

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): January 27, 2005

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 (859) 815-3333

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

On January 27, 2005, Ashland Inc. announced that it has reached a settlement with the plaintiff, Central Labors' Pension Fund, in the shareholder derivative lawsuit brought in August 2002 against certain former and current directors and officers of Ashland. The settlement agreement is subject to approval by the Kenton County Court in Kentucky.

In settling the action, Ashland has agreed to make certain modifications to its corporate governance policies and procedures, including heightening the standard for determining director independence and requiring that two-thirds of the company's Board be comprised of only independent directors. Further, Ashland has agreed to solicit from its major shareholders director candidates and to nominate a qualified candidate for election to the Board.

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: January 27, 2005

/s/ J. Marvin Quin

Name: J. Marvin Quin
Title: Senior Vice President and
Chief Financial Officer

