

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): March 16, 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 have been 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.

On February 24, 2000, Ashland announced that, absent intervening circumstances or material events, Ashland's management intended 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. 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.

On March 16, 2000, Ashland announced that its Board of Directors

had approved a taxable distribution of 17,397,233 shares of Arch Coal Common Stock to Ashland's shareholders, and had set a record date of March 24, 2000 for the distribution. The distribution will be a taxable event to Ashland and will constitute dividend income to Ashland shareholders. Ashland will retain shares of Arch Coal Common Stock to satisfy any federal tax withholding on the distribution. Any fractional shares of Arch Coal Common Stock resulting from the distribution will be retained by Ashland with Ashland subsequently distributing the equivalent cash value. Arch Coal has indicated to Ashland that the Arch Coal Common Stock distributed by Ashland will be issued by Arch Coal's transfer agent in book-entry form by means of direct registration effective on March 27, 2000. Also on March 27, 2000, Ashland intends to

mail to its shareholders an information statement in respect of the distribution. Ashland anticipates that direct registration statements listing the number of shares of Arch Coal Common Stock received by each Ashland shareholder will be mailed commencing on or about March 31, 2000 by Arch Coal's transfer agent.

Following the distribution, Ashland intends, subject to then-existing market conditions but within one year, to dispose of Ashland's remaining 4,726,040 shares of Arch Coal Common Stock plus any fractional shares of Arch Coal Common Stock retained pursuant to the distribution, and any shares retained to satisfy tax withholding, in a transaction or transactions that qualify as a sale for federal income tax purposes.

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 March 16, 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: March 16, 2000

/s/ David L. Hausrath

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

EXHIBIT INDEX

99.1 Press Release dated March 16, 2000

FOR IMMEDIATE RELEASE
March 16, 2000

Ashland Inc. board approves
distribution of Arch Coal shares

Covington, Ky. - The board of directors of Ashland Inc. (NYSE: ASH) approved today a taxable distribution of 17,397,233 shares of Arch Coal, Inc. (NYSE: ACI) stock to the Ashland Inc. shareholders, and has set a record date of March 24.

"Initially, our preferred path was a tax-free distribution of this stock," said Paul W. Chellgren, Ashland Inc. chairman and chief executive officer. "However, several factors mitigated against this strategy. One was uncertainty involved in obtaining a satisfactory ruling from the Internal Revenue Service. Another was uncertainty associated with successfully concluding negotiations with a special committee of the Arch board of directors. These factors, coupled with a decline in the value of Arch stock, led to our decision to declare a taxable dividend," Chellgren stated.

The pro rata distribution will take the form of a dividend, that will be taxable to the shareholders of Ashland Inc. at ordinary rates. Based on the 70,762,855 shares of Ashland Inc. shares outstanding on March 15, and assuming no change in the number of outstanding Ashland shares before the record date of March 24, each share of Ashland Inc. stock will receive approximately 0.2458 shares of Arch Coal, Inc. stock. The exact ratio of Arch shares to Ashland shares will be determined when the dividend is issued. Any fractional shares of Arch stock, that may result from the distribution of

(more)

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the shares will be retained by Ashland, with Ashland subsequently distributing the equivalent cash value to the affected shareholder. Information regarding the distribution is expected to be mailed to Ashland shareholders on or about March 27.

After the distribution is completed, Ashland will continue to own approximately 4.7 million Arch Coal shares. The company plans to dispose of these shares in a tax efficient manner based on market conditions .

"Our board approved this action after significant review and study, because we believe it is in the best interest of our shareholders, as well as that of both companies," Chellgren said. "This will increase Arch's float in the marketplace, remove uncertainty surrounding the future of our holdings in Arch, and, most significantly, enable Ashland Inc. and Arch Coal to pursue their individual value creation strategies more effectively," he concluded.

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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