

ASHLAND INC.  
Form 4  
December 11, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
WATERS FRANK L

(Last) (First) (Middle)  
5200 BLAZER PARKWAY  
(Street)

DUBLIN, OH 43017

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
ASHLAND INC. [ASH]

3. Date of Earliest Transaction (Month/Day/Year)  
12/07/2006

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)  
Vice President

6. Individual or Joint/Group Filing (Check Applicable Line)  
\_X\_ Form filed by One Reporting Person  
\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	12/07/2006		M		8,017	A	\$ 19.75
					8,175		
Common Stock	12/07/2006		M		2,849	A	\$ 25.54
					11,024		
Common Stock	12/07/2006		M		1,424	A	\$ 33.69
					12,448		
Common Stock	12/07/2006		M		2,849	A	\$ 37.46
					15,297		
Common Stock	12/07/2006		S		15,139	D	\$ 67.4742
					158		

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Common Stock	2,436 <sup>(1)</sup>	I	401(k)
Common Stock	565 <sup>(2)</sup>	I	LESOP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Options (Right to buy)	\$ 19.75	12/07/2006		M <sup>(3)</sup>	8,017	09/19/2003 10/19/2012	Common Stock	8,017
Stock Options (Right to buy)	\$ 25.54	12/07/2006		M <sup>(3)</sup>	2,849	09/20/2002 10/20/2011	Common Stock	2,849
Stock Options (Right to buy)	\$ 33.69	12/07/2006		M <sup>(3)</sup>	1,424	09/17/1999 10/17/2008	Common Stock	1,424
Stock Options (Right to buy)	\$ 37.46	12/07/2006		M <sup>(3)</sup>	2,849	09/18/1998 10/18/2007	Common Stock	2,849

## Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

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Director 10% Owner Officer Other

WATERS FRANK L  
5200 BLAZER PARKWAY  
DUBLIN, OH 43017

Vice President

## Signatures

David B. Mattingly,  
Attorney-in-Fact

12/11/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Based on Employee Savings Plan information as of 12-6-2006, the latest date for which such information is reasonably available.  
Employee stock option (represents a right to buy Ashland Common Stock) granted pursuant to Ashland's Stock Incentive Plan which
- (3) vests in three annual installments: 50% after the 1st year, the next 25% the 2nd year and the remaining 25% the 3rd year. The employee stock option includes a tax withholding feature pursuant to the plan.
- (2) Shares accrued under Ashland's Leveraged Employee Stock Ownership Plan as of 12-6-2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.