SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K/A

AMENDMENT TO CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
Amendment No. 1

Amendment to Current Report on Form 8-K Dated January 1, 1998

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.)
1000 Ashland Drive, Russell, Kentucky (Address of principal executive offices)	41169 (Zip Code)
P.O. Box 391, Ashland, Kentucky (Mailing Address)	41114 (Zip Code)

Registrant's telephone number, including area code (606) 329-3333

Item 7. Financial Statements and Exhibits

(a) Audited Financial Statements of Marathon Oil Company downstream businesses.

(b) Pro Forma Financial Information (unaudited) to reflect Ashland Inc.'s acquisition of a 38% interest in a joint venture (Marathon Ashland Petroleum LLC) formed to combine the major elements of Ashland Inc.'s and Marathon Oil Company's respective petroleum supply, refining, marketing and transportation businesses.

(c) Exhibits
23 Consent of Independent Accountants.

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: March 17, 1998

Name: Thomas L. Feazell
Title: Senior Vice President, General Counsel and Secretary

Exhibit Index

Exhibit No.	
23	Consent of Independent Accountants.

ITEM 7(a)

Report of Independent Accountants

To the Board of Directors of
Marathon Oil Company

In our opinion, the accompanying balance sheets and the related statements of operations, of cash flows and of changes in Marathon investment present fairly, in all material respects, the financial position of Marathon Oil Company Downstream Businesses (a division of Marathon Oil Company) at December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Downstream's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Pittsburgh, PA
March 12, 1998

MARATHON OIL COMPANY DOWNSTREAM BUSINESSES

AUDITED FINANCIAL STATEMENTS

December 31, 1997

CONTENTS

MARATHON OIL COMPANY DOWNSTREAM BUSINESSES

STATEMENT OF OPERATIONS (Dollars in millions)

	Year Ended December 31		
	1997	1996	1995
Revenues - Note E	$ 13,630	$ 14,151	$ 12,074
Costs and expenses:			
Cost of sales (excludes items shown below)	9,899	10,726	8,642
Selling, general and administrative expenses	247	216	199
Depreciation and amortization	173	173	178
Taxes other than income taxes	2,809	2,838	2,792
Inventory market valuation charges (credits) - Note H	283	(209)	(70)
Total costs and expenses	13,411	13,744	11,741
Income from operations	219	407	333
Net interest and other financial costs - Note F	45	41	36
Income before income taxes	174	366	297
Provision for estimated income taxes - Note G	59	133	107
Net income	$ 115	$ 233	$ 190

The accompanying notes are an integral part of these financial statements.

MARATHON OIL COMPANY DOWNSTREAM BUSINESSES

BALANCE SHEET (Dollars in millions)

	December 31 1997	December 31 1996
Assets		
Current assets:		
Cash and cash equivalents	$ 23	$ 30
Receivables, less allowance for doubtful accounts of $2 and $2 - Note J	574	159
Inventories - Note H	939	1,242
Related party investments - Note C	-	287
Other current assets	6	10
Total current assets	1,542	1,728
Investments and long-term receivables - Note I	82	65
Property, plant and equipment - net - Note K	1,744	1,726
Other noncurrent assets	19	14
Total assets	$ 3,387	$ 3,533
Liabilities		
Current liabilities:		
Accounts payable	$ 847	$ 943
Payroll and benefits payable	35	23
Accrued taxes	25	28
Deferred income taxes - Note G	175	285
Long-term debt due within one year - Note L	4	44
Total current liabilities	1,086	1,323
Long-term debt - Note L	34	29
Long-term notes payable to related party - Note C	69	327
Long-term deferred income taxes - Note G	222	201
Employee benefits - Note D	26	25
Deferred credits and other liabilities	61	45
Total liabilities	1,498	1,950
Marathon investment	1,889	1,583
Total liabilities and Marathon investment	$ 3,387	$ 3,533

The accompanying notes are an integral part of these financial statements.

MARATHON OIL COMPANY DOWNSTREAM BUSINESSES

STATEMENT OF CASH FLOWS (Dollars in millions)

	Year Ended December 31		
	1997	1996	1995
Decrease in cash and cash equivalents			
Operating activities:			
Net income	$ 115	$ 233	$ 190
Adjustments to reconcile to net cash provided from operating activities:			
Depreciation and amortization	173	173	178
Inventory market valuation charge (credits)	283	(209)	(70)
Deferred income taxes	(88)	70	40
Gain on disposal of assets	(12)	(9)	(6)
Changes in:			
Current receivables - third party sales agreement terminated - Note J	-	-	(319)
- sold to affiliates - Note J	(489)	135	354
- operating turnover	74	(65)	(99)
Inventories	20	60	49
Current accounts payable and accrued expenses	(87)	86	75
All other - net	(2)	(20)	(39)
Net cash (used in) provided from operating activities	(13)	454	353
Investing activities:			
Capital expenditures	(198)	(230)	(174)
Disposal of assets	19	15	14
Investments in equity affiliates	-	(3)	-
Net cash used in investing activities	(179)	(218)	(160)
Financing activities:			
Debt - additions	10	-	-
- repayments	(45)	(5)	(4)
Investment in related party preferred stock	287	(103)	(73)
Net change in Marathon advances	191	(196)	(188)
Notes payable to related party	(258)	55	72
Net cash provided from (used in) financing activities	185	(249)	(193)
Net decrease in cash and cash equivalents	(7)	(13)	-
Cash and cash equivalents at beginning of year	30	43	43
Cash and cash equivalents at end of year	$ 23	$ 30	$ 43

See Note M for supplemental cash flow information.

The accompanying notes are an integral part of these financial statements.

MARATHON OIL COMPANY DOWNSTREAM BUSINESSES

STATEMENT OF CHANGES IN MARATHON INVESTMENT (Dollars in millions)

Marathon investment at December 31, 1994	$ 1,544
Net income for the year ended December 31, 1995	190
Net change in Marathon advances	(188)
Marathon investment at December 31, 1995	1,546
Net income for the year ended December 31, 1996	233
Net change in Marathon advances	(196)
Marathon investment at December 31, 1996	1,583
Net income for the year ended December 31, 1997	115
Net change in Marathon advances	191
Marathon investment at December 31, 1997	$ 1,889

The accompanying notes are an integral part of these financial statements.

NOTE A - BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

On December 12, 1997, Marathon Oil Company (Marathon), a wholly owned subsidiary of USX Corporation (Parent), entered into an asset transfer and contribution agreement with Ashland Inc. (Ashland) providing for the formation of Marathon Ashland Petroleum LLC (MAP). Effective January 1, 1998, Marathon contributed substantially all of its refining, marketing and transportation operations and certain petroleum supply operations comprising the downstream business (collectively, "Downstream") to MAP. Downstream operated as a business division of Marathon. Marathon has a 62% ownership interest in MAP.

Downstream's contributed assets included four operating refineries, 1,544 service stations operated by Emro Marketing Company, 306 Marathon branded retail outlets primarily operated by dealers, 51 product terminals and 5,586 miles of owned, leased and partially owned pipelines. Downstream markets refined products through the Marathon brand and its Emro Marketing Company brands, which include Speedway, Bonded, Cheker, Starvin' Marvin, United, Gastown, Wake-Up, and Kwik-Sak. Downstream contributed agreements to supply petroleum products to 2,159 Marathon branded retail outlets operated by independent dealers and jobbers.

The accompanying financial statements pertain to the business which was contributed to MAP, and represent a carve-out financial statement presentation of Marathon's downstream operations. The financial statements include allocations and estimates of direct and indirect Marathon corporate administrative costs attributable to Downstream. The methods by which such amounts are attributed or allocated are deemed reasonable by management.

NOTE B - SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Principles applied in consolidation - Investments in undivided interest pipelines are consolidated on a pro rata basis. Investments in other entities over which Downstream has significant influence are accounted for using the equity method of accounting and are carried at Downstream's share of net assets plus advances. The proportionate share of income from these equity method investments is included in revenues.

Use of estimates - Generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the year.

Cash and cash equivalents - Cash and cash equivalents include cash on hand and on deposit, and highly liquid debt instruments with maturities generally of three months or less.

Inventories - Inventories are carried at lower of cost or market. Cost of inventories is determined primarily under the last-in, first-out (LIFO) method.

Long-lived assets - Property, plant and equipment are depreciated principally by the straight-line method. When property or major facility depreciated on an individual basis is sold or otherwise disposed of, any gain or loss is reflected in income. Proceeds from disposal of other facilities depreciated on a group basis are credited to the depreciation reserve with no immediate effect on income. Expenditures for maintenance and repairs, including those for refinery turnarounds, are expensed.

Downstream evaluates impairment of its assets individually or by logical groupings. Assets deemed to be impaired are written down to their fair value, including any related goodwill, using discounted future cash flows and if available, comparable market value analyses.

NOTE B - SUMMARY OF PRINCIPAL ACCOUNTING POLICIES - Continued

Derivative instruments - Downstream engages in commodity risk management activities within the normal course of its business as an end-user of derivative instruments (see Note O). Management is authorized to manage exposure to price fluctuations related to the purchase and sale of crude oil and refined products through the use of a variety of derivative financial and nonfinancial instruments. Derivative financial instruments require settlement in cash and include such instruments as over-the-counter (OTC) commodity swap agreements and OTC commodity options. Derivative nonfinancial instruments require or permit settlement by delivery of commodities and include exchange-traded commodity futures contracts and options. At times, derivative positions are closed prior to maturity, simultaneous with the underlying physical transaction, and the effects are recognized in income accordingly. Downstream's practice does not permit derivative positions to remain open if the underlying physical market risk has been removed. Changes in the market value of derivative instruments are deferred, including both closed and open positions, and are subsequently recognized in income, as sales or cost of sales, in the same period as the underlying transaction. The effect of changes in the market indices related to OTC swaps are recorded and recognized in income with the underlying transaction. Premiums on all commodity-based option contracts are initially recorded based on the amount paid or received; the options' market value is subsequently recorded as a receivable or payable, as appropriate. The margin receivable accounts required for open commodity contracts reflect changes in the market prices of the underlying commodity and are settled on a daily basis.

Recorded deferred gains or losses are reflected within other noncurrent assets or deferred credits and other liabilities. Cash flows from the use of derivative instruments are reported in the same category as the hedged item in the statement of cash flows.

Environmental Remediation - Downstream provides for remediation costs and penalties when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. Prior to January 1, 1997, the timing of remediation accruals generally coincided with completion of a feasibility study or commitment to a formal plan of action. Remediation liabilities are accrued based on estimates of known environmental exposure and are discounted in certain instances. If recoveries of remediation costs from third parties are probable, a receivable is recorded.

Effective January 1, 1997, the Parent adopted American Institute of Certified Public Accountants Statement of Position No. 96-1, "Environmental Remediation Liabilities" (SOP 96-1), which provides additional interpretation of existing accounting standards related to recognition, measurement and disclosure of environmental remediation liabilities. As a result of adopting SOP 96-1, Downstream identified additional environmental remediation liabilities of $11 million. Estimated receivables for recoverable costs related to adoption of SOP 96-1 were $4 million. The net unfavorable effect on Downstream's 1997 income from operations at January 1, 1997 was $7 million.

Insurance - Downstream is insured for catastrophic casualty and certain property exposures, as well as those risks required to be insured by law or contract. Costs resulting from noninsured losses are charged against income upon occurrence.

Income taxes - Historically, Downstream's results were included in the consolidated federal income tax return filed by the Parent. The income tax provision for each period presented represents the current and deferred income taxes that would have resulted if Downstream's operations were a stand-alone taxable entity filing its own income tax returns. Accordingly, the calculation of tax provisions and deferred taxes necessarily require certain assumptions, allocations and estimates which management believes are reasonable to reflect the tax reporting for Downstream as a stand-alone taxpayer.

Stock-based compensation - During 1996, the Parent adopted Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation," for disclosure only, and elected to continue to follow the accounting provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

NOTE C - MARATHON INVESTMENT, ALLOCATIONS AND RELATED PARTY TRANSACTIONS

For purposes of these separate financial statements, payables and receivables related to transactions between Downstream and Marathon, as well as liabilities and refunds related to income taxes, are included as a component of the Marathon investment.

Downstream purchased crude oil from Marathon at transfer prices that were intended to reflect market prices, in the amounts of $578 million, $735 million and $624 million for the years ended December 31, 1997, 1996, and 1995, respectively. Downstream sales to the Parent and its wholly owned subsidiaries for the years ended December 31, 1997, 1996, and 1995, were not material. Marathon provided Downstream with certain services including data processing, legal and financial services, other corporate functions and office space. Charges for these services were allocated based on usage or other methods that management believed to be reasonable and amounted to $113 million, $105 million, and $96 million for the years ended December 31, 1997, 1996, and 1995, respectively. The Parent uses a centralized cash management system under which cash receipts of Downstream were remitted to the Parent and cash disbursements of Downstream were funded by the Parent.

USX Portfolio Delaware, Inc. (PFD), a wholly owned subsidiary of the Parent, has extended borrowing facilities to Downstream at interest rates based on a market based calculation. Borrowings outstanding at December 31, 1997 and 1996 were $69 million and $327 million, respectively. The average rate on the PFD variable rate notes during 1997 was 6.5%. Downstream invests in redeemable preferred stock of PFD. Dividends on the preferred stock are declared and settled daily in either additional shares of PFD preferred stock or cash. The preferred stock is redeemable by PFD at $2,000 per share, and any stockholder may require PFD to redeem all or part of its stock. Downstream investments in redeemable preferred stock of PFD at December 31, 1997 and 1996 were $0 and $287 million, respectively.

NOTE D - EMPLOYEE BENEFIT PLANS

Marathon has noncontributory defined benefit pension plans covering substantially all employees of Downstream. Benefits under these plans are based primarily upon years of service and career earnings. The funding policy for all plans provides that payments to the pension trusts shall be equal to the minimum funding requirements of the Employee Retirement and Income Security Act, plus such additional amounts as may be approved. For the purposes of these separate financial statements, Downstream, with the exception of Emro Marketing Company, is considered to be participating in multiemployer benefit plans. No charges have been allocated to Downstream for the Marathon defined benefit pension plans for the years ended December 31, 1997, 1996, and 1995, as the plans are in an overfunded position.

Emro Marketing Company has a noncontributory defined benefit pension plan covering substantially all of the retail marketing employees. Benefits under this plan are based primarily on years of service and career earnings. The net pension cost was $6 million, $6 million, and $4 million for the years ended December 31, 1997, 1996, and 1995, respectively. The net pension liability included in the balance sheet was $11 million at December 31, 1997 and 1996.

Marathon also has defined benefit retiree health insurance plan covering most employees upon their retirement. Health benefits are primarily provided through comprehensive hospital, surgical and major medical benefit provisions subject to various cost sharing features. For the purposes of these separate financial statements, Downstream, with the exception of the marketing business, is considered to be participating in multiemployer benefit plans. Downstream's allocated share of employee benefit expenses was $12 million, $14 million, and $13 million for the years ended December 31, 1997, 1996, and 1995, respectively.

Certain Downstream management employees participate in the Parent's stock-based compensation program. For 1997, 1996 and 1995, Downstream recorded allocated compensation expenses of $6 million, $2 million, and $1 million, respectively.

NOTE E - REVENUES

The items below are included in revenues and costs and expenses, with no effect on income.

	1997	1996	1995
		(Millions)	
Consumer excise taxes on petroleum products and merchandise	$ 2,736	$ 2,768	$ 2,708
Matching crude oil and refined product buy/sell transactions settled in cash	2,322	2,746	1,926

NOTE F - NET INTEREST AND OTHER FINANCIAL COSTS

	1997	1996	1995
		(Millions)	
Interest and other financial income:			
PFD dividend income	$ 15	$ 11	$ 7
Interest and other financial costs:			
Interest on PFD notes	$ 24	$ 18	$ 13
Expenses on sales of accounts receivable (See Note J)	32	29	23
Other	4	5	7
Total	60	52	43
Net interest and other financial costs	$ 45	$ 41	$ 36

NOTE G - INCOME TAXES

Income tax provisions and related assets and liabilities are determined on a stand-alone basis (see Note B).

Provisions (credits) for estimated income taxes:

	1997			1996			1995		
	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total
	(Millions)			(Millions)			(Millions)		
Federal	$ 132	$ (77)	$ 55	$ 59	$ 61	$ 120	$ 62	$ 37	$ 99
State and local	15	(11)	4	4	9	13	5	3	8
Total	$ 147	$ (88)	$ 59	$ 63	$ 70	$ 133	$ 67	$ 40	$ 107

A reconciliation of federal statutory tax rate (35%) to total provisions follows:

	1997	1996	1995
		(Millions)	
Statutory rate applied to income before income taxes	$ 61	$ 128	$ 104
Effects of partially owned companies	(5)	(4)	(3)
State and local income taxes after federal income tax benefit	3	9	5
Other	-	-	1
Total provisions	$ 59	$ 133	$ 107

Deferred tax assets and liabilities resulted from the following:

	December 31	
	1997	1996
	(Millions)	
Deferred tax assets:		
Minimum tax credit carryforwards	$ -	$ 14
Expected federal benefit for deducting state deferred income taxes	11	14
Employee benefits	20	19
Other	27	20
Total deferred tax assets	58	67
Deferred tax liabilities:		
Property, plant and equipment	231	222
Inventory	203	314
Other	21	17
Total deferred tax liabilities	455	553
Net deferred tax liabilities	$ 397	$ 486

NOTE H - INVENTORIES

Inventories consist of the following:

	December 31 1997	December 31 1996
	(Millions)	
Crude oil and natural gas liquids	$ 443	$ 455
Refined products and merchandise	733	743
Supplies and sundry items	46	44
Total (at cost)	1,222	1,242
Less inventory market valuation reserve	283	-
Net inventory carrying value	$ 939	$ 1,242

Inventories of crude oil and refined products are valued by the LIFO method. The LIFO method accounted for 94% and 96% of total inventory at December 31, 1997 and December 31, 1996, respectively.

The inventory market valuation reserve reflects the extent that the recorded LIFO cost basis of crude oil and refined products inventories exceeds net realizable value. The reserve is decreased to reflect increases in market prices and inventory turnover and increased to reflect decreases in market prices. Changes in the inventory market valuation reserve result in noncash charges or credits to costs and expenses.

NOTE I - INVESTMENTS AND LONG-TERM RECEIVABLES

	December 31	
	1997	1996
	(Millions)	
Equity method investments	$ 34	$ 34
Receivables due after one year	48	31
Total	$ 82	$ 65

The following represents summarized financial information of affiliates accounted for by the equity method of accounting:

	1997	1996	1995
		(Millions)	
Income data:			
Revenues	$ 126	$ 118	$ 115
Operating income	42	39	32
Net income	11	26	2

	December 31	
	1997	1996
	(Millions)	
Balance sheet data:		
Current assets	$ 23	$ 18
Noncurrent assets	583	612
Current liabilities	70	81
Noncurrent liabilities	435	459

Downstream purchases from equity affiliates totaled $30 million, $34 million and $35 million in 1997, 1996 and 1995, respectively. Downstream sales to equity affiliates were not material.

NOTE J - SALES OF RECEIVABLES

Downstream participated in an agreement (the program) to sell to the Parent an undivided interest in certain accounts receivable. At December 31, 1997, the amount sold under the program that had not been collected was zero, since the program was terminated in December 1997. The amount sold under the program averaged $412 million in 1997, $424 million in 1996 and $363 million in 1995.

NOTE K - PROPERTY, PLANT AND EQUIPMENT

	December 31	
	1997	1996
	(Millions)	
Refining	$ 1,455	$ 1,386
Marketing	1,292	1,203
Transportation	550	544
Total	3,297	3,133
Less accumulated depreciation and amortization	1,553	1,407
Net	$ 1,744	$ 1,726

Property, plant and equipment includes gross assets acquired under capital leases of $24 million at December 31, 1997 and 1996; the related amounts for the years 1997 and 1996 in accumulated depreciation and amortization were $24 million.

NOTE L - LONG-TERM DEBT

	December 31 1997	December 31 1996
	(Millions)	
7.35% mortgage note for asset acquisition, due 1997	$ -	$ 40
7.75% debt issued for asset acquisition, due 1998	4	9
Other due 2000, various rates	10	-
Capitalized lease obligations (guaranteed by Parent)	24	24
Total	38	73
Less amount due within one year	4	44
Long-term debt due after one year	$ 34	$ 29

NOTE M - SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended December 31 1997	1996	1995
Cash used in operating activities includes:			
Interest and other financial costs paid (net of amounts capitalized), including amounts paid to PFD	$ (50)	$ (51)	$ (43)
Income taxes paid	(147)	(63)	(67)
Noncash investing and financing activities:			
Dividend income from PFD received in redeemable preferred stock of PFD	$ 15	$ 11	$ 7

NOTE N - LEASES

Future minimum commitments for capital leases and for operating leases having remaining noncancelable lease terms in excess of one year are as follows:

	Capital Leases	Operating Leases
	(Millions)	
1998	$ 2	$ 29
1999	2	23
2000	2	23
2001	2	17
2002	2	14
Later years	27	61
Total minimum lease payments	$ 37	$ 167
Less imputed interest costs	13	
Present value of net minimum lease payments included in long-term debt	$ 24	

Operating lease rental expense:

	1997	1996	1995
		(Millions)	
Minimum rental	$ 42	$ 39	$ 39
Contingent rental	10	10	10
Sublease rentals	(1)	(1)	(1)
Net rental expense	$ 51	$ 48	$ 48

Downstream leases a wide variety of facilities and equipment under operating leases, including land and building space, office equipment, and transportation equipment. Most long-term leases include renewal options and, in certain leases, purchase options.

NOTE O - DERIVATIVE INSTRUMENTS

Downstream uses commodity-based derivative instruments to manage exposure to price fluctuations related to the anticipated purchase and sale of crude oil and refined products. The derivative instruments used, as part of an overall risk management program, include exchange-traded futures contracts and options, and instruments which require settlement in cash such as OTC commodity swaps and options. While risk management activities generally reduce market risk exposure due to unfavorable commodity price changes for raw material purchases and products sold, such activities can also encompass strategies which assume certain price risk in isolated transactions.

Downstream remains at risk for possible changes in the market value of the derivative instrument; however, such risk should be mitigated by price changes in the underlying hedged items. Downstream is also exposed to credit risk in the event of nonperformance by counterparties. The credit worthiness of counterparties is subject to continuing review, including the use of master netting agreements to the extent practical, and full performance is anticipated.

The following table sets forth quantitative information by class of derivative instruments:

(In millions)	Fair Value Assets (Liabilities)(a)	Carrying Amount Assets (Liabilities)	Recorded Deferred Gain or (Loss)	Aggregate Contract Values(b)
December 31, 1997:				
Exchange-traded commodity futures	$ -	$ -	$ -	$ 25
Exchange-traded commodity options	1 (c)	1	2	128
OTC commodity swaps (d)	-	-	-	1
OTC commodity options	-	-	-	-
Total commodity derivatives	$ 1	$ 1	$ 2	$ 154
December 31, 1996:				
Exchange-traded commodity futures	$ -	$ -	$ (1)	$ 35
Exchange-traded commodity options	(1) (c)	(1)	(2)	251
OTC commodity swaps (d)	(1)	-	-	19
OTC commodity options	-	-	(1)	8
Total commodity derivatives	$ (2)	$ (1)	$ (4)	$ 313

(a) The fair value amounts for OTC positions are based on various indices or dealer quotes. The exchange-traded futures contracts and certain option contracts do not have a corresponding fair value since changes in the market prices are settled on a daily basis.

(b) Contract or notional amounts do not quantify risk exposure, but are used in the calculation of cash settlements under the contracts. The contract or notional amounts do not reflect the extent to which positions may offset one another.

(c) Includes fair values as of December 31, 1997 and 1996, for assets of $3 million and $1 million and liabilities of $(2) million and $(2) million, respectively.

(d) The OTC swap arrangements vary in duration with certain contracts extending into mid-1998.

NOTE P - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments classified as current assets or liabilities approximates carrying value due to the short-term maturity of the instruments. Fair value of investments and long-term receivables is based on discounted cash flows or other specific instrument analysis and approximates carrying value. Fair value of long-term debt instruments also approximates carrying value due to the short-term nature of the debt which is due in 2000. Downstream's unrecognized financial instruments consist of accounts receivables sold and financial guarantees. It is not practiable to estimate fair value of these forms of financial instrument obligations because there are no quoted market prices for transactions which are similar in nature. For details relating to sales of receivables, see Note J. For details relating to financial guarantees, see Note Q.

NOTE Q - CONTINGENCIES AND COMMITMENTS

Downstream is the subject of, or party to, a number of pending or threatened legal actions, contingencies and commitments relating to Downstream involving a variety of matters, including laws and regulations relating to the environment. Certain of these matters are discussed below.

Environmental matters - Downstream is subject to federal, state, local, and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance. At December 31, 1997, and December 31, 1996, accrued liabilities for remediation totaled $47 million and $31 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that might be imposed. Receivables for recoverable costs from certain states, under programs to assist companies in clean up efforts related to underground storage tanks at retail marketing outlets, were $42 million at December 31, 1997 and $23 million at December 31, 1996.

For a number of years, Downstream has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In 1997 and 1996, such capital expenditures for environmental controls totaled $42 million and $36 million, respectively. Downstream anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

Guarantees - At December 31, 1997 and December 31, 1996, Downstream's pro rata share of obligations of LOOP LLC and various pipeline affiliates secured by throughput and deficiency agreements totaled $142 million and $152 million, respectively. Under the agreements, Downstream is required to advance funds if the affiliates are unable to service debt. Any such advances are prepayments of future transportation charges.

Commitments - At December 31, 1997 and December 31, 1996, contract commitments for Downstream's capital expenditures for property, plant and equipment totaled $8 million and $18 million, respectively.

ITEM 7(B) PRO FORMA FINANCIAL INFORMATION

Effective January 1, 1998, Ashland Inc. ("Registrant") and Marathon Oil Company ("Marathon") completed a transaction to form Marathon Ashland Petroleum LLC (the "Company"). Under the transaction, Registrant and Marathon contributed the major elements of their respective petroleum supply, refining, marketing and transportation businesses to the Company in exchange for, in the case of Registrant, a 38% interest in the Company and in the case of Marathon, a 62% ownership interest in the Company.

The following tables set forth certain unaudited pro forma financial information for Registrant giving effect to the formation of the Company. The pro forma consolidated balance sheet presents the results of the transaction assuming it occurred on September 30, 1997. The consolidated statement of income gives effect to the transaction using the audited financial statements of Registrant for the year ended September 30, 1997 and Marathon Oil Company Downstream Businesses for the year ended December 31, 1997.

The unaudited pro forma financial information may not be indicative of the financial position or results of operations of Registrant that would have resulted if the transaction had occurred as of the dates assumed or which will be obtained in the future. The consolidated statement of income indicates that Registrant's income from continuing operations would have been reduced from $279 million to $208 million as a result of the transaction. However, as indicated in Note (e) to that Statement, such reduction includes an after tax charge of $96 million to reduce the carrying value of the Company's LIFO inventories to market.

Ashland Inc.
Pro Forma Consolidated Balance Sheet (unaudited)
September 30, 1997
(In millions)

ASSETS	Historical Balance Sheet	Deconsolidate Contributed Businesses	Pro Forma Adjustments	Pro Forma Balance Sheet
Current assets				
Cash and cash equivalents	$ 268	$ -	$ -	$ 268
Accounts receivable	1,730	(585)	-	1,145
Inventories	729	(256)	-	473
Other current assets	268	(27)	-	241
	2,995	(868)	-	2,127
Investments and other assets				
Investments in and advances to unconsolidated affiliates	86	1,688	294 (a)	2,068
Other noncurrent assets	805	(29)		776
	891	1,659	294	2,844
Property, plant and equipment (net)	3,891	(1,715)	-	2,176
	$ 7,777	$ (924)	$ 294	$ 7,147
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Debt due within one year	$ 93	$ -	$ 252 (a)	$ 345
Trade and other payables	2,045	(738)	-	1,307
Income taxes	123	-	-	123
	2,261	(738)	252	1,775
Noncurrent liabilities				
Long-term debt	1,639	-	42 (a)	1,681
Employee benefit obligations	854	(157)	-	697
Reserves of captive insurance subsidiaries	161	-	-	161
Other long-term liabilities	565	(29)	-	536
	3,219	(186)	42	3,075
Minority interest in consolidated subsidiaries	273	-	-	273
Common stockholders' equity	2,024			2,024
	$ 7,777	$ (924)	$ 294	$ 7,147

Note:
(a) Represents leased assets which were purchased by Registrant and contributed to the Company, as well as lease obligations which were retained by Registrant with the related assets subleased to the Company for a nominal rental.

Ashland Inc.

Pro Forma Statement of Consolidated Income (unaudited)
Year Ended September 30, 1997
(In millions)

	Historical Results	Results of Contributed Businesses	Pro Forma Adjustments	Pro Forma Results
Revenues	$ 14,319	$ (6,700)	$ -	$ 7,619
Costs and expenses	(13,829)	6,485	(19) (a)	(7,363)
Operating income	490	(215)	(19)	256
Other income				
Interest expense (net of interest income)	(170)	(1)	(17) (b)	(188)
Equity income	15	(5)	143 (c)	153 (e)
Income from continuing operations before income taxes and minority interest	335	(221)	107	221
Income taxes	(119)	85	(42) (d)	(76)
Minority interest in earnings of subsidiaries	(24)	-	-	(24)
Income from continuing operations	192	(136)	65	121
Income from discontinued operations	96	-	-	96
Income before extraordinary loss	288	(136)	65	217
Extraordinary loss on early retirement of debt	(9)	-	-	(9)
Net income	$ 279	$ (136)	$ 65	$ 208 (e)
Earnings per share from continuing operations				
Primary	$ 2.57			$ 1.57 (e)
Assuming full dilution	2.52			1.56

Notes:

(a) Represents administrative costs which Registrant allocated to its contributed businesses during 1997 that will not be allocated to the Company. In addition, Registrant allocated $39 million of other administrative costs to its contributed business during 1997. These costs were assumed to be allocated to the Company in arriving at Registrant's pro forma equity income. Such allocations are currently under review, and it is uncertain how much of this amount will continue to be charged to the Company, and how much of the remainder will be eliminated.

(b) Represents estimated interest costs (based on average short-term borrowing costs during 1997) on leased assets which were purchased by Registrant and contributed to the Company, as well as interest costs on lease obligations which were retained by Registrant with the related assets subleased to the Company for a nominal rental.

(c) Represents Registrant's equity income from its 38% ownership in the Company, as summarized below:

Pretax income of businesses contributed by	
Marathon (includes a reserve of $283 million to reduce the carrying value of its LIFO inventories to market)	$ 174
Registrant	221
Pro forma adjustments	
Inventory market valuation reserve (assuming that inventories contributed by Registrant were valued at January 1, 1997 prices)	(132)
Depreciation adjustment on revalued assets	72
Costs retained by Registrant and Marathon	
Interest on retained debt	43
Administrative expenses	40
Environmental remediation costs	13
Interest component of lease payments	20
	451
Registrant's ownership percentage	38%
Registrant's share of the Company's earnings	171
Amortization of Registrant's excess investment in the Company	(28)
Registrant's pro forma equity income from the Company	$ 143

(d) Income taxes on the pro forma adjustments.

(e) Includes charges of $158 million ($96 million after income taxes or $1.36 a share) reflecting Registrant's share of reserves to reduce the carrying value of the Company's LIFO inventories to market.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-52125) pertaining to the Ashland Inc. Deferred Compensation and Stock Incentive Plan for Non-Employee Directors, in the Registration Statement on Form S-8 (No. 2-95022) pertaining to the Ashland Inc. Amended Stock Incentive Plan for Key Employees, in the Registration Statement on Form S-8 (No. 33-7501) pertaining to the Ashland Inc. Employee Savings Plan, in the Registration Statement on Form S-8 (No. 33-26101) pertaining to the Ashland Inc. Long-Term Incentive Plan, in the Registration Statement on Form S-8 (No. 33-55922) pertaining to the Ashland Inc. 1993 Stock Incentive Plan, in the Registration Statement on Form S-8 (No. 33-49907) pertaining to the Ashland Inc. Leveraged Employee Stock Ownership Plan, in the Registration Statement on Form S-8 (No. 33-62901) pertaining to the Ashland Inc. Deferred Compensation Plan, in the Registration Statement on Form S-8 (No. 333-33617) pertaining to the Ashland Inc. 1997 Stock Incentive Plan, in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-57011), as amended by Post-Effective Amendment No. 2, pertaining to the U.S. $220,000,000 Ashland Inc. Medium-Term Notes, Series H, of our report dated March 15, 1998, relating to the financial statements of Marathon Oil Company Downstream Businesses (a division of Marathon Oil Company), which appears in the Current Report on Form 8-K of Ashland Inc. dated March 17, 1998.

PRICE WATERHOUSE LLP

Pittsburgh, PA
March 17, 1998