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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2000

Commission file number I-71

BORDEN, INC.

New Jersey	13-0511250
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

180 East Broad Street, Columbus, OH 43215
(Address of principal executive offices)

(614) 225-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

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

Number of shares of common stock, $0.01 par value, outstanding as of the close of business on May 15, 2000:
198,974,994

BORDEN, INC.

INTRODUCTION

The following filing with the Securities and Exchange Commission ("SEC") by Borden, Inc. ("the Company") presents four separate financial statements: Borden, Inc. Condensed Consolidated Financial Statements, Borden, Inc. and Affiliates Condensed Combined Financial Statements, the Condensed Financial Statements of Wise Holdings, Inc. ("Wise Holdings") and the Condensed Financial Statements of Borden Foods Holdings Corporation ("Foods Holdings"). The consolidated statements present the Company after the effect of the sale of (i) the Company's former salty snacks business ("Wise") to Wise Holdings and its subsidiaries and (ii) the Company's former domestic and international foods business ("Foods") to Foods Holdings and its subsidiaries, as explained in Note 1 to the consolidated and combined financial statements. The Company, Wise Holdings and Foods Holdings are controlled by BW Holdings, LLC ("BWHLLC"). The consolidated financial statements are those of the Company, which is the SEC Registrant.

The Borden, Inc. and Affiliates ("the Combined Companies") Condensed Combined

Financial Statements are included herein to present the Company on a combined historical basis, including the financial position, results of operations and cash flows of Wise and Foods. The Combined Companies' financial statements are included, supplementally, to present financial information on a basis consistent with that on which credit was originally extended to the Company (prior to push down accounting) and because management of the Company will continue to control significant financial and managerial decisions with respect to Wise Holdings and Foods Holdings. Also, in accordance with rule 3-10 of Regulation S-X, the Condensed Financial Statements of Wise Holdings and Foods Holdings are included in Part II of this Quarterly Report on Form 10-Q because Wise Holdings and Foods Holdings are guarantors of the Company's credit facility and all of the Company's outstanding publicly held debt.

BORDEN, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. BORDEN, INC. ("BORDEN") CONDENSED CONSOLIDATED AND BORDEN, INC. AND AFFILIATES CONDENSED COMBINED FINANCIAL STATEMENTS

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)
BORDEN, INC.

Three months ended March 31,

(In millions)	2000	1999
Net sales	$352.7	$306.9
Cost of goods sold	246.6	211.8
Gross margin	106.1	95.1
Distribution expense	15.6	12.0
Marketing expense	18.1	15.8
General & administrative expense	37.7	31.1
Business realignment	2.8	-
Operating income	31.9	36.2
Interest expense	14.7	15.3
Affiliated interest expense, net of affiliated interest income of $0.1 in 2000	4.1	4.8
Interest income and other	(6.2)	(8.7)
Equity in net (income) loss of unconsolidated subsidiaries	(0.4)	5.3
Income from continuing operations before income tax	19.7	19.5
Income tax expense	7.4	6.2
Net income	12.3	13.3
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$ (6.1)	$ (5.1)
Comprehensive income (see Note 3)	$ 9.9	$ (4.4)

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED) (CONTINUED)
BORDEN, INC.

	Three months ended March 31,	
(In millions, except per share data)	2000	1999
Basic and Diluted Per Share Data		
Net income	$ 0.06	$ 0.07
Preferred stock dividends	(0.09)	(0.09)

Net loss applicable to common stock	$(0.03)	$(0.02)
Dividends per common share	$ 0.13	$ 0.06
Dividends per preferred share	$ 0.75	$ 0.75
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS	March 31, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 151.1	$ 195.2
Accounts receivable (less allowance for doubtful accounts of $10.7 in 2000 and $11.8 in 1999)	218.5	215.0
Loan receivable from affiliate	59.5	56.2
Inventories:		
Finished and in-process goods	62.8	62.8
Raw materials and supplies	47.5	50.4
Deferred income taxes	41.4	42.4
Other current assets	16.7	15.3
	597.5	637.3

INVESTMENTS AND OTHER ASSETS		
Investments	63.5	64.0
Investment in affiliate	53.6	51.5
Deferred income taxes	101.0	109.5
Prepaid pension assets	127.9	129.7
Other assets	36.8	36.3
Assets sold under contractual arrangement (net of allowance of $62.6 in 2000 and 1999)	49.7	48.2
	432.5	439.2
PROPERTY AND EQUIPMENT		
Land	25.9	25.6
Buildings	107.7	97.9
Machinery and equipment	721.8	739.1
	855.4	862.6
Less accumulated depreciation	(323.1)	(323.8)
	532.3	538.8
INTANGIBLES	110.7	112.1
TOTAL ASSETS	$ 1,673.0	$ 1,727.4

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions, except share data)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 131.0	$ 137.4
Debt payable within one year	21.1	17.7
Income taxes payable	240.1	244.1
Loans payable with affiliates	264.0	246.6
Other current liabilities	161.8	178.6
	818.0	824.4
OTHER LIABILITIES		
Liabilities sold under contractual arrangement	41.6	41.6
Long-term debt	540.9	541.1
Non-pension post-employment benefit obligations	173.1	176.1
Other long-term liabilities	69.8	80.0
	825.4	838.8
COMMITMENTS AND CONTINGENCIES (See Note 5)		

SHAREHOLDERS' EQUITY		
Preferred stock - Issued 24,574,751 shares	614.4	614.4
Common stock - $0.01 par value: authorized 300,000,000 shares, Issued 198,974,994 shares	2.0	2.0
Paid in capital	329.6	355.7
Receivable from parent	(414.9)	(414.9)
Accumulated other comprehensive income	(54.9)	(52.5)
Accumulated deficit	(446.6)	(440.5)
	29.6	64.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,673.0	$1,727.4

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
BORDEN, INC.

(In millions)	Three months ended March 31, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 12.3	$ 13.3
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Business realignment	2.8	-
Deferred tax provision (benefit)	8.6	(2.9)
Depreciation and amortization	14.2	12.0
Unrealized gain on interest rate swap	(2.1)	(2.9)
Equity in net (income) loss of unconsolidated subsidiaries	(0.4)	5.3
Net change in assets and liabilities:		
Trade receivables	(11.2)	(11.5)
Inventories	2.5	2.5
Trade payables	(1.4)	1.3
Income taxes	(9.5)	(6.1)
Other assets	6.6	(2.3)
Other liabilities	(20.9)	(29.6)
	1.5	(20.9)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital expenditures	(19.8)	(9.2)
Investment in affiliate	(1.4)	(1.8)
	(21.2)	(11.0)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	3.4	(5.6)
Repayment of long-term debt	(0.2)	(0.1)

Affiliated borrowings	14.1	1.0
Interest received from parent	12.1	12.4
Common stock dividends paid	(25.1)	(12.4)
Preferred stock dividends paid	(18.4)	(18.4)
Other distributions	(10.3)	-
	(24.4)	(23.1)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
BORDEN, INC.

(In millions)	Three months ended March 31, 2000	1999
Decrease in cash and equivalents	$(44.1)	$(55.0)
Cash and equivalents at beginning of period	195.2	672.1
Cash and equivalents at end of period	$151.1	$617.1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 21.9	$ 20.4
Taxes	9.1	15.3
Non-cash activity:		
Accrued dividends on investment in affiliate	2.1	-
Capital contribution by parent	7.5	8.4
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
BORDEN, INC.

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 1999	$614.4	$2.0	$355.7	$(414.9)	$(52.5)	$(440.5)	$64.2
Net income						12.3	12.3
Translation adjustments					(2.4)		(2.4)
Preferred stock dividends						(18.4)	(18.4)
Common stock dividends			(25.1)				(25.1)
Other distributions			(16.3)				(16.3)
Interest accrued on notes from parent (net of $4.3 tax)			7.8				7.8
Capital contribution from parent			7.5				7.5
Balance, March 31, 2000	$614.4	$2.0	$329.6	$(414.9)	$(54.9)	$(446.6)	$29.6

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED COMBINED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)
BORDEN, INC. AND AFFILIATES

(In millions)	Three months ended March 31, 2000	1999
Net sales	$552.4	$496.5
Cost of goods sold	354.0	313.2
Gross margin	198.4	183.3
Distribution expense	34.9	28.4
Marketing expense	92.7	79.4
General & administrative expense	57.6	44.5
Business realignment	2.8	-
Gain on divestiture of businesses	-	(4.4)
Operating income	10.4	35.4
Interest expense	14.7	15.5
Affiliated interest expense	0.3	1.7
Interest income and other	(6.2)	(9.7)
Equity in net (income) loss of unconsolidated subsidiaries	(0.4)	5.3
Income from continuing operations before income tax	2.0	22.6
Income tax expense	1.9	7.6
Income before cumulative effect of change in accounting principle	0.1	15.0
Cumulative effect of change in accounting principle	-	(2.8)
Net income	0.1	12.2
Affiliate's share of income	0.1	(0.9)
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$(18.2)	$ (7.1)
Comprehensive income (see Note 3)	$ (3.6)	$ (7.0)

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)
BORDEN, INC. AND AFFILIATES

(In millions)

ASSETS	March 31, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 179.1	$ 228.4
Accounts receivable (less allowance for doubtful accounts of $14.6 in 2000 and $15.4 in 1999)	284.2	296.9
Loan receivable from affiliate	59.5	56.2
Inventories:		
Finished and in-process goods	118.1	114.8
Raw materials and supplies	73.8	84.3
Deferred income taxes	59.0	60.8
Other current assets	27.3	24.0
	801.0	865.4
INVESTMENTS AND OTHER ASSETS		
Investments	63.5	64.0
Investment in affiliate	53.6	51.5
Deferred income taxes	101.3	109.8
Prepaid pension assets	139.1	140.8
Other assets	32.4	32.7
	389.9	398.8
PROPERTY AND EQUIPMENT		
Land	39.2	38.8
Buildings	202.3	192.6
Machinery and equipment	1,080.8	1,088.1
	1,322.3	1,319.5
Less accumulated depreciation	(553.1)	(548.2)
	769.2	771.3
INTANGIBLES	418.7	423.5
TOTAL ASSETS	$ 2,378.8	$ 2,459.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)
BORDEN, INC. AND AFFILIATES

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 186.6	$ 197.3
Debt payable within one year	21.7	18.1
Income taxes payable	251.2	255.8
Loans payable with affiliates	26.3	14.5
Other current liabilities	238.7	257.7
	724.5	743.4
OTHER LIABILITIES		
Long-term debt	543.9	544.1
Non-pension post-employment benefit obligations	190.6	193.9
Other long-term liabilities	105.1	114.8
	839.6	852.8
COMMITMENTS AND CONTINGENCIES (SEE NOTE 5)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	638.3	664.4
Receivable from parent	(414.9)	(414.9)
Affiliate's interest in subsidiary	66.1	66.2
Accumulated other comprehensive income	(87.8)	(84.1)
(Accumulated deficit) retained earnings	(3.4)	14.8
	814.7	862.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,378.8	$2,459.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)
BORDEN, INC. AND AFFILIATES

(In millions)	Three months ended March 31, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 0.1	$ 12.2
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Gain on divestiture of businesses	-	(4.4)
Business realignment	2.8	-
Deferred tax provision (benefit)	9.1	(1.1)
Depreciation and amortization	24.9	20.1
Unrealized gain on interest rate swap	(2.1)	(2.9)
Equity in net (income) loss of unconsolidated subsidiaries	(0.4)	5.3
Net change in assets and liabilities:		
Trade receivables	2.3	(2.2)
Inventories	6.6	13.1
Trade payables	(5.6)	(7.3)
Income taxes	(9.3)	(8.5)
Other assets	5.4	3.6
Other liabilities	(19.0)	(57.4)
	14.8	(29.5)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(33.3)	(18.4)
Proceeds from the divestiture of businesses	-	9.5
Proceeds from the sale of fixed assets	-	2.4
	(33.3)	(6.5)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	3.5	(5.7)
Repayment of long-term debt	(0.4)	(0.1)
Affiliated borrowings	7.8	-
Interest received from parent	12.1	12.4
Common stock dividends paid	(25.1)	(12.4)
Preferred stock dividends paid	(18.4)	(18.4)
Other distributions	(10.3)	-
	(30.8)	(24.2)

CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
BORDEN, INC. AND AFFILIATES

(In millions)	Three months ended March 31, 2000	1999
Decrease in cash and equivalents	$(49.3)	$(60.2)
Cash and equivalents at beginning of period	228.4	695.5
Cash and equivalents at end of period	$179.1	$635.3
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 17.0	$ 17.0
Taxes	2.1	15.4
Non-cash activity:		
Accrued dividends on investment in affiliate	2.1	-
Capital contribution by parent	7.5	8.4
Affiliate's share of income	(0.1)	0.9
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED COMBINED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)
BORDEN, INC. AND AFFILIATES

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Affiliate's Interest in Subsidiary	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Total
Balance, December 31, 1999	$614.4	$2.0	$664.4	$(414.9)	$66.2	$(84.1)	$14.8	$862.8
Net income							0.1	0.1
Translation adjustments						(3.7)		(3.7)
Preferred stock dividends							(18.4)	(18.4)
Common stock dividends			(25.1)					(25.1)
Other distributions			(16.3)					(16.3)
Interest accrued on notes from parent (net of $4.3 tax)			7.8					7.8
Capital contribution from parent			7.5					7.5
Affiliate's interest in subsidiary					(0.1)		0.1	-
Balance, March 31, 2000	$614.4	$2.0	$638.3	$(414.9)	$66.1	$(87.8)	$(3.4)	$814.7

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

NOTES TO CONDENSED CONSOLIDATED
AND CONDENSED COMBINED FINANCIAL STATEMENTS
(Dollars in millions except per share amounts and as otherwise indicated)

1. BASIS OF PRESENTATION

The Registrant, Borden, Inc. (the "Company") is engaged primarily in manufacturing, processing, purchasing and distributing primarily forest products and industrial resins, formaldehyde, melamine crystal and other specialty and industrial chemicals worldwide as well as consumer glues and adhesives in North America.

The Company's principal lines of business formerly included its international and domestic foods operations ("Foods") and salty snacks business ("Wise"). Subsidiaries of BWHLLC, an affiliate of the Company's parent, together with subsidiaries of Wise Holdings, Inc. ("Wise Holdings") and subsidiaries of Borden Foods Holdings Corporation ("Foods Holdings") purchased Wise and Foods on July 2, 1996 and October 1, 1996, respectively. As a result of these sales, Wise and Foods, as of their respective sale dates, are no longer legally part of the Company on a consolidated basis. However, management of the Company continues to exercise significant operating and financial control over Wise and Foods. In addition, Wise Holdings and Foods Holdings provide financial guarantees to obligations under the Company's credit facility and all of the Company's outstanding publicly held debt. Because of the aforementioned control and guarantees, the Company has included, supplementally in this filing, Condensed Combined Financial Statements of Borden, Inc. and Affiliates (the "Combined Companies") which present the financial condition and results of operations and cash flows of the Company, Wise and Foods. The Combined Companies' financial statements do not reflect push-down accounting and therefore present financial information on a basis consistent with that upon which credit was originally extended to the Company.

The accompanying unaudited interim Condensed Consolidated and Condensed Combined Financial Statements contain all adjustments, consisting only of normal adjustments, which in the opinion of management are necessary for a fair statement of the results for the interim period. Results for the interim period are not necessarily indicative of results for the full year.

Information about the Company's operating segments is provided in Item 2 on page 20 and is an integral part of the Condensed Consolidated and Condensed Combined Financial Statements.

The 1999 Condensed Combined Statement of Operations and Comprehensive Income has been restated to reflect the cumulative effect of a change in accounting principle recorded in the 1999 Form 10-K, related to the adoption of Statement of Position 98-5.

Certain prior year amounts have been reclassified to conform with the 2000 presentation.

2. BUSINESS REALIGNMENT

In the first quarter of 2000, the Company recorded $2.8 related to the closure of Chemical resins operations primarily in Argentina and California. These amounts are classified as business realignment on the Condensed Consolidated and Condensed Combined Statements of Operations.

3. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
	2000	1999	2000	1999
Net income	$12.3	$ 13.3	$ 0.1	$ 12.2
Foreign currency translation adjustments	(2.4)	(17.7)	(3.7)	(19.2)
	$ 9.9	$ (4.4)	$(3.6)	$ (7.0)

The foreign currency translation adjustments relate primarily to Latin American Chemical businesses.

4. RELATED PARTY TRANSACTIONS

In February 2000, the Company and Combined Companies distributed 100% of their ownership in the infrastructure management services business to the Company's parent. The distribution was recorded at net book value of $16.3, including $8.6 owed by the Company to the infrastructure management services business in accordance with a tax sharing agreement. Subsequent to the distribution, substantially all of the assets of the infrastructure management services business were sold to a subsidiary of Interliant, Inc. in exchange for $2.5 in cash and 1,041,179 shares of Interliant, Inc. stock.

Foods, BWHLLC, an affiliate of the Company's parent, and the Company's parent invest cash not used in operations with the Company. At March 31, 2000, Foods had $240.9 invested with the Company, BWHLLC had $10.5 invested with the Company and Combined Companies and the Company's parent had $12.6 invested with the Company and Combined Companies. Loans payable to unconsolidated affiliates for the Combined Companies at March 31, 2000 also includes $3.2 from an affiliate of the Combined Companies. These balances are reflected as a net loan payable to an unconsolidated affiliate in the consolidated and combined balance sheets.

Prior to the distribution of its infrastructure management services business in February 2000, the Company provided services to Foods and Wise. Fees received for these services are offset against the Company's general and administrative expenses and approximated $1.5 and $2.4 for the three months ended March 31, 2000 and 1999, respectively. Subsequent to the distribution, certain limited services continue to be provided to Foods and Wise by the infrastructure management services business.

At March 31, 2000, the Company and Combined Companies had loaned $59.5 in the form of demand notes and accrued interest to CCPC Acquisition Corp., an affiliate of the Company's parent, to provide temporary financing to complete the acquisition of EKCO Group, Inc. ("EKCO"). The loan bears variable interest at the monthly prime rate as quoted by The Wall Street Journal and matures on December 31, 2000. The Company and Combined Companies anticipate repayment of the loan and interest upon the sale of a business unit acquired with EKCO that is held for sale by CCPC Acquisition Corp.

In the fourth quarter of 1999, the Company and Combined Companies made a $50.0 investment in World Kitchen, Inc., an affiliate of the Company's parent, in the form of 16% cumulative junior preferred stock. The Company and Combined Companies have accrued cumulative dividends of $3.6 on the investment at March 31, 2000.

5. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS - The Company and Combined Companies, like others in similar businesses, are subject to extensive federal, state and local environmental laws and regulations. Although environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments and increasingly stringent regulation could require the Company and Combined Companies to make additional unforeseen environmental expenditures.

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are routinely reviewed on an interim basis as events and developments warrant. The Company and the Combined Companies have each accrued approximately $22 at March 31, 2000 and December 31, 1999 for probable environmental remediation and restoration liabilities. This is management's best estimate of these liabilities, based on currently available information and analysis. The Company and Combined Companies believe that it is reasonably possible that costs associated with such liabilities may exceed current reserves by amounts that may prove insignificant, or by amounts, in the aggregate, of up to approximately $17.

LEGAL MATTERS - The Company and Combined Companies have recorded $4.6 and $8.0, respectively, in liabilities at March 31, 2000, for legal costs in amounts that they believe are probable and reasonably estimable.These liabilities at December 31, 1999, totaled $5.1 for the Company and $8.5 for the Combined Companies. Actual costs are not expected to exceed these amounts. In addition, the Company and Combined Companies may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership ("BCP") facilities, which were previously owned by the Company. Management believes, based upon the information it currently possesses, and taking into account its established reserves for estimated liability and its insurance coverage, that the ultimate outcome of proceedings and actions is unlikely to have a material adverse effect on the Company's and/or Combined Companies' financial position or operating results.

OTHER COMMITMENTS - A wholly owned subsidiary serving as general partner of BCP has certain fiduciary responsibilities to BCP's unitholders. The Company and Combined Companies believe that such responsibilities will not have a material adverse effect on their financial statements.

PART I. FINANCIAL INFORMATION

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS BY BUSINESS UNIT:

Following is a comparison of net sales and adjusted operating EBITDA by operating segment for both the Company and the Combined Companies:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
NET SALES				
Foods ongoing			$142.3	$134.0
Foods Unaligned			-	5.6
Wise			57.4	50.0
Chemical	$328.4	$285.6	328.4	285.6
Corporate and other	24.3	21.3	24.3	21.3
	$352.7	$306.9	$552.4	$496.5
ADJUSTED OPERATING EBITDA				
Foods ongoing			$(13.4)	$ 0.4
Foods Unaligned			-	1.7
Wise			2.6	0.8
Chemical	$ 55.3	$ 49.6	55.3	49.6
Corporate and other	(6.4)	(1.4)	(6.4)	(1.4)
TOTAL ADJUSTED OPERATING EBITDA (1)	48.9	48.2	38.1	51.1
Significant or unusual items (2)	(2.8)	-	(2.8)	4.4
Depreciation and amortization (3)	(14.2)	(12.0)	(24.9)	(20.1)
OPERATING INCOME	$ 31.9	$ 36.2	$ 10.4	$ 35.4

(1) Adjusted Operating EBITDA represents net income (loss), excluding cumulative effect of change in accounting principle, non-operating income and expenses, interest, taxes, depreciation, amortization and significant or unusual items (see below).
(2) The 2000 amount represents Chemical restructuring expenses relating primarily to plant closures in Argentina and California. The 1999 amount includes gains on the sale of Foods Unaligned businesses due to additional proceeds and lower than expected exit costs related to the 1998 KLIM sale.
(3) The increase in Consolidated depreciation and amortization is primarily the result of the 1999 Chemical acquisitions. The Combined increase also reflects the depreciation associated with Foods 1999 enterprise-wide systems implementation and plant improvements.

CONSOLIDATED AND COMBINED THREE MONTHS ENDED MARCH 31, 2000 VERSUS THREE MONTHS ENDED MARCH 31, 1999

Consolidated Summary
- --------------------
Consolidated sales increased $45.8 million, or approximately 15%, to $352.7 million in 2000 from $306.9 million in 1999. The increase in sales is attributed to improved volumes in the Chemical business and the two Chemical acquisitions made in 1999. Adjusted operating EBITDA increased $0.7 million, or approximately 1%, to $48.9 million in 2000 from $48.2 million in 1999. The increase is primarily due to the positive impact of improved Chemical volumes substantially offset by the settlement and timing variances of corporate liabilities and expenses.

Combined Summary
- ----------------
Combined sales increased $55.9 million, or approximately 11%, from $496.5 million in 1999 to $552.4 million in 2000. The increase is primarily attributed to increased volumes for Chemical, Wise and Foods. Combined adjusted operating EBITDA decreased $13.0 million, or approximately 25%, from $51.1 million in 1999 to $38.1 million in 2000. In addition to the consolidated factors described above, Foods' comparative results declined primarily due to the favorable settlement of litigation recorded in 1999.

Chemical
- --------
Chemical sales in 2000 were up $42.8 million, or approximately 15%, from prior year sales of $285.6 million. The most significant items that positively impacted 2000 sales were improved volumes for all business units, primarily in North America, and two acquisitions in the United States and Europe. These improvements were partially offset by lower pricing, unfavorable currency exchange rates in Latin America, and the prior year exit from certain non-core businesses in Latin America and the Philippines.

Overall volume improvement of 14%, excluding the effect of acquisitions and divestitures, had a positive impact on 2000 sales of approximately $44 million, with the largest contributors being the North America forest products resins and UV coatings businesses. The improved volume in North America forest products resins is driven by continued high demand related to strong housing and construction activity. The improved volume in UV coatings reflects increasing demand for optical fiber.

The second quarter 1999 acquisition of Spurlock Industries, Inc. and the third quarter 1999 acquisition of Blagden Chemicals, Ltd. contributed incremental 2000 sales of $7.8 million and $17.2 million, respectively.

Lower pricing, which negatively impacted 2000 sales by approximately $20 million, reflects competitive market conditions as well as contractual arrangements, primarily in North America, that require pass-through of lower raw material costs versus the prior year, primarily for methanol, phenol and urea.

Unfavorable currency exchange rates, due primarily to significant currency devaluation in Ecuador since the end of 1999, had an unfavorable impact on 2000 sales of $4.2 million.

The 1999 closures of non-strategic businesses in Latin America and the Philippines caused 2000 sales to be $2.1 million lower versus the prior year.

Adjusted operating EBITDA increased $5.7 million, or approximately 11%, from 1999. The overall improvement reflects the positive impact of increased volume and the 1999 acquisitions, which were partially offset by gross margin erosion and selling, general and administrative expenses. The most significant contributors to the overall gross margin erosion were substantially lower melamine crystal and resin selling prices, due to depressed global market conditions, and intensely competitive market conditions in Europe. The Company mitigated the negative impact of the very competitive market conditions worldwide through the implementation of specific programs to better control and reduce manufacturing and other expenses.

Corporate and other
- -------------------
Corporate and other sales increased $3.0 million, or approximately 14%, from $21.3 million in 1999 to $24.3 million in 2000 primarily due to increased volumes in the consumer glues and adhesives business, offset slightly by reduced sales due to the divestiture of the infrastructure management services business at the end of February 2000. Adjusted operating EBITDA declined $5.0 million from a loss of $1.4 million in 1999 to a loss of $6.4 million in 2000 due to settlement and timing of various corporate liabilities and expenses, as well as higher expenses in the infrastructure management services business prior to its divestiture.

Foods
- -----
Foods' sales for the three months ended March 31, 2000 increased $2.7 million, or approximately 2%, to $142.3 million from $139.6 million for the three months ended March 31, 1999. Excluding sales of $5.6 million related to businesses divested in 1999, sales from Foods' ongoing businesses increased $8.3 million, or approximately 6%. The increase was led by growth in sauce volumes due primarily to new product introductions and expanded distribution. In addition, Foods improved sales with the introduction of the new product, It's Pasta Anytime . These improvements were partially offset by modest pricing pressures.

Foods' adjusted operating EBITDA declined $15.5 million from income of $2.1 million in 1999 to a loss of $13.4 million in 2000. Excluding the impact of Foods Unaligned businesses sold in 1999 and a $7.5 million gain on the favorable settlement of litigation in 1999, ongoing adjusted operating EBITDA decreased $6.3 million. The decline in ongoing results was primarily due to higher marketing costs associated with the introduction of new products. These additional costs were partially offset by an improvement in gross margin due to higher volumes and a reduction in general and administrative expenses due primarily to lower spending on enterprise-wide information technology systems.

Wise
- ----
Net sales for the first quarter of 2000 were $57.4 million, $7.4 million, or approximately 15%, above 1999 net sales of $50.0 million. The sales increase was the result of effective trade focused marketing efforts improving volume in both retail grocery and other channels. Wise recorded sales growth in branded and private label business and in grocery and small bag accounts.

Adjusted operating EBITDA for the first quarter of 2000 was $2.6 million, $1.8 million above the $0.8 million recorded in the first quarter of 1999. The increase in adjusted operating EBITDA was driven by increased volume, partially offset by higher promotional expenses.

NON-OPERATING EXPENSES AND INCOME TAXES
- --------------------------------------

Following is a comparison of non-operating expenses for the three months ended March 31, 2000 and 1999:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Interest expense	$14.7	$15.3	$14.7	$15.5
Affiliated interest expense, net	4.1	4.8	0.3	1.7
Interest income and other	(6.2)	(8.7)	(6.2)	(9.7)
Equity in net (income) loss of unconsolidated subsidiaries	(0.4)	5.3	(0.4)	5.3
	$12.2	$16.7	$ 8.4	$12.8

Consolidated non-operating expenses decreased $4.5 million from $16.7 million in 1999 to $12.2 million in 2000. This decrease is primarily attributed to equity in net income of unconsolidated subsidiaries in 2000 compared to losses in 1999, partially offset by a decrease in interest income as a result of lower average cash balances in 2000 than 1999.

Combined non-operating expenses decreased $4.4 million from $12.8 million in 1999 to $8.4 million in 2000. The decrease relates primarily to the consolidated factors described above.

Following is a comparison of income taxes for the three months ended March 31, 2000 and 1999:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Income tax expense	$ 7.4	$ 6.2	$ 1.9	$ 7.6
Effective tax rate	37%	32%	95%	34%

The 2000 consolidated effective tax rate reflects the effect of lower tax rates in foreign jurisdictions. The difference between the 2000 consolidated and combined effective tax rates reflects the impact of permanent tax differences on Foods net loss.

The 1999 consolidated and combined effective tax rates reflect the effect of lower tax rates in foreign jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES

Consolidated cash provided by operating activities was $1.5 million for the three months ended March 31, 2000, compared to cash used in operating activities of $20.9 million in 1999. The $22.4 million improvement is primarily due to lower net interest and tax payments in 2000 of $4.7 million and the absence of a 1999 payment of approximately $13.0 million to settle certain long-term disability claims.

Combined cash provided by operating activities was $14.8 million for the three months ended March 31, 2000, compared to cash used in operating activities of $29.5 million in 1999. The $44.3 million improvement primarily reflects the consolidated factors above as well as additional reductions in cash paid for taxes of $7.1 million, the absence of a $6.7 million payment made by Foods in 1999 to settle litigation and improved cash flows of $6.0 million due to timing of payments. These improvements were partially offset by a reduction in adjusted

operating EBITDA of $5.5 million, excluding a Foods 1999 $7.5 million favorable litigation settlement.

INVESTING ACTIVITIES

Consolidated investing activities in the first quarter of 2000 used $21.2 million versus $11.0 million used in the first quarter of 1999. The $10.2 million increase represents increased capital expenditures primarily in the Chemical business related to plant expansion projects to increase capacity.

Combined investing activities used $33.3 million in 2000 versus $6.5 million in 1999. In addition to the above, the $26.8 million increase includes increased Foods capital expenditures of $3.9 million related primarily to new product manufacturing lines as well as the absence of proceeds from the divestiture of businesses and from the sale of fixed assets, which provided cash of $9.5 million and $2.4 million, respectively, in 1999.

FINANCING ACTIVITIES

Consolidated financing activities used $24.4 million in 2000 versus $23.1 million in 1999. The increase of $1.3 million primarily relates to higher common stock dividends paid of $12.7 million and the distribution of $10.3 million in cash temporarily held by the infrastructure management services business for the benefit of its customers. These outflows were substantially offset by short-term debt borrowings of $3.4 million versus 1999 repayments of $5.6 million, and higher affiliated borrowings of $13.1 million. The $10.3 million represents payroll related withholdings for which the infrastructure management services business was liable when the business was distributed to the Company's parent (See Note 4).

Combined financing activities primarily reflect the above with the exception of the Foods affiliated borrowings of $6.3 million, which is eliminated.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard requires all derivatives be measured at fair value and recorded on a company's balance sheet as an asset or liability, depending upon the company's underlying rights or obligations associated with the derivative instrument. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." This statement defers the effective date of SFAS No. 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. The Company and Combined Companies continue to investigate the impact of this pronouncement.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

The Company, Combined Companies and its officers may, from time to time, make written or oral statements regarding the future performance of the Company or Combined Companies, including statements contained in the filings with the Securities and Exchange Commission. Investors should be aware that these statements are based on currently available financial, economic, and competitive data and on current business plans. Such statements are inherently uncertain and investors should recognize that events could cause the Company's and/or Combined Companies' actual results to differ materially from those projected in forward-looking statements made by or on behalf of the Company and/or Combined Companies. Such risks and uncertainties are primarily in the areas of results of operations by business unit, liquidity, legal and environmental liabilities.

PART II

Item 1: LEGAL PROCEEDINGS

There have been no material developments in the ongoing legal proceedings that are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

The Company is involved in various litigation throughout the United States, which is considered to be in the ordinary course of the Company's business.

The Company believes, based on the information it presently possesses, and taking into account its established reserves for estimated liability and its insurance coverages, that the ultimate outcome of the foregoing proceedings is unlikely to have a materially adverse effect on the Company's financial position or operating results.

Item 6: EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

a. Exhibits

(27) Financial Data Schedule

b. Financial Statement Schedules

Included are the separate financial statements of Foods Holdings and Wise Holdings filed in accordance with rule 3-10 of Regulation S-X. Foods Holdings and Wise Holdings are guarantors of the Company's credit facility and all of the Company's outstanding publicly held debt.

c. Reports on Form 8-K

There were no reports on Form 8-K issued during the first quarter of 2000.

SIGNATURE

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.

	BORDEN, INC.
Date May 15, 2000	By /s/ William H. Carter

	William H. Carter
	Executive Vice President and
	Chief Financial Officer
	(Principal Financial Officer and
	Principal Accounting Officer)

BORDEN FOODS HOLDINGS CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2000 AND 1999

BFH1

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)	Three Months Ended March 31, 2000	1999
Net sales	$ 142,321	$139,621
Cost of goods sold	71,335	68,995

Gross margin	70,986	70,626
Distribution expense	11,561	9,584
Marketing expense	65,511	55,458
General & administrative expense	14,538	8,739
Gain on divestiture of businesses	-	(3,088)
Operating loss	(20,624)	(67)
Interest expense	51	210
Interest income	(4,387)	(3,448)
Other income, net	-	(195)
Income before income tax	(16,288)	3,366
Income tax (benefit) expense	(6,100)	986
Income before cumulative effect of accounting change	(10,188)	2,380
Cumulative effect of accounting change, net of tax	-	(2,806)
Net income	(10,188)	(426)
Affiliate's share of income	114	(811)
Net income applicable to common stock	$ (10,074)	$ (1,237)
Comprehensive income (Note 5)	$ (12,041)	$ (3,213)
Basic and diluted loss per common share	$(100,740)	$(12,370)
Average number of common shares outstanding during the period	100	100

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

ASSETS	March 31, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 267,558	$266,825
Accounts receivable (less allowance for doubtful accounts of $1,310 and $1,317, respectively)	42,067	55,201
Other receivables	1,987	3,947
Inventories:		
Finished and in-process goods	51,294	48,066
Raw materials and supplies	23,489	30,089
Deferred income taxes	14,559	15,383
Amounts due from affiliates	2,042	2,833

Other current assets	6,245	5,013
	409,241	427,357
OTHER ASSETS	10,282	10,819
PROPERTY AND EQUIPMENT		
Land	9,651	9,542
Buildings	40,544	40,763
Machinery and equipment	197,983	190,679
	248,178	240,984
Less accumulated depreciation	(67,543)	(64,462)
	180,635	176,522
INTANGIBLES		
Goodwill	10,928	11,006
Trademarks and other intangibles	107,791	108,496
	118,719	119,502
TOTAL ASSETS	$ 718,877	$734,200

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY	March 31, 2000	December 31, 1999
CURRENT LIABILITIES		
Debt payable within one year	$ 500	$ 346
Loans due to affiliates	3,278	2,513
Accounts and drafts payable	42,577	46,858
Accrued customer allowances	18,366	17,781
Income tax payable	20,149	20,594
Other amounts due to affiliates	807	789
Other current liabilities	49,543	50,596
	135,220	139,477
OTHER LIABILITIES		
Long-term debt	3,007	3,033
Deferred income taxes	34,826	34,585
Other long-term liabilities	23,580	22,820
	61,413	60,438

COMMITMENTS AND CONTINGENCIES (NOTE 8)

SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares authorized, issued, and outstanding	-	-
Paid in capital	405,817	405,817
Shareholder's investment in affiliates	66,158	66,272
Retained earnings	55,250	65,324
Accumulated translation adjustments	(4,981)	(3,128)
	522,244	534,285
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 718,877	$734,200

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Three Months Ended March 31, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$(10,188)	$ (426)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	6,299	3,969
Deferred tax provision	1,068	849
Gain on divestiture of businesses	-	(3,088)
Net change in assets and liabilities:		
Accounts receivable	13,134	8,186
Other receivables	1,960	2,164
Inventories	3,372	5,995
Accounts and drafts payable	(4,281)	(12,526)
Accrued customer allowances	585	(1,862)
Income taxes	(445)	(1,655)
Other amounts due to/from affiliates	809	266
Other current assets and liabilities	(828)	(7,874)
Other assets and liabilities	(624)	(3,367)
	10,861	(9,369)
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Capital expenditures	(11,047)	(7,105)
Proceeds from the sale of fixed assets	-	2,424
Proceeds from the sale of businesses	-	9,476
	(11,047)	4,795

	2000	1999
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings/(payments)	154	(50)
Proceeds from loans with affiliates	765	-
	919	(50)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	733	(4,624)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	266,825	300,104
CASH AND EQUIVALENTS AT END OF PERIOD	$267,558	$295,480

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Three Months Ended March 31, 2000	1999
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 232	$ 253
Taxes, net of refunds	(7,533)	112
Non-cash activity:		
Shareholder's investment in affiliates (Note 4)	$ 114	$(811)
Affiliate's share of income (Note 4)	(114)	811

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

	Paid in Capital	Shareholder's Investment in Affiliate	Retained Earnings	Accumulated Translation Adjustments	Total
Balance at December 31, 1999	$405,817	$66,272	$65,324	$(3,128)	$534,285
Net loss			(10,188)		(10,188)
Foreign currency translation adjustments				(1,853)	(1,853)
Affiliate's share of income		(114)	114		-
Balance at March 31, 2000	$405,817	$66,158	$55,250	$(4,981)	$522,244

See accompanying Notes to the Condensed Consolidated Financial Statements.

BORDEN FOODS HOLDINGS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)

1. NATURE OF OPERATIONS

Borden Foods Holdings Corporation ("Foods Holdings"), a wholly owned subsidiary of Borden Foods Holdings, LLC ("LLC"), owns approximately 98% of Borden Foods Corporation ("BFC"). The remaining interest in BFC is owned directly by LLC. BFC is a manufacturer and distributor of a variety of food products worldwide, including pasta, pasta sauce, soups and bouillon. At March 31, 2000, BFC's operations included 8 production facilities, 4 of which are located in the United States. The remaining facilities are located in Canada and Italy.

2. BASIS OF PRESENTATION

Foods Holdings has fully and unconditionally guaranteed obligations under Borden, Inc.'s ("Borden") Credit Facility and all of Borden's publicly held debt on a pari passu basis. As a result of the financial guarantee and in accordance with Regulation S-X rule 3-10, Borden is required to include in its filings with the Securities and Exchange Commission separate financial statements for Foods Holdings as if it were a registrant. Foods Holdings' financial statements are prepared on a purchase accounting basis. Borden elected not to apply push down accounting in its consolidated or combined financial statements and, as such, Borden's financial statements are reported on a historical cost basis.

The accompanying unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which management believes to be necessary for the fair presentation of operating results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results for the interim period are subject to seasonal variations and are not necessarily indicative of results for the full year. The interim financial statements should be read in conjunction with Foods Holdings' audited financial statements for the year ended December 31, 1999.

During 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-up Activities." SOP 98-5 requires the costs of opening a new facility, introducing a new product or service, conducting business in a new market, or similar start-up activities be expensed as incurred. Amounts previously capitalized are to be expensed and reported as a cumulative effect of a change in accounting principle in the year of adoption. Accordingly, BFC adopted SOP 98-5 in 1999 and reported a charge of $2,806 (net of tax benefit of $1,794) to write-off amounts previously capitalized.

Certain prior year amounts have been reclassified to conform to the 2000 presentation.

3. DIVESTED BUSINESSES

During the first quarter of 1999, BFC received proceeds of $9,476 for working capital settlements on the sale of KLIM, and reduced current liabilities by $2,012, as costs were lower than previously estimated.

Activities related to the divestiture reserves during the three months ended March 31, 2000, which were recorded in other current liabilities, were as follows:

	Work-Force Reductions(1)	Business & Contractual Obligations(2)	Selling, Legal & Other(3)	TOTAL
Balance at December 31, 1999	$ 1,351	$8,270	$1,337	$10,958
Utilized	(1,105)	(672)	(420)	(2,197)
Balance at March 31, 2000	$ 246	$7,598	$917	$8,761

(1) Includes severance and other employee related benefits.
(2) Includes charges related to the termination of leases, distributor arrangements, and other contractual agreements.
(3) Includes selling and legal fees, facility closings, and other miscellaneous costs.

4. AFFILIATE'S SHARE OF INCOME

In accordance with BFC Investment LP's limited partnership agreement with BFC and LLC, LLC was allocated an affiliate's share of income (see accompanying condensed consolidated statements of operations) of ($114) and $811 during the first quarter of 2000 and 1999, respectively.

5. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	Three months ended March 31, 2000	1999
Net income	$(10,188)	$ (426)
Foreign currency translation adjustments	(1,853)	(2,787)
	$(12,041)	$(3,213)

6. RELATED PARTIES

Borden and a subsidiary of Borden provide certain administrative services to BFC at negotiated fees. These services include processing of payroll, active and retiree group insurance claims, securing insurance coverage for catastrophic claims, and information systems support. BFC also reimburses the Borden subsidiary for payments for general disbursements and post-employment benefit claims. The amount owed by BFC for reimbursement of payments, services, and other liabilities was $645 at March 31, 2000 and $777 at of December 31, 1999.

During the first quarter of 2000, the subsidiary of Borden was sold to a third party. The third party continues to provide services that include processing of payroll, active and retiree group insurance claims, and securing insurance coverage for catastrophic claims. Subsequent to the sale of the subsidiary, fees for these services were no longer considered affiliate charges.

Eligible U.S. employees are provided employee pension benefits under the Borden domestic pension plan to which BFC contributes, and can participate in the Borden retirement savings plan. BFC has recognized expenses associated with these benefits, certain of which are determined by Borden's actuary. The liabilities for these obligations are included in BFC's financial statements.

The following summarizes the affiliate charges for the three months ended March 31, 2000 and 1999:

	Three months ended March 31, 2000	Three months ended March 31, 1999
Employee benefits	$ 907	$ 685
Group and general insurance	626	1,250
Administrative services	1,483	3,329
	$3,016	$5,264

BFC performs certain administrative services on behalf of other Borden affiliates. These services include customer service, purchasing and quality assurance. BFC charged affiliates $122 and $237 for such services for the three months ended March 31, 2000 and 1999, respectively. The receivable for these services was $745 at March 31, 2000 and $972 at December 31, 1999.

BFC invests cash not used in operations with Borden. BFC's investment balance was $240,900 at March 31, 2000 and $234,550 at December 31, 1999. The funds are invested overnight earning a rate set by Borden that generally approximates money market rates. BFC earned interest income of $3,978 and $3,257 on these funds for the three months ended March 31, 2000 and 1999, respectively. Amounts receivable for interest were $1,297 and $1,861 as of March 31, 2000 and December 31, 1999, respectively.

Borden continues to provide executive, financial and strategic management to BFC for which it charges a quarterly fee of $250.

7. UNIT INCENTIVE PLAN

During the first quarter of 2000, LLC sold 99,492 Class D units to certain BFC management employees. The Class D units are generally restricted as to transfer and allow for LLC, at its discretion, to repurchase the units, upon certain conditions including termination of the unitholders' employment, prior to full vesting after five years.

Under the Unit Incentive Plan, BFC issued four UAR's with an exercise price of $8.50 per unit for each Class D unit purchased. The UAR entitles the unitholder to receive an amount in cash equal to the excess of the market price (as defined in the UAR agreement) of the unit over the exercise price of the UAR. The UAR's vest ratably over five years and expire upon certain events, including termination of the unitholders' employment, but in no case to exceed ten years.

8. COMMITMENTS AND CONTINGENCIES

Legal Matters

BFC is involved in certain legal proceedings arising through the normal course of business. Management is of the opinion that the final outcomes of such proceedings should not have a material impact on BFC's results of operations or financial position.

WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999

WH1

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
WISE HOLDINGS, INC. AND SUBSIDIARIES

(In thousands except per share amounts)	THREE MONTHS ENDED MARCH 31, 2000	1999
Net sales	$57,201	$49,956
Cost of goods sold	35,302	31,415
Gross margin	21,899	18,541

Distribution expense	7,808	6,765
Marketing expense	9,104	8,136
General & administrative expense	4,187	4,375
Operating income (loss)	800	(735)
Interest expense	116	119
Other (income) expense	(3)	42
Income (loss) before income taxes	687	(896)
Income tax expense (benefit)	269	(335)
Net income (loss)	$ 418	$ (561)
Per Share Data		
Basic and diluted income (loss) per common share	$ 5.97	$ (8.01)
Average number of common shares outstanding during the period	70	70

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
WISE HOLDINGS, INC. AND SUBSIDIARIES

(In thousands)

ASSETS	MARCH 31, 2000	DECEMBER 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 1,367	$ 2,072
Accounts receivable (less allowance for doubtful accounts of $2,570 and $2,261, respectively)	21,611	22,690
Affiliated receivables	57	1
Inventories:		
Finished goods	3,986	3,942
Raw materials and supplies	2,765	3,883
Deferred income taxes, net	1,860	1,923
Prepaid and other current assets	4,444	3,668
	36,090	38,179

	March 31, 2000	December 31, 1999
PROPERTY AND EQUIPMENT		
Land	1,438	1,412
Buildings and improvements	6,261	6,103
Machinery and equipment	53,325	51,185
	61,024	58,700
Less accumulated depreciation	26,554	24,949
	34,470	33,751
INTANGIBLES AND OTHER ASSETS		
Trademarks (net of accumulated amortization of $2,468 and $2,350, respectively)	16,343	16,461
Other assets	946	836
	17,289	17,297
TOTAL ASSETS	$ 87,849	$ 89,227

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
WISE HOLDINGS, INC. AND SUBSIDIARIES

(In thousands)

LIABILITIES AND SHAREHOLDER'S EQUITY	MARCH 31, 2000	DECEMBER 31, 1999
CURRENT LIABILITIES		
Debt payable within one year	$ 6,647	$ 6,566
Accounts and drafts payable	13,032	12,996
Affiliated payables	105	238
Accrued liabilities	11,727	13,662
	31,511	33,462
OTHER LIABILITIES		
Deferred income taxes, net	1,351	1,539
Non-pension postemployment benefit obligations	10,141	10,101
Affiliated employee benefit obligation	3,046	2,818
Other long-term liabilities	400	333
Minority interest	1,133	1,125
	16,071	15,916

COMMITMENTS AND CONTINGENCIES (NOTE 6)

SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value 70 shares authorized, issued and outstanding	-	-
Preferred stock - $0.01 par value 30 shares authorized, none issued and outstanding	-	-
Paid in capital	34,980	34,980
Retained earnings	5,287	4,869
	40,267	39,849
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$87,849	$89,227

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
WISE HOLDINGS, INC. AND SUBSIDIARIES

	THREE MONTHS ENDED MARCH 31,	
(In thousands)	2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss)	$ 418	$ (561)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Minority interest's share in income (loss)	8	(3)
Depreciation	1,709	1,429
Amortization	118	119
Other non-cash	323	123
Net change in assets and liabilities:		
Accounts receivable	770	2,182
Affiliated receivables	(56)	(42)
Inventories	1,074	603
Prepaid and other current assets	(713)	(25)
Other assets	(110)	151
Accounts and drafts payable	36	(2,249)
Affiliated payables	(133)	37
Accrued liabilities	(1,935)	(1,447)
Post-employment benefits other than pensions	40	(38)
Affiliated employee benefit obligation	228	197
Other long-term liabilities	(121)	(205)
	1,656	271
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(2,466)	(2,065)
Proceeds from sales of equipment	24	3
	(2,442)	(2,062)

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Short-term borrowings	150	184
Long-term borrowings	-	2,450
Repayment of short-term borrowings	(69)	(182)
	81	2,452
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(705)	661
Cash and equivalents at beginning of period	2,072	2,610
Cash and equivalents at end of period	$ 1,367	$ 3,271
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest:	$ 118	$ 175
Cash paid for taxes:	456	92

See Notes to Condensed Consolidated Financial Statements

1. BACKGROUND

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement that provided for the acquisition (the "Acquisition") of all of Borden's outstanding common stock by affiliates of Kohlberg Kravis Roberts & Co. ("KKR"). Borden elected not to apply push down accounting in its consolidated financial statements as a result of public debt that was outstanding prior to the acquisition, and as such Borden's financial statements, including Wise Holdings, Inc. ("Wise"), are reported on Borden's historical cost basis. As discussed in the "Basis of Presentation," the accompanying financial statements of Wise have been prepared on a purchase accounting basis from the date of KKR's acquisition of Borden. The effective date of the merger agreement was January 1, 1995 for accounting and financial statement presentation purposes.

Effective July 2, 1996, in a taxable transaction (the "Incorporation"), Borden sold its salty snacks business ("Wise operations") to BW Holdings LLC ("BWHLLC"), a KKR affiliate, for $45 million. The purchase price was based on an independent valuation of the business. There was no change in the financial reporting basis of the assets and liabilities as of July 2, 1996 from that described below under "Basis of Presentation" because Borden's principal stockholders will continue to exercise significant financial control over Wise. Wise fully and unconditionally guarantees obligations under Borden's credit facility and all of Borden's publicly held debt on a pari passu basis. In connection with this guarantee, Wise receives an annual fee of $210.

2. NATURE OF OPERATIONS

Wise is a producer and distributor of salty snacks in the eastern United States. Wise's product line includes potato chips, cheese flavored baked and fried corn snacks, pretzels, tortilla chips, corn chips, onion rings, pork rinds and other assorted snacks. Wise markets its products under the brand names of WISER(R), CHEEZ DOODLE(R), QUINLAN(R), NEW YORK DELI(R), KRUNCHERS!(R), BRAVO(R), MOORE'S(R) AND WISE CHOICE(TM). Wise manufactures and distributes primarily in the eastern United States. Wise's products are distributed through both independent and company-owned distribution networks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As a result of the financial guarantee and in accordance with Regulation S-X rule 3-10, Borden is required to include in its filings with the Securities and Exchange Commission separate financial statements for Wise as if it were a registrant. The accompanying financial statements were prepared on a purchase accounting basis that allocates approximately $51 million of the original KKR purchase price of Borden to the Wise operations. The purchase price has been allocated to tangible and intangible assets and liabilities of Wise based on independent appraisals and management estimates.

The consolidated financial statements include the accounts of Wise and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. Wise remains a wholly owned subsidiary of BWHLLC.

The condensed consolidated financial statements of Wise collectively include the financial position of Wise Holdings, Inc. and subsidiaries as of March 31, 2000 and December 31, 1999. These financial statements also include the statements of operations of Wise for the three months ended March 31, 2000 and 1999 and cash flows of Wise for the three months ended March 31, 2000 and 1999. These unaudited interim condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary for the fair presentation of the results for the interim periods presented.

Per Share Information

Basic and diluted earnings (loss) per common share at March 31, 2000 and 1999 is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period ended March 31, 2000 and 1999, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates in Wise's financial statements are related to allowance for doubtful accounts, accruals for trade promotions, general and group insurance, income taxes, postemployment benefits and asset lives. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 2000 presentation.

Recently Issued Accounting Statements

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued SFAS 137, which deferred the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000, and requires all derivatives be measured at fair value and recorded on a company's balance sheet as an asset or liability, depending upon the company's underlying rights or obligations associated with the derivative instrument. Wise is investigating the impact of this pronouncement.

4. ACCRUED LIABILITIES

Accrued liabilities were as follows:

	March 31, 2000	December 31, 1999
Compensation	$ 979	$ 2,670
General insurance	4,776	4,820
Advertising and promotion	2,926	3,800
Other	3,046	2,372
Total	$ 11,727	$ 13,662

5. DEBT

AFFILIATED:

Wise entered into a loan agreement (the "Loan Agreement") to borrow funds from Borden.

Revolving Loan

The Revolving Loan Agreement, as amended, provided for a revolving loan facility of up to $5 million maturing in November 1999, at a variable interest rate equal to Borden's cost of funds for 30 day LIBOR borrowings plus 0.25%. A commitment fee of 0.10% is paid on the unused portion of the revolving loan.

In December 1999, Wise entered into a new revolving loan agreement, which provided for a revolving facility of up to $15 million maturing in December 2000 at a variable interest rate equal to LIBOR borrowings plus between 75 and 175 basis points calculated using a debt to earnings ratio schedule. Wise had $6,600 and $6,450 of borrowings under this revolving agreement at March 31, 2000 and December 31, 1999, respectively. A commitment fee between 0.15% and 0.35% is paid on the unused portion of the revolving loan based on the same debt to earnings ratio schedule.

Long-Term Loan

The Long Term Loan Agreement, as amended, also provided for a $10.145 million term loan with a fixed interest rate of 11% maturing in November 2000. Wise terminated this agreement in December 1999 and converted the remaining balance to the revolving loan.

The Loan Agreement contains certain restrictions on the activities of Wise and its subsidiaries, including restrictions on liens, the incidence of indebtedness, mergers and consolidations, sales of assets, investments, payment of dividends (requires prior approval from Borden, as creditor), changes in nature of business, prepayments of certain indebtedness, transactions with affiliates, capital expenditures, changes in control of the Company, hedging activities and the use of proceeds from asset sales.

NON AFFILIATED:

Wise enters into unsecured agreements with a third party to finance insurance premiums. Total borrowings under these agreements were $47 and $116 at March 31, 2000 and December 31, 1999, respectively.

6. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

Wise, like others in similar businesses, is subject to extensive Federal, state and local environmental laws and regulations. Although Wise's environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments could require Wise to make additional unforeseen environmental expenditures.

Environmental accruals are routinely reviewed as events and developments warrant and are subject to an annual comprehensive review.

Litigation

Wise is subject to various investigations, claims and legal proceedings covering a wide range of matters in the ordinary course of its business activities. Each of these matters is subject to various uncertainties and some of these matters may be resolved unfavorably to Wise. Wise has established accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial statements of Wise.

7. RELATED PARTIES

In addition to the affiliated debt agreement, Wise is engaged in various transactions with Borden and its affiliated companies in the ordinary course of business.

Borden provides certain administrative services to Wise at negotiated fees. These services include: processing of payroll as well as active and retiree group insurance claims and securing insurance coverage for catastrophic claims. Wise reimburses the Borden subsidiary for payments for general disbursements and general and group insurance and retirement benefit claims. The amount owed by Wise for these services is included in affiliated payables and was $105 and $238 at March 31, 2000 and December 31, 1999, respectively.

In the first quarter of 2000, a subsidiary of Borden that provided certain affiliated services was sold to a third party. The third party continues to provide these services that include payroll processing and group insurance claims. Subsequent to the sale of the subsidiary, fees for these services were no longer considered affiliate charges.

The following table summarizes the costs to Wise:

	Three months ended March 31, 2000	Three months ended March 31, 1999
Employee benefits	$ 400	$ 431
Group and general insurance	437	434
Information services	180	136
Corporate staff departments and overhead	152	191
	$1,169	$1,192

Wise also invests excess cash with Borden in one-day investments that totaled $0 and $1,150 at March 31, 2000 and December 31, 1999, respectively, which is included as a component of cash.

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3-MOS
DEC-31-2000
JAN-01-2000
MAR-31-2000
147,100
4,000
218,500
10,700
110,300
597,500
855,400
323,100
1,673,000
818,000
540,900
0
614,400
2,000
(586,800)
1,673,000
352,700
352,700
246,600
246,600
74,200
0
14,700
19,700
7,400
12,300
0
0
0
12,300
.06
.06