

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 24, 2000

ASHLAND INC.

(Exact name of registrant as specified in its charter)

Kentucky

(State or other jurisdiction of incorporation)

1-2918
(Commission File Number)

61-0122250
(I.R.S. Employer
Identification No.)

50 E. RiverCenter Boulevard, Covington, Kentucky
(Address of principal executive offices)

41012-0391
(Zip Code)

P.O. Box 391, Covington, Kentucky
(Mailing Address)

41012-0391
(Zip Code)

Registrant's telephone number, including area code (606) 815-3333

ITEM 5. OTHER EVENTS

On June 22, 1999, Ashland, as a shareholder of Arch Coal, announced that it had retained the investment banking firm of Goldman Sachs to help Ashland explore strategic alternatives for its investment in Arch Coal.

On October 5, 1999, Ashland announced that it was making progress on its study to explore strategic alternatives for its investment in Arch Coal and that, at that point, a tax-free spin-off to its shareholders seemed to be its preferred alternative. Ashland also announced that it had submitted a proposal to Arch Coal and had begun discussions with a special committee of the Arch Coal Board of Directors regarding such a spin-off transaction. Such a spin-off would be subject, among other things, to a negotiated agreement with the special committee of the Arch Coal Board of Directors, approval by the Arch Coal shareholders, a favorable ruling from the Internal Revenue Service, and approval by Ashland's Board of Directors.

On January 24, 2000, Ashland announced that it was continuing to pursue spin-off alternatives for its investment in Arch Coal, including both tax-free and taxable distributions. A taxable distribution would be a taxable event to Ashland and would create dividend income to Ashland shareholders.

On February 24, 2000, Ashland announced that, absent intervening circumstances or material events, Ashland's management intends to recommend to its Board of Directors at the next Ashland Board meeting, to be held on March 16, 2000, a distribution to Ashland's shareholders of 17,397,233 shares of its Arch Coal Common Stock in the form of a taxable dividend. If the transaction is approved by the Ashland Board of Directors, Ashland anticipates that the taxable distribution would be completed by the first week of April 2000. There can be no assurance that such intervening circumstances or material events will not occur or that the approval of the Ashland Board of Directors will be obtained. If the taxable distribution is

completed, Ashland anticipates that, subject to then-existing market conditions, it will thereafter seek to dispose of Ashland's remaining 4,726,040 shares of Arch Coal Common Stock in a tax efficient manner. There can be no certainty as to when or whether such a disposition may be completed.

Ashland also announced that, in anticipation of the taxable distribution, two of Ashland's four employees currently on the Arch Coal Board of Directors, Paul W. Chellgren and J. Marvin Quin, will not stand for re-election to the Arch Coal Board at Arch Coal's upcoming Annual Meeting on April 20, 2000. If the taxable distribution of its Arch Coal shares does not occur, Ashland anticipates that it will seek to regain two

additional seats on the Arch Coal Board. Ashland, as a 58% shareholder, currently has the ability to elect seven directors to the Arch Board under the cumulative voting provisions of Arch Coal's certificate of incorporation and after giving effect to a Stockholders' Agreement between Arch Coal, Ashland and Carboex S.A. dated April 4, 1997.

The foregoing summary of the attached press release is qualified in its entirety by the complete text of such document, a copy of which is attached hereto as Exhibit 99.1.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press Release dated February 24, 2000.

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: February 24, 2000

/s/ David L. Hausrath

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

EXHIBIT INDEX

99.1 Press Release dated February 24, 2000

FOR ADDITIONAL INFORMATION:

Stan Lampe
(606) 815-4061

FOR IMMEDIATE RELEASE
February 24, 2000

Ashland Inc. to pursue dividend
of Arch Coal, Inc. shares

Covington, Ky. - Ashland Inc. (NYSE: ASH) announced today, barring any intervening circumstances or material events, that its management intends to recommend to its Board of Directors at its meeting on March 16, 2000, the distribution of approximately 17.4 million of its shares in Arch Coal, Inc. (NYSE: ACI) to Ashland Inc. shareholders in the form of a taxable dividend.

"We believe that this dividend will be in the best interest of Ashland Inc. shareholders and the best interests of both companies," said Paul W. Chellgren, Ashland Inc. chairman and chief executive officer.

Ashland Inc. first announced its interest to exploring strategic alternatives for its investment in Arch Coal on June 22, 1999. At that time, the company retained the services of the investment banking firm Goldman Sachs to assist in the analysis.

Arch Coal was created in July 1997 by the merger of Arch Mineral Corporation and Ashland Coal, Inc. Ashland Inc. owned 50 percent of Arch Mineral and 54 percent of Ashland Coal when the two companies merged. Ashland Inc. currently owns 58 percent of Arch Coal.

The proposed distribution of approximately 17.4 million shares represents about

(more)

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78 percent of Ashland's shares in Arch Coal. The company plans to dispose of the remaining 22 percent of the shares based on market conditions in a tax efficient manner.

Ashland Inc. also announced that two of its four directors on the Arch Coal Board, Paul W. Chellgren and J. Marvin Quin, will not stand for re-election to the Arch Coal Board at its scheduled April 20, 2000, annual shareholders meeting.

Ashland Inc. (NYSE:ASH) provides basic industrial materials and services to customers throughout the world, with a primary focus on transportation- and construction-related markets. Consumer brands include Valvoline(R) motor oils, Eagle One(R) appearance products, Zerex(R) antifreeze, Pyroil(R) Performance Products and Valvoline SynPower(R) automotive chemicals. In addition, Ashland owns 38 percent of Marathon Ashland Petroleum LLC and 58 percent of Arch Coal, Inc. (NYSE:ACI). Ashland's Internet address is <http://www.ashland.com>.

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