

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, 1998

Commission file number 1-2918

ASHLAND INC.
(a Kentucky corporation)

I.R.S. No. 61-0122250
1000 Ashland Drive
Russell, Kentucky 41169

Telephone Number: (606) 329-3333

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, 1998, there were 76,470,285 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 SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

(In millions except per share data)	Three months ended June 30		Nine months ended June 30	
	1998	1997	1998	1997
REVENUES				
Sales and operating revenues (including excise taxes)	\$ 1,705	\$ 3,299	\$ 4,777	\$ 9,491
Equity income	159	17	265	44
Other	13	12	58	42
	1,877	3,328	5,100	9,577
COSTS AND EXPENSES				
Cost of sales and operating expenses	1,368	2,451	3,877	7,275
Excise taxes on products and merchandise	-	253	-	748
Selling, general and administrative expenses	238	334	673	984
Depreciation, depletion and amortization	45	79	129	236
	1,651	3,117	4,679	9,243
OPERATING INCOME	226	211	421	334
Interest expense (net of interest income)	(33)	(38)	(96)	(112)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	193	173	325	222
Income taxes	(70)	(54)	(122)	(78)
INCOME FROM CONTINUING OPERATIONS	123	119	203	144

Income from discontinued operations (net of income taxes)	-	9	-	26
INCOME BEFORE EXTRAORDINARY LOSS	123	128	203	170
Extraordinary loss on early retirement of debt (net of income taxes)	-	(2)	-	(2)
NET INCOME	\$ 123	\$ 126	\$ 203	\$ 168
EARNINGS PER SHARE - Note G				
Basic				
Income from continuing operations	\$ 1.61	\$ 1.60	\$ 2.69	\$ 1.98
Income from discontinued operations	-	.11	-	.37
Extraordinary loss	-	(.02)	-	(.02)
Net income	\$ 1.61	\$ 1.69	\$ 2.69	\$ 2.33
Diluted				
Income from continuing operations	\$ 1.59	\$ 1.54	\$ 2.64	\$ 1.90
Income from discontinued operations	-	.11	-	.33
Extraordinary loss	-	(.02)	-	(.02)
Net income	\$ 1.59	\$ 1.63	\$ 2.64	\$ 2.21
DIVIDENDS PAID PER COMMON SHARE	\$.275	\$.275	\$.825	\$.825

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)	June 30 1998	September 30 1997	June 30 1997
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 44	\$ 250	\$ 112
Accounts receivable	1,050	1,610	1,581
Allowance for doubtful accounts	(20)	(25)	(27)
Inventories - Note A	486	660	717
Deferred income taxes	90	103	105
Other current assets	145	122	132
	-----	-----	-----
	1,795	2,720	2,620
INVESTMENTS AND OTHER ASSETS			
Investment in Marathon Ashland Petroleum LLC (MAP)	2,119	-	-
Investment in Arch Coal	426	403	406
Cost in excess of net assets of companies acquired	179	120	150
Net assets of discontinued operations held for sale	-	18	341
Other noncurrent assets	369	523	468
	-----	-----	-----
	3,093	1,064	1,365
PROPERTY, PLANT AND EQUIPMENT			
Cost	2,315	5,567	5,478
Accumulated depreciation, depletion and amortization	(1,225)	(2,889)	(2,841)
	-----	-----	-----
	1,090	2,678	2,637
	-----	-----	-----
	\$ 5,978	\$ 6,462	\$ 6,622
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt due within one year	\$ 230	\$ 49	\$ 337
Trade and other payables	1,032	1,867	1,757
Income taxes	63	112	24
	-----	-----	-----
	1,325	2,028	2,118
NONCURRENT LIABILITIES			
Long-term debt (less current portion)	1,509	1,356	1,580
Employee benefit obligations	436	539	533
Reserves of captive insurance companies	178	161	171
Other long-term liabilities and deferred credits	356	354	297
Commitments and contingencies - Note E			
	-----	-----	-----
	2,479	2,410	2,581
COMMON STOCKHOLDERS' EQUITY			
	-----	-----	-----
	2,174	2,024	1,923
	-----	-----	-----
	\$ 5,978	\$ 6,462	\$ 6,622
	=====	=====	=====

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

 ASHLAND INC. AND SUBSIDIARIES
 STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(In millions)	Preferred stock	Common stock	Paid-in capital	Retained earnings	Other	Total
BALANCE AT OCTOBER 1, 1996	\$ 293	\$ 64	\$ 280	\$ 1,185	\$ (8)	\$ 1,814
Net income				168		168
Dividends						
Preferred stock				(9)		(9)
Common stock				(56)		(56)
Issued common stock under						
Preferred stock conversion	(290)	9	281			-
Stock incentive plans		1	25			26
Employee savings plan			1			1
Preferred stock redemption	(3)					(3)
Other changes					(18)	(18)
	-----	-----	-----	-----	-----	-----
BALANCE AT JUNE 30, 1997	\$ -	\$ 74	\$ 587	\$ 1,288	\$ (26)	\$ 1,923
	=====	=====	=====	=====	=====	=====
BALANCE AT OCTOBER 1, 1997	\$ -	\$ 75	\$ 605	\$ 1,379	\$ (35)	\$ 2,024
Net income				203		203
Dividends on common stock				(62)		(62)
Issued common stock under						
Stock incentive plans			13			13
Acquisition of other companies		1	1	7		9
Other changes			(3)		(10)	(13)
	-----	-----	-----	-----	-----	-----
BALANCE AT JUNE 30, 1998	\$ -	\$ 76	\$ 616	\$ 1,527	\$ (45)	\$ 2,174
	=====	=====	=====	=====	=====	=====

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions)	Nine months ended June 30	
	1998	1997
CASH FLOWS FROM CONTINUING OPERATIONS		
Income from continuing operations	\$ 203	\$ 144
Expense (income) not affecting cash		
Depreciation, depletion and amortization	129	236
Deferred income taxes	27	37
Equity income from affiliates	(265)	(44)
Distributions from equity affiliates	154	16
Other noncash items	(6)	-
Change in operating assets and liabilities (1)	(224)	(155)
	18	234
CASH FLOWS FROM FINANCING		
Proceeds from issuance of long-term debt	150	87
Proceeds from issuance of capital stock	8	19
Repayment of long-term debt	(47)	(60)
Increase in short-term debt	171	109
Dividends paid	(62)	(65)
	220	90
CASH FLOWS FROM INVESTMENT		
Additions to property, plant and equipment	(177)	(233)
Purchase of leased assets associated with the formation of MAP	(254)	-
Purchase of operations - net of cash acquired	(147)	(67)
Proceeds from sale of operations	26	-
Investment purchases (2)	(173)	(160)
Investment sales and maturities (2)	272	150
Other - net	19	18
	(434)	(292)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS		
Cash provided (used) by discontinued operations	(196)	32
	(10)	10
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(206)	42
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		
	250	70
CASH AND CASH EQUIVALENTS - END OF PERIOD		
	\$ 44	\$ 112
	=====	=====

- (1) Excludes changes resulting from operations acquired or sold.
(2) Represents primarily investment transactions of captive insurance companies.

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, but 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, 1997. Results of operations for the periods ended June 30, 1998, are not necessarily indicative of results to be expected for the year ending September 30, 1998.

BASIS OF PRESENTATION

Effective October 1, 1997, Ashland adopted FASB Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." As a result, equity income is now included in operating income, with prior periods restated.

Effective October 1, 1997, responsibility for marketing of the petrochemicals and lube base stocks manufactured by Ashland Petroleum was transferred from Ashland Chemical and Valvoline to Refining and Marketing, now MAP. Prior period information by industry segment was restated for the transfer.

As described in Note B, Ashland's investment in Arch Coal is now accounted for on the equity method and prior periods were restated to reflect Ashland's coal investments on the equity method for all periods presented. However, as described in Note D, the formation of MAP required a change in accounting for Ashland's Refining and Marketing segment. Restatement of financial statements for years prior to 1998 was not permitted under generally accepted accounting principles. As a result, the 1998 and 1997 periods are not comparable.

INVENTORIES

(In millions)	June 30 1998	September 30 1997	June 30 1997
Chemicals	\$ 388	\$ 341	\$ 377
Petroleum products	50	289	318
Other products	96	131	133
Crude oil	-	277	287
Materials and supplies	10	38	36
Excess of replacement costs over LIFO carrying values	(58)	(416)	(434)
	\$ 486	\$ 660	\$ 717
	=====	=====	=====

NOTE B - ARCH COAL

Ashland Coal, Inc. and Arch Mineral Corporation merged on July 1, 1997, into a new corporation known as Arch Coal, Inc., in which Ashland has a 55% ownership interest. Effective with the June 1998 quarter, Ashland early adopted Emerging Issues Task Force Issue No. 96-16 (EITF 96-16), "Investor's Accounting

NOTE B - ARCH COAL (continued)

for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights." The adoption of EITF 96-16 resulted in a change in the method of accounting for Ashland's investment in Arch Coal from consolidation to the equity method. As a result of the accounting change and the restatement of prior periods for comparison purposes, all of Ashland's coal investments are now accounted for on the equity method for all periods presented. The change had no effect on Ashland's net income or common stockholders' equity, but reduced its revenues, costs, assets and liabilities, and changed certain components of its cash flow. Arch Coal also files periodic reports, including annual reports on Form 10-K, pursuant to the Securities and Exchange Act of 1934.

Unaudited income statement information for Arch Coal follows. Amounts for the periods ended June 30, 1997, are combined results for the former Arch Mineral Corporation and Ashland Coal, Inc.

(In millions)	Three months ended June 30		Nine months ended June 30	
	1998	1997	1998	1997
Sales	\$ 342	\$ 344	\$ 970	\$ 1,044
Income from operations	27	31	80	91
Net income	14	22	50	63

NOTE C - DISCONTINUED OPERATIONS

On July 1, 1997, Ashland sold the domestic exploration and production operations of Blazer Energy Corporation. On May 6, 1998, Ashland completed its withdrawal from the business through the sale of its exploration and production operations in Nigeria with no significant gain or loss. Accordingly, results from the Exploration segment are shown as discontinued operations. Components of amounts reflected in the income statements, balance sheets and cash flow statements are presented in the following table.

(In millions)	Three months ended June 30		Nine months ended June 30	
	1998	1997	1998	1997
INCOME STATEMENT DATA				
Revenues	\$ -	\$ 62	\$ -	\$ 216
Costs and expenses	-	(53)	-	(191)
Operating income	-	9	-	25
Income tax benefit	-	-	-	1
Net income	\$ -	\$ 9	\$ -	\$ 26
BALANCE SHEET DATA				
Current assets			\$ -	\$ 74
Investments and other assets			-	8
Property, plant and equipment - net			-	430
Current liabilities			-	(67)
Noncurrent liabilities			-	(104)
Net assets held for sale			\$ -	\$ 341
CASH FLOW DATA				
Cash flows from operations			\$ (36)	\$ 44
Cash flows from investment			26	(34)
Cash provided (used) by discontinued operations			\$ (10)	\$ 10

NOTE D - REFINING AND MARKETING

Effective January 1, 1998, Ashland and Marathon Oil Company formed Marathon Ashland Petroleum LLC (MAP), combining the major elements of the refining, marketing and transportation operations of the two companies. Marathon has a 62% interest in MAP and Ashland holds a 38% interest, which is accounted for using the equity method of accounting. For comparison purposes, Ashland changed its method of accounting for the businesses contributed to MAP to the equity method effective October 1, 1997, the beginning of Ashland's current fiscal year, restating results for the quarter ended December 31, 1997. The change had no effect on Ashland's net income or common stockholders' equity, but reduced its revenues, costs, assets and liabilities, and changed certain components of its cash flow.

The following table sets forth certain unaudited pro forma financial information for Ashland assuming MAP was formed as of the beginning of both fiscal 1998 and 1997. This pro forma financial information may not be indicative of the results of operations for Ashland that would have resulted if the transaction had occurred as of the dates assumed or which will be obtained in the future.

(In millions except per share data)	Nine months ended June 30	
	1998	1997
Revenues	\$ 5,031	\$ 4,704
Income from continuing operations (1)	156	121
Net income	156	145
Diluted earnings per share		
Income from continuing operations (1)	2.03	1.61
Net income	2.03	1.91

(1) Includes inventory adjustments associated with the formation of MAP and changes in MAP's inventory market valuation reserves. Pro forma income from continuing operations excluding these items would have been \$204 million (\$2.65 per share) in 1998 and \$162 million (\$2.14 per share) in 1997. Reported income from continuing operations, excluding these inventory adjustments, was \$200 million (\$2.60 per share) in 1998 and \$144 million (\$1.90 per share) in 1997.

Unaudited income statement information follows for MAP for the three months and six months ended June 30, 1998. Such results included inventory adjustments associated with the formation of MAP and changes in MAP's inventory market valuation reserve. The reserve reflects the excess of the LIFO cost of MAP's crude oil and refined product inventories over their net realizable values. These adjustments increased MAP's income from operations by \$3 million for the three months and \$12 million for the six months ended June 30, 1998.

(In millions)	Three months ended June 30, 1998		Six months ended June 30, 1998	
Sales	\$	4,952	\$	9,541
Income from operations		409		547
Net income		417		558

MAP is organized as a limited liability corporation (LLC) 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 above for MAP does not include any provision for income taxes which will be incurred by MAP's parents.

NOTE E - 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 operating facilities, previously owned or operated facilities, and Superfund or other waste sites. For information regarding environmental expenditures and reserves, see the "Miscellaneous - Governmental Regulation and Action - Environmental Protection" section of Ashland's Form 10-K.

Environmental reserves are subject to considerable 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.

During 1997, the U.S. Environmental Protection Agency (EPA) completed comprehensive inspections of three refineries owned by Ashland prior to the formation of Marathon Ashland Petroleum LLC (MAP), which evaluated Ashland's compliance with federal environmental laws and regulations at those facilities. Ashland continues to cooperate and participate in discussions with the EPA concerning the results of these inspections, including discussions about the nature and extent of any additional remediation actions or equipment modifications or upgrades that may be required to respond to the findings of the inspections. Under the terms of the agreements pursuant to which the refineries were conveyed to MAP, Ashland agreed to retain responsibility for matters arising out of these inspections, including commencement of work as soon as practical on certain enumerated projects.

Ashland is a defendant in a series of cases involving more than 600 former workers at the Lockheed aircraft manufacturing facility in Burbank, California. The plaintiffs allege personal injury resulting from exposure to chemicals sold to Lockheed by Ashland, and inadequate labeling of such chemicals. The cases are being tried in the Superior Court of California for the County of Los Angeles. To date, five trials involving approximately 130 plaintiffs have resulted in total verdicts adverse to Ashland of \$152.2 million (\$146.7 million of which is punitive damages). The damage awards have been, or will be, appealed. Ashland believes, upon advice of counsel, that there is a substantial likelihood that the punitive damage awards will be reversed or substantially reduced.

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 these matters, after taking into consideration its insurance coverages 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.

 ASHLAND INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - ACQUISITIONS

During the nine months ended June 30, 1998, APAC acquired 10 Missouri-based companies known as the Masters-Jackson group, strengthening APAC's capabilities in asphalt production and paving, concrete paving, aggregate production and bridge-building, and also acquired several smaller construction businesses. In addition, Valvoline acquired the Eagle One(R) brand of premium automotive appearance products, while Ashland Chemical made several smaller acquisitions to expand its distribution and specialty chemical businesses. Eagle One and three of the smaller APAC acquisitions were acquired by the issuance of a total of \$41 million in Ashland common stock, certain of which were accounted for as poolings of interests. Prior periods were not restated since the effects would have been insignificant. The other acquisitions were accounted for as purchases and did not have a significant effect on Ashland's consolidated financial statements.

NOTE G - COMPUTATION OF EARNINGS PER SHARE

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (FAS 128), "Earnings per Share." FAS 128 replaced the previously reported primary and fully diluted earnings per share (EPS) with basic and diluted EPS. Unlike primary EPS, basic EPS excludes any dilutive effects of options and convertible securities. Diluted EPS is very similar to the previously reported fully diluted EPS. EPS amounts for all periods have been presented, and where necessary, restated to conform to the FAS 128 requirements. The following table sets forth the computation of basic and diluted EPS from continuing operations.

(In millions except per share data)	Three months ended June 30		Nine months ended June 30	
	1998	1997	1998	1997
NUMERATOR				
Income from continuing operations	\$ 123	\$ 119	\$ 203	\$ 144
Preferred stock dividends	-	-	-	(9)
Numerator for basic EPS - Income available to common shares	123	119	203	135
Effect of dilutive securities				
Dividends on convertible preferred stock	-	-	-	9
Interest on convertible debentures (net of income taxes)	-	1	-	4
Numerator for diluted EPS - Income available to common shares after assumed conversions	\$ 123	\$ 120	\$ 203	\$ 148
DENOMINATOR				
Denominator for basic EPS - Weighted average common shares outstanding	76	74	76	68
Common shares issuable upon				
Exercise of stock options	1	1	1	1
Conversion of debentures	-	3	-	3
Conversion of preferred stock	-	-	-	6
Denominator for diluted EPS - Adjusted weighted average shares and assumed conversions	77	78	77	78
BASIC EPS FROM CONTINUING OPERATIONS	\$ 1.61	\$ 1.60	\$ 2.69	\$ 1.98
DILUTED EPS FROM CONTINUING OPERATIONS	\$ 1.59	\$ 1.54	\$ 2.64	\$ 1.90

ASHLAND INC. AND SUBSIDIARIES
INFORMATION BY INDUSTRY SEGMENT

(Dollars in millions except as noted)	Three months ended June 30		Nine months ended June 30	
	1998	1997	1998	1997
SALES AND OPERATING REVENUES				
Ashland Chemical	\$ 1,020	\$ 1,035	\$ 3,081	\$ 2,915
APAC	428	347	963	843
Valvoline	260	285	749	792
Refining and Marketing	-	1,696	-	5,111
Intersegment sales				
Refining and Marketing	-	(57)	-	(151)
Other	(3)	(7)	(16)	(19)
	<u>\$ 1,705</u>	<u>\$ 3,299</u>	<u>\$ 4,777</u>	<u>\$ 9,491</u>
OPERATING INCOME				
Ashland Chemical	\$ 42	\$ 50	\$ 132	\$ 118
APAC	31	29	50	48
Valvoline	17	29	34	66
Refining and Marketing (1)	147	103	224	110
Inventory valuation adjustments (2)	1	-	5	-
Arch Coal	7	12	25	32
General corporate expenses	(19)	(12)	(49)	(40)
	<u>\$ 226</u>	<u>\$ 211</u>	<u>\$ 421</u>	<u>\$ 334</u>
OPERATING INFORMATION				
(mbpd = thousand barrels per day)				
APAC				
Construction backlog at June 30 (millions)			\$ 875	\$ 701
Hot mix asphalt production (million tons)	7.2	5.9	14.8	13.2
Aggregate production (million tons)	5.9	4.7	14.2	11.8
Valvoline lubricant sales (mbpd)	17.6	16.4	16.2	15.4
Refining and Marketing (3)				
Refined products sold (mbpd)	1,178.9		1,160.8	
Crude oil refined (mbpd)	923.2		914.3	
Arch Coal (4)				
Tons sold (millions)	16.8	13.5	41.4	41.1
Tons produced (millions)	16.6	14.0	40.8	41.8

- (1) Effective January 1, 1998, includes Ashland's equity income from MAP, amortization of Ashland's excess investment in MAP, and certain retained refining and marketing activities.
- (2) Represents Ashland's share of inventory adjustments associated with the formation of MAP and changes in MAP's inventory market valuation reserve. The reserve reflects the excess of the LIFO cost of MAP's crude oil and refined product inventories over their net realizable values.
- (3) Amounts represent 100% of the volumes of MAP, which commenced operations January 1, 1998.
- (4) Includes tonnage of the domestic coal operations acquired from Atlantic Richfield effective June 1, 1998.

RESULTS OF OPERATIONS

CURRENT QUARTER - Ashland recorded net income of \$123 million for the quarter ended June 30, 1998, including net income of \$1 million from inventory valuation adjustments related to Marathon Ashland Petroleum LLC (MAP), the oil refining and marketing company formed January 1, 1998, between Ashland and Marathon Oil Company. The quarter's results compare to net income of \$126 million for the quarter ended June 30, 1997, which included an extraordinary loss of \$2 million on the early retirement of debt. Although last year's June quarter included net income of \$9 million from discontinued operations of the former Exploration segment, results for this year's quarter were enhanced by lower net interest costs resulting from the use of the proceeds from the sale of those operations to reduce debt.

YEAR-TO-DATE - Ashland recorded net income of \$203 million for the nine months ended June 30, 1998. This amount includes \$9 million in unusual net income, including MAP's inventory valuation adjustments and a December-quarter gain from the sale of Ashland's 23% interest in Melamine Chemicals. Net income for the nine months ended June 30, 1997, amounted to \$168 million, including the \$2 million extraordinary loss. Although the 1997 period included income from discontinued operations of \$26 million, results for the 1998 period benefited from a \$16 million reduction in net interest costs resulting from the use of the sales proceeds to reduce debt.

Results for the periods ended June 30, 1997, have been restated for a variety of reasons as described in Note A to the condensed consolidated financial statements. These restatements present the results for the prior year's periods on a basis consistent with the current year's presentation and all comparisons within this discussion reflect these restatements.

The formation of MAP on January 1, 1998, resulted in a restatement of Ashland's results for the quarter ended December 31, 1997, as described in Note D to the condensed consolidated financial statements. This restatement presents results for both the quarter and nine months ended June 30, 1998, on a consistent basis. However, since the 1997 periods were not restated, results for the 1998 and 1997 periods for the Refining and Marketing segment are not comparable.

ASHLAND CHEMICAL

CURRENT QUARTER - Ashland Chemical reported operating income of \$42 million for the quarter ended June 30, 1998, compared to \$50 million for the same period a year ago. The decline was due to a number of factors. First, the 1997 quarter included a small gain from the sale of foreign technology by Melamine Chemicals. Second, the downturn in Asian markets moderately affected Foundry Products and Electronic Chemicals in the Specialty Chemicals Group. Finally, softer methanol markets led to a decline in the Petrochemicals Group. Operating income from the Distribution Group was up slightly, reflecting improvements from the European plastics operations.

YEAR-TO-DATE - Ashland Chemical reported operating income of \$132 million for the nine months ended June 30, 1998, compared to \$118 million for the same period of fiscal 1997. The current period includes a pretax gain of \$14 million on the sale of Ashland's 23% interest in Melamine Chemicals. Operating income for the Distribution Group was up slightly reflecting improvements from the European plastics businesses, Fine Ingredients and General Polymers, more than offsetting a decline in IC&S. Results for the Specialty Chemicals Group were also up slightly as improvements in Drew Marine, Specialty Polymers &

ASHLAND CHEMICAL (continued)

Adhesives, Composite Polymers and Drew Industrial were partially offset by declines in Electronic Chemicals and Foundry Products. The downturn in the Asian markets contributed to these declines. The Petrochemicals Group was off slightly as reduced profits from methanol more than offset improvements from maleic anhydride.

APAC

CURRENT QUARTER - For the third quarter of fiscal 1998, APAC's construction operations reported record June quarter operating income of \$31 million, compared to \$29 million for the June 1997 quarter. Favorable weather conditions across the Southeast and Midwest led to increased construction activity as well as record materials production.

YEAR-TO-DATE - The APAC construction companies reported operating income of \$50 million for the first nine months of fiscal 1998, compared to \$48 million for the 1997 period. Net revenue (total revenue less subcontract work) was up 16%, while hot mix asphalt production was up 12% and crushed aggregate production was up 21% from 1997. The construction backlog at June 30, 1998, amounted to \$875 million, the highest ever reported, and represented a 25% improvement over the level of June 1997. In addition, the reauthorization of the federal highway funding program bodes well for APAC. Based on current estimates, the states in which APAC operates should see an average increase in annual highway funding of \$3.3 billion (59%) for the six year program.

VALVOLINE

CURRENT QUARTER - Valvoline reported operating income of \$17 million for the quarter ended June 30, 1998, compared to \$29 million for the quarter ended June 30, 1997. The decrease in earnings was primarily the result of lower R-12 refrigerant sales volumes and prices. Ample inventory at the distributor and retail levels reduced the demand for R-12. The current quarter was also negatively impacted by lower used oil fuel prices for First Recovery, Valvoline's used oil collection unit. The decline also reflects increased advertising and promotional expenses for the successful introduction of Valvoline's Synpower(R) automotive chemicals line and Eagle One(R) appearance products. Valvoline's core lubricants business performed very well, with favorable volumes and margins compared to 1997.

YEAR-TO-DATE - Valvoline reported operating income of \$34 million for the nine months ended June 30, 1998, compared to \$66 million for the comparable 1997 period. The decrease was generally due to the same factors discussed in the quarterly comparison, and also includes the costs associated with the February 1998 acquisition of Eagle One Industries.

REFINING AND MARKETING

CURRENT QUARTER - Operating income from Refining and Marketing (excluding \$1 million in net favorable inventory valuation adjustments) amounted to \$147 million for the quarter ended June 30, 1998, compared to \$103 million for the quarter ended June 30, 1997. As described previously in this discussion and discussed further in Note D to the condensed consolidated financial statements, the formation of MAP effective January 1, 1998, makes operating results between the current and prior year periods not

REFINING AND MARKETING (continued)

comparable. Refining and Marketing operating income for the quarter ended June 30, 1998, consisted of Ashland's equity income from MAP, amortization of Ashland's excess investment in MAP, and certain retained refining and marketing activities. Operating income for the quarter ended June 30, 1997, represents Ashland's 100% interest in its former refining and marketing businesses. While the improvement in operating income resulted principally from more favorable industry conditions in the June 1998 quarter, a different mix of operations resulting from the formation of MAP was also a significant factor in the improvement. Because of its Midwest market position, MAP enjoys stronger product margins compared to the Gulf or East Coast reference markets. MAP continues to successfully capture efficiency benefits and is continuing the integration process. The current focus is on actively integrating the logistical, retail marketing, wholesale marketing and refining operations, as well as administrative functions that Ashland and Marathon transferred to MAP.

Potential efficiencies derived by MAP have been broadly estimated to be in excess of \$200 million annually on a pretax basis. While part of these efficiencies are beginning to be realized, full realization should occur over the next few years as MAP's integration plans are implemented.

MAP is implementing a maintenance and safety improvement program at the Catlettsburg, Ky., Canton, Ohio, and St. Paul Park, Minn., refineries which has or will result in the scheduled shutdown of certain production units at various times over the next several months. MAP does not expect product shortages as a result of this downtime. The costs of the program, as well as the effects of reduced production levels, could have a negative impact on MAP profitability during the remainder of calendar 1998, however, such effects are not expected to be material to Ashland.

YEAR-TO-DATE - Refining and Marketing reported operating income of \$224 million for the nine months ended June 30, 1998, excluding \$5 million in net favorable inventory valuation adjustments. This amount represents 100% of the operating income generated in the quarter ended December 31, 1997, by the businesses Ashland contributed to MAP, plus Ashland's share of MAP's earnings for the six months ended June 30, 1998, amortization of Ashland's excess investment in MAP, and certain retained refining and marketing activities. For the nine months ended June 30, 1997, Ashland's former refining and marketing businesses generated \$110 million in operating income. Reported results for the six months ended June 30, 1998, show a \$94 million improvement over the same period last year, and reflect the same factors described in the quarterly comparison above. In addition, the March 1997 quarter was impacted by heavy flooding in the Ohio Valley which limited the ability to ship product on the river. Ashland's former businesses reported a \$20 million increase in operating income for the December 1997 quarter, compared to the December 1996 quarter. This increase was the result of lower average crude oil costs for the quarter and improved refining margins. In addition, retail gasoline margins also improved, and sales of gasoline and merchandise increased.

ARCH COAL

CURRENT QUARTER - Operating income generated from Ashland's investment in Arch Coal amounted to \$7 million for the quarter ended June 30, 1998, compared to combined earnings of \$12 million from Ashland's investments in Arch Mineral and Ashland Coal for the quarter ended June 30, 1997. The decline was due to the previously announced expiration at the end of calendar 1997 of an above-market-priced contract with

ARCH COAL (continued)

Georgia Power, the January closing of a longwall mining operation in eastern Kentucky and higher interest costs related to the \$1.14 billion acquisition of Atlantic Richfield's (ARCO) domestic coal operations completed on June 1, 1998. The transaction makes Arch Coal the nation's second largest coal producer with expected coal sales of nearly 110 million tons annually, annual revenues of about \$1.8 billion, and a reserve base of approximately 3.4 billion tons. Arch is now a much stronger competitor in a rapidly consolidating industry.

YEAR-TO-DATE - Operating income generated from Ashland's investment in Arch Coal amounted to \$25 million for the nine months ended June 30, 1998, compared to combined earnings of \$32 million from Ashland's investments in Arch Mineral and Ashland Coal for the nine months ended June 30, 1997. Cost savings related to the merger have made a positive contribution to earnings. However, these savings and the positive impact of the June 1998 operating results from the ARCO operations were more than offset by the factors described in the current quarter comparison above.

GENERAL CORPORATE EXPENSES

General corporate expenses amounted to \$19 million in the quarter ended June 30, 1998, compared to \$12 million for the quarter ended June 30, 1997. Year-to-date amounts were \$49 million for the current year versus \$40 million for the prior year. The absolute level of G&A expenses is actually down somewhat; however, due to the formation of MAP and the sale of Ashland's exploration business, a greater amount has been retained at the corporate level. On July 20, 1998, Ashland announced a program to substantially reduce G&A expenses. The program, which is already under way, includes the relocation of corporate headquarters to Covington, Ky., in the Cincinnati metropolitan area, and a restructuring of administrative functions companywide. The restructuring process is expected to result in the elimination of 150 to 225 jobs at corporate headquarters in Ashland, Ky., and will result in a charge against September 1998 earnings.

INTEREST EXPENSE (NET OF INTEREST INCOME)

For the three months ended June 30, 1998, interest expense (net of interest income) totaled \$33 million, compared to \$38 million for the June 1997 quarter. Year-to-date amounts were \$96 million for the current year versus \$112 million for the prior year. The decline reflected a decrease in interest expense as a result of Ashland's improved financial position. Ashland used the proceeds from the July 1997 sale of its domestic exploration and production operations to significantly reduce its debt levels. However, this reduction was partially offset by increased debt levels resulting from \$254 million in purchases of leased assets in December 1997 and January 1998 associated with the formation of MAP and by acquisitions during 1998.

DISCONTINUED OPERATIONS

See Note C to the condensed consolidated financial statements for a discussion of the discontinued operations of the former Exploration segment.

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 a revolving credit agreement providing for up to \$320 million in borrowings, under which no borrowings were outstanding at June 30, 1998. Under a shelf registration, Ashland can issue an additional \$220 million in medium-term notes should future opportunities or needs arise. Ashland also has access to various uncommitted lines of credit and commercial paper markets, under which short-term notes and commercial paper of \$174 million were outstanding at June 30, 1998.

Cash flows from continuing operations, a major source of Ashland's liquidity, amounted to \$18 million for the nine months ended June 30, 1998, compared to \$234 million for the nine months ended June 30, 1997. This decrease was due in part to the change in accounting to the equity method for Ashland's former Refining and Marketing operations. This change in accounting effectively reclassifies the capital expenditures for property, plant and equipment for these operations from investing activities to a reduction of cash flows from operations. Property additions for Refining and Marketing amounted to \$108 million for the nine months ended June 30, 1997. The current period was also affected by increased working capital requirements and the payment of income taxes related to the sale of Ashland's domestic exploration and production operations.

Operating working capital (accounts receivable and inventories, less trade and other payables) at June 30, 1998, was \$484 million, compared to \$378 million at September 30, 1997, and \$514 million at June 30, 1997. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 81% of current liabilities at June 30, 1998, compared to 90% at September 30, 1997, and 79% at June 30, 1997. Ashland's working capital is affected by its use of the LIFO method of inventory valuation, which valued inventories \$58 million below their replacement costs at June 30, 1998.

CAPITAL RESOURCES

For the nine months ended June 30, 1998, property additions amounted to \$177 million, compared to \$233 million for the same period last year. The prior year includes \$108 million for the businesses contributed to MAP. Property additions and cash dividends for the remainder of fiscal 1998 are estimated at \$89 million and \$21 million. On August 7, 1998, Ashland's Board of Directors authorized the company to repurchase up to 4 million shares of its common stock in the open market. The timing and exact number of shares to be purchased will be dependent on market conditions. Ashland anticipates meeting its remaining 1998 capital requirements for property additions, dividends, common share repurchases and \$14 million in contractual maturities of long-term debt from internally generated funds. In February 1998, Ashland issued \$150 million aggregate principal amount of 6.625% Senior Notes due 2008.

Ashland's capital employed at June 30, 1998, consisted of debt (44%) and common stockholders' equity (56%). In comparison, debt as a percent of capital employed amounted to 41% at September 30, 1997, and 50% at June 30, 1997. At June 30, 1998, long-term debt included about \$40 million of floating-rate debt, and the interest rates on an additional \$270 million of fixed-rate debt were converted to floating rates through interest rate swap agreements. As a result, interest costs for the remainder of 1998 will fluctuate

CAPITAL RESOURCES (continued)

based on short-term interest rates on about \$310 million of Ashland's consolidated long-term debt, 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 increasingly stringent 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 in the chemical, mining and petroleum industries. For information on certain specific environmental proceedings and investigations, see the "Legal Proceedings" section of this Form 10-Q. For information regarding environmental expenditures and reserves, see the "Miscellaneous - Governmental Regulation and Action - Environmental Protection" section of Ashland's Form 10-K.

Environmental reserves are subject to considerable uncertainties which 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.

During 1997, the U.S. Environmental Protection Agency (EPA) completed comprehensive inspections of three refineries owned by Ashland prior to the formation of MAP. See Note E to the condensed consolidated financial statements for a discussion of this matter.

Ashland does not believe that any liability resulting from environmental matters, after taking into consideration its insurance coverages 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.

YEAR 2000 ISSUE

Ashland, like most other companies, is faced with the Year 2000 Issue, which is the result of computer programs written with two digits rather than four to define the applicable year. Any computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 instead of the year 2000. This could result in a system failure or miscalculations causing disruptions of operations or financial processes, such as equipment failures or a temporary inability to process transactions or send invoices.

Ashland began developing plans in 1994 to address the possible exposures related to the impact of the Year 2000 Issue. A project team is responsible for coordinating the assessment, remediation, testing and implementation of the necessary modifications to its key computer applications (which consist of internally

YEAR 2000 ISSUE (continued)

developed computer applications, as well as third party software, hardware and embedded chip systems) to assure such systems and related processes will continue to function after December 31, 1999.

The assessment phase related to internally developed computer applications has been completed and the estimated additional costs for making the necessary changes to such systems, including implementation and testing efforts, are not expected to exceed \$10 million and will be expensed as incurred. This estimate was based on various factors including availability of internal and external resources and complexity of the software applications. Such estimate does not include costs of new systems for which the principal justification is improved business functionality, rather than Year 2000 compliance.

The investigation and assessment phase for the third party software, hardware and embedded chip systems is underway. Included in this phase of the project is an effort to obtain representations and assurances from third party vendors that their software and hardware products being used by Ashland are or will be Year 2000 compliant. Implementation and testing phases are expected to be completed in 1999.

Ashland's goal is to ensure that all of the critical systems and processes remain functional. However, because certain systems may be interrelated with systems outside the control of Ashland, there can be no assurances that all implementations will be successful. Ashland does not expect the costs to modify its systems or to correct any unsuccessful system implementations will have a material adverse impact on its 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. Although Ashland believes that its expectations are based on reasonable assumptions, it cannot assure that the expectations contained in such statements will be achieved. Important factors which could cause actual results to differ materially from those contained in such statements are discussed in Note A to the Consolidated Financial Statements under risks and uncertainties in Ashland's Annual Report for the fiscal year ended September 30, 1997. Other factors and risks affecting Ashland's revenues and operations are contained in Ashland's Form 10-K for the fiscal year ended September 30, 1997, which is on file with the Securities and Exchange Commission.

The above discussion under "Results of Operations - Refining and Marketing" contains forward-looking statements with respect to the amount and timing of efficiencies to be realized by MAP. Some factors that could potentially cause actual results to differ materially from present expectations include unanticipated costs to implement shared technology, difficulties in integrating corporate structures, delays in leveraging volume procurement advantages or delays in personnel rationalization. The same discussion also contains forward-looking statements regarding maintenance and safety programs which are based on a number of assumptions, including (among others) the time required to complete the maintenance and safety programs, costs and downtime related to these activities, and the effect of reduced production on profitability. To the extent these assumptions prove inaccurate, actual results could be materially different than present expectations.

ITEM 1. LEGAL PROCEEDINGS

Environmental Proceedings - (1) As of June 30, 1998, Ashland had been identified as a "potentially responsible party" ("PRP") under Superfund or similar state laws for potential joint and several liability for cleanup costs in connection with alleged releases of hazardous substances in connection with 83 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the USEPA or a state agency, in which Ashland may be participating as a member of various PRP groups. Generally, the type of relief sought includes remediation of contaminated soil and/or groundwater, reimbursement for the costs of site cleanup or oversight expended, 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 established 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 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. For additional information regarding Superfund, see the "Miscellaneous Governmental Regulation and Action-Environmental Protection" section of Ashland's Form 10-K.

(2) On March 19, 1996, after consultation with the USEPA, the Kentucky Division for Air Quality issued a finding that Ashland had not demonstrated compliance with certain air regulations governing emissions of volatile organic compounds ("VOC") at its Catlettsburg, Kentucky refinery, and referred the matter to USEPA - Region IV for formal enforcement action. On May 27, 1997, Kentucky and Ashland entered into an Agreed Order resolving the issues in contention. Under the terms of the Agreed Order, Ashland agreed to pay a civil penalty and to design, construct and install additional VOC controls. Separately, the USEPA issued a Notice of Violation to Ashland regarding this matter. In connection with the formation of MAP, the Catlettsburg Refinery was conveyed to Catlettsburg Refinery, LLC, a subsidiary of MAP. Under the terms of the agreements pursuant to which the Catlettsburg Refinery was conveyed, Ashland agreed to retain responsibility for matters arising out of the Agreed Order and Notice of Violation.

(3) In the fall of 1996, the USEPA conducted multimedia inspections of Ashland's three refineries. Over the past several months, the USEPA and Ashland have engaged in discussions to resolve the issues identified during these inspections. The parties have reached a tentative agreement on many major issues and have begun the process of drafting a settlement document. Resolution is expected to involve both a penalty payment and environmental projects. Ashland expects to finalize the settlement agreement in calendar 1998. In connection with the formation of MAP, the refineries were conveyed to MAP (or a subsidiary of MAP). Under the terms of the agreements conveying Ashland's three refineries to MAP, Ashland agreed to retain responsibility for matters arising out of the multimedia inspections.

(4) On October 24, 1996, the rock strata overlaying an abandoned underground mine adjacent to the coal-refuse impoundment used by an Arch Coal subsidiary's preparation plant failed, resulting in an accidental discharge of approximately 6.3 million gallons of water and fine coal slurry into a tributary of the Powell River in Lee County, Virginia. Certain civil actions regarding this incident were resolved in 1997. At the request of the USEPA and the U.S. Fish & Wildlife Service, the United States Attorney for the Western District of Virginia has opened a criminal investigation of the 1996 incident. Arch Coal is cooperating with the investigation, the results of which are not expected until sometime later this year.

Lockheed Litigation - Ashland is a defendant in a series of cases involving more than 600 former workers at the Lockheed aircraft manufacturing facility in Burbank, California. The plaintiffs allege personal injury resulting from exposure to chemicals sold to Lockheed by Ashland, and inadequate labeling of such chemicals. The cases are being tried in the Superior Court of the State of California for the County of Los Angeles. To date, five trials involving approximately 130 plaintiffs have resulted in total verdicts adverse to Ashland of \$152.2 million (\$146.7 million of which is punitive damages). The damage awards have been, or will be, appealed. Ashland believes, upon advice of counsel, that there is a substantial likelihood that the punitive damage awards will be reversed or substantially reduced, and that, after taking into account possible recoveries under insurance policies, these cases will not have a material adverse effect on Ashland's consolidated financial position, cash flow or liquidity.

ITEM 5. OTHER INFORMATION

Amended Rule 14a-4, adopted by the SEC on May 21, 1998, and with an effective date of June 29, 1998, sets a 45-day advance notice requirement for a shareholder proposal not proposed for inclusion in a company's proxy statement. Under the amended rule, if a proponent does not notify the company at least 45 days prior to the month and day on which the company mailed the prior year's proxy statement, then the company's management

proxies would be allowed to use discretionary voting authority when the proposal is raised at the annual shareholders' meeting, without including any discussion of the matter in the company's proxy statement. The 45-day advance notice provision is superseded by an advance notice by-law provision and by state law. Article II, Section 2 of Ashland's By-laws provides that for business to be properly brought before an annual meeting of Ashland's shareholders, the proponent must give Ashland written notice not later than 90 days in advance of the meeting (unless the meeting is held earlier than the last Thursday in January, in which case notice to the company must be given within 10 days after the first public disclosure of the date of the annual meeting). Ashland's advance notice By-law provision supersedes Rule 14a-4's 45-day advance notice requirement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27.1	Financial Data Schedule for the quarter ended June 30, 1998
27.2	Restated Financial Data Schedule for the quarter ended March 31, 1998
27.3	Restated Financial Data Schedule for the quarter ended December 31, 1997
27.4	Restated Financial Data Schedule for the year ended September 30, 1997
27.5	Restated Financial Data Schedule for the quarter ended June 30, 1997
27.6	Restated Financial Data Schedule for the quarter ended March 31, 1997
27.7	Restated Financial Data Schedule for the quarter ended December 31, 1996
27.8	Restated Financial Data Schedule for the year ended September 30, 1996
27.9	Restated Financial Data Schedule for the year ended September 30, 1995

(b) Reports on Form 8-K

A report on Form 8-K dated June 1, 1998 was filed to announce that Arch Coal, Inc. had completed the acquisition of Atlantic Richfield's domestic coal operations.

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

/s/ Kenneth L. Aulen

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

Date

/s/ Thomas L. Fezell

Thomas L. Fezell
Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

Exhibit No.	Description
27.1	Financial Data Schedule for the quarter ended June 30, 1998
27.2	Restated Financial Data Schedule for the quarter ended March 31, 1998
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27.7	Restated Financial Data Schedule for the quarter ended December 31, 1996
27.8	Restated Financial Data Schedule for the year ended September 30, 1996
27.9	Restated Financial Data Schedule for the year ended September 30, 1995

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

1,000,000

	9-MOS SEP-30-1998	JUN-30-1998
		44
	0	
	1,050	
	20	
	486	
	1,795	2,315
	1,225	
	5,978	
	1,325	1,509
	0	76
		0
		2,098
5,978		4,777
	5,100	4,006
	4,006	
	0	
	0	
	96	
	325	
	122	
203		
	0	
	0	
		0
	203	
	2.69	
	2.64	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM ASHLAND INC.'S 2ND QUARTER 1998 10-Q
 WHICH WAS RESTATED IN THE 3RD QUARTER 1998 10-Q, AND
 IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
 10-Q'S AND NOTE B OF NOTES TO CONDENSED CONSOLIDATED
 FINANCIAL STATEMENTS IN THE 3RD QUARTER 10-Q THAT
 EXPLAINS THE RESTATEMENT.

1,000,000

6-MOS		
SEP-30-1998	MAR-31-1998	
		18
	0	
	1,004	
	20	
	465	
	1,664	2,250
	1,186	
	5,812	
1,281		
		1,536
	0	76
		0
		1,991
5,812		
		3,071
	3,223	
		2,594
	2,594	
	0	
	0	
	62	
	132	
		51
81		
	0	
	0	
		0
		81
	1.07	
	1.05	

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM ASHLAND INC.'S 1ST QUARTER 1998 10-Q
 WHICH WAS RESTATED IN THE 3RD QUARTER 1998 10-Q, AND
 IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
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1,000,000

3-MOS	
SEP-30-1998	DEC-31-1997
	48
	0
	996
	19
	449
1,658	2,159
	1,160
	5,508
1,206	1,345
	75
0	0
	1,981
5,508	1,598
	1,674
	1,349
	1,349
	0
	0
	27
	87
	35
52	0
	0
	0
	52
	.69
	.68

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM ASHLAND INC.'S ANNUAL REPORT TO
 SHAREHOLDERS FOR THE FISCAL YEAR ENDED SEPTEMBER 30,
 1997, WHICH WAS RESTATED IN THE 3RD QUARTER 1998 10-Q,
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 CONSOLIDATED FINANCIAL STATEMENTS IN THE 3RD QUARTER
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1,000,000

YEAR	
SEP-30-1997	SEP-30-1997
	250
	0
	1,610
	25
	660
	2,720
	5,567
	2,889
	6,462
2,028	
	1,356
	75
0	
	0
	1,949
6,462	
	12,833
	12,961
	11,150
	0
	8
	142
	319
	127
192	
	96
	(9)
	0
	279
	3.86
	3.64

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM ASHLAND INC.'S 3RD QUARTER 1998 10-Q,
 WHICH RESTATED THE PERIOD ENDED JUNE 30, 1997, AND IS
 QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-Q
 AND NOTE B OF NOTES TO CONDENSED CONSOLIDATED
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1,000,000

	9-MOS SEP-30-1997	JUN-30-1997
		112
		0
	1,581	27
		717
	2,620	5,478
	2,841	
	6,622	
2,118		1,580
		74
0		0
		1,849
6,622		9,491
	9,577	8,259
	8,259	
	0	
	0	
	112	
	222	
		78
144		
	26	
	(2)	
		0
	168	
	2.33	
	2.21	

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1,000,000

6-MOS		
SEP-30-1997	MAR-31-1997	
		70
		0
	1,656	
	26	
	727	
	2,667	5,410
	2,779	
	6,692	
2,162		1,723
		74
0		0
		1,738
6,692		6,191
	6,248	5,475
	5,475	
	0	
	0	
	74	
	49	
		23
26		
	17	
	0	
		0
		43
		.51
		.50

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
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1,000,000

3-MOS	
SEP-30-1997	DEC-31-1996
	49
	0
	1,647
	27
	734
	2,623
	5,360
	2,728
	6,644
2,076	1,729
	65
0	293
	1,490
6,644	3,200
	3,228
	2,828
	2,828
	0
	0
	36
	41
	17
24	12
	0
	0
	36
	.48
	.47

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
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 1997, WHICH WAS RESTATED IN THE 3RD QUARTER 1998 10-Q,
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1,000,000

YEAR	
SEP-30-1996	SEP-30-1996
	70
	0
	1,585
	27
	678
	2,539
	5,306
	2,671
	6,496
2,067	
	1,653
	64
0	
	293
	1,457
6,496	
	12,313
12,407	
	10,796
	0
	10
	151
	208
	72
136	
	75
	0
	0
	211
	3.00
	2.96

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1,000,000

YEAR	
SEP-30-1995	SEP-30-1995
	51
	0
	1,512
	25
	667
	2,405
	5,095
	2,571
	6,225
1,908	
	1,672
	64
0	
	293
	1,298
6,225	
	11,361
11,435	
	10,026
	0
	9
149	
	13
	(1)
14	
	10
	0
	0
	24
	.08
	.08