SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

Commission file number 1-2918

ASHLAND INC.
(a Kentucky corporation)

I.R.S. No. 61-0122250
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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 ____

At July 31, 2000, there were 69,933,622 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

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Three months ended June 30		Nine months ended June 30	
(In millions except per share data)	2000	1999	2000	1999
REVENUES				
Sales and operating revenues	$ 2,103	$ 1,796	$ 5,821	$ 4,945
Equity income	197	107	285	208
Other income	17	15	53	54
	2,317	1,918	6,159	5,207
COSTS AND EXPENSES				
Cost of sales and operating expenses	1,716	1,407	4,712	3,884
Selling, general and administrative expenses	274	264	804	781
Depreciation, depletion and amortization	59	50	175	153
	2,049	1,721	5,691	4,818
OPERATING INCOME	268	197	468	389
Net interest and other financial costs	(50)	(36)	(138)	(103)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	218	161	330	286
Income taxes	(89)	(62)	(135)	(110)
INCOME FROM CONTINUING OPERATIONS	129	99	195	176
Income (loss) from discontinued operations (net of income taxes)	-	1	(215)	-
Costs of spin-off of discontinued operations (net of income taxes)	-	-	(3)	-
INCOME (LOSS) BEFORE EXTRAORDINARY LOSS	129	100	(23)	176

Extraordinary loss on early retirement of debt (net of income taxes)	-	-	(3)	-
NET INCOME (LOSS)	$ 129	$ 100	$ (26)	$ 176
BASIC EARNINGS (LOSS) PER SHARE - Note A				
Income from continuing operations	$ 1.83	$ 1.35	$ 2.74	$ 2.36
Income (loss) from discontinued operations	-	.01	(3.02)	.01
Costs of spin-off of discontinued operations	-	-	(.04)	-
Extraordinary loss on early retirement of debt	-	-	(.04)	-
Net income (loss)	$ 1.83	$ 1.36	$ (.36)	$ 2.37
DILUTED EARNINGS (LOSS) PER SHARE - Note A				
Income from continuing operations	$ 1.83	$ 1.34	$ 2.73	$ 2.34
Income (loss) from discontinued operations	-	.01	(3.01)	.01
Costs of spin-off of discontinued operations	-	-	(.04)	-
Extraordinary loss on early retirement of debt	-	-	(.04)	-
Net income (loss)	$ 1.83	$ 1.35	$ (.36)	$ 2.35
DIVIDENDS PAID PER COMMON SHARE	$ .275	$ .275	$ .825	$ .825

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)	June 30 2000	September 30 1999	June 30 1999
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 29	$ 110	$ 81
Accounts receivable	1,239	1,242	1,152
Allowance for doubtful accounts	(28)	(23)	(23)
Inventories - Note A	549	464	491
Deferred income taxes	113	107	118
Other current assets	205	159	138
	2,107	2,059	1,957
INVESTMENTS AND OTHER ASSETS			
Investment in Marathon Ashland Petroleum LLC (MAP)	2,321	2,172	2,098
Cost in excess of net assets of companies acquired	500	220	215
Investment in Arch Coal - discontinued operations	35	417	422
Other noncurrent assets	353	264	335
	3,209	3,073	3,070
PROPERTY, PLANT AND EQUIPMENT			
Cost	2,910	2,649	2,594
Accumulated depreciation, depletion and amortization	(1,445)	(1,357)	(1,340)
	1,465	1,292	1,254
	$ 6,781	$ 6,424	$ 6,281
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt due within one year	$ 527	$ 219	$ 357
Trade and other payables	1,267	1,135	1,108
Income taxes	51	42	50
	1,845	1,396	1,515
NONCURRENT LIABILITIES			
Long-term debt (less current portion)	1,898	1,627	1,627
Employee benefit obligations	400	418	416
Deferred income taxes	196	226	129
Reserves of captive insurance companies	190	175	183
Other long-term liabilities and deferred credits	344	382	306
Commitments and contingencies - Note D			
	3,028	2,828	2,661
COMMON STOCKHOLDERS' EQUITY	1,908	2,200	2,105
	$ 6,781	$ 6,424	$ 6,281

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, 1998	$ 76	$ 602	$ 1,501	$ (42)	$ 2,137
Total comprehensive income (1)			176	(16)	160
Cash dividends			(61)		(61)
Issued common stock under					
Stock incentive plans		6			6
Acquisitions of other companies	1	47			48
Repurchase of common stock	(4)	(181)			(185)
BALANCE AT JUNE 30, 1999	$ 73	$ 474	$ 1,616	$ (58)	$ 2,105
BALANCE AT OCTOBER 1, 1999	$ 72	$ 464	$ 1,710	$ (46)	$ 2,200
Total comprehensive income (loss) (1)			(26)	(16)	(42)
Dividends					
Cash			(58)		(58)
Spin-off of Arch Coal shares			(123)		(123)
Issued common stock under					
Stock incentive plans		1			1
Acquisitions of other companies		1			1
Repurchase of common stock	(2)	(69)			(71)
BALANCE AT JUNE 30, 2000	$ 70	$ 397	$ 1,503	$ (62)	$ 1,908

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

(In millions)	Three months ended June 30 2000	Three months ended June 30 1999	Nine months ended June 30 2000	Nine months ended June 30 1999
Net income (loss)	$ 129	$ 100	$ (26)	$ 176
Unrealized translation adjustments	(9)	(3)	(23)	(14)
Related tax benefit	1	1	7	3
Unrealized losses on securities	-	(3)	-	(6)
Related tax benefit	-	1	-	2
Gains on securities included in net income	-	-	-	(2)
Related tax expense	-	-	-	1
Total comprehensive income (loss)	$ 121	$ 96	$ (42)	$ 160

At June 30, 2000, the accumulated other comprehensive loss was comprised of net unrealized translation losses of $52 million and a minimum pension liability of $10 million.

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions)	Nine months ended June 30 2000	Nine months ended June 30 1999
CASH FLOWS FROM CONTINUING OPERATIONS		
Income from continuing operations	$ 195	$ 176
Expense (income) not affecting cash		
Depreciation, depletion and amortization	175	153
Deferred income taxes	65	24
Equity income from affiliates	(285)	(208)
Distributions from equity affiliates	142	210
Change in operating assets and liabilities (1)	(97)	(224)
	195	131
CASH FLOWS FROM FINANCING		
Proceeds from issuance of long-term debt	737	150
Proceeds from issuance of common stock	1	4
Repayment of long-term debt	(407)	(50)
Repurchase of common stock	(71)	(185)
Increase in short-term debt	244	236
Dividends paid (2)	(58)	(61)
	446	94
CASH FLOWS FROM INVESTMENT		
Additions to property, plant and equipment	(161)	(158)
Purchase of operations - net of cash acquired (3)	(579)	(40)
Other - net	19	20
	(721)	(178)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS	(80)	47
Cash provided (used) by discontinued operations	(1)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(81)	47
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	110	34
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 29	$ 81

(1) Excludes changes resulting from operations acquired or sold.
(2) The 2000 amount excludes the dividend of Arch Coal shares to Ashland shareholders which resulted in a $123 million charge to retained earnings.
(3) Amounts exclude acquisitions through the issuance of common stock of $1 million in 2000 and $48 million in 1999.

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 for the fiscal year ended September 30, 1999. Results of operations for the periods ended June 30, 2000, are not necessarily indicative of results to be expected for the year ending September 30, 2000.

INVENTORIES

(In millions)	June 30 2000	September 30 1999	June 30 1999
Chemicals and plastics	$ 407	$ 358	$ 376
Construction materials	86	55	55
Petroleum products	65	45	53
Other products	55	55	51
Supplies	6	5	8
Excess of replacement costs over LIFO carrying values	(70)	(54)	(52)
	$ 549	$ 464	$ 491

EARNINGS PER SHARE

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

	Three months ended June 30		Nine months ended June 30	
(In millions except per share data)	2000	1999	2000	1999
NUMERATOR				
Numerator for basic and diluted EPS - Income from continuing operations	$ 129	$ 99	$ 195	$ 176
DENOMINATOR				
Denominator for basic EPS - Weighted average common shares outstanding	71	73	71	74
Common shares issuable upon exercise of stock options	-	1	-	1
Denominator for diluted EPS - Adjusted weighted average shares and assumed conversions	71	74	71	75
BASIC EPS FROM CONTINUING OPERATIONS	$ 1.83	$ 1.35	$ 2.74	$ 2.36
DILUTED EPS FROM CONTINUING OPERATIONS	$ 1.83	$ 1.34	$ 2.73	$ 2.34

NOTE B - UNUSUAL ITEMS

DISCONTINUED OPERATIONS

On March 16, 2000, Ashland's Board of Directors approved a spin-off of 17.4 million shares of its Arch Coal Common Stock to Ashland's shareholders of record on March 24, 2000, in the form of a taxable dividend. The spin-off resulted in a charge to retained earnings of $123 million, with no gain or loss recorded. However, Ashland accrued $5 million of costs related to the spin-off and an offsetting tax benefit of $2 million. Ashland intends, subject to then-existing market conditions but before March 16, 2001, to dispose of its remaining 4.7 million Arch shares in a transaction or transactions that qualify as a sale for federal income tax purposes. On August 3, 2000, Ashland exercised its demand registration rights requesting Arch to effect the registration of these shares for sale in a secondary offering under the Securities Act of 1933, as amended. Results from the Arch Coal segment are shown as discontinued operations with prior periods restated. Components of amounts reflected in the income statements are presented in the following table. Results for the nine months ended June 30, 2000, include a net loss of $203 million related to asset impairment and restructuring costs, largely due to the write-down of assets at Arch's Dal-Tex and Hobet 21 mining operations and certain coal reserves in central Appalachia.

	Three months ended June 30		Nine months ended June 30	
(In millions)	2000	1999	2000	1999
Revenues - Equity income (loss)	$ -	$ 1	$ (246)	$ -
Costs and expenses - SG&A expenses	-	-	(1)	(1)
Operating income (loss)	-	1	(247)	(1)
Income tax benefit	-	-	32	1
Income (loss) from discontinued operations	$ -	$ 1	$ (215)	$ -

EXTRAORDINARY LOSS

During the nine months ended June 30, 2000, Ashland refunded $36 million of pollution control revenue bonds and repaid $332 million of the $600 million floating-rate bank credit agreement used to fund the acquisition of the U.S. construction operations of Superfos a/s. The redemption premium on the bonds and write-off of unamortized deferred debt issuance expenses resulted in pretax charges totaling $4 million which, net of income tax benefits of $1 million, resulted in an extraordinary loss on early retirement of debt of $3 million.

OTHER

Marathon Ashland Petroleum LLC (MAP) maintains an inventory valuation reserve to reduce the LIFO cost of its inventories to their net realizable values. Adjustments in that reserve are recognized quarterly based on changes in petroleum product prices, creating non-cash charges or credits to Ashland's earnings. No adjustments to the reserve were required during the nine months ended June 30, 2000.

NOTE B - UNUSUAL ITEMS (continued)

The following tables show the effects of these unusual items on Ashland's operating income, net income and diluted earnings per share for the periods ended June 30, 2000, and 1999.

	Three months ended June 30		Nine months ended June 30	
(In millions except per share data)	2000	1999	2000	1999
Operating income before unusual items	$ 268	$ 173	$ 468	$ 326
MAP inventory valuation adjustments	-	24	-	63
Operating income as reported	$ 268	$ 197	$ 468	$ 389
Net income before unusual items	$ 129	$ 84	$ 195	$ 137
Income (loss) from discontinued operations	-	1	(215)	-
Costs of spin-off of discontinued operations	-	-	(3)	-
Extraordinary loss on early retirement of debt	-	-	(3)	-
MAP inventory valuation adjustments	-	15	-	39
Net income (loss) as reported	$ 129	$ 100	$ (26)	$ 176
Diluted earnings per share before unusual items	$ 1.83	$ 1.14	$ 2.73	$ 1.83
Impact of unusual items	-	.21	(3.09)	.52
Diluted earnings (loss) per share as reported	$ 1.83	$ 1.35	$ (.36)	$ 2.35

NOTE C - UNCONSOLIDATED AFFILIATES

Ashland is required by Rule 3-09 of Regulation S-X to file separate financial statements for its significant unconsolidated affiliate, Marathon Ashland Petroleum LLC (MAP). Ashland's ownership position in Arch Coal, Inc. met those same filing requirements prior to the spin-off described in Note B. Financial statements for MAP and Arch Coal for the year ended December 31, 1999, were filed on a Form 10-K/A on March 21, 2000. 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 which will be incurred by its parents.

	Three months ended June 30		Nine months ended June 30	
(In millions)	2000	1999	2000	1999
MAP				
Sales and operating revenues	$ 7,535	$ 4,639	$ 20,053	$ 13,521
Income from operations	533	299	786	591
Net income				
Including inventory valuation adjustments	532	296	789	589
Excluding inventory valuation adjustments	532	233	789	422
Ashland's equity income				
Including inventory valuation adjustments	196	106	280	203
Excluding inventory valuation adjustments	196	82	280	140

NOTE D - LITIGATION, CLAIMS AND CONTINGENCIES

Ashland is subject to various federal, state and local environmental laws and regulations that require remediation efforts at multiple locations, including current operating facilities, operating facilities conveyed to MAP, previously owned or operated facilities, and Superfund or other waste sites. For information regarding environmental reserves, see the "Miscellaneous - Environmental Matters" section of Ashland's Form 10-K.

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

In addition to these matters, Ashland and its subsidiaries are parties to numerous other claims and lawsuits, some of which are for substantial amounts. While these actions are being contested, the outcome of individual matters is not predictable with assurance.

Ashland does not believe that any liability resulting from any of the above matters, after taking into consideration its insurance coverage and amounts already provided for, will have a material adverse effect on its consolidated financial position, cash flows or liquidity. However, such matters could have a material effect on results of operations in a particular quarter or fiscal year as they develop or as new issues are identified.

NOTE E - ACQUISITIONS

In October 1999, Ashland completed its tender offer for Superfos a/s, a Denmark based industrial company. In November 1999, in a series of transactions, Ashland sold the businesses of Superfos, other than its U.S. construction operations, to a unit of Industri Kapital, a European private equity fund. In the November transactions, Ashland received from Industri Kapital a short-term note for $285 million, which was redeemed in the March 2000 quarter. Ashland's net cost for the U.S. construction business of Superfos was approximately $537 million. Prior to Ashland's acquisition, these operations generated sales and operating revenues of $557 million and operating income of $30 million during the year ended September 30, 1999.

Primarily as a result of this acquisition, APAC's total assets increased from $996 million at September 30, 1999, to $1.664 billion at June 30, 2000. APAC's capital employed increased from $663 million at September 30, 1999, to $1.223 billion at June 30, 2000. The acquisition was funded with short-term debt and a $600 million, floating-rate bank credit agreement that matures in increasing payments between 2000 and 2004. Ashland repaid $285 million of the bank credit agreement in the March 2000 quarter upon redemption of the note described above, and repaid an additional $47 million in the June 2000 quarter. Primarily as a result of this new debt and the charges to equity related to Arch Coal (see Note B), Ashland's debt amounted to 56% of capital employed at June 30, 2000, compared to 46% at September 30, 1999.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
INFORMATION BY INDUSTRY SEGMENT

(In millions)	Three months ended June 30 2000	Three months ended June 30 1999	Nine months ended June 30 2000	Nine months ended June 30 1999
REVENUES				
Sales and operating revenues				
APAC	$ 701	$ 458	$ 1,738	$ 1,149
Ashland Distribution	841	754	2,421	2,175
Ashland Specialty Chemical	327	322	963	935
Valvoline	264	289	788	773
Intersegment sales				
Ashland Distribution	(9)	(8)	(28)	(25)
Ashland Specialty Chemical	(21)	(18)	(60)	(58)
Valvoline	-	(1)	(1)	(4)
	2,103	1,796	5,821	4,945
Equity income				
Ashland Specialty Chemical	1	1	4	4
Valvoline	-	-	1	1
Refining and Marketing	196	106	280	203
	197	107	285	208
Other income				
APAC	5	2	11	7
Ashland Distribution	1	2	6	5
Ashland Specialty Chemical	8	4	21	13
Valvoline	2	2	6	5
Refining and Marketing	-	3	5	15
Corporate	1	2	4	9
	17	15	53	54
	$ 2,317	$ 1,918	$ 6,159	$ 5,207
OPERATING INCOME (1)				
APAC	$ 41	$ 35	$ 79	$ 63
Ashland Distribution	20	17	47	42
Ashland Specialty Chemical	23	33	76	82
Valvoline	20	24	54	48
Refining and Marketing	184	102	262	199
Corporate	(20)	(14)	(50)	(45)
	$ 268	$ 197	$ 468	$ 389

(1) See Note B to the Condensed Consolidated Financial Statements for a discussion of unusual items.

ASHLAND INC. AND CONSOLIDATED SUBSIDIARIES
INFORMATION BY INDUSTRY SEGMENT

	Three months ended June 30		Nine months ended June 30	
	2000	1999	2000	1999
OPERATING INFORMATION				
APAC				
Construction backlog at June 30 (millions)			$ 1,410	$ 912
Hot mix asphalt production (million tons)	9.7	7.2	23.7	17.1
Aggregate production (million tons)	7.9	5.3	19.8	14.6
Ready-mix concrete production (thousand cubic yards)	673	342	1,899	963
Ashland Distribution (1)				
Sales per shipping day (millions)	$ 13.4	$ 12.0	$ 12.8	$ 11.6
Gross profit as a percent of sales	15.5%	15.9%	15.5%	16.0%
Ashland Specialty Chemical (1)				
Sales per shipping day (millions)	$ 5.2	$ 5.1	$ 5.1	$ 5.0
Gross profit as a percent of sales	34.0%	37.7%	34.8%	36.4%
Valvoline lubricant sales (thousand barrels per day)	12.2	13.0	12.2	12.3
Refining and Marketing (2)				
Refined products sold (thousand barrels per day)	1,345	1,259	1,295	1,207
Crude oil refined (thousand barrels per day)	965	939	880	883
Merchandise sales (millions)	$ 607	$ 524	$ 1,691	$ 1,470

(1) Sales are defined as sales and operating revenues. Gross profit is defined as sales and operating revenues, less cost of sales and operating expenses, less depreciation and amortization relative to manufacturing assets.
(2) Amounts represent 100 percent of the volumes of MAP, in which Ashland owns a 38 percent interest.

RESULTS OF OPERATIONS

Current Quarter - Ashland's net income was $129 million for the quarter ended June 30, 2000, compared to $100 million for the quarter ended June 30, 1999. Excluding unusual items described in Note B to the Condensed Consolidated Financial Statements, net income amounted to $129 million in the 2000 period, compared to $84 million in the 1999 period. The increase reflected improved refining margins for Marathon Ashland Petroleum (MAP), which more than offset the impact of rising hydrocarbon costs on Ashland's wholly owned businesses. APAC reported record results, reflecting higher revenues due to recent acquisitions and high equipment and manpower utilization rates. However, rising liquid asphalt prices and higher fuel costs significantly reduced operating income from what it would have been otherwise. Ashland Distribution reported a 21% increase in operating income due primarily to improved performance from its European plastics operations. Ashland Specialty Chemical reported a 31% decline in operating income as unsaturated polyester resins, Ashland's largest specialty business, continued to experience margin compression due to rising raw material prices. Valvoline's operating income declined 19% due primarily to lower sales of R-12 automotive refrigerant. Partially offsetting the overall improvement in operating income was higher net interest and other financial costs, resulting primarily from debt incurred to purchase the U.S. construction operations of Superfos a/s.

Year-to-Date - For the nine months ended June 30, 2000, Ashland recorded a net loss of $26 million, compared to net income of $176 million for the nine months ended June 30, 1999. Excluding unusual items, net income amounted to $195 million in the 2000 period, compared to $137 million in the 1999 period. The improvement reflects a 9% increase in combined operating income from Ashland's wholly owned businesses and improved refining margins for MAP. Three of the four wholly owned businesses improved, with Ashland Specialty Chemical showing the only decline. APAC's results benefited from the acquisition of Superfos and other recent acquisitions, and a change in estimated depreciable lives and salvage values for its construction equipment. Ashland Distribution was up despite margin compression in the chemicals and solvents business, reflecting strong performances in the plastics and fine ingredients units. Valvoline's improvement reflects the net effects of higher earnings from the sales of R-12 refrigerant and antifreeze, improved international results, record earnings from VIOC, and reduced lubricant margins. The decline in Ashland Specialty Chemical reflects increased raw material costs for unsaturated polyester resins and higher butane costs for petrochemicals, partially offset by strong improvements in adhesives and electronic chemicals. The increase in operating income was partially offset by higher net interest and other financial costs, resulting primarily from increased debt levels.

APAC

Current Quarter - Operating income from APAC's construction operations amounted to a record $41 million for the June 2000 quarter, compared to $35 million in the June 1999 quarter. The improvement reflects a 53% increase in revenues due to the acquired U.S. construction operations of Superfos (see Note E to the Condensed Consolidated Financial Statements) and a high level of construction activity and asphalt production. In addition, the current period includes a reduction of approximately $5 million in depreciation expense related to changes in the estimated useful lives and salvage values of APAC's construction equipment. These favorable variances more than offset the adverse effects of significant increases in APAC's liquid asphalt and fuel costs.

APAC (CONTINUED)

Year-to-Date - For the nine months ended June 30, 2000, APAC reported operating income of $79 million, compared to $63 million for the same period of 1999. The increase reflects the same factors described in the current quarter comparison above, with the change in depreciation adding approximately $15 million to year-to-date results. Revenues increased 51%, as production of hot mix asphalt was up 39%, crushed aggregate was up 36%, and ready-mix concrete was up 97% from the 1999 period. The construction backlog at June 30, 2000, amounted to $1.41 billion, up 55% from a year ago and the highest in company history. This growth reflects APAC's acquisitions, as well as robust highway funding.

Due to the unanticipated increases in the cost of liquid asphalt, gasoline, diesel fuel, and other fuels, it is not likely that APAC will meet its previously projected $170 million in operating income for fiscal year 2000. Nevertheless, Ashland expects APAC's operating income for fiscal 2000 to be a record and a substantial increase compared to the $108 million recorded for 1999.

ASHLAND DISTRIBUTION

Current Quarter - Ashland Distribution reported operating income of $20 million for the quarter ended June 30, 2000, compared to $17 million for last year's June quarter. The 21% increase was due primarily to improved performance from European plastics operations. In North America, chemical distribution margins - especially of commodities - were adversely affected by rising costs for hydrocarbon-based raw materials. To a lesser extent, margins in plastics distribution also encountered some pressure. However, unit volumes were strong across all of the North American distribution businesses.

Year-to-Date - For the nine months ended June 30, 2000, Ashland Distribution reported operating income of $47 million, compared to $42 million for the same period of 1999. Sales volumes were up over the prior year, but much of that increase was offset by lower gross profit percentages, due to higher product costs. Results from IC&S declined due to higher costs for hydrocarbon-based raw materials that adversely affected margins, but the effects were more than offset by better results from each of the other distribution businesses. European plastics and fiber reinforced plastics operations showed the biggest improvements.

ASHLAND SPECIALTY CHEMICAL

Current Quarter - For the quarter ended June 30, 2000, Ashland Specialty Chemical reported operating income of $23 million, compared to $33 million reported for the June 1999 quarter. Composite Polymers continued to experience margin compression due to higher costs for styrene and other raw materials. The price of styrene, a key raw material in polyester resins, is up more than 60% from a year ago. Although Composite Polymers has implemented multiple price increases over the past year, selling prices have not kept pace with increased costs. Results for Petrochemicals have also declined reflecting reduced margins for maleic anhydride, caused by significant increases in butane costs. Overall, unit volumes are healthy in each of the specialty chemical product lines, with particular strength being shown in the adhesives and electronic chemicals businesses.

ASHLAND SPECIALTY CHEMICAL (CONTINUED)

Year-to-Date - For the nine months ended June 30, 2000, Ashland Specialty Chemical reported operating income of $76 million, compared to $82 million for the first nine months of 1999. On the positive side, Electronic Chemicals has recovered strongly from the worldwide semiconductor recession experienced during the first half of fiscal 1999. Specialty Polymers & Adhesives is up on the strength of increased sales volumes and margins. However, these improvements were more than offset by declines in Composite Polymers and Petrochemicals due to the same factors discussed in the current quarter comparison above.

VALVOLINE

Current Quarter - For the quarter ended June 30, 2000, Valvoline reported operating income of $20 million, compared to $24 million for the June 1999 quarter. The decrease was primarily the result of lower sales volumes of R-12 automotive refrigerant. In total, Valvoline expects R-12 profits in fiscal 2000 to be comparable with last year. However, this year the bulk of R-12 sales occurred in the March quarter versus in the June quarter of 1999. Valvoline's lubricants business continued to experience rising base lube stock costs, which are not easily passed on to customers. On the positive side, Valvoline Instant Oil Change (VIOC) posted record June quarter results, reflecting higher car counts, improvement in the average ticket price, and gains on the sale of certain company owned units. Improvements in Valvoline International earnings reflect better results from operations in Europe and Latin America.

Year-to-Date - For the nine months ended June 30, 2000, Valvoline reported operating income of $54 million, compared to $48 million for the same period of 1999. Contributing to the improvement were better R-12 automotive refrigerant results, as well as increased antifreeze sales revenues, partially offset by compressed lubricant margins attributed to increasing raw material costs. Valvoline International earnings improved due to better results from operations in Europe, Asia and Latin America. In addition, VIOC reported record income for the nine months, primarily due to improvements in franchise royalty income and gains on the sale of certain company owned units. The elimination of losses incurred by First Recovery in 1999 also contributed to Valvoline's improvement.

REFINING AND MARKETING

Current Quarter - Operating income from Refining and Marketing amounted to $184 million for the quarter ended June 30, 2000. This compares to $78 million for the quarter ended June 30, 1999 (excluding $24 million in favorable inventory market valuation adjustments). Results for both periods include Ashland's 38% share of MAP's earnings, amortization of Ashland's excess investment in MAP, and results of certain retained refining and marketing activities. Refining margins were very strong, particularly when compared to depressed levels of a year ago when industry conditions led to the worst margins in at least a decade. In the June 2000 quarter, strong demand, pipeline problems and logistical difficulties associated with new reformulated gasoline requirements resulted in volatile markets and unusually strong product margins, particularly in the Midwest where MAP is a leading petroleum product marketer.

Year-to-Date - Operating income from Refining and Marketing amounted to $262 million for the nine months ended June 30, 2000. This compares to $136 million for the nine months ended June 30, 1999 (excluding $63 million in favorable inventory market valuation adjustments). The increase in operating income reflects improved refining margins, higher refined product sales volumes, and increased merchandise sales volumes. These improvements were partially offset by decreased retail product margins.

CORPORATE

Corporate expenses amounted to $20 million in the quarter ended June 30, 2000, compared to $14 million for the quarter ended June 30, 1999. Corporate expenses on a year-to-date basis amounted to $50 million in the 2000 period, compared to $45 million in the 1999 period. The higher level of expenses reflects increases in incentive and deferred compensation costs.

NET INTEREST AND OTHER FINANCIAL COSTS

For the quarter ended June 30, 2000, net interest and other financial costs totaled $50 million, compared to $36 million for the June 1999 quarter. For the year-to-date, net interest and other financial costs amounted to $138 million in the 2000 period, compared to $103 million in the 1999 period. The increases reflect higher debt levels resulting primarily from the debt used to finance the acquisition of the U.S. construction operations of Superfos and higher interest rates on floating-rate debt. In addition, the 2000 periods include costs associated with a $150 million sale of receivables program initiated in March 2000.

DISCONTINUED OPERATIONS

As described in Note B to the Condensed Consolidated Financial Statements, in March 2000 Ashland distributed to Ashland shareholders the major portion of its common shares of Arch Coal. The spin-off resulted in no gain or loss, but Ashland accrued $3 million in after-tax costs related to the transaction. As a result, the former Arch Coal segment is now shown as a discontinued operation, with prior periods restated.

For the nine months ended June 30, 2000, Ashland recorded a net loss of $215 million from its investment in Arch Coal, compared to breakeven results in the June 1999 period. The current year loss includes a $203 million net charge in the December quarter related to asset impairment and restructuring costs. The charge was largely due to the write-down of assets at Arch's Dal-Tex and Hobet 21 mining operations and certain coal reserves in central Appalachia.

EXTRAORDINARY LOSS

During the nine months ended June 30, 2000, Ashland refunded $36 million of pollution control revenue bonds and repaid $332 million of the $600 million floating-rate bank credit agreement used to fund the acquisition of the U.S. construction operations of Superfos. The redemption premium on the bonds and write-off of unamortized deferred debt issuance expenses resulted in pretax charges totaling $4 million which, net of income tax benefits of $1 million, resulted in an extraordinary loss on early retirement of debt of $3 million.

FINANCIAL POSITION

LIQUIDITY

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. Ashland has two revolving credit agreements providing for up to $425 million in borrowings, neither of which was in use at June 30, 2000. Under a shelf registration, Ashland can also issue an additional $600 million in debt and equity securities should future opportunities or needs arise. Furthermore, Ashland has

LIQUIDITY (CONTINUED)

access to various uncommitted lines of credit and commercial paper markets, under which $426 million of short-term borrowings were outstanding at June 30, 2000. The revolving credit agreements contain a covenant limiting new borrowings. Primarily due to the debt incurred to finance the acquisition of the U.S. construction operations of Superfos, the $203 million charge to earnings resulting from Arch Coal's asset impairment write-down and restructuring costs, and the Arch Coal spin-off, additional debt permissible has been reduced from $1.454 billion at September 30, 1999, to $438 million at June 30, 2000.

Cash flows from operations, a major source of Ashland's liquidity, amounted to $195 million for the nine months ended June 30, 2000, compared to $131 million for the nine months ended June 30, 1999. The increase reflects the sale of $150 million of accounts receivable under a new program initiated in March 2000. Ashland's cash flows from operations exceeded its capital requirements for net property additions and dividends by $2 million for the nine months ended June 30, 2000.

Operating working capital (accounts receivable and inventories, less trade and other payables) at June 30, 2000, was $493 million, compared to $548 million at September 30, 1999, and $512 million at June 30, 1999. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 67% of current liabilities at June 30, 2000, compared to 95% at September 30, 1999, and 80% at June 30, 1999. Ashland's working capital is affected by its use of the LIFO method of inventory valuation, which valued inventories $70 million below their replacement costs at June 30, 2000.

CAPITAL RESOURCES

For the nine months ended June 30, 2000, property additions amounted to $161 million, compared to $158 million for the same period last year. Property additions and cash dividends for the remainder of fiscal 2000 are estimated at $90 million and $20 million. Under Ashland's share repurchase program initiated in August 1998, Ashland repurchased 8.3 million shares through June 30, 2000. On July 19, 2000, Ashland's board of directors approved a fourth authorization in the program and increased the number of shares available for repurchase to a total of three million. The number of shares ultimately purchased and the prices Ashland will pay for its stock are subject to periodic review by management. Ashland anticipates meeting its remaining 2000 capital requirements for property additions, dividends and scheduled debt repayments of $17 million from internally generated funds. However, external financing may be necessary to fund common stock repurchases and acquisitions.

At June 30, 2000, Ashland's debt level amounted to $2.425 billion, compared to $1.846 billion at September 30, 1999. The increase reflects a floating-rate bank credit agreement and short-term debt incurred to finance the acquisition of the U.S. construction operations of Superfos. Common stockholders' equity decreased by $292 million during the nine months ended June 30, 2000, reflecting the $203 million charge to earnings resulting from Arch Coal's asset impairment write-down and restructuring costs, and the spin-off of Arch Coal shares. As a result, debt as a percent of capital employed amounted to 56% at June 30, 2000, compared to 46% at September 30, 1999. Ashland's long-term debt included $408 million of floating-rate debt at June 30, 2000. As a result, Ashland's interest costs for the remainder of 2000 will fluctuate based on short-term interest rates on that portion of its long-term debt outstanding, as well as on any short-term notes and commercial paper.

ENVIRONMENTAL MATTERS

Federal, state and local laws and regulations relating to the protection of the environment have resulted in higher operating costs and capital investments by the industries in which Ashland operates. Because of the continuing trends toward greater environmental awareness and ever increasing regulations, Ashland believes that expenditures for environmental compliance will continue to have a significant effect on its businesses. Although it cannot accurately predict how such trends will affect future operations and earnings, Ashland believes the nature and significance of its ongoing compliance costs will be comparable to those of its competitors. For information on certain specific environmental proceedings and investigations, see the "Legal Proceedings" section of this Form 10-Q. For information regarding environmental reserves, see the "Miscellaneous - Environmental Matters" section of Ashland's Form 10-K.

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

Ashland does not believe that any liability resulting from environmental matters, after taking into consideration its insurance coverage and amounts already provided for, will have a material adverse effect on its consolidated financial position, cash flows or liquidity. However, such matters could have a material effect on results of operations in a particular quarter or fiscal year as they develop or as new issues are identified.

CONVERSION TO THE EURO

On January 1, 1999, certain member countries of the European Economic and Monetary Union (EMU) established fixed conversion rates between their existing currencies and the EMU's common currency, the Euro. Entities in the participating countries can conduct their business operations in either their existing currencies or the Euro until December 31, 2001. After that date, all non-cash transactions will be conducted in Euros and circulation of Euro notes and coins for cash transactions will commence. National notes and coins will be withdrawn no later than June 30, 2002.

Ashland conducts business in all of the participating countries and is addressing the issues associated with the Euro. The more important issues include converting information technology systems, reassessing currency risk, and processing accounting and tax records. Based on the progress to date, Ashland believes that the use of the Euro will not have a significant impact on the manner in which it conducts its business and processes its accounting records. Accordingly, the use of the Euro is not expected to have a material effect on Ashland's consolidated financial position, results of operations or cash flows.

FORWARD LOOKING STATEMENTS

This Form 10-Q 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. Estimates as to operating performance and earnings are based upon a number of assumptions, including (among others) prices, supply and demand, market conditions, cost of raw materials, weather and operating efficiencies. Although Ashland believes that its expectations are based on reasonable assumptions, it cannot assure that 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. Other factors and risks affecting Ashland are contained in Ashland's Form 10-K for the fiscal year ended September 30, 1999.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Environmental Proceedings - (1) As of June 30, 2000, Ashland had been identified as a "potentially responsible party" ("PRP") under Superfund or similar state laws for potential joint and several liability for clean-up costs in connection with alleged releases of hazardous substances in connection with 87 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the EPA 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. Ashland carefully monitors the investigatory and remedial activity at many of these sites. Based on its experience with site remediation, its familiarity with current environmental laws and regulations, its analysis of the specific hazardous substances at issue, the existence of other financially viable PRPs and its current estimates of investigatory, clean-up and monitoring costs at each site, Ashland believes that its liability at these sites, either individually or in the aggregate, after taking into account its insurance coverage and established financial reserves, will not have a material adverse effect on Ashland's consolidated financial position, cash flow or liquidity. However, such matters could have a material effect on Ashland's results of operations in a particular quarter or fiscal year as they develop or as new issues are identified. Estimated costs for these matters are recognized in accordance with generally accepted accounting principles governing the likelihood that costs will be incurred and Ashland's ability to reasonably estimate future costs.

(2) Pursuant to a 1990 Agreed Order with the Commonwealth of Kentucky's Natural Resources and Environmental Protection Cabinet ("NREPC"), Ashland has conducted source investigation and remedial activities related to hydrocarbon contamination of the groundwater beneath the Catlettsburg, Kentucky refinery, operated since 1998 by a subsidiary of Marathon Ashland Petroleum LLC ("MAP"). In connection with the formation of MAP, Ashland agreed to retain responsibility for this matter. In 1999, Ashland and the NREPC initiated negotiations for a new Agreed Order which would identify future investigative efforts and establish timetables for remedial activities. This Order is expected to also include a monetary penalty, reimbursement of state oversight costs and a supplemental environmental project. With negotiations nearing conclusion, Ashland believes that the settlement will have no material adverse effect on Ashland's consolidated financial position, cash flow or liquidity.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12 Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends.

27 Financial Data Schedule for the quarter ended June 30, 2000.

(b) Reports on Form 8-K

None.

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: August 9, 2000

/s/ Kenneth L. Aulen

Kenneth L. Aulen
Administrative Vice President and
Controller (Chief Accounting Officer)

Date: August 9, 2000

/s/ David L. Hausrath

David L. Hausrath
Vice President and General Counsel

EXHIBIT INDEX

Exhibit No.	Description
12	Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends
27	Financial Data Schedule for the quarter ended June 30, 2000.

EXHIBIT 12

ASHLAND INC.
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
AND EARNINGS TO COMBINED FIXED CHARGES AND
PREFERRED STOCK DIVIDENDS
(In millions)

	Years Ended September 30					Nine Months Ended June 30	
	1995	1996	1997	1998	1999	1999	2000
EARNINGS							
Income (loss) from continuing operations	$ (2)	$ 115	$ 169	$ 178	$ 291	$ 176	$ 195
Income taxes	-	71	125	114	193	110	135
Interest expense	153	154	148	133	141	103	142
Interest portion of rental expense	35	44	48	40	35	26	29
Amortization of deferred debt expense	1	1	1	1	1	1	2
Undistributed earnings of unconsolidated affiliates	(1)	(3)	(6)	(62)	(11)	3	(143)
Amounts related to significant affiliates*							
Earnings	7	7	7	-	-	-	-
Dividends	(1)	-	-	-	-	-	-
	$ 192	$ 389	$ 492	$ 404	$ 650	$ 419	$ 360
FIXED CHARGES							
Interest expense	$ 153	$ 154	$ 148	$ 133	$ 141	$ 103	$ 142
Interest portion of rental expense	35	44	48	40	35	26	29
Amortization of deferred debt expense	1	1	1	1	1	1	2
Capitalized interest	-	-	1	-	-	-	-
Fixed charges of significant affiliates*	6	6	5	-	-	-	-
	$ 195	$ 205	$ 203	$ 174	$ 177	$ 130	$ 173
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS							
Preferred dividend requirements	$ 19	$ 19	$ 9	$ -	$ -	$ -	$ -
Ratio of pretax to net income**	1.04	1.61	1.74	-	-	-	-
Preferred dividends on a pretax basis	19	30	17	-	-	-	-
Fixed charges	195	205	203	174	177	130	173
	$ 214	$ 235	$ 220	$ 174	$ 177	$ 130	$ 173
RATIO OF EARNINGS TO FIXED CHARGES	***	1.90	2.42	2.32	3.67	3.22	2.08
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS	****	1.66	2.24	2.32	3.67	3.22	2.08

* Significant affiliates are companies accounted for on the equity method that are 50% or greater owned or whose indebtedness has been directly or indirectly guaranteed by Ashland or its consolidated subsidiaries.

** Computed as income from continuing operations before income taxes divided by income from continuing operations, which adjusts dividends on preferred stock to a pretax basis.

*** Fixed charges exceeded earnings (as defined) by $3 million.

**** Combined fixed charges and preferred stock dividends exceeded earnings (as defined) by $22 million.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM ASHLAND INC.'S 3RD QUARTER 2000 10-Q AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-Q.

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9-MOS
SEP-30-2000
JUN-30-2000
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