

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 21, 2003

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

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated October 21, 2003

Item 9. Regulation FD Disclosure

(Information Furnished Under Item 12 - Results of Operations
and Financial Condition)

On October 21, 2003, Ashland Inc. reported its fourth quarter and fiscal 2003 results, which are discussed in more detail in the press release attached hereto as Exhibit 99.1. The information, furnished under "Item 9. Regulation FD Disclosure," is intended to be furnished under "Item 12. Results of Operations and Financial Condition," in accordance with Securities and Exchange Commission Release No. 33-8216.

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 21, 2003

/s/ David L. Hausrath

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

EXHIBIT INDEX

99.1 Press Release dated October 21, 2003

FOR FURTHER INFORMATION:

Media Relations: Investor Relations:
 Jim Vitak Bill Henderson
 (859)815-5106 (859)815-4454
 jvitak@ashland.com wehenderson@ashland.com

FOR IMMEDIATE RELEASE
 October 21, 2003

ASHLAND INC. REPORTS FOURTH QUARTER
 AND FISCAL 2003 EARNINGS

Covington, Ky. - The following was issued today by Ashland Inc. (NYSE:ASH):

SEPTEMBER 2003 QUARTER HIGHLIGHTS

Record quarter from Valvoline and improvement in both petroleum refining and chemical distribution more than offset loss from road construction and decline from specialty chemical.

In millions except earnings per share	Quarter ended September 30		Year ended September 30	
	2003	2002	2003	2002
Operating income	\$ 119	\$ 96	\$ 266	\$ 321
Income from continuing operations	\$ 61	\$ 41	\$ 94	\$ 115
Net income	\$ 137	\$ 47	\$ 75	\$ 117
Diluted earnings per share:				
Income from continuing operations	\$.89	\$.59	\$ 1.37	\$ 1.64
Net income	\$ 1.99	\$.68	\$ 1.10	\$ 1.67

Ashland Inc. today reported net income of \$137 million, or \$1.99 a share, for the quarter ended September 30, the fourth quarter of the company's 2003 fiscal year. These results included an \$81 million gain on the sale of its Electronic Chemicals group. Net income for the 2002 September quarter was \$47 million, or 68 cents a share. Income from continuing operations for the 2003 quarter amounted to \$61 million, or 89 cents a share, compared to \$41 million, or 59 cents a share, for the quarter a year ago. In the quarter just ended, the company recorded \$22 million in before-tax charges for severance and other costs related to

-more-

the company's Top-Quartile Cost Structure (TQCS) program. Under this initiative, actions are underway that are expected to reduce selling, general and administrative expenses by an annual rate of approximately \$75 million by the end of fiscal 2004.

For the year ended September 30, 2003, Ashland reported net income of \$75 million, or \$1.10 a share, compared to net income of \$117 million, or \$1.67 a share last year. Ashland's income from continuing operations for 2003 totaled \$94 million, or \$1.37 a share, compared to \$115 million, or \$1.64 a share, for 2002.

"Income from continuing operations increased 49 percent for the quarter, reflecting a record September quarter from Valvoline, a substantial rebound by Ashland Distribution and good results from our refining and marketing investment," said Ashland Chairman and Chief Executive Officer James J. O'Brien. "We were disappointed, however, by an operating loss from APAC and the drop in operating income from Ashland Specialty Chemical."

O'Brien said several factors contributed to APAC's \$3 million operating loss. Reserves of \$12 million were established for job losses related to the Virginia Department of Transportation (VDOT) Route 288 project, reflecting weather-related cost increases and construction delays. Also in the quarter, APAC recorded a \$9 million pre-tax impairment charge for goodwill associated with non-strategic assets identified for sale. Although revenues for the quarter nearly equaled those of a year ago, persistent poor weather created inefficiencies throughout the construction season, which led to much lower than expected margins. In addition, liquid asphalt costs increased by about 8 percent, compared to the 2002 quarter, while fuel costs for asphalt plants and the equipment fleet rose 25 percent and 9 percent, respectively.

"While we are quite disappointed with APAC's 2003 performance, we continue to believe that APAC will benefit from its strong backlog of \$1.7 billion and an improved cost structure in fiscal 2004," O'Brien said.

Operating income from Ashland Specialty Chemical declined to \$10 million for the quarter compared to \$19 million a year ago. Several factors contributed to the decline, including a \$5 million charge related to Ashland's TQCS program. In addition, prior increases in raw material costs were not completely recovered in the marketplace.

"Although the quarter's performance was disappointing, most of the decline was due to charges and expenses related to initiatives that should

enable us to reduce costs and improve

-more-

performance going forward," O'Brien said. "Additionally, Ashland Specialty Chemical has created a new solutions process to advance how it commercializes new technology. We remain optimistic about the future of this division."

Ashland Distribution significantly improved its performance. Operating income for the quarter reached \$5 million after a \$5 million charge for staff reductions related to Ashland's TQCS program. These results compared to an operating loss of \$7 million in the quarter a year ago. Operating income for the year climbed to \$32 million, versus only \$1 million for fiscal 2002, reflecting an 11 percent increase in sales revenues which includes a 5 percent increase in volumes.

"Ashland Distribution's improvements were achieved despite a sluggish industrial economy, which demonstrates the business's success in improving service and reducing costs," O'Brien said. "We're pleased with the progress made this year. While sales and profits have not yet met our long-term expectations, the team is clearly doing the work required to improve service to customers, increase sales and grow earnings."

Valvoline achieved a record September quarter; operating income rose 29 percent to \$31 million, compared to \$24 million in the 2002 quarter. Valvoline branded lubricant sales volumes improved on the strength of an 11 percent increase in premium product sales volumes and an increase in distributor sales volumes in the "do-it-for-me" market. Valvoline Instant Oil Change (VIOC) had a record quarter due to a 16 percent increase in revenues from transmission, cooling, fuel and air quality system services and an 11 percent increase in premium lubricant oil changes. In addition, Valvoline International had a record quarter in part due to better volumes in key markets and strengthening foreign currencies.

"Valvoline's record year demonstrates the division's ability to perform at a consistently high level. Operating income for the year grew by 13 percent, as Valvoline continued to benefit from its highly successful strategy to emphasize premium products and services," O'Brien said. "Valvoline is our best example of the type of performance we are working to create in all of our businesses."

-more-

Results from refining and marketing improved significantly compared to the previous year. Operating income in the quarter jumped to \$118 million compared to \$33 million a year ago. Strong results from Marathon Ashland Petroleum were due to improved demand in the Midwest and strong refining margins and record refinery throughput. For the fiscal year, operating income from refining and marketing rose by 84 percent over 2002 to \$263 million.

Including \$11 million in TQCS charges, corporate costs were \$42 million in the quarter versus \$31 million for the prior year.

"In summary, we moved forward decisively on a number of fronts in fiscal 2003," O'Brien said. "As a result, we are entering the new fiscal year with a sharper business focus, a well-defined strategy and in stronger competitive position. While we recognize there is more yet to be done, we believe the progress we've made this year has set Ashland on the right course to deliver greater future value to our shareholders and to reach our goal of consistently outperforming our competitors."

Today at 5:00 p.m. (EDT), Ashland will provide a live audio webcast of its year-end meeting with securities analysts. The webcast will be accessible through Ashland's Investor Relations website, www.ashland.com/investors. Interested parties may also dial (800) 362-0571 for a listen-only broadcast. Following the live event, an archived version of the webcast will be available on the Ashland website for 12 months. Minimum requirements to listen to the webcast include the free Windows MediaPlayer software and a 28.8 Kbps connection to the Internet.

Ashland Inc. (NYSE:ASH) is a Fortune 500 company providing products, services, and customer solutions throughout the world. Our businesses include road construction, specialty chemicals, lubricants, car-care products, chemical and plastics distribution and transportation fuels. Through the dedication of our employees, we are "The Who In How Things Work(TM)." Find us at www.ashland.com.

- 0 -

THIS NEWS RELEASE 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, WITH RESPECT TO ASHLAND'S OPERATING PERFORMANCE AND EARNINGS. THESE ESTIMATES ARE BASED UPON A NUMBER OF ASSUMPTIONS, INCLUDING THOSE MENTIONED WITHIN THIS NEWS RELEASE. SUCH ESTIMATES ARE ALSO 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). ALTHOUGH ASHLAND BELIEVES ITS EXPECTATIONS ARE BASED ON REASONABLE ASSUMPTIONS, IT CANNOT ASSURE THE EXPECTATIONS REFLECTED HEREIN WILL BE ACHIEVED. THIS FORWARD-LOOKING INFORMATION MAY PROVE TO BE INACCURATE AND ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED IF ONE OR MORE OF THE UNDERLYING ASSUMPTIONS OR EXPECTATIONS PROVES TO BE INACCURATE OR IS UNREALIZED OR IF OTHER UNEXPECTED CONDITIONS OR EVENTS OCCUR. OTHER FACTORS AND RISKS AFFECTING ASHLAND ARE CONTAINED IN ASHLAND'S FORM 10-K FOR THE FISCAL YEAR ENDED SEPT. 30, 2002, AS AMENDED. ASHLAND UNDERTAKES NO OBLIGATION TO SUBSEQUENTLY UPDATE OR REVISE THE FORWARD-LOOKING STATEMENTS MADE IN THIS NEWS RELEASE TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS RELEASE.

(TM) Trademark, Ashland Inc.

	Three months ended September 30		Year ended September 30	
	2003	2002	2003	2002
REVENUES				
Sales and operating revenues	\$ 2,130	\$ 2,033	\$ 7,518	\$ 7,348
Equity income	133	40	301	181
Other income	2	12	46	47
	<u>2,265</u>	<u>2,085</u>	<u>7,865</u>	<u>7,576</u>
COSTS AND EXPENSES				
Cost of sales and operating expenses	1,708	1,586	6,005	5,756
Selling, general and administrative expenses	386	348	1,390	1,291
Depreciation, depletion and amortization	52	55	204	208
	<u>2,146</u>	<u>1,989</u>	<u>7,599</u>	<u>7,255</u>
OPERATING INCOME				
Net interest and other financial costs	119	96	266	321
	<u>(32)</u>	<u>(34)</u>	<u>(128)</u>	<u>(138)</u>
INCOME FROM CONTINUING OPERATIONS				
BEFORE INCOME TAXES	87	62	138	183
Income taxes	(26)	(21)	(44)	(68)
	<u>61</u>	<u>41</u>	<u>94</u>	<u>115</u>
INCOME FROM CONTINUING OPERATIONS				
Results from discontinued operations (net of income taxes)	81	6	(14)	13
	<u>81</u>	<u>6</u>	<u>(14)</u>	<u>13</u>
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES				
Cumulative effect of accounting changes (net of income taxes)	142	47	80	128
	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>(11)</u>
NET INCOME				
	<u>\$ 137</u>	<u>\$ 47</u>	<u>\$ 75</u>	<u>\$ 117</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	\$.89	\$.59	\$ 1.37	\$ 1.64
Results from discontinued operations	1.18	.09	(.19)	.19
Cumulative effect of accounting changes	(.08)	-	(.08)	(.16)
	<u>\$ 1.99</u>	<u>\$.68</u>	<u>\$ 1.10</u>	<u>\$ 1.67</u>
AVERAGE COMMON SHARES AND ASSUMED CONVERSIONS				
	69	69	69	70
SALES AND OPERATING REVENUES				
APAC	\$ 785	\$ 791	\$ 2,400	\$ 2,652
Ashland Distribution	723	660	2,804	2,535
Ashland Specialty Chemical	300	285	1,170	1,094
Valvoline	346	319	1,235	1,152
Intersegment sales	(24)	(22)	(91)	(85)
	<u>\$ 2,130</u>	<u>\$ 2,033</u>	<u>\$ 7,518</u>	<u>\$ 7,348</u>
OPERATING INCOME				
APAC	\$ (3)	\$ 58	\$ (42)	\$ 122
Ashland Distribution	5	(7)	32	1
Ashland Specialty Chemical	10	19	31	70
Valvoline	31	24	87	77
Refining and Marketing (a)	118	33	263	143
Corporate	(42)	(31)	(105)	(92)
	<u>\$ 119</u>	<u>\$ 96</u>	<u>\$ 266</u>	<u>\$ 321</u>

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

	September 30	
	2003	2002
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 223	\$ 90
Accounts receivable	1,135	1,056
Inventories	441	456
Deferred income taxes	142	119
Current assets of discontinued operations held for sale	-	211
Other current assets	144	139
	-----	-----
	2,085	2,071
Investments and other assets		
Investment in Marathon Ashland Petroleum LLC (MAP)	2,448	2,350
Goodwill	523	510
Asbestos insurance receivable (noncurrent portion)	399	171
Other noncurrent assets	340	329
	-----	-----
	3,710	3,360
Property, plant and equipment		
Cost	2,959	2,920
Accumulated depreciation, depletion and amortization	(1,748)	(1,629)
	-----	-----
	1,211	1,291
	-----	-----
	\$ 7,006	\$ 6,722
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Debt due within one year	\$ 102	\$ 201
Trade and other payables	1,371	1,256
Current liabilities of discontinued operations held for sale	-	39
Income taxes	11	24
	-----	-----
	1,484	1,520
Noncurrent liabilities		
Long-term debt (less current portion)	1,512	1,606
Employee benefit obligations	385	509
Deferred income taxes	291	246
Reserves of captive insurance companies	168	166
Asbestos litigation reserve (noncurrent portion)	560	152
Other long-term liabilities and deferred credits	353	350
	-----	-----
	3,269	3,029
Common stockholders' equity	2,253	2,173
	-----	-----
	\$ 7,006	\$ 6,722
	=====	=====

	Year ended September 30	
	2003	2002
CASH FLOWS FROM OPERATIONS		
Income from continuing operations	\$ 94	\$ 115
Expense (income) not affecting cash		
Depreciation, depletion and amortization (a)	204	208
Deferred income taxes	49	(121)
Equity income from affiliates	(301)	(181)
Distributions from equity affiliates	203	201
Other items	1	-
Change in operating assets and liabilities (b)	(8)	(59)
	242	163
CASH FLOWS FROM FINANCING		
Proceeds from issuance of long-term debt	-	55
Proceeds from issuance of common stock	2	11
Repayment of long-term debt	(216)	(140)
Repurchase of common stock	-	(42)
Increase (decrease) in short-term debt	(10)	10
Dividends paid	(75)	(76)
	(299)	(182)
CASH FLOWS FROM INVESTMENT		
Additions to property, plant and equipment (a)	(110)	(174)
Purchase of operations - net of cash acquired	(5)	(15)
Proceeds from sale of operations	7	-
Other - net	11	27
	(97)	(162)
CASH USED BY CONTINUING OPERATIONS	(154)	(181)
Cash provided by discontinued operations	287	35
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 133	\$ (146)
DEPRECIATION, DEPLETION AND AMORTIZATION		
APAC	\$ 108	\$ 114
Ashland Distribution	19	21
Ashland Specialty Chemical	40	38
Valvoline	26	24
Corporate	11	11
	\$ 204	\$ 208
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
APAC	\$ 47	\$ 107
Ashland Distribution	5	12
Ashland Specialty Chemical	34	27
Valvoline	16	21
Corporate	8	7
	\$ 110	\$ 174

(a) Excludes amounts related to equity affiliates. Ashland's 38 percent share of MAP's DD&A was \$139 million in 2003 and \$138 million in 2002, and its share of MAP's capital expenditures was \$296 million in 2003 and \$199 million in 2002.

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

	Three months ended September 30		Year ended September 30	
	2003	2002	2003	2002
APAC				
Construction backlog at September 30 (millions) (a)			\$ 1,745	\$ 1,691
Hot-mix asphalt production (million tons)	11.5	11.4	32.5	36.7
Aggregate production (million tons)	9.0	8.8	28.7	31.0
Ready-mix concrete production (million cubic yards)	0.5	0.6	2.0	2.1
ASHLAND DISTRIBUTION (b)				
Sales per shipping day (millions)	\$ 11.3	\$ 10.3	\$ 11.1	\$ 10.1
Gross profit as a percent of sales	15.5%	15.7%	15.3%	16.1%
ASHLAND SPECIALTY CHEMICAL (b)				
Sales per shipping day (millions)	\$ 4.7	\$ 4.5	\$ 4.6	\$ 4.3
Gross profit as a percent of sales	33.6%	36.5%	33.7%	37.0%
VALVOLINE				
Lubricant sales (million gallons)	51.3	53.5	193.5	199.0
Premium lubricants (percent of U.S. branded volumes)	18.6%	16.9%	18.5%	16.1%
REFINING AND MARKETING (c)				
Refinery runs (thousand barrels per day)				
Crude oil refined	966	931	900	930
Other charge and blend stocks	142	134	133	151
Refined product yields (thousand barrels per day)				
Gasoline	590	570	554	594
Distillates	290	279	278	293
Asphalt	77	80	71	73
Other	157	140	131	127
Total	1,114	1,069	1,034	1,087
Refined product sales (thousand barrels per day) (d)	1,445	1,387	1,345	1,321
Refining and wholesale marketing margin (per barrel) (e)	\$ 3.61	\$ 1.63	\$ 2.59	\$ 1.82
Speedway SuperAmerica (SSA)				
Retail outlets at September 30			1,791	2,063
Gasoline and distillate sales (million gallons)	815	943	3,423	3,622
Gross margin - gasoline and distillates (per gallon)	\$.1375	\$.1063	\$.1191	\$.1040
Merchandise sales (millions) (f)	\$ 586	\$ 645	\$ 2,281	\$ 2,381
Merchandise margin (as a percent of sales)	24.7%	23.2%	24.5%	24.2%

(a) Includes APAC's proportionate share of the backlog of unconsolidated joint ventures.

(b) Sales are defined as sales and operating revenues. Gross profit is defined as sales and operating revenues, less cost of sales and operating expenses, and depreciation and amortization relative to manufacturing assets.

(c) Amounts represent 100% of MAP's operations, in which Ashland owns a 38% interest.

(d) Total average daily volume of all refined product sales to MAP's wholesale, branded and retail (SSA) customers.

(e) Sales revenue less cost of refinery inputs, purchased products and manufacturing expenses, including depreciation.

(f) Effective January 1, 2003, SSA adopted EITF 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor," which requires rebates from vendors to be recorded as reductions to cost of sales. Rebates from vendors recorded in SSA merchandise sales for periods prior to January 1, 2003 have not been restated and included \$41 million in the three months ended September 30, 2002; \$46 million in the year ended September 30, 2003; and \$170 million in the year ended September 30, 2002.

