

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

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FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933  
-----

ASHLAND INC.

(Exact name of registrant as specified in its charter)

KENTUCKY  
(State or other jurisdiction of  
incorporation or organization)

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

50 E. RIVERCENTER BLVD.  
COVINGTON, KENTUCKY 41011  
(Address of Principal Executive Officers)

P.O. BOX 391  
COVINGTON, KENTUCKY 41012  
(Mailing Address)

ASHLAND INC.  
DEFERRED COMPENSATION PLAN FOR EMPLOYEES (2005)  
(Full title of the Plan)

DAVID L. HAUSRATH  
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY  
ASHLAND INC.

50 E. RIVERCENTER BLVD.  
COVINGTON, KENTUCKY 41011  
(Name and address of agent for service)

(859) 815-3333  
(Telephone number of agent for service)

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CALCULATION OF REGISTRATION FEE  
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Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)(2)	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Common Stock, par value \$1.00 per share .....	500,000 shares	\$57.53	\$28,765,000	\$3,386

- (1) In accordance with Rules 416 and 457 under the Securities Act of 1933, calculated on the basis of \$57.53 per share of Common Stock which was the average of the high and low prices on the New York Stock Exchange -- Composite Tape on January 20, 2005.  
(2) Estimated solely for the purpose of determining the registration fee.

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EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by Ashland Inc., a Kentucky corporation, relating to 500,000 shares of its common stock, par value \$1.00 per share, issuable to eligible employees of Ashland Inc. pursuant to the Ashland Inc. Deferred Compensation Plan for Employees (2005).

PART I

ITEM 1. PLAN INFORMATION

Not filed as part of this Registration Statement pursuant to Note to Part 1 of Form S-8.

ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION

Not filed as part of this Registration Statement pursuant to Note 1 to Part 1 of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents, filed with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (File No. 1-2918), are hereby incorporated by reference into this Registration Statement:

(i) Ashland Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2004;

(ii) the description of Ashland's Common Stock, par value \$1.00 per share, set forth in the Registration Statement on Form 10, as amended in its entirety by the Form 8 filed with the Commission on May 1, 1983; and

(iii) the description of Ashland's Rights to Purchase Series A Participating Cumulative Preferred Stock set forth in the Registration Statement on Form 8-A dated May 16, 1996.

In addition, all documents hereafter filed with the Commission by Ashland pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

The validity of the Common Stock offered hereby has been passed upon by David L. Hausrath, Esq., Senior Vice President, General Counsel and Secretary of Ashland. Mr. Hausrath owns beneficially 126,205 shares of Common Stock (including common stock units held in Ashland's deferred compensation plan).

The consolidated financial statements and schedule of Ashland appearing in Ashland's Annual Report (Form 10-K) for the year ended September 30, 2004, have been audited by Ernst & Young LLP, Independent Registered Public Accounting Firm, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedule are, and audited consolidated financial statements and schedules to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of Ernst & Young pertaining to such financial statements (to the extent covered by consents filed with the Commission) given upon the authority of such firm as experts in accounting and auditing.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Sections 271B.8-500 through 580 of the Kentucky Business Corporation Act contain detailed provisions for indemnification of directors and officers of Kentucky corporations against judgments, penalties, fines, settlements and reasonable expenses in connection with litigation. Under Kentucky law, the provisions of a company's articles and by-laws may govern the indemnification of officers and directors in lieu of the indemnification provided for by statute. Ashland has elected to indemnify its officers and directors pursuant to Articles, its By-laws, as amended, and by contract rather than to have such indemnification governed by the statutory provisions.

Article X of Ashland's Third Restated Articles permits, but does not require, Ashland to indemnify its directors, officers and employees to the fullest extent permitted by law. Ashland's By-laws require indemnification of officers and employees of Ashland and its subsidiaries under certain circumstances. Ashland has entered into indemnification contracts with each of its directors that require indemnification to the fullest extent permitted by law, subject to certain exceptions and limitations.

Ashland has purchased insurance which insures (subject to certain terms and conditions, exclusions and deductibles) Ashland against certain costs which it might be required to pay by way of indemnification of its directors or officers under its Third Restated Articles or By-laws, indemnification agreements or otherwise and protects individual directors and officers from certain losses for which they might not be indemnified by Ashland. In addition, Ashland has purchased insurance which provides liability coverage (subject to certain terms and conditions, exclusions and deductibles) for amounts which Ashland, or the fiduciaries under its employee benefit plans, which may include its directors, officers and employees, might be required to pay as a result of a breach of fiduciary duty.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

- 4 Ashland Inc. Deferred Compensation Plan for Employees (2005).
- 5 Opinion of David L. Hausrath, Esq.
- 23.1 Consent of Ernst & Young LLP.
- 23.2 Consent of David L. Hausrath, Esq. (included as part of Exhibit 5).
- 24(a) Power of Attorney.
- 24(b) Certified copy of resolutions of the Board of Directors.

ITEM 9. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement;

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933 (the "Securities Act") unless the information required to be included in such post-effective amendment is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15 (d) of the Exchange Act that are incorporated by reference in the registration statement;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement unless the information required to be included in such post-effective amendment is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

THE REGISTRANT. Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Covington and Commonwealth of Kentucky on January 25, 2005.

ASHLAND INC.

By: /s/ David L. Hausrath

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David L. Hausrath  
Senior Vice President, General  
Counsel and Secretary

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons in the capacities indicated on January 25, 2005.

Signature	Title
----- James J. O'Brien *	Chairman of the Board of Directors, Chief Executive Officer and Director
----- J. Marvin Quin *	Chief Financial Officer and Senior Vice President
----- Lamar M. Chambers *	Vice President and Controller
----- Ernest H. Drew *	Director
----- Roger W. Hale *	Director
----- Bernadine P. Healy *	Director
----- Mannie L. Jackson *	Director
----- Kathleen Ligocki *	Director
----- Patrick F. Noonan *	Director
----- Jane C. Pfeiffer *	Director
----- William L. Rouse, Jr. *	Director
----- George A. Schaefer, Jr. *	Director
----- Theodore M. Solso *	Director
----- Michael J. Ward *	Director

\* By: /s/ David L. Hausrath  
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David L. Hausrath  
Attorney-in-fact

January 25, 2005

EXHIBIT INDEX

Exhibit  
No.

Description

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24(a)	Power of Attorney.
24(b)	Certified copy of resolutions of the Board of Directors.

ASHLAND INC.  
DEFERRED COMPENSATION PLAN FOR EMPLOYEES (2005)  
(EFFECTIVE AS OF JANUARY 1, 2005)

1. PURPOSE

The Ashland Inc. Deferred Compensation Plan for Employees (2005) (the "Plan") is maintained primarily for the purpose of providing an opportunity to defer compensation for retirement or other future purposes to a select group of management or highly compensated employees (including former employees that met these criteria when employed). The obligations of the Company hereunder constitute a mere promise to make the payments provided for in this Plan. No employee, his or her spouse or the estate of either of them shall have, by reason of this Plan, any right, title or interest of any kind in or to any property of the Company. To the extent any Participant has a right to receive payments from the Company under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

This Plan is a replacement of the prior Ashland Inc. Deferred Compensation Plan amended and restated as of April 1, 2003 (the "Former Plan"). Compensation deferred under the Former Plan shall remain subject to all of the rules, terms and conditions in effect under the Former Plan as of December 31, 2004. For this purpose, the Compensation deferred under the Former Plan shall include all income, gains and losses connected to such Compensation.

The rules, terms and conditions of this Plan shall apply to Compensation deferred after December 31, 2004, including any Election to defer such Compensation made in 2004. For this purpose, the Compensation deferred after December 31, 2004 shall include all income, gains and losses connected to such Compensation.

2. DEFINITIONS

The following definitions shall be applicable throughout the Plan:

(a) "Accounting Date" means the Business Day on which a calculation concerning a Participant's Compensation Account is performed, or as otherwise defined by the Committee.

(b) "Beneficiary" means the person(s) designated by the Participant in accordance with Section 10, or if no person(s) is/are so designated, the estate of a deceased Participant.

(c) "Board" means the Board of Directors of Ashland Inc. or its designee.

(d) "Business Day" means a day on which the New York Stock Exchange is open for trading activity.

(e) "Change in Control" shall be deemed to occur (1) upon the approval of the shareholders of the Company (or if such approval is not required, upon the approval of the Board) of (A) any consolidation or merger of the Company, other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property other than a merger in which the holders of Common Stock immediately prior to the merger will have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting 80% of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer, or (C) adoption of any plan or proposal for the liquidation or dissolution of the Company, (2) when any "person" (as defined in Section 3(a)(9) or 13(d) of the Exchange Act), other than Ashland Inc. or any subsidiary or employee benefit plan or trust maintained by Ashland Inc. or any of its subsidiaries, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 15% of the Common Stock outstanding at the time, without the approval of the Board, or (3) if at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period. Notwithstanding the foregoing, any transaction, or series of transactions, that shall result in the disposition of the Company's interest in Marathon Ashland Petroleum LLC, including without limitation any transaction arising out of that certain Put/Call, Registration Rights and Standstill Agreement dated January 1,

1998 among Marathon Oil Company, USX Corporation, the Company and Marathon Ashland Petroleum LLC, as amended from time to time, shall not be deemed to constitute a Change in Control.

The definition of Change in Control as written hereinabove shall remain in effect until the Secretary of the Treasury prescribes a definition that is inconsistent with the definition in the Plan. If a definition is prescribed that is inconsistent with the definition in the Plan, such prescribed definition shall supercede the one in the Plan. If such definition is not inconsistent with the definition in the Plan, then the Plan's definition shall remain in effect.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

(g) "Committee" means the Personnel and Compensation Committee of the Board or its designee.

(h) "Common Stock" means the common stock, \$1.00 par value, of Ashland Inc.

(i) "Common Stock Fund" means that investment option, approved by the Committee, in which a Participant's Compensation Account may be deemed to be invested and may earn income based on a hypothetical investment in Common Stock.

(j) "Company" means Ashland Inc., its divisions, subsidiaries and affiliates. "Company" shall also include any direct successor in interest to Ashland Inc. that results from a corporate reorganization connected with divesting the interest Ashland Inc. has in Marathon Ashland Petroleum LLC.

(k) "Compensation" means any employee compensation determined by the Committee to be properly deferrable under the Plan.

(l) "Compensation Account(s)" means the Retirement Account and/or the In-Service Account(s).

(m) "Corporate Human Resources" means the Corporate Human Resources Department of the Company.

(n) "Credit Date" means the date on which Compensation would otherwise have been paid to the Participant or in the case of the Participant's designation of investment option changes, within three Business Days after the Participant's designation is received by Corporate Human Resources, or as otherwise designated by the Committee.

(o) "Deferred Compensation" means the Compensation elected by the Participant to be deferred pursuant to the Plan.

(p) "Disability" means that a Participant is either:

1. Unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of 12 or more months; or
2. Receiving income replacement benefits for a period of at least three months under an accident and health plan covering employees of the Company because of a medically determinable physical or mental impairment that is expected to result in death or last for a continuous period of 12 or more months.

(q) "Election" means a Participant's delivery of a notice of election to defer payment of all or a portion of his or her Compensation under the terms of the Plan. Such notice shall also include instructions specifying the time the deferred Compensation will be paid and the form in which it will be paid. Such elections shall be irrevocable except as otherwise provided in the Plan or pursuant to Treasury guidance. Elections shall be made and delivered as prescribed by the Committee or the Company.

(r) "Employee" means a full-time, regular salaried employee (which term shall be deemed to include officers) of the Company, its present and future subsidiary corporations as defined in Section 424 of the Internal Revenue Code of 1986, as amended or its affiliates.

(s) "Employee Savings Plan" means the Ashland Inc. Employee Savings Plan, as it now exists or as it may hereafter be amended.

(t) "Excess Payments" means payments made to a Participant pursuant to the Plan and the Excess Plan.

(u) "Excess Plan" means the Ashland Inc. Nonqualified Excess Benefit Pension Plan, as it now exists or as it may hereafter be amended.

(v) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(w) "Fair Market Value" means the price of a share of Common

Stock, as reported on the Composite Tape for New York Stock Exchange issues on the date and at the time designated by the Company.

(x) "In-Service Account" means the account(s) to which the Participant's Deferred Compensation is credited and from which distributions are made.

(y) "Key Employee" means any Employee who at any time during the Plan Year was -

1. an officer of the Company having annual compensation greater than \$ 130,000 (as adjusted under section 416(i)(1) of the Code), provided that no more than 50 individuals may be considered an officer (or if less, the greater of 3 or 10 percent of the employees);
2. a 5-percent owner of the Company; or
3. a 1-percent owner of the Company with annual compensation exceeding \$150,000.

For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code.

(z) "Participant" means an Employee selected by the Committee to participate in the Plan and who has elected to defer payment of all or a portion of his or her Compensation under the Plan.

(aa) "Performance-Based Compensation" means Compensation that meets requirements specified by the Secretary of the Treasury. Performance-Based Compensation will include the attributes that it is variable, contingent on the satisfaction of preestablished metrics and is not readily ascertainable at the time of the Election to defer such compensation under Section 8(b).

(bb) "Plan" means this Ashland Inc. Deferred Compensation Plan for Employees (2005) as it now exists or as it may hereafter be amended.

(cc) "Plan Year" means the calendar year. The first Plan Year of the Plan is 2005.

(dd) "Retirement Account" means the account(s) to which the Participant's Deferred Compensation is credited and from which distributions are made.

(ee) "Secretary of the Treasury" or "Treasury" means the United States Department of Treasury.

(ff) "SERP" means the Ashland Inc. Supplemental Early Retirement Plan for Certain Employees, as it now exists or as it may hereafter be amended.

(gg) "SERP Payments" means payments made to a Participant pursuant to the Plan and the SERP.

(hh) "Stock Unit(s)" means the share equivalents credited to the Common Stock Fund of a Participant's Compensation Account pursuant to Section 6.

(ii) "Termination" means termination of services as an Employee for any reason other than retirement.

(jj) "Unforeseeable Emergency" means a severe financial hardship of a Participant because of -

1. An illness or accident of the Participant, the Participant's spouse or dependent (as defined in Internal Revenue Code section 152(a));
2. A loss of the Participant's property due to casualty; or
3. Such other similar extraordinary unforeseeable circumstances because of events beyond the control of the Participant.

The meaning of Unforeseeable Emergency shall be interpreted and applied in accordance with applicable guidance that may be issued by the Treasury.

### 3. SHARES; ADJUSTMENTS IN EVENT OF CHANGES IN CAPITALIZATION

(a) Shares Authorized for Issuance. There shall be reserved for issuance under the Plan 500,000 shares of Common Stock, subject to adjustment pursuant to subsection (c) below.

(b) Units Authorized for Credit. The maximum number of Stock Units that may be credited to Participants' Compensation Accounts under the Plan is 1,500,000, subject to adjustment pursuant to subsection (c) below.

(c) Adjustments in Certain Events. In the event of any change in the outstanding Common Stock of the Company by reason of any stock split, share dividend, recapitalization, merger, consolidation, reorganization,

combination, or exchange or reclassification of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common shareholders other than cash dividends, the number or kind of shares or Stock Units that may be issued or credited under the Plan shall be automatically adjusted so that the proportionate interest of the Participants shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes of the Plan.

#### 4. ELIGIBILITY

The Committee shall have the authority to select from management and/or highly compensated Employees those Employees who shall be eligible to participate in the Plan; provided, however, that employees and/or retirees who have elected to defer an amount into this Plan from another plan sponsored or maintained by Ashland Inc., the terms of which allowed such employee or retiree to make such a deferral election into this Plan, shall be considered to be eligible to participate in this Plan.

#### 5. ADMINISTRATION

Full power and authority to construe, interpret and administer the Plan shall be vested in the Company and the Committee or one or more of their delegates. This power and authority includes, but is not limited to, selecting Compensation eligible for deferral, establishing deferral terms and conditions and adopting modifications, amendments and procedures as may be deemed necessary, appropriate or convenient by the Committee. This power and authority also includes, without limitation, the ability to construe and interpret provisions of the Plan, make determinations regarding law and fact, reconcile any inconsistencies between provisions in the Plan or between provisions of the Plan and any other statement concerning the Plan, whether oral or written, supply any omissions to the Plan or any document associated with the Plan, and to correct any defect in the Plan or in any document associated with the Plan. Decisions of the Company and the Committee (or their delegates) shall be final, conclusive and binding upon all parties. Day-to-day administration of the Plan shall be the responsibility of Corporate Human Resources.

#### 6. PARTICIPANT ACCOUNTS

Upon election to participate in the Plan, there shall be established a Retirement Account and/or In-Service Account, as designated by the Participant to which there shall be credited any Deferred Compensation, as of each Credit Date. Each such Compensation Account shall be credited (or debited) on each Accounting Date with income (or loss) based upon a hypothetical investment in any one or more of the investment options available under the Plan, as prescribed by the Committee for the particular compensation credited, which may include a Common Stock Fund, as elected by the Participant under the terms of Section 8. The crediting or debiting on each Accounting Date of income (or loss) shall be made for the respective amounts that were subject to each Election under Section 8.

#### 7. EARLY WITHDRAWAL

(a) Unforeseeable Emergency. A Participant or a Participant's legal representative may submit an application for a distribution from either a Retirement Account or an In-Service Account because of an Unforeseeable Emergency. The amount of the distribution shall not exceed the amount necessary to satisfy the needs of the Unforeseeable Emergency. Such distribution shall include an amount to pay taxes reasonably anticipated as a result of the distribution. The amount allowed as a distribution under this Section 7(a) shall take into account the extent to which the Unforeseeable Emergency may be relieved by reimbursement, insurance or liquidation of the Participant's assets (but only to the extent such liquidation would itself not cause a severe financial hardship). The distribution shall be made in a single sum and paid as soon as practicable after the application for the distribution on account of the Unforeseeable Emergency is approved. The provisions of this Section 7(a) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury.

(b) Disability. A Participant or a Participant's legal representative may submit an application for a distribution from the Retirement Account and In-Service Account because of the Participant's Disability. The distribution shall be made in a single sum and paid as soon as practicable after the application for the distribution on account of the Participant's Disability is approved. The provisions of this Section 7(b) shall be interpreted and administered in accordance with applicable guidance that may be issued by the Treasury. If such guidance should allow an election of a period or form of distribution at the time of the application for a distribution on account of the Participant's Disability then the Plan shall allow such elections.

(c) Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions from a Participant's Compensation Account may not be made earlier than the time such amounts would otherwise be distributed

pursuant to the terms of the Plan.

## 8. DEFERRAL ELECTION

(a) General. The Company or the Committee shall determine the timing of the filing of the appropriate Election forms. An effective Election may not be revoked or modified except as otherwise determined by the Company or the Committee or as stated herein. In addition to the provisions contained in this Plan, any deferrals of SERP Payments or Excess Payments must be in accordance with the terms of the SERP or the Excess Plan.

(b) Permissible Deferral Election. A Participant's Election to defer Compensation may only be made in the taxable year before the Compensation is earned, with two exceptions. The first exception applies to a Participant during his or her first year of eligibility to participate in the Plan. In that event such a Participant may, if so offered by the Company or the Committee, elect to defer Compensation for services performed after the Election, provided that the Election is made within 30 days of the date the Participant becomes eligible to participate in the Plan. The second exception is with respect to an election to defer Performance-Based Compensation. If Performance-Based Compensation is based on services of a Participant performed over a period of at least 12 months, then the Participant may make an Election to defer all or part of such Compensation not later than six months before the end of such service period. A Participant's Election under this Section 8(b) shall specify the amount or percentage of Compensation deferred and specify the time and form of distribution from among those described in Section 9 of the Plan. Each Election to defer Compensation is a separate election regarding the time and form of distribution.

(c) Investment Alternatives -- Existing Balances. A Participant may elect to change an existing selection as to the investment alternatives in effect with respect to an existing Compensation Account (in increments prescribed by the Committee or the Company) as often, and with such restrictions, as determined by the Committee or by the Company. If a Participant fails to make an investment selection for his or her Compensation Account, the Committee or the Company may prescribe a default selection or selections in any manner that appears reasonable in their discretion.

(d) Change of Beneficiary. A Participant may, at any time, elect to change the designation of a Beneficiary in accordance with Section 10 of the Plan.

## 9. DISTRIBUTION

(a) Retirement Account. In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the Retirement Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's separation from service as either a lump sum or in installments not exceeding 15 years; provided, however, that the distribution to a Participant who is a Key Employee must not be made before the earliest of the date that is six months after the Participant's separation from service or the date of the Participant's death;
2. Upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding 15 years; or
3. At a specified time or under a fixed schedule not exceeding 15 years.

(b) In-Service Account. In accordance with a Participant's Election under Section 8, but subject to Sections 7 and 11, amounts subject to such Election in the In-Service Account (determined in accordance with Section 6) shall be distributed -

1. Upon a Participant's death to the Participant's Beneficiary as either a lump sum or in installments not exceeding 15 years; or
2. At a specified time or under a fixed schedule not exceeding 15 years.

(c) Medium of Distribution and Default Method. In accordance with the Participant's Election and within the guidelines established by the Committee or the Company, a Participant's Retirement Account or In-Service Account shall be distributed in cash or shares of Common Stock (or a combination of both). To the extent permissible under law, a Participant may make this Election at any time before a distribution is to be made. If no Election is made by a Participant as to the distribution or form of payment of his or her Retirement Account or In-Service Account, upon the earliest time that a distribution from such account is to be made pursuant to the terms of the Plan, such account shall be paid in cash or shares of Common Stock (or a combination of both) in lump sum.

(d) Election to Delay the Time or Change the Form of Distribution  
.. A Participant may make an Election to delay the time of a distribution or change the form of a distribution, or may elect to do both, with respect to an amount that would be payable pursuant to an Election under paragraphs (a) or (b) of this Section 9, except in the event of a distribution on account of the Participant's death, if all of the following requirements are met -

1. Such an Election may not take effect until at least 12 months after it is made;
2. Any delay to the distribution that would take effect because of the Election is at least to a date five years after the date the distribution otherwise would have begun; and
3. In the case of a distribution that would be made under paragraphs (a)(3) or (b)(2) of this Section 9 such an Election may not be made less than 12 months before the date of the first scheduled payment.

#### 10. BENEFICIARY DESIGNATION

A Participant may designate one or more persons (including a trust) to whom or to which payments are to be made if the Participant dies before receiving distribution of all amounts due hereunder. A designation of Beneficiary will be effective only after the signed Election is filed with Corporate Human Resources while the Participant is alive and will cancel all designations of Beneficiary signed and filed earlier. If the Participant fails to designate a Beneficiary as provided above or if all of a Participant's Beneficiaries predecease him or her and he or she fails to designate a new Beneficiary, the remaining unpaid amounts shall be paid in one lump sum to the estate of such Participant. If all Beneficiaries of the Participant die after the Participant but before complete payment of all amounts due hereunder, the remaining unpaid amounts shall be paid in one lump sum to the estate of the last to die of such Beneficiaries.

#### 11. CHANGE IN CONTROL

Notwithstanding any provision of this Plan to the contrary, and to the extent consistent with guidance issued by the Secretary of the Treasury, in the event of a Change in Control, each Participant in the Plan shall receive an automatic lump sum cash distribution of all amounts accrued in the Participant's Compensation Account not later than fifteen (15) days after the date of the Change in Control. For this purpose, the balance in the portion of a Participant's Compensation Account invested in the Common Stock Fund shall be determined by multiplying the number of Stock Units by the higher of (a) the highest Fair Market Value on any date within the period commencing 30 days prior to such Change in Control, or (b) if the Change in Control of the Company occurs as a result of a tender or exchange offer or consummation of a corporate transaction, then the highest price paid per share of Common Stock pursuant thereto. Any consideration other than cash forming a part or all of the consideration for Common Stock to be paid pursuant to the applicable transaction shall be valued at the valuation price thereon determined by the Board.

In addition, the Company shall reimburse a Participant for the legal fees and expenses incurred if the Participant is required to seek to obtain or enforce any right to distribution. In the event that it is determined that such Participant is properly entitled to a cash distribution hereunder, such Participant shall also be entitled to interest thereon payable in an amount equivalent to the Prime Rate of Interest quoted by Citibank, N.A. as its prime commercial lending rate on the subject date from the date such distribution should have been made to and including the date it is made. Notwithstanding any provision of this Plan to the contrary, this Section 11 may not be amended after a Change in Control occurs without the written consent of a majority in number of Participants.

#### 12. INALIENABILITY OF BENEFITS

The interests of the Participants and their Beneficiaries under the Plan may not in any way be voluntarily or involuntarily transferred, alienated or assigned, nor subject to attachment, execution, garnishment or other such equitable or legal process. A Participant or Beneficiary cannot waive the provisions of this Section 12. Notwithstanding anything contained herein to the contrary, valid court ordered divisions of a Participant's Compensation Account pursuant to a domestic relations order may be recognized and distributions may be made pursuant to such an order to the extent permissible under guidance that may be published by the Secretary of the Treasury.

#### 13. CLAIMS

(a) Initial Claim - Notice of Denial. If any claim for benefits (within the meaning of section 503 of ERISA) is denied in whole or in part, the Company (which shall include the Company or its delegate throughout this Section 13) will provide written notification of the denied claim to the Participant or

beneficiary, as applicable, (hereinafter referred to as the claimant) in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:

- (i) The reasons for the denial.
- (ii) Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- (iii) A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed.
- (iv) A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA - ss.29 U.S.C. 1132). The claimant must complete the Plan's appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

- (b) Appeal of Denied Claim. The claimant may file a written appeal of a denied claim with the Company in such manner as determined from time to time. The Company is the named fiduciary under ERISA for purposes of the appeal of the denied claim. The Company may delegate its authority to rule on appeals of denied claims and any person or persons or entity to which such authority is delegated may re-delegate that authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Company will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the Company designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must not be made later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than 5 days

after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- (i) The reasons for the denial.
- (ii) Reference to the Plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description.
- (iii) A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim.
- (iv) A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under section 502 of ERISA (ERISA - ss.29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event the claimant may file a civil action in court. The decision regarding a denied claim is final and binding on all those who are affected by the decision. No additional appeals regarding that claim are allowed.

14. GOVERNING LAW

The provisions of this plan shall be interpreted and construed in accordance with the laws of the Commonwealth of Kentucky, except to the extent preempted by Federal law.

15. AMENDMENTS

The Committee may amend, alter or terminate this Plan at any time without the prior approval of the Board; provided, however, that the Committee may not, without approval by the Board:

- (a) increase the number of securities that may be issued under the Plan (except as provided in Section 3(c));
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) otherwise materially increase the benefits accruing to Participants under the Plan.

15. EFFECTIVE DATE

The Plan was approved and originally became effective as of January 1, 2005.

IN WITNESS WHEREOF, this adoption of the Plan is executed this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

ATTEST: ASHLAND INC.

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 Secretary Vice President Human Resources

January 25, 2005

Ashland Inc.  
50 E. RiverCenter Blvd.  
Covington, KY 41012

Gentlemen:

As Senior Vice President, General Counsel and Secretary of Ashland Inc. ("Ashland"), a Kentucky corporation, I have examined and am familiar with such documents, corporate records and other instruments as I have deemed necessary for the purposes of this opinion, including the Ashland Inc. Deferred Compensation Plan for Employees (2005) (the "Plan"), the corporate proceedings of Ashland taken to adopt the Plan, and the Registration Statement on Form S-8 (the "Registration Statement") filed by Ashland with the Securities and Exchange Commission for the registration under the Securities Act of 1933, as amended, of 500,000 shares of Common Stock, par value \$1.00 per share, of Ashland ("Common Stock") to be distributed under the Plan.

Based upon the foregoing, I am of the opinion that when certificates for such shares of Common Stock have been duly executed, countersigned by a Transfer Agent, registered by a Registrar of Ashland and paid for in accordance with applicable law and delivered in accordance with the terms of the Plan, such shares of the Common Stock will upon issuance thereof be duly authorized, validly issued, fully paid and nonassessable.

I hereby consent to the use of my opinion for filing as an exhibit to the Registration Statement.

Very truly yours,

/s/ David L. Hausrath

David L. Hausrath

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference to our firm under the caption "Interests of Named Experts and Counsel" in the Registration Statement (Form S-8) pertaining to the Ashland Inc. Deferred Compensation Plan for Employees (2005) and to the incorporation by reference therein of our report dated November 3, 2004, with respect to the consolidated financial statements and schedule of Ashland Inc. included in its Annual Report (Form 10-K) for the year ended September 30, 2004, filed with the Securities and Exchange Commission.

/s/ Ernst & Young

Cincinnati, Ohio  
January 21, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and Officers of ASHLAND INC., a Kentucky corporation, which is about to file a Registration Statement on Form S-8 for the registration of up to 500,000 shares of Ashland Common Stock with the Securities and Exchange Commission under the provisions of the Securities Act of 1933, as amended, to be issued pursuant to the Ashland Inc. Deferred Compensation Plan for Employees, hereby constitutes and appoints JAMES J. O'BRIEN, DAVID L. HAUSRATH and LINDA L. FOSS, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act without the others to sign and file such Registration Statement and the exhibits thereto and any and all other documents in connection therewith, and any such amendments thereto, with the Securities and Exchange Commission, and to do and perform any and all acts and things requisite and necessary to be done in connection with the foregoing as fully as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Dated: November 4, 2004

/s James J. O'Brien

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James J. O'Brien, Chairman of the Board  
and Chief Executive Officer

/s/ Kathleen A. Ligocki

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Kathleen A. Ligocki, Director

/s/ J. Marvin Quin

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J. Marvin Quin, Senior Vice President  
and Chief Financial Officer

/s/ Patrick F. Noonan

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Patrick F. Noonan, Director

/s/ Lamar M. Chambers

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Lamar M. Chambers, Vice President and  
Controller

/s/ Jane C. Pfeiffer

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Jane C. Pfeiffer, Director

/s/ Ernest H. Drew

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Ernest H. Drew, Director

/s/ William L. Rouse, Jr.

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William L. Rouse, Jr., Director

/s/ Roger W. Hale

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Roger W. Hale, Director

/s/ George A. Schaefer, Jr.

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George A. Schaefer, Jr., Director

/s/ Bernadine P. Healy

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Bernadine P. Healy, Director

/s/ Theodore M. Solso

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Theodore M. Solso, Director

/s/ Mannie L. Jackson

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Mannie L. Jackson, Director

/s/ Michael J. Ward

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Michael J. Ward, Director

CERTIFICATION

The undersigned certifies that he is Secretary of ASHLAND INC. ("ASHLAND"), a Kentucky corporation, and that, as such, he is authorized to execute this Certificate on behalf of ASHLAND and further certifies that attached is a true and correct copy of an excerpt from the minutes of a meeting of the Board of Directors of ASHLAND duly called, convened and held on November 4, 2004 at which a quorum was present and acting throughout.

IN WITNESS WHEREOF, I have signed and sealed this Certification this 24th day of January 2005.

/s/ David L. Hausrath

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David L. Hausrath, Secretary

(S E A L)

Excerpts from November 4, 2004  
Ashland Inc.  
Board of Directors Meeting

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WHEREAS, the Board of Directors desires to adopt new replacement plans for the three frozen plans effective as of January 1, 2005, which will be called the Deferred Compensation Plan (the "New Deferred Compensation Plan"), the Supplemental Early Retirement Plan for Certain Employees (the "New SERP") and the Nonqualified Excess Benefit Pension Plan (the "New Excess Plan") with the intent of complying with new federal tax rules applicable to these plans;

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FURTHER RESOLVED, that there is hereby reserved for issuance under the New Deferred Compensation Plan 500,000 shares of fully paid and nonassessable \$1.00 par value Common Stock of the Company (the "Common Stock");

FURTHER RESOLVED, that the Chairman of the Board or any Vice President of the Corporation, the Secretary or any Assistant Secretary of the Corporation (the "Authorized Officers") be, and each of them hereby is, acting singly, authorized to execute and file with Securities and Exchange Commission (1) a Registration Statement on Form S-8 or any other appropriate form with respect to the Common Stock and (2) such further amendments thereto as are necessary or desirable;

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