

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 5, 1999

ASHLAND INC.

(Exact name of registrant as specified in its charter)

Kentucky

(State or other jurisdiction of incorporation)

1-2918

(Commission File Number)

61-0122250

(I.R.S. Employer
Identification No.)

50 E. RiverCenter Boulevard, Covington, Kentucky
(Address of principal executive offices)

41012-0391
(Zip Code)

P.O. Box 391, Covington, Kentucky
(Mailing Address)

41012-0391
(Zip Code)

Registrant's telephone number, including area code (606) 815-3333

Item 5. Other Events

On October 5, 1999 Ashland Inc. announced that it was making progress on its study to explore strategic alternatives for its investment in Arch Coal, Inc. and that at this point, a tax-free spin-off to its shareholders would seem to be its preferred alternative. Ashland also announced that it has submitted a proposal to Arch Coal and has begun discussions with a special committee of the Arch Coal Board of Directors regarding such a spin-off transaction. Such a spin-off would be subject, among other things, to a negotiated agreement with the special committee of the Arch Coal Board of Directors, approval by the Arch Coal shareholders, a favorable ruling from the Internal Revenue Service and approval of Ashland's Board of Directors. There can be no assurance that an agreement with the special committee of the Arch Coal Board of Directors will be reached or that the necessary approvals of the Arch Coal shareholders and the Ashland Board of Directors will be obtained or that a favorable ruling from the Internal Revenue Service will be obtained. Even if an agreement is reached and such conditions are met, Ashland anticipates that it will be several months before a spin-off could be consummated. The foregoing summary of the attached press release is qualified in its entirety by the complete text of such document, a copy of which is attached hereto as Exhibit 99.1.

This potential spin-off would represent another step in Ashland's continuing efforts to improve the Company's profitability and enhance returns to its shareholders by focusing the Company on its wholly-owned road construction, specialty chemicals, distribution and Valvoline motor oil businesses. Over the past three years, Ashland has sold its oil exploration and production business and completed the refining and marketing joint venture with Marathon Oil Company, known as Marathon Ashland Petroleum LLC ("MAP"). As previously disclosed in a Form 8-K dated January 1, 1998, Ashland's ownership interest in MAP is subject to an arrangement which permits Ashland to put its interest

in MAP to Marathon Oil Company and Marathon Oil Company to call Ashland's interest in MAP, in each case at any time after December 31, 2004. Ashland is reviewing its alternatives with respect to an earlier change in its ownership in MAP. Any change in Ashland's ownership interest in MAP prior to December 31, 2004 would require the consent of Marathon Oil Company.

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated October 5, 1999.

SIGNATURES

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: October 6, 1999

/s/ David L. Hausrath

Name: David L. Hausrath
Title: Vice President and
General Counsel

Exhibit Index

Exhibit No.

99.1 Press Release dated October 5, 1999.

FOR ADDITIONAL INFORMATION:
Stan Lampe
(606) 815-4061

FOR IMMEDIATE RELEASE
October 5, 1999

Ashland Inc. CEO discusses
Arch Coal investment options

Covington, Ky. - In an interview with a national reporter, Ashland Inc. (NYSE:ASH) Chairman and Chief Executive Officer Paul W. Chellgren indicated that the company was making progress on its study to explore strategic alternatives for its investment in Arch Coal, Inc. (NYSE: ACI), a St. Louis-based company.

"At this point, a tax-free spin to our shareholders would seem to be our preferred path," Chellgren said. "However, we cannot take such action unilaterally, and so we have begun discussions with a special committee of the Arch Coal board. It will require a negotiated agreement with that special committee, as well as approval by the Arch shareholders, and a favorable ruling from the Internal Revenue Service. It could take several months to complete this process," he concluded.

On June 22, Ashland announced that it had retained the investment banking firm of Goldman Sachs to assist in the search for alternatives for its investment in Arch Coal. Ashland owns 58-percent of Arch.

Ashland Inc. (NYSE:ASH) is a diversified company with wholly owned operations in distribution, specialty chemicals, motor oil and car care products, and highway construction. Ashland Distribution Company is the largest distributor of chemicals, plastics and fiber reinforcements in North America, a leading distributor of fine ingredients in North America, and a leading Pan-European distributor of plastics. Ashland Specialty Chemical Company is a leading, worldwide supplier of specialty chemicals. Valvoline's major consumer brands include Valvoline-R- motor oils, Eagle One-R- appearance products, Zerex-R- antifreeze, Pyroil-R- Performance Products and Valvoline SynPower-R- automotive chemicals. APAC is the nation's largest highway contractor with operations in 14 southern and midwestern states. Ashland also has a 38-percent equity interest in Marathon Ashland Petroleum LLC and a 58-percent equity interest in Arch Coal, Inc. (NYSE:ACI). Ashland's Internet address is <http://www.ashland.com>.