

ASHLAND INC.
Form DEF 14A
December 03, 2014
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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)

OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as Permitted by Rule 14a-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ASHLAND INC.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies: N/A

(2) Aggregate number of securities to which transaction applies: N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: N/A

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: N/A

(2) Form, Schedule or Registration Statement No.: N/A

(3) Filing Party: N/A

(4) Date Filed: N/A

Notes:

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James J. O Brien

Chairman and

Chief Executive Officer

Ashland Inc.

50 E. RiverCenter Blvd., P.O. Box 391

Covington, KY 41012-0391

December 11, 2014

Dear Ashland Inc. Shareholder:

On behalf of your Board of Directors and management, I am pleased to invite you to attend the 2015 Annual Meeting of Shareholders of Ashland Inc. The meeting will be held on Thursday, January 29, 2015, at 10:30 a.m. (EST), at the Metropolitan Club, 50 E. RiverCenter Boulevard, Covington, KY 41011.

The attached Notice of Annual Meeting and Proxy Statement describe the business to be conducted at the meeting. We have elected, where possible, to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's notice and access rules. We believe that providing our proxy materials over the Internet reduces the environmental impact of our Annual Meeting without limiting our shareholders' access to important information about Ashland.

Whether or not you plan to attend the meeting, we encourage you to vote promptly.

We appreciate your continued confidence in Ashland, and we look forward to seeing you at the meeting.

Sincerely,

James J. O Brien

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held January 29, 2015

To our Shareholders:

Ashland Inc., a Kentucky corporation, will hold its Annual Meeting of Shareholders on Thursday, January 29, 2015, at 10:30 a.m. (EST) at the Metropolitan Club, 50 E. RiverCenter Boulevard, Covington, KY 41011. Ashland's shareholders will act on the following matters at the Annual Meeting or any adjournment of that meeting:

- (1) To elect three directors: Roger W. Hale, Vada O. Manager and George A. Schaefer, Jr. to the Board of Directors to serve for a one-year term and until their successors are duly elected and qualified;
- (2) To ratify the appointment of Ernst & Young LLP as independent registered public accountants for fiscal 2015;
- (3) To vote upon a non-binding advisory resolution approving the compensation paid to Ashland's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion;
- (4) To approve the 2015 Ashland Inc. Incentive Plan; and
- (5) To consider any other business properly brought before the Annual Meeting.

Only shareholders of record at the close of business on December 1, 2014 are entitled to vote at the Annual Meeting or any adjournment of that meeting.

If you are a participant in the Ashland Inc. Employee Savings Plan (the "Employee Savings Plan"), the Ashland Inc. Leveraged Employee Stock Ownership Plan (the "LESOP"), the Ashland Inc. Employee Union Savings Plan (the "Union Plan") or the International Specialty Products Inc. 401(k) Plan (the "ISP Plan"), your vote will constitute voting instructions to Fidelity Management Trust Company, who serves as trustee of all four of these plans (the "Trustee"), for the shares held in your account.

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In order that your Ashland Common Stock may be represented at the Annual Meeting, please vote in person, by telephone, over the Internet or by mailing your proxy card. If you are a participant in the Employee Savings Plan, the LESOP, the Union Plan or the ISP Plan, then our proxy tabulator, Corporate Election Services or its agent, must receive all voting instructions, whether given by telephone, over the Internet or by mail, before 6:00 a.m. (EST) on Tuesday, January 27, 2015.

By Order of the Board of Directors,

PETER J. GANZ

Senior Vice President, General Counsel

and Secretary

Covington, Kentucky

December 11, 2014

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ASHLAND INC.

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: What am I voting on?

- A:**
- (1) Election of three directors: Roger W. Hale, Vada O. Manager and George A. Schaefer, Jr. to the Board of Directors to serve for a one-year term and until their successors are duly elected and qualified;
 - (2) Ratification of Ernst & Young LLP (EY) as Ashland's independent registered public accountants for fiscal 2015;
 - (3) A non-binding advisory resolution approving the compensation paid to Ashland's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion; and
 - (4) Approval of the 2015 Ashland Inc. Incentive Plan (2015 Incentive Plan).

Q: Who may vote at the Annual Meeting?

- A:** Shareholders of Ashland Inc. (Ashland or the Company) at the close of business on December 1, 2014 (the Record Date) are entitled to vote at the Annual Meeting. As of the Record Date, there were 69,170,294 shares of Ashland Common Stock outstanding. Each share of Ashland Common Stock is entitled to one vote.

Q: Who can attend the Annual Meeting?

- A:** All Ashland shareholders on the Record Date are invited to attend the Annual Meeting, although seating is limited. If your shares are held in the name of a broker, bank or other nominee, you will need to bring a proxy or letter from that nominee that confirms you are the beneficial owner of those shares.

Q: Why did I receive the Notice of Internet Availability of Proxy Materials in the mail instead of a full set of proxy materials?

- A:** In accordance with rules adopted by the Securities and Exchange Commission (the SEC), we may furnish proxy materials, including this Notice of Annual Meeting of Shareholders and Proxy Statement, together with our 2014 Annual Report to Shareholders, by providing access to such documents on the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they have specifically requested them. Instead, a Notice of Internet Availability of Proxy Materials (Notice) will be mailed to

shareholders starting on or around December 11, 2014.

Q: How do I access the proxy materials?

A: The Notice will provide you with instructions regarding how to view Ashland's proxy materials for the Annual Meeting and the 2014 Annual Report to Shareholders on the Internet. The Notice also instructs you how you may submit your vote. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Q: What shares are included in the proxy card?

A: Your proxy card represents all shares of Ashland Common Stock that are registered in your name and any shares you hold in the Employee Savings Plan, the LESOP, the Union Plan or the ISP Plan. Additionally, your proxy card includes shares you hold in the dividend reinvestment plan (the "DRP") administered by Wells Fargo Bank, National Association ("Wells Fargo") for investors in Ashland Common Stock. If your shares are held through a broker, bank or other nominee, you will receive either a voting instruction form or a proxy card from the broker, bank or other nominee instructing you on how to vote your shares.

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Q: How do I vote if I am a registered holder or I own shares through a broker, bank or other nominee?

A: If you are a registered shareholder as of the Record Date, you can vote (i) by attending the Annual Meeting, (ii) by following the instructions on the Notice or proxy card for voting by telephone or Internet or (iii) by signing, dating and mailing in your proxy card. If you hold shares through a broker, bank or other nominee, that institution will instruct you as to how your shares may be voted by proxy, including whether telephone or Internet voting options are available. If you hold your shares through a broker, bank or other nominee and would like to vote in person at the meeting, you must first obtain a proxy issued in your name from the institution that holds your shares.

All shares represented by validly executed proxies will be voted at the Annual Meeting, and such shares will be voted in accordance with the instructions provided. If no voting specification is made on your returned proxy card, William A. Wulfsohn or Peter J. Ganz, as individuals named on the proxy card, will vote (i) FOR the election of the three director nominees, (ii) FOR the ratification of EY, (iii) FOR the non-binding advisory resolution approving the compensation paid to Ashland's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion and (iv) FOR the approval of the 2015 Incentive Plan.

Q: How do I vote my shares in the DRP?

A: Shares of Ashland Common Stock credited to your account in the DRP will be voted by Wells Fargo, the plan sponsor and administrator, in accordance with your voting instructions.

Q: How will the Trustee of the Employee Savings Plan, the LESOP, the Union Plan and the ISP Plan vote?

A: Each participant in the Employee Savings Plan, the LESOP, the Union Plan or the ISP Plan will instruct the Trustee how to vote the shares of Ashland Common Stock credited to the participant's account in each plan. This instruction also applies to a proportionate number of those shares of Ashland Common Stock allocated to participants' accounts for which voting instructions are not timely received by the Trustee. These shares are collectively referred to as non-directed shares. Each participant who gives the Trustee such an instruction acts as a named fiduciary for the applicable plan under the Employee Retirement Income Security Act of 1974, as amended (ERISA). Your vote must be received by our proxy tabulator, Corporate Election Services (CES), before 6:00 a.m. (EST) on Tuesday, January 27, 2015.

Q: Can a plan participant vote the non-directed shares differently from shares credited to his or her account?

A: Yes, provided that you are a participant in the Employee Savings Plan or the LESOP. Any participant in the Employee Savings Plan or the LESOP who wishes to vote the non-directed shares differently from the shares credited to his or her account or who wishes not to vote the non-directed shares at all may do so by requesting a separate voting instruction card from CES at Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230. Participants in the Union Plan and the ISP Plan, however, cannot direct that the non-directed shares be voted

differently from the shares in their accounts.

Q: Can I change my vote once I vote by mail, by telephone or over the Internet?

A: Yes. You have the right to change or revoke your proxy (1) at any time before the Annual Meeting by (a) notifying Ashland's Secretary in writing, (b) returning a later-dated proxy card or (c) entering a later dated telephone or Internet vote; or (2) by voting in person at the Annual Meeting. However, any changes or revocations of voting instructions to the Trustee of the Employee Savings Plan, the LESOP, the Union Plan or the ISP Plan must be received by our proxy tabulator, CES, before 6:00 a.m. (EST) on Tuesday, January 27, 2015.

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Q: Who will count the vote?

A: Representatives of CES will tabulate the votes and will act as the inspector of election.

Q: Is my vote confidential?

A: Yes. Your vote is confidential.

Q: What constitutes a quorum?

A: As of the Record Date, 69,170,294 shares of Ashland Common Stock were outstanding and entitled to vote. A majority of the outstanding shares present in person or by proxy is required to constitute a quorum to transact business at the Annual Meeting. If you vote in person, by telephone, over the Internet or by returning a properly executed proxy card, you will be considered a part of that quorum. Abstentions and broker non-votes (i.e., when a broker does not have authority to vote on a specific issue) will be treated as present for the purpose of determining a quorum but as unvoted shares for the purpose of determining the approval of any matter submitted to the shareholders for a vote, except that abstentions will be counted as votes cast against the proposal to approve the 2015 Ashland Inc. Incentive Plan.

Q: What vote is required for approval of each matter to be considered at the Annual Meeting?

- A:
- (1) *Election of directors* Under Article XII of Ashland's Articles of Incorporation, as amended (Articles), the affirmative vote of a majority of votes cast with respect to each director nominee is required for the nominee to be elected. A majority of votes cast means that the number of votes cast for a director nominee must exceed the number of votes cast against that director nominee.
 - (2) *Ratification of independent registered public accountants* The appointment of EY will be deemed ratified if votes cast in its favor exceed votes cast against it.
 - (3) *Non-binding advisory resolution approving the compensation paid to Ashland's named executive officers* The non-binding advisory resolution approving the compensation paid to Ashland's named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, will be approved if the votes cast in its favor exceed the votes cast against it.
 - (4) *Approval of 2015 Ashland Inc. Incentive Plan* The 2015 Incentive Plan will be approved if the votes cast in its favor exceed the votes cast against it.

Q: How will broker non-votes be treated?

A: Ashland will treat broker non-votes as present to determine whether or not there is a quorum at the Annual Meeting, but they will not be treated as entitled to vote on the matters, if any, for which the broker indicates it does not have discretionary authority. This means that broker non-votes will not have any effect on whether a matter proposed at the Annual Meeting passes.

Q: Where can I find the voting results of the meeting?

A: We intend to announce preliminary voting results at the Annual Meeting. We will report the final results on a Current Report on Form 8-K filed with the SEC no later than Wednesday, February 4, 2015. You can obtain a copy of the Form 8-K by logging on to our website at <http://investor.ashland.com>, by calling the SEC at 1-800-SEC-0330 for the location of the nearest public reference room or through the SEC's EDGAR system at <http://www.sec.gov>.

Important Notice regarding the availability of Proxy Materials for the

Annual Meeting to be held on January 29, 2015.

**This Proxy Statement and Ashland's 2014 Annual Report to Shareholders are available at
www.ashland.com/proxy.**

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The following table sets forth information with respect to each person known to Ashland to beneficially own more than 5% of the outstanding shares of Ashland Common Stock as of September 30, 2014.

Name and Address of Beneficial Owner	Amount and Nature of Common Stock Beneficial Ownership	Percent of Class of Common Stock
JANA Partners LLC 919 Third Avenue New York, New York 10022	5,873,406 (1)	8.35%
BlackRock Inc. 40 East 52nd Street New York, New York 10022	5,389,633 (2)	7.66%
Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	4,574,267 (3)	6.50%
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	4,554,027 (4)	6.47%

* Based on 70,294,770 shares of Ashland Common Stock outstanding as of September 30, 2014.

- (1) Based on information contained in a report on Form 13F filed with the SEC in which JANA Partners LLC, indicated that as of September 30, 2014, it beneficially owned 5,873,406 shares of Ashland Common Stock.
- (2) Based on information contained in a report on Form 13F filed with the SEC in which BlackRock Inc (BlackRock), indicated that as of September 30, 2014, it beneficially owned 5,389,633 shares of Ashland Common Stock. BlackRock reported its beneficial ownership on behalf of itself and the following direct and indirect subsidiaries and affiliates: BlackRock Financial Management, Inc.; BlackRock Investment Management (Taiwan) Limited; BlackRock Investment Management (Australia) Limited; BlackRock (Channel Islands) Limited; BlackRock Asset Management Australia Limited; BlackRock Asset Management Canada Limited; BlackRock Asset Management International Inc; BlackRock (Singapore) Limited; and BlackRock Asset Management North Asia Ltd.

- (3) Based on information contained in a report on Form 13F filed with the SEC in which Vanguard Group, Inc. (Vanguard), indicated that as of September 30, 2014, it beneficially owned 4,574,267 shares of Ashland Common Stock. Vanguard reported its beneficial ownership on behalf of itself and the following direct and indirect subsidiaries and affiliates: Vanguard Fiduciary Trust CO and Vanguard Investments Australia, Ltd.

- (4) Based on information contained in a report on Form 13F filed with the SEC in which FMR LLC (FMR), indicated that as of September 30, 2014, it beneficially owned 4,554,027 shares of Ashland Common Stock. FMR reported its beneficial ownership on behalf of itself and the following direct and indirect subsidiaries and affiliates: Fidelity Management & Research CO/MA/; FMR CO Inc; Pyramis Global Advisors Trust CO; and Pyramis Global Advisors LLC.

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**ASHLAND COMMON STOCK OWNERSHIP OF DIRECTORS
AND EXECUTIVE OFFICERS OF ASHLAND**

The following table shows as of October 31, 2014, the beneficial ownership of Ashland Common Stock by each Ashland director and each Ashland executive officer named in the Summary Compensation Table on page 55 of this proxy statement and the beneficial ownership of Ashland Common Stock by the directors and executive officers of Ashland as a group.

Common Stock Ownership

Name of Beneficial Owner	Aggregate Number of Shares of Common Stock Beneficially Owned	
James J. O'Brien	367,263	(1)(2)(3)(4)
J. Kevin Willis	47,682	(1)(2)(3)(4)
Peter J. Ganz	25,428	(3)(4)
Theodore L. Harris	82,492	(1)(2)(3)(4)
Luis Fernandez-Moreno	32,840	(3)(4)
Brendan M. Cummins	4,490	(2)(5)
Roger W. Hale	36,755	(2)(5)(6)
Stephen F. Kirk	1,355	(5)
Vada O. Manager	25,036	(2)(5)
Barry W. Perry	25,376	(2)(5)
Mark C. Rohr	28,246	(2)(5)
George A. Schaefer, Jr.	31,049	(2)(3)(5)
Janice J. Teal	2,758	(2)(5)
John F. Turner	25,376	(2)(5)
Michael J. Ward	60,646	(2)(5)
All directors and executive officers as a group (21 people)	986,941	(1)(2)(3)(4)(5)(6)

As of October 31, 2014, there were 69,368,070 shares of Ashland Common Stock outstanding. None of the listed individuals owned more than 1% of Ashland's Common Stock outstanding as of October 31, 2014. All directors and executive officers as a group owned 986,941 shares of Ashland Common Stock, which equaled 1.41% of the Ashland Common Stock outstanding as of October 31, 2014. Shares deemed to be beneficially owned are included in the number of shares of Ashland Common Stock outstanding on October 31, 2014 for computing the percentage ownership of the applicable person and the group, but such shares are not deemed to be outstanding for computing the percentage ownership of any other person.

- (1) Includes shares of Ashland Common Stock held under the Employee Savings Plan and/or the LESOP by executive officers: as to Mr. O'Brien, 5,863 shares; as to Mr. Willis, 15,434 shares; as to Mr. Harris, 1,672 shares; and as to all executive officers as a group, 35,159 shares. Participants can vote the Employee Savings Plan and the LESOP shares.
- (2) Includes common stock units and/or restricted stock units (share equivalents) held by executive officers in the Ashland Common Stock fund under Ashland's non-qualified deferred compensation plans for employees (the Employees Deferral Plan) or by directors under the non-qualified deferred compensation plans for non-employee directors (the Directors Deferral Plan): as to Mr. O'Brien, 141,041 units; as to Mr. Willis, 14,915 units; as to Mr. Harris, 2,120 units; as to Mr. Hale, 34,640 units; as to Mr. Manager, 22,584 units; as to Mr. Perry, 24,376 units; as to Mr. Rohr, 22,246 units; as to Mr. Schaefer, 24,376 units; as to Dr. Teal, 1,758 units; as to Mr. Turner, 24,376 units; as to Mr. Ward, 59,646 units; and as to all directors and executive officers as a group, 415,136 units. Mr. Cummins, as a non-U.S. resident, is not eligible to defer U.S.-based compensation and therefore holds 4,490 restricted stock units directly and not through the Directors Deferral Plan.
- (3) Includes shares of Ashland Common Stock with respect to which the directors and executive officers have the right to acquire beneficial ownership within 60 calendar days after October 31, 2014, through the exercise of stock options or stock appreciation rights (SARs): as to Mr. O'Brien, 206,675 shares through SARs; as to

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Mr. Willis, 1,312 shares through SARs; as to Mr. Ganz, 7,750 shares through SARs; as to Mr. Harris, 31,475 shares through SARs; as to Mr. Fernandez-Moreno, 5,750 shares through SARs; as to Mr. Schaefer 2,937 shares through options; and as to all directors and executive officers as a group, 2,937 shares through options and 323,612 shares through SARs. All unexercised options on this table are reported as gross shares. All SARs included in this table are reported on a net basis based on the closing price for Ashland Common Stock as reported on the New York Stock Exchange (NYSE) Composite Tape on October 31, 2014. All SARs are stock settled and are not issued in tandem with an option.

- (4) Includes restricted shares of Ashland Common Stock; as to Mr. O'Brien, 13,683 shares; as to Mr. Willis, 16,013 shares; as to Mr. Ganz, 17,678 shares; as to Mr. Harris, 11,785 shares; as to Mr. Fernandez-Moreno, 27,090 shares; and as to all executive officers as a group, 92,218 shares.
- (5) Includes 1,000 restricted shares of Ashland Common Stock for each of the non-employee directors, except for Mr. Cummins who received 1,000 restricted stock units in lieu of 1,000 restricted shares (discussed in footnote 2 above).
- (6) Includes shares of Ashland Common Stock held under the DRP, which provides participants with voting power with respect to such shares.

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ELECTION OF DIRECTORS

Item 1

Board of Directors

Ashland is in the process of declassifying its Board, which is currently made up of eleven directors and previously had three classes, each with a term of three years. As each class term expires on a rolling basis, directors will come up for election over the next three Annual Meetings, beginning with the 2015 Annual Meeting, and will be elected for a one-year term only thereafter. At the 2017 Annual Meeting, all directors will be up for election for a one-year term. The three individuals nominated for election as directors at the 2015 Annual Meeting are Roger W. Hale, Vada O. Manager and George A. Schaefer, Jr. The nominees will be elected to serve a one-year term until the 2016 Annual Meeting and shall hold office until their successors are elected and qualified. The Governance and Nominating Committee (G&N Committee) has confirmed that all three nominees will be available to serve as directors upon election and recommends that shareholders vote for them at the Annual Meeting. John F. Turner, whose term as a director expires in 2015, and having reached his 72nd birthday will retire from the Board at the Annual Meeting pursuant to Ashland's Corporate Governance Guidelines after nine years of service. Upon Mr. Turner's retirement, the Board presently expects to reduce the number of total directorships to ten. As such, only three directors have been nominated for election at the 2015 Annual Meeting and shareholders may only vote for the three nominees.

In connection with the previously announced and ongoing integrated succession and strategic plan, the Board announced on November 14, 2014, that it had elected William A. Wulfsohn as Chairman and Chief Executive Officer of Ashland, effective January 1, 2015. Mr. Wulfsohn succeeds Mr. James J. O'Brien, who earlier this year announced plans to retire at the end of December 2014 after serving 12 years as Chairman and Chief Executive Officer of Ashland. As Mr. O'Brien's successor, Mr. Wulfsohn will serve out the remainder of Mr. O'Brien's term as a director on the Board. Consequently, Mr. Wulfsohn will join the Board on January 1, 2015 and be eligible for re-election as a director at the 2017 Annual Meeting.

Under Article XII of Ashland's Articles, in an uncontested election, the affirmative vote of a majority of votes cast with respect to a director nominee is required for the nominee to be elected. Therefore, the number of votes cast for a nominee must exceed those cast against a nominee for the nominee to be elected to the Board of Directors. Abstentions will not be counted as votes cast either for or against the nominees.

Pursuant to the Board of Directors' resignation policy in Ashland's Corporate Governance Guidelines (published on Ashland's website (<http://investor.ashland.com>)), any nominee who is serving as a director at the time of an uncontested election who fails to receive a greater number of votes for his or her election than votes against his or her election will tender his or her resignation for consideration by the Board of Directors within ten days following the certification of the shareholder vote. The Board will decide, through a process managed by the G&N Committee, whether to accept the resignation within 90 days following the date of the shareholder meeting. The Company will then promptly disclose the Board's decision and reasons therefor. As a condition to his or her nomination, each person nominated by the G&N Committee must agree in advance to abide by the policy. Messrs. Hale, Manager and Schaefer, the three nominees, have each agreed to abide by the policy.

If no voting specification is made on a properly returned or voted proxy card, William A. Wulfsohn or Peter J. Ganz (proxies named on the proxy card) will vote FOR the three nominees named in this proxy statement. If any of the nominees should be unable or unwilling to stand for election at the time of the Annual Meeting, the proxies may vote for a replacement nominee recommended by the Board of Directors, or the Board may reduce the number of directors to be elected at the Annual Meeting. At this time, the Board knows of no reason why any of the nominees would not

be able to serve as a director if elected.

The Board of Directors recommends a vote FOR Roger W. Hale, Vada O. Manager and George A. Schaefer, Jr. for election as directors at the 2015 Annual Meeting.

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Nominees for Election at the 2015 Annual Meeting

(Term expiring in 2016)

Roger W. Hale

Age: 71

Principal Occupation: Independent Consultant;

Former Chairman and Chief Executive Officer of LG&E Energy Corporation

Director Since: 2001

Committees:

Environmental, Health, Safety and Product Compliance

Governance and Nominating

Professional Experience:

Mr. Hale is currently an independent consultant. He served as Chairman of the Board and Chief Executive Officer of LG&E Energy Corporation, a diversified energy services company headquartered in Louisville, Kentucky, from August 1990 until retiring in April 2001. Prior to joining LG&E Energy, he was Executive Vice President of BellSouth Corporation, a communications services company in Atlanta, Georgia. From 1966 to 1986, Mr. Hale held several executive positions with AT&T Co., a communications services company, including Vice President, Southern Region from 1983 to 1986.

Education:

Mr. Hale holds a Bachelor of Arts degree from the University of Maryland and a Masters of Science in Management from the Massachusetts Institute of Technology, Sloan School of Management.

Mr. Hale is a Director of Hospira, Inc., where he is a member of the Compensation, Governance and Public Policy, and Science, Technology and Quality Committees. Within the past five years, Mr. Hale also served on the board of directors of H&R Block, Inc. as Presiding Director.

Director Qualifications:

As a former Chairman of the Board and Chief Executive Officer of a diversified energy services company, Mr. Hale brings significant management experience and knowledge to the Board in the areas of finance, accounting, business operations, risk oversight and corporate governance. He also brings significant experience gained from service on the board of directors of other public companies.

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Nominees for Election at the 2015 Annual Meeting (continued)

Vada O. Manager

Age: 53

Principal Occupation: Chief Executive Officer of Manager Global Consulting Group;

Senior Counselor of APCO Worldwide

Director Since: 2008

Committees:

Audit

Governance and Nominating

Personnel and Compensation

Professional Experience:

Mr. Manager is the Chief Executive Officer of Manager Global Consulting Group and a Senior Counselor of APCO Worldwide, a strategic consulting company. Prior to that position, he was an independent global consultant. Mr. Manager served as the Senior Director of Global Issues Management for Nike, Inc. from 2006 until March 2009, and he held various management positions at Nike beginning in 1997. Before joining Nike, he performed a similar role for Levi Strauss & Co. and was also a Vice President of the Washington, D.C.-based public affairs firm, Powell Tate, a part of Weber Shandwick.

Education:

Mr. Manager holds a Bachelor of Science degree in political science from Arizona State University and performed graduate work at the London School of Economics.

Non-Profit Boards:

Mr. Manager serves as the Chair of the Civilian Public Affairs Committee of the U. S. Military Academy at West Point.

Director Qualifications:

As a current senior officer and former consultant and senior officer of other large companies, Mr. Manager brings significant experience and knowledge to the Board in the areas of risk oversight, crisis management, marketing, finance, accounting and international business operations.

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Nominees for Election at the 2015 Annual Meeting (continued)

George A. Schaefer, Jr.

Age: 69

Principal Occupation: Former Chairman and Chief Executive Officer of Fifth Third

Bancorp

Director Since: 2003

Committees:

Audit (Chairman)

Personnel and Compensation

Professional Experience:

Mr. Schaefer served as Chairman of the Board of Directors and Chief Executive Officer of Fifth Third Bancorp and Fifth Third Bank headquartered in Cincinnati, Ohio until June 2008. Prior to that position, he held several executive positions with Fifth Third Bancorp and Fifth Third Bank, including Chief Executive Officer, President and Chief Operating Officer.

Education:

Mr. Schaefer holds a Bachelor of Science degree from the U.S. Military Academy at West Point and a Masters in Business Administration from Xavier University.

Public Company Boards:

Mr. Schaefer is non-executive Chairman of the Board of Directors of Wellpoint Inc., where he chairs the Executive Committee and is a member of the Compensation and Governance Committees. Mr. Schaefer also served on the Board of Directors of Fifth Third Bancorp until 2008.

Non-Profit Boards:

Mr. Schaefer is a member of the Board of Trustees of the University of Cincinnati Healthcare System.

Director Qualifications:

As a former Chairman of the Board and Chief Executive Officer of a leading financial institution, Mr. Schaefer brings significant experience and knowledge to the Board in the areas of finance, accounting, business operations, risk oversight and corporate governance. He also brings significant experience gained from service on the board of directors of other public companies.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting

Class III Directors

(Term expiring in 2016)

Brendan M. Cummins

Age: 63

Principal Occupation: Former Consultant to The Valence Group;

Former Chief Executive Officer of Ciba Specialty Chemicals

Director Since: 2012

Committees:

Audit

Environmental, Health, Safety and Product Compliance

Professional Experience:

Mr. Cummins served as a global strategic advisor to, and on the senior executive panel of, The Valence Group, a specialist mergers and acquisitions firm, from 2010 until May 2012. Prior to that position, Mr. Cummins served with Ciba Specialty Chemicals as Chief Executive Officer from 2007 to 2008 and as Chief Operating Officer from 2005 to 2007. From 1974 to 2005, Mr. Cummins held a variety of international and senior management positions with Ciba.

Education:

Mr. Cummins is an Associate and Fellow of the Institute of Company Accountants, is a Fellow of the Association of International Accountants and received a Diploma in Company Direction from the Institute of Directors in 2010. He also completed a management development program at Harvard in 1989.

Other Company Boards:

Mr. Cummins served until February 2014 as a board member of SolarPrint Ltd and serves as a board member of Tom Murphy Car Sales Ltd in Ireland.

Non-Profit Boards:

Mr. Cummins serves as Chairman of The Viking Trust Ltd in Waterford City, Ireland and until February 2013 as a board member and Vice Chair of the Waterford Civic Trust. He is also a board member of the Waterford Theatre-Royal Ltd.

Director Qualifications:

As the former Chief Executive Officer of a major chemical company and chemical industry consultant, Mr. Cummins brings significant management and chemical industry experience and knowledge to the Board in the areas of international business operations, accounting and finance, risk oversight, environmental compliance and corporate governance.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

Mark C. Rohr

Age: 63

Principal Occupation: Chairman and Chief Executive Officer of Celanese Corporation

Director Since: 2008

Committees:

Audit

Environmental, Health, Safety and Product Compliance

Professional Experience:

Mr. Rohr is Chairman and Chief Executive Officer of Celanese Corporation, a technology and specialty materials company. He has served in these roles since April 2012. Prior to that position, he held several executive positions with Albemarle Corporation, a specialty chemical company, including Executive Chairman of the Board (2011-2012), Chairman of the Board (2008-2011), Chief Executive Officer (2002-2011) and President (2000-2010). Before joining Albemarle, he served with Occidental Chemical Corporation as Senior Vice President, Specialty Chemicals.

Education:

Mr. Rohr holds Bachelor of Science degrees in chemistry and chemical engineering from Mississippi State University.

Public Company Boards:

Within the past five years, Mr. Rohr has served as the Executive Chairman and Chairman of the Board of Albemarle Corporation.

Non-Profit Boards:

Mr. Rohr serves on the Executive Committee of the American Chemistry Council and the Advisory Board of Mississippi State University College of Arts and Sciences.

Director Qualifications:

As a current Chairman and Chief Executive Officer of a leading technology and specialty materials company and former Chairman of the Board and Chief Executive Officer of a leading chemical company, Mr. Rohr brings significant management and chemical industry experience and knowledge to the Board in the areas of finance, accounting, international business operations, safety, environmental compliance, risk oversight and corporate governance. He also brings significant experience gained from service on the board of directors of other public companies.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

Janice J. Teal

Age: 62

Principal Occupation: Former Group Vice President and Chief Scientific Officer for Avon Products Inc.

Director Since: 2012

Committees:

Environmental, Health, Safety and Product Compliance (Chairman)

Personnel and Compensation

Professional Experience:

Dr. Teal served as the Group Vice President and Chief Scientific Officer for Avon Products Inc., a direct seller of beauty and related products, from January 1999 to May 2010. Prior to that position, Dr. Teal served as Vice President of the Avon Skin Care Laboratories, where she led the bioscience research and skin care teams.

Education:

Dr. Teal holds a doctorate degree and a Master of Science degree in Pharmacology from Emory University Medical School, a Pharmacy Degree from Mercer University and was a Post-Doctoral Fellow at the New York University Medical Center Institute of Environmental Medicine.

Public Company Boards:

Within the past five years, Dr. Teal served on the Board of Directors of Arch Chemicals, Inc., where she served on the Audit Committee and the Corporate Governance Committee.

Director Qualifications:

As former Group Vice President and Chief Scientific Officer of a leading personal care company, Dr. Teal brings significant scientific and personal care industry experience and knowledge to the Board in the areas of research and development, marketing, safety and risk oversight. She also brings significant experience gained from service on the board of directors of another public chemical company.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

Michael J. Ward

Age: 64

Principal Occupation: Chairman of the Board and Chief Executive Officer of
CSX Corporation

Director Since: 2001

Committees:

Governance and Nominating

Personnel and Compensation

Professional Experience:

Mr. Ward is Chairman of the Board and Chief Executive Officer of CSX Corporation, a transportation supplier. Prior to that position, he was President of CSX Transportation, the corporation's rail unit.

Education:

Mr. Ward holds a Bachelor of Science degree from the University of Maryland and a Masters in Business Administration from the Harvard Business School.

Non-Profit Boards:

Mr. Ward is a Director of the American Coalition for Clean Coal Electricity, City Year and Take Stock in Children. His other affiliations include The Florida Council of 100, The Business Roundtable, the Hubbard House Foundation, Edward Waters College Foundation and Michael and Kim Ward Foundation.

Director Qualifications:

As a current Chairman of the Board and Chief Executive Officer of a major transportation company, Mr. Ward brings significant experience and knowledge to the Board in the areas of finance, accounting, business operations, safety, environmental compliance, risk oversight and corporate governance. He also brings significant experience gained from service on the board of directors of another public company.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting

Class I Directors

(Term expiring in 2017)

Stephen F. Kirk

Age: 65

Principal Occupation: Former Senior Vice President and Chief Operating Officer of The Lubrizol Corporation

Director Since: 2013

Committees:

Audit

Environmental, Health, Safety and Product Compliance

Professional Experience:

Mr. Kirk served as Senior Vice President and Chief Operating Officer of The Lubrizol Corporation, a manufacturer of specialty chemicals, from September 2008 until his retirement in December 2011. From June 2004 to September 2008, he served as President of Lubrizol Additives. Prior to that, Mr. Kirk served as Vice President of Sales and Marketing from June 1999 to June 2004.

Education:

Mr. Kirk holds a Bachelor's degree and Master's degree in chemical engineering from Cornell University and a Masters in Business Administration from Cleveland State University.

Public Company Boards:

Within the past five years, Mr. Kirk has served on the Board of Directors of Robbins & Myers, Inc.

Non-Profit Boards:

Mr. Kirk serves as Executive in Residence at the Monte Ahuja College of Business at Cleveland State University and Chairman of the Cleveland State University Foundation Board. He is also a member of the Cleveland State University board of trustees. Mr. Kirk is Vice-Chair of the Vocational Guidance Service Board and serves on the Boy Scouts of America Western Reserve Council Advisory Board.

Director Qualifications:

As the former Senior Vice President and Chief Operating Officer of a major specialty chemicals company, Mr. Kirk brings significant management, executive and chemical industry experience and knowledge to the Board in the areas of international business operations, accounting and finance, risk oversight, environmental compliance and corporate governance. He also brings significant experience gained from service on the board of directors of another public company.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

James J. O'Brien*

Age: 60

Principal Occupation: Chairman of the Board and Chief Executive Officer of Ashland Inc.

Director Since: 2002

Professional Experience:

Mr. O'Brien is Ashland's Chairman of the Board and Chief Executive Officer. Prior to this position, Mr. O'Brien was President and Chief Operating Officer of Ashland and Senior Vice President and Group Operating Officer of Ashland. He also served as the President of Valvoline from 1995 to 2001.

Education:

Mr. O'Brien holds a Bachelor of Science degree in accounting and finance and a Masters in Business Administration from The Ohio State University.

Public Company Boards:

Mr. O'Brien is a Director of Humana Inc., where he serves on the Investment and Audit Committees, and Albemarle Corporation, where he serves on the Executive Compensation and Health, Safety & Environment Committees.

Non-Profit Boards:

Mr. O'Brien serves as a member of the Dean's Advisory Council for the Fisher Graduate College of Business at The Ohio State University. He is also a member of the Board of Directors of the American Chemistry Council.

Director Qualifications:

Mr. O'Brien has extensive knowledge of Ashland and all of its business segments, and he brings significant management experience and knowledge to the Board in the areas of finance, accounting, international business operations, risk oversight and corporate governance. He also brings significant experience gained from service on the board of directors of other public companies.

* Pursuant to Ashland's previously announced and ongoing integrated succession and strategic plan, Mr. O'Brien will retire as Chairman of the Board and Chief Executive Officer of Ashland at the end of December 2014.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

William A. Wulfsohn*

Age: 52

Principal Occupation: Chairman and Chief Executive Officer of Ashland effective January 1, 2015; Former President and Chief Executive Officer of Carpenter Technology Corporation

Director: Commencing January 1, 2015

Professional Experience:

Prior to his election by the Board as Chairman and Chief Executive Officer of Ashland, Mr. Wulfsohn served as President and Chief Executive Officer of Carpenter Technology Corporation from July 2010. Mr. Wulfsohn also served as a Director for Carpenter Technology Corporation beginning in April 2009. Prior to joining Carpenter Technology Corporation, Mr. Wulfsohn served as Senior Vice President, Industrial Coatings at PPG Industries. Before joining PPG Industries, Mr. Wulfsohn served as Vice President and General Manager for Honeywell International. Previously, Mr. Wulfsohn worked for Morton International/Rohm & Haas, beginning as a director of marketing and subsequently as Vice President and Business Director. Mr. Wulfsohn began his professional career with McKinsey & Company.

Education:

Mr. Wulfsohn holds a chemical engineering degree from the University of Michigan and a Master of Business Administration degree from Harvard University.

Public Company Boards:

Mr. Wulfsohn served as a Director of Carpenter Technology Corporation. Mr. Wulfsohn is a Director of PolyOne Corporation, where he serves on the Compensation Committee.

Director Qualifications:

As the former President and Chief Executive Officer of Carpenter Technology Corporation, a leading specialty materials company, Mr. Wulfsohn brings significant experience and knowledge to the Board in the areas of finance, accounting, business operations, management, manufacturing, safety, environmental compliance, risk oversight and corporate governance. Also, as former Senior Vice President of Industrial Coatings at PPG Industries and an executive at other chemical companies, Mr. Wulfsohn brings considerable specialty chemicals management and manufacturing experience to the Board. He also brings significant experience gained from service on the board of directors of other public companies.

- * Pursuant to Ashland's previously announced and ongoing integrated succession and strategic plan, the Board announced on November 14, 2014, that it had elected William A. Wulfsohn as Chairman and Chief Executive Officer of Ashland, effective January 1, 2015.

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Continuing Directors Not Up for Election at the 2015 Annual Meeting (continued)

Barry W. Perry

Age: 68

Principal Occupation: Former Chairman and Chief Executive Officer of

Engelhard Corporation

Director Since: 2007

Lead Independent Director

Committees:

Personnel and Compensation (Chairman)

Governance and Nominating

Professional Experience:

Mr. Perry served as Chairman and Chief Executive Officer of Engelhard Corporation from January 2001 to June 2006. Prior to that position, he held various management positions with Engelhard Corporation beginning in 1993. From 1991 to 1993, Mr. Perry was a Group Vice President of Rhone-Poulenc. Prior to joining Rhone-Poulenc, he held a number of executive positions with General Electric Company.

Education:

Mr. Perry holds a Bachelor of Science degree in plastics engineering from the University of Massachusetts.

Public Company Boards:

Mr. Perry is a Director of Arrow Electronics, Inc., where he serves on the Compensation Committee, and Albemarle Corporation, where he serves on the Executive Compensation Committee and chairs the Health, Safety and Environment Committee. Within the past five years, Mr. Perry also served on the Board of Directors of Cookson Group PLC.

Director Qualifications:

As the former Chairman of the Board and Chief Executive Officer of a leading chemical company, Mr. Perry brings significant management and chemical industry experience and knowledge to the Board in the areas of finance, accounting, international business operations, safety, environmental compliance, risk oversight and corporate governance. He also brings significant experience gained from service on the boards of directors of other public companies.

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**COMPENSATION OF
DIRECTORS**

Director Compensation Table

The following table is a summary of compensation information for the fiscal year ended September 30, 2014 for Ashland's non-employee directors. Mr. O'Brien, Chairman of the Board and Chief Executive Officer, receives no compensation as a director of Ashland.

Name (a)	Fees Earned or Paid in Cash (1) (\$) (b)	Stock Awards (2) (\$) (c)	Total (\$) (d)
Brendan M. Cummins	99,000	100,000	199,000
Roger W. Hale	110,000	100,000	210,000
Stephen F. Kirk	102,250	100,000	202,250
Kathleen Ligocki*	36,333	100,000	136,333
Vada O. Manager	119,000	100,000	219,000
Barry W. Perry	150,000	100,000	250,000
Mark C. Rohr	99,000	100,000	199,000
George A. Schaefer, Jr.	105,000	100,000	205,000
Janice J. Teal	120,000	100,000	220,000
John F. Turner**	100,000	100,000	200,000
Michael J. Ward	90,000	100,000	190,000

* Ms. Ligocki retired from Ashland's Board of Directors on January 30, 2014.

** Mr. Turner will retire from Ashland's Board of Directors effective at the Annual Meeting of Shareholders on January 29, 2015.

- (1) For fiscal 2014, Messrs. Manager, Perry, Ward and Dr. Teal and Ms. Ligocki deferred all or a portion of their fees into the Directors Deferral Plan. Dr. Teal deferred \$96,667 of her fees into the Directors Deferral Plan. Mr. Manager deferred \$2,475 of his fees into the Directors Deferral Plan and he received \$2,475 of his fees in Ashland Common Stock. Mr. Ward deferred \$90,000, Mr. Perry deferred \$120,000, Ms. Ligocki deferred \$9,083, and Mr. Kirk received \$37,125 of his fees in Ashland Common Stock. The amount for each of Dr. Teal, Messrs. Manager, Hale and Perry includes a payment for their services on the Special CEO Search Committee (the Search Committee). For those services, Mr. Perry received \$30,000 as Chairman of the Search Committee, while Dr. Teal, Messrs. Manager and Hale received \$20,000 each as members of the Search Committee.

- (2) The values in column (c) represent the aggregate grant date fair value of restricted stock unit awards granted in fiscal 2014 computed in accordance with FASB ASC Topic 718. These restricted stock unit awards are recorded as liabilities under generally accepted accounting principles and do not require assumptions in computing their grant date fair value. The number of restricted stock unit awards received is rounded to the nearest whole share. Other than Mr. Cummins, each non-employee director received a grant of 1,062 restricted stock units of Ashland Common Stock in the Directors Deferral Plan on January 30, 2014. Mr. Cummins received a grant of 1,062 restricted stock units directly on January 30, 2014. The grant date fair value per share of each restricted stock unit was the same as the closing price of \$94.12 per share of Ashland Common Stock on the NYSE on such date.

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The following table identifies the aggregate number of stock and option awards for each non-employee director outstanding as of September 30, 2014.

Name	Shares of Restricted Common Stock (#)	Unvested Restricted Stock	
		Units of Ashland Common Stock (1) (#)	Outstanding Ashland Stock Options (2) (#)
Brendan M. Cummins	0	4,490	0
Roger W. Hale	1,000	1,073	0
Stephen F. Kirk	1,000	1,073	0
Vada O. Manager	1,000	1,073	0
Barry W. Perry	1,000	1,073	0
Mark C. Rohr	1,000	1,073	0
George A. Schaefer, Jr.	1,000	1,073	2,937
Janice J. Teal	1,000	1,073	0
John F. Turner*	1,000	1,073	0
Michael J. Ward	1,000	1,073	0

* Mr. Turner will retire from Ashland's Board of Directors effective at the Annual Meeting of Shareholders on January 29, 2015.

(1) Includes credit for reinvested dividends allocated since the grant date, January 30, 2014, for all directors. For all directors other than Mr. Cummins, the restricted stock units vest one year after date of grant or upon the date of the next annual shareholder meeting, if earlier. Mr. Cummins's restricted stock units vest as described below under "Restricted Shares/Units" of this proxy statement.

(2) No stock options have been granted to non-employee directors since January 26, 2006.

Annual Retainer

Ashland's non-employee director compensation program provides: (a) an annual retainer of \$90,000 for each director; (b) an additional annual retainer of \$20,000 for the Lead Independent Director; (c) an additional annual retainer of \$15,000 for the Chair of the Audit Committee and \$9,000 for Audit Committee members; and (d) an additional annual

retainer of \$10,000 for other Committee Chairs.

Non-employee directors may elect to receive part or all of each retainer in cash or in shares of Ashland Common Stock. They may also elect to have a portion or all retainers deferred and paid through the Directors Deferral Plan. The directors who make an election to defer retainers may have the deferred amounts held as common stock units (share equivalents) in the hypothetical Ashland Common Stock fund or invested under the other available investment options under the plan. The payout of the deferred retainers occurs upon termination of service by a director. Directors may elect to have the payout in a single lump sum or in installments not to exceed 15 years. For deferrals before January 1, 2005, upon a change in control of Ashland (as defined in the

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Directors' Deferral Plan), amounts in the directors' deferral accounts will be automatically distributed as a lump sum in cash to the director. For deferrals on and after January 1, 2005, distributions for such deferrals will be made pursuant to each director's election and valued at the time of the distribution.

Restricted Shares/Units

Upon election to the Board of Directors, each new director (other than Mr. Cummins, who is a non-U.S. resident) received 1,000 restricted shares of Ashland Common Stock. In lieu of 1,000 restricted shares of Ashland Common Stock, Mr. Cummins received 1,000 restricted stock units. The restricted shares and Mr. Cummins's restricted stock units may not be sold, assigned, transferred or otherwise encumbered until the earliest to occur of: (i) retirement from the Board of Directors; (ii) death or disability of the director; (iii) a 50% change in the beneficial ownership of Ashland; or (iv) voluntary early retirement to enter governmental service. The G&N Committee has discretion to limit a director's forfeiture of these shares or restricted stock units if the non-employee director leaves the Board of Directors for reasons other than those listed above.

Each non-employee director (other than Mr. Cummins) also receives an annual award of deferred restricted stock units in the Directors' Deferral Plan with a grant date value of \$100,000 (pro-rated as applicable for less than a full-year of service). The restricted stock units vest one year after date of grant or upon the date of the next annual shareholder meeting, if earlier. Dividends on restricted stock units are reinvested in additional restricted stock units. Upon a change in control of Ashland, the restricted stock units immediately vest. In prior years, a director could elect before the restricted stock units vest to have his or her vested units paid in shares of Ashland Common Stock or in cash after the director terminates from service. Going forward, such election would be made by the directors before the restricted stock units are awarded.

Mr. Cummins, as a non-U.S. resident, is not eligible to participate in the Directors' Deferral Plan. Therefore, he received an annual award of restricted stock units directly, which will vest on the same basis as his restricted stock units described in the preceding paragraph. His annual award will continue to be granted directly (and not through deferral).

Stock Ownership Guidelines for Directors

The Board of Directors considers Ashland Common Stock ownership by directors to be of utmost importance. The Board believes that such ownership enhances the commitment of directors to Ashland's future and aligns their interests with those of Ashland's other shareholders. The Board has therefore established minimum stock ownership guidelines for non-employee directors which require each director to own the lesser of (i) 12,500 shares or units of Ashland Common Stock, or (ii) Ashland Common Stock having a value of at least five times his or her base annual cash retainer of \$90,000. Each newly elected director has five years from the year elected to reach this ownership level. As of October 31, 2014, all of Ashland's then current directors had attained the minimum stock ownership levels based on holdings, except for (a) Mr. Cummins and Dr. Teal, each of whom joined the Board in 2012 and will not be required to meet the minimum stock ownership guidelines until 2017, and (b) Mr. Kirk who joined the Board in 2013 and will not be required to meet the minimum stock ownership guidelines until 2018.

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CORPORATE GOVERNANCE

Governance Principles

Ashland is committed to adhering to sound corporate governance practices. The documents described below are published on Ashland's website (<http://investor.ashland.com>). These documents are also available in print at no cost to any shareholder who requests them. Among the corporate governance practices followed by Ashland are the following:

Ashland has adopted Corporate Governance Guidelines. These guidelines provide the framework for the Board of Directors' governance of Ashland and include a general description of the Board's purpose, director qualification standards, retirement and resignation policies and other responsibilities. The Corporate Governance Guidelines require that at least two-thirds of Ashland's directors be independent, as defined by Ashland's Director Independence Standards (the Standards), which incorporate the independence requirements of the SEC's rules and the listing standards of the NYSE.

Ashland also requires compliance with its code of business conduct which applies to all of Ashland's directors and employees, including the principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The code of business conduct promotes honest and ethical conduct, compliance with applicable laws, rules and regulations, prompt reporting of violations of the code and full, fair, accurate, timely and understandable disclosure in reports filed with the SEC. Ashland intends to post any amendments or waivers of the code (to the extent applicable to Ashland's directors and executive officers) on Ashland's website or in a Current Report on Form 8-K.

Each of Ashland's Board Committees has adopted a charter defining its respective purposes and responsibilities.

Only independent directors, as defined in the Standards, may serve on the Audit Committee, G&N Committee, Personnel and Compensation Committee (the P&C Committee) and Environmental, Health, Safety and Product Compliance Committee (the EHS&PC Committee) of the Board.

The Board, and each Committee of the Board, has the authority to engage independent consultants and advisors.

Board Leadership Structure

Ashland combines the roles of Chairman of the Board and Chief Executive Officer, which is balanced through the appointment of a Lead Independent Director. The Board believes that combining the positions of Chairman and Chief Executive Officer provides clarity of leadership and is in the best interests of Ashland and its shareholders at this time. The Board believes that the use of a Lead Independent Director provides appropriate independent oversight of management. Independent oversight has been further assured by having only one member of management on the Board. The non-management directors regularly meet alone in executive session at Board meetings.

The Lead Independent Director is an independent director selected annually by the G&N Committee. Mr. Perry is currently the Lead Independent Director. In addition to the duties of all Board members, the Lead Independent Director:

Coordinates with the Chairman of the Board to determine the appropriate schedule of meetings;

Places any item he or she determines is appropriate on the Board's agenda;

Directs that specific materials be included in Board mailings and works with the G&N Committee, as appropriate, to assess the quality, quantity and timeliness of the flow of information from management to the Board;

Directs the retention of consultants and advisors to report directly to the Board;

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Coordinates with the G&N Committee to oversee compliance with Ashland's Corporate Governance Guidelines and to recommend appropriate revisions thereto;

Coordinates and develops the agenda for, and moderates executive sessions of, the Board's independent directors and acts as principal liaison between the independent directors and the Chairman of the Board and Chief Executive Officer on sensitive matters; and

Works with the G&N Committee to recommend the membership of the various Board Committees and Committee Chairs.

Oversight of Ashland's Executive Compensation Program

The P&C Committee is responsible for the approval and administration of compensation programs for executive officers and certain other employees of Ashland. The P&C Committee is composed of independent directors (as defined in the Standards). In making compensation decisions, the P&C Committee considers, among other things: Ashland's compensation philosophy, its financial and operating performance, the individual performance of executives, compensation policies and practices for Ashland employees generally, and practices and executive compensation levels of peer and similarly-sized general industry companies.

The P&C Committee's primary responsibilities are to:

Ensure that the Company's executive compensation programs are competitive, support organizational objectives and shareholder interests, and emphasize the pay for performance linkage;

Review, evaluate and approve on an annual basis, the goals and objectives of the Chief Executive Officer. The P&C Committee annually evaluates the Chief Executive Officer's performance in light of these established goals and objectives, and based on these evaluations, the P&C Committee sets the Chief Executive Officer's annual compensation, including base salary, annual incentives and long-term incentives;

Review and approve compensation of all key senior executives and elected corporate officers; and

Approve any employment agreements, consulting arrangements, severance or retirement arrangements, change in control agreements, and/or any special or supplemental benefits or provisions covering any current or former executive officer of Ashland.

For further information about the responsibilities of the P&C Committee, see "Committees and Meetings of the Board of Directors - Personnel and Compensation Committee" on page 31.

The P&C Committee may form and delegate authority to subcommittees with regard to any of the above responsibilities.

In determining and administering the executive compensation programs, the P&C Committee takes into consideration:

Recommendations of the Chief Executive Officer and the Chief Human Resources and Communications Officer regarding potential changes to named executive officer compensation based on performance, competitiveness, personnel and organizational changes, regulatory issues, strategic initiatives and other matters;

Information provided by the Human Resources function at Ashland; and

Advice of an outside, independent, executive compensation consultant on all aspects of executive compensation, including comparison to the practices and executive compensation levels of peer and general industry companies.

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The P&C Committee meets in executive session for a portion of each of its meetings.

Personnel and Compensation Committee Interlocks and Insider Participation

The members of the P&C Committee for fiscal 2014 were Barry W. Perry (Chair), Kathleen Ligocki, Vada O. Manager, George A. Schaefer, Jr., Janice J. Teal and Michael J. Ward. Kathleen Ligocki retired from the Ashland Board of Directors on January 30, 2014. There were no impermissible interlocks or inside directors on the P&C Committee.

Board's Role of Risk Oversight

The Board of Directors has oversight responsibility with respect to Ashland's risk management processes. This includes working with management to determine and assess the Company's philosophy and strategy towards risk management and mitigation. Management is responsible for the day-to-day management of risk, and they report periodically to the Board and to specific Committees on current and emerging risks and the Company's approach to avoiding and mitigating risk exposure. The Board reviews in detail the Company's most significant risks and whether management is responding consistently within the Company's overall risk management and mitigation strategy.

While the Board maintains the ultimate oversight responsibility for risk management, each of the various Committees of the Board has been assigned responsibility for risk management oversight of specific areas. In particular, the Audit Committee maintains responsibility for overseeing risks related to Ashland's financial reporting, audit process, internal controls over financial reporting and disclosure controls and procedures. The Audit Committee also has oversight responsibility related to Ashland's key financial risks. The EHS&PC Committee assists the Board in fulfilling its oversight responsibility with respect to environmental, health, safety, product compliance and business continuity risks. In setting compensation, the P&C Committee monitors and evaluates the compensation and benefits structure of the Company, including providing guidance on philosophy and policy matters and excessive risk-taking. Finally, the G&N Committee conducts an annual review of nominees to the Board and is charged with developing and recommending to the Board corporate governance principles and policies and Board Committee structure, leadership and membership.

Director Independence and Certain Relationships

The Board of Directors has adopted the Standards to assist in its determination of director independence. To qualify as independent under these Standards, the Board must affirmatively determine that a director has no material relationship with Ashland, other than as a director.

Pursuant to the Standards, the Board of Directors undertook a review of director independence in November 2014. During this review, the Board considered relationships and transactions between, on the one hand, each director, any member of his or her immediate family, and his or her affiliates, and on the other hand, Ashland and its subsidiaries and affiliates. As provided for in the Standards, the purpose of the review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of the review, the Board of Directors affirmatively determined that Messrs. Cummins, Hale, Kirk, Manager, Perry, Rohr, Schaefer, Turner, Ward, and Dr. Teal are each independent of Ashland and its affiliates. Mr. O'Brien, Ashland's Chief Executive Officer, is the only director determined not to be independent of Ashland. In addition, the Board has affirmatively determined that all members of the Audit Committee and P&C Committee are independent under SEC rules and the listing standards of the NYSE.

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In the normal course of business, Ashland had transactions with other corporations where certain directors are executive officers. None of the transactions were material in amount as to Ashland and none were reportable under federal securities laws. Ashland's Board of Directors has concluded that the following relationships between Ashland and the director-affiliated entities are not material pursuant to the Standards, and the G&N Committee has determined that the transactions are not Related Person Transactions, as defined in the Related Person Transaction Policy:

Mark C. Rohr, a director of Ashland, became the Chairman and Chief Executive Officer of Celanese Corporation (Celanese) in April 2012. During fiscal 2014, Ashland paid Celanese approximately \$13.5 million, and Celanese paid Ashland approximately \$5.9 million, for certain products and/or services.

Michael J. Ward, a director of Ashland, is Chairman of the Board and Chief Executive Officer of CSX Corporation (CSX). During fiscal 2014, Ashland paid CSX approximately \$6.1 million for transportation services. CSX did not purchase any products and/or services from Ashland.

Related Person Transaction Policy

Federal securities laws require Ashland to describe any transaction since the beginning of the last fiscal year, or any currently proposed transaction, in which Ashland was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest. Related persons are directors and executive officers, nominees for director and any immediate family members of directors, executive officers or nominees for director. Ashland is also required to describe its policies and procedures for the review, approval or ratification of any Related Person Transaction.

Pursuant to Ashland's written Related Person Transaction Policy (the Policy), the G&N Committee is responsible for reviewing the material facts of all transactions that could potentially be transactions with related persons. The Policy covers any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, (2) Ashland is a participant, and (3) any related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). Transactions between Ashland and any firm, corporation or entity in which a related person is an executive officer or general partner, or in which any related persons collectively hold more than 10% of the ownership interests, are also subject to review under the Policy.

Under the Policy, Ashland's directors and executive officers are required to identify annually and on an as needed basis potential transactions with related persons or their firms that meet the criteria set forth in the Policy, and management is required to forward all such disclosures to the G&N Committee. The G&N Committee reviews each disclosed transaction. The G&N Committee has discretion to approve, disapprove or otherwise act if a transaction is deemed to be a Related Person Transaction subject to the Policy. Only disinterested members of the G&N Committee may participate in the determinations made with regard to a particular transaction. If it is impractical to convene a meeting of the G&N Committee, the Chairman of the G&N Committee is authorized to make a determination and promptly report such determination in writing to the other G&N Committee members. All determinations made under the Policy are required to be reported to the full Board of Directors.

Under the Policy and consistent with SEC regulations, certain transactions are not Related Person Transactions, even if such transactions exceed \$120,000 in a fiscal year. Those exceptions are:

Compensation to a director or executive officer which is or will be disclosed in Ashland's proxy statement;

Compensation to an executive officer which is approved by the P&C Committee and would have been disclosed in Ashland's proxy statement if the executive officer was a named executive officer;

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A transaction in which the rates or charges involved are determined by competitive bids, or which involves common, contract carrier or public utility services at rates or charges fixed in conformity with law or governmental authority;

A transaction that involves services as a bank depository of funds, transfer agent, registrar, indenture trustee or similar services; and

A transaction in which the related person's interest arises solely from the ownership of Ashland Common Stock and all shareholders receive the same benefit on a pro rata basis.

Communication with Directors

The Board of Directors has established a process by which shareholders and other interested parties may communicate with the Board. Persons interested in communicating with the Board, or with a specific member or Committee of the Board, may do so by writing to the Lead Independent Director in care of the General Counsel of Ashland, 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, KY 41012-0391. Communications directed to the Lead Independent Director will be reviewed by the General Counsel and distributed to the Lead Independent Director as well as to other individual directors, as appropriate, depending on the subject matter and facts and circumstances outlined in the correspondence. Communications that are not related to the duties and responsibilities of the Board, or are otherwise inappropriate, will not be forwarded to the Lead Independent Director, although all communications directed to the Board will be available to any director upon request.

Attendance at Annual Meeting

Ashland has a policy and practice of strongly encouraging all directors to attend the Annual Meeting. All of Ashland's then current directors were present at the Annual Meeting held on January 30, 2014.

Executive Sessions of Directors

The non-employee directors meet in executive session at each regularly scheduled meeting of the Board, and at other times as they may determine appropriate. The Audit and P&C Committees of the Board meet in executive session during every regular Committee meeting. Other Board Committees meet in executive session at the discretion of the Committee members.

Shareholder Recommendations for Directors

The G&N Committee considers director candidates recommended by other directors, employees and shareholders, and is authorized, at its discretion, to engage a professional search firm to identify and suggest director candidates. Written suggestions for director candidates should be sent via registered, certified or express mail to the Secretary of Ashland at 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, KY 41012-0391. Such suggestions should be received no later than September 1, 2015, to be considered by the G&N Committee for inclusion as a director nominee for the 2016 Annual Meeting. Suggestions for director candidates should include all information required by Ashland's By-laws, and any other relevant information, as to the proposed candidate. The G&N Committee selects each director nominee based on the nominee's skills, achievements and experience. The G&N Committee will review all director candidates in accordance with its charter and Ashland's Corporate Governance Guidelines, and it will identify qualified individuals consistent with criteria approved by the Board of Directors. The G&N Committee shall select individuals as director nominees who exhibit the highest personal and professional integrity, who have demonstrated

exceptional ability and judgment and who shall be most effective in serving the interests of Ashland's shareholders. Additionally, the G&N Committee shall seek director candidates who exhibit the following personal and professional qualifications: (1) significant experience in either the chemical or consumer marketing industries; (2) product or process innovation experience; (3) international business expertise; (4) diverse experience in policy-making in business, government, education and/or technology, or in areas that are relevant to Ashland's global business and strategy;

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(5) an inquisitive and objective nature, practical wisdom and mature judgment; and (6) the ability to work with Ashland's existing directors and management. Individuals recommended by shareholders in accordance with these procedures will be evaluated by the G&N Committee in the same manner as individuals who are recommended through other means.

Shareholder Nominations of Directors

In order for a shareholder to nominate a director at an annual meeting who is not otherwise nominated by the G&N Committee, Ashland's By-laws require that the shareholder must give written notice (as specified below) to the Secretary of Ashland not later than ninety days in advance of the annual meeting (provided that if the annual meeting of shareholders is held earlier than the last Thursday in January, such notice must be given within ten days after the first public disclosure of the date of the annual meeting). Public disclosure may include a public filing with the SEC. The notice must contain the following information:

The name and address of the shareholder who intends to make the nomination and the name and address of the person(s) to be nominated;

A representation that the shareholder is a shareholder of record of Ashland Common Stock entitled to vote at such meeting and that the shareholder intends to appear in person or by proxy to make the nomination(s) specified in the notice;

A description of all arrangements or understandings between the shareholder and each nominee and any other person(s) pursuant to which the nomination(s) are to be made by the shareholder. The other person(s) must be named in the notice;

Information about each nominee that would be required in a proxy statement, according to the rules of the SEC, had the nominee been proposed by the Board of Directors;

The consent of each nominee to serve as a director if so elected; and

A representation as to whether or not the shareholder will solicit proxies in support of his or her nominee(s). The chairman of any meeting of shareholders to elect directors and the Board of Directors may refuse to acknowledge any nomination that is not made in compliance with the procedure described above or if the shareholder fails to comply with the representations set forth in the notice.

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COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors currently has four committees: Audit Committee; Environmental, Health, Safety and Product Compliance Committee; Governance and Nominating Committee; and Personnel and Compensation Committee. All Committees are composed entirely of independent directors. During fiscal 2014, 12 meetings of the Board were held, and each director attended at least 75% of the meetings. Overall attendance at Board and Committee meetings was 92.3%.

Following the announcement in April 2014 of the upcoming retirement of Mr. James J. O'Brien, Ashland's Chairman and Chief Executive Officer, the Board established the Search Committee which responsibilities included identifying and evaluating potential CEO candidates, and ultimately advising the Board on its recommendations for hiring Ashland's next CEO. The Search Committee was chaired by Mr. Barry W. Perry, the Board's lead independent director. Other members of the Search Committee were: Dr. Janice Teal, Mr. Vada Manager and Mr. Roger Hale. Following its inception, the Search Committee:

Engaged an executive search firm after conducting a competitive review process;

Defined the search parameters, including the experience and competencies desired in the CEO role;

Screened and evaluated a broad pool of potential candidates, including internal candidates;