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

FORM 10-Q

(Mark One)
|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

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

For the transition period from _________ to ___________

Commission file number 1-2918

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 (859) 815-3333

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 checkmark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes |X| No |_|

At March 31, 2005, there were 72,870,259 shares of Registrant's Common Stock outstanding. One Right to purchase one-thousandth of a share of Series A Participating Cumulative Preferred Stock accompanies each outstanding share of Registrant's Common Stock.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Three months ended March 31		Six months ended March 31	
(In millions except per share data)	2005	2004	2005	2004
REVENUES				
Sales and operating revenues	$ 2,062	$ 1,825	$ 4,239	$ 3,761
Equity income	69	18	215	56
Other income	18	9	35	22
	2,149	1,852	4,489	3,839
COSTS AND EXPENSES				
Cost of sales and operating expenses	1,754	1,547	3,603	3,158
Selling, general and administrative expenses	309	295	620	579
	2,063	1,842	4,223	3,737
OPERATING INCOME	86	10	266	102
Net interest and other financial costs	(29)	(29)	(61)	(59)

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	57	(19)	205	43
Income taxes	(24)	8	(79)	(16)
INCOME (LOSS) FROM CONTINUING OPERATIONS	33	(11)	126	27
Results from discontinued operations (net of income taxes) - Note B	-	(5)	-	(10)
NET INCOME (LOSS)	$ 33	$ (16)	$ 126	$ 17
BASIC EARNINGS (LOSS) PER SHARE - Note A				
Income (loss) from continuing operations	$ .45	$ (.16)	$ 1.75	$ .39
Results from discontinued operations	-	(.07)	-	(.14)
Net income (loss)	$ .45	$ (.23)	$ 1.75	$ .25
DILUTED EARNINGS (LOSS) PER SHARE - Note A				
Income from continuing operations	$ .44	$ (.16)	$ 1.72	$ .39
Results from discontinued operations	-	(.07)	-	(.14)
Net income (loss)	$ .44	$ (.23)	$ 1.72	$ .25
DIVIDENDS PAID PER COMMON SHARE	$ .275	$ .275	$ .55	$ .55

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)	March 31 2005	September 30 2004	March 31 2004
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 74	$ 243	$ 180
Accounts receivable	1,352	1,331	1,180
Allowance for doubtful accounts	(42)	(41)	(39)
Inventories - Note A	546	458	475
Deferred income taxes	95	103	114
Refundable income taxes	125	72	6
Other current assets	83	136	131
	2,233	2,302	2,047
INVESTMENTS AND OTHER ASSETS			
Investment in Marathon Ashland Petroleum LLC (MAP)	2,926	2,713	2,349
Goodwill	560	513	524
Asbestos insurance receivable (noncurrent portion)	381	399	396
Other noncurrent assets	413	319	333
	4,280	3,944	3,602
PROPERTY, PLANT AND EQUIPMENT			
Cost	3,196	3,104	3,076
Accumulated depreciation, depletion and amortization	(1,894)	(1,848)	(1,823)
	1,302	1,256	1,253
	$ 7,815	$ 7,502	$ 6,902
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt due within one year			
Revolving credit facility	$ 228	$ 40	$ -
Commercial paper	73	-	17
Short-term borrrowing from MAP	177	-	-
Current portion of long-term debt	248	399	189
Trade and other payables	1,254	1,362	1,262
Income taxes	30	14	17
	2,010	1,815	1,485
NONCURRENT LIABILITIES			
Long-term debt (less current portion)	1,086	1,109	1,353
Employee benefit obligations	436	428	402
Deferred income taxes	264	367	221
Reserves of captive insurance companies	201	179	192
Asbestos litigation reserve (noncurrent portion)	545	568	565
Other long-term liabilities and deferred credits	374	330	354
Commitments and contingencies - Notes D and G			
	2,906	2,981	3,087
COMMON STOCKHOLDERS' EQUITY	2,899	2,706	2,330
	$ 7,815	$ 7,502	$ 6,902

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(In millions)	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
BALANCE AT OCTOBER 1, 2003	$ 68	$ 350	$ 1,961	$ (126)	$ 2,253
Total comprehensive income (1)			17	35	52
Cash dividends			(38)		(38)
Issued 1,808,419 common shares under stock incentive and other plans	2	61			63
BALANCE AT MARCH 31, 2004	$ 70	$ 411	$ 1,940	$ (91)	$ 2,330
BALANCE AT OCTOBER 1, 2004	$ 72	$ 478	$ 2,262	$ (106)	$ 2,706
Total comprehensive income (1)			126	40	166
Cash dividends			(40)		(40)
Issued 1,291,096 common shares under stock incentive and other plans	1	66			67
BALANCE AT MARCH 31, 2005	$ 73	$ 544	$ 2,348	$ (66)	$ 2,899

(1) Reconciliations of net income (loss) to total comprehensive income follow.

(In millions)	Three months ended March 31 2005	Three months ended March 31 2004	Six months ended March 31 2005	Six months ended March 31 2004
Net income (loss)	$ 33	$ (16)	$ 126	$ 17
Unrealized translation adjustments	2	4	37	34
Related tax expense	-	-	2	1
Net unrealized gains (losses) on cash flow hedges	(1)	-	1	-
Total comprehensive income	$ 34	$ (12)	$ 166	$ 52

At March 31, 2005, the accumulated other comprehensive loss of $66 million (after tax) was comprised of net unrealized translation gains of $62 million, a minimum pension liability of $129 million and net unrealized gains on cash flow hedges of $1 million.

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions)	Six months ended March 31 2005	Six months ended March 31 2004
CASH FLOWS FROM OPERATIONS		
Income from continuing operations	$ 126	$ 27
Expense (income) not affecting cash		
Depreciation, depletion and amortization	93	97
Deferred income taxes	(11)	(1)
Equity income from affiliates	(215)	(56)
Distributions from equity affiliates	4	153
Other items	1	1
Change in operating assets and liabilities (1)	(236)	(163)
	(238)	58
CASH FLOWS FROM FINANCING		
Proceeds from issuance of common stock	51	54
Repayment of long-term debt	(174)	(70)
Increase in short-term debt	438	17
Dividends paid	(40)	(38)
	275	(37)
CASH FLOWS FROM INVESTMENT		
Additions to property, plant and equipment	(127)	(86)
Purchase of operations - net of cash acquired	(101)	(4)
Proceeds from sale of operations	16	10
Other - net	6	21
	(206)	(59)
CASH USED BY CONTINUING OPERATIONS	(169)	(38)
Cash used by discontinued operations	-	(5)
DECREASE IN CASH AND CASH EQUIVALENTS	(169)	(43)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	243	223
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 74	$ 180

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

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Interim financial reporting

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and Securities and Exchange Commission regulations. Although such statements are subject to any year-end audit adjustments which may be necessary, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These financial statements should be read in conjunction with Ashland's Annual Report on Form 10-K, as amended, for the fiscal year ended September 30, 2004. Results of operations for the periods ended March 31, 2005, are not necessarily indicative of results to be expected for the year ending September 30, 2005.

Inventories

(In millions)	March 31 2005	September 30 2004	March 31 2004
Chemicals and plastics	$ 442	$ 370	$ 366
Construction materials	84	71	70
Petroleum products	72	61	67
Other products	59	45	48
Supplies	8	6	5
Excess of replacement costs over LIFO carrying values	(119)	(95)	(81)
	$ 546	$ 458	$ 475

Earnings (loss) per share

The following table sets forth the computation of basic and diluted earnings (loss) per share (EPS) from continuing operations.

	Three months ended March 31		Six months ended March 31	
(In millions except per share data)	2005	2004	2005	2004
Numerator				
Numerator for basic and diluted EPS - Income (loss) from continuing operations	$ 33	$ (11)	$ 126	$ 27
Denominator				
Denominator for basic EPS - Weighted average common shares outstanding	73	69	72	69
Common shares issuable upon exercise of stock options	1	-	1	1
Denominator for diluted EPS - Adjusted weighted average shares and assumed conversions	74	69	73	70
Earnings (loss) per share from continuing operations				
Basic	$ .45	$ (.16)	$ 1.75	$ .39
Diluted	$ .44	$ (.16)	$ 1.72	$ .39

NOTE B - DISCONTINUED OPERATIONS

Ashland is subject to liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley Stoker Corporation, a former subsidiary. During the six months ended March 31, 2004, Ashland recorded charges of $29 million to increase its reserve for asbestos claims, the effect of which was partially offset by credits of $14 million to increase its asbestos insurance receivable. The resulting $15 million pretax charge to income, net of deferred income tax benefits of $6 million, was reflected as an after-tax loss from discontinued operations of $9 million in the Statement of Consolidated Income for the six months ended March 31, 2004. No increases to the asbestos reserve or insurance receivable were recorded in the six months ended March 31, 2005. See Note G for further discussion of Ashland's asbestos-related litigation. Also during the six months ended March 31, 2004, Ashland recorded a $1 million decrease to the gain recorded in 2003 on the sale of its Electronic Chemicals business.

Components of amounts reflected in the income statements related to discontinued operations are presented in the following table.

	Three months ended March 31		Six months ended March 31	
(In millions)	2005	2004	2005	2004
Pretax income (loss) from discontinued operations				
Reserves for asbestos-related litigation	$ -	$ (7)	$ -	$ (15)
Loss on disposal of Electronic Chemicals	-	-	-	(1)
Income taxes				
Reserves for asbestos-related litigation	-	2	-	6
Loss on disposal of Electronic Chemicals	-	-	-	-
Results from discontinued operations (net of income taxes)	$ -	$ (5)	$ -	$ (10)

NOTE C - UNCONSOLIDATED AFFILIATES

Under Rule 3-09 of Regulation S-X, Ashland filed audited financial statements for Marathon Ashland Petroleum LLC (MAP) for the year ended December 31, 2004, on a Form 10-K/A on March 15, 2005. Unaudited income statement information for MAP is shown below.

MAP is organized as a limited liability company 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 that will be incurred by its parents.

	Three months ended March 31		Six months ended March 31	
(In millions)	2005	2004	2005	2004
Sales and operating revenues	$ 11,397	$ 9,060	$ 23,913	$ 18,618
Income from operations	204	49	584	149
Net income	188	46	573	142
Ashland's equity income	66	13	208	45

NOTE C - UNCONSOLIDATED AFFILIATES (continued)

On April 28, 2005, Ashland announced that it had amended its agreement to transfer its 38-percent interest in MAP and two other businesses to Marathon Oil Corporation. Under the amended agreement, Ashland's interest in these businesses is valued at approximately $3.7 billion compared to approximately $3 billion in the earlier agreement, with substantially all the increase in value going directly to Ashland's shareholders in the form of Marathon stock. In addition, Marathon has agreed to pay the first $200 million of any Section 355(e) tax, if any, as compared to the prior agreement where Ashland bore full responsibility for any Section 355(e) tax. The transaction is expected to be tax free to Ashland's shareholders and tax efficient to Ashland. The two other businesses are Ashland's maleic anhydride business and 60 Valvoline Instant Oil Change (VIOC) centers in Michigan and northwest Ohio, which are valued at $94 million.

Under the terms of the amended agreement, Ashland's shareholders will receive Marathon common stock with an aggregate value of $915 million. Based on the number of shares outstanding on March 31, 2005, shareholders would receive $12.56 in Marathon stock per Ashland share. Ashland will receive cash and MAP accounts receivable totaling $2.8 billion. In addition, MAP has not made quarterly cash distributions to Ashland and Marathon since March 18, 2004, and such distributions will continue to be suspended until the closing of the transaction. As a result, the final amount of cash to be received by Ashland will be increased by an amount equal to 38 percent of the cash accumulated from operations during the period prior to closing. At March 31, 2005, Ashland's share of this accumulated cash was $560 million.

The transaction is subject to, among other things, approval by Ashland's shareholders, consent from public debt holders, finalization of the closing agreement with the Internal Revenue Service and customary antitrust review. Ashland and Marathon have agreed to use their reasonable best efforts to complete the transaction by June 30, 2005, with the termination date for the transaction extended to September 30, 2005.

NOTE D - LEASES AND OTHER COMMITMENTS

Leases

Under various operating leases, Ashland has made guarantees with respect to the residual value of the underlying property. If Ashland had canceled those leases at March 31, 2005, its maximum obligations under the residual value guarantees would have amounted to $91 million. Ashland does not expect to incur any significant charge to earnings under these guarantees, $24 million of which relates to real estate. These lease agreements are with unrelated third party lessors and Ashland has no additional contractual or other commitments to any party to the leases.

Other commitments

Ashland has guaranteed 38% of MAP's payments for certain crude oil purchases, up to a maximum guarantee of $95 million. At March 31, 2005, Ashland's contingent liability under this guarantee amounted to the full $95 million. Although Ashland has not made and does not expect to make any payments under this guarantee, it has recorded the fair value of the guarantee obligation, which is not significant.

NOTE E - EMPLOYEE BENEFIT PLANS

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. Among other things, the Act will expand Medicare to include an outpatient prescription drug benefit beginning in 2006, as well as provide a subsidy for sponsors of retiree health care

NOTE E - EMPLOYEE BENEFIT PLANS (continued)

plans that provide a benefit that is at least actuarially equivalent to the Medicare Act benefits. In May 2004, the Financial Accounting Standards Board issued Staff Position No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." Regulations implementing major provisions of the Act, including the determination of actuarial equivalency, were issued in January 2005. Effective May 1, 2005, Ashland amended its health care plan for retirees age 65 or older so that the company will always qualify for the subsidy and remeasured its postretirement benefit obligation as of that date. The remeasurement reduced the obligation by $58 million and will reduce postretirement benefit costs by $3 million over the last five months of the fiscal year 2005.

Presently, Ashland anticipates contributing $86 million to its U.S. pension plans and $12 million to its non-U.S. pension plans during fiscal 2005. In addition, upon the closing of the proposed MAP transaction, Ashland plans to make an additional $100 million contribution to its U.S. pension plans. As of March 31, 2005, contributions of $15 million have been made to the U.S. plans and $7 million to the non-U.S. plans.

The following table details the components of pension and other postretirement benefits costs.

	Pension benefits		Other postretirement benefits	
(In millions)	2005	2004	2005	2004
Three months ended March 31				
Service cost	$ 13	$ 13	$ 2	$ 3
Interest cost	19	17	4	6
Expected return on plan assets	(19)	(16)	-	-
Amortization of prior service credit	-	-	(2)	(5)
Amortization of net actuarial loss	8	8	2	1
	$ 21	$ 22	$ 6	$ 5
Six months ended March 31				
Service cost	$ 26	$ 25	$ 4	$ 7
Interest cost	39	35	9	12
Expected return on plan assets	(38)	(31)	-	-
Amortization of prior service credit	-	-	(4)	(11)
Amortization of net actuarial loss	16	15	3	3
	$ 43	$ 44	$ 12	$ 11

NOTE F - ACQUISITIONS AND DIVESTITURES

During the six months ended March 31, 2005, Ashland Specialty Chemical acquired Dow Chemical's DERAKANE(R) epoxy vinyl ester resins business for approximately $90 million. With this acquisition, Ashland Specialty Chemical's composite polymers business continues to build its innovative line of resin chemistries for composite manufacturing. The purchase included all technology and intellectual property assets associated with the DERAKANE resin business. No physical assets were transferred to Ashland. Also during the period, Ashland Distribution sold its ingestibles business and APAC made three small acquisitions and one small divestiture. Following is a progression of goodwill by segment for the six months ended March 31, 2005.

NOTE F - ACQUISITIONS AND DIVESTITURES (continued)

(In millions)	APAC	Ashland Specialty Chemical	Valvoline	Total
Balance at October 1, 2004	$ 411	$ 96	$ 6	$ 513
Goodwill acquired	-	43	-	43
Currency translation adjustments	-	4	-	4
Balance at March 31, 2005	$ 411	$ 143	$ 6	$ 560

NOTE G - LITIGATION, CLAIMS AND CONTINGENCIES

Asbestos-related litigation

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

A summary of asbestos claims activity follows. Because claims are frequently filed and settled in large groups, the amount and timing of settlements and number of open claims can fluctuate significantly from period to period.

	Six months ended March 31		Years ended September 30		
(In thousands)	2005	2004	2004	2003	2002
Open claims - beginning of period	196	198	198	160	167
New claims filed	6	16	29	66	45
Claims settled	(3)	(3)	(7)	(7)	(15)
Claims dismissed	(10)	(11)	(24)	(21)	(37)
Open claims - end of period	189	200	196	198	160

Since October 1, 2001, Riley has been dismissed as a defendant in 73% of the resolved claims. Amounts spent on litigation defense and claim settlements averaged $1,812 per claim resolved in the six months ended March 31, 2005, compared to $1,730 in the six months ended March 31, 2004, and annual averages of $1,655 in 2004, $1,610 in 2003 and $723 in 2002. A progression of activity in the asbestos reserve is presented in the following table.

	Six months ended March 31		Years ended September 30		
(In millions)	2005	2004	2004	2003	2002
Asbestos reserve - beginning of period	$ 618	$ 610	$ 610	$ 202	$ 199
Expense incurred	-	29	59	453	41
Amounts paid	(23)	(24)	(51)	(45)	(38)
Asbestos reserve - end of period	$ 595	$ 615	$ 618	$ 610	$ 202

NOTE G - LITIGATION, CLAIMS AND CONTINGENCIES (continued)

During the December 2002 quarter, Ashland increased its reserve for asbestos claims by $390 million to cover the litigation defense and claim settlement costs for probable and reasonably estimable future payments related to existing open claims, as well as an estimate of those that may be filed in the future. Prior to December 31, 2002, the asbestos reserve was based on the estimated costs that would be incurred to settle existing open claims. A range of estimates of future asbestos claims and related costs using various assumptions was developed with the assistance of Hamilton, Rabinovitz & Alschuler, Inc. (HR&A). The methodology used by HR&A to project future asbestos costs was based largely on Ashland's recent experience, including claim-filing and settlement rates, disease mix, open claims, and litigation defense and claim settlement costs. Ashland's claim experience was compared to the results of previously conducted epidemiological studies estimating the number of people likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population expected to have been exposed to asbestos. Using that information, HR&A estimated a range of the number of future claims that may be filed, as well as the related costs that may be incurred in resolving those claims.

From the range of estimates, Ashland recorded the amount it believed to be the best estimate, which represented the expected payments for litigation defense and claim settlement costs during the next ten years. Subsequent updates to this estimate have been made, with the assistance of HR&A, based on a combination of a number of factors including the actual volume of new claims, recent settlement costs, changes in the mix of alleged disease, enacted legislative changes and other developments impacting Ashland's estimate of future payments. Ashland's reserve for asbestos claims on an undiscounted basis amounted to $595 million at March 31, 2005, compared to $618 million at September 30, 2004 and $615 million at March 31, 2004.

Projecting future asbestos costs is subject to numerous variables that are extremely difficult to predict. In addition to the significant uncertainties surrounding the number of claims that might be received, other variables include the type and severity of the disease alleged by each claimant, the long latency period associated with asbestos exposure, dismissal rates, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants in claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards. Furthermore, any predictions with respect to these variables are subject to even greater uncertainty as the projection period lengthens. In light of these inherent uncertainties, Ashland believes its asbestos reserve represents the best estimate within a range of possible outcomes. As a part of the process to develop Ashland's estimates of future asbestos costs, a range of long-term cost models is developed that assumes a run-out of claims through 2055. These models are based on national studies that predict the number of people likely to develop asbestos-related diseases and are heavily influenced by assumptions regarding long-term inflation rates for indemnity payments and legal defense costs, as well as other variables mentioned previously. The total future litigation defense and claim settlement costs on an undiscounted basis has been estimated within a reasonably possible range of $400 million to $2.0 billion, depending on the number of years those costs extend and other combinations of assumptions selected. Ashland's reserve represents between 10 and 29 years of future costs, depending on the model selected. If actual experience is worse than projected relative to the number of claims filed, the severity of alleged disease associated with those claims or costs incurred to resolve those claims, Ashland may need to increase further the estimates of the costs associated with asbestos claims and these increases could potentially be material over time.

NOTE G - LITIGATION, CLAIMS AND CONTINGENCIES (continued)

Ashland has insurance coverage for most of the litigation defense and claim settlement costs incurred in connection with its asbestos claims, and coverage-in-place agreements exist with the insurance companies that provide substantially all of the coverage currently being accessed. As a result, increases in the asbestos reserve have been largely offset by probable insurance recoveries. The amounts not recoverable generally are due from insurers that are insolvent, rather than as a result of uninsured claims or the exhaustion of Ashland's insurance coverage.

Ashland retained the services of Tillinghast-Towers Perrin to assist management in estimating the value of probable insurance recoveries associated with Ashland's estimate of its asbestos liabilities. Such recoveries are based on management's assumptions and estimates surrounding the available or applicable insurance coverage. One such assumption is that all solvent insurance carriers remain solvent. Although coverage limits are resolved in the coverage-in-place agreement with Equitas Limited (Equitas) and other London companies, which collectively provide a significant portion of Ashland's insurance coverage for asbestos claims, there is a disagreement with these companies over the timing of recoveries. The resolution of this disagreement could have a material effect on the value of insurance recoveries from those companies. In estimating the value of future recoveries, Ashland has used the least favorable interpretation of this agreement under which the ultimate recoveries are extended for many years, resulting in a significant discount being applied to value those recoveries. Ashland will continue to apply this methodology until such time as the disagreement is resolved. On July 21, 2004, Ashland filed a demand for arbitration to resolve the dispute concerning the interpretation of this agreement.

At March 31, 2005, Ashland's receivable for recoveries of litigation defense and claim settlement costs from its insurers amounted to $411 million, of which $53 million relates to costs previously paid. Receivables from insurance companies amounted to $435 million at September 30, 2004 and $426 million at March 31, 2004. About 35% of the estimated receivables from insurance companies at March 31, 2005, are expected to be due from Equitas and other London companies. Of the remainder, approximately 90% is expected to come from companies or groups that are rated A or higher by A.M. Best.

Environmental proceedings

Ashland is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively environmental remediation) at multiple locations. At March 31, 2005, such locations included 91 waste treatment or disposal sites where Ashland has been identified as a potentially responsible party under Superfund or similar state laws, approximately 130 current and former operating facilities (including certain operating facilities conveyed to MAP) and about 1,220 service station properties. Ashland's reserves for environmental remediation amounted to $157 million at March 31, 2005, compared to $152 million at September 30, 2004 and $169 million at March 31, 2004. Such amounts reflect Ashland's estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries. Engineering studies, probability techniques, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation.

Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying

NOTE G - LITIGATION, CLAIMS AND CONTINGENCIES (continued)

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. Ashland regularly adjusts its reserves as environmental remediation continues. Environmental remediation expense amounted to $13 million for the six months ended March 31, 2005, compared to $9 million for the six months ended March 31, 2004, and annual expense of $2 million in 2004, $22 million in 2003 and $30 million in 2002.

No individual remediation location is material to Ashland, as its largest reserve for any site is less than 10% of the remediation reserve. As a result, Ashland's exposure to adverse developments with respect to any individual site is not expected to be material, and these sites are in various stages of ongoing remediation. Although environmental remediation could have a material effect on results of operations if a series of adverse developments occurs in a particular quarter or fiscal year, Ashland believes that the chance of such developments occurring in the same quarter or fiscal year is remote.

Other legal proceedings

In addition to the matters described above, there are various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability, and other environmental matters, which seek remedies or damages, some of which are for substantial amounts. While these actions are being contested, their outcome is not predictable.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
INFORMATION BY INDUSTRY SEGMENT

(In millions)	Three months ended March 31 2005	Three months ended March 31 2004	Six months ended March 31 2005	Six months ended March 31 2004
REVENUES				
Sales and operating revenues				
APAC	$ 388	$ 408	$ 1,000	$ 1,058
Ashland Distribution	956	788	1,851	1,485
Ashland Specialty Chemical	434	329	833	652
Valvoline	323	324	633	614
Intersegment sales				
Ashland Distribution	(5)	(4)	(11)	(9)
Ashland Specialty Chemical	(33)	(19)	(66)	(38)
Valvoline	(1)	(1)	(1)	(1)
	2,062	1,825	4,239	3,761
Equity income				
APAC	1	3	3	8
Ashland Specialty Chemical	2	2	4	4
Valvoline	-	-	-	(1)
Refining and Marketing	66	13	208	45
	69	18	215	56
Other income				
APAC	3	7	5	11
Ashland Distribution	3	2	5	7
Ashland Specialty Chemical	9	3	18	5
Valvoline	2	-	3	1
Refining and Marketing	-	(4)	2	(5)
Corporate	1	1	2	3
	18	9	35	22
	$ 2,149	$ 1,852	$ 4,489	$ 3,839
OPERATING INCOME				
APAC	$ (46)	$ (33)	$ (40)	$ (2)
Ashland Distribution	34	19	59	32
Ashland Specialty Chemical	39	19	61	42
Valvoline	24	24	42	45
Refining and Marketing (1)	61	2	197	27
Corporate	(26)	(21)	(53)	(42)
	$ 86	$ 10	$ 266	$ 102

(1) Includes Ashland's equity income from MAP, amortization related to Ashland's excess investment in MAP, and other activities associated with refining and marketing.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
INFORMATION BY INDUSTRY SEGMENT

	Three months ended March 31		Six months ended March 31	
	2005	2004	2005	2004
OPERATING INFORMATION				
APAC				
Construction backlog at March 31 (millions) (1)			$ 2,135	$ 1,897
Net construction job revenues (millions) (2)	$ 198	$ 207	$ 542	$ 573
Hot-mix asphalt production (million tons)	3.7	4.4	11.5	12.9
Aggregate production (million tons)	6.5	6.1	14.3	12.9
Ashland Distribution (3)				
Sales per shipping day (millions)	$ 15.4	$ 12.3	$ 14.9	$ 11.8
Gross profit as a percent of sales	9.8%	9.7%	9.7%	9.7%
Ashland Specialty Chemical (3)				
Sales per shipping day (millions)	$ 7.0	$ 4.8	$ 6.7	$ 5.0
Gross profit as a percent of sales	26.7%	29.5%	25.5%	29.7%
Valvoline				
Lubricant sales (million gallons)	42.2	47.5	83.3	91.3
Premium lubricants (percent of U.S. branded volumes)	24.1%	21.4%	23.0%	20.4%
Refining and Marketing (4)				
Refinery runs (thousand barrels per day)				
Crude oil refined	922	789	949	844
Other charge and blend stocks	171	196	186	190
Refined product yields (thousand barrels per day)				
Gasoline	576	552	611	582
Distillates	292	235	310	266
Asphalt	72	57	76	63
Other	168	155	154	135
Total	1,108	999	1,151	1,046
Refined product sales (thousand barrels per day) (5)	1,370	1,307	1,392	1,331
Refining and wholesale marketing margin (per barrel) (6)	$ 2.88	$ 1.44	$ 3.47	$ 1.58
Speedway SuperAmerica (SSA)				
Retail outlets at March 31			1,659	1,773
Gasoline and distillate sales (million gallons)	745	763	1,538	1,569
Gross margin - gasoline and distillates (per gallon)	$ .1058	$ .1145	$ .1141	$ .1145
Merchandise sales (millions)	$ 560	$ 521	$ 1,141	$ 1,068
Merchandise margin (as a percent of sales)	25.6%	25.3%	25.2%	25.1%

(1) Includes APAC's proportionate share of the backlog of unconsolidated joint ventures.
(2) Total construction job revenues, less subcontract costs.
(3) Sales are defined as sales and operating revenues. Gross profit is defined as sales and operating revenues, less cost of sales and operating expenses.
(4) Amounts represent 100% of MAP's operations, in which Ashland owns a 38% interest.
(5) Total average daily volume of all refined product sales to MAP's wholesale, branded and retail (SSA) customers.
(6) Sales revenue less cost of refinery inputs, purchased products and manufacturing expenses, including depreciation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

CURRENT QUARTER - Ashland reported net income of $33 million for the quarter ended March 31, 2005, compared to a net loss of $16 million for the quarter ended March 31, 2004. Ashland's income from continuing operations amounted to $33 million for the quarter ended March 31, 2005, compared to a loss of $11 million for the quarter ended March 31, 2004. Results from discontinued operations, consisting of charges for asbestos liabilities, accounted for the difference in net income and income from continuing operations for the 2004 period.

Normal seasonality makes the March quarter Ashland's most difficult earnings period. The improved results reflect a sharp increase in operating income from refining and marketing and a 56% increase in operating income from the Chemical Sector, which consists of the Ashland Distribution, Ashland Specialty Chemical, and Valvoline divisions. However, the Transportation Construction Sector, which consists of Ashland Paving And Construction, Inc. (commercially known as APAC), experienced a larger operating loss due to lower production resulting from poor weather conditions.

YEAR-TO-DATE - Ashland reported net income of $126 million for the six months ended March 31, 2005, compared to $17 million for the six months ended March 31, 2004. Ashland's income from continuing operations amounted to $126 million for the six months ended March 31, 2005, compared to $27 million for the six months ended March 31, 2004. Results from discontinued operations, consisting primarily of charges for asbestos liabilities, accounted for the difference in net income and income from continuing operations for the 2004 period.

Ashland's record income from continuing operations for the six months ended March 31, 2005, resulted primarily from the dramatic improvement from refining and marketing and a 36% increase in operating income from the Chemical Sector. However, the Transportation Construction Sector experienced a larger operating loss due to lower production resulting from poor weather conditions. An analysis of operating income by industry segment follows.

APAC

CURRENT QUARTER - APAC reported an operating loss of $46 million for the March 2005 quarter, compared to a loss of $33 million for the March 2004 quarter. The March quarter is typically the most difficult for APAC. The increased loss reflects lower production, driven primarily by poor weather conditions in APAC's operating area, and higher hydrocarbon costs. Net construction job revenues (total construction job revenues less subcontract costs) decreased 4% from the prior year period. Production of hot-mix asphalt decreased 16%, while liquid asphalt costs increased 12%. Higher equipment and plant fuel costs contributed $4 million to the decline in operating results. Equity income from APAC's joint venture project at Atlanta's Hartsfield Airport declined $2 million as that project nears completion. On the positive side, aggregate production, which is less affected by weather, increased 7%, due in part to the opening of a new quarry in Naples, Florida. During the quarter, APAC won two major highway construction jobs in Tennessee and Florida totaling $135 million. At March 31, APAC's construction backlog, which consists of work awarded and funded but not yet performed, was a record $2.1 billion.

APAC (continued)

YEAR-TO-DATE - APAC reported an operating loss of $40 million for the six months ended March 31, 2005, compared to a loss of $2 million for the six months ended March 31, 2004. The decline was due to the same factors described in the current quarter comparison. Net construction job revenues decreased 5% from the prior year period. Production of hot-mix asphalt decreased 11%, while liquid asphalt costs increased 10%. Higher equipment and plant fuel costs contributed $8 million to the decline in operating results. Equity income from APAC's joint venture project at Atlanta's Hartsfield Airport declined $5 million as that project nears completion. On the positive side, aggregate production, which is less affected by weather, increased 11%, due in part to the opening of a new quarry in Naples, Florida.

Ashland Distribution

CURRENT QUARTER - Ashland Distribution achieved its second consecutive all-time record quarter, with operating income of $34 million for the March 2005 quarter, up 79% over the $19 million reported for the March 2004 quarter. Sales revenues were up 21% due to the division's ability to pass through price increases. Gross profit as a percent of sales improved to 9.8%, compared to 9.7% in the prior year quarter. Ashland Distribution is building solid momentum for continued growth by creating consistent processes, sustaining a low-cost model and delivering value to its customers.

YEAR-TO-DATE - Ashland Distribution achieved all-time record operating income of $59 million for the six months ended March 31, 2004, up 84% over the $32 million reported for the same period a year ago. The increase reflects the same factors described in the current quarter comparison. Sales revenues increased 25% and gross profit as a percent of sales remained constant at 9.7%.

Ashland Specialty Chemical

CURRENT QUARTER - Ashland Specialty Chemical achieved an all-time record quarter, with operating income of $39 million for the March 2005 quarter, up 105% over the $19 million reported for the March 2004 quarter. The improvement reflects increased operating income from both the thermoset resins and water technologies businesses. Sales revenues grew by 32% due in part to an 8% increase in thermoset resin volumes. Partial recovery of margins during the quarter and the sale of an idle plant in Plaquemine, La., which resulted in a pre-tax gain of $7 million, also contributed to the division's record performance. Results of the domestic thermoset businesses included four additional shipping days in the March 2004 quarter, reflecting a move to a calendar month end for revenue recognition, which increased revenues by $9 million and operating income by $4 million for that period.

YEAR-TO-DATE - Ashland Specialty Chemical reported operating income of $61 million for the six months ended March 31, 2005, compared to $42 million for the six months ended March 31, 2004, reflecting improvements in both the thermoset resins and water technologies businesses. The 2005 period included approximately $4 million in net, non-recurring gains principally related to the termination of a product supply contract in the December 2004 quarter, in addition to the $7 million pre-tax gain on the sale of the idle plant in the March 2005 quarter. Although sales and operating revenues were up 28%, reflecting in part an 8% increase in sales volumes for the thermoset resins businesses, gross profit as a percent of sales declined from 29.7% to 25.5%. Tightness in certain petrochemical markets caused raw material costs to escalate at a faster pace than could be recovered through increased selling prices.

Valvoline

CURRENT QUARTER - Operating income from the Valvoline division was $24 million in the March 2005 quarter, essentially even with the record achieved in the March 2004 quarter. Price increases enabled Valvoline to maintain profits despite softer volumes and high raw material costs. While U.S.-branded lubricant sales volumes declined 7%, premium lubricant sales volumes increased by 5%.

YEAR-TO-DATE - Operating income from the Valvoline division was $42 million for the six months ended March 31, 2005, compared to $45 million for the six months ended March 31, 2004. The decline was primarily due to a 7% decrease in branded lubricant sales volumes. Partially offsetting this decrease was a 4% increase in premium lubricant sales volumes and a 26% improvement in international results, primarily in Europe and Latin America.

Refining and Marketing

CURRENT QUARTER - Operating income from Refining and Marketing, which consists primarily of equity income from Ashland's 38% ownership interest in MAP, amounted to $61 million for the quarter ended March 31, 2005, compared to $2 million for the March 2004 quarter. Equity income from MAP's refining and wholesale marketing operations increased $51 million, reflecting greater discounts on high-sulfur crude oil and increased refinery throughputs due to less planned maintenance. Crude oil throughput was 17% higher than during the March 2004 quarter. MAP's refining and wholesale marketing margin increased to $2.88 per barrel, compared to $1.44 in the March 2004 quarter. During the March 2005 quarter, MAP realized a $12 million loss and recorded a $61 million mark-to-market charge for crack spread derivative contracts. MAP also recorded a $73 million in-transit crude oil charge during the March 2005 quarter. These items reduced Ashland's equity income from MAP's refining and wholesale marketing operations by $55 million. Equity income from MAP's retail operations (Speedway SuperAmerica and a 50% interest in the Pilot Travel Centers joint venture) increased $3 million, reflecting higher merchandise sales volumes and margins. Equity income from MAP's transportation operations increased $5 million, reflecting increased revenues.

YEAR-TO-DATE - Operating income from Refining and Marketing amounted to $197 million for the six months ended March 31, 2005, compared to $27 million for the six months ended March 31, 2004. Equity income from MAP's refining and wholesale marketing operations increased $153 million, reflecting the same factors described in the current quarter comparison. MAP's refining and wholesale marketing margin increased $1.89 per barrel and crude oil throughput increased 12% compared to the prior year period. Equity income from MAP's retail operations increased $14 million, reflecting higher merchandise sales and margins for SSA, and higher product volumes and margins and higher merchandise volumes for PTC. Equity income from MAP's transportation operations increased $4 million, reflecting increased revenues.

On April 28, 2005, Ashland announced that it had amended its agreement to transfer its 38-percent interest in MAP and two other businesses to Marathon Oil Corporation. Under the amended agreement, Ashland's interest in these businesses is valued at approximately $3.7 billion compared to approximately $3 billion in the earlier agreement, with substantially all the increase in value going directly to Ashland's shareholders in the form of Marathon stock. In addition, Marathon has agreed to pay the first $200 million of any Section 355(e) tax, if any, as compared to the prior agreement where Ashland bore full responsibility for any Section 355(e) tax. The transaction is expected to be tax free to Ashland's shareholders and tax efficient to Ashland. The two other businesses are Ashland's maleic anhydride business and 60 Valvoline Instant Oil Change (VIOC) centers in Michigan and northwest Ohio, which are valued at $94 million.

Refining and Marketing (continued)

Under the terms of the amended agreement, Ashland's shareholders will receive Marathon common stock with an aggregate value of $915 million. Based on the number of shares outstanding on March 31, 2005, shareholders would receive $12.56 in Marathon stock per Ashland share. Ashland will receive cash and MAP accounts receivable totaling $2.8 billion. In addition, MAP has not made quarterly cash distributions to Ashland and Marathon since March 18, 2004, and such distributions will continue to be suspended until the closing of the transaction. As a result, the final amount of cash to be received by Ashland will be increased by an amount equal to 38 percent of the cash accumulated from operations during the period prior to closing. At March 31, 2005, Ashland's share of this accumulated cash was $560 million.

The transaction is subject to, among other things, approval by Ashland's shareholders, consent from public debt holders, finalization of the closing agreement with the Internal Revenue Service and customary antitrust review. Ashland and Marathon have agreed to use their reasonable best efforts to complete the transaction by June 30, 2005, with the termination date for the transaction extended to September 30, 2005.

Corporate

Corporate expenses amounted to $26 million in the quarter ended March 31, 2005, compared to $21 million in the March 2004 quarter. The increase reflects a $5 million loss recognized on a foreign-currency-denominated prepaid royalty payment received in 2002. Corporate expenses amounted to $53 million for the six months ended March 31, 2005, compared to $42 million for the six months ended March 31, 2004. In addition to the loss on the prepaid royalty, the December 2004 quarter included a $7 million charge for estimated future obligations to make certain insurance premium payments related to past loss experience.

Net interest and other financial costs

Net interest and other financial costs amounted to $29 million in both the March 2005 and March 2004 quarters. For the six months ended March 31, 2005, net interest and other financial costs amounted to $61 million, compared to $59 million for the six months ended March 31, 2004. The increase reflects a $2 million loss in the December 2004 quarter on the early retirement of a capitalized lease obligation.

Discontinued operations

As described in Notes B and G to the Condensed Consolidated Financial Statements, Ashland's results from discontinued operations include charges associated with estimated future asbestos liabilities less probable insurance recoveries. Such amounts are summarized below.

(In millions)	Three months ended March 31 2005	Three months ended March 31 2004	Six months ended March 31 2005	Six months ended March 31 2004
Pretax income (loss) from discontinued operations				
Reserves for asbestos-related litigation	$ -	$ (7)	$ -	$ (15)
Loss on disposal of Electronic Chemicals	-	-	-	(1)
Income taxes				
Reserves for asbestos-related litigation	-	2	-	6
Loss on disposal of Electronic Chemicals	-	-	-	-
Results from discontinued operations (net of income taxes)	$ -	$ (5)	$ -	$ (10)

FINANCIAL POSITION

Liquidity

Cash flows from operations, a major source of Ashland's liquidity, amounted to a deficit of $238 million for the six months ended March 31, 2005, compared to positive cash flows of $58 million for the six months ended March 31, 2004. Ashland received no cash distributions from MAP in the 2005 period, compared to distributions of $146 million in the 2004 period. Pursuant to the terms of the agreement entered into between Ashland and Marathon, MAP has not made quarterly cash distributions to Ashland and Marathon since March 18, 2004, and such distributions will continue to be suspended until the closing of the transaction. As a result, the final amount of cash to be received by Ashland will be increased by an amount equal to 38 percent of the cash accumulated from operations during the period prior to closing. At March 31, 2005, Ashland's share of this accumulated cash was $560 million. Also impacting cash flows from operations, Ashland has made $173 million in net federal tax payments in the 2005 period, compared to $30 million in the 2004 period.

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 (S&P). On April 29, 2005, following the announcement of the amendment to the agreement whereby Ashland would transfer its interest in MAP to Marathon, Moody's announced it would likely cut Ashland's senior debt rating to Ba1, the highest non-investment grade rating. Ratings downgrades below investment grade can significantly increase a company's borrowing costs. In December 2004, S&P raised Ashland's commercial paper rating to A-2 from A-3, increasing the availability of the commercial paper market to Ashland. Moody's continues to rate Ashland's commercial paper at P-3. Ashland has two revolving credit agreements providing for up to $650 million in borrowings. The agreement providing for up to $350 million in borrowings expires on March 21, 2010. The agreement providing for up to $300 million in borrowings expires on March 20, 2006. Ashland has utilized the latter facility to fund currently maturing long-term debt, the early retirement of a capital lease, and certain other lease payments, and had $228 million outstanding under this facility at March 31, 2005. While the revolving credit agreements contain covenants limiting new borrowings based on Ashland's stockholders' equity, these agreements would have permitted an additional $2.4 billion of borrowings at March 31, 2005. Additional permissible borrowings are increased (decreased) by 150% of any increase (decrease) in stockholders' equity.

At March 31, 2005, working capital (excluding debt due within one year) amounted to $949 million, compared to $926 million at September 30, 2004, and $768 million at March 31, 2004. Ashland's working capital is affected by its use of the LIFO method of inventory valuation. That method valued inventories below their replacement costs by $119 million at March 31, 2005, compared to $95 million at September 30, 2004, and $81 million at March 31, 2004. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 69% of current liabilities at March 31, 2005, compared to 84% at September 30, 2004, and 89% at March 31, 2004.

Capital resources

For the six months ended March 31, 2005, property additions amounted to $127 million, compared to $86 million for the same period last year. Ashland anticipates meeting its remaining 2005 capital requirements for property additions of approximately $150 million, excluding any buyouts of current leases, and dividends of approximately $40 million, from internally generated funds, supplemented by short-term borrowings or proceeds from the MAP transaction as necessary.

Capital resources (continued)

In 2004, Ashland initiated a multi-year SAP enterprise resource planning (ERP) project that is expected to be implemented world-wide across Ashland's Chemical Sector to achieve increased efficiency and effectiveness in supply chain, financial, and environmental, health and safety processes. Overall costs for this project through 2007 are expected to total approximately $90 million, of which approximately $80 million will be capitalized, including $25 million of capitalized costs expected to be spent in 2005. While extensive planning is underway to support a smooth implementation of the ERP system, such implementations carry substantial project risk, including the potential for business interruption and associated adverse impacts on operating results.

Ashland's debt level amounted to $1.81 billion at March 31, 2005, compared to $1.55 billion at September 30, 2004, and $1.56 billion at March 31, 2004. Debt as a percent of capital employed amounted to 38.5% at March 31, 2005, compared to 36.4% at September 30, 2004, and 40.1% at March 31, 2004. At March 31, 2005, Ashland's debt included $507 million of floating-rate obligations, including $478 million of short-term debt and $29 million of long-term debt, and the interest rates on an additional $122 million of fixed-rate, medium-term notes were effectively converted to floating rates through interest rate swap agreements. In addition, Ashland's costs under its sale of receivables program and various operating leases are based on the floating-rate interest costs on $186 million of third-party debt underlying those transactions. As a result, Ashland was exposed to short-term interest rate fluctuations on $815 million of debt obligations at March 31, 2005.

ASBESTOS-RELATED LITIGATION AND ENVIRONMENTAL REMEDIATION

For a discussion of Ashland's asbestos-related litigation and environmental remediation matters, see Note G to the Condensed Consolidated Financial Statements.

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. These statements include those that refer to Ashland's operating performance, earnings, benefits expected to be obtained through the SAP ERP implementation and expectations about the MAP transaction. Although Ashland believes its expectations are based on reasonable assumptions, it cannot assure the expectations reflected herein will be achieved. These forward-looking statements are based upon internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, weather, operating efficiencies and economic conditions, such as prices, supply and demand, cost of raw materials, and legal proceedings and claims (including environmental and asbestos matters) and are subject to a number of risks, uncertainties, and assumptions that could cause actual results to differ materially from those we describe in the forward-looking statements. The risks, uncertainties, and assumptions include the risks associated with the ERP implementation, including the potential for business interruption and associated adverse impacts on operating results; the possibility that Ashland will be unable to fully realize the benefits anticipated from the MAP transaction; the possibility the transaction may not close including as a result of failure to finalize the closing agreement with the Internal Revenue Service or failure of Ashland to obtain the approval of its shareholders; the possibility that Ashland may be required to modify some aspect of the transaction to obtain regulatory approvals; and other risks that are described from time to time in the Securities and Exchange Commission (SEC) reports of Ashland. Other factors and risks affecting Ashland are contained in Risks and Uncertainties in Note A to the Consolidated Financial Statements in Ashland's annual report on Form 10-K, as amended, for the fiscal year ended September 30, 2004. Ashland undertakes no obligation to subsequently update or revise these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Ashland's market risk exposure at March 31, 2005 is generally consistent with the types and amounts of market risk exposures presented in Ashland's Annual Report on Form 10-K, as amended, for the fiscal year ended September 30, 2004.

ITEM 4. CONTROLS AND PROCEDURES

(a) As of the end of the period covered by this quarterly report, Ashland, under the supervision and with the participation of its management, including Ashland's Chief Executive Officer and its Chief Financial Officer, evaluated the effectiveness of Ashland's disclosure controls and procedures pursuant to Rule 13a-15(b) and 15d-15(b) promulgated under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective.

(b) There were no significant changes in Ashland's internal control over financial reporting, or in other factors, that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, Ashland's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

The majority of lawsuits filed involve multiple plaintiffs and multiple defendants, with the number of defendants in many cases exceeding 100. The monetary damages sought in the asbestos-related complaints that have been filed in state or federal courts vary as a result of jurisdictional requirements and practices, though the vast majority of these complaints either do not specify monetary damages sought or merely recite that the monetary damages sought meet or exceed the required jurisdictional minimum in which the complaint was filed. Plaintiffs have asserted specific dollar claims for damages in approximately 5% of the 50,900 active lawsuits pending as of March 31, 2005. In these active lawsuits, less than 0.2% of the active lawsuits involve claims between $0 and $100,000; approximately 1.6% of the active lawsuits involve claims between $100,000 and $1 million; less than 1% of the active lawsuits involve claims between $1 million and $5 million; less than 0.2% of the active lawsuits involve claims between $5 million and $10 million; approximately 2% of the active lawsuits involve claims between $10 million and $15 million; and less than 0.02% of the active lawsuits involve claims between $15 million and $100 million. The variability of requested damages, coupled with the actual experience of resolving claims over an extended period, demonstrates that damages requested in any particular lawsuit or complaint bear little or no relevance to the merits or disposition value of a particular case. Rather, the amount potentially recoverable by a specific plaintiff or group of plaintiffs is determined by other factors such as product identification or lack thereof, the type and severity of the disease alleged, the number and culpability of other defendants, the impact of bankruptcies of other companies that are co-defendants in claims, specific defenses available to certain defendants, other potential causative factors and the specific jurisdiction in which the claim is made.

For additional information regarding liabilities arising from asbestos-related litigation, see Note G of "Notes to Condensed Consolidated Financial Statements" in this quarterly report on Form 10-Q.

U.S. Department of Justice ("USDOJ") Antitrust Division Investigation - - In November 2003, Ashland received a subpoena from the USDOJ relating to a foundry resins grand jury investigation. Ashland has provided responsive records to the subpoena. As is frequently the case when such investigations are in progress, a number of civil actions have since been filed in multiple jurisdictions, most of which are seeking class action status for classes of customers of foundry resins. These cases have been consolidated for pretrial purposes in the United States District Court, Southern District of Ohio. Ashland will vigorously defend the actions.

Environmental Proceedings - (1) Under the federal Comprehensive Environmental Response Compensation and Liability Act (as amended) and similar state laws, Ashland may be subject to joint and several liability for clean-up costs in connection with alleged releases of hazardous substances at sites where it has been identified as a "potentially responsible party" ("PRP"). As of March 31, 2005, Ashland had been named a PRP at 91 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the United States Environmental Protection Agency (the "USEPA") 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. The ultimate costs are not predictable with assurance.

For additional information regarding environmental matters and reserves, see Note G of "Notes to Condensed Consolidated Financial Statements" in this quarterly report on Form 10-Q.

(2) On May 13, 2002, Ashland entered into a plea agreement with the U.S. Attorney's Office for the District of Minnesota and the U.S. Department of Justice regarding a May 16, 1997, sewer fire at the St. Paul Park, Minnesota refinery, which is now owned by MAP. As part of the plea agreement, Ashland entered guilty pleas to two misdemeanors, paid a $3.5 million fine related to violations of the Clean Air Act ("CAA"), paid $3.55 million as restitution to the employees injured in the fire, and paid $200,000 as restitution to the responding rescue units. Ashland also agreed to complete certain upgrades to the St. Paul Park refinery's process sewers, junction boxes and

drains to meet standards established by Subpart QQQ of the New Source Performance Standards of the CAA (the "Refinery Upgrades"). The Refinery Upgrades, completed before 2004, have been acknowledged and accepted by the appropriate agencies.

In addition, as part of the plea agreement, Ashland entered into a deferred prosecution agreement, wherein prosecution of a separate count of the indictment charging Ashland with violating Subpart QQQ was deferred for four years. The deferred prosecution agreement provided that if Ashland satisfied the terms and conditions of the plea agreement and completed the Refinery Upgrades, the deferred prosecution agreement would terminate and the United States would dismiss that count with prejudice. Ashland satisfied these terms and conditions and the deferred prosecution was dismissed by the court on February 22, 2005.

As part of its sentence, Ashland was placed on probation for five years. The primary condition of probation is an obligation not to commit future federal, state, or local crimes. If Ashland were to commit such a crime, it would be subject not only to prosecution for that new violation, but the government could also seek to revoke Ashland's probation. The probation office has retained an independent environmental consultant to review and monitor Ashland's compliance with applicable environmental requirements and the terms and conditions of probation. The court also included other customary terms and restrictions of probation in its probation order.

(3) In 1990, contamination of groundwater at Ashland's former Canton, Ohio, refinery (now owned and operated by MAP) was first identified and reported to Ohio's Environmental Protection Agency ("OEPA"). Since that time, Ashland has voluntarily conducted investigation and remediation activities and regularly communicated with OEPA regarding this matter. Ashland and the state of Ohio have exchanged Consent Order drafts and have met to negotiate the terms of such an order. The state filed a complaint in February 2004, but simultaneously expressed an interest in continuing Consent Order settlement discussions. Following the filing of the complaint, Ashland, OEPA and Ohio's Office of the Attorney General have continued to work to finalize a Consent Order. The state has advised that it will assess a penalty as part of the overall settlement and has made an initial request for $650,000.

Class Action Lawsuit Related to MAP Transaction - On April 8, 2005, Shiva Singh filed a complaint in the Supreme Court of the State of New York in New York County on behalf of himself and others similarly situated against Ashland, and the individual members of Ashland's Board of Directors. The complaint also names Marathon Oil Corporation ("Marathon"), MAP and Credit Suisse First Boston LLC ("CSFB") as defendants. The action arises out of the proposed transaction announced on March 19, 2004 in which Ashland would transfer its entire 38% interest in MAP as well as certain other businesses to Marathon (the "proposed transaction"). The complaint also alleges breach of fiduciary duty as well as aiding and abetting breach of fiduciary duty and negligence against Ashland, its directors, Marathon and MAP. The complaint also alleges breach of fiduciary duty and negligence as well as aiding and abetting breach of fiduciary duty and negligence against CSFB.

The complaint seeks to recover from defendants an unstated sum of damages. The complaint also seeks to enjoin the proposed transaction (and any related shareholder vote) between Ashland and Marathon to require defendants to fully disclose all material facts before completion of any such transaction; and to require defendants to obtain a current, independent fairness opinion concerning the proposed transaction. To the extent that the proposed transaction is consummated prior to the entry of the court's final judgment, the complaint asks the court to rescind such transaction(s) and award damages. The complaint also seeks reasonable attorneys' fees, costs and expenses. Ashland believes the lawsuit is without merit.

Other Legal Proceedings - In addition to the matters described above, there are various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability, and other environmental matters, which seek remedies or damages, some of which are for substantial amounts. While these actions are being contested, their outcome is not predictable.

ITEM 5. OTHER INFORMATION

On April 28, 2005, Ashland announced that it has amended its agreement to transfer its 38-percent interest in MAP and two other businesses to Marathon. Under the amended agreement, Ashland's interest in these businesses is valued at approximately $3.7 billion compared to approximately $3 billion in the earlier agreement, with substantially all the increase in value going directly to Ashland's shareholders in the form of Marathon stock. In addition, Marathon has agreed to pay the first $200 million of any Section 355(e) tax, if any, as compared to the prior agreement where Ashland bore full responsibility for any Section 355(e) tax. The transaction is expected to be tax free to Ashland's shareholders and tax efficient to Ashland. The two other businesses are Ashland's maleic anhydride business and 60 Valvoline Instant Oil Change ("VIOC") centers in Michigan and northwest Ohio, which are valued at $94 million.

Under the terms of the amended agreement, Ashland's shareholders will receive Marathon common stock with an aggregate value of $915 million. Based on the number of shares outstanding on March 31, 2005, shareholders would receive $12.56 in Marathon stock per Ashland share. Ashland will receive cash and MAP accounts receivable totaling $2.8 billion. In addition, MAP has not made quarterly cash distributions to Ashland and Marathon since March 18, 2004, and such distributions will continue to be suspended until the closing of the transaction. As a result, the final amount of cash to be received by Ashland will be increased by an amount equal to 38 percent of the cash accumulated from operations during the period prior to closing. At March 31, 2005, Ashland's share of this accumulated cash was $560 million.

Under the terms of the earlier agreement, the closing was conditioned on receipt of private letter rulings from the Internal Revenue Service ("IRS") with respect to certain tax issues. Under the terms of the amended agreement, Ashland and Marathon expect to enter into a closing agreement with the IRS that will resolve these tax issues. Under the closing agreement, the retention by Ashland of certain contingent liabilities related to previously-owned businesses will reduce Ashland's tax basis. Ashland estimates this basis reduction may increase any Section 355(e) tax on the transaction by approximately $66 million. Marathon has agreed to pay the first $200 million of any Section 355(e) tax. Ashland would pay up to the next $175 million of Section 355(e) tax, if required. Any remaining Section 355(e) tax would be shared equally by Ashland and Marathon. Based on the number of Ashland shares outstanding as of March 31, 2005, and Ashland's current estimate of Ashland's tax basis, Ashland expects that it would be required to pay Section 355(e) tax only if Ashland's stock price on the closing date exceeds approximately $74.50 per share.

Ashland intends to use a substantial portion of the transaction proceeds to retire all or most of its outstanding debt and certain other financial obligations. After payment of these obligations and including Ashland's current estimate of MAP's final cash distribution, Ashland expects to have a net cash position of roughly $1.1 billion.

The transaction is subject to, among other things, approval by Ashland's shareholders, consent from public debt holders, finalization of the closing agreement with the IRS and customary antitrust review. Ashland and Marathon have agreed to use their reasonable best efforts to complete the transaction by June 30, 2005, with the termination date for the transaction extended to September 30, 2005.

ITEM 6. EXHIBITS

(a) Exhibits

4	Amendment No. 2 dated as of April 27, 2005, to the Rights Agreement, dated as of May 16, 1996, between Ashland Inc. and the Rights Agent.
10	Ashland Inc. Deferred Compensation Plan for Employees (2005), as amended.
12	Computation of Ratio of Earnings to Fixed Charges.
31.1	Certificate of James J. O'Brien, Chief Executive Officer of Ashland pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of J. Marvin Quin, Chief Financial Officer of Ashland pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certificate of James J. O'Brien, Chief Executive Officer of Ashland, and J. Marvin Quin, Chief Financial Officer of Ashland, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements 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)

Date: May 9, 2005

/s/ J. Marvin Quin

J. Marvin Quin
Senior Vice President and
Chief Financial Officer (on
behalf of the Registrant and
as principal financial
officer)

EXHIBIT INDEX

Exhibit No.	Description
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EXHIBIT 4

CONFORMED COPY

AMENDMENT NO. 2 TO RIGHTS AGREEMENT

THIS AMENDMENT NO. 2 (the "Amendment") dated as of April 27, 2005, to the Rights Agreement, dated as of May 16, 1996 (as amended by Amendment No. 1 dated as of March 18, 2004, the "Rights Agreement"), between Ashland Inc., a Kentucky corporation (the "Company"), and National City Bank, a Delaware corporation, as successor to Harris Trust and Savings Bank by appointment, as Rights Agent (the "Rights Agent"). Terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Rights Agreement.

WHEREAS the Company, ATB Holdings Inc., a Delaware corporation ("HoldCo"), EXM LLC, a Kentucky limited liability company ("New Ashland LLC"), New EXM Inc., a Kentucky corporation ("New Ashland Inc."), Marathon Oil Corporation, a Delaware corporation ("Marathon"), Marathon Oil Company, an Ohio corporation ("Marathon Company"), Marathon Domestic LLC, a Delaware limited liability company ("Merger Sub"), and Marathon Ashland Petroleum LLC, a Delaware limited liability company ("MAP"), entered into a Master Agreement on March 18, 2004 and Amendment No. 1 to this Rights Agreement on March 18, 2004;

WHEREAS the parties to the Master Agreement dated as of March 18, 2004 have proposed to enter into an amendment to that Master Agreement to be dated the date hereof (that Master Agreement, as so amended, being referred to herein as the "Master Agreement");

WHEREAS the Company desires to amend the Rights Agreement to render the Rights inapplicable to the Transactions (as defined in the Master Agreement) contemplated by the Master Agreement and the other Transaction Agreements (as defined in the Master Agreement);

WHEREAS the Company desires that, at the Conversion Merger Effective Time (as defined in the Master Agreement), (A) New Ashland Inc. will succeed to all the rights and obligations of the Company under the Rights Agreement; (B) all references to Common Stock of the Company and Preferred Shares of the Company will be deemed to be references to Common Stock of New Ashland Inc. and Preferred Shares of New Ashland Inc.; and (C) the Rights Agreement will continue in effect;

WHEREAS the Company deems this Amendment to the Rights Agreement to be desirable and in the best interests of the holders of the Rights and has duly approved this Amendment; and

WHEREAS Section 26 of the Rights Agreement permits the Company at any time before the occurrence of a Distribution Date and before any person becomes an Acquiring Person to amend the Rights Agreement in the manner provided herein.

NOW THEREFORE, the parties hereby agree as follows:

1. Succession and Continuance. Effective at the Conversion Merger Effective Time, New Ashland Inc. will succeed to all the rights and obligations of the Company under the Rights Agreement and the Rights Agreement will continue in effect after the Conversion Merger Effective Time.

2. Substitution of New Ashland Inc. Effective at the Conversion Merger Effective Time, all references to Common Stock of the Company and Preferred Shares of the Company in the Rights Agreement will be deemed to be references to Common Stock of New Ashland Inc. and Preferred Shares of New Ashland Inc.

3. References to Master Agreement. All references in the Rights Agreement to the "Master Agreement" shall be deemed to be references to the Master Agreement dated as of March 18, 2004 among the parties thereto, as amended by Amendment No. 1 thereto dated as of April 27, 2005 among the parties thereto.

4. Effectiveness. This Amendment shall be deemed effective as of the date first written above, as if executed on such date. Except as amended hereby, the Rights Agreement shall remain in full force and effect and shall be otherwise unaffected hereby.

5. Miscellaneous. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective immediately upon execution by the Company, whether or not also executed by the Rights Agent. This Amendment shall be deemed to be a contract made under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State. If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Rights Agent and the Company hereby waive any notice requirement under the Rights Agreement pertaining to the matters covered by this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their authorized officers as of the date first written above.

ASHLAND INC.,

by /s/ James J. O'Brien

Name: James J. O'Brien
Title: Chief Executive Officer

National City Bank,

by

Name:
Title:

EXHIBIT 10

ASHLAND INC.
DEFERRED COMPENSATION PLAN FOR EMPLOYEES (2005)
(EFFECTIVE AS OF JANUARY 1, 2005)

WHEREAS, the Ashland Inc. Deferred Compensation Plan for Employees (2005) (hereinafter the "Plan") was approved by the Board of Directors of Ashland Inc. ("Ashland") on November 4, 2004 to be effective January 1, 2005;

WHEREAS, the Plan as approved and effective reserved the right to amend it;

WHEREAS, it is desired to exercise that right to amend the Plan and thereby institute the first amendment and restatement of the Plan;

NOW, THEREFORE, effective January 1, 2005, the Plan is amended and restated as follows:

1. PURPOSE

The Ashland Inc. Deferred Compensation Plan for Employees (2005) (the "Plan") is maintained primarily for the purpose of providing an opportunity to defer compensation for retirement or other future purposes to a select group of management or highly compensated employees (including former employees that met these criteria when employed). The obligations of the Company hereunder constitute a mere promise to make the payments provided for in this Plan. No employee, his or her spouse or the estate of either of them shall have, by reason of this Plan, any right, title or interest of any kind in or to any property of the Company. To the extent any Participant has a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

This Plan is a replacement of the prior Ashland Inc. Deferred Compensation Plan amended and restated as of April 1, 2003 (the "Former Plan"). Compensation deferred under the Former Plan shall remain subject to all of the rules, terms and conditions in effect under the Former Plan as of December 31, 2004. For this purpose, the Compensation deferred under the Former Plan shall include all income, gains and losses connected to such Compensation.

The rules, terms and conditions of this Plan shall apply to Compensation deferred after December 31, 2004, including any Election to defer such Compensation made in 2004. For this purpose, the Compensation deferred after December 31, 2004 shall include all income, gains and losses connected to such Compensation.

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 10, 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, other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, 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, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer, or (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. Notwithstanding the foregoing, any transaction, or series of transactions, that shall result in the disposition of the Company's interest in Marathon Ashland Petroleum LLC, including without limitation any transaction arising out of that certain Put/Call, Registration Rights and Standstill Agreement dated January 1, 1998 among Marathon Oil Company, USX Corporation, the Company and Marathon Ashland Petroleum LLC, as amended from time to time, shall not be deemed to constitute a Change in Control.

The definition of Change in Control as written hereinabove shall remain in effect until the Secretary of the Treasury prescribes a definition that is inconsistent with the definition in the Plan. If a definition is prescribed that is inconsistent with the definition in the Plan, such prescribed definition shall supercede the one in the Plan. If such definition is not inconsistent with the definition in the Plan, then the Plan's definition shall remain in effect.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

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

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

(i) "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.

(j) "Company" means Ashland Inc., its divisions, subsidiaries and affiliates. "Company" shall also include any direct successor in interest to Ashland Inc. that results from a corporate reorganization connected with divesting the interest Ashland Inc. has in Marathon Ashland Petroleum LLC.

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

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

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

(n) "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.

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

(p) "Disability" means that a Participant is either:

1. Unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of 12 or more months; or

2. Receiving income replacement benefits for a period of at least three months under an accident and health plan covering employees of the Company because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of 12 or more months.

(q) "Election" means a Participant's delivery of a notice of election to defer payment of all or a portion of his or her Compensation under the terms of the Plan. Such notice shall also include instructions specifying the time the deferred Compensation will be paid and the form in which it will be paid. Such elections shall be irrevocable except as otherwise provided in the Plan or pursuant to Treasury guidance. Elections shall be made and delivered as prescribed by the Committee or the Company.

(r) "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.

(s) "Employee Savings Plan" means the Ashland Inc. Employee Savings Plan, as it now exists or as it may hereafter be amended.

(t) "Excess Payments" means payments made to a Participant pursuant to the Plan and the Excess Plan.

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

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

(w) "Fair Market Value" means the price of a share of Common Stock, as reported on the Composite Tape for New York Stock Exchange issues on the date and at the time designated by the Company.

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

(y) "Key Employee" means any Employee who at any time during the Plan Year was -

1. an officer of the Company having annual compensation greater than $ 130,000 (as adjusted under section 416(i)(1) of the Code), provided that no more than 50 individuals may be considered an officer (or if less, the greater of 3 or 10 percent of the employees);

2. a 5-percent owner of the Company; or

3. a 1-percent owner of the Company with annual compensation exceeding $150,000.

For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code.

(z) "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.

(aa) "Performance-Based Compensation" means Compensation that meets requirements specified by the Secretary of the Treasury. Performance-Based Compensation will include the attributes that it is variable, contingent on the satisfaction of preestablished metrics and is not readily ascertainable at the time of the Election to defer such compensation under Section 8(b).

(bb) "Plan" means this Ashland Inc. Deferred Compensation Plan for Employees (2005) as it now exists or as it may hereafter be amended.

(cc) "Plan Year" means the calendar year. The first Plan Year of the Plan is 2005.

(dd) "Retirement Account" means the account(s) to which the Participant's Deferred Compensation is credited and from which distributions are made.

(ee) "Secretary of the Treasury" or "Treasury" means the United States Department of Treasury.

(ff) "SERP" means the Ashland Inc. Supplemental Early Retirement Plan for Certain Employees, as it now exists or as it may hereafter be amended.

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

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

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

(jj) "Unforeseeable Emergency" means a severe financial hardship of a Participant because of -

1. An illness or accident of the Participant, the Participant's spouse or dependent (as defined in Internal Revenue Code section 152(a));

2. A loss of the Participant's property due to casualty; or

3. Such other similar extraordinary unforeseeable circumstances because of events beyond the control of the Participant.

The meaning of Unforeseeable Emergency shall be interpreted and applied in accordance with applicable guidance that may be issued by the Treasury.

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 or one or more of their delegates. This power and authority includes, but is not limited to, selecting Compensation eligible for deferral, establishing deferral terms and conditions and adopting modifications, amendments and procedures as may be deemed necessary, appropriate or convenient by the Committee. This power and authority also includes, without limitation, the ability to construe and interpret provisions of the Plan, make determinations regarding law and fact, reconcile any inconsistencies between provisions in the Plan or between provisions of the Plan and any other statement concerning the Plan, whether oral or written, supply any omissions to the Plan or any document associated with the Plan, and to correct any defect in the Plan or in any document associated with the Plan. Decisions of the Company and the Committee (or their delegates) shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources.

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 8. The crediting or debiting on each Accounting Date of income (or loss) shall be made for the respective amounts that were subject to each Election under Section 8. All investments of a Participant's Compensation Account, including, but not limited to Stock Units in which such Participant's Compensation Account may be invested in the Common Stock Fund, shall be on each relevant Accounting Date valued at fair market value. Additionally, all distributions, investments and investment exchanges allowed and made under the Plan shall be as of the relevant Accounting Date at fair market value.

7. EARLY WITHDRAWAL

(a) Unforeseeable Emergency. A Participant or a Participant's legal representative may submit an application for a distribution from either a Retirement Account or an In-Service Account because of an Unforeseeable Emergency. The amount of the distribution shall not exceed the amount necessary to satisfy the needs of the Unforeseeable Emergency. Such distribution shall include an amount to pay taxes reasonably anticipated as a result of the distribution. The amount allowed as a distribution under this Section 7(a) shall take into account the extent to which the Unforeseeable Emergency may be relieved by reimbursement, insurance or liquidation of the Participant's assets (but only to the extent such liquidation would itself not cause a severe financial hardship). The distribution shall be made in a single sum and paid as soon as practicable after the application for the distribution on account of the Unforeseeable Emergency is approved. The provisions of this Section 7(a) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury.

(b) Disability. A Participant or a Participant's legal representative may submit an application for a distribution from the Retirement Account and In-Service Account because of the Participant's Disability. The distribution shall be made in a single sum and paid as soon as practicable after the application for the distribution on account of the Participant's Disability is approved. The provisions of this Section 7(b) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury. If such guidance should allow an election of a period or form of distribution at the time of the application for a distribution on account of the Participant's Disability then the Plan shall allow such elections.

(c) Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions from a Participant's Compensation Account may not be made earlier than the time such amounts would otherwise be distributed pursuant to the terms of the Plan.

8. DEFERRAL ELECTION

(a) General. The Company or the Committee shall determine the timing of the filing of the appropriate Election forms. An effective Election may not be revoked or modified except as otherwise determined by the Company or the Committee or as stated herein. 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) Permissible Deferral Election. A Participant's Election to defer Compensation may only be made in the taxable year before the Compensation is earned, with two exceptions. The first exception applies to a Participant during his or her first year of eligibility to participate in the Plan. In that event such a Participant may, if so offered by the Company or the Committee, elect to defer Compensation for services performed after the Election, provided that the Election is made within 30 days of the date the Participant becomes eligible to participate in the Plan. The second exception is with respect to an election to defer Performance-Based Compensation. If Performance-Based Compensation is based on services of a Participant performed over a period of at least 12 months, then the Participant may make an Election to defer all or part of such Compensation not later than six months before the end of such service period. A Participant's Election under this Section 8(b) shall specify the amount or percentage of Compensation deferred and specify the time and form of distribution from among those described in Section 9 of the Plan. Each Election to defer Compensation is a separate election regarding the time and form of distribution.

(c) Investment Alternatives -- Existing Balances. A Participant may elect to change an existing selection as to the investment alternatives in effect with respect to an existing Compensation Account (in increments prescribed by the Committee or the Company) as often, and with such restrictions, as determined by the Committee or by the Company. If a Participant fails to make an investment selection for his or her Compensation Account, the Committee or the Company may prescribe a default selection or selections in any manner that appears reasonable in their discretion.

(d) Change of Beneficiary. A Participant may, at any time, elect to change the designation of a Beneficiary in accordance with Section 10 of the Plan.

9. DISTRIBUTION

(a) Retirement Account. In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the Retirement Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's separation from service as either a lump sum or in installments not exceeding 15 years; provided, however, that the distribution to a Participant who is a Key Employee must not be made before the earliest of the date that is six months after the Participant's separation from service or the date of the Participant's death;

2. Upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding 15 years; or

3. At a specified time or under a fixed schedule not exceeding 15 years.

(b) In-Service Account. In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the In-Service Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding 15 years; or

2. At a specified time or under a fixed schedule not exceeding 15 years.

(c) Medium of Distribution and Default Method. In accordance with the Participant's Election and within the guidelines established by the Committee or the Company, a Participant's Retirement Account or In-Service Account shall be distributed in cash or shares of Common Stock (or a combination of both). To the extent permissible under law, a Participant may make this Election at any time before a distribution is to be made. If no Election is made by a Participant as to the distribution or form of payment of his or her Retirement Account or In-Service Account, upon the earliest time that a distribution from such account is to be made pursuant to the terms of the Plan, such account shall be paid in cash or shares of Common Stock (or a combination of both) in lump sum.

(d) Election to Delay the Time or Change the Form of Distribution. A Participant may make an Election to delay the time of a distribution or change the form of a distribution, or may elect to do both, with respect to an amount that would be payable pursuant to an Election under paragraphs (a) or (b) of this Section 9, except in the event of a distribution on account of the Participant's death, if all of the following requirements are met -

1. Such an Election may not take effect until at least 12 months after it is made;

2. Any delay to the distribution that would take effect because of the Election is at least to a date five years after the date the distribution otherwise would have begun; and

3. In the case of a distribution that would be made under paragraphs (a)(3) or (b)(2) of this Section 9 such an Election may not be made less than 12 months before the date of the first scheduled payment.

10. 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.

11. CHANGE IN CONTROL

Notwithstanding any provision of this Plan to the contrary, and to the extent consistent with guidance issued by the Secretary of the Treasury, 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 11 may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

12. INALIENABILITY OF BENEFITS

The interests of the Participants and their Beneficiaries under the Plan may not in any way be voluntarily or involuntarily transferred, alienated or assigned, nor subject to attachment, execution, garnishment or other such equitable or legal process. A Participant or Beneficiary cannot waive the provisions of this Section 12. Notwithstanding anything contained herein to the contrary, valid court ordered divisions of a Participant's Compensation Account pursuant to a domestic relations order may be recognized and distributions may be made pursuant to such an order to the extent permissible under guidance that may be published by the Secretary of the Treasury.

13. CLAIMS

(a) Initial Claim - Notice of Denial. If any claim for benefits (within the meaning of section 503 of ERISA) is denied in whole or in part, the Company (which shall include the Company or its delegate throughout this Section 13) will provide written notification of the denied claim to the Participant or beneficiary, as applicable, (hereinafter referred to as the claimant) in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

(i) The reasons for the denial.

(ii) Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.

(iii) A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.

(iv) A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA - Sec. 29 U.S.C. 1132). The claimant must complete the Plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

(b) Appeal of Denied Claim. The claimant may file a written appeal of a denied claim with the Company in such manner as determined from time to time. The Company is the named fiduciary under ERISA for purposes of the appeal of the denied claim. The Company may delegate its authority to rule on appeals of denied claims and any person or persons or entity to which such authority is delegated may re-delegate that authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Company will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the Company designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must not be made later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than 5 days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

(i) The reasons for the denial.

(ii) Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.

(iii) A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.

(iv) A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA - Sec. 29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event the claimant may file a civil action in court. The decision regarding a denied claim is final and binding on all those who are affected by the decision. No additional appeals regarding that claim are allowed.

14. GOVERNING LAW

The provisions of this plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky, except to the extent preempted by Federal law.

15. AMENDMENTS

The 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:

(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.

15. EFFECTIVE DATE

The Plan was approved and originally became effective as of January 1, 2005.

IN WITNESS WHEREOF, this amendment and restatement of the Plan is executed this 21st day of April, 2005.

ATTEST:	ASHLAND INC.
/s/ David L. Hausrath	By: /s/ Susan B. Esler
Secretary	Vice President Human Resources

EXHIBIT 12

ASHLAND INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions)

	Years ended September 30					Six months ended March 31	
	2000	2001	2002	2003	2004	2004	2005
EARNINGS							
Income from continuing operations	$ 272	$ 390	$ 115	$ 94	$ 398	$ 27	$ 126
Income taxes	179	266	68	44	150	16	79
Interest expense	189	160	133	121	112	56	56
Interest portion of rental expense	39	40	35	33	35	16	18
Amortization of deferred debt expense	2	2	2	2	2	1	2
Distributions in excess of (less than) earnings of unconsolidated affiliates	(113)	(91)	20	(98)	(263)	97	(212)
	$ 568	$ 767	$ 373	$ 196	$ 434	$ 213	$ 69
FIXED CHARGES							
Interest expense	$ 189	$ 160	$ 133	$ 121	$ 112	$ 56	$ 56
Interest portion of rental expense	39	40	35	33	35	16	18
Amortization of deferred debt expense	2	2	2	2	2	1	2
	$ 230	$ 202	$ 170	$ 156	$ 149	$ 73	$ 76
RATIO OF EARNINGS TO FIXED CHARGES	2.47	3.80	2.19	1.26	2.91	2.92	0.91

Exhibit 31.1

CERTIFICATION

Statement Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Executive Officer Regarding Facts and Circumstances Relating to Exchange Act Filings.

I, James J. O'Brien, Chief Executive Officer of Ashland Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ashland Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ James J. O'Brien

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

Statement Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Chief Financial Officer Regarding Facts and Circumstances Relating to Exchange Act Filings.

I, J. Marvin Quin, Chief Financial Officer of Ashland Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ashland Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ J. Marvin Quin

Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ashland Inc. (the "Company") on Form 10-Q for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, James J. O'Brien, Chief Executive Officer of the Company, and J. Marvin Quin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies, in all material respects, with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the report.

The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002 and is not intended to be used or relied upon for any other purpose.

/s/ James J. O'Brien
- -----------------------
James J. O'Brien
Chief Executive Officer
May 9, 2005

/s/ J. Marvin Quin
- ----------------------
J. Marvin Quin
Chief Financial Officer
May 9, 2005

A signed original of this written statement required by Section 906 has been provided to Ashland Inc. and will be retained by Ashland Inc. and furnished to the Securities and Exchange Commission or staff upon request.