Rate and (2) at any time thereafter, 150% of the Prime Rate, in each case, with daily accrual of interest.

(e) Interim Payment of Disputed Monetary Amount--Delinquent Member is Found Not Liable for Disputed Monetary Amount. If (i) it is finally determined in an Arbitration Proceeding that a Delinquent Member does not owe the Company the related Disputed Monetary Amount and (ii) the Delinquent Member had paid the Company the Disputed Monetary Amount prior to the commencement of such Arbitration Proceeding, then the Company shall promptly, and in any event on or before the Arbitration Payment Due Date, repay to the Delinquent Member an amount equal to the Disputed Monetary Amount, together with interest, accrued from the commencement of the Arbitration Proceeding to the date that the Company repays the Disputed Monetary Amount to the Delinquent Member, on the Disputed Monetary Amount, at a rate per annum equal to (A) during the period from the commencement of the Arbitration Proceeding to the Arbitration Payment Due Date, the Prime Rate and (B) at any time thereafter, 150% of the Prime Rate, in each case, with daily accrual of interest.

SECTION 14.04. RIGHT OF SET-OFF. Notwithstanding any provision to the contrary contained in this Agreement, if at the time of a Distribution Date a Delinquent Member has failed to pay the Company an amount that it was required pursuant to Section 14.03 to pay to the Company on or before such Distribution Date, then on such Distribution Date, the Company shall be permitted to set off from the distribution that it would otherwise be required to make to such Delinquent Member pursuant to Section 5.01 on such Distribution Date, an amount equal to such unpaid amount. If the amount of the distribution that such Delinquent Member was otherwise entitled to receive pursuant to Section 5.01 on such Distribution Date is less than the aggregate amount that such Delinquent Member owes to the Company pursuant to Section 14.03, then the Company shall be permitted to set off from subsequent distributions that it would otherwise make to such Delinquent Member pursuant to Section 5.01 the remaining unpaid amount until such time as such remaining unpaid amount shall have been paid in full. A Delinquent Member's interest in distributions to be made to such Delinquent Member pursuant to Section 5.01 shall be reduced by any amount set off by the Company against such distributions pursuant to this Section 14.04(a).

SECTION 14.05. SECURITY INTEREST. (a) Each Member hereby agrees that if (i) it has failed to pay the Company an amount that it was required to pay to the Company pursuant to Section 14.03 on or prior to the related Arbitration Payment Due Date, and (ii) the Board of Managers (by vote of a majority of the Representatives of the other Member at a special or regular meeting of the Board of Managers (which majority shall constitute a quorum for purposes of the transaction of such business) so requests, such Member shall (A) on the Business Day next following such Arbitration Payment Due Date, grant to the Company, as security for the performance of its obligation to pay the Company such amount owed (but for no other amount), a first priority security interest in its Membership Interests and the proceeds thereof (a "Security Interest"), all under the Uniform Commercial Code of the State of Delaware and (ii) promptly thereafter, execute and deliver to the Company all financing statements and other instruments that the Board of Managers (by vote of a majority of the Representatives of the other Member at a special or regular meeting of the Board of Managers (which majority shall constitute a quorum for purposes of the transaction of such business)) may request to effectuate and carry out the preceding provisions of this Section 14.05(a). The Company shall be entitled to all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Delaware with respect to any Security Interest granted by such Member. At the option of the Company, this Agreement or a carbon, photographic, or other copy hereof may serve as a financing statement with respect to any such Security Interest. For purposes of perfecting a Security Interest, a Member's Membership Interests shall be deemed to be a "security" governed by Chapter 8 of the Delaware

(b) If the Company incurs Indebtedness pursuant to Section 14.01 by borrowing from a Non-Delinquent Member, the Company shall be permitted to assign all its rights with respect to a Security Interest granted to it pursuant to Section 14.05(a) to such Non-Delinquent Member as security for such Indebtedness; provided that such Non-Delinquent Member shall not be permitted to assign such Security Interest to a third party.

ARTICLE XV

Dissolution and Termination

SECTION 15.01. DISSOLUTION. The Company shall be dissolved and its business and affairs wound up upon the earliest to occur of any one of the following events:

(a) the expiration of the Term of the Company;

(b) the sale or other disposition of all or substantially all the property of the Company;

(c) the written consent of both Members;

(d) the unanimous agreement of all Representatives on the Board of Managers;

(e) the bankruptcy, involuntary liquidation or dissolution of either Member; or

(f) the entry of a decree of judicial dissolution pursuant to Section 18-802 of the Delaware Act.

The bankruptcy, involuntary liquidation or dissolution of a Member shall cause a Member to cease to be a member of the Company. Notwithstanding the foregoing, the Company shall not be dissolved and its business and affairs shall not be wound up upon the occurrence of any event specified in (i) clause (e) above if within 90 days after the date on which such event occurs, the remaining Member elects in writing to continue the business of the Company or (ii) clause (a) above if a Non-Terminating Member purchases the Membership Interests of the Terminating Member pursuant to its Special Termination Right. Except as provided in this paragraph and Section 15.01(e), and to the fullest extent permitted by the Delaware Act, the occurrence of an event that causes a Member to cease to be a member of the Company shall not cause the Company to be dissolved or its business or affairs to be wound up, and upon the occurrence of such an event, the business of the Company shall continue without dissolution.

SECTION 15.02. WINDING UP OF COMPANY. Upon dissolution, the Company's business shall be liquidated in an orderly manner. The Board of Managers shall act as the liquidating trustee (unless the Board of Managers elects to appoint a liquidating trustee) to wind up the affairs of the Company pursuant to this Agreement. In performing its duties, the liquidating trustee is authorized to sell, distribute, exchange or otherwise dispose of the assets of the Company in accordance with the Delaware Act and in any reasonable manner that the liquidating trustee shall determine to be in the best interest of the Members or their successors-in-interest.

SECTION 15.03. DISTRIBUTION OF PROPERTY. In the event the Board of Managers determines that it is necessary in connection with the liquidation of the Company to make a distribution of property in kind, such property shall be transferred and conveyed to the Members so as to vest in each of them as a tenant in common an undivided interest in the whole of such property equal to their interests in the property based upon the amount of cash that would be distributed to each of the Members in accordance with Article V if such property were sold for an amount of cash equal to the fair market value of such property, as determined and approved by the Board of Managers pursuant to a vote in accordance with Section 8.07(b).

SECTION 15.04. TIME LIMITATION. Any liquidating distribution pursuant to this Article XV shall be made no later than the later of (a) the end of the taxable year during which such liquidation occurs and (b) 90 days after the date of such liquidation.

SECTION 15.05. TERMINATION OF COMPANY. The Company shall terminate when all assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for in this Agreement, and the Certificate of Formation shall have been canceled in the manner provided by the Delaware Act.

ARTICLE XVI

Miscellaneous

SECTION 16.01. NOTICES. Any notice, consent or approval to be given under this Agreement shall be in writing and shall be deemed to have been given if delivered: (i) personally by a reputable courier service that requires a signature upon delivery; (ii) by mailing the same via registered or certified first-class mail, postage prepaid, return receipt requested; or (iii) by telecopying the same with receipt confirmation (followed by a first-class mailing of the same) to the intended recipient. Any such writing will be deemed to have been given: (a) as of the date of personal delivery via courier as described above; (b) as of the third

calendar day after depositing the same into the custody of the postal service as evidenced by the date-stamped receipt issued upon deposit of the same into the mails as described above; and (c) as of the date and time electronically transmitted in the case of telecopy delivery as described above, in each case addressed to the intended party at the address set forth below:

To the Board of Managers:

Marathon Ashland Petroleum LLC
539 South Main Street
Findlay, Ohio 45840
Attn: General Counsel
Phone: (419) 422-2121
Fax: (419) 421-4115

To Marathon:

Marathon Oil Company
5555 San Felipe
P.O. Box 3128
Houston, TX 77056-2723
Attn: General Counsel
Phone: (713) 296-4137
Fax: (713) 296-4171

To Ashland:

Ashland Inc.
50 E. RiverCenter Boulevard
P.O. Box 391
Covington, KY 41012-0391
Attn: General Counsel
Phone: (606) 815-4711
Fax: (606) 815-3823

Any party may designate different addresses or telecopy numbers by notice to the other parties.

SECTION 16.02. MERGER AND ENTIRE AGREEMENT. This Agreement (including the Exhibits, Schedules and Appendices attached hereto), together with the other Transaction Documents (including the exhibits, schedules and appendices thereto) and certain other agreements executed contemporaneously with the Master Formation Agreement constitutes the entire Agreement of the parties hereto and supersedes any prior understandings, agreements, or representations by or among the parties hereto, written or oral, to the extent they relate in any way to the subject matter hereof.

SECTION 16.03. ASSIGNMENT. A party hereto shall not assign all or any of its rights, obligations or benefits under this Agreement to any third party otherwise than (i) in connection with a Transfer of its Membership Interests pursuant to Article X, (ii) with the prior written consent of the other party hereto, which consent may be withheld in such party's sole discretion, (iii) the granting by a Member of a Security Interest to the Company pursuant to Section 14.05 or (iv) pursuant to Article V of the Put/Call, Registration Rights and Standstill Agreement, and any attempted assignment not in compliance with this Section 16.03 shall be void ab initio.

SECTION 16.04. PARTIES IN INTEREST. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, legal representatives and permitted assigns.

SECTION 16.05. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 16.06. AMENDMENT; Waiver. This Agreement may not be amended except in a written instrument signed by each of the parties hereto and expressly stating it is an amendment to this Agreement. Any failure or delay on the part of any party hereto in exercising any power or right hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder or otherwise available at law or in equity.

SECTION 16.07. SEVERABILITY. If any term, provision, covenant, or restriction of this Agreement or the application thereof to any person or circumstance, at any time or to any extent, is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement (or the application of such provision in other jurisdictions or to persons or circumstances other than those to which it was held invalid or unenforceable) shall in no way be affected, impaired or invalidated, and to the extent permitted by Applicable Law, any such term, provision, covenant or restriction shall be restricted in applicability or reformed to the minimum extent required for such to be enforceable. This provision shall be interpreted and enforced to give effect to the original written intent of the parties hereto prior to the determination of such invalidity or unenforceability.

SECTION 16.08. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH SECTION 18-1101 OF THE DELAWARE ACT. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING OUT OF THIS AGREEMENT, OR ANY TRANSACTION OR CONDUCT IN CONNECTION HERewith, IS WAIVED.

SECTION 16.09. ENFORCEMENT. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Chancery Court; provided that if the Delaware Chancery Court does not have jurisdiction with respect to such matter, the parties hereto shall be entitled to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Delaware or in Delaware state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the Delaware Chancery Court in the event that any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement; provided that if the Delaware Chancery Court does not have jurisdiction with respect to any such dispute, such party consents to submit itself to the personal jurisdiction of any Federal court located in the State of Delaware or any Delaware state court, (ii) agrees to appoint and maintain an agent in the State of Delaware for service of legal process, (iii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iv) agrees that it will not plead or claim in any such court that any action relating to this Agreement or any of the transactions contemplated by this Agreement in any such court has been brought in an inconvenient forum and (v) agrees that it will not initiate any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than (1) the Delaware Chancery Court, or (2) if the Delaware Chancery Court does not have jurisdiction with respect to such action, a Federal court sitting in the State of Delaware or a Delaware state court.

SECTION 16.10. CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or of any Member.

SECTION 16.11. NO BILL FOR ACCOUNTING. In no event shall either Member have any right to file a bill for an accounting or any similar proceeding.

SECTION 16.12. WAIVER OF PARTITION. Each Member hereby waives any right to partition of the Company property.

SECTION 16.13. TABLE OF CONTENTS, HEADINGS AND TITLES. The table of contents and section headings of this Agreement and titles given to Exhibits and Schedules to this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

SECTION 16.14. USE OF CERTAIN TERMS; RULES OF CONSTRUCTION. As used in this Agreement, the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Each party hereto agrees that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation or construction of this Agreement or any Transaction Document.

SECTION 16.15. HOLIDAYS. Notwithstanding any deadline for payment, performance, notice or election under this Agreement, if such deadline falls on a date that is not a Business Day, then the deadline for such payment, performance, notice or election will be extended to the next succeeding Business Day.

SECTION 16.16. THIRD PARTIES. Nothing herein expressed or implied is intended or shall be construed to confer upon or give any person and their respective successors, legal representatives and permitted assigns any rights, remedies or basis for reliance upon, under or by reason of this Agreement.

SECTION 16.17. LIABILITY FOR AFFILIATES. Except where and to the extent that a contrary intention otherwise appears, where a Member undertakes to cause its Affiliates to take or abstain from taking any action, such undertaking shall mean (i) in the case of any Affiliate that is controlled by such Member, that such Member shall cause such Affiliate to take or abstain from taking such action and (ii) in the case of an Affiliate that controls or is under common control with such Member, that such Member shall use its commercially reasonable best efforts to cause such Affiliates to take or abstain from taking such action; provided, however, that such Member shall not be required to violate, or cause any director of such Affiliate to violate, any fiduciary duty to minority shareholders of such Affiliate.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Members as of the day and year first above written.

MARATHON OIL COMPANY

By:
Name: Victor G. Beghini

Title: President

ASHLAND INC.

By:

Name: Paul W. Chellgren

Title: Chairman of the Board and Chief Executive
Officer

=====

PUT/CALL, REGISTRATION RIGHTS

AND

STANDSTILL AGREEMENT

Dated as of January 1, 1998

among

MARATHON OIL COMPANY,

USX CORPORATION,

ASHLAND INC.

and

MARATHON ASHLAND PETROLEUM LLC

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APPENDIX A Certain Definitions

SCHEDULE 1.03(c) Conflicts
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PUT/CALL, REGISTRATION RIGHTS AND STANDSTILL AGREEMENT dated as of January 1, 1998 by and among MARATHON OIL COMPANY, an Ohio corporation ("Marathon"), USX CORPORATION, a Delaware corporation ("USX"), ASHLAND INC., a Kentucky corporation ("Ashland"), and MARATHON ASHLAND PETROLEUM LLC, a Delaware limited liability company (the "Company").

Preliminary Statement

WHEREAS Marathon and Ashland have previously entered into a Master Formation Agreement dated as of December 12, 1997, relating to the formation of the Company, which will own and operate certain of Marathon's and Ashland's respective petroleum supply, refining, marketing, and transportation businesses;

WHEREAS Marathon and Ashland have previously entered into an Asset Transfer and Contribution Agreement dated as of December 12, 1997, pursuant to which, among other things, Marathon and Ashland will transfer their respective Businesses (as defined below) to the Company;

WHEREAS Marathon, USX and Ashland have previously entered into a Parent Agreement dated as of December 12, 1997;

WHEREAS Marathon and Ashland have entered into an LLC Agreement dated as of the date hereof in order to establish the rights and responsibilities of each of them with respect to the governance, financing and operation of the Company;

WHEREAS Marathon and Ashland have agreed that under certain circumstances, Ashland will sell to Marathon and Marathon will purchase from Ashland all of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest (each as defined below), upon the terms and subject to the conditions set forth herein;

WHEREAS Marathon and Ashland have agreed that if Marathon or Ashland elects to terminate the Term of the Company pursuant to Section 2.03 of the LLC Agreement, then the non-terminating Member shall have the right to purchase from the terminating Member all of the terminating Member's Membership Interests, upon the terms and subject to the conditions set forth herein;

WHEREAS Marathon and USX have agreed that Marathon and USX will grant Ashland certain registration rights with respect to any Securities (as defined below) that Marathon or USX issues to Ashland pursuant to this Agreement in connection with the purchase by Marathon of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest, upon the terms and subject to the conditions set forth herein;

WHEREAS Marathon and USX have agreed to certain restrictions with respect to actions relating to Ashland Voting Securities (as defined below), upon the terms and subject to the conditions set forth herein;

WHEREAS Ashland has agreed to certain restrictions with respect to actions relating to USX Voting Securities (as defined below), upon the terms and subject to the conditions set forth herein; and

WHEREAS Marathon, USX and Ashland have agreed to certain restrictions with respect to certain of their business activities, upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

Certain Definitions; Adjustable Amounts;
Representations and Warranties

SECTION 1.01. Definitions. Defined terms used in this Agreement shall have the meanings ascribed to them by definition in this Agreement or in Appendix A. In addition,

when used herein the following terms have the following meanings:

"Actively Traded Marathon Equity Securities" means Marathon Equity Securities for which there is an active trading market on the National Market System of the NASDAQ or on a National Securities Exchange during the period commencing 30 days prior to the Closing Date or applicable Installment Payment Date and ending on the Closing Date or such Installment Payment Date.

"Adjustable Amount" has the meaning set forth in Section 1.02.

"Adjustable Amounts Notice" has the meaning set forth in Section 1.02.

"Adjustment Year" has the meaning set forth in Section 1.02.

"Agreement" means this Put/Call, Registration Rights, and Standstill Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Appraised Value Determination Date" has the meaning set forth in Section 6.01(c).

"Appraised Value of the Company" has the meaning set forth in Section 6.01(c).

"Ashland Designated Sublease Agreements" means the Ashland Sublease Agreements attached as Exhibits L-1, L-2, L-3 and L-4 to the Asset Transfer and Contribution Agreement.

"Ashland Exercise Period Distributions" has the meaning set forth in Section 5.01(a) (i).

"Ashland LOOP/LOCAP Interest" means (i) the 4.0% interest in LOOP LLC owned by Ashland on the date hereof pursuant to the limited liability company agreement of LOOP LLC dated as of October 18, 1996, among Ashland, Marathon Pipe Line Company, Murphy Oil Corporation, Shell Oil Company and Texaco Inc. and (ii) the 86.20 shares of common stock of LOCAP, Inc. owned by Ashland, which shares on the date hereof represent an 8.6% interest in LOCAP, Inc.; provided

that in the event there is a reclassification of the LOOP, LLC membership interests or the common stock of LOCAP, Inc. into one or more different types or classes of securities, the "Ashland LOOP/LOCAP Interest" shall instead include such different types or classes of securities.

"Ashland LOOP/LOCAP Irrevocable Proxy" has the meaning set forth in Section 9.02(e).

"Ashland LOOP/LOCAP Revocable Proxy" has the meaning set forth in Section 5.02(c).

"Ashland Material Adverse Effect" means, for purposes of Section 1.03, either (i) a material adverse effect on the ability of Ashland to perform its obligations under this Agreement or (ii) an effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of Ashland's Business which results in a Loss of two million dollars (\$2,000,000) or more, or, if such Loss is not susceptible to being measured in monetary terms, is otherwise materially adverse to Ashland's Business; provided that any such effect relating to or resulting from any change in the price of petroleum or petroleum byproducts, general economic conditions or local, regional, national or international industry conditions (including changes in financial or market conditions) shall be deemed not to constitute an Ashland Material Adverse Effect.

"Ashland Membership Interests" means the initial Membership Interests of Ashland on the date hereof, together with any additional Membership Interests that Ashland may hereafter acquire.

"Ashland Put Exercise Date" has the meaning set forth in Section 4.03.

"Ashland Put Exercise Notice" has the meaning set forth in Section 4.03.

"Ashland Put Price" has the meaning set forth in Section 4.01.

"Ashland Put Price Election Date" has the meaning set forth in Section 4.04(b).

"Ashland Put Price Election Notice" has the meaning set forth in Section 4.04(a).

"Ashland Put Right" has the meaning set forth in Section 4.01.

"Ashland Representatives Revocable Proxies" has the meaning set forth in Section 5.02(a).

"Ashland Special Termination Right" means the Special Termination Right granted to Ashland pursuant to Section 2.01.

"Ashland Voting Securities" means the securities of Ashland (i) having the power under ordinary circumstances to elect at least a majority of the board of directors of Ashland (whether or not any senior class of stock has voting power by reason of any contingency) or (ii) convertible into or exchangeable for securities of Ashland having the power under ordinary circumstances to elect at least a majority of the board of directors of Ashland (whether or not any senior class of stock has voting power by reason of any contingency).

"Average Annual Level" means for any twelve-month period ending on December 31 of any calendar year, the average of the level of the Price Index ascertained by adding the twelve monthly levels of the Price Index during such twelve-month period and dividing the total by twelve.

"Base Level" has the meaning set forth in the LLC Agreement.

"Base Rate" means a rate of interest closely approximating that of comparable term senior debt securities or debt obligations priced to trade at par issued by USX or issued by Marathon and fully guaranteed by USX, or issued by a firm of comparable credit standing.

"Blackout Period" has the meaning set forth in Section 10.01(b).

"Bulge Bracket Investment Banking Firm" means an investment banking firm that is listed as one of the top 10 investment banking firms for all domestic equity issues in terms of the aggregate dollar amount of such issues (with full credit given to the lead manager) as reported in the

latest issue of Investment Dealers' Digest or a publication (or otherwise) of similar national repute which provides rankings of investment banking firms by size of domestic issues.

"Bulk Motor Oil Business" has the meaning set forth in Section 14.03(h).

"Cash" means United States dollars or immediately available funds in United States dollars.

"Closing" has the meaning set forth in Section 9.01(a).

"Closing Date" has the meaning set forth in Section 9.01(a).

"Commission" means the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

"Company Competitive Business" has the meaning set forth in Section 14.01(a).

"Company Competitive Business Assets" has the meaning set forth in Section 14.01(d).

"Company Competitive Third Party" has the meaning set forth in Section 14.01(d).

"Company Material Adverse Effect" means, for purposes of Section 1.03, an effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of the Company's Business which results in a Loss of two million dollars (\$2,000,000) or more, or, if such Loss is not susceptible to being measured in monetary terms, is otherwise materially adverse to the Company's Business; provided that any such effect relating to or resulting from any change in the price of petroleum or petroleum byproducts, general economic conditions or local, regional, national or international industry conditions (including changes in financial or market conditions) shall be deemed not to constitute a Company Material Adverse Effect.

"Competitive Business Purchase Price" has the meaning set forth in Section 14.04.

"Confidential Information" has the meaning set forth in Section 14.02(b).

"Confidentiality Agreement" has the meaning set forth in Section 14.02(b).

"Delayed Closing Date" has the meaning set forth in Section 9.03(b).

"Delayed Closing Date Interest Period" has the meaning set forth in Section 9.03(b).

"Delayed Installment Payment Date" has the meaning set forth in Section 9.06.

"Delayed Installment Payment Date Interest Period" has the meaning set forth in Section 9.06.

"Demand Registration" has the meaning set forth in Section 10.01(a).

"Designated Sublease Agreements" means the Ashland Designated Sublease Agreements and the Marathon Designated Sublease Agreements.

"Disclosing Party" has the meaning set forth in Section 14.02(b).

"Dispute" has the meaning set forth in Section 16.01.

"Dispute Notice" has the meaning set forth in Section 16.02.

"Distributable Cash" has the meaning set forth in the LLC Agreement.

"Escrow Account" has the meaning set forth in Section 5.01(a)(ii)(B).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Date" means the Special Termination Exercise Date, the Marathon Call Exercise Date or the Ashland Put Exercise Date, as applicable.

"Exercise Period Distributions" means Ashland Exercise Period Distributions or Marathon Exercise Period Distributions, as applicable.

"Fair Market Value" has the meaning set forth in Section 7.01.

"14.01(d) Presentation Meeting" has the meaning set forth in Section 14.01(d).

"14.01(d) Scheduled Closing Date" has the meaning set forth in Section 14.01(d).

"14.03(d) Offer Notice" has the meaning set forth in Section 14.03(d).

"14.03(d) Purchase Election Notice" has the meaning set forth on Section 14.03(d).

"14.03(d) Scheduled Closing Date" has the meaning set forth in Section 14.03(d).

"14.03(f) Offer Notice" has the meaning set forth in Section 14.03(f) (i).

"14.03(f) Purchase Election Notice" has the meaning set forth in Section 14.03(f) (i).

"14.04 Appraisal Process Commencement Date" has the meaning set forth in Section 14.04.

"14.04 Appraisal Report" has the meaning set forth in Section 14.04.

"14.04 Initial Opinion Values" has the meaning set forth in Section 14.04.

"14.04 Subsequent Appraisal Process Commencement Date" has the meaning set forth in Section 14.04.

"14.04 Third Opinion Value" has the meaning set forth in Section 14.04.

"Fully Distributed Sale" has the meaning set forth in Section 8.04.

"Holding Period" has the meaning set forth in Section 8.03.

"Installment Payment" has the meaning set forth in Section 4.02(b).

"Installment Payment Date" means a Scheduled Installment Payment Date or a Delayed Installment Payment Date, as applicable.

"Investment Grade Rating" means a rating of BBB- or higher by S&P or Baa3 or higher by Moody's or the equivalent of such rating by S&P and Moody's.

"Issuer" has the meaning set forth in Section 10.01(a).

"Issuer Material Adverse Effect" means either (i) a material adverse effect on the ability of the Issuer to perform its obligations under this Agreement or (ii) a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of the Issuer and its subsidiaries, taken as a whole; provided, however, that any such effect relating to or resulting from any change in the price of petroleum or petroleum byproducts, general economic conditions or local, regional, national or international industry conditions (including changes in financial or market conditions) or any change in applicable tax laws or regulations shall be deemed not to constitute an Issuer Material Adverse Effect.

"LIBOR Rate" means, for any one-month period or portion thereof, the per annum rate (rounded to the nearest 1/10,000 of 1%) for U.S. dollar deposits for such one-month period which appears on Bloomberg Page DG522a Equity GPGX as of 11:00 a.m. London time on the second London business day preceding the first day of such one-month period. "Bloomberg Page DG522a Equity GPGX" means the display page designated "DG522a Equity GPGX" on the Bloomberg, L.P. quotation service (or replacement page or successor service for displaying comparable rates).

"Losses" has the meaning set forth in Section 10.04.

"Long Term Debt" means Indebtedness with a maturity of one year or longer.

"Maralube Express Business" has the meaning set forth in Section 14.03(d) (i).

"Marathon Call Exercise Date" has the meaning set forth in Section 3.03.

"Marathon Call Exercise Notice" has the meaning set forth in Section 3.03.

"Marathon Call Price" has the meaning set forth in Section 3.01.

"Marathon Call Right" has the meaning set forth in Section 3.01.

"Marathon Debt Securities" has the meaning set forth in Section 8.01.

"Marathon Designated Sublease Agreements" means the Marathon Sublease Agreements attached as Exhibits E-1, E-2 and E-3 to the Asset Transfer and Contribution Agreement.

"Marathon Equity Securities" means any of (i) the class of common stock of USX designated as USX-Marathon Group Common Stock, par value \$1.00 per share, (ii) the class of common equity securities of Marathon or, if USX has transferred all of the assets and liabilities of the Marathon Group to a Marathon Group Subsidiary (as such term is defined in the Certificate of Incorporation of USX) pursuant to Section 2(a) of Division I of Article Fourth of the Certificate of Incorporation of USX and the Board of Directors of USX has declared that all of the outstanding shares of USX-Marathon Group Common Stock be exchanged for shares of common stock of the Marathon Group Subsidiary, the Marathon Group Subsidiary; provided, that so long as Marathon shall be a subsidiary of USX, such common equity securities shall constitute Marathon Equity Securities only if such class accounts for USX's primary ownership interest in Marathon, or (iii) the common equity securities of USX (but only if a single class of common equity securities of USX exists), in each case (1) registered pursuant to Section 12 of the Exchange Act and (2) issued to Ashland pursuant to Section 4.02(c); provided that in the event there is a

reclassification of any of the foregoing classes of common stock into one or more different types or classes of securities, "Marathon Equity Securities" shall instead include such different types or classes of securities.

"Marathon Exercise Period Distributions" has the meanings set forth in Section 5.01(b) (i).

"Marathon Material Adverse Effect" means, for purposes of Section 1.03, either (i) a material adverse effect on the ability of Marathon to perform its obligations under this Agreement or (ii) an effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of Marathon's Business which results in a Loss of two million dollars (\$2,000,000) or more, or, if such Loss is not susceptible to being measured in monetary terms, is otherwise materially adverse to Marathon's Business; provided that any such effect relating to or resulting from any change in the price of petroleum or petroleum byproducts, general economic conditions or local, regional, national or international industry conditions (including changes in financial or market conditions) shall be deemed not to constitute a Marathon Material Adverse Effect.

"Marathon Membership Interests" means the initial Membership Interests of Marathon on the date hereof, together with any additional Membership Interests that Marathon may hereafter acquire.

"Marathon Representatives Revocable Proxies" has the meaning set forth in Section 5.02(b).

"Marathon Special Termination Right" means the Special Termination Right granted to Marathon pursuant to Section 2.01.

"Market Value of the Company" has the meaning set forth in Section 6.01(c).

"Maximum Offering Size" has the meaning set forth in Section 10.01(e).

"Mid-Level Employee" has the meaning set forth in Section 14.02(a) (ii).

"Minimum Lube Oil Purchase Amount" has the meaning set forth in Section 14.03(h).

"Moody's" means Moody's Investors Service Inc. and any successor thereto.

"National Securities Exchange" means a securities exchange registered as a national securities exchange under Section 6 of the Exchange Act.

"9.04(b) Post-Scheduled Closing Date Distribution Amount" has the meaning set forth in Section 9.04(b).

"9.08(b) Post-Scheduled Closing Date Distribution Amount" has the meaning set forth in Section 9.08(b).

"Non-Terminating Member" has the meaning set forth in Section 2.01(a).

"Offering Memorandum" means any offering memorandum prepared in connection with a sale of Securities effected in accordance with Section 4(2) or Rule 144A under the Securities Act, including all amendments and supplements to such offering memorandum, all exhibits thereto and all materials incorporated by reference in such offering memorandum.

"Other Holders" has the meaning set forth in Section 10.01(e).

"Packaged Motor Oil Business" has the meaning set forth in Section 14.03(h).

"Percentage Interest" has the meaning set forth in the LLC Agreement.

"Permitted Investments" means any of the following: (i) any investment in direct obligations of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof; (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits

aggregating in excess of \$250,000,000 (or the foreign currency equivalent thereof) and whose Long Term debt is rated "A" (or higher) by Moody's or S&P; (iii) repurchase agreements having terms of not more than 30 days that are (A) collateralized by underlying securities of the types described in clause (i) above having a fair market value at the time the Company enters into such repurchase agreements of at least 102% of the principal amount of such repurchase agreements and (B) entered into with a bank meeting the qualifications described in clause (ii) above; (iv) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of any of the parties hereto) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of both "P-1" (or higher) according to Moody's and "A-1" (or higher) according to S&P; and (v) investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's.

"Price Index" has the meaning set forth in the LLC Agreement.

"Private Label Packaged Motor Oil Business" has the meaning set forth in Section 14.03(h).

"Qualifying Public Offering" has the meaning set forth in Section 8.04.

"Quick Lube Business" has the meaning set forth in Section 14.03(h).

"Registration Statement" means any registration statement under the Securities Act which permits the public offering of Securities, including the prospectus included therein, all amendments and supplements to such registration statement or prospectus, including post-effective amendments, all exhibits thereto and all materials incorporated by reference in such registration statement.

"Representatives" has the meaning set forth in Section 14.02(b).

"Response" has the meaning set forth in Section 16.02.

"Required Disclosure" has the meaning set forth in Section 7.03(a).

"Required Disclosure Date" has the meaning set forth in Section 7.03(a).

"Scheduled Closing Date" has the meaning set forth in Section 9.01(a).

"Scheduled Installment Payment Date" has the meaning set forth in Section 4.02(b).

"Securities" means Marathon Debt Securities and/or Marathon Equity Securities.

"Securities Act" means the Securities Act of 1933.

"Securities Document" has the meaning set forth in Section 8.02.

"Senior Employee" has the meaning set forth in Section 14.02(a)(ii).

"S&P" means Standard & Poor's Corporation and any successor thereto.

"7.03(b) Appraisal Process Commencement Date" has the meaning set forth in Section 7.03(b).

"7.03(b) Appraisal Report" has the meaning set forth in Section 7.03(b).

"7.03(b) Discount Amount" has the meaning set forth in Section 7.03(b).

"7.03(b) Initial Opinion Values" has the meaning set forth in Section 7.03(b).

"7.03(b) Subsequent Appraisal Process Commencement Date" has the meaning set forth in Section 7.03(b).

"7.03(b) Third Opinion Value" has the meaning set forth in Section 7.03(b).

"7.04 Appraisal Process Commencement Date" has the meaning set forth in Section 7.04(b).

"7.04 Appraisal Report" has the meaning set forth in Section 7.04(b).

"7.04 Discount Amount" has the meaning set forth in Section 7.04(b).

"7.04 Initial Opinion Values" has the meaning set forth in Section 7.04(b).

"7.04 Subsequent Appraisal Process Commencement Date" has the meaning set forth in Section 7.04(b).

"7.04 Third Opinion Value" has the meaning set forth in Section 7.04(b).

"6.01 Appraisal Process Commencement Date" has the meaning set forth in Section 6.01(b).

"6.01 Appraisal Report" has the meaning set forth in Section 6.01(b).

"6.01 Initial Opinion Values" has the meaning set forth in Section 6.01(b).

"6.01 Subsequent Appraisal Process Commencement Date" has the meaning set forth in Section 6.01(b).

"6.01 Third Opinion Value" has the meaning set forth in Section 6.01(b).

"Special Termination Exercise Date" has the meaning set forth in Section 2.03.

"Special Termination Exercise Notice" has the meaning set forth in Section 2.03.

"Special Termination Price" has the meaning set forth in Section 2.01(a).

"Special Termination Right" has the meaning set forth in Section 2.01(a).

"Tax Liability" has the meaning set forth in the LLC Agreement.

"Tax Liability Distributions" means the cash distributions to which a Member is entitled pursuant to Section 5.01(a) of the LLC Agreement.

"Terminating Member" has the meaning set forth in Section 2.01(a).

"Terminating Member's Membership Interests" means, if Ashland is the Terminating Member, the Ashland Membership Interests and, if Marathon is the Terminating Member, the Marathon Membership Interests.

"Terminating Member's Percentage Interest" means, if Ashland is the Terminating Member, the Ashland Percentage Interest and, if Marathon is the Terminating Member, the Marathon Percentage Interest.

"Termination Notice" has the meaning set forth in Section 2.01(a).

"Trading Day" means any day on which the New York Stock Exchange is open for business.

"Underwritten Public Offering" means an underwritten public offering of Securities pursuant to an effective Registration Statement under the Securities Act.

"USX Material Adverse Effect" means, for purposes of Section 1.03, a material adverse effect on the ability of USX to perform its obligations under this Agreement.

"USX Voting Securities" means the securities of USX (i) having the power under ordinary circumstances to elect at least a majority of the board of directors of USX (whether or not any senior class of stock has voting power by reason of any contingency) or (ii) convertible into or exchangeable for securities of USX having the power under ordinary circumstances to elect at least a majority of the board of directors of USX (whether or not any senior class of stock has voting power by reason of any contingency); provided, that each class of common equity securities of USX, and any securities of USX convertible into or exchangeable for any such class, shall constitute USX Voting Securities regardless of whether such class has the power under ordinary circumstances to elect at least a majority of the board of directors of USX.

"Valvoline" has the meaning set forth in Section 14.03(h).

"Valvoline Business" has the meaning set forth in Section 14.03(h).

"Valvoline Competitive Business Assets" has the meaning set forth in Section 14.03(d).

"Valvoline Competitive Third Party" has the meaning set forth in Section 14.03(d).

"Weighted Average Price" has the meaning set forth in Section 7.03(a).

SECTION 1.02. Adjustable Amounts. Within 30 days following the date on which the United States Department of Labor Bureau of Labor Statistics for all Urban Areas publishes the Price Index for (a) the month of December, 2002 and (b) thereafter, the month of December in each five year anniversary of the year 2002 (the year 2002 and each such five year anniversary being an "Adjustment Year"), the Company shall determine whether the Average Annual Level for the applicable Adjustment Year exceeds the Base Level. If the Company determines that the Average Annual Level for such Adjustment Year exceeds the Base Level, then the Company shall increase or decrease each of the following amounts (each, an "Adjustable Amount") to an amount calculated by multiplying the relevant Adjustable Amount by a fraction whose numerator is the Average Annual Level for such Adjustment Year and whose denominator is the Base Level: (i) the two million dollars (\$2,000,000) amount set forth in the definition of "Ashland Material Adverse Effect"; (ii) the two million dollars (\$2,000,000) amount set forth in the definition of "Company Material Adverse Effect"; (iii) the two million dollars (\$2,000,000) amount set forth in the definition of "Marathon Material Adverse Effect"; (iv) the \$250 million amount set forth in clause (ii) of the definition of "Permitted Investments" in Section 1.01; and (v) the \$100 million and \$25 million amounts set forth in Section 10.01(a); provided that in no event shall any Adjustable Amount be decreased below the initial amount thereof set forth herein. Within five Business Days after making such determinations, the Company shall distribute to each Member a notice (an "Adjustable Amounts Notice") setting forth: (A) the amount by which the Average Annual Level for such Adjustment Year exceeded the

Base Level and (B) the calculations of any adjustments made to the Adjustable Amounts pursuant to this Section 1.02. Any adjustment made to the Adjustable Amounts pursuant to this Section 1.02 shall be effective as of the date on which the Company delivers to the Members the related Adjustable Amounts Notice.

SECTION 1.03. Representations and Warranties. Each of Marathon and USX represents and warrants to Ashland, and Ashland represents and warrants to each of Marathon and USX, in each case as of the date hereof and will be required to represent and warrant as of any Closing Date, as follows:

(a) Due Organization, Good Standing and Power. It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation with the power and authority to own, lease and operate its assets and to conduct the business now being or to be conducted by it. It is duly authorized, qualified or licensed to do business as a foreign corporation or other organization in good standing in each of the jurisdictions in which its right, title or interest in or to any of the assets held by it or the business conducted by it requires such authorization, qualification or licensing, except where the failure to be so authorized, qualified, licensed or in good standing would not have and would not reasonably be expected to have, individually or in the aggregate, a Marathon Material Adverse Effect, a USX Material Adverse Effect or an Ashland Material Adverse Effect, as the case may be. It has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) Authorization and Validity of Agreements. The execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby have been duly authorized and approved by all necessary corporate or other action on its part. This Agreement has been duly executed and delivered by it. This Agreement is its legal, valid and binding obligation, enforceable against it in accordance with its terms.

(c) Lack of Conflicts. Except as set forth on Schedule 1.03(c) to the Marathon, USX or Ashland Put/Call, Registration Rights and Standstill Disclosure

Letter, as applicable, neither the execution and delivery by it of this Agreement nor the consummation by it of the transactions contemplated hereby does or will (i) conflict with, or result in the breach of any provision of, its charter or by-laws or similar governing or organizational documents or any of its subsidiaries, (ii) violate any Applicable Law or any permit, order, award, injunction, decree or judgment of any Governmental Authority applicable to or binding upon it or any of its subsidiaries or to which any of their respective properties or assets is subject, (iii) violate, conflict with or result in the breach or termination of, or otherwise give any other person the right to terminate, or constitute a default, an event of default or an event which with notice, lapse of time or both, would constitute a default or an event of default under the terms of, any mortgage, indenture, deed of trust or lease or other agreement or instrument to which it or any of its subsidiaries is a party or by which any of their respective properties or assets is subject, except, in the case of clauses (ii) or (iii), for such violations, conflicts, breaches, terminations and defaults which would not have and would not reasonably be expected to have, individually, a Company Material Adverse Effect.

(d) No Consents. Except as set forth on Schedule 1.03(d) to the Marathon, USX or Ashland Put/Call, Registration Rights and Standstill Disclosure Letter, as applicable, no Governmental Approval or other consent is required by it for the execution and delivery by it of this Agreement or for the consummation of the transactions contemplated hereby except (a) for such Governmental Approvals or other consents as have been obtained or are contemplated hereby to be obtained after Closing or (b) where the failure to obtain such Governmental Approvals or other consents would not have and would not reasonably be expected to have, individually, a Company Material Adverse Effect.

ARTICLE II

Special Termination Right

SECTION 2.01. Special Termination Right. (a) If Ashland or Marathon (the "Terminating Member") notifies the Board of Managers of the Company and the other Member (the "Non-Terminating Member") in writing pursuant to Section 2.03 of the LLC Agreement that it wants to terminate the term of the Company at the end of the Initial Term or any succeeding 10-year period (any such notice being a "Termination Notice"), then, subject to Section 2.01(b), the Non-Terminating Member shall have the right, exercisable at any time during the 180-day period following its receipt from the Terminating Member of a Termination Notice, to purchase from the Terminating Member on the Scheduled Closing Date (the "Special Termination Right"), and the Terminating Member shall thereupon be required to sell to the Non-Terminating Member on the Scheduled Closing Date, all of its Membership Interests and, in the circumstance where Ashland is the Terminating Member, the Ashland LOOP/LOCAP Interest, for an aggregate amount equal to the purchase price (the "Special Termination Price") set forth in Section 2.02(a), plus interest on the Special Termination Price at a rate per annum equal to the Base Rate, with daily accrual of interest, for the period commencing on the Special Termination Exercise Date and ending on the Scheduled Closing Date. The Special Termination Right shall automatically terminate at the close of business on the 180th day following the Non-Terminating Member's receipt of a Termination Notice, unless previously exercised by the Non-Terminating Member in accordance with the provisions of Section 2.03.

(b) Notwithstanding anything to the contrary contained in Section 2.01(a), if Marathon and Ashland each deliver a Terminating Notice to the Board of Managers of the Company and the other Member, then neither Marathon nor Ashland shall have a Special Termination Right.

SECTION 2.02. Special Termination Price. (a) Amount. The Special Termination Price shall be an amount equal to the product of (i) 100% of the Appraised Value of the Company multiplied by (ii) the Terminating Member's Percentage Interest.

(b) Timing of Payment. The Non-Terminating Member shall pay the entire Special Termination Price, together with accrued interest calculated as set forth in Section 2.01, on the Scheduled Closing Date.

(c) Form of Consideration. The Non-Terminating Member shall pay the Special Termination Price, and all accrued interest, in Cash.

SECTION 2.03. Method of Exercise. The Non-Terminating Member shall exercise its Special Termination Right by delivering to the Terminating Member a notice of such exercise (the "Special Termination Exercise Notice"). The date of the Terminating Member's receipt of the Special Termination Exercise Notice shall be deemed to be the date of the Non-Terminating Member's exercise of its Special Termination Right (the "Special Termination Exercise Date") and, except as expressly provided in Sections 9.08(a) and 9.09, the Non-Terminating Member's exercise of its Special Termination Right shall thereafter be irrevocable.

ARTICLE III

Marathon Call Right

SECTION 3.01. Marathon Call Right. Subject to Section 3.04, at any time on and after December 31, 2004, Marathon shall have the right to purchase from Ashland on the Scheduled Closing Date (the "Marathon Call Right"), and Ashland shall thereupon be required to sell to Marathon on the Scheduled Closing Date, all of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest, for an aggregate amount equal to the purchase price (the "Marathon Call Price") set forth in Section 3.02(a), plus interest on the Marathon Call Price at a rate per annum equal to the Base Rate, with daily accrual of interest, for the period commencing on the Marathon Call Exercise Date and ending on the Scheduled Closing Date.

SECTION 3.02. Marathon Call Price. (a) Amount. The Marathon Call Price shall be an amount equal to the product of (i) 115% of the Appraised Value of the Company multiplied by (ii) Ashland's Percentage Interest.

(b) Timing of Payment. Marathon shall pay the entire Marathon Call Price, together with accrued interest calculated as set forth in Section 3.01, on the Scheduled Closing Date.

(c) Form of Consideration. Marathon shall pay the Marathon Call Price, and all accrued interest, in Cash.

SECTION 3.03. Method of Exercise. Marathon shall exercise its Marathon Call Right by delivering to Ashland a notice of such exercise (the "Marathon Call Exercise Notice"). The date of Ashland's receipt of the Marathon Call Exercise Notice shall be deemed to be the date of Marathon's exercise of its Marathon Call Right (the "Marathon Call Exercise Date") and, except as expressly provided in Sections 9.03(a), 9.04(a) and 9.05, Marathon's exercise of its Marathon Call Right shall thereafter be irrevocable.

SECTION 3.04. Limitation on Marathon's Ability To Exercise its Marathon Call Right. If prior to the Marathon Call Exercise Date, Ashland elects to Transfer its Membership Interests to a third party pursuant to Section 10.01(c) of the LLC Agreement, and in connection therewith delivers to Marathon the requisite Offer Notice pursuant to Section 10.04 of the LLC Agreement, Marathon shall not be permitted to exercise its Marathon Call Right for a period commencing on the date of Marathon's receipt of such Offer Notice and ending on the earliest of (i) 120 days (or 270 days if a second request has been made under HSR) following such receipt, (ii) the closing of such Transfer, and (iii) the date such proposed Transfer by Ashland shall have been finally abandoned. After such period, Marathon shall be entitled to exercise its Marathon Call Right.

ARTICLE IV

Ashland Put Right

SECTION 4.01. Ashland Put Right. Subject to Section 4.05, at any time after December 31, 2004, Ashland shall have the right to sell to Marathon on the Scheduled Closing Date (the "Ashland Put Right"), and Marathon shall thereupon be required to purchase from Ashland on the Scheduled Closing Date, all of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest, for an

aggregate amount equal to the purchase price (the "Ashland Put Price") set forth in Section 4.02, plus interest on the Ashland Put Price (or, in the event that Marathon elects to pay the Ashland Put Price in installments, any unpaid portion of the Ashland Put Price) at a rate per annum equal to the Base Rate, with daily accrual of interest, for the period commencing on the Ashland Put Exercise Date and ending on the Scheduled Closing Date (or, in the event that Marathon elects to pay the Ashland Put Price in installments, on the applicable Scheduled Installment Payment Date).

SECTION 4.02. Ashland Put Price. (a) Amount. The Ashland Put Price shall be an amount equal to the sum of (i) for that portion of the Ashland Put Price to be paid to Ashland in Cash or in Marathon Debt Securities, an amount equal to the product of (x) 85% of the Appraised Value of the Company multiplied by (y) Ashland's Percentage Interest multiplied by (z) the percentage of the Ashland Put Price to be paid to Ashland in Cash and/or in Marathon Debt Securities, plus (ii) for that portion of the Ashland Put Price to be paid to Ashland in Marathon Equity Securities, an amount equal to the product of (x) 90% of the Appraised Value of the Company multiplied by (y) Ashland's Percentage Interest multiplied by (z) the percentage of the Ashland Put Price to be paid to Ashland in Marathon Equity Securities.

(b) Timing of Payment. Subject to Section 4.02(d), Marathon shall have the right to elect, by specifying in the Ashland Put Price Election Notice, to (i) pay the entire Ashland Put Price on the Scheduled Closing Date or (ii) pay the Ashland Put Price in three equal installments (each an "Installment Payment"), in either case, together with accrued interest calculated as set forth in Section 4.01. If Marathon elects to pay the Ashland Put Price in installments, Marathon shall pay Ashland (x) the first Installment Payment on the Scheduled Closing Date; (y) the second Installment Payment on the first anniversary of the Scheduled Closing Date; and (z) the third Installment Payment on the second anniversary of the Scheduled Closing Date (each such date being a "Scheduled Installment Payment Date"), in each case, together with accrued interest calculated as set forth in Section 4.01.

(c) Form of Consideration. Subject to Section 4.02(d), Marathon shall have the right to elect, by specifying in an Ashland Put Price Election Notice, to pay

the Ashland Put Price (i) entirely in Cash or (ii) in a combination of Cash and Securities; provided that at least 50% of the Ashland Put Price (and at least 50% of each Installment Payment if Marathon elects to pay in installments) shall consist of Cash; provided further, that the sum of (x) the Fair Market Value of any Securities issued to Ashland on the Closing Date (or on any Installment Payment Date) plus (y) the amount of Cash paid to Ashland on the Closing Date (or on such Installment Payment Date) in respect of the Ashland Put Price, in each case exclusive of any interest paid thereon, shall equal the Ashland Put Price (or the applicable Installment Payment); and provided further, that in no event shall Marathon or USX issue to Ashland an amount of Marathon Equity Securities that would cause Ashland to own, directly or indirectly, at the Closing or on any Scheduled Installment Payment Date in the aggregate 10% or more of the number of shares of such class of Marathon Equity Securities that are outstanding on the Closing Date and are publicly held (it being understood and agreed that for purposes of this Section 4.02(c), any shares of such class of Marathon Equity Securities that are either held by Marathon or any of its Affiliates or subject to restrictions on transfer shall not be considered publicly held). Marathon shall pay all accrued interest in Cash.

(d) Consequences of Failure to Make Certain Elections.
Notwithstanding anything to the contrary in this Agreement:

(i) if Marathon fails to deliver to Ashland an Ashland Put Price Election Notice within the requisite time period set forth in Section 4.04(a) or if Marathon delivers to Ashland an Ashland Put Price Election Notice that states that the entire Ashland Put Price will be paid at Closing but does not state whether any portion of the Ashland Put Price will be paid in Securities, Marathon shall thereafter be required to pay Ashland the entire Ashland Put Price in Cash on the Closing Date;

(ii) if Marathon delivers to Ashland an Ashland Put Price Election Notice pursuant to Section 4.04(a) that does not indicate whether it is electing to pay the Ashland Put Price in installments, Marathon shall thereafter be required to pay Ashland the entire Ashland Put Price on the Closing Date;

(iii) if Marathon delivers to Ashland an Ashland Put Price Election Notice pursuant to Section 4.04(a) that does not indicate the form of consideration regarding the Ashland Put Price (or, if such Ashland Put Price Election Notice states that Marathon has elected to pay the Ashland Put Price in installments, the first Installment Payment), Marathon shall thereafter be required to pay Ashland the entire Ashland Put Price (or first Installment Payment) in Cash on the Closing Date;

(iv) if Marathon has elected in its Ashland Put Price Election Notice delivered pursuant to Section 4.04(b) to pay the Ashland Put Price in installments and thereafter if Marathon fails to deliver to Ashland an Ashland Put Price Election Notice within the requisite time period set forth in Section 4.04(b) for any Scheduled Installment Payment Date, Marathon shall thereafter be required to pay Ashland the entire Installment Payment in Cash on the applicable Installment Payment Date;

(v) if Marathon elects in any Ashland Put Price Election Notice to issue (or to have USX issue) to Ashland Actively Traded Marathon Equity Securities on the Closing Date (or applicable Installment Payment Date) and at any time prior to the Closing Date (or such Installment Payment Date), such Securities cease for whatever reason to be Actively Traded Marathon Equity Securities, Marathon shall thereafter be required to pay Ashland the entire Ashland Put Price (or the applicable Installment Payment) in Cash on the Closing Date (or applicable Installment Payment Date); and

(vi) if Marathon elects in any Ashland Put Price Election Notice to issue (or to have USX issue) to Ashland Actively Traded Marathon Equity Securities on the Closing Date (or applicable Installment Payment Date) and Marathon fails to give the related Required Disclosure on the applicable Required Disclosure Date, Marathon shall thereafter be required to pay to Ashland the entire Ashland Put Price (or the applicable Installment Payment) in Cash on the Closing Date (or on such Installment Payment Date).

SECTION 4.03. Method of Exercise. Ashland may exercise its Ashland Put Right by delivering to Marathon a notice of such exercise (the "Ashland Put Exercise Notice"). The date of Marathon's receipt of the Ashland Put Exercise Notice shall be deemed to be the date of Ashland's exercise of its Ashland Put Right (the "Ashland Put Exercise Date") and, except as expressly provided in Sections 9.03(a), 9.04(a) and 9.05, Ashland's exercise of its Ashland Put Right shall thereafter be irrevocable.

SECTION 4.04. Ashland Put Price Election Notice. (a) Notice re: Closing. Within five Business Days after the Appraised Value Determination Date, Marathon shall notify Ashland (a "Ashland Put Price Election Notice") as to (i) whether it elects to pay the Ashland Put Price (A) entirely at Closing or (B) in three equal installments and (ii) whether Marathon elects to pay part of the Ashland Put Price or first Installment Payment, as applicable, at Closing in Securities, and, if so, (A) the name of the issuer of such Securities, (B) the type of such Securities, (C) the portion of the Ashland Put Price or first Installment Payment, as applicable, which will be comprised of such Securities, (D) whether it elects to impose a Holding Period with respect to any of such Securities and (E) the length of any such Holding Period.

(b) Notices re: Second and Third Scheduled Installment Payment Dates. Within 45 days prior to each of the second and third Scheduled Installment Payment Dates, if applicable, Marathon shall deliver to Ashland an Ashland Put Price Election Notice as to whether Marathon elects to pay part of the applicable Installment Payment in Securities, and, if so, (i) the name of the issuer of such Securities, (ii) the type of Securities, (iii) the portion of the applicable Installment Payment which will be comprised of such Securities, (iv) whether it elects to impose a Holding Period with respect to any of such Securities and (v) the length of any such Holding Period. The date of Ashland's receipt of any Ashland Put Price Election Notice is referred to herein as the "Ashland Put Price Election Date" with respect to such Ashland Put Price Election Notice.

(c) Additional Information With Respect to Securities. If Marathon elects to pay any part of the Ashland Put Price in Securities, then in addition to the information provided to Ashland in the Ashland Put Price Election Notice pursuant to Section 4.04(a) or 4.04(b),

Marathon shall provide Ashland and its advisors with any other information concerning such Securities that Ashland or its advisors may reasonably request.

(d) Irrevocability of Elections. Marathon's elections as set forth in an Ashland Put Price Election Notice shall be irrevocable upon Ashland's receipt of such Ashland Put Price Election Notice; provided that at any time prior to the date that is ten Business Days prior to the Closing Date (or applicable Installment Payment Date) Marathon shall have the right to change a previous election to pay part of the Ashland Put Price (or applicable Installment Payment) in Securities to an election to pay a greater portion of or the entire Ashland Put Price (or applicable Installment Payment) in Cash, or to change a previous election to pay the Ashland Put Price in installments to an election to pay the entire or remaining Ashland Put Price on the Closing Date (or applicable Installment Payment Date).

SECTION 4.05. Limitation on Ashland's Ability To Exercise its Ashland Put Right. If prior to the Ashland Put Exercise Date, Marathon elects to Transfer all of its Membership Interests to a third party pursuant to Section 10.01(c) of the LLC Agreement, and in connection therewith delivers to Ashland the requisite Offer Notice pursuant to Section 10.04 of the LLC Agreement, Ashland shall not be permitted to exercise its Ashland Put Right for a period commencing on the date of Ashland's receipt of such Offer Notice and ending on the earlier of (i) 120 days (270 days if a second request has been made under HSR) following such receipt, (ii) the closing of such Transfer, and (iii) the date such proposed Transfer by Marathon shall have been finally abandoned. After such period, Ashland shall be entitled to exercise its Ashland Put Right.

ARTICLE V

Termination of Certain Distributions; Revocable Proxies

SECTION 5.01. Termination of Certain Distributions. (a) Distributions to Ashland. (i) Subject to Sections 9.04(a), 9.05, 9.08(a) and 9.09, in the event that Marathon exercises its Marathon Call Right or its Special Termination Right, or in the event that Ashland exercises its Ashland Put Right, then on the relevant

Exercise Date, Ashland shall cause each of its Representatives to authorize Marathon's Representatives to cause the Company to withhold from Ashland all distributions of Distributable Cash and all Tax Liability Distributions that Ashland would otherwise be entitled to receive pursuant to Article V of the LLC Agreement during the period from the relevant Exercise Date to the Closing Date, other than (i) all distributions of Distributable Cash and Tax Liability Distributions that are attributable to any Fiscal Quarter that ends on or prior to the close of business on the relevant Exercise Date, (ii) a pro rata portion of all distributions of Distributable Cash and Tax Liability Distributions that are attributable to the portion of a Fiscal Quarter that begins prior to the relevant Exercise Date and that ends after such Exercise Date and (iii) all Tax Liability Distributions that are attributable to the period from the relevant Exercise Date to the Closing Date to the extent that Ashland has any Tax Liability during such period ("Ashland Exercise Period Distributions").

(ii) Any Ashland Exercise Period Distributions withheld from Ashland pursuant to Section 5.01(a)(i) shall be distributed by the Company as follows:

(A) if at the time such distribution is so withheld, either (1) USX's Long Term Debt has an Investment Grade Rating and USX has agreed in writing to guarantee (which guarantee shall be a guarantee of payment) Marathon's obligations to pay to Ashland in the circumstances set forth in Sections 9.04(a) and 9.05 (pursuant to a guarantee agreement in form and substance reasonably satisfactory to Ashland and its counsel) or (2) Marathon's Long Term Debt has an Investment Grade Rating, then the Company shall pay such Ashland Exercise Period Distributions directly to Marathon; and

(B) if at the time such distribution is so withheld, (1) Marathon's Long Term Debt does not have an Investment Grade Rating and (2) either (x) USX's Long Term Debt does not have an Investment Grade Rating or (y) USX's Long Term Debt has an Investment Grade Rating but USX has not agreed in writing to guarantee Marathon's payment obligations described in clause (2) of subparagraph (A) above, then Marathon's Representatives shall cause the Company to, and the Company shall, deposit all Ashland Exercise Period

Distributions into an escrow account to be established by the Company (the "Escrow Account") and to release such deposits from the Escrow Account only in accordance with this Agreement. All amounts in the Escrow Account shall be invested only in Permitted Investments.

(b) Distributions to Marathon. (i) Subject to Sections 9.08(a) and 9.09, in the event that Ashland exercises its Special Termination Right in accordance with the terms hereof, then on the Special Termination Exercise Date, Marathon shall cause each of its Representatives to authorize Ashland's Representatives to cause the Company to withhold from Marathon all distributions of Distributable Cash and all Tax Liability Distributions that Marathon would otherwise be entitled to receive pursuant to Article V of the LLC Agreement during the period from the Special Termination Exercise Date to the Closing Date, other than (A) all distributions of Distributable Cash and Tax Liability Distributions that are attributable to any Fiscal Quarter that ends on or prior to the close of business on the Special Termination Exercise Date, (B) a pro rata portion of all distributions of Distributable Cash and Tax Liability Distributions that are attributable to the portion of a Fiscal Quarter that begins prior to the Special Termination Exercise Date and that ends after the Special Termination Exercise Date and (C) all Tax Liability Distributions that are attributable to the period from the Special Termination Exercise Date to the Closing Date to the extent that Marathon has any Tax Liability during such period ("Marathon Exercise Period Distributions").

(ii) Any Marathon Exercise Period Distributions withheld from Ashland pursuant to Section 5.01(a) shall be distributed by the Company as follows:

(A) if at the time such distribution is so withheld, Ashland's Long Term Debt has an Investment Grade Rating, then the Company shall pay such Marathon Exercise Period Distributions directly to Ashland; and

(B) if at the time such distribution is so withheld, Ashland's Long Term Debt does not have an Investment Grade Rating, then Ashland's Representatives shall cause the Company to, and the Company shall, deposit all Marathon Exercise Period Distributions into an Escrow Account and to release such deposits from the

Escrow Account only in accordance with this Agreement. All amounts in the Escrow Account shall be invested only in Permitted Investments.

SECTION 5.02. Revocable Proxies. (a) Ashland Representatives Revocable Proxies. Subject to Sections 9.04(a), 9.05, 9.08(a) and 9.09, in the event that Marathon exercises its Marathon Call Right or its Special Termination Right, or in the event that Ashland exercises its Ashland Put Right, then on the relevant Exercise Date, Ashland shall cause each of its Representatives to grant to Marathon's Representatives a proxy (the "Ashland Representatives Revocable Proxies") which shall authorize Marathon's Representatives to cast each Ashland Representative's vote at a Board of Managers' meeting (but not by written consent in lieu of a meeting in accordance with Section 8.04(h) of the LLC Agreement unless Marathon shall have given Ashland prior written notice of the specific action to be taken by such written consent) in favor of or against any of the Super Majority Decisions described in Sections 8.08 of the LLC Agreement, as Marathon's Representatives shall, in their sole discretion, determine, other than any vote with respect to a Super Majority Decision described in Sections 8.08(c) (admission of a new Member; issuance of additional Membership Interests), 8.08(d) (additional capital contributions), 8.08(i) (change in Company's independent auditors), 8.08(j) (amendments to LLC Agreement or other Transaction Documents to which Company or its subsidiaries is a party), 8.08(l) (bankruptcy), 8.08(m) (modification of provisions re: distributions of Distributable Cash) or 8.08(q) (delegation to a Member of power to unilaterally bind the Company), with respect to which Ashland's Representatives shall retain all of their rights and authority to vote; provided that Marathon shall not, and shall cause each of its Representatives not to, take any action through the exercise of the Ashland Representatives Revocable Proxies to cause the Company's status as a partnership for Federal income tax purposes to terminate prior to the Closing Date.

(b) Marathon Representative Revocable Proxy. Subject to Sections 9.08(a) and 9.09, in the event that Ashland exercises its Special Termination Right, then on the Special Exercise Date, Marathon shall cause each of its Representatives to grant to Ashland's Representatives a proxy (the "Marathon Representatives Revocable Proxies") which shall authorize Ashland's Representatives to cast each

Marathon Representative's vote at a Board of Managers' meeting (but not by written consent in lieu of a meeting in accordance with Section 8.04(h) of the LLC Agreement unless Ashland shall have given Marathon prior written notice of the specific action to be taken by such written consent) in favor of or against any of the Super Majority Decisions described in Sections 8.08 of the LLC Agreement, as Ashland's Representatives shall, in their sole discretion, determine, other than any vote with respect to a Super Majority Decision described in Section 8.08(c), 8.08(d), 8.08(i), 8.08(j), 8.08(l), 8.08(m) or 8.08(q) (except as expressly provided in Section 5.01), with respect to which Marathon's Representatives shall retain all of their rights and authority to vote; provided that Ashland shall not, and shall cause each of its Representatives not to, take any action through the exercise of the Marathon Representatives Revocable Proxies to cause the Company's status as a partnership for Federal income tax purposes to terminate prior to the Closing Date.

(c) Ashland LOOP/LOCAP Revocable Proxy. Subject to Sections 9.04(a), 9.05, 9.08(a) and 9.09, in the event that Marathon exercises its Marathon Call Right or its Special Termination Right, or in the event that Ashland exercises its Ashland Put Right, then on the relevant Exercise Date, Ashland shall grant to Marathon, or such other person as Marathon shall designate, a proxy (the "Ashland LOOP/LOCAP Revocable Proxy") which shall authorize Marathon and its Representatives (or such other person) to exercise on Ashland's behalf, all of Ashland's voting rights with respect to the Ashland LOOP/LOCAP Interest.

ARTICLE VI

Determination of the Appraised Value of the Company

SECTION 6.01. Determination of Appraised Value of the Company. (a) Negotiation Period. If Marathon exercises its Special Termination Right or its Marathon Call Right or if Ashland exercises its Special Termination Right or its Ashland Put Right, then for a period of 60 days following the relevant Exercise Date, Marathon and Ashland shall negotiate in good faith to seek to reach agreement as to the Market Value of the Company. If Marathon and Ashland reach such an agreement, then the Market Value of the Company shall be deemed to be the amount so agreed upon by Marathon and Ashland.

(b) Appraisal Process. In the event Marathon and Ashland are unable to reach an agreement as to the Market Value of the Company within the 60-day period referred to in Section 6.01(a), then within five Business Days after the expiration of such 60-day period (such fifth Business Day being referred to herein as the "6.01 Appraisal Process Commencement Date"), Marathon and Ashland each shall select a nationally recognized investment banking firm to (i) prepare a report which (A) sets forth such investment banking firm's determination of the Market Value of the Company (which shall be a single amount as opposed to a range) and (B) includes work papers which indicate the basis for and calculation of the Market Value of the Company (a "6.01 Appraisal Report") and (ii) deliver to Marathon or Ashland, as the case may be, an oral and written opinion addressed to such party as to the Market Value of the Company. The fees and expenses of each investment banking firm shall be paid by the party selecting such investment banking firm. Each of Marathon and Ashland shall instruct its respective investment banking firm to (i) not consult with the other investment banking firm with respect to its view as to the Market Value of the Company prior to the time that both investment banking firms have delivered their respective opinions to Marathon or Ashland, as applicable, (ii) determine the Market Value of the Company in accordance with Section 6.01(c), (iii) deliver their respective 6.01 Appraisal Reports, together with their oral and written opinions as to the Market Value of the Company (the "6.01 Initial Opinion Values"), within 60 days after the 6.01 Appraisal Process Commencement Date, and (iv) deliver a copy of its written opinion and its 6.01 Appraisal Report to the Company, the other party and the other party's investment banking firm at the time it delivers its oral and written opinion to Marathon or Ashland, as applicable.

If the 6.01 Initial Opinion Values differ and the lesser 6.01 Initial Opinion Value equals or exceeds 90% of the greater 6.01 Initial Opinion Value, the Market Value of the Company shall be deemed to be an amount equal to (i) the sum of the 6.01 Initial Opinion Values divided by (ii) two.

If the 6.01 Initial Opinion Values differ and the lesser 6.01 Initial Opinion Value is less than 90% of the greater 6.01 Initial Opinion Value, then:

(i) within two Business Days after both investment banking firms have delivered their respective opinions to Marathon or Ashland, as applicable, each investment banking firm shall, at a single meeting at which Marathon, Ashland, the Company and the other investment banking firm are present, make a presentation with respect to its 6.01 Initial Opinion Value. At such presentation, Marathon, Ashland, the Company and the other investment banking firm shall be entitled to ask questions as to the basis for and the calculation of such investment banking firm's 6.01 Initial Opinion Value; and

(ii) Marathon and Ashland shall, within five Business Days after the date Marathon and Ashland receive the 6.01 Initial Opinion Values (such fifth Business Day being referred to herein as the "6.01 Subsequent Appraisal Process Commencement Date"), jointly select a third nationally recognized investment banking firm to (A) prepare a 6.01 Appraisal Report and (B) deliver an oral and written opinion addressed to Marathon and Ashland as to the Market Value of the Company. The fees and expenses of such third investment banking firm shall be paid 50% by Marathon and 50% by Ashland. Such third investment banking firm shall not be provided with the 6.01 Initial Opinion Values and shall not consult with the initial investment banking firms with respect thereto. During such five-Business Day period, Marathon and Ashland shall negotiate in good faith to independently reach an agreement as to the Market Value of the Company. If Marathon and Ashland reach such an agreement, then the Market Value of the Company shall be deemed to be the amount so agreed upon by Marathon and Ashland. If Marathon and Ashland are unable to reach such an agreement, then Marathon and Ashland shall instruct such third investment banking firm to (A) determine the Market Value of the Company in accordance with Section 6.01(c) and (B) deliver its 6.01 Appraisal Report, together with its oral and written opinion (the "6.01 Third Opinion Value"), within 60 days after the 6.01 Subsequent Appraisal Process Commencement Date. The Market Value of the Company in such circumstance shall

be deemed to be an amount equal to (A) the sum of (x) the 6.01 Third Opinion Value plus (y) whichever of the two 6.01 Initial Opinion Values is closer to the 6.01 Third Opinion Value (or, if the 6.01 Third Opinion Value is exactly halfway between the two 6.01 Initial Opinion Values, the 6.01 Third Opinion Value), divided by (B) two.

(c) Definition of Market Value of the Company. For purposes of this Agreement, the Market Value of the Company (the "Market Value of the Company") means the fair market value of the combined common equity of the Company as of the relevant Exercise Date, (including, in the circumstance where Marathon has exercised its Marathon Call Right or its Special Termination Right or Ashland has exercised its Ashland Put Right, the Ashland LOOP/LOCAP Interest) assuming the consummation of a transaction designed to achieve the highest value of such combined common equity. In determining the Market Value of the Company, (i) consideration should be given as to (A) all possible transaction participants (other than Marathon or Ashland or their respective Affiliates) and categories of possible transactions; (B) a range of analytical methodologies, potentially including, but not limited to, the following: comparable trading analysis, comparable transaction analysis, discounted cash flow analysis, leveraged buyout analysis and break-up analysis; and (C) the value to the Company of all indemnification obligations of Marathon, USX and Ashland in favor of the Company pursuant to any Transaction Document (including, without limitation, Article IX of the Asset Transfer and Contribution Agreement), to the extent such indemnification obligations remain in effect after the Closing and (ii) no separate incremental value will be attributed to the Ashland LOOP/LOCAP Interest. In determining the Market Value of the Company, no consideration should be given to the values that are initially assigned to assets of the Company for purchase accounting or tax accounting purposes. The Market Value of the Company as determined pursuant to this Section 6.01 is referred to herein as the "Appraised Value of the Company", and the date on which the Market Value of the Company is so determined is referred to herein as the "Appraised Value Determination Date".

ARTICLE VII

Determination of the Fair Market Value of Securities

SECTION 7.01. General. The fair market value of any Securities to be issued to Ashland on the Closing Date and on any subsequent Installment Payment Date, shall be determined pursuant to the following procedures (the fair market value of such Securities as so determined being the "Fair Market Value" of such Securities).

SECTION 7.02. Determination of Fair Market Value of Marathon Debt Securities. The Fair Market Value of any Marathon Debt Securities shall be deemed to be an amount equal to the aggregate stated principal amount of such Marathon Debt Securities.

SECTION 7.03. Determination of Fair Market Value of Actively Traded Marathon Equity Securities. (a) Fair Market Value Where There is No Holding Period. The Fair Market Value of any Actively Traded Marathon Equity Securities to be issued to Ashland on the Closing Date or applicable Installment Payment Date for which Marathon has not elected a Holding Period shall be deemed to be an amount equal to the product of (i) the aggregate number of such Actively Traded Marathon Equity Securities to be issued to Ashland multiplied by (ii) the Weighted Average Price (as defined below) of such Actively Traded Marathon Equity Securities on the National Market System of the NASDAQ or the relevant National Securities Exchange, as reported by The Wall Street Journal or, if not reported thereby, as reported by any other authoritative source, for the ten full Trading Days immediately preceding the Business Day immediately preceding the Closing Date or applicable Installment Payment Date; provided that at least five Trading Days prior to the commencement of such ten full Trading Day period (the "Required Disclosure Date"), Marathon shall have made appropriate public disclosure (including by issuing a press release and filing a copy of such press release with the Commission) of (A) the existence of the Transaction, (B) the Ashland Put Price and (C) the information required to be included in the Ashland Put Price Election Notice (each such public disclosure being a "Required Disclosure"). Marathon shall provide Ashland with a copy of each Required Disclosure prior to Marathon making such disclosure public. Any such Required Disclosure shall be in form and substance reasonably satisfactory to Ashland

and its counsel. For purposes of this Section 7.03(a), the "Weighted Average Price" means the quotient of (1) the product of (x) the number of shares in each trade in such Actively Traded Marathon Equity Securities that occurred during such ten full Trading Day period multiplied by (y) the price at which each such trade occurred, divided by (2) the total number of shares traded in such Actively Traded Marathon Equity Securities that occurred during such ten full Trading Day period. In the event of (i) any split, combination or reclassification of the class of Actively Traded Marathon Equity Securities to be issued to Ashland on the Closing Date or applicable Installment Payment Date, (ii) any issuance or the authorization of any issuance of any other securities in exchange or in substitution for the shares of such class of Actively Traded Marathon Equity Securities or (iii) any issuance or declaration of cash or stock dividends or other distributions with respect to such class of Actively Traded Marathon Equity Securities, in each case at any time during the ten full Trading Day period referred to above, Marathon and Ashland shall make such adjustment to the Fair Market Value of such Actively Traded Equity Securities determined pursuant to this Section 7.03(a) as Marathon and Ashland shall mutually agree so as to preserve the economic benefits to Ashland expected on the date of this Agreement as a result of the issuance to it of such Actively Traded Marathon Equity Securities as part of the Ashland Put Price.

(b) Fair Market Value Where There is a Holding Period. In the event that Marathon elects pursuant to Section 4.04(a) or 4.04(b) to impose a Holding Period on any Actively Traded Marathon Equity Securities, the Fair Market Value of such Actively Traded Marathon Equity Securities shall be deemed to be an amount equal to (i) the Fair Market Value of such Actively Traded Marathon Equity Securities as determined pursuant to Section 7.03(a), minus (ii) a discount factor that takes into account such limitation on Ashland's ability to freely trade such Actively Traded Marathon Equity Securities (a "7.03(b) Discount Amount"). The 7.03(b) Discount Amount with respect to the Fair Market Value of such Actively Traded Marathon Equity Securities shall be determined pursuant to the following procedures:

(i) Negotiation Period. For a period of 15 days following the applicable Ashland Put Price Election Date, Marathon and Ashland will negotiate in good faith to seek to reach an agreement as to the 7.03(b) Discount Amount. If Marathon and Ashland reach such an agreement, then the 7.03(b)

Discount Amount shall be deemed to be the amount so agreed upon by Marathon and Ashland.

(ii) Appraisal Process. In the event Marathon and Ashland are unable to reach an agreement as to the 7.03(b) Discount Amount within the 15-day period referred to in clause (i) above, then within five Business Days after the expiration of such 15-day period (such fifth Business Day being referred to herein as the "7.03(b) Appraisal Process Commencement Date"), Marathon and Ashland each shall select a nationally recognized investment banking firm to (A) prepare a report which (1) sets forth such investment banking firm's determination of the 7.03(b) Discount Amount (which shall be a single amount as opposed to a range) and (2) includes work papers which indicate the basis for and the calculation of the 7.03(b) Discount Amount (a "7.03(b) Appraisal Report") and (B) deliver to Marathon or Ashland, as the case may be, an oral and written opinion addressed to such party as to the 7.03(b) Discount Amount. The fees and expenses of each investment banking firm shall be paid by the party selecting such investment banking firm. Each of Marathon and Ashland shall instruct its respective investment banking firm to (i) not consult with the other investment banking firm with respect to its view as to the 7.03(b) Discount Amount prior to the time that both investment banking firms have delivered their respective opinions to Marathon and Ashland, as applicable, (ii) deliver their respective 7.03(b) Appraisal Reports, together with their oral and written opinions as to the 7.03(b) Discount Amount (the "7.03(b) Initial Opinion Values"), within 15 days after the 7.03(b) Appraisal Process Commencement Date, and (iii) deliver a copy of its written opinion and its 7.03(b) Appraisal Report to the Company, the other party and the other party's investment banking firm at the time it delivers its oral and written opinion to Marathon or Ashland, as applicable.

If the 7.03(b) Initial Opinion Values differ and the lesser 7.03(b) Initial Opinion Value equals or exceeds 90% of the greater 7.03(b) Initial Opinion Value, the 7.03(b) Discount Amount shall be deemed to

be an amount equal to (1) the sum of the 7.03(b) Initial Opinion Values divided by (2) two.

If the 7.03(b) Initial Opinion Values differ and the lesser 7.03(b) Initial Opinion Value is less than 90% of the greater 7.03(b) Initial Opinion Value, then:

(i) within two Business Days after both investment banking firms have delivered their respective opinions to Marathon or Ashland, as applicable, each investment banking firm shall, at a single meeting at which Marathon, Ashland, the Company and the other investment banking firm are present, make a presentation with respect to its 7.03(b) Initial Opinion Value. At such presentation, Marathon, Ashland, the Company and the other investment banking firm shall be entitled to ask questions as to the basis for and the calculation of such investment banking firm's 7.03(b) Initial Opinion Value; and

(ii) Marathon and Ashland shall, within five Business Days after the date Marathon and Ashland receive the 7.03(b) Initial Opinion Values (such fifth Business Day being referred to herein as the "7.03(b) Subsequent Appraisal Process Commencement Date"), jointly select a third nationally recognized investment banking firm to (i) prepare a 7.03(b) Appraisal Report and (ii) deliver an oral and written opinion addressed to Marathon and Ashland as to the 7.03(b) Discount Amount. The fees and expenses of such third investment banking firm shall be paid 50% by Marathon and 50% by Ashland. Such third investment banking firm shall not be provided with the 7.03(b) Initial Opinion Values and shall not consult with the initial investment banking firms with respect thereto. During such five-Business Day period, Marathon and Ashland shall negotiate in good faith to independently reach an agreement as to the 7.03(b) Discount Amount. If Marathon and Ashland reach such an agreement, then the 7.03(b) Discount Amount shall be deemed to be the amount so agreed upon by Marathon and Ashland. If Marathon and Ashland are unable to reach such an agreement, then Marathon and Ashland shall instruct such third investment banking firm to deliver its 7.03(b) Appraisal Report, together with its oral and written opinion as to the 7.03(b) Discount Amount (the "7.03(b) Third Opinion Value"),

within 15 days after the 7.03(b) Subsequent Appraisal Process Commencement Date. The 7.03(b) Discount Amount in such circumstance shall be deemed to be an amount equal to (1) the sum of (x) the 7.03(b) Third Opinion Value plus (y) whichever of the two 7.03(b) Initial Opinion Values is closer to the 7.03(b) Third Opinion Value (or, if the 7.03(b) Third Opinion Value is exactly halfway between the two 7.03(b) Initial Opinion Values, the 7.03(b) Third Opinion Value), divided by (2) two.

SECTION 7.04. Determination of Fair Market Value of Non-Actively Traded Marathon Equity Securities. (a) Negotiation Period. If Marathon proposes to issue (or to have issued) to Ashland Marathon Equity Securities that are not Actively Traded Marathon Equity Securities, then for a period of 15 days following the applicable Ashland Put Price Election Date, Marathon and Ashland will negotiate in good faith to seek to reach an agreement as to the Fair Market Value of such Marathon Equity Securities, taking into account, if there is a Holding Period, a discount factor that takes into account such limitation on Ashland's ability to freely trade such Marathon Equity Securities (a "7.04 Discount Amount"). If Marathon and Ashland reach such an agreement, then the Fair Market Value of such Marathon Equity Securities shall be deemed to be the amount so agreed upon by Marathon and Ashland.

(b) Appraisal Process. In the event Marathon and Ashland are unable to reach an agreement as to such Fair Market Value of Marathon Equity Securities and such 7.04 Discount Amount, if any, within the 15-day period referred to in clause (a) above, then within five Business Days after the expiration of such 15-day period (such fifth Business Day being referred to herein as the "7.04 Appraisal Process Commencement Date"), Marathon and Ashland each shall select a nationally recognized investment banking firm to (i) prepare a report which (1) sets forth such investment banking firm's determination of the Fair Market Value of such Marathon Equity Securities (which shall be a single amount as opposed to a range), taking into account, if there is a Holding Period, a 7.04 Discount Amount, which is determined by such investment banking firm, and (2) includes work papers which separately indicate the basis for and the calculation of the Fair Market Value of such Marathon Equity Securities and, if there is a Holding Period, the basis for and the calculation of the 7.04 Discount Amount (a "7.04

Appraisal Report") and (ii) deliver to Marathon or Ashland, as the case may be, an oral and written opinion addressed to such party as to the Fair Market Value of such Marathon Equity Securities (which opinion shall take into account a 7.04 Discount Amount if there is a Holding Period with respect to such Marathon Equity Securities). The fees and expenses of each investment banking firm shall be paid by the party selecting such investment banking firm. Each of Marathon and Ashland shall instruct its respective investment banking firm to (i) not consult with the other investment banking firm with respect to its view as to the Fair Market Value of such Marathon Equity Securities and the 7.04 Discount Amount prior to the time that both investment banking firms have delivered their respective opinions to Marathon and Ashland, as applicable, (ii) deliver their respective 7.04 Appraisal Reports, together with their oral and written opinions as to the Fair Market Value of such Marathon Equity Securities (the "7.04 Initial Opinion Values"), within 15 days after the 7.04 Appraisal Process Commencement Date, and (iii) deliver a copy of its written opinion and its 7.04 Appraisal Report to the Company, the other party and the other party's investment banking firm at the time it delivers its oral and written opinion to Marathon or Ashland, as applicable.

If the 7.04 Initial Opinion Values differ and the lesser 7.04 Initial Opinion Value equals or exceeds 90% of the greater 7.04 Initial Opinion Value, the Fair Market Value of such Marathon Equity Securities shall be deemed to be an amount equal to (1) the sum of the 7.04 Initial Opinion Values divided by (2) two.

If the 7.04 Initial Opinion Values differ and the lesser 7.04 Initial Opinion Value is less than 90% of the greater 7.04 Initial Opinion Value, then:

(i) within two Business Days after both investment banking firms have delivered their respective opinions to Marathon or Ashland, as applicable, each investment banking firm shall, at a single meeting at which Marathon, Ashland, the Company and the other investment banking firm are present, make a presentation with respect to its 7.04 Initial Opinion Value. At such presentation, Marathon, Ashland, the Company and the other investment banking firm shall be entitled to ask questions as to the basis for and the calculation of

such investment banking firm's 7.04 Initial Opinion Value; and

(ii) Marathon and Ashland shall, within five Business Days after the date Marathon and Ashland receive the 7.04 Initial Opinion Values (such fifth Business Day being referred to herein as the "7.04 Subsequent Appraisal Process Commencement Date"), jointly select a third nationally recognized investment banking firm to (i) prepare a 7.04 Appraisal Report and (ii) deliver an oral and written opinion addressed to Marathon and Ashland as to the Fair Market Value of such Marathon Equity Securities (which opinion shall take into account a 7.04 Discount Amount if there is a Holding Period with respect to such Marathon Equity Securities). The fees and expenses of such third investment banking firm shall be paid 50% by Marathon and 50% by Ashland. Such third investment banking firm shall not be provided with the 7.04 Initial Opinion Values and shall not consult with the initial investment banking firms with respect thereto. During such five-Business Day period, Marathon and Ashland shall negotiate in good faith to independently reach an agreement as to the Fair Market Value of such Marathon Equity Securities. If Marathon and Ashland reach such an agreement, then the Fair Market Value of such Marathon Equity Securities shall be deemed to be the amount so agreed upon by Marathon and Ashland. If Marathon and Ashland are unable to reach such an agreement, then Marathon and Ashland shall instruct such third investment banking firm to deliver its 7.04 Appraisal Report, together with its oral and written opinion as to the Fair Market Value of such Marathon Equity Securities (the "7.04 Third Opinion Value"), within 15 days after the 7.04 Subsequent Appraisal Process Commencement Date. The Fair Market Value of such Marathon Equity Securities in such circumstance shall be deemed to be an amount equal to (i) the sum of (x) the 7.04 Third Opinion Value plus (y) whichever of the two 7.04 Initial Opinion Values is closer to the 7.04 Third Opinion Value (or, if the 7.04 Third Opinion Value is exactly halfway between the two 7.04 Initial Opinion Values, the 7.04 Third Opinion Value), divided by (ii) two.

ARTICLE VIII

Certain Matters Relating to Securities

SECTION 8.01. Certain Requirements with Respect to Marathon Debt Securities. All debt securities issued to Ashland pursuant to Section 4.02(c) shall (i) be unsecured senior public fixed income debt securities of (a) USX or (b) Marathon and fully guaranteed as to performance by USX; (ii) have maturities of 5 to 7 years; (iii) have yields which are comparable to those of 5 to 7 year public debt instruments issued by companies whose Long Term Debt at the time of the issuance of such debt securities to Ashland is rated by S&P and Moody's at least equal to the respective ratings by S&P and Moody's of USX's Long Term Debt; (iv) be priced to trade at par initially; and (v) have covenants substantially the same as those included in other outstanding senior publicly traded debt instruments of USX, including a negative pledge providing for pari passu security rights and usual and customary successorship provisions concerning changes in USX's ownership (all such debt securities are referred to herein as "Marathon Debt Securities").

SECTION 8.02. Procedures with Respect to the Issuance of Securities. All Securities to be issued hereunder shall be accompanied on the Closing Date or applicable Installment Payment Date by (i) a certificate from an authorized officer of the Issuer and (ii) an opinion from such Issuer's counsel, in each case as to such matters as Ashland may reasonably request, including, but not limited to the matters substantially as follows (which shall be made as of the Closing Date or applicable Installment Payment Date):

(i) the Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation with the power and authority to own, lease and operate its assets and to conduct the business now being or to be conducted by it. The Issuer is duly authorized, qualified or licensed to do business as a foreign corporation or other organization in good standing in each of the jurisdictions in which its right, title or interest in or to any of the assets held by it or the business conducted by it requires such authorization, qualification or licensing, except where the failure to

be so authorized, qualified, licensed or in good standing would not, individually or in the aggregate, result in an Issuer Material Adverse Effect;

(ii) the Issuer's authorized capitalization is as set forth in its Exchange Act filings (or, in the circumstance where Ashland has made a Demand Registration, as set forth in the Registration Statement or Offering Memorandum, as applicable, with respect to such Securities). All of the outstanding equity securities of the Issuer are duly and validly authorized and issued, are fully paid and nonassessable and were not issued in violation of or subject to any preemptive rights or other contractual rights to purchase securities;

(iii) if such Securities are Marathon Equity Securities, such Securities are duly authorized, validly issued and outstanding, are fully paid and nonassessable, and were not issued in violation of or subject to any preemptive rights or other contractual rights to purchase securities;

(iv) if such Securities are Marathon Debt Securities, such Securities have been duly authorized and validly issued by the Issuer and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except as such enforcement is subject to the effect of any applicable bankruptcy, insolvency, reorganization or other law relating to or affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(v) such Securities conform in all material respects to the description thereof contained in the Issuer's Exchange Act filings (or, in the circumstance where Ashland has made a Demand Registration, to the description thereof contained in the Registration Statement or Offering Memorandum, as applicable, with respect to such Securities) and the certificates evidencing such Securities will be, upon issuance, in due and proper form;

(vi) if such Securities are Marathon Equity Securities, such Securities have been authorized

conditionally for listing on each national securities exchange on which the other securities of the Issuer of the same class are listed at the time of the Closing Date or Installment Payment Date, subject to issuance and certain other conditions that are not material;

(vii) if such Securities are Marathon Debt Securities, the execution and delivery by the Issuer of each agreement pursuant to which such Securities have been issued or which relate to such Securities (each, a "Securities Document") and the consummation by it of the transactions contemplated thereby have been duly authorized and approved by all necessary corporate or other action on the part of the Issuer. Each Securities Document has been duly executed and delivered by the Issuer and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforcement is subject to the effect of any applicable bankruptcy, insolvency, reorganization or other law relating to or affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(viii) neither the execution and delivery by the Issuer of the Securities Documents (in the case of Marathon Debt Securities), nor the issuance of the Securities pursuant to this Agreement and/or such Securities Documents will (a) conflict with, or results in the breach of any provision of, the charter or by-laws or similar governing or organizational documents of the Issuer or any of its subsidiaries, (b) violate any Applicable Law or any permit, order, award, injunction, decree or judgment of any Governmental Authority applicable to or binding upon the Issuer or any of its subsidiaries or to which any of their respective properties is subject or (c) violate, conflict with or result in the breach or termination of, or otherwise give any other person the right to terminate, or constitute a default, event of default or an event which with notice, lapse of time or both, would constitute a default or event of default under the terms of, any mortgage, indenture, deed of trust or lease or other agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which any of their respective properties or

assets is subject, except, in the case of clauses (b) and (c) for such violations, conflicts, breaches, terminations and defaults which would not, individually or in the aggregate, result in an Issuer Material Adverse Effect; and

(ix) except as set forth on a schedule to such certificate or opinion, no Governmental Approval or other consent is required by the Issuer for the execution and delivery by it of the Securities Documents (in the case of Marathon Debt Securities) or the issuance of the Securities pursuant to this Agreement and/or such Securities Documents, except (a) for such Governmental Approvals or other consents as have been obtained or (b) where the failure to obtain such Governmental Approvals or other consents would not, individually or in the aggregate, result in an Issuer Material Adverse Effect.

If any Securities are issued by Marathon and guaranteed by USX, each of Marathon and USX shall provide Ashland with a certificate and an opinion of counsel in accordance with this Section 8.02.

SECTION 8.03. Holding Period. If Marathon elects (by so notifying Ashland in the Ashland Put Price Election Notice) to impose a Holding Period with respect to sales by Ashland of Marathon Equity Securities issued to Ashland on the Closing Date or on an Installment Payment Date, as applicable, then Ashland shall not be permitted to sell such Marathon Equity Securities during such Holding Period. The term "Holding Period", with respect to any Marathon Equity Securities, means the period commencing on the Closing Date or applicable Installment Payment Date and ending on such later date as Marathon shall state in the Ashland Put Price Election Notice; provided that the length of a Holding Period with respect to any Marathon Equity Securities shall in no event exceed 30 days.

SECTION 8.04. Manner of Sale of Marathon Equity Securities. Ashland agrees to sell all Marathon Equity Securities (i) pursuant to a bona fide Underwritten Public Offering managed by one or more Bulge Bracket Investment Banking Firms selected by Ashland, or by one or more other investment banking firms selected by Ashland and to which Marathon or USX shall not have reasonably objected, in a manner reasonably designed to effect a broad distribution of

such Marathon Equity Securities (a "Qualifying Public Offering"), (ii) to any person, provided that after giving effect to such sale such person beneficially owns, together with such person's Affiliates, no more than 5% of the Marathon Equity Securities of the relevant issuer then outstanding on a fully diluted basis (a "Fully Distributed Sale") or (iii) to a broker or underwriter selected by Ashland who agrees to effect any subsequent transfer by it of such Marathon Equity Securities in a Qualifying Public Offering or a Fully Distributed Sale.

ARTICLE IX

Closing; Conditions to Closing; Consequences of Delay

SECTION 9.01. Closing. (a) Closing Date. The closing (the "Closing") of (i) the purchase and sale of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest pursuant to Marathon's exercise of its Special Termination Right or Marathon Call Right or Ashland's exercise of its Ashland Put Right or (ii) the purchase and sale of Marathon's Membership Interests pursuant to Ashland's exercise of its Special Termination Right, shall be held at the offices of Marathon, at 10:00 a.m. on the later of (x) the 60th day after the Appraised Value Determination Date (or at such other place or at such other time or such other date as Marathon and Ashland shall mutually agree) (the "Scheduled Closing Date") and (y) the fifth Business Day following the satisfaction or waiver of all conditions to the obligations of Marathon and Ashland set forth in Section 9.02. The date on which the Closing actually occurs is referred to herein as the "Closing Date".

(b) Purchase Procedures in the Event of the Exercise by Marathon of its Special Termination Right or its Marathon Call Right. In the event that Marathon exercises its Special Termination Right or Marathon Call Right, at the Closing:

(i) Marathon shall deliver to Ashland, in Cash or by wire transfer to a bank account designated in writing by Ashland, immediately available funds in an amount equal to the sum of (x) the Special Termination Price or Marathon Call Price, as applicable, plus (y) the amount of interest payable pursuant to Section 3.01, plus (z) the amount of interest, if any,

payable pursuant to Section 9.04(b), 9.05, 9.08(b) or 9.09;

(ii) Ashland shall Transfer to Marathon (or, if Marathon so elects by written notice to Ashland, a Wholly Owned Subsidiary of Marathon or USX) in accordance with Article X of the LLC Agreement, all of Ashland's Membership Interests;

(iii) Ashland shall Transfer to Marathon or, if Marathon so elects by written notice to Ashland, to the Company or such other person as Marathon shall direct, the Ashland LOOP/LOCAP Interest; and

(iv) the Company shall release to Marathon any amounts held in the Escrow Account, including any income earned thereon.

(c) Purchase Procedures in the Event of the Exercise by Ashland of its Ashland Put Right. In the event that Ashland exercises its Ashland Put Right, at the Closing:

(i) Marathon shall deliver to Ashland, in Cash or by wire transfer to a bank account designated in writing by Ashland, immediately available funds in an amount equal to the sum of (x) the Cash portion of the Ashland Put Price or first Installment Payment, as applicable, plus (y) the amount of interest payable pursuant to Section 4.01, plus (z) the amount of interest, if any, payable pursuant to Section 9.04(b), 9.05, 9.08(b) or 9.09;

(ii) Marathon and/or USX, as applicable, shall issue the Securities to be issued on the Closing Date, if any, which Securities shall be accompanied by the certificate(s) and opinion(s) referred to in Section 8.02;

(iii) Ashland shall Transfer to Marathon or, if Marathon so elects by written notice to Ashland, a Wholly Owned Subsidiary of Marathon or USX in accordance with Article X of the LLC Agreement, all of Ashland's Membership Interests;

(iv) Ashland shall Transfer to Marathon or, if Marathon so elects by written notice to Ashland, to the

Company or such other person as Marathon shall direct, the Ashland LOOP/LOCAP Interest; and

(v) the Company shall release to Marathon any amounts held in the Escrow Account, including any income earned thereon.

In addition, on each of two remaining Scheduled Installment Payment Dates, if any, (i) Marathon shall deliver to Ashland, in Cash or by wire transfer to a bank account (which bank account has been designated in writing by Ashland at least two Business Days prior to the applicable Installment Payment Date), immediately available funds in an amount equal to the sum of (x) the Cash portion of the second and third Installment Payments, respectively, plus (y) the amount of interest payable pursuant to Section 4.01, plus (z) the amount of interest, if any, payable pursuant to Section 9.04(b) or 9.05; and (ii) Marathon and/or USX, as applicable, shall issue the Securities to be issued on such Installment Payment Dates, if any, which Securities shall be accompanied by the certificate(s) and opinion(s) referred to in Section 8.02.

(d) Purchase Procedures in the Event of the Exercise by Ashland of its Special Termination Right. In the event that Ashland exercises its Special Termination Right at the Closing:

(i) Ashland shall deliver to Marathon, in Cash or by wire transfer to a bank account designated in writing by Marathon, immediately available funds in an amount equal to the sum of (x) the Special Termination Price plus (y) the amount of interest payable pursuant to Section 2.01, plus (z) the amount of interest, if any, payable pursuant to Section 9.08(b) or 9.09;

(ii) Marathon shall Transfer to Ashland (or, if Ashland so elects by written notice to Marathon, a Wholly Owned Subsidiary of Ashland) in accordance with Article X of the LLC Agreement, all of Marathon's Membership Interests; and

(iii) the Company shall release to Ashland any amounts held in the Escrow Account, including any income earned thereon.

SECTION 9.02. Conditions to Closing. (a) Marathon's Obligation in the Event of an Exercise by Marathon of its Special Termination Right or its Marathon Call Right or an Exercise by Ashland of its Ashland Put Right. Marathon's obligation to purchase and pay for Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest pursuant to this Agreement in the event of an exercise by Marathon of its Special Termination Right or its Marathon Call Right or in the event of an exercise by Ashland of its Ashland Put Right is subject in each case to the satisfaction (or waiver by Marathon) as of the Closing of the following conditions:

(i) As of the Closing Date, there shall be no (i) injunction or restraining order of any nature issued by any Governmental Authority which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided or (ii) investigation, action or other proceeding that shall have been brought by any Governmental Authority and be pending on the Closing Date, or that shall have been threatened by any Governmental Authority, in any such case against Marathon or Ashland in connection with the consummation of the transactions contemplated by this Agreement which is reasonably likely to result in an injunction or restraining order which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided;

(ii) the waiting period under the HSR Act, if applicable to the purchase and sale of Ashland's Membership Interests pursuant to this Agreement shall have expired or been terminated; and

(iii) Ashland shall have Transferred to Marathon (or, if Marathon shall have so elected by written notice to Ashland, a Wholly Owned Subsidiary of Marathon or USX) all of its Membership Interests on the Closing Date free and clear of all Liens.

It is understood and agreed that a breach by Ashland of any of its representations or warranties in this Agreement shall not constitute a condition to Marathon's obligation to purchase and pay for Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest pursuant to this Agreement in the circumstances set forth above; provided that Marathon shall not be deemed to have waived any right to make a Claim

against Ashland with respect to any Loss that Marathon suffers as a result of any such breach.

(b) Ashland's Obligation in the Event of an Exercise by Marathon of its Special Termination Right or its Marathon Call Right or an Exercise by Ashland of its Ashland Put Right. Ashland's obligation to sell its Membership Interests and the Ashland LOOP/LOCAP Interest to Marathon pursuant to this Agreement in the event of an exercise by Marathon of its Special Termination Right or its Marathon Call Right or in the event of an exercise by Ashland of its Ashland Put Right is subject in each case to the satisfaction (or waiver by Ashland) as of the Closing of the following conditions:

(i) As of the Closing Date, there shall be no (i) injunction or restraining order of any nature issued by any Governmental Authority which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided or (ii) investigation, action or other proceeding that shall have been brought by any Governmental Authority and be pending on the Closing Date, or threatened by any Governmental Authority, in any such case against Marathon or Ashland in connection with the consummation of the transactions contemplated by this Agreement which is reasonably likely to result in an injunction or restraining order which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided;

(ii) the waiting period under HSR Act, if applicable to the purchase and sale of Ashland's Membership Interests pursuant to this Agreement shall have expired or been terminated;

(iii) Marathon shall have delivered to Ashland, in Cash or by wire transfer to a bank account designated in writing by Ashland, immediately available funds in an amount equal to (x) the Special Termination Price or Marathon Call Price, as applicable, or the Cash portion of the Ashland Put Price or applicable Installment Payment, plus (y) the amount of interest payable pursuant to Section 3.01 or 4.01, as applicable, plus (z) the amount of interest, if any, payable pursuant to Section 9.04(b) or 9.05; and

(iv) Marathon or USX, as applicable, shall have issued the Securities to be issued on the Closing Date, if any, accompanied by the certificate(s) and opinion(s) referred to in Section 8.02.

It is understood and agreed that a breach by Marathon or USX of any of its respective representations or warranties in this Agreement shall not constitute a condition to Ashland's obligation to sell its Membership Interests and the Ashland LOOP/LOCAP Interest to Marathon pursuant to this Agreement in the circumstances set forth above; provided that Ashland shall not be deemed to have waived any right to make a Claim against Marathon or USX with respect to any Loss that Ashland suffers as a result of any such breach.

(c) Ashland's Obligation in the Event of an Exercise by Ashland of its Special Termination Right. Ashland's obligation to purchase and pay for Marathon's Membership Interests pursuant to this Agreement in the event of an exercise by Ashland of its Special Termination Right is subject to the satisfaction (or waiver by Ashland) as of the Closing of the following conditions:

(i) As of the Closing Date, there shall be no (i) injunction or restraining order of any nature issued by any Governmental Authority which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided or (ii) investigation, action or other proceeding that shall have been brought by any Governmental Authority and be pending on the Closing Date, or that shall have been threatened by any Governmental Authority, in any such case against Marathon or Ashland in connection with the consummation of the transactions contemplated by this Agreement which is reasonably likely to result in an injunction or restraining order which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided;

(ii) the waiting period under the HSR Act, if applicable to the purchase and sale of Marathon's Membership Interests pursuant to this Agreement shall have expired or been terminated; and

(iii) Marathon shall have Transferred to Ashland (or, if Ashland shall have so elected by written notice to Marathon, a Wholly Owned Subsidiary of Ashland) all

of its Membership Interests on the Closing Date free and clear of all Liens.

It is understood and agreed that a breach by Marathon or USX of any of its respective representations or warranties in this Agreement shall not constitute a condition to Ashland's obligation to purchase and pay for Marathon's Membership Interests pursuant to this Agreement in the circumstances set forth above; provided that Ashland shall not be deemed to have waived any right to make a Claim against Marathon or USX with respect to any Loss that Ashland suffers as a result of any such breach.

(d) Marathon's Obligation in the Event of an Exercise by Ashland of its Special Termination Right. Marathon's obligation to sell its Membership Interests to Ashland pursuant to this Agreement in the event of an exercise by Ashland of its Special Termination Right is subject to the satisfaction (or waiver by Marathon) as of the Closing of the following conditions:

(i) As of the Closing Date, there shall be no (i) injunction or restraining order of any nature issued by any Governmental Authority which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided or (ii) investigation, action or other proceeding that shall have been brought by any Governmental Authority and be pending on the Closing Date, or threatened by any Governmental Authority, in any such case against Marathon or Ashland in connection with the consummation of the transactions contemplated by this Agreement which is reasonably likely to result in an injunction or restraining order which directs, or which has the effect of directing, that the Closing shall not be consummated as herein provided;

(ii) the waiting period under HSR Act, if applicable to the purchase and sale of Marathon's Membership Interests pursuant to this Agreement shall have expired or been terminated; and

(iii) Ashland shall have delivered to Marathon, in Cash or by wire transfer to a bank account designated in writing by Marathon, immediately available funds in an amount equal to (x) the Special Termination Price plus (y) the amount of interest payable pursuant to

Section 2.01 plus (z) the amount of interest, if any, payable pursuant to Section 9.08(b) or 9.09.

It is understood and agreed that a breach by Ashland of any of its representations or warranties in this Agreement shall not constitute a condition to Marathon's obligation to sell its Membership Interests to Ashland pursuant to this Agreement in the circumstances set forth above; provided that Marathon shall not be deemed to have waived any right to make a Claim against Ashland with respect to any Loss that Marathon suffers as a result of any such breach.

(e) Consequences of Inability To Transfer the Ashland LOOP/LOCAP Interest on the Closing Date. It shall not be a condition to the Closing of the Marathon Call Right, the Ashland Put Right or the Marathon Special Termination Right, as applicable, that Ashland shall have Transferred the Ashland LOOP/LOCAP Interest to Marathon, the Company or such other person as Marathon shall direct. In the event that any consents or approvals required for such Transfer are not obtained prior to the Closing of the Marathon Call Right, the Ashland Put Right or the Marathon Special Termination Right, as applicable, and as a consequence Ashland is not able to Transfer the Ashland LOOP/LOCAP Interest to Marathon, the Company or such other person as Marathon shall direct, as applicable, on the Closing Date, the parties hereto shall use their commercially reasonable best efforts to achieve any lawful and reasonable (including with respect to the costs and expenses to be borne by Ashland) arrangement proposed by Marathon under which Marathon or the Company, as applicable, shall obtain the economic claims, rights and benefits under the Ashland LOOP/LOCAP Interest. Such reasonable arrangement may include (i) Ashland subcontracting, sublicensing or subleasing to Marathon, the Company or such other person as Marathon shall direct, as applicable, any and all of Ashland's rights, and delegating all of Ashland's obligations, under the Ashland LOOP/LOCAP Interest, and (ii) Ashland granting to Marathon, the Company or such other person as Marathon shall direct, as applicable, a proxy (the "Ashland LOOP/LOCAP Irrevocable Proxy") which shall authorize such party to exercise on Ashland's behalf, all of Ashland's voting rights with respect to the Ashland LOOP/LOCAP Interest. The costs and expenses incurred in connection with any such arrangements shall be borne 62% by Marathon and 38% by Ashland.

SECTION 9.03. Consequences of a Delayed Closing of the Marathon Call Right or the Ashland Put Right Where Ashland Is at Fault. (a) Right to Revoke Ashland Put Exercise Notice or Marathon Call Exercise Notice. If the Closing of the Marathon Call Right or the Ashland Put Right shall not have occurred on or prior to the date that is 180 days after the Scheduled Closing Date, and (i) the delay is due to (x) a failure by Ashland to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of Ashland's representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) neither Marathon nor USX shall have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then Marathon shall thereafter have the right, exercisable at any time prior to the Closing by written notice to Ashland, to revoke Ashland's Ashland Put Exercise Notice or its Marathon Call Exercise Notice, as applicable.

(b) Adjustment to Ashland Put Price or Marathon Call Price. If the Closing of the Marathon Call Right or the Ashland Put Right does not occur on the Scheduled Closing Date, and (i) the delay is due to (x) a failure by Ashland to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of Ashland's representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) neither Marathon nor USX shall have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then on such later date on which the Closing actually takes place (such later date being the "Delayed Closing Date") Marathon shall deduct from the Marathon Call Price or the Ashland Put Price (or the first Installment Payment, as applicable) payable to Ashland on the Delayed Closing Date, an amount equal to the amount of interest accrued during the period commencing at 12:01 a.m. on the day immediately following the Scheduled Closing Date and ending on and including the Delayed Closing Date (the "Delayed Closing Date Interest Period") on the Marathon Call Price, or the Ashland Put Price (or the first Installment Payment thereof, as applicable), at a rate per

annum equal to the 30-day LIBOR Rate multiplied by 1.5, with daily accrual of interest.

(c) Other Consequences. In the event that Marathon revokes Ashland's Ashland Put Exercise Notice or its Marathon Call Exercise Notice pursuant to Section 9.03(a), each of Marathon and Ashland shall thereafter have the right to exercise their respective Marathon Call Right and Ashland Put Right in accordance with the terms of this Agreement. Any such revocation shall not operate as a release of Ashland from any liability it may have to Marathon for any breach of its obligations under this Agreement and such revocation shall not in any way preclude Marathon from exercising any right or power hereunder or otherwise available to it at law or in equity as a result of any such breach.

SECTION 9.04. Consequences of a Delayed Closing of the Marathon Call Right or the Ashland Put Right Where Marathon or USX Is at Fault. (a) Revocation of Proxies; Payment of Distributions to Ashland; Right To Revoke Ashland Put Exercise Notice or Marathon Call Exercise Notice. If the Closing of the Marathon Call Right or the Ashland Put Right does not occur on the Scheduled Closing Date, and (i) the delay is due to (x) a failure by Marathon or USX to timely perform in any material respect any of its respective covenants and agreements contained herein or (y) the fact that any of Marathon's or USX's respective representations and warranties contained herein (or in any certificate required to be delivered to Ashland pursuant to Section 9.02(b)(iv)) have ceased to be true and correct in any material respect, and (ii) Ashland shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then (i) effective as of 12:01 a.m. on the day immediately following the Scheduled Closing Date, all Ashland Representatives Revocable Proxies and the Ashland LOOP/LOCAP Revocable Proxy shall automatically be revoked; (ii) Marathon shall, and shall cause each of its Representatives to, promptly take all such actions as are necessary to provide that the Company shall thereupon resume making distributions of Distributable Cash and Tax Liability Distributions directly to Ashland pursuant to Article V of the LLC Agreement; (iii) Marathon shall immediately pay to Ashland an amount equal to all Exercise Period Distributions received by

Marathon from the Company in accordance with the provisions of Section 5.01(a)(ii), together with interest on each such Exercise Period Distribution at a rate per annum equal to the Base Rate, with daily accrual of interest, from (but excluding) the date such amount was otherwise payable to Ashland (or, if earlier, the date such amount was paid to Marathon) to (and including) the date such amount is paid to Ashland in accordance with the provisions of this clause (iii); (iv) the Company shall immediately release to Ashland all amounts then held in the Escrow Account, including any income earned thereon; and (v) if the Closing shall not have occurred on or prior to the date that is 180 days after the Scheduled Closing Date, Ashland thereafter shall have the right, exercisable at any time prior to the Closing by written notice to Marathon, to revoke its Ashland Put Exercise Notice or Marathon's Marathon Call Exercise Notice, as applicable.

(b) Adjustments to Ashland Put Price or Marathon Call Price. In addition, if the Closing of the Marathon Call Right or the Ashland Put Right does not occur on the Scheduled Closing Date, and (i) the delay is due to (x) a failure by Marathon or USX to timely perform in any material respect any of its respective covenants and agreements contained herein or (y) the fact that any of Marathon's or USX's respective representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) Ashland shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then Marathon shall be entitled to deduct from the Marathon Call Price or from the Ashland Put Price (or the first Installment Payment, as applicable) payable to Ashland on the Delayed Closing Date, an amount (the "9.04(b) Post-Scheduled Closing Date Distribution Amount") equal to the amount of any Ashland Exercise Period Distributions that Ashland shall have received from the Company in Cash during the Delayed Closing Date Interest Period and, on the Delayed Closing Date, Marathon shall pay to Ashland in addition to the Marathon Call Price or the Ashland Put Price (or the first Installment Payment, as applicable) and related accrued interest payable pursuant to Section 3.01 or 4.01, as applicable, an amount in Cash equal to the amount of interest accrued during the Delayed Closing Interest Period on an amount equal to (1) the Marathon Call Price or the Ashland Put Price (or the first Installment Payment thereof,

as applicable) minus (2) the 9.04(b) Post-Scheduled Closing Date Distribution Amount, at a rate per annum equal to the 30-day LIBOR Rate multiplied by 1.5, with daily accrual of interest.

(c) Other Consequences. In the event that Ashland revokes its Ashland Put Exercise Notice or Marathon's Marathon Call Exercise Notice pursuant to clause (v) of Section 9.03(a), each of Ashland and Marathon shall thereafter have the right to exercise their respective Ashland Put Right and Marathon Call Right in accordance with the terms of this Agreement. Any such revocation shall not operate as a release of Marathon or USX from any liability it may have to Ashland for any breach of its obligations under this Agreement and such revocation shall not in any way preclude Ashland from exercising any right or power hereunder or otherwise available to it at law or in equity as a result of any such breach.

SECTION 9.05. Consequences of a Delayed Closing of the Marathon Call Right or the Ashland Put Right Where No Party Is at Fault. If the Closing of the Marathon Call Right or the Ashland Put Right does not occur on the Scheduled Closing Date, and the delay is not due to a failure by any party hereto to timely perform in any material respect any of its respective covenants and agreements contained herein or to the fact that any party's representations and warranties contained herein have ceased to be true and correct in any material respect, then Marathon shall pay to Ashland on the Delayed Closing Date, in addition to the Marathon Call Price or the Ashland Put Price (or the first Installment Payment, as applicable) and related accrued interest payable pursuant to Section 3.01 or 4.01, as applicable, an amount in Cash equal to the amount of interest accrued during the Delayed Closing Interest Period on the Marathon Call Price or the Ashland Put Price (or the first Installment Payment, as applicable), at a rate per annum equal to the Base Rate, with daily accrual of interest. If the Delayed Closing Date does not occur on or prior to the date that is 180 days after the Scheduled Closing Date and the delay is not due to an action or failure to act by any of Marathon, USX or Ashland, then (i) effective as of 12:01 a.m. on the day immediately following the last day of such 180-day period, all Ashland Representatives Revocable Proxies and the Ashland LOOP/LOCAP Revocable Proxy shall automatically be revoked; (ii) Marathon shall, and shall cause each of its

Representatives to, promptly take all such actions as are necessary to provide that the Company shall resume making distributions of Distributable Cash and Tax Liability Distributions directly to Ashland pursuant to Article V of the LLC Agreement; (iii) Marathon shall immediately pay to Ashland an amount equal to all Exercise Period Distributions received by Marathon from the Company in accordance with the provisions of Section 5.01(a)(ii), together with interest on each such Exercise Period Distribution at a rate per annum equal to the Base Rate, with daily accrual of interest, from (but excluding) the date such amount was otherwise payable to Ashland (or, if earlier, the date such amount was paid to Marathon) to (and including) the date such amount is paid to Ashland in accordance with the provisions of this clause (iii); (iv) the Company shall immediately release to Ashland all amounts then held in the Escrow Account, including any income earned thereon; and (v) the parties shall be restored to their rights as though the Ashland Put Right or the Marathon Call Right had never been exercised, without liability to any party and without any effect on the ability of Ashland to exercise its Ashland Put Right or Marathon to exercise its Marathon Call Right in accordance with the terms of this Agreement in the future.

SECTION 9.06. Consequences of Delayed Second or Third Scheduled Installment Payment. If Marathon shall fail to make an Installment Payment on the second or third Scheduled Installment Payment Date, if applicable, then on such later date on which the applicable Installment Payment is actually made (such later date being a "Delayed Installment Payment Date"), Marathon shall pay to Ashland, in addition to the applicable Installment Payment and related accrued interest payable pursuant to Section 3.01 or 4.01, as applicable, an amount in Cash equal to the amount of interest accrued during the period commencing on the day immediately following the Scheduled Installment Payment Date and ending on and including the date of the payment of the relevant Installment Payment (the "Delayed Installment Payment Date Interest Period") on the applicable Installment Payment, at a rate per annum equal to the 30 day LIBOR Rate multiplied by 1.5, with daily accrual of interest.

SECTION 9.07. Consequences of a Delayed Closing of the Special Termination Right Where Terminating Member Is at Fault. (a) Continuation of Term of the Company; Right to Specific Performance. If the Closing of the Special Termination Right shall not have occurred on or prior to the

Scheduled Closing Date, and (i) the delay is due to (x) a failure by the Terminating Member (or, if Marathon is the Terminating Member, Marathon or USX) to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of the Terminating Member's (or, if Marathon is the Terminating Member, Marathon's or USX's) representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) the Non-Terminating Member (or, if Marathon is the Non-Terminating Member, Marathon or USX) shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then the Non-Terminating Member shall have the right to elect, by written notice to the Company and the Terminating Member, to either (i) terminate the Term of the Company at the end of the Initial Term or the then-current 10-year extension thereof, as applicable (in which case the Term of the Company shall automatically terminate upon the expiration of the Initial Term or the then-current 10-year extension thereof), or (ii) extend the Term of the Company for two additional years following the expiration of the Initial Term or the then-current 10-year extension thereof, as applicable (in which case the Term of the Company shall automatically be extended for such additional two-year period).

(b) Adjustment to Special Termination Price. If the Closing of the Special Termination Right does not occur on the Scheduled Closing Date, and (i) the delay is due to (x) a failure by the Terminating Member (or, if Marathon is the Terminating Member, Marathon or USX) to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of the Terminating Member's (or, if Marathon is the Terminating Member, Marathon's or USX's) representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) the Non-Terminating Member (or, if Marathon is the Terminating Member, Marathon or USX) shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then on the Delayed Closing Date the Non-Terminating Member shall deduct from the Special Termination Price payable to the Terminating Member on the Delayed Closing Date, an amount equal to the amount of interest accrued during the Delayed

Closing Date Interest Period on the Special Termination Price, at a rate per annum equal to the 30-day LIBOR Rate multiplied by 1.5, with daily accrual of interest.

SECTION 9.08. Consequences of a Delayed Closing of the Special Termination Right Where Non-Terminating Member Is at Fault. (a) Revocation of Proxies; Payment of Distributions to Terminating Member; Right to Revoke Special Termination Exercise Notice. If the Closing of the Special Termination Right does not occur on the Scheduled Closing Date, and (i) the delay is due to a failure by the Non-Terminating Member (or, if Marathon is the Non-Terminating Member, Marathon or USX) to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of the Non-Terminating Member's (or, if Marathon is the Non-Terminating Member, Marathon's or USX's) representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) the Terminating Member (or, if Marathon is the Terminating Member, Marathon or USX) shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then (i) effective as of 12:01 a.m. on the day immediately following the Scheduled Closing Date, all Marathon Representative Revocable Proxies (in the circumstance where Marathon is the Terminating Member) or all Ashland Representative Revocable Proxies and the Ashland LOOP/LOCAP Revocable Proxy (in the circumstance where Ashland is the Terminating Member) shall automatically be revoked; (ii) the Non-Terminating Member shall, and shall cause each of its Representatives to, promptly take all such actions as are necessary to provide that the Company shall thereupon resume making distributions of Distributable Cash and Tax Liability Distributions directly to the Terminating Member pursuant to Article V of the LLC Agreement; (iii) the Non-Terminating Member shall immediately pay to the Terminating Member an amount equal to all Exercise Period Distributions received by the Non-Terminating Member from the Company in accordance with the provisions of Section 5.01(a)(ii) or Section 5.01(b)(ii), as applicable, together with interest on each such Exercise Period Distribution at a rate per annum equal to the Base Rate, with daily accrual of interest, from (but excluding) the date such amount was otherwise payable to the Terminating Member (or, if earlier, the date such amount was paid to the Non-Terminating Member) to (and including) the

date such amount is paid to the Terminating Member in accordance with the provisions of this clause (iii); (iv) the Company shall immediately release to the Terminating Member all amounts then held in the Escrow Account, including any income earned thereon; and (v) if the Closing shall not have occurred on or prior to the date that is 120 days before the expiration of the Initial Term or the then-current 10-year extension thereof, each of the Terminating Member and the Non-Terminating Member thereafter shall have the right, exercisable at any time prior to the Closing by written notice to the other party, to revoke the Non-Terminating Member's Special Termination Exercise Notice, in which event the Term of the Company shall automatically terminate upon the expiration of the Initial Term or the then-current 10-year extension thereof.

(b) Adjustments to Special Termination Price. In addition, if the Closing of the Special Termination Right does not occur on the Scheduled Closing Date, and (i) the delay is due to (x) a failure by the Non-Terminating Member (or, if Marathon is the Non-Terminating Member, Marathon or USX) to timely perform in any material respect any of its covenants and agreements contained herein or (y) the fact that any of the Non-Terminating Member's (or, if Marathon is the Non-Terminating Member, Marathon's or USX's) representations and warranties contained herein have ceased to be true and correct in any material respect, and (ii) the Terminating Member (or, if Marathon is the Terminating Member, Marathon or USX) shall not have (x) failed to timely perform in any material respect any of its covenants and agreements contained herein or (y) breached any of its representations and warranties contained herein in any material respect, then the Non-Terminating Member shall be entitled to deduct from the Special Termination Price payable to the Terminating Member on the Delayed Closing Date, an amount (the "9.08(b) Post-Scheduled Closing Date Distribution Amount") equal to the amount of any Exercise Period Distributions that the Terminating Member shall have received from the Company in Cash during the Delayed Closing Date Interest Period and, on the Delayed Closing Date, the Non-Terminating Member shall pay to the Terminating Member in addition to the Special Termination Price and related accrued interest payable pursuant to Section 2.01, an amount in Cash equal to the amount of interest accrued during the Delayed Closing Interest Period on an amount equal to (1) the Special Termination Price minus (2) the 9.08(b) Post-Scheduled Closing Date Distribution Amount, at a rate

per annum equal to the 30-day LIBOR Rate multiplied by 1.5, with daily accrual of interest.

(c) Other Consequences. In the event that the Terminating Member revokes the Non-Terminating Member's Special Termination Exercise Notice, then the Non-Terminating Member shall not thereafter have the right to exercise its Special Termination Right. Any such revocation shall not operate as a release of the Non-Terminating Member from any liability it may have to the Terminating Member for any breach of its obligations under this Agreement and such revocation shall not in any way preclude the Terminating Member from exercising any right or power hereunder or otherwise available to it at law or in equity as a result of any such breach.

SECTION 9.09. Consequences of Delayed Closing of Special Termination Right Where No Party Is at Fault. If the Closing of the Special Termination Right does not occur on the Scheduled Closing Date, and the delay is not due to a failure by any party hereto to timely perform in any material respect any of its respective covenants and agreements contained herein or to the fact that any party's representations and warranties contained herein have ceased to be true and correct in any material respect, then the Non-Terminating Member shall pay to the Terminating Member on the Delayed Closing Date, in addition to the Special Termination Price and related accrued interest payable pursuant to Section 2.01, an amount in Cash equal to the amount of interest accrued during the Delayed Closing Interest Period on the Special Termination Price, at a rate per annum equal to the Base Rate, with daily accrual of interest. If the Delayed Closing Date does not occur on or prior to the date that is 120 days before the expiration of the Initial Term or the then-current 10-year extension thereof and the delay is not due to an action or failure to act by the Terminating Member or the Non-Terminating Member, then (i) effective as of 12:01 a.m. on the day immediately following such 120th day before the expiration of the Initial Term or the then-current 10-year extension thereof, all Marathon Representative Revocable Proxies (in the circumstance where Marathon is the Terminating Member) or all Ashland Representative Revocable Proxies and the Ashland LOOP/LOCAP Revocable Proxy (in the circumstance where Ashland is the Terminating Member) shall be revoked; (ii) the Non-Terminating Member shall, and shall cause each of its Representatives to, promptly take all such actions

as are necessary to provide that the Company shall resume making distributions of Distributable Cash and Tax Liability Distributions directly to the Terminating Member pursuant to Article V of the LLC Agreement; (iii) the Non-Terminating Member shall immediately pay to the Terminating Member an amount equal to all Exercise Period Distributions received by the Non-Terminating Member from the Company in accordance with the provisions of Section 5.01(a)(ii) or Section 5.01(b)(ii), as applicable, together with interest on each such Exercise Period Distribution at a rate per annum equal to the Base Rate, with daily accrual of interest, from (but excluding) the date such amount was otherwise payable to the Terminating Member (or, if earlier, the date such amount was paid to the Non-Terminating Member) to (and including) the date such amount is paid to the Terminating Member in accordance with the provisions of this clause (iii); (iv) the Company shall immediately release to the Terminating Member all amounts then held in the Escrow Account, including any income earned thereon; and (v) the Term of the Company shall automatically terminate upon the expiration of the Initial Term or the then-current 10-year extension thereof.

ARTICLE X

Registration Rights

SECTION 10.01. Registration upon Request. (a) Ashland shall have the right to make a written demand upon the issuer or, in the case of any Marathon Debt Securities issued by Marathon and guaranteed by USX, issuers of any class of Securities delivered or to be delivered to Ashland as payment of any portion of the Ashland Put Price (both parties hereinafter referred to collectively as the "Issuer"), on not more than six separate occasions (subject to the provisions of this Section 10.01), to either, at Ashland's option, (i) register under the Securities Act all or a portion of such Securities for purposes of a public offering by Ashland of such Securities or (ii) prepare an Offering Memorandum that covers all or a portion of such Securities for purposes of a private placement by Ashland of such Securities (either of such requests being referred to herein as a "Demand Registration") that were not registered under the Securities Act at the time of issuance thereof to Ashland on the Closing Date or Installment Payment Date, as the case may be, and the Issuer shall use its best efforts

to file a Registration Statement and cause such Securities to be registered under the Securities Act (in the case of a Demand Registration for a public offering) or to prepare a final Offering Memorandum (in the case of a Demand Registration for a private placement) (i) in the case of any Securities to be delivered to Ashland on the Closing Date or any Installment Payment Date, not later than the Scheduled Closing Date or applicable Scheduled Installment Payment Date or (ii) in the case of any Securities that have been delivered to Ashland on the Closing Date or any Installment Payment Date, in each case not later than 60 days after such written demand by Ashland; provided that each Demand Registration shall cover Securities having an aggregate fair market value (based on the then-current market value of such Securities or, if such market value cannot be determined, based on the expected offering price of such Securities) equal to (i) in the case of a public offering, \$100 million or more, unless Ashland shall hold less than \$100 million of Securities, in which event, the remaining Securities held by Ashland and (ii) in the case of a private placement, \$25 million or more, unless Ashland shall hold less than \$25 million of Securities, in which event, the remaining Securities held by Ashland.

(b) Notwithstanding the provisions of Section 10.01(a), the Issuer (i) shall not be obligated to prepare or file more than one Registration Statement pursuant to this Section 10.01 during any six month period (measured from the effective date (or, in the case of a private placement, the closing date) of the most recently requested Demand Registration to the date of the demand by Ashland for a subsequent Demand Registration) and (ii) shall be entitled to postpone the filing of any Registration Statement otherwise required to be prepared and filed by it pursuant to Section 10.01(a), and to prevent Ashland from initially distributing any Offering Memorandum required to be prepared by the Issuer pursuant to Section 10.01(a), in each case (x) if the Issuer is actively pursuing an Underwritten Public Offering, for a period of up to 90 days following the closing of any Underwritten Public Offering; provided that the Issuer is advised by its managing underwriter or underwriters in writing (with a copy to Ashland), that the price at which securities would be offered in such offering would, in its or in their opinion, be materially adversely affected by the registration or the initial dissemination of the Offering Memorandum so requested, or (y) for a period of up to 90 days if the

Issuer determines in its reasonable judgment and in good faith that the registration and distribution of such Securities (or the private placement thereof, in the case of a sale by Ashland of such securities pursuant to Section 4(2) or Rule 144A of the Securities Act) would materially adversely impair or interfere with in any material respect any contemplated material financing, acquisition, disposition, corporate reorganization or other similar transaction involving the Issuer or any of its subsidiaries or Affiliates ((x) or (y) being hereinafter referred to as a "Blackout Period"), provided, however, that the aggregate number of days included in all Blackout Periods during any consecutive 12 months shall not exceed 180 days, and; provided further, however, that a period of at least 30 days shall elapse between the termination of any Blackout Period and the commencement of the immediately succeeding Blackout Period. In the event of such postponement, Ashland shall have the right to withdraw such request for registration or request for preparation of an Offering Memorandum by giving written notice to the Issuer within 20 days after receipt of notice of postponement and, in the event of such withdrawal, such request shall not be counted for purposes of determining the number of Demand Registrations to which Ashland is entitled pursuant to Section 10.01(a).

(c) A registration requested pursuant to this Section 10.01 shall not be deemed to have been effected unless the Registration Statement relating thereto (i) has become effective under the Securities Act and (ii) has remained effective for a period of at least 90 days (or such shorter period in which all Securities included in such registration have actually been sold thereunder); provided, however, that if after any Registration Statement requested pursuant to this Section 10.01 becomes effective such Registration Statement is interfered with by any stop order, injunction or other order or requirement of the Commission or other Governmental Authority solely due to the actions or omissions to act of the Issuer prior to being effective for 90 days and less than 75% of the Securities have been sold thereunder, such Registration Statement shall be at the sole expense of the Issuer and shall not constitute a Demand Registration. In addition, a request for the preparation of an Offering Memorandum pursuant to this Section 10.01 shall not be deemed to have been effected unless the information contained in such Offering Memorandum has remained "reasonably current" (as such term is defined in Rule 144A

under the Securities Act) for a period of at least 90 days (or such shorter period in which all Securities covered by such Offering Memorandum have actually been sold thereunder); provided, however, that if such Offering Memorandum is interfered with by any stop order, injunction or other order or requirement of the Commission or other Governmental Authority solely due to the actions or omissions to act of the Issuer prior to such Offering Memorandum being made available to Ashland for 90 days and less than 75% of the Securities have been sold pursuant thereto, such Offering Memorandum shall be at the sole expense of the Issuer and shall not constitute a Demand Registration.

(d) On or after the date hereof, the Issuer shall not grant to any other holder of its securities, whether currently outstanding or issued in the future, any incidental or "piggy-back" registration rights with respect to any Registration Statement filed or Offering Memorandum prepared pursuant to a Demand Registration under this Section 10.01 and, without the prior consent of Ashland, will not permit any holder of its securities to participate in any offering or private placement made pursuant to a Demand Registration under this Section 10.01.

(e) If a Demand Registration involves an Underwritten Public Offering and the managing underwriter or underwriters shall advise the Issuer and Ashland in writing that, in its view, the number of securities requested to be included in such registration (including, without limitation, Securities requested to be included by Ashland, securities which the Issuer proposes to be included, and securities proposed to be included by other holders of securities entitled to include securities in such registration pursuant to incidental or "piggy-back" registration rights other than those pursuant to this Article X (the "Other Holders")) exceeds the largest number of shares of securities which can be sold without having an adverse effect on such offering, including the price at which such securities can be sold (the "Maximum Offering Size"), the Issuer shall include in such registration, in the priority listed below, up to the Maximum Offering Size:

(i) first, all Securities requested to be registered by Ashland;

(ii) second, all securities requested to be included in such registration by any Other Holder (allocated, if necessary, for the offering not to exceed the Maximum Offering Size, pro rata among such Other Holders on the basis of the relative number of securities requested to be included in such registration); and

(iii) third, any securities proposed to be registered by the Issuer or by any Other Holders pursuant to incidental or "piggy-back" registration rights.

(f) Ashland may, at any time, prior to the effective date of the Registration Statement or the initial distribution of the Offering Memorandum relating to such request, revoke such request by providing a written notice to the Issuer, in which case such request, as so revoked, shall not constitute a Demand Registration.

SECTION 10.02. Covenants of the Issuer. (a) Registration Statement Covenants. In the event that any Securities are to be registered pursuant to Section 10.01, the Issuer covenants and agrees that it shall (i) use its best efforts to effect the registration, (ii) cooperate in the sale of the Securities and (iii) as expeditiously as possible:

(1) prepare and file with the Commission a Registration Statement with respect to such Securities on Form S-3, if permitted, or otherwise on any form for which the Issuer then qualifies or which counsel for the Issuer shall deem appropriate, and which form shall be available for the sale of the Securities in accordance with the intended methods of distribution thereof, and use its best efforts to cause such Registration Statement to become and remain effective;

(2) prepare and file with the Commission amendments and supplements to such Registration Statement and prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until the earlier of (i) such time as all of such securities have been disposed of in accordance with the

intended methods of disposition by Ashland set forth in such Registration Statement and (ii) the expiration of 90 days after the date such Registration Statement becomes effective; provided that before filing a Registration Statement or prospectus, or any amendments or supplements thereto, the Issuer shall furnish to Ashland and its counsel, copies of all documents proposed to be filed;

(3) furnish to Ashland such number of copies of such Registration Statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus and prospectus supplement, as applicable, in conformity with the requirements of the Securities Act, and such other documents as Ashland may reasonably request in order to facilitate the disposition of the Securities by Ashland;

(4) use its best efforts to register or qualify such Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions as Ashland shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable Ashland to consummate the disposition in such jurisdictions of the Securities owned by Ashland, except that the Issuer shall not for any such purpose be required to (i) qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 10.04(a)(4), it would not be obligated to be so qualified, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(5) use its best efforts to cause such Securities covered by such Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable Ashland to consummate the disposition of such Securities;

(6) notify Ashland at any time when a prospectus relating to a Registration Statement is required to be delivered under the Securities Act within the appropriate period mentioned in Section 10.02(a)(2), of the happening of any event as a result of which such Registration Statement contains an untrue statement of a

material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of Ashland, prepare and furnish to Ashland a reasonable number of copies of an amended or supplemental prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(7) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to Ashland, as soon as reasonably practicable (but not more than eighteen months) after the effective date of the Registration Statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(8) use its best efforts to cause all such Securities that are Marathon Equity Securities to be listed on any securities exchange on which the securities of the Issuer are then listed, if such Securities are not already so listed and if such listing is then permitted under the rules of such exchange, and to provide a transfer agent and registrar for such Securities covered by such Registration Statement no later than the effective date of such Registration Statement;

(9) use its best efforts to obtain a "cold comfort" letter or letters from the Issuer's independent public accountants in customary form; and

(10) cooperate with Ashland and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing the Securities to be sold under such Registration Statement, and enable such Securities to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Ashland may request.

(b) Offering Memorandum Covenants. In the event that any Securities are to be sold by Ashland by means of an Offering Memorandum prepared by the Issuer pursuant to Sections 10.01, the Issuer covenants and agrees that it shall (i) cooperate in the sale of the Securities and (ii) as expeditiously as possible:

(1) prepare the Offering Memorandum;

(2) prepare amendments and supplements to such Offering Memorandum as may be necessary to keep the information in such Offering Memorandum "reasonably current" (as such term is defined in Rule 144A under the Securities Act) and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Offering Memorandum until the earlier of (i) such time as all of such securities have been disposed of in accordance with the intended methods of disposition by Ashland set forth in such Offering Memorandum and (ii) the expiration of 90 days after the date such Offering Memorandum (in definitive form) is circulated to the initial purchasers; provided that before making any amendments or supplements thereto, the Issuer shall furnish to Ashland and its counsel, copies of all proposed amendments or supplements;

(3) furnish to Ashland such number of copies of such Offering Memorandum and of each amendment and supplement thereto (in each case including all exhibits), and such other documents as Ashland may reasonably request in order to facilitate the disposition of the Securities by Ashland;

(4) use its best efforts to register or qualify such Securities covered by such Offering Memorandum under such other securities or blue sky laws of such jurisdictions as Ashland shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable Ashland to consummate the disposition in such jurisdictions of the Securities owned by Ashland, except that the Issuer shall not for any such purpose be required to (i) qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this Section 10.02(b)(4), it would not be obligated to be so qualified, (ii) subject itself to

taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(5) use its best efforts to cause such Securities covered by such Offering Memorandum to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable Ashland to consummate the disposition of such Securities;

(6) notify Ashland at any time prior to the completion of the sale of the Securities by Ashland that are covered by the Offering Memorandum, of the happening of any event as a result of which such Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of Ashland, prepare and furnish to Ashland a reasonable number of copies of an amended or supplemental Offering Memorandum as may be necessary so that, as thereafter delivered to the purchasers of such Securities, such Offering Memorandum shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(7) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission;

(8) use its best efforts to cause all such Securities that are Marathon Equity Securities to be listed on any securities exchange on which the securities of the Issuer are then listed, if such Securities are not already so listed and if such listing is then permitted under the rules of such exchange, and to provide a transfer agent and registrar for such Securities covered by such Offering Memorandum no later than the effective date of such Offering Memorandum;

(9) use its best efforts to obtain a "cold comfort" letter or letters from the Issuer's independent public accountants in customary form; and

(10) cooperate with Ashland and the initial purchasers, if any, to facilitate the timely preparation and delivery of certificates representing the Securities to be sold under such Offering Memorandum, and enable such Securities to be in such denominations and registered in such names as the initial purchasers, if any, or Ashland may request.

The Issuer may require Ashland to furnish the Issuer with such information regarding Ashland and pertinent to the disclosure requirements relating to the registration and/or the distribution of such Securities pursuant to this Article X as the Issuer may from time to time reasonably request in writing.

Ashland agrees that, upon receipt of any notice from the Issuer of the happening of any event of the kind described in Section 10.02(a)(6) or 10.02(b)(6), or of the imposition by the Issuer of a Blackout Period of the type described in clause (y) of 10.01(b)(ii), Ashland shall forthwith discontinue such disposition of such Securities pursuant to the Registration Statement or Offering Memorandum covering such Securities until Ashland's receipt of the copies of the supplemented or amended prospectus or Offering Memorandum contemplated by Section 10.02(a)(6) and 10.02(b)(6), respectively, or the expiration of such Blackout Period, as applicable, and, if so directed by the Issuer, Ashland shall deliver to the Issuer (at the Issuer's expense) all copies, other than permanent file copies then in Ashland's possession, of the prospectus or Offering Memorandum covering such Securities current at the time of receipt of such notice. In the event the Issuer shall give any such notice, the period mentioned in Section 10.02(a)(2) or 10.02(b)(2), as applicable, shall be extended by the number of days during the period from the date of the giving of such notice pursuant to Section 10.02(a)(6) or 10.02(b)(6), as applicable, and through the date when Ashland shall have received the copies of the supplemented or amended prospectus or Offering Memorandum contemplated by Section 10.02(a)(6) or 10.02(b)(6), respectively, or the expiration of such Blackout Period, as applicable.

SECTION 10.03. Fees and Expenses. In connection with any registration pursuant to this Article X or the preparation of any Offering Memorandum pursuant to this Article X, (i) Ashland shall pay all agent fees and commissions and underwriting discounts and commissions

related to the Securities being sold by Ashland and the fees and disbursements of its counsel and accountants and (ii) the Issuer shall pay all fees and disbursements of its counsel and accountants and the expenses, including fees incurred in the preparation of a cold comfort letter requested by Ashland pursuant to Section 10.02(a)(9) or 10.02(b)(9), as applicable. All other fees and expenses in connection with any Registration Statement or Offering Memorandum (including, without limitation, all registration and filing fees, all printing costs, all fees and expenses of complying with securities or blue sky laws) shall be borne by Ashland; provided that Ashland shall not pay any expenses relating to work that would otherwise be incurred by the Issuer including, but not limited to, the preparation and filing of periodic reports with the Commission.

SECTION 10.04. Indemnification and Contribution. In the case of any offering registered pursuant to this Article X or any private placement pursuant to an Offering Memorandum prepared by the Issuer pursuant to this Article X, the Issuer agrees to indemnify and hold Ashland, each underwriter or initial purchaser, if any, of the Securities under such registration or covered by such Offering Memorandum and each person who controls any of the foregoing within the meaning of Section 15 of the Securities Act, and any director, officer, employee, stockholder, partner, agent or representative, of the foregoing, harmless against any and all losses, claims, damages or liabilities (including reasonable legal fees and other reasonable expenses incurred in the investigation and defense thereof) (collectively "Losses") to which they or any of them may become subject under the Securities Act or otherwise, insofar as any such Losses shall arise out of or shall be based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (as amended if the Issuer shall have filed with the Commission any amendment thereof) or Offering Memorandum (as amended if the Issuer shall have prepared and delivered to Ashland for private distribution any amendment to such Offering Memorandum), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in the prospectus relating to the sale of such Securities (as amended or supplemented if the Issuer shall have filed with the Commission any amendment

thereof or supplement thereto), or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the indemnification contained in this Section 10.04 shall not apply to such Losses which shall arise out of or shall be based upon any such untrue statement or alleged untrue statement, or any such omission or alleged omission, which shall have been made in reliance upon and in conformity with information furnished in writing to the Issuer by Ashland or such underwriter or initial purchaser, as the case may be, specifically for use in connection with the preparation of the Registration Statement, the prospectus contained in the Registration Statement or the Offering Memorandum, as applicable, or any such amendment thereof or supplement therein.

Notwithstanding the foregoing provisions of this Section 10.04, the Issuer shall not be liable to Ashland, any person who participates as an underwriter in the offering or sale of such Securities, any person who participates as an initial purchaser in the private placement of such Securities or any other person, if any, who controls Ashland or any underwriter or initial purchaser (within the meaning of the Securities Act), under the indemnity agreement in this Section 10.04 for any such Losses that arise out of Ashland's or such other person's failure to send or give a copy of the final prospectus or final Offering Memorandum to the person asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of the Securities to such person if such statement or omission was corrected in such final prospectus or final Offering Memorandum and the Issuer has previously furnished copies thereof in accordance with this Agreement.

In the case of each offering registered pursuant to this Article X and each private placement pursuant to this Article X, Ashland shall agree, and each underwriter or initial purchaser, if any, participating therein shall agree, substantially in the same manner and to the same extent as set forth in the preceding paragraph, severally to indemnify and hold harmless the Issuer and each person who controls the Issuer within the meaning of Section 15 of the Securities Act, and any director, officer, employee, stockholder, partner, agent or representative of the Issuer, with respect to any statement in or omission from such

Registration Statement (as amended or as supplemented, if amended or supplemented as aforesaid) or Offering Memorandum (as amended or as supplemented, if amended or supplemented as aforesaid), as applicable, if such statement or omission shall have been made in reliance upon and in conformity with information furnished in writing to the Issuer by Ashland or such underwriter or initial purchaser, as the case may be, specifically for use in connection with the Registration Statement, the prospectus contained in such Registration Statement or the Offering Memorandum, as applicable, or any such amendment thereof or supplement thereto.

Each party indemnified under this Section 10.04 shall, promptly after receipt of notice of the commencement of any claim against any such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the commencement thereof. The failure of any indemnified party to so notify an indemnifying party of any action shall not relieve the indemnifying party from any liability in respect of such action which it may have to such indemnified party on account of the indemnity contained in this Section 10.04, unless (and only to the extent) the indemnifying party was prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability which it may have to such indemnified party. In case any action in respect of which indemnification may be sought hereunder shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may desire, jointly with any other indemnifying party similarly notified, to assume the defense thereof through counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 10.04 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable costs of investigation (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to those available to such indemnifying party, (ii) the indemnifying party and such indemnified party shall have mutually agreed to the retention of such counsel or (iii) in the reasonable opinion

of such indemnified party representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding, in which case the indemnified party shall be reimbursed by the indemnifying party for the reasonable expenses incurred in connection with retaining one firm of separate legal counsel; provided that (i) in circumstances where Ashland or an underwriter or initial purchaser is the indemnifying party, the indemnifying party shall not be liable for more than one firm of legal counsel for all indemnified parties and (ii) in circumstances where the Issuer is the indemnifying party, the indemnifying party shall not be liable for more than (A) one firm of legal counsel for Ashland, each person who controls Ashland within the meaning of Section 15 of the Securities Act, and any director, officer, employee, stockholder, partner, agent or representative of Ashland, and (B) one firm of legal counsel for the underwriters or initial purchasers, if any, indemnified under this Section 10.04, each person who controls such underwriters or initial purchasers within the meaning of Section 15 of the Securities Act, and any director, officer, employee, stockholder, partner, agent or representative of such underwriters or initial purchasers). No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any claim or pending or threatened proceeding in respect of which the indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising out of such claim or proceeding. If an indemnifying party shall have expressly acknowledged its indemnification obligations with respect to a claim or pending or threatened proceeding, then the indemnified party with respect to such claim or pending or threatened proceeding shall not, without the prior written consent of the indemnifying party, effect any settlement of such claim or pending or threatened proceeding.

If the indemnification provided for in this Section 10.04 is unavailable to an indemnified party or is insufficient to hold such indemnified party harmless from any Losses in respect of which this Section 10.04 would otherwise apply by its terms (other than by reason of exceptions provide herein), then each applicable

indemnifying party, in lieu of indemnifying such indemnified party, shall have a joint and several obligation to contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative benefits received by and fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the offering or private placement to which such contribution relates as well as any other relevant equitable considerations. The relative benefit shall be determined by reference to, among other things, the amount of proceeds received by each party from the offering or private placement to which such contribution relates. The relative fault shall be determined by reference to, among other things, each party's relative knowledge and access to information concerning the matter with respect to which the claim was asserted, and the opportunity to correct and prevent any statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any legal or other fees or expenses incurred by such party in connection with any investigation or proceeding, to the extent such party would have been indemnified for such expenses if the indemnification provided for in this Section 10.04 was available to such party.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 10.04 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

SECTION 10.05. Underwriting Agreement; Purchase Agreement. In connection with any underwritten offering or private placement of Securities pursuant to a Demand Registration under Section 10.01, the Issuer and Ashland shall enter into an underwriting agreement with the underwriters for such offering or a purchase agreement with the initial purchasers for such private placement, such underwriting agreement or purchase agreement to contain such representations and warranties by the Issuer and Ashland and such other terms and provisions as are customarily contained

in underwriting agreements with respect to secondary distributions or purchase agreements with respect to private placements, including, without limitation, indemnities and contribution to the effect and to the extent provided in Section 10.04 (and customary provisions with respect to indemnities and contribution by such underwriters or initial purchasers).

SECTION 10.06. Undertaking To File Reports. For as long as Ashland holds Securities, the Issuer shall use its best efforts to file, on a timely basis, all annual, quarterly and other reports required to be filed by it under Sections 13 and 15(d) of the Exchange Act and the rules and regulations of the Commission thereunder, as amended from time to time, or any successor statute or provisions.

ARTICLE XI

Covenants

SECTION 11.01. Cooperation; Commercially Reasonable Best Efforts. Each of the parties hereto shall cooperate with each other in good faith, and shall cause their respective officers, employees, agents, auditors and representatives to cooperate with each other in good faith, to cause the Closing to occur. In addition, each of the parties hereto shall use its commercially reasonable best efforts to cause the Closing to occur.

SECTION 11.02. Antitrust Notification; FTC or DOJ Investigation. (a) Each of Marathon, USX and Ashland shall as promptly as practicable, but in no event later than 30 days following the relevant Exercise Date, file with the FTC and the DOJ the notification and report form, if any, required for the transactions contemplated hereby and any supplemental information requested in connection therewith pursuant to the HSR Act. Any such notification and report form and supplemental information shall be in substantial compliance with the requirements of the HSR Act. Each of Marathon, USX and Ashland shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission which is necessary under the HSR Act. Each of Marathon, USX and Ashland shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC and the

DOJ and shall comply promptly with any such inquiry or request.

(b) In the event that Marathon, USX and Ashland are not required to file with the FTC and the DOJ any notification and report form pursuant to the HSR Act, but the FTC or the DOJ nevertheless commences an investigation with respect to the transactions contemplated hereby, each of Marathon, USX and Ashland shall comply promptly with any inquiry or request made by the DOJ or the FTC in connection with such investigation.

(c) In the event that Marathon, USX and Ashland file notification and report forms with the FTC and the DOJ pursuant to Section 11.02(a) or the FTC or the DOJ commences an investigation with respect to the transactions contemplated hereby, then, in addition to the obligations of Marathon, USX and Ashland set forth in Section 11.02(a) and 11.02(b), as applicable, Marathon, USX and Ashland agree as follows:

(i) In the case of Marathon's exercise of its Marathon Call Right, each of Marathon and USX shall take all such actions as are necessary to obtain any clearance required under the HSR Act or from the FTC or DOJ in connection with any such investigation, as applicable, for the purchase and sale of Ashland's Membership Interests and the Ashland LOOP/LOCAP Interest pursuant to this Agreement, including divesting or holding separate any assets or commencing or defending litigation; provided, however, that neither Marathon nor USX shall be required to take any action proposed by the FTC or the DOJ that would or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of the Company and its subsidiaries, taken as a whole.

(ii) In the case of (A) Ashland's exercise of its Ashland Put Right or (B) Marathon's exercise of its Special Termination Right, each of Marathon and USX shall take all such actions as are necessary to obtain any clearance required under the HSR Act or from the FTC or DOJ in connection with any such investigation, as applicable, for the purchase and sale of Ashland's Membership Interests and the Ashland LOOP/LOCAP

Interest pursuant to this Agreement, including divesting or holding separate any assets or commencing or defending litigation; provided, however, that neither Marathon nor USX shall be required to take any action proposed by the FTC or the DOJ that would or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of (A) the Company and its subsidiaries, taken as a whole, (B) Marathon and its subsidiaries, taken as a whole, or (C) USX and its subsidiaries, taken as a whole.

(iii) In the case of Ashland's exercise of its Special Termination Right, Ashland shall take all such actions as are necessary to obtain any clearance required under the HSR Act or from the FTC or DOJ in connection with any such investigation, as applicable, for the purchase and sale of Marathon's Membership Interests pursuant to this Agreement, including divesting or holding separate any assets or commencing or defending litigation; provided, however, that Ashland shall not be required to take any action proposed by the FTC or the DOJ that would or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of (A) the Company and its subsidiaries, taken as a whole or (B) Ashland and its subsidiaries, taken as a whole.

SECTION 11.03. Governmental Filings re: Ashland LOOP/LOCAP Interest. (a) Each of the parties hereto shall as promptly as practical, but in no event later than five Business Days following the relevant Exercise Date, file all documentation with all relevant Governmental Entities that is required to be filed with such Governmental Entities in connection with the purchase and sale of the Ashland LOOP/LOCAP Interest on the Scheduled Closing Date. Each of the parties hereto shall keep the other apprised of the status of any communications with, and any inquiries or requests for additional information from, such Governmental Entities and shall comply promptly with any such inquiry or request.

(b) In addition to the obligations of the parties hereto set forth in Section 11.03(a), Marathon and USX agree as follows:

(i) In the case of Marathon's exercise of its Marathon Call Right, each of Marathon and USX shall take all such actions as are necessary to obtain any requisite approvals from such Governmental Entities as are required in connection with the purchase and sale of the Ashland LOOP/LOCAP Interest pursuant to this Agreement, including commencing or defending litigation; provided, however, that neither Marathon nor USX shall be required to take any such action that would or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of the Company and its subsidiaries, taken as a whole.

(ii) In the case of Marathon's exercise of its Special Termination Right or Ashland's exercise of its Ashland Put Right, each of Marathon and USX shall take all such actions as are necessary to obtain any requisite approvals from such Governmental Entities as are required in connection with the purchase and sale of the Ashland LOOP/LOCAP Interest pursuant to this Agreement, including commencing or defending litigation; provided, however, that neither Marathon nor USX shall be required to take any such action that would or would reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities, results of operations, cash flows, condition (financial or otherwise) or prospects of (A) the Company and its subsidiaries, taken as a whole, (B) Marathon and its subsidiaries, taken as a whole, or (C) USX and its subsidiaries, taken as a whole.

SECTION 11.04. Designated Sublease Agreements. (a)

Ashland Designated Sublease Agreements. In the event of (i) Marathon's exercise of its Marathon Call Right, (ii) Ashland's exercise of its Ashland Put Right or (iii) Marathon's exercise of its Special Termination Right, Ashland shall use its commercially reasonable best efforts to (A) terminate the outstanding Original Lease underlying each Ashland Designated Sublease Agreement on or prior to Closing and (B) contribute the related Subleased Property to the Company or one of its subsidiaries at no cost to the

Company or such subsidiary on or prior to Closing; provided, however, that (i) Ashland shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such underlying Original Lease in order to obtain any consent required from such lessor and (ii) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property shall be deemed not to constitute an obligation to pay more than a reasonable amount. In the event that Ashland is unable to terminate an outstanding Original Lease in accordance with this Section 11.04(a), then (i) the Company shall be entitled to continue to sublease the Subleased Property pursuant to the related Ashland Designated Sublease Agreement until the term of the Original Lease expires, (ii) Ashland shall continue to use its commercially reasonable best efforts to terminate the Original Lease and contribute the Subleased Property to the Company as provided above; provided, however, that (A) Ashland shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such underlying Original Lease in order to obtain any consent required from such lessor and (B) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property shall be deemed not to constitute an obligation to pay more than a reasonable amount and (iii) if Ashland subsequently acquires fee title to the Subleased Property, Ashland shall contribute such Subleased Property to the Company or one of its subsidiaries at no cost to the Company or such subsidiary at such time.

(b) Marathon Designated Sublease Agreements. In the event of Ashland's exercise of its Special Termination Right, Marathon shall use its commercially reasonable best efforts to (A) terminate the outstanding Original Lease underlying each Marathon Designated Sublease Agreement on or prior to Closing and (B) contribute the related Subleased Property to the Company or one of its subsidiaries at no cost to the Company or such subsidiary on or prior to Closing; provided, however, that (i) Marathon shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such

underlying Original Lease in order to obtain any consent required from such lessor and (ii) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property shall be deemed not to constitute an obligation to pay more than a reasonable amount. In the event that Marathon is unable to terminate an outstanding Original Lease in accordance with this Section 11.04(b), then (i) the Company shall be entitled to continue to sublease the Subleased Property pursuant to the related Marathon Designated Sublease Agreement until the term of the Original Lease expires, (ii) Marathon shall continue to use its commercially reasonable best efforts to terminate the Original Lease and contribute the Subleased Property to the Company as provided above; provided, however, that (A) Marathon shall not be obligated to pay more than a reasonable amount as consideration therefor to, or make more than a reasonable financial accommodation in favor of, or commence litigation against, a third party lessor with respect to any such underlying Original Lease in order to obtain any consent required from such lessor and (B) any additional cost associated with exercising an option under the Original Lease to purchase Subleased Property shall be deemed not to constitute an obligation to pay more than a reasonable amount and (iii) if Marathon subsequently acquires fee title to the Subleased Property, Marathon shall contribute such Subleased Property to the Company or one of its subsidiaries at no cost to the Company or such subsidiary at such time.

ARTICLE XII

Standstill Agreement

SECTION 12.01. Restrictions of Certain Actions by Marathon and USX. Each of Marathon and USX covenants and agrees that, from the date hereof through the six-month anniversary of the earlier to occur of (a) the date that Ashland and its Affiliates do not own any Membership Interests, and (b) the date that Marathon and its Affiliates do not own any Membership Interests, it shall not, and it shall cause each of its Affiliates (including, for the avoidance of doubt, Employee Benefit Plans of USX, Marathon and their respective Affiliates) not to, singly or as part of a partnership, limited partnership, syndicate or other group

(as those terms are defined in Section 13(d)(3) of the Exchange Act), directly or indirectly:

(i) acquire, offer to acquire, or agree to acquire, by purchase, gift or otherwise, more than 1% of any class of any Ashland Voting Securities, except (A) pursuant to a stock split, stock dividend, rights offering, recapitalization, reclassification or similar transaction, (B) in connection with the transfer of Ashland Voting Securities to a Marathon or USX Employee Benefit Plan as contemplated by Section 3.1(v) of the Asset Transfer and Contribution Agreement or (C) the ownership by any Employee Benefit Plan of USX, Marathon or any of their respective Affiliates of any interest in any diversified index, mutual or pension fund managed by an independent investment advisor, which fund in turn holds, directly or indirectly, Ashland Voting Securities; provided that not more than 5% of such fund's assets are comprised of Ashland Voting Securities;

(ii) make, or in any way participate in any "solicitation" of "proxies" to vote (as such terms are defined in Rule 14a-1 under the Exchange Act), solicit any consent or communicate with or seek to advise or influence any person or entity with respect to the voting of any Ashland Voting Securities or become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 under the Exchange Act) with respect to Ashland;

(iii) form, join, encourage or in any way participate in the formation of, any "person" within the meaning of Section 13(d)(3) of the Exchange Act with respect to any Ashland Voting Securities;

(iv) deposit any Ashland Voting Securities into a voting trust or subject any such Ashland Voting Securities to any arrangement or agreement with respect to the voting thereof;

(v) initiate, propose or otherwise solicit shareholders for the approval of one or more shareholder proposals with respect to Ashland as described in Rule 14a-8 under the Exchange Act, or induce or attempt to induce any other person to initiate any shareholder proposal;

(vi) seek election to or seek to place a representative on the Board of Directors of Ashland or seek the removal of any member of the Board of Directors of Ashland;

(vii) except with the approval of management of Ashland, call or seek to have called any meeting of the shareholders of Ashland;

(viii) otherwise act to seek to control, disrupt or influence the management, business, operations, policies or affairs of Ashland;

(ix) (A) solicit, seek to effect, negotiate with or provide any information to any other person with respect to, (B) make any statement or proposal, whether written or oral, to the Board of Directors of Ashland or any director or officer of Ashland with respect to, or (C) otherwise make any public announcement or proposal whatsoever with respect to, any form of business combination transaction involving Ashland (other than the Transaction), including, without limitation, a merger, exchange offer, or liquidation of Ashland's assets, or any restructuring, recapitalization or similar transaction with respect to Ashland;

(x) seek to have Ashland waive, amend or modify any of the provisions contained in this Section 12.01;

(xi) disclose or announce any intention, plan or arrangement inconsistent with the foregoing; or

(xii) advise, assist, instigate or encourage any third party to do any of the foregoing.

If either Marathon or USX or any of their respective Affiliates owns or acquires any Ashland Voting Securities in violation of this Section 12.01, such Ashland Voting Securities shall immediately be disposed of to persons who (i) are not Marathon or USX or Affiliates thereof and (ii) do not own, individually or as part of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), more than 5% of the then outstanding Ashland Voting Securities; provided that Ashland may also pursue any other available remedy to which it may be entitled as a result of such violation.

SECTION 12.02. Restrictions of Certain Actions by Ashland. Ashland covenants and agrees that, from the date hereof through the later to occur of (a) the six-month anniversary of the earlier to occur of (i) the date that Marathon and its Affiliates do not own any Membership Interests and (ii) the date that Ashland and its Affiliates do not own any Membership Interests and (b) in the event that Ashland or its Affiliates acquires USX Voting Securities pursuant to the Closing of the Ashland Put Right, the date on which Ashland and its Affiliates do not own more than 5% of the then outstanding USX Voting Securities, it shall not, and it shall cause each of its Affiliates (including, for the avoidance of doubt, Employee Benefit Plans of Ashland and its Affiliates) not to, singly or as part of a partnership, limited partnership, syndicate or other group (as those terms are defined in Section 13(d)(3) of the Exchange Act), directly or indirectly:

(i) acquire, offer to acquire, or agree to acquire, by purchase, gift or otherwise, more than 1% of any class of USX Voting Securities, except (A) pursuant to a stock split, stock dividend, rights offering, recapitalization, reclassification or similar transaction and except for any issuance of USX Voting Securities to Ashland as payment of any portion of the Ashland Put Price in accordance with the provisions of this Agreement or (B) the ownership by any Employee Benefit Plan of Ashland or any of its Affiliates of any interest in any diversified index, mutual or pension fund managed by an independent investment advisor, which fund in turn holds, directly or indirectly, USX Voting Securities; provided that not more than 5% of such fund's assets are comprised of USX Voting Securities;

(ii) make, or in any way participate in any "solicitation" of "proxies" to vote (as such terms are defined in Rule 14a-1 under the Exchange Act), solicit any consent or communicate with or seek to advise or influence any person or entity with respect to the voting of any USX Voting Securities or become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 under the Exchange Act) with respect to USX;

(iii) form, join, encourage or in any way participate in the formation of, any "person" within

the meaning of Section 13(d)(3) of the Exchange Act with respect to any USX Voting Securities;

(iv) deposit any USX Voting Securities into a voting trust or subject any such USX Voting Securities to any arrangement or agreement with respect to the voting thereof;

(v) initiate, propose or otherwise solicit shareholders for the approval of one or more shareholder proposals with respect to USX as described in Rule 14a-8 under the Exchange Act, or induce or attempt to induce any other person to initiate any shareholder proposal;

(vi) seek election to or seek to place a representative on the Board of Directors of USX or seek the removal of any member of the Board of Directors of USX or seek the removal of any member of the Board of Directors of USX;

(vii) except with the approval of management of USX, call or seek to have called any meeting of the shareholders of USX;

(viii) otherwise act to seek to control, disrupt or influence the management, business, operations, policies or affairs of USX;

(ix) (A) solicit, seek to effect, negotiate with or provide any information to any other person with respect to, (B) make any statement or proposal, whether written or oral, to the Board of Directors of USX or any director or officer of USX with respect to, or (C) otherwise make any public announcement or proposal whatsoever with respect to, any form of business combination transaction involving USX (other than the Transaction), including, without limitation, a merger, exchange offer, or liquidation of USX's assets, or any restructuring, recapitalization or similar transaction with respect to USX;

(x) seek to have USX waive, amend or modify any of the provisions contained in this Section 12.02;

(xi) disclose or announce any intention, plan or arrangement inconsistent with the foregoing; or

(xii) advise, assist, instigate or encourage any third party to do any of the foregoing.

If Ashland or any of its Affiliates owns or acquires any USX Voting Securities in violation of this Section 12.02, such USX Voting Securities shall immediately be disposed of to persons who (i) are not Ashland or Affiliates thereof and (ii) do not own, individually or as part of a "group" (within the meaning of Section 13(d)(3) of the Exchange Act), more than 5% of the then outstanding USX Voting Securities; provided that USX may also pursue any other available remedy to which it may be entitled as a result of such violation.

ARTICLE XIII

Indemnification

SECTION 13.01. Indemnification re: Ashland Representatives' Revocable Proxies and the Ashland LOOP/LOCAP Revocable Proxy. In the event that Ashland's Representatives grant Marathon's Representatives the Ashland Representatives Revocable Proxies pursuant to Section 5.02(a) and Ashland grants to Marathon or a person designated by Marathon, as applicable, the Ashland LOOP/LOCAP Revocable Proxy pursuant to Section 5.02(c), each of Marathon, USX and the Company agree to indemnify and hold Ashland, its Representatives, their respective Affiliates and any director, officer, employee, stockholder, partner, agent or representative of Ashland or its Affiliates harmless against any and all Losses to which they or any of them may become subject, insofar as any such Losses shall arise out of, are based upon or relate to any obligations or liabilities of whatever kind and nature, primary or secondary, direct or indirect, absolute or contingent, known or unknown, whether or not accrued, which arise on or after the relevant Exercise Date and which are attributable to (i) in the event that the Closing occurs, (A) the Company and its subsidiaries or LOOP, LLC or LOCAP, Inc., (B) Ashland's ownership interest in the Company or the Ashland LOOP/LOCAP Interest, (C) actions taken by Marathon's Representatives pursuant to the Ashland Representatives Revocable Proxies or (D) actions taken by Marathon or the Company, as applicable, pursuant to the Ashland LOOP/LOCAP Revocable Proxy, and (ii) in the event that Ashland or Marathon revokes Ashland's Ashland Put Exercise Notice or Marathon's Marathon Call

Exercise Notice pursuant to Section 9.03(a), 9.04(a), 9.05, 9.08(a) or 9.09, or Ashland revokes Marathon's Special Termination Exercise Notice pursuant to Section 9.08(a) or 9.09 (A) actions taken by Marathon's Representatives pursuant to the Ashland Representatives Revocable Proxies or (B) actions taken by Marathon or the Company, as applicable, pursuant to the Ashland LOOP/LOCAP Revocable Proxy.

SECTION 13.02. Indemnification re: Marathon Representatives Revocable Proxies. In the event that Marathon's Representatives grant Ashland's Representatives the Marathon Representatives Revocable Proxies pursuant to Section 5.02(b), each of Ashland and the Company agree to indemnify and hold Marathon, its Representatives, their respective Affiliates and any director, officer, employee, stockholder, partner, agent or representative of Marathon or its Affiliates harmless against any and all Losses to which they or any of them may become subject, insofar as any such Losses shall arise out of, are based upon or relate to any obligations or liabilities of whatever kind and nature, primary or secondary, direct or indirect, absolute or contingent, known or unknown, whether or not accrued, which arise on or after the Special Termination Exercise Date and which are attributable to (i) in the event that the Closing occurs, (A) the Company and its subsidiaries or (B) actions taken by Ashland's Representatives pursuant to the Marathon Representatives Revocable Proxies and (ii) in the event that Marathon revokes Ashland's Special Termination Exercise Notice pursuant to Section 9.08(a) or 9.09, actions taken by Ashland's Representatives pursuant to the Marathon Representatives Revocable Proxies.

SECTION 13.03. Indemnification re: Transfer of Economic Interests in the Ashland LOOP/LOCAP Interest to Marathon, the Company or a Person Designated by Marathon. To the extent that Ashland is unable to Transfer the Ashland LOOP/LOCAP Interest to Marathon, the Company or a person designated by Marathon, as applicable, at Closing, and as a result thereof, Ashland enters into any arrangement under which Marathon, the Company or such other person shall obtain the economic claims, rights and benefits under the Ashland LOOP/LOCAP interest, including a grant to Marathon, the Company or such other person, as applicable, of the Ashland LOOP/LOCAP Irrevocable Proxy, each of Marathon, USX and the Company agree to indemnify and hold Ashland, its Representatives, their respective Affiliates and any director, officer, employee, stockholder, partner, agent or

representative of Ashland or its Affiliates harmless against any and all Losses to which they or any of them may become subject, insofar as any such Losses shall arise out of, be based upon or relate to any obligations or liabilities of whatever kind and nature, primary or secondary, direct or indirect, absolute or contingent, known or unknown, whether or not accrued, which arise on or after the relevant Exercise Date and which are attributable to (i) LOOP, LLC, (ii) LOCAP, Inc., (iii) Ashland's ownership interest in LOOP, LLC and LOCAP, Inc., (iv) any such arrangements between Ashland and Marathon, the Company or such other person or (v) actions taken by Marathon, the Company or such other person, as applicable, pursuant to the Ashland LOOP/LOCAP Irrevocable Proxies.

SECTION 13.04. Procedures Relating to Indemnification Under This Article XIII. The procedures for Indemnification under this Article XIII shall be the procedures for indemnification set forth in Section 9.7 of the Asset Transfer and Contribution Agreement.

ARTICLE XIV

Company Competitive Businesses;
Detrimental Activities; Limitations on the
Company Entering into Valvoline's Business

SECTION 14.01. Competitive Businesses. (a) Subject to Sections 14.01(b), 14.01(d) and 14.03(c), and except to the extent otherwise provided in Schedule 14.01(a), each of Marathon, USX and Ashland hereby agrees that during the Term of the Company, it shall not, and it shall cause its Affiliates not to, engage in any business within North America which is substantially in competition with (i) the Company's Business conducted on the date hereof or (ii) any new line of business of the Company that the Board of Managers has approved in accordance with Section 8.07(b) of the LLC Agreement (but only if and to the extent that the Board of Managers specifically determined pursuant to Section 8.07(b) of the LLC Agreement that such new line of business should also constitute a Company Competitive Business) (each such business in clauses (i) and (ii), a "Company Competitive Business"); provided, however, that nothing in this Section 14.01 shall be deemed or interpreted to prohibit Ashland or any of its Affiliates from engaging in the Valvoline Business.

(b) Notwithstanding any limitation contained in Section 14.01(a), Marathon, USX and Ashland and their respective Affiliates shall be permitted to engage in a Company Competitive Business if: (i) Marathon or Ashland, as applicable, shall have first presented the Company, at a meeting of the Board of Managers at which at least one of the Representatives of the other Member was present, with the opportunity to pursue or engage in such Company Competitive Business and (ii) one or more of the Representatives of the other Member on the Board of Managers shall have voted against the Company pursuing such Company Competitive Business.

(c) If Marathon, USX or Ashland or any of their respective Affiliates is permitted pursuant to Section 14.01(b) to engage in a Company Competitive Business and, in connection therewith, wishes to use any of the properties, facilities or other assets of the Company or any of its subsidiaries, Marathon or Ashland and their respective Representatives will negotiate in good faith with the Company to reach a reasonable agreement as to the nature and scope of any agreement between the Company or any such subsidiary and such Member with respect to the use of such property, facility or other assets. Any transaction relating to such property, facility or assets shall be deemed for purposes of the LLC Agreement to constitute an Affiliate Transaction that was entered into outside the ordinary course of the Company's business.

(d) Notwithstanding any limitation contained in Section 14.01(a), Marathon, USX and Ashland and their respective Affiliates shall be permitted to purchase: (i) less than an aggregate of 10% of any class of stock of a person engaged, directly or indirectly, in one or more Competitive Businesses (a "Company Competitive Third Party"); provided that such stock is listed on a national securities exchange or is quoted on the National Market System of NASDAQ; (ii) less than 10% in value of any instrument of Indebtedness of a Company Competitive Third Party; (iii) a Company Competitive Third Party (whether by merger or purchase of all or substantially all of such Company Competitive Third Party's assets) which engages, directly or indirectly, in one or more Company Competitive Businesses which accounted for less than 20% of such Company Competitive Third Party's consolidated revenues for the most recently completed fiscal quarter; and (iv) a Company Competitive Third Party (whether by merger or purchase of

all or substantially all of such Company Competitive Third Party's assets or otherwise) which engages, directly or indirectly, in one or more Company Competitive Businesses which accounted for greater than 20% of such Company Competitive Third Party's consolidated revenues for the most recently completed fiscal quarter; provided that a purchase by Marathon, USX or Ashland or any of their respective Affiliates of a Company Competitive Third Party pursuant to this clause (iv) shall only be permitted if within 30 Business Days after the earlier to occur of (A) the execution of definitive agreements with respect to such purchase or (B) the closing of such purchase, Marathon, USX, Ashland or such Affiliate, as applicable, shall present the Company with the opportunity to purchase the portion of such Company Competitive Third Party's business that is in substantial competition with the Company in North America (the "Company Competitive Business Assets") at a purchase price determined in accordance with Section 14.04, at a special or regular meeting of the Board of Managers (such meeting, a "14.01(d) Presentation Meeting").

(e) If the Board of Managers determines at the 14.01(d) Presentation Meeting (by a vote of a majority of the Representatives of the Member not purchasing such Company Competitive Third Party's business at a special or regular meeting of the Board of Managers (which majority shall constitute a quorum for purposes of the transaction of business)) to purchase the Company Competitive Business Assets, the closing date with respect to such purchase shall not be later than 60 days after the date of the determination of the Purchase Price pursuant to Section 14.04 or, if later, 30 days after the Company has received any antitrust clearance or other Governmental Approval required in connection with such purchase (the "14.01(d) Scheduled Closing Date"). If the Company breaches its obligation to purchase the Company Competitive Business Assets on the 14.01(d) Scheduled Closing Date after the Board of Managers shall have determined to make such purchase as provided in the immediately preceding sentence (other than where such breach is due to circumstances beyond the Company's reasonable control), then Marathon, USX, Ashland or such Affiliate, as applicable, shall be permitted to retain such Company Competitive Business Assets and the Company shall cease to have the right to purchase such Company Competitive Business Assets. If the Company breaches its obligation to purchase the Company Competitive Business Assets on the 14.01(d) Scheduled Closing Date after

the Board of Managers shall have determined to make such purchase as provided in the first sentence of this Section 14.01(e) and such breach is due to circumstances beyond the Company's reasonable control, then, if the closing of the purchase by the Company of the Company Competitive Business Assets does not occur within 270 days after the Scheduled Closing Date, Marathon, USX, Ashland or such Affiliate, as applicable, shall be permitted to retain such Company Competitive Business Assets and the Company shall cease to have the right to purchase such Company Competitive Business Assets. If the Board of Managers determines at the 14.01(d) Presentation Meeting not to purchase such Company Competitive Business Assets, then Marathon, USX, Ashland or such Affiliate, as applicable, shall be permitted to retain such Company Competitive Business Assets and the Company shall cease to have the right to purchase such Company Competitive Business Assets.

(f) It is the intention of each of the parties hereto that if any of the restrictions or covenants contained in this Section 14.01 is held by a court of competent jurisdiction to cover a geographic area or to be for a length of time that is not permitted by Applicable Law, or is in any way construed by a court of competent jurisdiction to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section 14.01 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained in this Section 14.01) as shall be valid and enforceable under such Applicable Law. Each of the parties hereto acknowledges that any breach of the terms, conditions or covenants set forth in this Section 14.01 shall be competitively unfair and may cause irreparable damage to the Company because of the special, unique, unusual, extraordinary and intellectual character of the Company's business, and the Company's recovery of damages at law will not be an adequate remedy. Accordingly, each of the parties hereto agrees that for any breach of the terms, covenants or agreements of this Section 14.01, a restraining order or an injunction or both may be issued against such person, in addition to any other rights or remedies the Company or the other parties hereto may have.

SECTION 14.02. Detrimental Activities. (a) Solicitation, Recruiting or Hiring of Employees. Each of Marathon, USX and Ashland hereby agrees that during the Term of the Company, without the consent of each of the Members, it shall not, and it shall cause its Affiliates not to, solicit, recruit or hire any employee of the Company or any of its subsidiaries (other than solicitations that are directed at the public in general in publications available to the public in general) if:

(i) such employee is an Executive Officer or the officer principally in charge of environmental health and safety and human resources, unless, subject to clauses (iii) and (iv) below, such solicitation, recruitment or hiring is consented to in advance by Ashland (in the case of a solicitation, recruitment or hiring by Marathon, USX or any of their respective Affiliates) or by Marathon (in the case of a solicitation, recruitment or hiring by Ashland or any of its Affiliates), which consent shall not be unreasonably withheld;

(ii) such employee reports directly to (A) an Executive Officer or the officer principally in charge of environmental health and safety and human resources (a "Senior Employee") or (B) a Senior Employee (a "Mid-Level Employee"), unless, subject to clauses (iii) and (iv) below, at the time of such solicitation, recruitment or hiring, the total number of Senior Employees and Mid-Level Employees that have been hired by Marathon, USX, Ashland and their respective Affiliates during the then preceding twenty-four months is less than 10% of the total number of Senior Employees and Mid-Level Employees employed by the Company at the time Marathon, USX, Ashland or an Affiliate thereof wishes to solicit, recruit or hire such Senior Employee or Mid-Level Employee (based on the average number of Senior Employees and Mid-Level Employees employed by the Company during such twenty-four-month period);

(iii) the hiring of such employee, when considered together with all other employees hired by Marathon, USX, Ashland and their respective Affiliates during the then preceding twenty-four months, would have or would reasonably be expected to have, a significant

detrimental impact on the department of the Company in which such employee is then working; or

(iv) such employee is being solicited, recruited or hired for a position in a Competitive Business of such person or such person's Affiliates.

Notwithstanding the foregoing, the employees of the Company shall not be required to accept any job offer by Marathon, USX, Ashland or any of their respective Affiliates and a refusal to accept such a job offer shall not negatively affect an employee's career opportunities at the Company.

(b) Disclosure of Confidential Information. Each of Marathon, USX and Ashland (each, a "Disclosing Party") hereby agrees that during the Term of the Company, it shall not, and it shall cause its Affiliates not to, disclose or furnish to anyone any confidential information relating to the Company and its subsidiaries ("Confidential Information") except pursuant to a confidentiality agreement in form and substance reasonably satisfactory to the other parties hereto which expressly provides that the other parties hereto shall be a beneficiary thereof (a "Confidentiality Agreement"). The foregoing restriction on disclosure of Confidential Information shall not apply to (i) information which is or becomes part of the public domain through no fault or breach of the Disclosing Party; (ii) information which at the time of disclosure is already in the possession of the Disclosing Party in written form and was not received directly or indirectly from the Company or any of its subsidiaries under a requirement of confidentiality; (iii) information received by the Disclosing Party from a third party; provided that the Disclosing Party, after reasonable inquiry, has no reason to believe that the third party obtained the information directly or indirectly from the Company or any of its subsidiaries under a requirement of confidentiality; (iv) information required to be disclosed under subpoena or other mandatory legal process; provided, that the Disclosing Party shall give the Company timely notice of the service of the subpoena or other process so that the Company may seek a protective order or other legal remedy to prevent such disclosure; (v) information which has been subsequently and independently acquired or developed by the Disclosing Party without violating any of its obligations under this Section 14.02(b) or under any Confidentiality Agreement; and (vi) information which is required or advisable to be disclosed

under the Securities Act or the Exchange Act. Notwithstanding the foregoing, a Disclosing Party shall be permitted to disclose Confidential Information to its directors, officers, employees, auditors, agents, advisors and representatives (such persons being collectively referred as its "Representatives") if the Disclosing Party informs its Representatives of the confidential nature of the Confidential Information and obtains their agreement to be bound by this Section 14.02(b) and not to disclose such Confidential Information to any other person. Each Disclosing Party shall be responsible for any breach of this Section 14.02 by its Representatives.

SECTION 14.03. Limitations on the Company Entering into the Valvoline Business. (a) Subject to Sections 14.03(b) and 14.03(d), the Company hereby agrees that it shall not, and it shall cause its Affiliates (other than Marathon, Ashland and their respective subsidiaries (other than the Company and its subsidiaries)) not to, engage in any business worldwide which is substantially in competition with the Valvoline Business. Notwithstanding the foregoing, the provisions of this Section 14.03(a) shall terminate on the first date on which Ashland and its Affiliates shall own (beneficially or otherwise) less than 20% of the Valvoline Business.

(b)(i) Notwithstanding any limitation contained in Section 14.03(a), if in any two consecutive calendar years, (A) Valvoline shall not have purchased from the Company and its subsidiaries a quantity of lube oil at least equal to the Minimum Lube Oil Purchase Amount and (B) (1) such failure to purchase was due to the fact that the Company and Valvoline could not in good faith agree to mutually acceptable terms and conditions for the sale by the Company and its subsidiaries to Valvoline of at least such quantity of lube oil and (2) such failure was not due, in whole or in part, to the failure of the Company and its subsidiaries to produce and offer for sale to Valvoline the Minimum Lube Oil Purchase Amount during either such calendar year, the failure of the Company and its subsidiaries to produce and offer for sale to Valvoline lube oil satisfying contractual specifications or any other failure of the Company or its subsidiaries to satisfy in any material respect any of its then existing material contractual obligations to Valvoline, then the Company and its subsidiaries shall be permitted to

engage in a business which is substantially in competition with Valvoline's Bulk Motor Oil Business and/or Valvoline's Packaged Motor Oil Business (but, except as expressly permitted in Section 14.03(a), no other business that constitutes part of the Valvoline Business); provided that, notwithstanding the foregoing, the Company and its subsidiaries shall not be permitted to enter into or engage in any such business if the Company and its subsidiaries shall have substantially ceased production at the Catlettsburg, Kentucky refinery of lube oil for sale to third parties (other than due to a force majeure or an inability to find a willing buyer for its lube oil) for any period of 90 consecutive days or more prior to the time the Company and its subsidiaries shall first enter or propose to enter into such business.

(ii) Notwithstanding any limitation contained in Section 14.03(a), if in each of the four calendar years following the consecutive two-year period provided for in Section 14.03(b)(i), (A) Valvoline shall not have purchased from the Company and its subsidiaries a quantity of lube oil at least equal to the Minimum Lube Oil Purchase Amount and (B) (1) such failure to purchase was due to the fact that the Company and Valvoline could not in good faith agree to mutually acceptable terms and conditions for the sale by the Company and its subsidiaries to Valvoline of at least such quantity of lube oil and (2) such failure was not due, in whole or in part, to the failure of the Company and its subsidiaries to produce and offer for sale to Valvoline the Minimum Lube Oil Purchase Amount during any such calendar year, the failure of the Company and its subsidiaries to produce and offer for sale to Valvoline lube oil satisfying contractual specifications or any other failure of the Company or its subsidiaries to satisfy in any material respect any of its existing material contractual obligations to Valvoline, then at any time after the conclusion of such consecutive four-year period, the Company and its subsidiaries shall be permitted to engage in a business which is substantially in competition with Valvoline's Private Label Packaged Motor Oil Business and/or Valvoline's Quick Lube Business; provided that, notwithstanding the foregoing, the Company and its subsidiaries shall not be permitted to enter into or engage in any such business if the Company and its subsidiaries shall have

substantially ceased production at the Catlettsburg, Kentucky refinery of lube oil for sale to third parties (other than due to a force majeure or an inability to find a willing buyer for its lube oil) for any period of 90 consecutive days or more prior to the time the Company and its subsidiaries shall first enter or propose to enter into such business.

(iii) The provisions set forth in this Section 14.03(b) permitting the Company and its subsidiaries to engage in a new business in competition with the Valvoline Business if certain conditions are satisfied shall be an exception only to the super majority vote requirement in Section 8.08(a) of the LLC Agreement, and shall not be an exception to any other supermajority vote requirements of Section 8.08 of the LLC Agreement.

(c) Notwithstanding any limitation contained in Section 14.01(a), if at any time the Company or any of its subsidiaries enters into, other than as expressly permitted in Section 14.03(d), either the Bulk Motor Oil Business, the Packaged Motor Oil Business, the Private Label Packaged Motor Oil Business or the Quick Lube Business, Ashland and its subsidiaries thereafter shall be permitted to enter into a business which is substantially in competition with the Company's lube oil production business.

(d) Notwithstanding any limitation contained in Section 14.03(a), subject to Section 8.08 of the LLC Agreement, the Company and its subsidiaries shall be permitted to (i) engage, directly or through its own dealers, jobbers or jobber dealers, in the business currently conducted under the brand name "Maralube Express" (the "Maralube Express Business"); (ii) engage, directly or through its own dealers, jobbers or jobber dealers, in the truck stop oil change business; (iii) engage, directly or through its own dealers, jobbers, or jobber dealers, in the oil, lubricants, antifreeze and other, in each case automotive fluid change business and auto and light truck maintenance service, in each case incidental to operating their service stations or other retail units; (iv) engage, directly or through its own dealers, jobbers, or jobber dealers, in the sale of lubricants to farm, government, school and other similar commercial accounts; (v) engage, directly or through its own dealers, jobbers, or jobber dealers, in the sale of car care products and chemicals,

antifreeze and rust preventatives in service stations or similar retail units that are owned or operated by them, in each case incidental to operating their service stations or other retail units; (vi) engage, directly or through its own dealers, jobbers, or jobber dealers, in the collection of used lubricants at service stations or similar retail units that are owned or operated by them, in each case incidental to operating their service stations or other retail units; (vii) enter into contractual agreements with Valvoline or other third party packagers with respect to the packaging by Valvoline or such other third party packagers of lube oil products for sale (A) in service stations or similar retail units that are owned or operated by the Company and its subsidiaries or its dealers, jobbers or jobber dealers or to farm, government, school or other similar commercial accounts pursuant to clause (iv) above and (B) solely under the brandnames or trademarks of such service stations; and (viii) purchase a Person (whether by merger or purchase of all or substantially all the assets or otherwise) which engages, directly or indirectly, in a business that is substantially in competition with the Valvoline Business (a "Valvoline Competitive Third Party") provided that less than 33% of such Valvoline Competitive Third Party's consolidated revenues for the most recently completed fiscal quarter are derived from businesses which are substantially in competition with Valvoline's Business; provided further that a purchase by the Company or one of its subsidiaries of a Valvoline Competitive Third Party shall be permitted only if within 30 Business Days after the earlier to occur of (A) the execution of definitive agreements with respect to such purchase or (B) the closing of such purchase, the Company shall give notice (a "14.03(d) Offer Notice") to Ashland, identifying the portion of such Valvoline Competitive Third Party's business that is substantially in competition with the Valvoline Business (the "Valvoline Competitive Business Assets") and offering to sell to Ashland such Valvoline Competitive Business Assets at a purchase price determined in accordance with Section 14.04.

(e) Ashland shall have 90 days from receipt of the 14.03(d) Offer Notice to elect, by notice to the Company (a "14.3(d) Purchase Election Notice"), to purchase such Valvoline Competitive Business Assets. If Ashland makes such election, the notice of election shall state a closing date not later than 60 days after the date of the Section 14.03(d) Purchase Election Notice or, if later, 30 days after Ashland has received any antitrust clearance or other

Governmental Approval required in connection with such purchase (a "14.03(d) Scheduled Closing Date"). If Ashland breaches its obligation to purchase the Valvoline Competitive Business Assets on the 14.03(d) Scheduled Closing Date after giving notice of its election to make such purchase (other than where such breach is due to circumstances beyond Ashland's reasonable control), then the Company shall be permitted to retain such Valvoline Competitive Business Assets. If Ashland breaches its obligation to purchase the Valvoline Competitive Business Assets on the 14.03(d) Scheduled Closing Date after giving notice of its election to make such purchase and such breach is due to circumstances beyond Ashland's reasonable control, then, if the closing of the purchase by Ashland of the Valvoline Competitive Business Assets does not occur within 270 days after the Scheduled Closing Date, the Company shall be permitted to retain such Valvoline Competitive Business Assets. If Ashland elects not to purchase such Valvoline Competitive Business Assets, then the Company shall be permitted to retain such Valvoline Competitive Business Assets.

(f) (i) If the Company and its subsidiaries are permitted under Section 14.03(d) to retain any Valvoline Competitive Business Assets and, at any time thereafter, the Company or any such subsidiary shall determine to sell such Valvoline Competitive Business Assets (or any portion thereof), then the Company shall give notice (a "14.03(f) Valvoline Offer Notice") to Ashland, identifying the proposed purchaser from whom it has received a bona fide offer and setting forth the proposed sale price (which shall be payable only in cash or purchase money obligations secured solely by such Valvoline Competitive Business Assets (or portion thereof) being sold) and the other material terms and conditions upon which the Company is proposing to sell such Valvoline Competitive Business Assets to such identified purchaser (or portion thereof). No such sale shall encompass or be conditioned upon the sale or purchase of any property other than such Valvoline Competitive Business Assets (or portion thereof). Ashland shall have 90 days from receipt of the Valvoline Offer Notice to elect, by notice to the Company (a "14.03(f) Valvoline Purchase Election Notice"), to purchase such Valvoline Competitive Business Assets (or portion thereof) on the terms and conditions set forth in the 14.03(f) Valvoline Offer Notice.

(ii) If Ashland makes such election, the notice of election shall state a closing date not later than 60 days after the date of the 14.03(f) Valvoline Purchase Election Notice. If Ashland breaches its obligation to purchase such Valvoline Competitive Business Assets (or portion thereof) on the same terms and conditions as those contained in the 14.03(f) Valvoline Offer Notice after giving notice of its election to make such purchase (other than where such breach is due to circumstances beyond Ashland's reasonable control), then the Company may, at any time for a period of 270 days after such default, sell such Valvoline Competitive Business Assets (or portion thereof) to any person at any price and upon any other terms without further compliance with the procedures set forth in this Section 14.03(f).

(iii) If Ashland gives notice within the 90-day period following the 14.03(f) Valvoline Offer Notice from the Company that it elects not to purchase such Valvoline Competitive Business Assets (or portion thereof), the Company may, within 120 days after the end of such 90-day period (or 270 days in the case where such parties have received a second request under HSR), sell such Valvoline Competitive Business Assets to the identified purchaser on terms and conditions no less favorable to the Company than the terms and conditions set forth in such 14.03(f) Valvoline Offer Notice. In the event the Company shall desire to offer such Valvoline Competitive Business Assets (or portion thereof) for sale to such identified purchaser or to any other person on terms and conditions less favorable to it than those previously set forth in a 14.03(f) Valvoline Offer Notice, the procedures set forth in this Section 14.03(f) must again be initiated and applied with respect to the terms and conditions as modified.

(g) It is the intention of each of the parties hereto that if any of the restrictions or covenants contained in this Section 14.03 is held by a court of competent jurisdiction to cover a geographic area or to be for a length of time that is not permitted by Applicable Law, or is in any way construed by a court of competent jurisdiction to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under Applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section 14.03 to provide for a covenant having the maximum enforceable geographic area, time period and other

provisions (not greater than those contained in this Section 14.03) as shall be valid and enforceable under such Applicable Law. Each of the parties hereto acknowledges that any breach of the terms, conditions or covenants set forth in this Section 14.03 shall be competitively unfair and may cause irreparable damage because of the special, unique, unusual, extraordinary and intellectual character of the applicable business, and recovery of damages at law will not be an adequate remedy. Accordingly, each of the parties hereto agrees that for any breach of the terms, covenants or agreements of this Section 14.03, a restraining order or an injunction or both may be issued against such person, in addition to any other rights or remedies the aggrieved party may have.

(h) For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Bulk Motor Oil Business" means sales of blended (finished) motor oil in tanker truck, barge and tanker railcar quantities.

(ii) "Minimum Lube Oil Purchase Amount" means a quantity of lube oil at least equal to 70% of the quantity of lube oil that Valvoline purchased from the Catlettsburg, Kentucky refinery in the 1997 calendar year.

(iii) "Packaged Motor Oil Business" means the ownership, use and/or operation (including toll processing through a third party's plant) of packaging facilities for the sale of packaged motor oil under third party brandnames or trademarks.

(iv) "Private Label Packaged Motor Oil Business" means the sale of packaged motor oil under third party and/or the Company's brand names or trademarks.

(v) "Quick Lube Business" means the provision of services for changing oil, lubricants, antifreeze and other automotive fluids for passenger car and light commercial trucks and the provision of maintenance checks and related services.

(vi) "Valvoline" means the Valvoline division of Ashland.

(vii) "Valvoline Business" means the business currently engaged in by Valvoline, including (A) the production and marketing of automotive and industrial oils, automotive car care products and chemicals, antifreeze, rust preventives, (B) automotive services and (C) environmental recycling services (including collection of used oil, filters and related items). For the avoidance of doubt, the Valvoline Business includes the Bulk Motor Oil Business, the Packaged Motor Oil Business, the Private Label Packaged Motor Oil Business and the Quick Lube Business.

SECTION 14.04. Purchase Price of Competitive Business Assets. In the event that (x) the Company elects to purchase any Company Competitive Business Assets pursuant to the proviso to Section 14.01(d) (iv) or (y) Ashland elects to purchase any Valvoline Competitive Business Assets pursuant to the second proviso to Section 14.03(d) (viii), the purchase price of such Company Competitive Business Assets or Valvoline Competitive Business Assets (the "Competitive Business Purchase Price") shall be determined pursuant to the following procedures:

(a) Negotiation Period. For a period of 15 days following the date the Board of Managers approves such purchase, Marathon and Ashland will negotiate in good faith to seek to reach an agreement as to the Competitive Business Purchase Price. If Marathon and Ashland reach such an agreement, then the Competitive Business Purchase Price shall be deemed to be the amount so agreed upon by Marathon and Ashland.

(b) Appraisal Process. (i) In the event Marathon and Ashland are unable to reach an agreement as to the Competitive Business Purchase Price within the 15 day period referred to in clause (a) above, then within five Business Days after the expiration of such 15-day period (such fifth Business Day being referred to herein as the "14.04 Appraisal Process Commencement Date"), Marathon and Ashland each shall select a nationally recognized investment banking firm to (A) prepare a report which (1) sets forth such investment banking firm's determination of the Competitive Business Purchase Price (which shall be a single amount as opposed to a range) and (2) includes work papers which indicate the basis for the calculations of the Competitive Business Purchase Price

(a "14.04 Appraisal Report") and (B) deliver to Marathon or Ashland, as the case may be, an oral and written opinion addressed to such party as to the Competitive Business Purchase Price.

(ii) The fees and expenses of each investment banking firm shall be paid by the party selecting such investment banking firm.

(iii) Each of Marathon and Ashland shall instruct its respective investment banking firm to (A) not consult with the other investment banking firm with respect to its view as to the Competitive Business Purchase Price prior to the time that both investment banking firms have delivered their respective opinions to Marathon and Ashland, as applicable, (B) deliver their respective 14.04 Appraisal Reports, together with their oral and written opinions as to the Competitive Business Purchase Price (the "14.04 Initial Opinion Values"), within 15 days after the 14.04 Appraisal Process Commencement Date, and (C) deliver a copy of its written opinion and its 14.04 Appraisal Report to the Company, the other party and the other party's investment banking firm at the time it delivers its oral and written opinion to Marathon or Ashland, as applicable.

(iv) If the 14.04 Initial Opinion Values differ and the lesser 14.04 Initial Opinion Value equals or exceeds 90% of the greater 14.04 Initial Opinion Value, the Competitive Business Purchase Price shall be deemed to be an amount equal to (A) the sum of the 14.04 Initial Opinion Values divided by (B) two.

(v) If the 14.04 Initial Opinion Values differ and the lesser 14.04 Initial Opinion Value is less than 90% of the greater 14.04 Initial Opinion Value then:

(A) within two Business Days after both investment banking firms have delivered their respective opinions to Marathon or Ashland, as applicable, each investment banking firm shall, at a single meeting at which Marathon, Ashland, the Company and the other investment banking firm are present, make a presentation with respect to its 14.04 Initial Opinion Value. At such presentation, Marathon, Ashland, the Company and the other

investment banking firm shall be entitled to ask questions as to the basis for and the calculation of such investment banking firm's 14.04 Initial Opinion Value; and

(B) Marathon and Ashland shall, within five Business Days after the date Marathon and Ashland receive the 14.04 Initial Opinion Values (such fifth Business Day being referred to herein as the "14.04 Subsequent Appraisal Process Commencement Date"), jointly select a third nationally recognized investment banking firm to (1) prepare a 14.04 Appraisal Report and (2) deliver an oral and written opinion addressed to Marathon and Ashland as to the Competitive Business Purchase Price. The fees and expenses of such third investment banking firm shall be paid 50% by Marathon and 50% by Ashland. Such third investment banking firm shall not be provided with the 14.04 Initial Opinion Values and shall not consult with the initial investment banking firms with respect thereto. During such five-Business Day period, Marathon and Ashland shall negotiate in good faith to independently reach an agreement as to the Competitive Business Purchase Price. If Marathon and Ashland reach such an agreement, then the Competitive Business Purchase Price shall be deemed to be the amount so agreed upon by Marathon and Ashland. If Marathon and Ashland are unable to reach such an agreement, then Marathon and Ashland shall instruct such third investment banking firm to deliver its 14.04 Appraisal Report, together with its oral and written opinion as to the Competitive Business Purchase Price (the "14.04 Third Opinion Value"), within 15 days after the 14.04 Subsequent Appraisal Process Commencement Date. The Competitive Business Purchase Price in such circumstances shall be deemed to be an amount equal to (I) the sum of (x) the 14.04 Third Opinion Value plus (y) whichever of the two 14.04 Initial Opinion Values is closer to the 14.04 Third Opinion Value (or, if the 14.04 Third Opinion Value is exactly halfway between the two 14.04 Initial Opinion Values, the 14.04 Third Opinion Value), divided by (II) two.

ARTICLE XV

Survival; Assignment

SECTION 15.01. Survival and Assignment re: Marathon and USX. (a) General. Except as expressly permitted by this Section 15.01, neither Marathon nor USX shall assign all or any part of its rights and obligations hereunder to any person without first obtaining the written approval of each of the other parties hereto, which approval may be granted or withheld in such parties' sole discretion.

(b) Merger or Sale of Substantially All of Marathon's or USX's Assets. In the event that Marathon or USX shall be a party to a merger, consolidation or other similar business combination transaction with a third party or sell all or substantially all its assets to a third party, Marathon's or USX's, as the case may be, rights and obligations hereunder shall be assignable to such third party in connection with such transaction; provided, however, that Marathon or USX shall not be permitted to assign its rights and obligations hereunder to such third party as aforesaid if the purpose or intent of such merger, consolidation, similar business combination transaction or sale is to circumvent or avoid the application of Sections 10.01(c) and 10.04 of the LLC Agreement to the related Transfer of Marathon's Membership Interests to such third party.

(c) Transfer of Marathon's Membership Interests Pursuant to Section 10.01(c) of the LLC Agreement. In the event that Marathon Transfers all of its Membership Interests to a third party pursuant to Section 10.01(c) of the LLC Agreement, then:

(i) such third party shall at the time of such Transfer become subject to all of Marathon's and USX's respective obligations hereunder and shall succeed to all of Marathon's and USX's respective rights hereunder;

(ii) such third party and its ultimate parent, if any, shall each become subject to the same standstill obligations that apply to Marathon and USX under Section 12.01, which standstill provisions shall remain in effect with respect to such third party and its ultimate parent, if any, through the six-month

anniversary of the earlier to occur of (a) the date that Ashland and its Affiliates do not own any Membership Interests and (b) the date that such third party and its Affiliates do not own any Membership Interests;

(iii) such third party and its ultimate parent, if any, shall each become subject to the same non-compete covenants that apply to Marathon and USX under Article XIV; and

(iv) Marathon and USX shall each be relieved of all of its obligations hereunder other than (1) any default hereunder by Marathon or USX or any of their respective Affiliates that occurred prior to the time of such Transfer; (2) Marathon's and USX's respective obligations under Section 12.01 (which are in addition to, and not in lieu of such third party's obligations under Section 12.01); (3) Marathon's and USX's respective obligations under Article X with respect to any Securities that Marathon and/or USX issued to Ashland pursuant to Section 4.02(c) prior to such Transfer or that Marathon and/or USX intends to issue to Ashland pursuant to Section 4.02(c) after such Transfer; and (4) Marathon's and USX's respective obligations under Article XIV (which shall survive for six months from the date of such Transfer and which are in addition to, and not in lieu of such third party's obligations under Article XIV).

(d) Assignment of Marathon's Marathon Call Right and Special Termination Right. In the event of an assignment by Marathon of its rights and obligations under this Agreement to a third party pursuant to this Section 15.01, Marathon's rights and obligations related to its Marathon Call Right and its Special Termination Right shall also be assigned to such third party; provided, that such third party shall not be permitted to exercise the Marathon Call Right until the third anniversary of the date of such assignment.

SECTION 15.02. Survival and Assignment re: Ashland. (a) General. Except as expressly permitted by this Section 15.02, Ashland shall not assign all or any part of its rights and obligations hereunder to any person without first obtaining the prior written approval of each

of the other parties hereto, which approval may be granted in such parties' sole discretion.

(b) Merger or Sale of Substantially all of Ashland's Assets. In the event that Ashland shall be a party to a merger, consolidation or other similar business combination transaction with a third party or sell all or substantially all of its assets to a third party, Ashland's rights and obligations hereunder shall be assignable to such third party in connection with such transaction; provided, however, that Ashland shall not be permitted to assign its rights and obligations hereunder to such third party as aforesaid if the purpose or intent of such merger, consolidation, similar business combination transaction or sale is to circumvent or avoid the application of Sections 10.01(c) and 10.04 of the LLC Agreement to the related Transfer of Ashland's Membership Interests to such third party.

(c) Transfer of Membership Interests Pursuant to Section 10.01(c) of the LLC Agreement. In the event that Ashland Transfers all of its Membership Interests to a third party pursuant to Section 10.01(c) of the LLC Agreement, then:

(i) such third party shall at the time of such Transfer become subject to all of Ashland's obligations hereunder and shall succeed to all of Ashland's rights hereunder;

(ii) such third party and its ultimate parent, if any, shall each become subject to the same standstill obligations that apply to Ashland under Section 12.02, which standstill provisions shall remain in effect with respect to such third party and its ultimate parent, if any, through the later to occur of (i) the six-month anniversary of the earlier to occur of (A) the date that Marathon and its Affiliates do not own any Membership Interests and (B) the date that such third party and its Affiliates do not own any Membership Interests and (ii) in the event that such third party or its Affiliates acquires USX Voting Securities pursuant to the Closing of the Ashland Put Right, the date on which such third party and its Affiliates do not own more than 5% of the then outstanding USX Voting Securities;

(iii) such third party and its ultimate parent, if any, shall each become subject to the same non-compete covenants that apply to Ashland under Article XIV;

(iv) Ashland shall be relieved of all of its obligations hereunder other than (1) any default hereunder by Ashland or any of its Affiliates that occurred prior to the time of such Transfer; (2) Ashland's obligations under Section 12.02 (which are in addition to, and not in lieu of such third party's obligations under Section 12.02); and (3) Ashland's obligations under Article XIV (which shall survive for six months from the date of such Transfer and which are in addition to, and not in lieu of such third party's obligations under Article XIV); and

(v) Ashland shall retain all of its rights under Article X with respect to any Securities that are issued to Ashland pursuant to Section 4.02(c) prior to or after the date of such Transfer (which rights shall be in addition to and not in lieu of the rights that the third party of Ashland's Membership Interests is entitled to under Article X).

(d) Assignment of Ashland's Ashland Put Right and Special Termination Right. In the event of an assignment by Ashland of its rights and obligations under this Agreement to a third party pursuant to this Section 15.02, Ashland's rights and obligations related to its Ashland Put Right and its Special Termination Right shall also be assigned to such third party; provided that such third party shall not be permitted to exercise the Ashland Put Right until the third anniversary of the date of such assignment.

SECTION 15.03. Survival and Assignment re: the Company. The Company shall not be permitted to assign its rights and obligations hereunder without the prior written consent of each of the other parties hereto, which consent shall not be unreasonably withheld.

SECTION 15.04. Assignment and Assumption Agreements. Any assignment of Marathon's, USX's, Ashland's or the Company's respective rights and obligations hereunder pursuant to this Article XV shall be pursuant to an assignment and assumption agreement by and among the third party, such third party's ultimate parent, if any, and each of the parties hereto, in such form as the parties hereto shall reasonably approve.

SECTION 15.05. Consequences of Unpermitted Assignments.

Any attempted assignment in violation of this Article XV shall be void and without legal effect.

ARTICLE XVI

Dispute Resolution Procedures

SECTION 16.01. General. All controversies, claims or disputes that arise out of or relate to the Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity of the Agreement, or the commercial economic or other relationship of the parties thereto, whether such claim is based on rights, privileges or interests recognized by or based upon statute, contract, tort, common law or otherwise and whether such claim existed prior to or arises on or after the date of the Agreement (a "Dispute") shall be resolved in accordance with the provisions of this Article XVI. Notwithstanding anything to the contrary contained in this Article XVI, nothing in this Article XVI shall limit the ability of the directors and officers of a party hereto from communicating directly with the directors and officers of any other party hereto.

SECTION 16.02. Dispute Notice and Response. A party hereto may give another party hereto written notice (a "Dispute Notice") of any Dispute which has not been resolved in the normal course of business. Within fifteen Business Days after delivery of the Dispute Notice, the receiving party shall submit to the other party a written response (the "Response"). The Dispute Notice and the Response shall each include a statement setting forth the position of the party giving such notice, a summary of the arguments supporting such position and, if applicable, the relief sought.

SECTION 16.03. Negotiation Between Chief Executive Officers. (a) If a Dispute Notice is delivered prior to the Closing, within 10 Business Days after delivery of the Response provided for in Section 16.02, the Chief Executive Officer (in the case of Ashland and USX) and/or the President (in the case of Marathon and the Company) of

each party to such Dispute shall meet or communicate by telephone at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, and shall negotiate in good faith to attempt to resolve the Dispute that is the subject of such Dispute Notice. If such Dispute has not been resolved within 20 Business Days after the delivery of the Response as provided for in Section 16.02, then each party shall be permitted to take such actions at law or in equity as it is otherwise permitted to take or as may be available under Applicable Law.

(b) All negotiations between the Chief Executive Officer(s) and/or the President(s) pursuant to this Section 16.03 shall be treated as compromise and settlement negotiations. Nothing said or disclosed, nor any document produced, in the course of such negotiations which is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration or litigation.

SECTION 16.04. Right to Equitable Relief Preserved. Notwithstanding anything in this Agreement to the contrary, any party hereto may at any time seek from any court of the United States located in the State of Delaware or from any Delaware state court, any interim, provisional or injunctive relief that may be necessary to protect the rights or property of such party or maintain the status quo before, during or after the pendency of the negotiation process or any other proceeding contemplated by Section 16.03.

ARTICLE XVII

Miscellaneous

SECTION 17.01. Notices. Any notice, consent or approval to be given under this Agreement shall be in writing and shall be deemed to have been given if delivered: (i) personally by a reputable courier service that requires a signature upon delivery; (ii) by mailing the same via registered or certified first-class mail, postage prepaid, return receipt requested; or (iii) by telecopying the same with receipt confirmation (followed by a first-class mailing of the same) to the intended recipient. Any such writing will be deemed to have been given: (a) as of the date of

personal delivery via courier as described above; (b) as of the third calendar day after depositing the same into the custody of the postal service as evidenced by the date-stamped receipt issued upon deposit of the same into the mails as described above; and (c) as of the date and time electronically transmitted in the case of telecopy delivery as described above, in each case addressed to the intended party at the address set forth below:

To Marathon:

Marathon Oil Company
5555 San Felipe
P.O. Box 3128
Houston, TX 77056
Attn: General Counsel
Phone: (713) 296-4137
Fax: (713) 296-4171

To USX:

USX Corporation
600 Grant Street
Pittsburgh, PA, 15219-4776
Attn: General Counsel
Phone: (412) 433-1121
Fax: (412) 433-2015

To Ashland:

Ashland Inc.
1000 Ashland Drive
Russell, KY 41169
Attn: General Counsel
Phone: (606) 329-3333
Fax: (606) 329-3823

To the Company:

Marathon Ashland Petroleum LLC
539 South Main Street
Findlay, Ohio 45840
Attn: General Counsel
Phone: (419) 421-4115
Fax: (419) 422-2121

Any party may designate different addresses or telecopy numbers by notice to the other parties.

SECTION 17.02. Merger and Entire Agreement. This Agreement (including the Schedules and Appendices attached hereto), together with the other Transaction Documents (including the exhibits, schedules and appendices thereto) and certain other agreements executed contemporaneously with the Master Formation Agreement constitutes the entire Agreement of the parties hereto and supersedes any prior understandings, agreements, or representations by or among the parties hereto, written or oral, to the extent they relate in any way to the subject matter hereof.

SECTION 17.03. Parties in Interest. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, legal representatives and permitted assigns.

SECTION 17.04. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 17.05. Amendment; Waiver. This Agreement may not be amended except in a written instrument signed by each of the parties hereto and expressly stating it is an amendment to this Agreement. Any failure or delay on the part of any party hereto in exercising any power or right hereunder shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder or otherwise available at law or in equity.

SECTION 17.06. Severability. If any term, provision, covenant, or restriction of this Agreement or the application thereof to any Person or circumstance, at any time or to any extent, is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement (or the application of such provision in other jurisdictions or to Persons or circumstances other than those to which it was held invalid or unenforceable) shall in no way be affected, impaired or invalidated, and to the extent permitted by Applicable Law, any such term, provision, covenant or

restriction shall be restricted in applicability or reformed to the minimum extent required for such to be enforceable. This provision shall be interpreted and enforced to give effect to the original written intent of the parties hereto prior to the determination of such invalidity or unenforceability.

SECTION 17.07. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING OUT OF THIS AGREEMENT, OR ANY TRANSACTION OR CONDUCT IN CONNECTION HEREWITH, IS WAIVED.

SECTION 17.08. Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Delaware Chancery Court; provided that if the Delaware Chancery Court does not have jurisdiction with respect to such matter, the parties hereto shall be entitled to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Delaware or in Delaware state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the Delaware Chancery Court in the event that any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement; provided that if the Delaware Chancery Court does not have jurisdiction with respect to any such dispute, such party consents to submit itself to the personal jurisdiction of any Federal court located in the State of Delaware or any Delaware state court, (ii) agrees to appoint and maintain an agent in the State of Delaware for service of legal process, (iii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (iv) agrees that it will not plead or claim in any such court that any action relating to this Agreement or any of the transactions contemplated by this Agreement in any such court has been brought in an inconvenient forum and (v) agrees that it will not initiate

any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than (1) the Delaware Chancery Court, or (2) if the Delaware Chancery Court does not have jurisdiction with respect to such action, a Federal court sitting in the State of Delaware or a Delaware state court.

SECTION 17.09. Table of Contents, Headings and Titles. The table of contents and section headings of this Agreement and titles given to Schedules and Appendices to this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

SECTION 17.10. Use of Certain Terms; Rules of Construction. As used in this Agreement, the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. Each party hereto agrees that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation or construction of this Agreement or any Transaction Document.

SECTION 17.11. Holidays. Notwithstanding any deadline for payment, performance, notice or election under this Agreement, if such deadline falls on a date that is not a Business Day, then the deadline for such payment, performance, notice or election will be extended to the next succeeding Business Day.

SECTION 17.12. Third Parties. Nothing herein expressed or implied is intended or shall be construed to confer upon or give any person and their respective successors, legal representatives and permitted assigns any rights, remedies or basis for reliance upon, under or by reason of this Agreement.

SECTION 17.13. Liability for Affiliates. Except where and to the extent that a contrary intention otherwise appears, where any party hereto undertakes to cause its Affiliates to take or abstain from taking any action, such undertaking shall mean (i) in the case of an Affiliate that is controlled by such party, that such party shall cause such Affiliate to take or abstain from taking such

action and (ii) in the case of an Affiliate that controls or is under common control with such party, that such party shall use its commercially reasonable best efforts to cause such Affiliates to take or abstain from taking such action; provided, however, that such party shall not be required to violate, or cause any director of an Affiliate to violate, any fiduciary duty to minority shareholders of such Affiliate.

SECTION 17.14. Schedules. No representation or warranty hereunder shall be deemed to be inaccurate if the actual situation is disclosed pursuant to another representation or warranty herein or in a schedule to a Put/Call, Registration Rights and Standstill Agreement Disclosure Letter or in any other Transaction Document or any exhibit, schedule or appendix thereto, whether or not an explicit cross-reference appears. Neither the specification of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in a schedule to a Put/Call, Registration Rights and Standstill Agreement Disclosure Letter is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and neither party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy involving the parties as to whether any obligation, item or matter not described herein or included in a schedule to a Put/Call,

Registration Rights and Standstill Agreement Disclosure Letter is or is not material for purposes of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties as of the day and year first above written.

MARATHON OIL COMPANY

by /s/ Victor G. Beghini

Name: Victor G. Beghini
Title: President

USX CORPORATION

by /s/ Thomas J. Usher

Name: Thomas J. Usher
Title: Chairman of the Board
and Chief Executive Officer

ASHLAND INC.

by /s/ Paul W. Chellgren

Name: Paul W. Chellgren
Title: Chairman of the Board
and Chief Executive Officer

MARATHON ASHLAND PETROLEUM LLC

by /s/ J. L. Frank

Name: J. L. Frank
Title: President

[85257.5]

AMENDMENT NO. 1, dated as of December 31, 1998 (this "Amendment") to the PUT/CALL, REGISTRATION RIGHTS AND STANDSTILL AGREEMENT dated as of January 1, 1998 (the "Agreement") among MARATHON OIL COMPANY, an Ohio corporation, USX CORPORATION, a Delaware corporation, ASHLAND INC., a Kentucky corporation and MARATHON ASHLAND PETROLEUM LLC, a Delaware limited liability company (collectively, the "Parties")

WHEREAS, the Parties have heretofore entered into the Agreement (capitalized terms used in this Amendment and not defined herein shall have the meanings given such terms in the Agreement); and

WHEREAS, the Parties wish to amend the Agreement to reflect certain changes to the prices set forth therein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

Section 1. Amendments:

(a) Section 1.01 of the Agreement is amended to insert the following definition after the definition of "Price Index" and prior to the definition of "Private Label Packaged Motor Oil Business":

" 'Price Reduction' shall have the meaning set forth in Section 2.02(b) of the Put/Call, Registration Rights and Standstill Agreement."

(b) Section 2.02(a) of the Agreement is amended to read in its entirety as follows:

"(a) Amount. The Special Termination Price shall be an amount equal to (i) the product of (x) 100% of the Appraised Value of the Company multiplied by (y) the Terminating Member's Percentage Interest, less (ii) if the Terminating Member is Ashland, the Price Reduction."

(c) Sections 2.02(b) and 2.02(c) as numbered in the Agreement are numbered Sections 2.02(c) and 2.02(d) respectively and a new Section 2.02(b) of the Agreement is added to read in its entirety as follows:

"(b) Price Reduction. Price Reduction means an amount equal to the excess of (i) \$14,139,519, which is the agreed present value at January 1, 1998, of the tax cost to Ashland ("Present Value Tax Cost") of allocating to it depreciation deductions as shown in Chart A in Schedule 2.02(b) (1) ("Chart A Depreciation"), as compared to allocating to Ashland depreciation deductions as shown in Chart B in Schedule 2.02(b) (1) ("Chart B Depreciation"), over (ii) the present value at January 1, 1998, of the tax cost to Ashland of allocating to it Chart A Depreciation as compared to Chart B Depreciation, taking into account Ashland's decreased taxable gain or increased taxable loss on the sale of all of its Membership Interest in the Company when Chart A Depreciation as compared to Chart B Depreciation is allocated to it ("Present Value Tax Cost on Sale").

"Chart A Depreciation represents the agreed depreciation deductions with respect to property contributed by Ashland on the Closing of the Asset Transfer and Contribution Agreement allocated to it through the depreciable life of such property as set forth in Section 6.03 of the LLC Agreement as amended and restated as of December 31, 1998. Chart B Depreciation represents the agreed depreciation deductions with respect to property contributed by Ashland on the Closing of the Asset Transfer and Contribution Agreement allocated to it through the depreciable life of such property as set forth in Sections 6.03, 6.12 and 4.01(c) of such agreement as in effect prior to such restatement as if it were in effect through such depreciable life, but treating the assets comprising the Merrill Lynch Master Lease Program as Subleased Property listed on Schedule 4.01(c) for purposes of Sections 4.01(c) and 6.12. Chart A Depreciation and Chart B Depreciation shall not be revised to reflect the actual amount of depreciation deductions with respect to property contributed by Ashland on the Closing of the Asset Transfer and Contribution Agreement allocated to Ashland, or to take into account the sale or other disposition by the Company of any of the property contributed by Ashland on the Closing of the Asset Transfer and Contribution Agreement.

"Solely for purposes of determining the Present Value Tax Cost and the Present Value Tax Cost on Sale, the following factors and assumptions have been and will be used: (i) discount rate of 9% per annum, (ii) combined Federal/State income tax rate of 39%,

(iii) the cash flow impact of a reduction in Ashland's income taxes for a year as the result of Chart A or Chart B Depreciation is realized on the last day of that year and (iv) the cash flow impact of Ashland's income tax expense or benefit arising from a sale of all of its membership interest in the Company is incurred or realized on the last day of the year of sale.

"Schedule 2.02(b) (2) reflects, for purposes of illustration, the Present Value Tax Cost on Sale if Ashland sells all of its 38% membership interest in the Company on January 1, 2005. The Present Value Tax Cost on Sale with respect to Ashland's sale of all of its interest in the Company at a date different than January 1, 2005, shall be computed in the same manner as the Present Value Tax Cost on Sale illustrated in Schedule 2.02(b) (2).

"Consistent with the foregoing principle, if Ashland sells all or part of its Membership Interest to Marathon in a transaction not otherwise described in this Agreement, the price paid by or on behalf of Marathon for such interest shall be appropriately reduced."

(d) Attached new Schedules 2.02(b) (1) and 2.02(b) (2) are inserted between Schedule 1.03(d) and Schedule 14.01 (a)

(e) Section 3.02(a) of the Agreement is amended to read in its entirety as follows:

"(a) Amount. The Marathon Call Price shall be an amount equal to (i) the product of (x) 115% of the Appraised Value of the Company multiplied by (y) Ashland's Percentage Interest, less (ii) the Price Reduction."

(f) Section 4.02(a) of the Agreement is amended to read in its entirety as follows:

"(a) Amount. The Ashland Put Price shall be an amount equal to the sum of (i) for that portion of the Ashland Put Price to be paid to Ashland in Cash or in Marathon Debt Securities, an amount equal to the product of (1) the excess of (x) the product of (A) 85% of the Appraised Value of the Company multiplied by (B) Ashland's Percentage Interest over (y) the Price Reduction, multiplied by (2) the percentage of the Ashland Put Price to be paid to Ashland in Cash and/or

in Marathon Debt Securities, plus (ii) for that portion of the Ashland Put Price to be paid to Ashland in Marathon Equity Securities the same as above but substituting 90% for 85% in Clause (A) and substituting Marathon Equity Securities for Cash and/or Marathon Debt Securities in clause (2) ."

Section 2. Parties in Interest. This Amendment shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors, legal representatives and permitted assigns.

Section 3. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 4. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING OUT OF THIS AMENDMENT, OR ANY TRANSACTION OR CONDUCT IN CONNECTION HEREWITH, IS WAIVED.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

MARATHON OIL COMPANY

ASHLAND INC.

By: /s/ V. G. Beghini

By: /s/ Paul Chellgren

Name: V. G. Beghini
Title: President

Name: Paul W. Chellgren
Title: Chairman of the Board and Chief
Executive Office

USX CORPORATION

MARATHON ASHLAND PETROLEUM,
LLC

By: /s/ Thomas J. Usher

By: /s/ J. L. Frank

Name: Thomas J. Usher
Title: Chairman of the Board
and Chief Executive Officer

Name: J. L. Frank
Title: President

ASHLAND INC.
 COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
 AND EARNINGS TO COMBINED FIXED CHARGES AND
 PREFERRED STOCK DIVIDENDS
 (In millions)

	Years Ended September 30				
	1995	1996	1997	1998	1999
EARNINGS					
Income from continuing operations	\$ 14	\$ 136	\$ 192	\$ 203	\$ 290
Income taxes	(1)	72	127	114	192
Interest expense	153	154	148	133	141
Interest portion of rental expense	35	44	48	40	35
Amortization of deferred debt expense	1	1	1	1	1
Undistributed earnings of unconsolidated affiliates	(8)	(21)	(19)	(77)	-
Amounts related to significant affiliates*					
Earnings	49	57	47	59	41
Dividends	(9)	(5)	(12)	(10)	(10)
	\$ 234	\$ 438	\$ 532	\$ 463	\$ 690
FIXED CHARGES					
Interest expense	\$ 153	\$ 154	\$ 148	\$ 133	\$ 141
Interest portion of rental expense	35	44	48	40	35
Amortization of deferred debt expense	1	1	1	1	1
Capitalized interest	-	-	1	-	-
Fixed charges of significant affiliates*	32	29	25	29	61
	\$ 221	\$ 228	\$ 223	\$ 203	\$ 238
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS					
Preferred dividend requirements	\$ 19	\$ 19	\$ 9	\$ -	\$ -
Ratio of pretax to net income**	.90	1.53	1.66	-	-
Preferred dividends on a pretax basis	17	29	16	-	-
Fixed charges	221	228	223	203	238
	\$ 238	\$ 257	\$ 239	\$ 203	\$ 238
RATIO OF EARNINGS TO FIXED CHARGES	1.06	1.92	2.39	2.28	2.90
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	***	1.70	2.23	2.28	2.90

* Significant affiliates are companies accounted for on the equity method that are 50% or greater owned or whose indebtedness has been directly or indirectly guaranteed by Ashland or its consolidated subsidiaries.

** Computed as income from continuing operations before income taxes divided by income from continuing operations, which adjusts dividends on preferred stock to a pretax basis.

*** Combined fixed charges and preferred stock dividends exceeded earnings (as defined) by \$4 million.

Ashland Inc. and Consolidated Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30

(In millions)	1999	1998	1997
SALES AND OPERATING REVENUES			
APAC	\$1,678	\$1,444	\$ 1,257
Ashland Distribution	2,925	2,941	2,818
Ashland Specialty Chemical	1,263	1,244	1,205
Valvoline	1,059	1,023	1,053
Refining and Marketing	-	-	6,828
Intersegment sales	(124)	(118)	(328)
	\$6,801	\$6,534	\$12,833
OPERATING INCOME (1)			
APAC	\$ 108	\$ 90	\$ 82
Ashland Distribution	37	57	48
Ashland Specialty Chemical	107	101	92
Valvoline	74	53	65
Refining and Marketing(2)	323	239	209
Arch Coal	(3)	25	25
Corporate	(24)	(118)	(60)
	\$ 622	\$ 447	\$ 461
OPERATING INFORMATION			
APAC			
Construction backlog at September 30 (millions)	\$ 948	\$ 838	\$ 693
Hot mix asphalt production (million tons)	25.8	23.1	20.3
Aggregate production (million tons)	20.7	20.3	17.0
Valvoline lubricant sales (thousand barrels per day)	16.7	16.7	15.8
Refining and Marketing(3)			
Refined products sold (thousand barrels per day)	1,231	1,184	
Crude oil refined (thousand barrels per day)	898	905	
Arch Coal(3)			
Tons sold (millions)	109.3	67.3	53.7
Tons produced (millions)	105.7	61.8	50.0

- (1) See Page 27 for a discussion of unusual items.
(2) Effective January 1, 1998, includes Ashland's equity income from Marathon Ashland Petroleum LLC (MAP), amortization of Ashland's excess investment in MAP, and certain retained refining and marketing activities.
(3) Amounts represent 100% of the volumes of MAP or Arch Coal. MAP commenced operations January 1, 1998.

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BASIS OF PRESENTATION

During 1998, Ashland and Marathon Oil Company formed Marathon Ashland Petroleum LLC (MAP), combining the major elements of the refining, marketing and transportation operations of the two companies. Ashland holds a 38% interest in MAP, which is accounted for using the equity method. For comparison purposes, Ashland changed its method of accounting for the businesses conveyed to MAP to the equity method as of the beginning of fiscal 1998. Since restatements for prior years are not permitted under generally accepted accounting principles, Ashland's consolidated financial statements for 1999 and 1998 are not comparable with those for 1997. While the change had no effect on Ashland's net income or common stockholders' equity, it significantly reduced Ashland's revenues, costs, assets and liabilities, and changed certain components of its cash flow.

RESULTS OF OPERATIONS

Ashland's net income amounted to \$290 million in 1999, \$203 million in 1998 and \$279 million in 1997. Such earnings include various unusual items that significantly affected the comparability of year-to-year results. The following table shows the effects of unusual items on Ashland's operating and net income for each of the last three years.

(In millions)	Operating income			Net income		
	1999	1998	1997	1999	1998	1997
Income before unusual items	\$493	\$541	\$489	\$216	\$263	\$245
Gain on sale of Blazer Energy	-	-	-	-	-	71
Costs related to coal merger	-	-	(13)	-	-	(13)
Environmental reserves	-	(38)	-	-	(23)	-
Severance and relocation charges	(10)	(5)	-	(6)	(3)	-
G&A restructuring and headquarters move	-	(50)	-	-	(31)	-
Adjustments to inventory market valuation reserve	117	(15)	-	71	(9)	-

Environmental recoveries	43	-	-	26	-	-
Asset impairment write-downs	(21)	-	(26)	(17)	-	(22)
Gain on sale of Melamine Chemicals	-	14	-	-	6	-
Inventory liquidation gains	-	-	11	-	-	7
Extraordinary loss on debt prepayment	-	-	-	-	-	(9)

Income as reported	\$622	\$447	\$461	\$290	\$203	\$279
=====						

UNUSUAL ITEMS

In December 1996, Ashland announced a major profitability improvement plan including initiatives to restructure its assets to emphasize its highest return businesses and cost efficiency. Many of the unusual items reported during the last three years have been directly associated with these initiatives as indicated below.

- o Blazer Energy (Ashland's oil and gas exploration subsidiary) was sold in July 1997, resulting in an after tax gain of \$71 million. Ashland subsequently completed its withdrawal from the exploration business in 1998 through the sale of its Nigerian operations with no significant gain or loss.
- o Ashland Coal and Arch Mineral merged to form Arch Coal, Inc. in July 1997. Arch Coal recognized an after tax charge of \$13 million to write off duplicate facilities previously owned by Arch Mineral and to provide for severance and other costs related to the merger.
- o Ashland and Marathon Oil Company formed MAP in January 1998. Under the formation agreements, Ashland was contractually committed to complete certain voluntary environmental remediation efforts in progress at various operating locations conveyed to MAP, as well as retain the costs associated with issues addressed in a multi-media inspection of the former Ashland refineries by the Environmental Protection Agency. Ashland also decided to close a landfill near the refinery at Catlettsburg, Kentucky. Charges associated with these environmental matters amounted to \$38 million. An additional \$15 million (\$5 million in 1998 and \$10 million in 1999) was provided for severance and other costs associated with the formation of MAP and the consolidation of its retail marketing headquarters.
- o Ashland restructured its corporate general and administrative functions and decided to move its headquarters in 1998. Costs associated with these actions amounted to \$50 million.

When it was formed, MAP recognized an inventory market valuation reserve to reduce the costs of its crude oil and petroleum product inventories to their net realizable values. MAP adjusts this reserve regularly for changes in the values of refined products, and Ashland's share of those adjustments resulted in income of \$117 million in 1999, compared to a charge of \$15 million in 1998.

In addition to the items discussed above, Ashland recognized impairment charges of \$21 million in 1999 principally related to the goodwill of its European plastics distribution operations. Similar charges amounting to \$26 million were recognized in 1997 related to the goodwill of certain European operations of Ashland Distribution, Ashland Specialty Chemical and Valvoline. Results from these

Ashland Inc. and Consolidated Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS

operations had consistently been well below the levels that were expected when they were acquired, necessitating the impairment review and resulting write-downs.

Other unusual items recognized during the three years ended September 30, 1999, included the following.

- o Settlements were reached in 1999 with certain of Ashland's insurance carriers related to the coverage provided under historical policies with respect to environmental remediation liabilities, resulting in a gain of \$43 million.
- o Ashland sold its 23% interest in Melamine Chemicals in 1998 at a gain of \$14 million.
- o During 1997, Ashland liquidated certain crude oil and petroleum product inventories of Refining and Marketing that were accounted for using the last-in, first-out (LIFO) method. Under that method, cost of sales includes the LIFO costs of these inventories in the years they were acquired. Since those LIFO costs were significantly below current replacement costs, their sale produced a gain of \$11 million.
- o Ashland's prepayment of certain long-term debt resulted in an after tax loss of \$9 million in 1997.

The following table compares operating income before unusual items by segment for the three years ended September 30, 1999.

(In millions)	1999	1998	1997
APAC	\$108	\$ 90	\$ 82
Ashland Distribution	58	57	59
Ashland Specialty Chemical	107	87	97
Valvoline	74	53	75
Refining and Marketing	216	297	198
Arch Coal	(3)	25	38
Corporate	(67)	(68)	(60)
	\$493	\$541	\$489

APAC

The APAC construction companies achieved record results in 1999 for the second straight year with operating income of \$108 million, compared to \$90 million in 1998. Net construction revenue (total revenue less subcontract work) increased 17% with improvements coming from all geographic regions. In addition, APAC's production of construction materials continued to expand with increases in asphalt (up 12%), crushed aggregate (up 2%) and ready-mix concrete (up 23%).

APAC's construction backlog amounted to a record \$948 million at September 30, 1999. Such backlog includes increases in both the public and private sectors, and is expected to contain margins comparable to those included in last year's backlog.

Operating income from APAC amounted to \$90 million in 1998, compared to \$82 million in 1997. Reflecting newly acquired operations, net revenue was up 17%, while production of asphalt was up 13%, crushed aggregate was up 19% and ready-mix concrete was up 9%. In addition, liquid asphalt costs per ton were down about 7%, enhancing margins.

ASHLAND DISTRIBUTION

Excluding unusual items, operating income of Ashland Distribution for 1999 was comparable to last year's results. The North American thermoplastics and fiber-reinforced plastics distribution businesses achieved record earnings as a result of stronger fundamentals in end-use markets, and the chemical distribution business was also up. However, the favorable effects were largely offset by profit declines within the fine ingredients and European thermoplastics distribution businesses, which have been adversely affected by price deflation and weak markets.

Ashland Distribution's operating income before unusual items declined slightly from \$59 million in 1997 to \$57 million in 1998, reflecting reduced sales volumes of industrial chemicals and solvents.

ASHLAND SPECIALTY CHEMICAL

Operating income from Ashland Specialty Chemical increased 24% to \$107 million in 1999, compared to \$87 million in 1998, excluding the gain on the sale of Melamine Chemicals. Robust market conditions, including volume increases in businesses related to construction and transportation, led to improved results from the Composite Polymers and Specialty Polymers & Adhesives divisions. Results from Petrochemicals also increased due to higher sales volumes and margins for maleic anhydride. In addition, operating income from the Electronic Chemicals division was up slightly as it continued to recover from the depths of the worldwide semiconductor recession late last year. Such improvements were partially offset by lower earnings from Drew Marine where sales reflect the global reduction in marine traffic.

Operating income excluding unusual items declined from \$97 million in 1997 to \$87 million in 1998. Reduced earnings from electronic chemicals and foundry products more than offset the favorable effects of cost reductions by marine chemicals. Electronic chemicals felt the adverse effects of the worldwide semiconductor recession, as well as start-up costs associated with its new manufacturing plant in Pueblo, Colorado. Foundry products were adversely affected by the strike at General Motors and unfavorable translation effects from the strong U.S. dollar on the earnings from its foreign operations. Results from petrochemicals were down \$3 million, reflecting very weak methanol markets.

VALVOLINE

Valvoline's operating income increased 40% to \$74 million in 1999, compared to \$53 million in 1998. Contributing to the improved results were stronger volumes for branded lubricants, R-12 automotive refrigerant and automotive chemicals, as well as improved antifreeze results and record earnings from Valvoline Instant Oil Change (VIOC). These improvements were partially offset by lower earnings from Valvoline International, reflecting reduced sales volumes and margins in Europe and higher expenses in Latin America. VIOC's operating income reflected better car counts, higher revenues per car serviced and gains on the sale of certain company-owned units. At September 30, 1999, VIOC operated 377 company-owned units, compared to 391 units in 1998 and 382 units in 1997. The VIOC franchising program continues to expand, with 207 units open in 1999, compared to 183 in 1998 and 137 in 1997. VIOC's future growth will focus principally on expanding the number of franchised rather than company-owned units.

Operating income from Valvoline was \$53 million in 1998, compared to \$75 million in 1997 before unusual items. The decline reflected a \$24 million reduction in gross profit from R-12 automotive refrigerant. Ample inventory of R-12 at the distributor and retail levels reduced the demand during 1998. Valvoline's earnings decline also reflected lower antifreeze margins, as well as increased advertising and promotional expenses related to the introduction of Valvoline's Synpower premium automotive chemical line and Eagle One appearance products. In addition, the used oil collection business felt the adverse effects of soft used oil fuel prices and costs associated with new collection programs. On the positive side, earnings from Valvoline's core lubricant and international operations improved significantly, reflecting higher sales volumes and better domestic product mix. Earnings from VIOC were also up slightly, reflecting higher revenues per car serviced.

REFINING AND MARKETING

Excluding unusual items, operating income from Refining and Marketing amounted to \$216 million in 1999, compared to \$297 million in 1998. Comparisons between these periods are difficult because of the differing mix of operations and other changes resulting from the formation of MAP. However, the reduction in earnings resulted principally from depressed refining margins during most of fiscal 1999. Crude prices escalated rapidly during the year as average posted prices for West Texas Intermediate crude oil increased from a low of \$8.65 a barrel in December 1998 to a high of \$20.94 a barrel in September 1999. Wholesale refined product prices were not only slow to respond, but also failed to keep pace overall with the increased crude prices. The adverse effects were partially offset by strong retail gasoline margins in the December 1998 quarter and improved merchandise sales volumes.

Operating income before unusual items from Refining and Marketing was \$297 million in 1998, up from \$198 million in 1997. Results for 1998 included the operating income of Ashland Petroleum and SuperAmerica for the December 1997 quarter prior to the formation of MAP, Ashland's 38% share of MAP's earnings for the nine months ended September 30, 1998 (including the amortization of Ashland's excess investment in MAP), and results of certain retained refining and marketing activities. Earnings from Ashland's former refining and marketing businesses in the December 1997 quarter were up \$20 million from the prior year's quarter, reflecting higher refining margins, combined with a 3.2 cent-a-gallon improvement in retail margins. In addition, results for the nine months ended September 30, 1998, reflect a \$79 million improvement from the results achieved by Ashland Petroleum and SuperAmerica for that period in 1997. While this improvement resulted principally from more favorable industry conditions, a different mix of operations and captured synergies were also factors in the year-to-year improvement. Results during the March 1997 quarter were also adversely affected by heavy flooding in the Ohio Valley which limited product shipments on the river systems.

ARCH COAL

During 1999, Ashland incurred an operating loss of \$3 million from its investment in Arch Coal, compared to income in 1998 of \$25 million, including an after-tax gain of \$6 million on the sale of certain inactive mining assets in eastern Kentucky. However, since Arch acquired the U.S. coal operations of Atlantic Richfield Company effective June 1, 1998, its results for 1999 are not directly comparable with 1998. Arch's operations were adversely affected in 1999 by numerous factors. Arch experienced adverse market conditions in all of its coal markets caused by mild winter weather. Losses were also incurred at its Dal-Tex complex as operations wound down for a temporary shutdown in July 1999. The shutdown was due to a delay in obtaining mining permits because of a legal action in the U.S. District Court for the Southern District of West Virginia challenging the legality of surface mining in West Virginia. As a result of the shutdown, Arch recorded a charge that reduced Ashland's income by \$2 million, comprised principally of severance costs, obligations for non-cancelable lease payments and a change in the reclamation liability due to the temporary shutdown. Arch also experienced production shortfalls at its Black Thunder Mine in Wyoming due primarily to water drainage and

sequencing difficulties. At various times during the year, Arch's operations were also hindered by rail difficulties caused by consolidation within the rail industry. These negative results were partially offset by income of \$2 million associated with the sale of a dragline and settlements with certain suppliers.

Ashland Inc. and Consolidated Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS

Ashland's operating income from Arch Coal amounted to \$25 million in 1998, compared to \$38 million before unusual items in 1997. Eastern coal sales declined 14% in 1998, and margins were down reflecting costs associated with the closing of certain mines, the scheduled expiration of a favorable long-term supply contract, and costs related to extensive maintenance projects undertaken during the summer shutdown for miners' vacations. In addition, Arch incurred significantly higher interest costs related to the debt incurred to acquire the western operations. The effects of these shortfalls, however, were partially offset by a gain on the sale of certain inactive mining assets in eastern Kentucky, which increased Ashland's income by \$6 million.

CORPORATE

Excluding unusual items, Corporate expenses were \$67 million in 1999, \$68 million in 1998 and \$60 million in 1997. Although expenses were down slightly in 1998, amounts allocated to divisions declined \$11 million principally due to the formation of MAP. The remaining changes over the three-year period result principally from fluctuations in incentive and deferred compensation costs.

INTEREST EXPENSE

Interest expense (net of interest income) amounted to \$140 million in 1999, \$130 million in 1998 and \$142 million in 1997. The reduction in interest expense from 1997 to 1998 resulted principally from the redemption of certain high interest rate debt using the proceeds from the sale of Blazer Energy during 1997. The increased interest expense for 1999 reflects higher debt levels.

DISCONTINUED OPERATIONS

Ashland sold its oil and gas subsidiary, Blazer Energy, in 1997. Net income from Blazer in 1997 prior to the sale amounted to \$25 million, and a gain of \$71 million was realized from the sale.

FINANCIAL POSITION

LIQUIDITY

Ashland's financial position has enabled it to obtain capital for its financing needs and to maintain investment grade ratings on its senior debt of Baa2 from Moody's and BBB from Standard & Poor's. Ashland has two revolving credit agreements providing for up to \$400 million in borrowings, neither of which was in use at September 30, 1999. Under a shelf registration, Ashland can also issue an additional \$450 million in debt and equity securities should future opportunities or needs arise. Furthermore, Ashland has access to various uncommitted lines of credit and commercial paper markets, under which short-term notes of \$182 million were outstanding at September 30, 1999. While the revolving credit agreements contain a covenant limiting new borrowings, Ashland could have increased its indebtedness (including any borrowings under these agreements) by up to \$1.5 billion at September 30, 1999.

Cash flows from continuing operations, a major source of Ashland's liquidity, amounted to \$390 million in 1999, \$366 million in 1998 and \$565 million in 1997. The reduction in cash flows from operations after 1997 reflects changes resulting from the formation of MAP and increased working capital requirements across Ashland's operating divisions. Since MAP is accounted for on the equity method, Ashland's share of MAP's capital expenditures are now reported as a reduction of cash flows from operations (i.e., such expenditures reduce distributions from equity affiliates). Cash flows from operations exceeded Ashland's capital requirements for net property additions and dividends since 1996 by over \$250 million, providing additional funds for debt repayment and acquisitions.

Property additions amounted to \$878 million during the last three years and are summarized in the Information by Industry Segment on Page 53. APAC and Ashland Specialty Chemical accounted for over 70% of the capital expenditures (excluding Refining and Marketing and Corporate), with Ashland Distribution and Valvoline sharing the remainder about equally. Capital used for acquisitions (including assumed debt and companies acquired through the issuance of common stock) amounted to \$504 million during the last three years, of which \$316 million was invested in APAC, \$90 million in Ashland Specialty Chemical, \$54 million in Ashland Distribution and \$26 million in Valvoline. A summary of the capital employed in Ashland's operations at the end of the last three fiscal years follows.

(In millions)	1999	1998	1997
WHOLLY OWNED OPERATIONS			
APAC	\$ 663	\$ 452	\$ 273
Ashland Distribution	527	477	412
Ashland Specialty Chemical	566	557	492
Valvoline	346	357	339
EQUITY INVESTMENTS			
Refining and Marketing	1,646	1,729	1,515
Arch Coal	370	373	353
	-----	-----	-----
	\$4,118	\$3,945	\$3,384
	=====	=====	=====

Capital employed in APAC and Ashland Specialty Chemical increased considerably since 1996, as the majority of Ashland's property additions and acquisitions were focused in these areas. Capital employed in Refining and Marketing increased in 1998, reflecting the purchase of leased assets associated with the formation of MAP. Despite that one-time capital infusion, however, capital employed in Ashland's wholly owned operations still increased from 44% of total capital employed at the end of fiscal 1996 to 51% at September 30, 1999.

Long-term borrowings provided cash flows of \$387 million during the last three years, including the issuance of \$237 million of medium-term notes and \$150 million in senior notes. The proceeds from these long-term borrowings were used in part to retire \$507 million of long-term debt (scheduled maturities as well as refundings to reduce interest costs). Cash flows were supplemented as necessary by the issuance of short-term notes and commercial paper.

At September 30, 1999, working capital (excluding debt due within one year) amounted to \$882 million, compared to \$592 million at the end of fiscal 1998. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 95% of current liabilities at September 30, 1999, compared to 84% at the end of fiscal 1998. Ashland's working capital is affected by its use of the LIFO method of inventory valuation, which valued inventories \$54 million below their replacement costs at September 30, 1999.

CAPITAL RESOURCES

Ashland's Board of Directors has authorized the purchase of 9.4 million shares of Ashland common stock. Under this authorization, Ashland had repurchased 6.2 million shares at a cost of \$274 million through September 30, 1999. The number of shares ultimately purchased and the prices Ashland will pay for its stock are subject to periodic review by management.

At September 30, 1999, Ashland's debt level amounted to \$1.8 billion, compared to \$1.6 billion at the end of fiscal 1998. The increase reflects an active acquisition program during 1999, as well as the share repurchase program. Common stockholders' equity increased by \$63 million during 1999 to \$2.2 billion, principally due to the net effects of earnings of \$209 million retained in the business, issuances of \$79 million in stock for acquired companies, and share repurchases. Debt as a percent of capital employed amounted to 46% at September 30, 1999, compared to 43% at the end of fiscal 1998.

In October 1999, Ashland acquired Superfos a/s, an industrial company in Copenhagen, Denmark, at a cost of approximately \$950 million, including assumed debt. Ashland has also reached an agreement to sell the businesses of Superfos other than its U.S. construction operations to Industri Kapital, a European private equity fund, for a short-term note for \$285 million and cash. After that sale during the December 1999 quarter, Ashland's net cost for the U.S. construction business of Superfos is expected to be about \$525 million. Since the acquisition was funded with debt using new credit facilities, Ashland's debt is expected to initially increase to around 56% of capital employed, declining to about 52% once the sale is completed and the note is redeemed in the March 2000 quarter.

During fiscal 2000, Ashland anticipates capital expenditures of approximately \$300 million. Ashland anticipates meeting its capital requirements in 2000 for property additions, dividends and scheduled debt repayments of \$37 million from internally generated funds. However, external financing may be necessary to provide funds for acquisitions or purchases of common stock.

ENVIRONMENTAL MATTERS

Federal, state and local laws and regulations relating to the protection of the environment have resulted in higher operating costs and capital investments by the industries in which Ashland operates. Because of the continuing trends toward greater environmental awareness and ever increasing regulations, Ashland believes that expenditures for environmental compliance will continue to have a significant effect on its businesses. Although it cannot accurately predict how such trends will affect future operations and earnings, Ashland believes the nature and significance of its ongoing compliance costs will be comparable to those of its competitors.

Environmental reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the ultimate costs of required remediation efforts. 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. Reserves are regularly adjusted as environmental assessments and remediation efforts proceed.

Ashland does not believe that any liability resulting from environmental matters, after taking into consideration its insurance coverage and amounts already provided for, will have a material adverse effect on its consolidated financial position, cash flows or liquidity. However, such matters could have a material effect on results of operations in a particular quarter or fiscal year as they develop or as new issues are identified.

DERIVATIVE INSTRUMENTS

Ashland is exposed to various market risks, including changes in certain commodity prices, foreign currency rates and interest rates. To manage

these natural business exposures, Ashland enters into various derivative transactions in accordance with its established policies. Ashland does not enter into derivative instruments for trading purposes.

From time to time, Ashland uses commodity futures contracts or derivatives to manage its exposure to price fluctuations for natural gas used by Ashland's manufacturing facilities. These financial products are also used to hedge fixed-price natural gas purchase or

Ashland Inc. and Consolidated Subsidiaries
MANAGEMENT'S DISCUSSION AND ANALYSIS

sales contracts entered into under Ashland's energy management program for its suppliers and customers. Ashland also uses forward exchange contracts to hedge foreign currency transaction exposures of its operations. However, the potential loss from a hypothetical 10% adverse change in commodity prices or foreign currency rates on Ashland's open commodity futures and foreign exchange contracts at September 30, 1999, would not significantly affect Ashland's consolidated financial position, results of operations or cash flows.

Ashland selectively uses unleveraged interest rate swap agreements to obtain greater access to the lower borrowing costs normally available on floating-rate debt, while minimizing refunding risk through the issuance of long-term, fixed-rate debt. However, Ashland liquidated all but one of its outstanding swap agreements during 1999, since management believed that the potential benefits of floating rate debt no longer outweighed the risks of future interest rate increases. The final reset on the remaining \$25 million floating-rate swap agreement was set in July 1999, with Ashland due to receive the final settlement payment in January 2000.

Ashland's long-term debt included \$38 million of floating-rate debt at September 30, 1999. As a result, Ashland's annual interest costs in 2000 will fluctuate based on short-term interest rates on that portion of its long-term debt outstanding at September 30, 1999, as well as on any short-term notes and commercial paper.

OUTLOOK

Ashland will continue its primary focus on the basic industrial markets currently served, where it can provide high-performance, value-added products and services that are differentiated from competitors on the basis of superior technology, capability, quality and reputation. The major emphasis will continue to be on the growing markets related to transportation and construction where Ashland already has market-leading positions and strong product and service offerings.

Transportation and construction markets offer strong potential for sales growth. No matter how e-commerce affects product marketing, trucks, cars and other means of transportation will still be necessary. Passenger transportation will continue to rise along with population and increased mobility. In addition, current federal funding for highway projects in states in which APAC does business is forecast to rise by 59% over the next four years. Because of the Superfos acquisition and others, APAC is better positioned than ever to take advantage of this increased funding.

All four of Ashland's wholly owned businesses are key providers of materials and services to make and maintain the world's vehicles. Such involvement ranges from plastics and paint additives handled by Ashland Distribution and microchips made using our electronic chemicals, to highways paved by APAC and Valvoline car-care products. In addition, three of Ashland's wholly owned businesses provide materials and services from the ground up in construction-related markets. In addition to APAC's highway paving and production of construction materials, end uses of products and services provided by Ashland Distribution and Ashland Specialty Chemical include a vast array of residential, commercial and industrial applications, such as structural supports, interior and exterior walls, roofing, flooring, paints and stains, tanks, pipes and fittings, stacks and scrubbers.

MAP enjoys an excellent market position as the fourth largest refiner in the United States and a leading marketer in eight states in the Midwest. This Midwest focus provides the benefits not only of a strong gasoline market, but also typically stronger crack spreads compared to the Gulf Coast and New York Harbor. Ashland expects a stronger year from MAP in 2000 based on its operational improvements.

Ashland acquired the U.S. road construction business of Superfos in October 1999. Since those operations provide the same products and services as APAC and strengthens its market position in five states, the acquisition is an excellent strategic fit. Although Superfos should contribute to APAC's operating income in fiscal 2000, it is not expected to be accretive to Ashland's net income until fiscal 2001.

Ashland has been exploring strategic alternatives with respect to its investment in Arch Coal. After a careful evaluation of identified alternatives, a proposal was made to Arch's Board of Directors that would result in a tax-free spin-off of this investment to Ashland's shareholders. Arch has formed a special board committee to evaluate Ashland's proposal. The proposal is subject to, among other things, a negotiated agreement with the special board committee, approval by the Arch shareholders, a favorable ruling from the Internal Revenue Service and approval of Ashland's Board of Directors. Even if an agreement is reached and such conditions are met, Ashland anticipates that it will be several months before a spin-off could be consummated.

YEAR 2000 READINESS

Ashland, like most other companies, is faced with the Year 2000 issue and began developing plans in 1994 to address the possible exposures. Project teams have been responsible for coordinating the assessment, remediation and testing of the necessary modifications to Ashland's computer applications, including both its internal information systems and embedded systems, as well as assessing the Year 2000 readiness of its major vendors and developing contingency plans. The team's progress has been regularly monitored by Ashland's senior management and periodically reported to the

Ashland has resolved identified issues with respect to its internal information systems through system modifications or replacement. In addition, Ashland engaged the services of an independent third party to perform a verification of its code remediation efforts. Although testing will continue, Ashland believes that its critical systems are currently Year 2000 ready.

Ashland has assessed the embedded systems that operate such items as its manufacturing systems, laboratory processes, security systems and heating and air conditioning. Ashland believes that it has completed the necessary steps to make the major embedded systems Year 2000 ready.

Formal communications have been conducted with major vendors to assess the potential exposure to Ashland from their failure to remediate their own Year 2000 issues. A failure by any of these vendors could become a significant challenge to Ashland's ability to operate its facilities at affected locations. Vendors contacted include Ashland's suppliers, financial institutions and companies providing utilities (electric, natural gas, telephone and water). Alternate providers of products and services will be established, if deemed necessary. Although Ashland has no means of ensuring the Year 2000 readiness of such vendors, it will continue to gather information and monitor their compliance. Based on the representations provided by these vendors to date, Ashland has no reason to believe that these vendors are not adequately addressing their Year 2000 issues.

Ashland has developed contingency plans related to the Year 2000 issue, addressing various scenarios and alternatives. Among other things, such plans include replacing electronic applications with manual processes, identifying alternate vendors, adjusting staffing requirements, and increasing raw material inventory levels, as deemed necessary. Contingency plans will be regularly updated as current issues develop or new issues are identified.

Ashland estimates that its remaining costs related to Year 2000 issues will be minimal. Since Ashland's Year 2000 compliance program was initiated several years ago and has been integrated with other system enhancements, Ashland's total costs of remediating Year 2000 issues are not readily discernible.

Ashland believes its significant Year 2000 issues have been adequately resolved. However, certain exposures are outside Ashland's direct control. If Ashland was unsuccessful in identifying or remediating Year 2000 issues in its critical systems, is affected by major vendors not being Year 2000 ready, or is affected by general economic disruptions resulting from Year 2000 issues, its consolidated financial position or results of operations could be materially adversely affected.

MAP and Arch Coal also have prepared their own programs to deal with Year 2000 issues. Arch Coal's program is outlined in the Management's Discussion and Analysis section of its latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q. MAP's program is covered in the Management's Discussion and Analysis section for the Marathon Group in USX Corporation's latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q. These documents are on file with the Securities and Exchange Commission.

EFFECTS OF INFLATION AND CHANGING PRICES

Ashland's financial statements are prepared on the historical cost method of accounting and, as a result, do not reflect changes in the dollar's purchasing power. Although annual inflation rates have been low in recent years, Ashland's results are still affected by the cumulative inflationary trend from prior years.

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

Ashland uses the last-in, first-out (LIFO) method to value a substantial portion of its inventories to provide a better matching of revenues with current costs. However, LIFO values such inventories below their replacement costs.

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. Ashland's monetary liabilities exceed its monetary assets, which results in net purchasing power gains and provides a hedge against the effects of future inflation.

FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including various information within the Capital Resources, Derivative Instruments, Outlook and Year 2000 Readiness sections. Although Ashland believes that its expectations are based on reasonable assumptions, it 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 Risks and Uncertainties in Note A to the

Consolidated Financial Statements. Other factors and risks affecting Ashland's revenues and operations are contained in Ashland's Form 10-K for the fiscal year ended September 30, 1999, which is on file with the Securities and Exchange Commission.

Ashland Inc. and Consolidated Subsidiaries
 STATEMENTS OF CONSOLIDATED INCOME
 Years Ended September 30

(In millions except per share data)	1999	1998	1997
REVENUES			
Sales and operating revenues (including excise taxes)	\$6,801	\$6,534	\$12,833
Equity income - Note E	349	329	39
Other income	101	70	89
	7,251	6,933	12,961
COSTS AND EXPENSES			
Cost of sales and operating expenses	5,346	5,299	9,810
Excise taxes on products and merchandise	-	-	992
Selling, general and administrative expenses	1,055	1,006	1,350
Depreciation, depletion and amortization	228	181	348
	6,629	6,486	12,500
OPERATING INCOME			
Interest expense (net of interest income)	(140)	(130)	(142)
	482	317	319
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			
Income taxes - Note D	(192)	(114)	(127)
	290	203	192
INCOME FROM CONTINUING OPERATIONS			
Income from discontinued operations (net of income taxes) - Note B	-	-	25
Gain on sale of discontinued operations (net of income taxes) - Note B	-	-	71
	290	203	288
INCOME BEFORE EXTRAORDINARY LOSS			
Extraordinary loss on early retirement of debt (net of income taxes) - Note F	-	-	(9)
	\$ 290	\$ 203	\$ 279
EARNINGS PER SHARE - NOTE A			
Basic			
Income from continuing operations	\$ 3.94	\$ 2.68	\$ 2.61
Income from discontinued operations	-	-	.36
Gain on sale of discontinued operations	-	-	1.02
Extraordinary loss	-	-	(.13)
	\$ 3.94	\$ 2.68	\$ 3.86
Diluted			
Income from continuing operations	\$ 3.89	\$ 2.63	\$ 2.51
Income from discontinued operations	-	-	.33
Gain on sale of discontinued operations	-	-	.92
Extraordinary loss	-	-	(.12)
	\$ 3.89	\$ 2.63	\$ 3.64

See Notes to Consolidated Financial Statements.

Ashland Inc. and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS
September 30

(In millions)	1999	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 110	\$ 34
Accounts receivable (less allowances for doubtful accounts of \$23 million in 1999 and \$19 million in 1998)	1,219	1,110
Inventories - Note A	464	440
Deferred income taxes - Note D	107	104
Other current assets	159	140
	2,059	1,828
INVESTMENTS AND OTHER ASSETS		
Investment in MAP - Note E	2,172	2,102
Investment in Arch Coal - Note E	417	422
Cost in excess of net assets of companies acquired (less accumulated amortization of \$98 million in 1999 and \$65 million in 1998)	220	207
Other noncurrent assets	264	362
	3,073	3,093
PROPERTY, PLANT AND EQUIPMENT		
Cost		
APAC	990	809
Ashland Distribution	352	332
Ashland Specialty Chemical	768	717
Valvoline	348	354
Corporate	191	201
	2,649	2,413
Accumulated depreciation, depletion and amortization	(1,357)	(1,252)
	1,292	1,161
	\$6,424	\$6,082

See Notes to Consolidated Financial Statements.

(In millions)	1999	1998
<hr/>		
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Debt due within one year		
Notes payable to financial institutions	\$ 182	\$ 84
Current portion of long-term debt	37	41
Trade and other payables	1,135	1,199
Income taxes	42	37
	<hr/>	<hr/>
	1,396	1,361
NONCURRENT LIABILITIES		
Long-term debt (less current portion) - Notes F and G	1,627	1,507
Employee benefit obligations - Note N	418	458
Deferred income taxes - Note D	226	120
Reserves of captive insurance companies	175	165
Other long-term liabilities and deferred credits	382	334
Commitments and contingencies - Notes H and K		
	<hr/>	<hr/>
	2,828	2,584
STOCKHOLDERS' EQUITY - Notes F, I and J		
Preferred stock, no par value, 30 million shares authorized		
Common stockholders' equity		
Common stock, par value \$1.00 per share		
Authorized - 300 million shares		
Issued - 72 million shares in 1999 and 76 million shares in 1998	72	76
Paid-in capital	464	602
Retained earnings	1,710	1,501
Accumulated other comprehensive loss	(46)	(42)
	<hr/>	<hr/>
	2,200	2,137
	<hr/>	<hr/>
	\$6,424	\$6,082
	<hr/>	<hr/>

Ashland Inc. and Consolidated Subsidiaries
STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(In millions)	Preferred stock	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
=====						
BALANCE AT OCTOBER 1, 1996	\$293	\$64	\$280	\$1,186	\$ (9)	\$1,814
Total comprehensive income(1)				279	(26)	253
Preferred stock cash dividends				(9)		(9)
Common stock cash dividends, \$1.10 a share				(77)		(77)
Issued common stock under						
Preferred stock conversion	(290)	9	281			-
Stock incentive plans		2	44			46
Employee savings plan			1			1
Preferred stock redemption	(3)					(3)
Other changes			(1)			(1)

BALANCE AT SEPTEMBER 30, 1997	-	75	605	1,379	(35)	2,024
Total comprehensive income(1)				203	(7)	196
Common stock cash dividends, \$1.10 a share				(84)		(84)
Issued common stock under						
Stock incentive plans		1	15			16
Acquisitions of other companies		1	29	3		33
Repurchase of common stock		(1)	(45)			(46)
Other changes			(2)			(2)

BALANCE AT SEPTEMBER 30, 1998	-	76	602	1,501	(42)	2,137
Total comprehensive income(1)				290	(4)	286
Common stock cash dividends, \$1.10 a share				(81)		(81)
Issued common stock under						
Stock incentive plans			7			7
Acquisitions of other companies		2	77			79
Repurchase of common stock		(6)	(222)			(228)

BALANCE AT SEPTEMBER 30, 1999	\$ -	\$72	\$464	\$1,710	\$ (46)	\$2,200
=====						

(1) Reconciliations of net income to total comprehensive income follow.

(In millions)	1999	1998	1997
=====			
NET INCOME	\$290	\$203	\$279
Minimum pension liability adjustment	13	(6)	(4)
Related tax benefit (expense)	(5)	2	2
Unrealized translation adjustments	(11)	(7)	(27)
Related tax benefit	3	1	-
Unrealized gains (losses) on securities	(6)	8	5
Related tax benefit (expense)	2	(3)	(2)
Losses (gains) on securities included in net income	-	(3)	-
Related tax expense	-	1	-

TOTAL COMPREHENSIVE INCOME	\$286	\$196	\$253
=====			

At September 30, 1999, the accumulated other comprehensive loss of \$46 million was comprised of net unrealized translation losses of \$36 million and a minimum pension liability of \$10 million.

See Notes to Consolidated Financial Statements.

Ashland Inc. and Consolidated Subsidiaries
 STATEMENTS OF CONSOLIDATED CASH FLOWS
 Years Ended September 30

(In millions)	1999	1998	1997
CASH FLOWS FROM CONTINUING OPERATIONS			
Income from continuing operations	\$ 290	\$203	\$192
Expense (income) not affecting cash			
Depreciation, depletion and amortization	228	181	348
Deferred income taxes	101	60	33
Equity income from affiliates	(349)	(329)	(39)
Distributions from equity affiliates	349	252	20
Other items	(2)	(6)	-
Change in operating assets and liabilities(1)	(227)	5	11
	390	366	565
CASH FLOWS FROM FINANCING			
Proceeds from issuance of long-term debt	150	150	87
Proceeds from issuance of capital stock	4	10	35
Repayment of long-term debt	(59)	(53)	(395)
Repurchase of capital stock	(228)	(46)	(3)
Increase (decrease) in short-term debt	98	81	(68)
Dividends paid	(81)	(84)	(86)
	(116)	58	(430)
CASH FLOWS FROM INVESTMENT			
Additions to property, plant and equipment	(248)	(274)	(356)
Purchase of leased assets associated with the formation of MAP	-	(254)	-
Purchase of operations - net of cash acquired	(72)	(194)	(79)
Investment purchases(2)	(235)	(215)	(248)
Investment sales and maturities(2)	311	308	216
Other - net	46	44	27
	(198)	(585)	(440)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS			
Cash provided (used) by discontinued operations - Note B	76	(161)	(305)
	-	(55)	485
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents - beginning of year	76	(216)	180
	34	250	70
CASH AND CASH EQUIVALENTS - END OF YEAR			
	\$ 110	\$ 34	\$250
DECREASE (INCREASE) IN OPERATING ASSETS(1)			
Accounts receivable	\$ (90)	\$ (54)	\$ (16)
Inventories	(26)	(21)	30
Deferred income taxes	1	(16)	-
Other current assets	(21)	(36)	6
Investments and other assets	(54)	(19)	(5)
INCREASE (DECREASE) IN OPERATING LIABILITIES(1)			
Trade and other payables	(79)	33	(117)
Income taxes	2	(2)	31
Noncurrent liabilities	40	120	82
CHANGE IN OPERATING ASSETS AND LIABILITIES			
	\$ (227)	\$ 5	\$ 11

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

(2) Represents primarily investment transactions of captive insurance companies.

See Notes to Consolidated Financial Statements.

Ashland Inc. and Consolidated Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Ashland and its majority owned subsidiaries, except Arch Coal, Inc. Investments in joint ventures, 20% to 50% owned affiliates and Arch Coal are accounted for on the equity method. Ashland does not consolidate its 58% ownership interest in Arch Coal because supermajority provisions in its bylaws grant significant participating and veto rights to the minority shareholders.

Effective January 1, 1998, Ashland and Marathon Oil Company formed Marathon Ashland Petroleum LLC (MAP), combining the major elements of the refining, marketing and transportation operations of the two companies. Ashland holds a 38% interest in MAP, which is accounted for using the equity method. For comparison purposes, Ashland changed its method of accounting for the businesses conveyed to MAP to the equity method as of the beginning of fiscal 1998. Since restatements for prior years are not permitted under generally accepted accounting principles, Ashland's consolidated financial statements for 1999 and 1998 are not comparable with those for 1997. While the change had no effect on Ashland's net income or common stockholders' equity, it significantly reduced Ashland's revenues, costs, assets and liabilities, and changed certain components of its cash flow.

RISKS AND UNCERTAINTIES

The preparation of Ashland's consolidated financial statements in conformity with generally accepted accounting principles requires Ashland's 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 subject to such estimates and assumptions include the carrying value of long-lived and intangible assets, inventory and receivable valuation allowances, environmental reserves, employee benefit obligations, income recognized under construction contracts, and the ultimate realization of deferred tax assets. Actual results could differ from the estimates and assumptions used.

Ashland's results, including those of MAP and Arch Coal, are affected by domestic and international economic, political, legislative, regulatory and legal actions, as well as weather conditions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, and changes in the prices of crude oil, petroleum products and petrochemicals, can have a significant effect on operations. Political actions may include changes in the policies of the Organization of Petroleum Exporting Countries or other developments involving or affecting oil-producing countries, including military conflict, embargoes, internal instability or actions or reactions of the United States government in anticipation of, or in response to, such actions. 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 the environment or other matters. In addition, climate and weather can significantly affect Ashland's results from several of its operations, such as its construction activities, MAP's heating oil business and coal sales and production of Arch Coal.

INVENTORIES

(In millions)

	1999	1998
Chemicals and plastics	\$358	\$352
Petroleum products	45	48
Construction materials	55	39
Other products	55	49
Supplies	5	9
Excess of replacement costs over LIFO carrying values	(54)	(57)
	\$464	\$440

Chemicals, plastics, petroleum products and supplies with a replacement cost of \$302 million at September 30, 1999, and \$285 million at September 30, 1998, are valued using the last-in, first-out (LIFO) method. The remaining inventories are stated generally at the lower of cost (using the first-in, first-out [FIFO] or average cost method) or market.

Ashland decreased certain LIFO inventories in 1997 for operating reasons. Cost of sales and operating expenses include costs for these inventories based on prior years' LIFO carrying values which were less than current replacement costs. As a result of LIFO inventory liquidations, net income was increased by \$7 million (9 cents per share) in 1997. The effects of LIFO inventory liquidations during 1998 and 1999 were not significant.

LONG-LIVED AND INTANGIBLE ASSETS

The cost of plant and equipment is principally depreciated by the straight-line method over the estimated useful lives of the assets. Costs in excess of net assets of companies acquired are amortized by the straight-line method over periods generally ranging from 15 to 40 years, with an average remaining life of 13 years. Long-lived and intangible assets are periodically reviewed for recoverability when impairment indicators are present. Recorded values that are not expected to be recovered through undiscounted future cash flows are written down to current fair value, which is generally determined from estimated discounted future net cash flows (assets held for use) or net realizable value (assets held for sale).

Goodwill amortization amounted to \$34 million in 1999, \$14 million in 1998 and \$38 million in 1997. These amounts included unusual charges of \$19 million in 1999 and \$26 million in 1997 for goodwill write-downs related to certain European operations. Results from these operations had consistently been well below the levels that were expected when they were acquired, necessitating the impairment review and resulting write-downs. In addition to these amounts, equity income includes the amortization of the excess of Ashland's investment over its underlying equity in the net assets of MAP and Arch Coal. At September 30, 1999, such excess amounted to \$399 million for MAP and \$72 million for Arch Coal. Such amounts are being amortized on a straight-line basis for MAP (\$27 million in 1999 and \$21 million in 1998) and on the basis of tons of coal produced for Arch Coal (\$3 million in 1999 and 1998 and \$2 million in 1997).

ENVIRONMENTAL COSTS

Accruals for environmental costs are recognized when it is probable that 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. Accruals are recorded at undiscounted amounts based on experience, assessments and current technology, without regard to any third-party recoveries and are regularly adjusted as environmental assessments and remediation efforts proceed.

EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (EPS) from continuing operations.

(In millions except per share data)	1999	1998	1997
NUMERATOR			
Income from continuing operations	\$ 290	\$ 203	\$ 192
Preferred stock dividends	-	-	(9)
Numerator for basic EPS - Income available to common shares	290	203	183
Effect of dilutive securities			
Dividends on convertible preferred stock	-	-	9
Interest on convertible debentures (net of income taxes)	-	-	4
Numerator for diluted EPS - Income available to common shares after assumed conversions	\$ 290	\$ 203	\$ 196
DENOMINATOR			
Denominator for basic EPS - Weighted average common shares outstanding	74	76	70
Common shares issuable upon			
Exercise of stock options	1	1	2
Conversion of debentures	-	-	2
Conversion of preferred stock	-	-	4
Denominator for diluted EPS - Adjusted weighted average shares and assumed conversions	75	77	78
BASIC EPS FROM CONTINUING OPERATIONS	\$3.94	\$2.68	\$2.61
DILUTED EPS FROM CONTINUING OPERATIONS	\$3.89	\$2.63	\$2.51

DERIVATIVE INSTRUMENTS

From time to time, Ashland uses commodity futures contracts or derivatives to manage its exposure to price fluctuations for natural gas used by Ashland's manufacturing facilities. These financial products are also used to hedge fixed price natural gas purchase or sales contracts entered into under Ashland's energy management program for its suppliers and customers. Realized gains and losses on these contracts are included in cost of sales in the delivery month, with amounts paid or received on early terminations deferred on the balance sheet in other current assets or trade and other payables (the deferral method).

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERIVATIVE INSTRUMENTS (CONTINUED)

Ashland uses forward exchange contracts to hedge foreign currency transaction exposures of its operations. These contracts are marked-to-market each month and included in trade and other payables, with the offsetting gain or loss included in other income (the fair value method).

Ashland selectively uses interest rate swap agreements to obtain greater access to the lower borrowing costs normally available on floating-rate debt, while minimizing refunding risk through the issuance of long-term, fixed-rate debt. Each interest rate swap agreement is designated with all or a portion of the principal balance and term of a specific debt obligation. These agreements involve the exchange of amounts based on a fixed interest rate for amounts based on variable interest rates over the life of the agreement, without an exchange of the notional amount upon which the payments are based. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense (the accrual method). The related amount payable to or receivable from counterparties is included in trade and other payables. The fair values of the swap agreements are not recognized in the financial statements. Gains and losses on early terminations of interest rate swap agreements are deferred on the balance sheet (in other long-term liabilities) and amortized as an adjustment to interest expense over the remaining term of the original contract life of the terminated swap agreement.

In June 1998, the Financial Accounting Standards Board issued Statement No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted in years beginning after June 15, 2000. Because of Ashland's minimal use of derivatives, management does not anticipate that its adoption of FAS 133 will have a significant effect on Ashland's earnings or financial position.

STOCK INCENTIVE PLANS

Ashland accounts for its stock options using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related Interpretations. The disclosure requirements of Financial Accounting Standards Board Statement No. 123 (FAS 123), "Accounting for Stock-Based Compensation," are included in Note J.

OTHER

Cash equivalents include highly liquid investments maturing within three months after purchase.

Income related to construction contracts is generally recognized by the units-of-production method, which is a variation of the percentage-of-completion method. Any anticipated losses on such contracts are charged against operations as soon as such losses are estimable.

Research and development costs are expensed as incurred (\$27 million in 1999, \$28 million in 1998 and \$29 million in 1997).

Certain prior year amounts have been reclassified in the consolidated financial statements and accompanying notes to conform with 1999 classifications.

NOTE B - DISCONTINUED OPERATIONS

On July 1, 1997, Ashland sold the domestic exploration and production operations of Blazer Energy Corporation, realizing cash proceeds of \$566 million. The sale resulted in a pretax gain of \$138 million which, net of \$67 million of income taxes, produced a gain on sale of discontinued operations of \$71 million. On May 6, 1998, Ashland completed its withdrawal from the exploration business through the sale of its exploration and production operations in Nigeria with no significant gain or loss. Components of amounts reflected in income and cash flow related to these discontinued operations are presented in the following table.

(In millions)	1999	1998	1997
INCOME STATEMENT DATA			
Revenues	\$ -	\$ -	\$240
Costs and expenses	-	-	(215)
Operating income	-	-	25
Income tax expense	-	-	-
Income from discontinued operations	\$ -	\$ -	\$ 25
CASH FLOW DATA			
Cash flows from operations	\$ -	\$ (81)	\$ (41)
Cash flows from investment (including sales proceeds)	-	26	526
Cash provided (used) by discontinued operations	\$ -	\$ (55)	\$485

NOTE C - INFORMATION BY INDUSTRY SEGMENT

Ashland's operations are conducted primarily in the United States and are managed along industry segments, which include APAC, Ashland Distribution, Ashland Specialty Chemical, Valvoline, Refining and Marketing, and Arch Coal. Ashland Distribution and Ashland Specialty Chemical were formed in 1999, in an effort to provide greater market focus and definition for the former Ashland Chemical segment. Information by industry segment shown on Pages 52 and 53 has been restated to reflect the change.

The APAC group of companies performs contract construction work, such as paving, repairing and resurfacing highways, streets, airports, residential and commercial developments, sidewalks, and driveways; grading and base work; and excavation and related activities in the construction of bridges and structures, drainage facilities and underground utilities in 14 southern and midwestern states. APAC also produces and sells construction materials, such as hot-mix asphalt and ready-mix concrete, crushed stone and other aggregate and, in certain markets, concrete block and specialized construction materials, such as architectural block.

Ashland Distribution distributes chemicals, plastics, fiber reinforcements and fine ingredients in North America and plastics in Europe.

Ashland Specialty Chemical manufactures and supplies specialty chemical products and services to industries including the adhesives, automotive, composites, foundry, merchant marine, paint, paper, plastics and semiconductor fabrication industries.

Valvoline is a marketer of automotive oils, chemicals, appearance products and services, with sales in more than 140 countries. Valvoline is engaged in the "fast oil change" business through owned and franchised outlets operating under the Valvoline Instant Oil Change name.

The Refining and Marketing segment includes Ashland's 38% ownership interest in Marathon Ashland Petroleum LLC (MAP) and certain retained refining and marketing activities. MAP was formed January 1, 1998, combining the major elements of the refining, marketing and transportation operations of Ashland and Marathon Oil Company. MAP has seven refineries with a combined crude oil refining capacity of 935,000 barrels per day, 88 light products and asphalt terminals in the Midwest and Southeast United States, more than 5,400 retail marketing outlets in 21 states and significant pipeline holdings. Ashland accounts for its interest in MAP using the equity method. As a result, the segment information for 1998 and 1999 is not comparable to 1997, when Ashland's 100% ownership interest in its former Refining and Marketing operations (Ashland Petroleum and SuperAmerica) was consolidated.

Arch Coal, Inc. is a publicly traded company which was created July 1, 1997, as a result of the merger of Ashland Coal, Inc. and Arch Mineral Corporation. Ashland holds a 58% ownership interest in Arch Coal, which it accounts for under the equity method as described in Note A. Arch Coal is the nation's second largest coal producer with subsidiary operations in West Virginia, Kentucky, Virginia, Illinois, Wyoming, Colorado and Utah. Through these operations, Arch Coal provides the fuel for approximately 6% of the electricity generated in the United States.

Ashland has been exploring strategic alternatives with respect to its investment in Arch Coal. After a careful evaluation of identified alternatives, a proposal was made to Arch's Board of Directors that would result in a tax-free spin-off of this investment to Ashland's shareholders. Arch has formed a special board committee to evaluate Ashland's proposal. The proposal is subject to, among other things, a negotiated agreement with the special board committee, approval by the Arch shareholders, a favorable ruling from the Internal Revenue Service and approval of Ashland's Board of Directors. Even if an agreement is reached and such conditions are met, Ashland anticipates that it will be several months before a spin-off could be consummated.

Information about Ashland's domestic and foreign operations follows. Ashland has no material operations in any individual foreign country.

(In millions)	Revenues from external customers(1)			Long-lived assets	
	1999	1998	1997	1999	1998
United States	\$6,183	\$5,880	\$11,821	\$1,181	\$1,068
Foreign	1,068	1,053	1,140	111	93
	\$7,251	\$6,933	\$12,961	\$1,292	\$1,161

(1) Prior to the formation of MAP, sales of gasoline accounted for 19% of Ashland's 1997 consolidated revenues from external customers, excluding excise taxes.

NOTE D - INCOME TAXES

A summary of the provision for income taxes related to continuing operations follows.

(In millions)	1999	1998	1997
Current(1)			
Federal	\$ 63	\$ 42	\$ 72
State	17	(1)	5
Foreign	11	13	17
Deferred	91	54	94
	101	60	33
	\$ 192	\$ 114	\$ 127

(1) Income tax payments amounted to \$142 million in 1999, \$109 million in 1998 and \$51 million in 1997.

Deferred income taxes are provided for income and expense items recognized in different years for tax and financial reporting purposes. Temporary differences that give rise to significant deferred tax assets and liabilities follow.

(In millions)	1999	1998
Employee benefit obligations	\$ 174	\$ 182
Environmental, insurance and litigation reserves	123	119
Compensation accruals	44	49
Uncollectible accounts receivable	11	16
Other items	76	63
Total deferred tax assets	428	429
Property, plant and equipment	95	83
Investment in unconsolidated affiliates	452	362
Total deferred tax liabilities	547	445
Net deferred tax liability	\$ (119)	\$ (16)

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.

(In millions)	1999	1998	1997
Income from continuing operations before income taxes			
United States	\$ 458	\$ 274	\$ 298
Foreign	24	43	21
	\$ 482	\$ 317	\$ 319
Income taxes computed at U.S. statutory rates	\$ 169	\$ 111	\$ 112
Increase (decrease) in amount computed resulting from			
Equity income	(2)	(10)	(10)
State income taxes	16	5	6
Net impact of foreign results	6	5	10
Other items	3	3	9
Income taxes	\$ 192	\$ 114	\$ 127

Note E - UNCONSOLIDATED AFFILIATES

Affiliated companies accounted for on the equity method include Marathon Ashland Petroleum LLC (MAP), Arch Coal, Inc. and various other companies. See Notes A and C for a description of MAP and Arch Coal, as well as a discussion of the use of the equity method for these two investees. Summarized financial information reported by these affiliates and a summary of the amounts recorded in Ashland's consolidated financial statements follow. MAP is organized as a limited liability company (LLC) that has elected to be taxed as a partnership. Therefore, the parents are responsible for income taxes applicable to their share of MAP's taxable income. The net income reflected below for MAP does not include any provision for income taxes incurred by its parents. At September 30, 1999, Ashland's retained earnings include \$257 million of undistributed earnings from unconsolidated affiliates accounted for on the equity method.

(In millions)	MAP	Arch Coal	Other	Total
SEPTEMBER 30, 1999				
Financial position				
Current assets	\$ 3,220	\$ 331	\$ 84	
Current liabilities	(1,895)	(365)	(46)	
Working capital	1,325	(34)	38	
Noncurrent assets	3,611	2,313	72	
Noncurrent liabilities	(271)	(1,685)	(19)	
Stockholders' equity	\$ 4,665	\$ 594	\$ 91	
Results of operations				
Sales and operating revenues	\$18,965	\$1,548	\$ 163	
Income from operations	976	61	23	
Net income	977	2	13	
Amounts recorded by Ashland				
Investments and advances	2,172 (1)	417 (1) (2)	49	\$2,638
Equity income	345	(2)	6	349
Distributions received	333	10	6	349
SEPTEMBER 30, 1998				
Financial position				
Current assets	\$ 3,190	\$ 362	\$ 74	
Current liabilities	(1,915)	(384)	(34)	
Working capital	1,275	(22)	40	
Noncurrent assets	3,588	2,470	63	
Noncurrent liabilities	(320)	(1,826)	(15)	
Stockholders' equity	\$ 4,543	\$ 622	\$ 88	
Results of operations				
Sales and operating revenues	\$14,588 (3)	\$1,363	\$ 165	
Income from operations	729 (3)	103	45	
Net income	742 (3)	51	13	
Amounts recorded by Ashland				
Investments and advances	2,102	422	45	\$2,569
Equity income	298 (4)	25	6	329
Distributions received	233 (4)	10	9	252
SEPTEMBER 30, 1997				
Results of operations				
Sales and operating revenues		\$1,367	\$1,117	
Income from operations		71	278	
Net income		50	65	
Amounts recorded by Ashland				
Equity income		25	14	\$ 39
Distributions received		12	8	20

(1) At September 30, 1999, Ashland's investment exceeded its underlying equity in net assets by \$399 million for MAP and \$72 million for Arch Coal. Such excess was being amortized against equity income on a straight-line basis for MAP (\$27 million in 1999 and \$21 million in 1998) and on the basis of tons of coal produced for Arch Coal (\$3 million in 1999, \$3 million in 1998 and \$2 million in 1997).

(2) At September 30, 1999, the market value of Ashland's investment in Arch Coal's common stock amounted to \$272 million.

(3) Amounts represent results of operations for MAP for the nine months ended September 30, 1998, since MAP was formed on January 1, 1998.

(4) Includes \$36 million of equity income and \$61 million in cash flow from Ashland's former Refining and Marketing operations for the quarter ended December 31, 1997.

NOTE F - LONG-TERM DEBT

(In millions)	1999	1998
Medium-term notes, due 2000-2025, interest at a weighted average rate of 8.7% at September 30, 1999 (6.8% to 10.4%)	\$ 999	\$ 888
8.80% debentures, due 2012	250	250
Pollution control and industrial revenue bonds, due 2003-2022, interest at a weighted average rate of 6.5% at September 30, 1999 (3.7% to 7.4%)	217	217
6.625% senior notes, due 2008	150	150
Other	48	43
	1,664	1,548
Current portion of long-term debt	(37)	(41)
	\$1,627	\$1,507

Aggregate maturities of long-term debt are \$37 million in 2000, \$75 million in 2001, \$83 million in 2002, \$89 million in 2003 and \$57 million in 2004. Excluded from such maturities are \$38 million of floating-rate pollution control and industrial revenue bonds, due between 2003 and 2009. These bonds are subject to early redemptions at the holders' option, but not before October 1, 2000.

Ashland has two revolving credit agreements providing for up to \$400 million in borrowings, neither of which was in use at September 30, 1999. The agreement providing for \$250 million in borrowings expires on June 2, 2004. The agreement providing for \$150 million in borrowings expires on May 31, 2000. The agreements contain a covenant limiting new borrowings. Based on Ashland's financial position at September 30, 1999, borrowings (including any borrowings under these agreements) could be increased by up to \$1.5 billion. Additional permissible borrowings are reduced by 150% of any reductions in stockholders' equity.

Interest payments on all indebtedness amounted to \$136 million in 1999, \$132 million in 1998 and \$161 million in 1997. The weighted average interest rate on short-term borrowings outstanding was 5.7% at September 30, 1999, and 6.0% at September 30, 1998.

EXTRAORDINARY LOSS

On June 3, 1997, Ashland called its outstanding 6.75% Convertible Subordinated Debentures. On July 3, 1997, \$123 million of the Debentures were redeemed for 101.35% of the principal amount, plus accrued interest, thereby eliminating an associated 2.4 million shares of Ashland Common Stock that had been reserved for conversion. On September 3, 1997, Ashland announced that its 11.125% Sinking Fund Debentures would be redeemed on October 15, 1997. The principal amount outstanding of \$200 million had a redemption price of 105.562%, plus accrued interest to the redemption date. On September 23, 1997, Ashland delivered to the trustee U.S. Treasury securities maturing on October 15, 1997, sufficient to cover the redemption price and accrued interest in accordance with the indenture agreement, thereby relieving Ashland of any further obligations under the Debentures. The redemption premium and writeoff of unamortized deferred debt issuance expenses related to these two transactions resulted in pretax charges totaling \$15 million which, net of income tax benefits of \$6 million, resulted in an extraordinary loss of \$9 million on the early retirement of debt.

NOTE G - FINANCIAL INSTRUMENTS

COMMODITY AND FOREIGN CURRENCY HEDGES

Ashland uses commodity futures contracts and forward exchange contracts to reduce its exposure to certain risks inherent within its businesses as described in Note A. The fair value of open commodity and foreign exchange contracts was not significant at September 30, 1999, and 1998.

INTEREST RATE SWAPS

Ashland selectively uses interest rate swap agreements to obtain greater access to the lower borrowing costs normally available on floating-rate debt, while minimizing refunding risk through the issuance of long-term, fixed-rate debt. During the quarter ended December 31, 1998, Ashland liquidated \$200 million of its interest rate swap agreements, which had converted fixed-rate debt to floating rates at September 30, 1998. The final reset on the remaining \$25 million floating-rate swap agreement was set on July 6, 1999, with Ashland due to receive the final settlement payment on January 6, 2000.

FAIR VALUES

The carrying amounts and fair values of Ashland's significant financial instruments at September 30, 1999, and 1998, are shown below. The fair values of cash and cash equivalents, investments of captive insurance companies and notes payable to financial institutions approximate their carrying amounts. 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. The fair values of interest rate swaps are based on quoted market prices, which reflect the present values of the differences between estimated future variable-rate payments and future fixed-rate receipts.

(In millions)	1999		1998	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents	\$ 110	\$ 110	\$ 34	\$ 34
Investments of captive insurance companies(1)	16	16	98	98
Interest rate swaps	-	-	-	8
Liabilities				
Notes payable to financial institutions	182	182	84	84
Long-term debt (including current portion)	1,664	1,732	1,548	1,775

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

NOTE H - LEASES AND OTHER COMMITMENTS

LEASES

Ashland and its subsidiaries are lessees in noncancelable leasing agreements for office buildings, warehouses, transportation equipment, storage facilities, retail outlets, manufacturing facilities and other equipment and properties which expire at various dates. Capitalized lease obligations are not significant and are included in long-term debt. Future minimum rental payments at September 30, 1999, and rental expense under operating leases follow. During 1998, Ashland purchased \$254 million in formerly leased assets in connection with the formation of Marathon Ashland Petroleum LLC (MAP), resulting in reduced rental expense.

(In millions)

Future minimum rental payments	Rental expense	1999	1998	1997
2000	\$ 44			
2001	38			
2002	30			
2003	26	\$103	\$119	\$144
2004	22	5	8	13
Later years	130	(3)	(6)	(13)
	\$290	\$105	\$121	\$144

OTHER COMMITMENTS

To obtain mining permits, Arch Coal must post surety bonds guaranteeing that it will perform any required reclamation upon closure of a mine. Such bonds are currently included in Ashland's corporate surety bond program which includes its wholly owned subsidiaries, primarily the APAC group of construction companies. Since Ashland has indemnity agreements with its surety companies, Ashland was guarantor for reclamation and various other bonds posted by Arch Coal totaling \$635 million at September 30, 1999.

Ashland and Marathon (collectively the Lenders) have entered into a revolving credit agreement providing for loans up to \$500 million to MAP. Loans will be funded by the Lenders based on their respective ownership interests. At September 30, 1999, no loans were outstanding under this agreement.

NOTE I - CAPITAL STOCK

Ashland's Board of Directors has authorized the purchase of 9.4 million shares of Ashland common stock in the open market. Through September 30, 1999, Ashland had repurchased 6.2 million shares at a cost of \$274 million.

In March 1997, Ashland called the 6 million outstanding shares of its \$3.125 Cumulative Convertible Preferred Stock. Each preferred share was convertible into 1.546 shares of Ashland common stock, plus cash for fractional shares. Almost 99% of the series was submitted for conversion to common stock by the March 31 deadline. The remaining preferred shares were redeemed at a price of \$51.88 per share plus 19.1 cents per share of accrued and unpaid dividends.

Under Ashland's Shareholder Rights Plan, each common share is accompanied by one right to purchase one-thousandth share of preferred stock for \$140. Each one-thousandth share of preferred stock will be entitled to dividends and to vote on an equivalent basis with one common share. The rights are neither exercisable nor separately transferable from the common shares unless a party acquires or tenders for more than 15% of Ashland's common stock. If any party acquires more than 15% of Ashland's common stock or acquires Ashland in a business combination, each right (other than those held by the acquiring party) will entitle the holder to purchase preferred stock of Ashland or the acquiring company at a substantial discount. The rights expire on May 16, 2006, and Ashland's Board of Directors can amend certain provisions of the Plan or redeem the rights at any time prior to their becoming exercisable.

At September 30, 1999, 500,000 shares of cumulative preferred stock are reserved for potential issuance under the Shareholder Rights Plan and 6.4 million common shares are reserved for issuance under outstanding stock options.

NOTE J - STOCK INCENTIVE PLANS

Ashland has stock incentive plans under which key employees or directors can purchase shares of common stock under stock options or restricted stock awards. Stock options are granted to employees at a price equal to the fair market value of the stock on the date of grant and become exercisable over periods of one to four years. Unexercised options lapse 10 years after the date of grant. Restricted stock awards entitle employees or directors to purchase shares at a nominal cost, to vote such shares and to receive any dividends thereon. However, such shares are subject to forfeiture upon termination of service before the restriction period ends.

As discussed in Note A, Ashland accounts for its stock incentive plans in accordance with APB 25. Ashland has not recognized compensation expense for stock options, because the exercise price of the options equals the market price of the underlying stock on the date of grant, which is the measurement date. If the alternative method of accounting for stock incentive plans prescribed by FAS 123 had been followed, Ashland's net income and earnings per share would have been reduced to the pro forma amounts shown in the following table. The weighted average fair value of options granted was determined using the Black-Scholes option pricing model with the indicated assumptions.

	1999	1998	1997
Pro forma			
Net income (in millions)	\$ 286	\$ 199	\$ 277
Basic earnings per share	3.88	2.63	3.83
Diluted earnings per share	3.84	2.58	3.61
Weighted average fair value per share of options granted	\$7.97	\$11.45	\$11.28
Assumptions (weighted average)			
Risk-free interest rate	6.0%	4.7%	4.6%
Expected dividend yield	3.0%	2.0%	2.5%
Expected volatility	21.0%	23.8%	22.5%
Expected life (in years)	5.0	5.0	5.0

A progression of activity and various other information relative to stock options is presented in the following table.

	1999		1998		1997	
	Common shares	Weighted average option price per share	Common shares	Weighted average option price per share	Common shares	Weighted average option price per share
Outstanding - beginning of year(1)	4,965	\$38.82	4,718	\$37.52	5,247	\$33.97
Granted	1,590	36.97	580	48.07	814	53.22
Exercised	(120)	34.55	(282)	34.85	(1,271)	32.94
Canceled	(54)	49.75	(51)	45.78	(72)	37.29
Outstanding - end of year(1)	6,381	\$38.34	4,965	\$38.82	4,718	\$37.52

(1) Shares of common stock available for future grants of options or awards amounted to 3,670,000 at September 30, 1999, and 5,134,000 at September 30, 1998. Exercise prices per share for options outstanding at September 30, 1999, ranged from \$23.88 to \$33.88 for 1,978,000 shares, from \$35.88 to \$43.13 for 3,054,000 shares, and from \$48.00 to \$53.38 for 1,349,000 shares. The weighted average remaining contractual life of the options was 6.6 years.

NOTE K - LITIGATION, CLAIMS AND CONTINGENCIES

Ashland is subject to various federal, state and local environmental laws and regulations that require remediation efforts at multiple locations, including current operating facilities, operating facilities conveyed to Marathon Ashland Petroleum LLC (MAP), previously owned or operated facilities, and Superfund or other waste sites. During 1998, Ashland provided additional environmental reserves of \$38 million associated principally with the completion of certain voluntary efforts in progress at various operating facilities conveyed to MAP and the closing of a landfill near Ashland's former Catlettsburg, Kentucky refinery. Consistent with its accounting policy for environmental costs, Ashland's reserves for environmental assessments and remediation efforts amounted to \$166 million at September 30, 1999, and \$172 million at September 30, 1998. Such amounts reflect Ashland's estimates of the most likely costs which will be incurred over an extended period to remediate identified environmental conditions for which the costs are reasonably estimable, without regard to any third-party recoveries.

Environmental reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the ultimate costs of required remediation efforts. 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. Reserves are regularly adjusted as environmental assessments and remediation efforts proceed.

During 1999, as part of a comprehensive environmental insurance recovery project, Ashland entered into settlement agreements with certain of its insurance carriers in exchange for releases of their present and future liabilities to Ashland under its historical liability policies. As a result of these agreements, Ashland recorded pretax income of \$43 million.

Ashland is a defendant in a series of cases involving more than 600 former workers at the Lockheed aircraft manufacturing facility in Burbank, California. The plaintiffs allege personal injury resulting from exposure to chemicals sold to Lockheed by Ashland, and inadequate labeling of such chemicals. The cases are being tried in the Superior Court of the State of California for the County of Los Angeles. To date, five trials involving approximately 130 plaintiffs have resulted in total verdicts adverse to Ashland of approximately \$80 million (approximately \$75 million of which is punitive damages). The damage awards have been appealed and Ashland believes that there is a substantial probability that the damage awards will be reversed or reduced substantially.

In addition to these matters, Ashland and its subsidiaries are parties to numerous other claims and lawsuits, some of which are for substantial amounts. While these actions are being contested, the outcome of individual matters is not predictable with assurance.

Ashland does not believe that any liability resulting from any of the above matters, after taking into consideration its insurance coverage and amounts already provided for, will have a material adverse effect on its consolidated financial position, cash flows or liquidity. However, such matters could have a material effect on results of operations in a particular quarter or fiscal year as they develop or as new issues are identified.

NOTE L - ACQUISITIONS AND DIVESTITURES

ACQUISITIONS

During 1999, APAC acquired 14 construction businesses, six of which included the issuance of \$79 million in Ashland common stock. During 1998, APAC acquired 10 Missouri-based companies known as the Masters-Jackson group, strengthening APAC's capabilities in asphalt production and paving, concrete paving, aggregate production and bridge-building, and also acquired several smaller construction businesses. Also in 1998, Ashland Distribution and Ashland Specialty Chemical acquired Gwil Industries' Plastics Division and made several smaller acquisitions. In addition, Valvoline acquired the Eagle One brand of premium automotive appearance products. Eagle One and four of the smaller APAC acquisitions were acquired by the issuance of a total of \$61 million in Ashland common stock, certain of which were accounted for as poolings of interests. Prior periods were not restated, since the effects would have been insignificant. The other acquisitions, as well as several smaller acquisitions completed during the last three years, were accounted for as purchases and did not have a significant effect on Ashland's consolidated financial statements.

DIVESTITURES

During 1998, Ashland sold its 23% interest in Melamine Chemicals for \$26 million, resulting in a pretax gain of \$14 million (\$6 million after tax). In 1997, Ashland sold the domestic exploration and production operations of Blazer Energy Corporation. In 1998, Ashland completed its withdrawal from the business through the sale of its exploration and production operations in Nigeria. See Note B for a description of these transactions and their impact on Ashland's consolidated financial statements.

NOTE M - RELATED PARTY TRANSACTIONS

Ashland sells chemicals and lubricants to Marathon Ashland Petroleum LLC (MAP) and purchases petroleum products from MAP. Such transactions are in the ordinary course of business at negotiated prices comparable to those of

transactions with other customers and suppliers. In addition, Ashland leases certain facilities to MAP, and provides certain computer, treasury, accounting, internal auditing and legal services to MAP. For the year ended September 30, 1999, Ashland's sales to MAP amounted to \$14 million, its purchases from MAP amounted to \$181 million, and its costs charged to MAP amounted to \$17 million. Comparable amounts for the nine months ended September 30, 1998, were \$14 million, \$147 million, and \$21 million. Ashland's transactions with other affiliates and related parties were not significant.

NOTE N - EMPLOYEE BENEFIT PLANS

PENSION AND OTHER POSTRETIREMENT PLANS

Ashland and its subsidiaries sponsor noncontributory, defined benefit pension plans that cover substantially all employees. Benefits under these plans are generally based on employees' years of service and compensation during the years immediately preceding their retirement. For certain plans, 50% of employees' leveraged employee stock ownership plan (LESOP) accounts are coordinated with and used to fund their pension benefits. Ashland determines the level of contributions to its pension plans annually and contributes amounts within the limitations imposed by Internal Revenue Service regulations.

Ashland and its subsidiaries also sponsor unfunded postretirement benefit plans, which provide health care and life insurance benefits for eligible employees who retire or are disabled. Retiree contributions to Ashland's health care plans are adjusted periodically, and the plans contain other cost-sharing features, such as deductibles and coinsurance. Life insurance plans are generally noncontributory. Ashland funds the costs of benefits as they are paid.

Summaries of the changes in the benefit obligations and plan assets (primarily listed stocks and debt securities) and of the funded status of the plans follow.

(In millions)	Pension benefits				Other postretirement benefits	
	1999		1998		1999	1998
	Qualified plans	Nonqualified plans	Qualified plans	Nonqualified plans		
CHANGE IN BENEFIT OBLIGATIONS						
Benefit obligations at October 1	\$505	\$98	\$539	\$96	\$262	\$308
Service cost	33	1	26	2	8	8
Interest cost	35	6	27	7	18	16
Retiree contributions	-	-	-	-	4	4
Benefits paid	(17)	(3)	(17)	(10)	(23)	(21)
Obligations assumed by MAP	-	-	(144)	(9)	-	(66)
Other-primarily actuarial (gain) loss	(27)	(14)	75	11	(7)	13
Benefit obligations at September 30	\$529	\$88	\$506	\$97	\$262	\$262
CHANGE IN PLAN ASSETS						
Value of plan assets at October 1	\$369	\$ -	\$435	\$ -	\$ -	\$ -
Actual return on plan assets	31	-	19	-	-	-
Employer contributions	42	-	4	-	19	17
Retiree contributions	-	-	-	-	4	4
Benefits paid	(17)	-	(17)	-	(23)	(21)
Assets transferred to MAP	4	-	(72)	-	-	-
Value of plan assets at September 30	\$429	\$ -	\$369	\$ -	\$ -	\$ -
FUNDED STATUS OF THE PLANS						
Under (over) funded accumulated obligation(1)	\$ (14)	\$73	\$ 20	\$83	\$262	\$262
Provision for future salary increases	114	15	117	14	-	-
Excess of obligations over plan assets(1)	100	88	137	97	262	262
Unrecognized actuarial loss	(36)	(26)	(66)	(40)	(7)	(12)
Unrecognized transition gain (loss)	-	(1)	1	(1)	-	-
Unrecognized prior service credit (cost)	(5)	-	(6)	-	39	48
Net liability recognized	\$ 59	\$61	\$ 66	\$56	\$294	\$298
BALANCE SHEET LIABILITIES (ASSETS)						
Prepaid benefit costs		\$ (2)		\$ (2)	\$ -	\$ -
Accrued benefit liabilities		139		156	294	298
Intangible assets		(1)		(3)	-	-
Accumulated other comprehensive loss		(16)		(29)	-	-
Net liability recognized		\$120		\$122	\$294	\$298
ASSUMPTIONS AS OF SEPTEMBER 30						
Discount rate		7.75%		7.00%	7.75%	7.00%
Rate of compensation increase		5.00		5.00	-	-
Expected return on plan assets		9.00		9.00	-	-

(1) The projected benefit obligations, accumulated benefit obligations and plan assets for qualified pension plans with accumulated benefit obligations in excess of plan assets were \$506 million, \$389 million and \$369 million as of September 30, 1998.

The following table details the components of pension and other postretirement benefit costs.

(In millions)	Pension benefits			Other postretirement benefits		
	1999	1998	1997	1999	1998	1997
Service cost	\$34	\$28	\$36	\$ 8	\$ 8	\$11
Interest cost	41	34	42	18	16	21
Expected return on plan assets	(34)	(30)	(31)	-	-	-
Other amortization and deferral	5	8	1	(7)	(10)	(16)
	\$46	\$40	\$48	\$ 19	\$14	\$16

Ashland amended nearly all of its retiree health care plans in 1992 to place a cap on its contributions and to adopt a cost-sharing method based upon years of service. The cap limits Ashland's contributions to base year per capita costs, plus annual increases of up to 4.5% per year. These amendments reduced Ashland's obligations under its retiree health care plans at that time by \$197 million, which was being amortized to income over approximately 12 years. During 1998, Marathon Ashland Petroleum LLC (MAP) assumed certain of Ashland's postretirement benefit obligations, and \$38 million of the unrecognized credit from this plan amendment was applied against the carrying value of Ashland's investment in MAP. The remaining credit at September 30, 1999, amounted to \$41 million, and will be amortized over approximately five years in declining amounts from \$10 million in 2000 to \$6 million in 2004.

OTHER PLANS

Ashland sponsors a savings plan to assist eligible employees in providing for retirement or other future needs. Under that plan, Ashland contributes up to 4.2% of a participating employee's earnings. Company contributions amounted to \$15 million in 1999, \$15 million in 1998 and \$21 million in 1997.

NOTE O - SUBSEQUENT EVENT

In October 1999, Ashland acquired Superfos a/s, an industrial company in Copenhagen, Denmark, at a cost of approximately \$950 million, including assumed debt. Ashland has also reached an agreement to sell the businesses of Superfos other than its U.S. construction operations to Industri Kapital, a European private equity fund, for a short-term note for \$285 million and cash. After that sale during the December 1999 quarter, Ashland's net cost for the U.S. construction business of Superfos is expected to be about \$525 million. Since the acquisition was funded with debt using new credit facilities, Ashland's debt is expected to initially increase to around 56% of capital employed, declining to about 52% once the sale is completed and the note is redeemed in the March 2000 quarter.

NOTE P - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents quarterly financial information and per share data relative to Ashland's common stock.

Quarters ended	December 31		March 31		June 30		September 30	
	1998	1997	1999	1998	1999	1998	1999	1998
(In millions except per share data)								
Sales and operating revenues	\$1,646	\$1,598	\$1,503	\$1,473	\$1,796	\$1,705	\$1,856	\$1,757
Operating income	16	114	176	80	197	226	233	26
Net income (loss)	(11)	52	87	28	100	123	114	-
Basic earnings (loss) per share	(.14)	.69	1.17	.37	1.36	1.61	1.58	-
Diluted earnings (loss) per share	(.14)	.68	1.16	.37	1.35	1.59	1.57	-
Excluding unusual items(1)								
Operating income	109	100	44	77	173	225	168	139
Net income	46	46	6	26	85	122	79	69
Basic earnings per share	.62	.61	.08	.35	1.16	1.60	1.09	.91
Diluted earnings per share	.62	.60	.08	.34	1.15	1.58	1.08	.91
Common dividends per share	.275	.275	.275	.275	.275	.275	.275	.275
Market price per common share								
High	52	55	50-5/8	57-15/16	44-1/2	56-3/16	43-1/4	56-5/16
Low	42-9/16	44-1/8	40-15/16	49-1/2	39-7/16	48	33-5/8	45-5/16

(1) See Management's Discussion and Analysis and Information by Industry Segment for a discussion of unusual items.

Ashland Inc. and Consolidated Subsidiaries
 INFORMATION BY INDUSTRY SEGMENT
 Years Ended September 30

(In millions)	1999	1998	1997
=====			
REVENUES			
Sales and operating revenues			
APAC	\$1,678	\$1,444	\$1,257
Ashland Distribution	2,925	2,941	2,818
Ashland Specialty Chemical	1,263	1,244	1,205
Valvoline	1,059	1,023	1,053
Refining and Marketing	-	-	6,828
Intersegment sales(1)			
Ashland Distribution	(35)	(27)	(29)
Ashland Specialty Chemical	(84)	(80)	(78)
Valvoline	(5)	(11)	(12)
Refining and Marketing	-	-	(209)
	-----	-----	-----
	6,801	6,534	12,833
Equity income			
Ashland Specialty Chemical	5	6	9
Valvoline	1	-	-
Refining and Marketing	345	298	5
Arch Coal	(2)	25	25
	-----	-----	-----
	349	329	39
Other income			
APAC	12	8	6
Ashland Distribution	6	6	5
Ashland Specialty Chemical	19	37	21
Valvoline	6	6	8
Refining and Marketing	8	4	31
Corporate	50	9	18
	-----	-----	-----
	101	70	89
	-----	-----	-----
	\$7,251	\$6,933	\$12,961
=====			
OPERATING INCOME			
APAC	\$ 108	\$ 90	\$ 82
Ashland Distribution	37 (2)	57	48 (3)
Ashland Specialty Chemical	107	101 (4)	92 (3)
Valvoline	74	53	65 (3)
Refining and Marketing(5)	206 (6)	254 (7)	209 (8)
Inventory valuation adjustments(9)	117	(15)	-
Arch Coal	(3)	25	25 (10)
Corporate	(24) (11)	(118) (12)	(60)
	-----	-----	-----
	\$ 622	\$ 447	\$ 461
=====			
ASSETS			
APAC	\$ 996	\$ 757	\$ 531
Ashland Distribution	917	915	834
Ashland Specialty Chemical	878	861	749
Valvoline	561	581	550
Refining and Marketing	2,229	2,189	2,726
Arch Coal	417	422	403
Corporate(13)	426	357	669
	-----	-----	-----
	\$6,424	\$6,082	\$6,462
=====			

(In millions)	1999	1998	1997
INVESTMENT IN EQUITY AFFILIATES			
APAC	\$ 10	\$ 10	\$ -
Ashland Specialty Chemical	33	30	40
Valvoline	6	5	6
Refining and Marketing	2,172	2,102	37
Arch Coal	417	422	403
Corporate	-	-	3
	\$2,638	\$2,569	\$489
EXPENSE (INCOME) NOT AFFECTING CASH			
Depreciation, depletion and amortization			
APAC	\$ 89	\$ 64	\$ 49
Ashland Distribution	44(14)	27	37(3)
Ashland Specialty Chemical	53	52	57(3)
Valvoline	26	24	32(3)
Refining and Marketing	-	-	160
Corporate	16	14	13
	228	181	348
Other noncash items(15)			
APAC	1	3	9
Ashland Distribution	(6)	(2)	2
Ashland Specialty Chemical	8	(2)	-
Valvoline	(1)	(1)	(4)
Refining and Marketing	93	36	22
Arch Coal	9	(15)	(11)
Corporate	(5)	(42)	(4)
	99	(23)	14
	\$ 327	\$ 158	\$362
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT			
APAC	\$ 104	\$ 81	\$ 62
Ashland Distribution	30	47	27
Ashland Specialty Chemical	70	94	73
Valvoline	26	32	29
Refining and Marketing	-	-	150
Corporate	18	20	15
	\$ 248	\$ 274	\$356

- (1) Intersegment sales are accounted for at prices that approximate market value.
- (2) Includes a \$21 million charge for asset impairment related to European plastics distribution operations.
- (3) Includes charges of \$11 million for Ashland Distribution, \$5 million for Ashland Specialty Chemical and \$10 million for Valvoline to write down goodwill related to certain European operations.
- (4) Includes a gain of \$14 million on the sale of Ashland's 23% interest in Melamine Chemicals, Inc.
- (5) Effective January 1, 1998, includes Ashland's equity income from MAP, amortization of Ashland's excess investment in MAP, and certain retained refining and marketing activities.
- (6) Includes a \$10 million charge for severance and other costs related to the formation of MAP.
- (7) Includes charges of \$43 million for reserves for retained environmental issues associated with properties contributed to MAP and for certain severance costs.
- (8) Includes a gain of \$11 million resulting from LIFO inventory liquidations.
- (9) Represents Ashland's share of inventory adjustments associated with the formation of MAP and changes in MAP's inventory market valuation reserve. The reserve reflects the excess of the LIFO cost of MAP's crude oil and refined product inventories over their net realizable values.
- (10) Includes charges of \$13 million for duplicate facility write-offs, severance and other costs resulting from the merger of Ashland Coal and Arch Mineral into Arch Coal, Inc.
- (11) Includes \$43 million in environmental insurance recoveries.
- (12) Includes charges of \$50 million related to a restructuring of corporate G&A functions and the move of Ashland's headquarters. The charge includes severance costs to be paid to terminated employees, reserves for excess leased real estate, and contributions of cash and other real estate committed to be conveyed to Ashland-area charitable and economic development organizations.
- (13) Includes principally cash, cash equivalents and investments of captive insurance companies.
- (14) Includes a charge of \$19 million to write down goodwill related to European plastics distribution operations.
- (15) Includes deferred taxes, equity income from affiliates net of distributions, and other items not affecting cash.

Ashland Inc. and Consolidated Subsidiaries
 FIVE-YEAR SELECTED FINANCIAL INFORMATION
 Years Ended September 30

(In millions except per share data)	1999	1998	1997	1996	1995
SUMMARY OF OPERATIONS					
Revenues					
Sales and operating revenues (including excise taxes)	\$6,801	\$6,534	\$12,833	\$12,313	\$11,361
Equity income	349	329	39	33	25
Other income	101	70	89	66	54
Costs and expenses					
Cost of sales and operating expenses	(5,346)	(5,299)	(9,810)	(9,512)	(8,664)
Excise taxes on products and merchandise	-	-	(992)	(985)	(988)
Selling, general and administrative expenses	(1,055)	(1,006)	(1,350)	(1,257)	(1,252)
Depreciation, depletion and amortization	(228)	(181)	(348)	(299)	(374)
Operating income	622	447	461	359	162
Interest expense (net of interest income)	(140)	(130)	(142)	(151)	(149)
Income from continuing operations before income taxes	482	317	319	208	13
Income taxes	(192)	(114)	(127)	(72)	1
Income from continuing operations	290	203	192	136	14
Income from discontinued operations	-	-	25	75	10
Gain on sale of discontinued operations	-	-	71	-	-
Income before extraordinary loss	290	203	288	211	24
Extraordinary loss on early retirement of debt	-	-	(9)	-	-
Net income	\$ 290	\$ 203	\$ 279	\$ 211	\$ 24
BALANCE SHEET INFORMATION					
Working capital					
Current assets	\$2,059	\$1,828	\$ 2,720	\$ 2,539	\$ 2,405
Current liabilities	1,396	1,361	2,028	2,067	1,908
	\$ 663	\$ 467	\$ 692	\$ 472	\$ 497
Total assets	\$6,424	\$6,082	\$ 6,462	\$ 6,496	\$ 6,225
Capital employed					
Debt due within one year	\$ 219	\$ 125	\$ 49	\$ 127	\$ 200
Long-term debt (less current portion)	1,627	1,507	1,356	1,653	1,672
Convertible preferred stock	-	-	-	293	293
Common stockholders' equity	2,200	2,137	2,024	1,521	1,362
	\$4,046	\$3,769	\$ 3,429	\$ 3,594	\$ 3,527
CASH FLOW INFORMATION					
Cash flows from continuing operations	\$ 390	\$ 366	\$ 565	\$ 544	\$ 322
Additions to property, plant and equipment	248	274	356	372	341
Dividends	81	84	86	89	87
COMMON STOCK INFORMATION					
Diluted earnings per share					
Income (loss) from continuing operations	\$ 3.89	\$ 2.63	\$ 2.51	\$ 1.80	\$ (.08)
Net income	3.89	2.63	3.64	2.96	.08
Dividends per share	1.10	1.10	1.10	1.10	1.10

EXHIBIT 21

LIST OF SUBSIDIARIES

Subsidiaries of Ashland Inc. ("AI") at September 30, 1999, included the companies listed below. Ashland has numerous unconsolidated affiliates, which are primarily accounted for on the equity method, and majority-owned consolidated subsidiaries in addition to the companies listed below. Such affiliates and subsidiaries are not listed below since they would not constitute a significant subsidiary considered in the aggregate as a single entity.

Company	Jurisdiction of Incorporation	Immediate Parent*
APAC-Alabama, Inc.....	Delaware	AHI
APAC-Arkansas, Inc.....	Delaware	AHI
APAC-Carolina, Inc.....	Delaware	AHI
APAC-Florida, Inc.....	Delaware	AHI
APAC-Georgia, Inc.....	Georgia	AHI
APAC Holdings, Inc. ("AHI").....	Delaware	AI
APAC-Kansas, Inc.....	Delaware	AHI
APAC-Mississippi, Inc.....	Delaware	AHI
APAC-Missouri, Inc.....	Delaware	AHI
APAC-Oklahoma, Inc.....	Delaware	AHI
APAC-Tennessee, Inc.....	Delaware	AHI
APAC-Texas, Inc.....	Delaware	AHI
APAC-Virginia, Inc.....	Delaware	AHI
Arch Coal, Inc.....	Delaware	AI 57.93%
Ashland Canada Inc.....	Ontario, Canada	AIHI
Ashland Chemical Hispania, S.A.....	Spain	AI
Ashland France S.A.....	France	AIHI 85% - AI 15%
Ashland International Holdings, Inc. ("AIHI").....	Delaware	AI
Ashland Italia S.p.A.....	Italy	AIHI 43.50% - AI 56.50%
Ashland Nederland B.V.....	Netherlands	AIHI
Ashland UK Limited.....	United Kingdom	AIHI
Ash Property, Inc.....	Ohio	AI
Ashmont Insurance Company, Inc.	Vermont	AI
Marathon Ashland Petroleum LLC.....	Delaware	AI 38%
Valvoline (Australia) Pty. Ltd.....	Australia	AIHI

*100% of the voting securities are owned by the immediate parent except as otherwise indicated.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-52125) pertaining to the Ashland Inc. Deferred Compensation and Stock Incentive Plan for Non-Employee Directors, in the Registration Statement (Form S-8 No. 2-95022) pertaining to the Ashland Inc. Amended Stock Incentive Plan for Key Employees, in the Registration Statement (Form S-8 No. 33-7501) pertaining to the Ashland Inc. Employee Savings Plan, in the Registration Statement (Form S-8 No. 33-26101) pertaining to the Ashland Inc. Long-Term Incentive Plan, in the Registration Statement (Form S-8 No. 33-55922) pertaining to the Ashland Inc. 1993 Stock Incentive Plan, in the Registration Statement (Form S-8 No. 33-49907) pertaining to the Ashland Inc. Leveraged Employee Stock Ownership Plan, in the Registration Statement (Form S-8 No. 33-62901) pertaining to the Ashland Inc. Deferred Compensation Plan, in the Registration Statement (Form S-8 No. 333-33617) pertaining to the Ashland Inc. 1997 Stock Incentive Plan, in the Registration Statement (Form S-3 No. 333-78675) pertaining to the registration of 68,925 shares of Ashland Inc. Common Stock, and in the Registration Statement (Form S-3 No. 333-70657) and the related Prospectus pertaining to the offering of \$600,000,000 of Debt Securities, Preferred Stock, Depository Shares, Common Stock and/or Warrants of Ashland Inc., of our report dated November 3, 1999, with respect to the consolidated financial statements and schedule of Ashland Inc. and consolidated subsidiaries included in this Annual Report (Form 10-K) for the year ended September 30, 1999.

/s/ Ernst & Young

November 30, 1999

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and Officers of ASHLAND INC., a Kentucky corporation, which is about to file an Annual Report on Form 10-K with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, hereby constitutes and appoints PAUL W. CHELLGREN, DAVID L. HAUSRATH and LINDA L. FOSS, 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 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 4, 1999

/s/ Paul W. Chellgren

Paul W. Chellgren, Chairman of the Board
and Chief Executive Officer

/s/ Bernadine P. Healy

Bernadine P. Healy, Director

/s/ J. Marvin Quin

J. Marvin Quin, Senior Vice President and
Chief Financial Officer

/s/ Mannie L. Jackson

Mannie L. Jackson, Director

/s/ Kenneth L. Aulen

Kenneth L. Aulen, Administrative Vice President,
Controller and Principal Accounting Officer

/s/ Patrick F. Noonan

Patrick F. Noonan, Director

/s/ Samuel C. Butler

Samuel C. Butler, Director

/s/ Jane C. Pfeiffer

Jane C. Pfeiffer, Director

/s/ Frank C. Carlucci

Frank C. Carlucci, Director

/s/ Michael D. Rose

Michael D. Rose, Director

/s/ Ernest H. Drew

Ernest H. Drew, Director

/s/ William L. Rouse, Jr.

William L. Rouse, Jr., Director

/s/ James B. Farley

James B. Farley, Director

/s/ Theodore M. Solso, Director

Theodore M. Solso, Director

Ralph E. Gomory, Director

ASHLAND INC.

Certificate of Assistant Secretary

The undersigned hereby certifies that he is an Assistant Secretary of Ashland Inc., a Kentucky corporation (the "Corporation"), and that, as such, he is authorized to execute this Certificate on behalf of the Corporation and further certifies that:

- (a) Attached hereto as Exhibit A is a true and correct copy of an excerpt from the minutes of the meeting of the Board of Directors of the Corporation held on November 4, 1999, setting forth certain actions taken at such meeting, and the powers and authorities granted pursuant to such actions have at all times been in effect without amendment, waiver, rescission or modification since November 4, 1999.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation on this 11th day of November, 1999.

/s/ T. C. Wales

T. C. Wales
Assistant Secretary

[SEAL]

Exhibit A

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 the meeting be, and it hereby is, approved with such changes as the Chairman of the Board, 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; provided, however, that without derogating from the binding effect of the above, it is understood that an Authorized Person shall cause the distribution prior to the filing with the SEC, of a copy of such Form 10-K to the directors in substantially that form which is to be filed with the SEC and that each director shall have the opportunity to review with and comment to an Authorized person prior to such filing;

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.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ASHLAND INC.'S ANNUAL REPORT TO SHAREHOLDERS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT.

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YEAR	
SEP-30-1999	
SEP-30-1999	110
	0
	1,242
	23
	464
	2,059
	2,649
	1,357
	6,424
1,396	
	1,627
	72
0	
	0
6,424	2,128
	6,801
	5,574
	7,251
	5,574
	0
	12
	140
	482
	192
290	
	0
	0
	0
	290
	3.94
	3.89