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 June 30, 1998

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 August 14, 1998: 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 Condensed Financial Statements of Borden Foods Holdings Corporation ("Foods Holdings"). The consolidated statements present the Company after the effect of the sales 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 condensed financial statements are included because management of the Company continues to control significant financial and managerial decisions with respect to Wise Holdings and Foods Holdings. 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. The Combined Companies condensed financial statements do not reflect pushdown accounting and therefore present financial information on a basis consistent with that on which credit was originally extended to the Company.

BORDEN, INC.

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PART I - FINANCIAL INFORMATION

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

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

(In millions, except per share data)	Three Months Ended June 30, 1998	1997
Net sales	$ 368.4	$ 387.0
Cost of goods sold	259.9	290.2
Gross margin	108.5	96.8
Distribution expense	14.3	14.0
Marketing expense	23.2	24.7
General & administrative expense	38.7	30.6
(Gain) on divestiture of business	(8.3)	-
Operating income	40.6	27.5
Interest expense	15.7	24.3
Interest income and other	(6.0)	(4.1)
Affiliated interest expense, net of affiliated interest income of $0.5 and $7.4, respectively	4.1	(6.5)
Income from continuing operations before income tax	26.8	13.8
Income tax expense	12.4	4.2
Income from continuing operations	14.4	9.6
Discontinued operations:		
Income from operations, net of tax	-	12.5
Net income	14.4	22.1
Preferred stock dividends	(18.4)	(18.4)
Net (loss) income applicable to common stock	$ (4.0)	$ 3.7
Comprehensive income (See Note 6)	$ 6.6	$ 21.0

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

(In millions, except per share data)	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.07	$ 0.05
Discontinued operations:		
Income from operations	-	0.06
Net income	0.07	0.11
Preferred stock dividends	(0.09)	(0.09)
Net (loss) income applicable to common stock	$ (0.02)	$ 0.02
Dividends per common share	$ 0.10	$ 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 Combined Financial Statements

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

(In millions, except per share data)	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Net sales	$ 735.5	$ 748.7
Cost of goods sold	534.7	565.4
Gross margin	200.8	183.3
Distribution expense	26.6	26.4
Marketing expense	42.6	43.6
General & administrative expense	74.1	61.4
(Gain) on divestiture of business	(8.3)	-
Operating income	65.8	51.9
Interest expense	32.1	47.9
Interest income and other	(12.0)	0.1
Affiliated interest expense, net of affiliated interest income of $1.6 and $13.5, respectively	8.9	(11.6)
Income from continuing operations before income tax	36.8	15.5
Income tax expense	16.5	7.7
Income from continuing operations	20.3	7.8
Discontinued operations:		
Income from operations, net of tax	2.3	19.6
Income from disposal, net of tax	26.0	-
Net income	48.6	27.4
Preferred stock dividends	(36.9)	(36.9)
Net income (loss) applicable to common stock	$ 11.7	$ (9.5)
Comprehensive income (See Note 6)	$ 43.0	$ 18.4

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

(In millions, except per share data)	Six Months Ended June 30, 1998	1997
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.10	$ 0.04
Discontinued operations:		
Income from operations	0.01	0.10
Income from disposal	0.13	-
Net income	0.24	0.14
Preferred stock dividends	(0.19)	(0.19)
Net income (loss) applicable to common stock	$ 0.05	$ (0.05)
Dividends per common share	$ 0.17	$ 0.13
Dividends per preferred share	$ 1.50	$ 1.50
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS	June 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 730.6	$ 183.6
Accounts receivable (less allowance for doubtful accounts of $9.5 and $9.4, respectively)	244.5	242.2
Amount due from unconsolidated affiliate	6.1	-
Inventories:		
Finished and in-process goods	62.3	74.8
Raw materials and supplies	48.6	54.3
Deferred income taxes	104.0	106.1
Other current assets	20.2	34.9
Net assets of discontinued operations (See Note 5)	-	165.2
	1,216.3	861.1
INVESTMENTS AND OTHER ASSETS		
Investments	111.2	109.5
Deferred income taxes	83.6	170.4
Prepaid pension assets	126.2	140.2
Other assets	36.8	34.3
Assets sold under contractual arrangement (net of allowance of $62.4 and $609.6, respectively) (See Note 2)	45.7	302.1
	403.5	756.5
PROPERTY AND EQUIPMENT		
Land	23.0	23.5
Buildings	93.3	106.8
Machinery and equipment	677.3	738.4
	793.6	868.7
Less accumulated depreciation	(317.4)	(360.8)
	476.2	507.9
INTANGIBLES	68.4	80.4
TOTAL ASSETS	$ 2,164.4	$ 2,205.9

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions, except share data)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 15.5	$ 6.9
Accounts and drafts payable	121.6	137.3
Income taxes payable	315.3	309.6
Loans payable with affiliates	437.6	4.0
Other current liabilities	307.7	328.8
	1,197.7	786.6
OTHER LIABILITIES		
Liabilities sold under contractual arrangement	41.6	230.1
Long-term debt	553.5	788.3
Non-pension post-employment benefit obligations	204.0	226.3
Other long-term liabilities	88.3	94.9
	887.4	1,339.6
Commitments and contingencies (See Note 8)		
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	348.1	384.0
Receivable from parent	(434.7)	(464.1)
Accumulated other comprehensive income	(53.6)	(48.0)
Accumulated deficit	(396.9)	(408.6)
	79.3	79.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,164.4	$ 2,205.9

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Six Months Ended June 30, 1998	1997
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 48.6	$ 27.4
Adjustments to reconcile net income to net cash from (used in) operating activities:		
(Gain) on disposal of discontinued operations	(90.7)	-
(Gain) on divestiture of business	(8.3)	-
Deferred tax provision	88.1	51.4
Depreciation and amortization	25.8	17.6
Unrealized (gain) on interest rate swap	(1.9)	(2.7)
Loss on net assets sold under contractual arrangement	1.4	4.5
Restructuring	-	(1.7)
Net change in assets and liabilities:		
Trade receivables	(23.9)	(27.7)
Inventories	(2.5)	(5.3)
Trade payables	(3.0)	16.3
Due from affiliate	(6.1)	-
Income taxes	8.9	(46.3)
Other assets	33.0	9.1
Other liabilities	(49.0)	(43.3)
Discontinued operations, working capital, cash and non cash charges	3.0	(13.5)
	23.4	(14.2)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(29.8)	(63.5)
Proceeds from the divestiture of businesses	335.9	53.9
Purchase of business	(14.4)	-
Return on investment in affiliate	66.5	(7.6)
	358.2	(17.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short-term debt borrowings	4.0	26.0
Borrowings of long-term debt	-	362.4
Repayment of long-term debt	(235.3)	(347.0)
Affiliated borrowings	433.6	-
Interest received from parent	34.1	25.5
Common stock dividends paid	(34.1)	(25.5)
Preferred stock dividends paid	(36.9)	(36.9)
	165.4	4.5

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

(In millions)	Six Months Ended June 30, 1998	1997
Increase (decrease) in cash and equivalents	$ 547.0	$ (26.9)
Cash and equivalents at beginning of period	183.6	118.3
Cash and equivalents at end of period	$ 730.6	$ 91.4
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 23.5	$ 25.2
Taxes	8.9	11.7
Non-cash activity:		
Distribution of note receivable from Company's parent to cancel options	28.5	-
Investment retained in Decorative Products	10.5	-
Capital contribution by parent	12.1	12.2

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED CONSOLIDATED STATEMENT 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, 1997	$ 614.4	$ 2.0	$ 384.0	$ (464.1)	$(48.0)	$ (408.6)	$ 79.7
Net income						48.6	48.6
Cash dividends-preferred stock						(36.9)	(36.9)
Cash dividends-common stock			(34.1)				(34.1)
Translation adjustments and other					(5.6)		(5.6)
Interest accrued on notes from parent			15.5	0.9			16.4
Capital contribution from parent			12.1				12.1
Cancel option on Decorative Products			(29.4)	28.5			(0.9)
Balance, June 30, 1998	$ 614.4	$ 2.0	$ 348.1	$(434.7)	$(53.6)	$ (396.9)	$ 79.3

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Three Months Ended June 30, 1998	1997
Net sales	$ 582.5	$ 884.8
Cost of goods sold	392.8	591.9
Gross margin	189.7	292.9
Distribution expense	30.7	44.9
Marketing expense	77.7	146.1
General & administrative expense	63.6	62.4
(Gain) on divestiture of businesses	(9.4)	-
Operating income	27.1	39.5
Interest expense	15.9	24.7
Interest income and other	(6.4)	(0.5)
Income from continuing operations before income tax	17.6	15.3
Income tax expense	23.5	7.5
(Loss) income from continuing operations	(5.9)	7.8
Discontinued operations:		
Income from operations, net of tax	-	12.5
Net (loss) income	(5.9)	20.3
Affiliate's share of income	(1.3)	-
Preferred stock dividends	(18.4)	(18.4)
Net (loss) income applicable to common stock	$ (25.6)	$ 1.9
Comprehensive income (See Note 6)	$ (20.3)	$ 14.3

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Six Months Ended June 30, 1998	1997
Net sales	$ 1,226.2	$ 1,721.7
Cost of goods sold	835.0	1,161.8
Gross margin	391.2	559.9
Distribution expense	64.5	85.8
Marketing expense	171.0	298.6
General & administrative expense	120.9	121.5
(Gain) on divestiture of businesses	(310.8)	-
Operating income	345.6	54.0
Interest expense	32.8	48.4
Interest income and other	(14.4)	(7.3)
Income from continuing operations before income tax	327.2	12.9
Income tax expense	90.4	6.3
Income from continuing operations	236.8	6.6
Discontinued operations:		
Income from operations, net of tax	2.3	19.6
Income from disposal, net of tax	26.0	-
Net income	265.1	26.2
Affiliate's share of income	(130.0)	-
Preferred stock dividends	(36.9)	(36.9)
Net income (loss) applicable to common stock	$ 98.2	$ (10.7)
Comprehensive income (See Note 6)	$ 251.3	$ (1.8)

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)

ASSETS	June 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 754.2	$ 198.6
Accounts receivable (less allowance for doubtful accounts of $13.6 and $16.7, respectively)	325.5	425.6
Inventories:		
Finished and in-process goods	120.3	192.1
Raw materials and supplies	70.3	101.2
Deferred income taxes	153.8	149.3
Other current assets	34.9	67.1
Net assets of discontinued operation (See Note 5)	-	165.2
	1,459.0	1,299.1
INVESTMENTS AND OTHER ASSETS		
Investments	111.2	109.5
Deferred income taxes	83.8	223.6
Prepaid pension assets	137.3	151.2
Other assets	39.7	38.7
	372.0	523.0
PROPERTY AND EQUIPMENT		
Land	38.5	42.2
Buildings	209.5	255.1
Machinery and equipment	1,055.0	1,227.9
	1,303.0	1,525.2
Less accumulated depreciation	(607.7)	(731.8)
	695.3	793.4
INTANGIBLES	400.9	434.2
TOTAL ASSETS	$ 2,927.2	$ 3,049.7

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 22.6	$ 28.0
Accounts and drafts payable	190.7	248.6
Income taxes payable	342.2	353.0
Loans with affiliates	133.1	4.0
Other current liabilities	544.4	486.5
	1,233.0	1,120.1
OTHER LIABILITIES		
Long-term debt	558.2	794.9
Non-pension post-employment benefit obligations	222.4	245.5
Other long-term liabilities	115.7	135.2
	896.3	1,175.6
Commitments and contingencies (See Note 8)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	641.5	666.5
Receivable from parent	(434.7)	(464.1)
Affiliate's interest in subsidiary	50.0	203.3
Accumulated other comprehensive income	(86.6)	(181.2)
Retained earnings (deficit)	11.3	(86.9)
	797.9	754.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,927.2	$ 3,049.7

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Six Months Ended June 30, 1998	1997
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 265.1	$ 26.2
Adjustments to reconcile net income to net cash from (used in) operating activities:		
(Gain) on disposal of discontinued operations	(90.7)	-
(Gain) on divestiture of businesses	(310.8)	-
Deferred tax provision	124.8	46.2
Depreciation and amortization	43.9	46.6
Unrealized (gain) on interest rate swap	(1.9)	(2.7)
Restructuring	-	(1.7)
Net change in assets and liabilities:		
Trade receivables	33.1	(13.9)
Inventories	19.4	(8.1)
Trade payables	(27.6)	(3.9)
Income taxes	(7.8)	(64.1)
Other assets	44.2	21.5
Other liabilities	(10.2)	(61.3)
Discontinued operations, working capital, cash and non cash charges	3.0	(13.5)
	84.5	(28.7)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(46.4)	(79.5)
Proceeds from the divestiture of businesses	1,059.1	53.9
Proceeds from the sale of fixed assets	11.2	-
Purchase of business	(14.4)	-
	1,009.5	(25.6)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
Net short-term debt borrowings	6.7	30.8
Borrowings of long-term debt	-	361.7
Repayment of long-term debt	(236.0)	(347.0)
Distribution to affiliates	(272.2)	-
Interest received from parent	34.1	25.5
Common stock dividends paid	(34.1)	(25.5)
Preferred stock dividends paid	(36.9)	(36.9)
	(538.4)	8.6

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

(In millions)	Six Months Ended June 30, 1998	1997
Increase (decrease) in cash and equivalents	$ 555.6	$ (45.7)
Cash and equivalents at beginning of period	198.6	153.5
Cash and equivalents at end of period	$ 754.2	$ 107.8

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 15.0	$ 35.1
Taxes	59.6	33.2
Non-cash activity:		
Distribution of note receivable from Company's parent to cancel options	28.5	
Investment retained in Decorative Products	10.5	
Capital contribution by parent	12.1	12.2
Affiliate's share of income	130.0	

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED COMBINED STATEMENT 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 (Deficit)	Total
Balance, December 31, 1997	$614.4	$2.0	$666.5	$(464.1)	$ 203.3	$(181.2)	$ (86.9)	$ 754.0
Net income							265.1	265.1
Cash dividends-preferred							(36.9)	(36.9)
Cash dividends-common stock			(34.1)					(34.1)
Translation adjustments and other						94.6		94.6
Interest accrued on notes from parent			15.3	0.9				16.2
Cancel option on Decorative Products			(29.4)	28.5				(0.9)
Capital contribution from parent			12.1					12.1
Affiliate's interest in subsidiary			11.1		(153.3)		(130.0)	(272.2)
Balance, June 30, 1998	$614.4	$2.0	$641.5	$(434.7)	$ 50.0	$ (86.6)	$ 11.3	$ 797.9

See Notes to Condensed Consolidated and 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

Borden, Inc. (the "Company") conducts operations in the following businesses: adhesives and resins ("Chemical"), and consumer adhesives and infrastructure management services ("Consumer Products and Services"). Borden, Inc. and Affiliates (the "Combined Companies") includes the financial condition and results of operations of the Company with the financial condition and results of operations of the Company's former international and domestic food operations ("Foods") and former salty snacks business ("Wise").

The Company's principal lines of business formerly included Foods and 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 Borden, Inc. (the "Registrant") on a consolidated basis. However, management of the Registrant 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, the Combined Companies financial condition and results of operations and cash flows. The Combined Companies present financial information on a basis consistent with that upon which credit was originally extended to the Company.

The accompanying unaudited interim consolidated and 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 periods. Results for the interim periods are not necessarily indicative of results for the full years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ASSETS AND LIABILITIES HELD UNDER CONTRACTUAL ARRANGEMENTS - Because management of the Company exercises significant control over Wise and Foods, the assets and liabilities of Wise and Foods, as of their respective sale dates, were classified as "sold under contractual arrangements" in the consolidated financial statements. In addition, losses incurred by Wise and Foods were recorded in the consolidated financial statements to the extent of the Company's net investment in Wise and Foods. During the first quarter of 1998, Foods Holdings repaid its note to the Company relating to the October 1, 1996 purchase of Foods. This allowed the Company to treat the transaction as a divestiture, and as such the investment in Foods is no longer carried on the consolidated balance sheet. At June 30, 1998, the Company's net investment in Wise was $4.1. The December 31, 1997, net investment totaled $6.5 for Wise and $65.5 for Foods. For the six months ended June 30, 1998 and 1997, the Company recorded losses on the continuing investment totaling $1.4 and $4.5, respectively. The losses are recorded as other non-operating expense in the consolidated results of operations.

The Combined Companies continue to report Wise and Foods at the Company's historical values since they remain members of the controlled group and since in management's best estimate, future operating cash flows from Wise and Foods are expected to exceed the historical carrying values of the businesses.

RECLASSIFICATION - Certain prior year amounts have been reclassified to conform with the 1998 presentation.

3. BUSINESS REALIGNMENT

On February 6, 1998, the Company completed the acquisition of the resins and compounds division ("PMC") of Sun Coast Industries, Inc. for $14.4 in cash. The acquisition was accounted for using the purchase method and accordingly its results of operations have been included from the date of acquisition.

On January 24, 1998, the Combined Companies completed the sale of the Signature Flavor businesses. The sale generated proceeds of $376.5 and a pre-tax gain of $296.9 ($237.2 after tax.)

On February 12, 1998, the Combined Companies sold the KLIM business, including the KLIM milk powder business in Latin America and Asia, the non-dairy coffee creamer operations in South Africa, and the ice cream business in Puerto Rico. The Combined Companies received $335.7 for the sale of these operations and recognized an after tax loss of $19.1 ($1.5 gain before tax) in a prior year.

On April 29, 1998, the Company completed the divestiture of its commercial and industrial wallcoverings business. Proceeds from the sale were approximately $15.6, and the pre-tax loss of $55.0 on the sale ($26.8 after tax) was recorded in a prior period. The business was previously classified within Businesses Held for Sale.

On May 22, 1998, the Combined Companies sold a distributor in Puerto Rico. Proceeds consisted of $8.8 million, and a pre-tax gain of $1.1 was recorded on the sale ($0.2 after tax.)

On June 30, 1998, the Company sold a plastic films business in Latin America for cash proceeds of $15.5. The Company recorded a pre-tax gain of $8.3 on the sale ($6.0 after tax.)

Included in the Combined Companies' other current liabilities at June 30, 1998, is approximately $156 million of divestiture reserves related to the sales of Unaligned Foods businesses. Of this amount, approximately $44 million relates to non-cash charges associated with assets to be sold.

4. AFFILIATE'S SHARE OF INCOME

In association with the divestiture of the Signature Flavor business, an affiliate of the Company's parent (the "Affiliate") was allocated income of $130.0 (see accompanying combined statements of operations) in accordance with the limited partnership agreement between Foods and the Affiliate. In the second quarter of 1998, $272.2 was distributed to the Affiliate.

5. DISCONTINUED OPERATIONS

The following operations are separate segments of the Company's business as defined by generally accepted accounting principles and have been reclassified to discontinued operations in the 1998 and 1997 statements of operations and cash flows. In addition, net assets relating to the Decorative Products business of $165.2 at December 31, 1997, have been reclassified to discontinued operations in the 1997 consolidated and combined balance sheets.

Decorative Products

On March 13, 1998, the Company completed the sale of its Decorative Products business. Proceeds consisted of $304.8 in cash plus a retained equity interest of 11 percent. The Company recorded a pre- tax gain of $90.7 ($26.0 after tax) in discontinued operations during the first quarter of 1998.

Immediately prior to the transaction the Company canceled options on all of the common stock of the Decorative Products business. The options were issued in 1997 to BWHLLC for $31.0 in exchange for notes receivable from the Company's parent. The cancellation payment of $28.5, also made in notes receivable from the Company's parent, was based on an independent valuation.

Dairy

On September 4, 1997, the Company completed the sale of its dairy operations.

The results indicated below for Decorative Products and Dairy operations have been reported separately as discontinued operations in the consolidated and combined statements of operations.

	THREE MONTHS ENDED JUNE 30, 1998	THREE MONTHS ENDED JUNE 30, 1997
Net sales	$ -	$ 312.0
Income before income taxes	-	19.9
Income tax expense	-	7.4
Income from discontinued operations	-	12.5

	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
Net sales	$ 73.2	$ 611.4
Income before income taxes	3.5	33.6
Income tax expense	1.2	14.0
Income from discontinued operations	2.3	19.6

6. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED JUNE 30			
	CONSOLIDATED		COMBINED	
	1998	1997	1998	1997
Net income (loss)	$ 14.4	$ 22.1	$ (5.9)	$ 20.3
Foreign currency translation adjustments	(7.8)	(1.1)	(14.4)	(6.0)
Comprehensive income	$ 6.6	$ 21.0	$ (20.3)	$ 14.3

	SIX MONTHS ENDED JUNE 30			
	CONSOLIDATED		COMBINED	
	1998	1997	1998	1997
Net income	$ 48.6	$ 27.4	$ 265.1	$ 26.2
Foreign currency translation adjustments	(5.6)	(9.0)	94.6	(28.0)
Less: Reclassification adjustments			(108.4)	
Comprehensive income	$ 43.0	$ 18.4	$ 251.3	$ (1.8)

The reclassification adjustment represents the accumulated translation adjustment recognized on the sale of the Combined Companies' KLIM business.

7. RELATED PARTY TRANSACTIONS

During the first quarter of 1998, the Company collected a note from Foods Holdings that stemmed from the October 1, 1996, purchase of Foods by Foods Holdings. The note repayment ends the Company's remaining financial interest in Foods. As a result, the Company eliminated Foods assets and liabilities held under contractual arrangements in the December 31, 1997, consolidated balance sheet. In 1998, the Company accounts for transactions with Foods as unconsolidated affiliated balances, not as an investment.

The Company is engaged in various transactions with Foods in the ordinary course of business. These transactions include the processing of payroll and active and retiree group claims. Foods reimburses the Company for payments for general disbursements and group insurance. In addition Foods reimburses the Company for the payment of certain taxes. The amount due from Foods at June 30, 1998, was $6.1.

In addition, Foods and BWHLLC, an affiliate of the Company's parent, invested cash not used in operations with the Company. At June 30, 1998, Foods had $304.5, net of a $15.1 affiliated note payable, invested with the Company and BWHLLC had $133.1 invested with the Company. This is reflected as net loans payable to unconsolidated affiliates in the consolidated balance sheet. The Foods investment eliminates in the Combined Companies' financial statements.

8. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS - The Company, like others in similar businesses, is subject to extensive federal, state and local environmental laws and regulations. Although the Company's environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments and increasingly stringent regulation could require the Company 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 and are subjected to a comprehensive review annually during the fiscal fourth quarter. The Company and the Combined Companies have each accrued approximately $20.0 and $23.0 at June 30, 1998, and December 31, 1997, respectively, 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 believes 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 $12.0.

LEGAL MATTERS - The Company has recorded $35.5 in liabilities on a combined basis and $20.8 on a consolidated basis at June 30, 1998, for legal costs that it believes are probable and reasonably estimable. These liabilities at December 31, 1997, totaled $35.8 on a combined basis and $21.0 on a consolidated basis. Actual costs are not expected to exceed these amounts. In addition, the Company may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership facilities, which were previously owned by the Company. The Company 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 the foregoing proceedings and actions is unlikely to have a material adverse effect on the Company's financial position or operating results.

OTHER COMMITMENTS - A wholly owned subsidiary serving as general partner of Borden Chemicals and Plastics Limited Partnership ("BCP") has certain fiduciary responsibilities to BCP's unitholders. The Company believes that such responsibilities will not have a material adverse effect on its financial statements.

PART I FINANCIAL INFORMATION

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

Following is a comparison of sales and operating income by business unit.

(Dollars in millions)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
NET SALES	1998	1997	1998	1997
Chemical	$ 323.7	$ 328.1	$ 643.4	$ 646.4
Consumer Products and Services	36.0	31.1	55.3	48.9
Businesses Held for Sale	8.7	27.8	36.8	53.4
CONSOLIDATED NET SALES	368.4	387.0	735.5	748.7
Foods ongoing	126.9	179.5	276.5	379.5
Foods Unaligned	26.0	255.5	99.0	474.1
Total Foods	152.9	435.0	375.5	853.6
Wise	61.2	62.8	115.2	119.4
COMBINED NET SALES	$ 582.5	$ 884.8	$ 1,226.2	$ 1,721.7
OPERATING INCOME				
Chemical	$ 41.1	$ 34.3	$ 75.2	$ 65.0
Consumer Products and Services	4.3	2.6	4.0	3.7
Corporate	(3.7)	(9.9)	(12.0)	(18.9)
Subtotal	41.7	27.0	67.2	49.8
Businesses Held for Sale	(1.1)	0.5	(1.4)	2.1
CONSOLIDATED OPERATING INCOME	40.6	27.5	65.8	51.9
Foods ongoing	(12.6)	(11.8)	(19.6)	(24.7)
Gain on sale	1.1	-	302.5	-
Foods Unaligned	(2.1)	24.3	(0.3)	28.6
Total Foods	(13.6)	12.5	282.6	3.9
Wise	0.1	(0.5)	(2.0)	(1.8)
Combining adjustments	-	-	(0.8)	-
COMBINED OPERATING INCOME	$ 27.1	$ 39.5	$ 345.6	$ 54.0

CONSOLIDATED AND COMBINED THREE MONTHS ENDED JUNE 30, 1998 VERSUS THREE MONTHS ENDED JUNE 30, 1997

Consolidated Summary

Consolidated net sales declined $18.6 million or 5% from 1997. The majority of this decline was caused by the sale of the Company's commercial and industrial wallcoverings business (formerly classified within "Businesses Held for Sale") in April 1998.

Consolidated operating income improved $13.1 million or 48% from 1997, primarily due to income from recently acquired Chemical businesses, improved margins in the forest products business, and improved management and settlement of assets and liabilities relating to businesses sold in prior years, offset by lower contributions from Chemical businesses in Asia and Latin America when compared to 1997.

Combined Summary

Combined sales declined $302.3 million or 34% from 1997, reflecting the sale of Foods Unaligned businesses in early 1998 and late 1997 and the exit from unprofitable private label sales in the Foods ongoing business, as well as the net improvement described above for the Consolidated Company.

Operating income declined $12.4 million or 31%. Offsetting the positive factors described for the Consolidated Company was a $26.4 million decline in the operating results of Foods Unaligned businesses due to the sale of these businesses.

Chemical

Chemical sales declined $4.4 million or 1% from 1997. This slight change from 1997 reflects incremental sales of approximately $19 million from the melamine and derivatives product line, which includes two businesses acquired within the past 12 months, offset by unfavorable currency exchange rates in Asia and Latin America and by lower selling prices in the forest products business. Excluding the approximately $10 million unfavorable impact of foreign currency translation on Asian and Latin American sales, Chemical sales rose nearly $6 million.

The melamine and derivatives product line includes Melamine Chemicals and the resins and compounds business of Sun Coast Industries, purchased in late 1997 and early 1998, respectively. This product line has experienced good results, including record production in the month of June in response to strong demand. Management expects strong demand and stable prices to continue throughout 1998.

Lower selling prices in the forest products business when compared to 1997 prices, reflecting the partial pass through of lower raw materials costs, have decreased sales by over $20 million despite increased volume from strong housing starts due to continued low interest rates.

Operating income increased $6.8 million or 20% from 1997. This improvement is due primarily to the melamine and derivatives businesses purchased within the past 12 months. Improved margins due to lower raw materials costs in the forest products business also contributed to increased operating income. Partially offsetting these factors were decreased operating income in Latin America and Asia. In Latin America, poor economic conditions have resulted in late payments by customers, debt write-offs, and increased inventory due to slow sales. These difficulties were partially mitigated by lower raw material costs and aggressive actions by management to reduce administrative costs. In Asia, unfavorable currency exchange rates versus the dollar and higher general and administrative costs have hurt operating income, but were partially offset by lower raw material costs.

The second quarter sale of a Latin American plastic films business produced a gain of $8.3 million, which was partially offset by a $5.5 million severance charge related to the closure of a European operation.

Consumer Products and Services
- ------------------------------
Consumer Products and Services sales improved $4.9 million or 16% from 1997. This increase is the result of strong seasonal sales in the consumer adhesives business. Operating income increased $1.7 million or 65% from 1997, due to improved sales of higher margin products in the consumer adhesives business, as well as higher sales.

Corporate
- ---------
Corporate results improved $6.2 million from 1997 to expenses of $3.7 million. This improvement was primarily the result of improved management and settlement of assets and liabilities relating to businesses sold in prior years and other one-time administrative charges. The remainder of the fluctuation is attributable to timing differences in normal business expenses.

Foods
- -----
Foods sales from ongoing businesses decreased $52.6 million or 29% from 1997. This decline was the expected result of a reduction in pasta volume due to management's decision to exit the unprofitable private label business and unprofitable markets, and elimination of low margin product lines and brands, which occurred in the last four months of 1997.

Sales for Foods Unaligned businesses fell $229.5 million from 1997, reflecting the sale of most of these businesses in early 1998 and late 1997.

Foods operating results from ongoing operations remained relatively flat, declining $0.8 million to a loss of $12.6 million, despite the decrease in ongoing sales. This decline was caused primarily by lower sales volume and higher raw materials costs in 1998, largely offset by savings of $9.2 million on plant overhead due to the closure of five pasta facilities in 1997 and further production line reductions in early 1998.

Foods Unaligned businesses' results declined $26.4 million from 1997 due to the sale of most Unaligned businesses in early 1998 and late 1997.

Wise
- ----
Wise sales remained relatively flat, declining $1.6 million or 3% from 1997. This decline reflects loss of market share due to competitors' ongoing pricing promotions, as well as the absence of sales from a business sold in 1998. Management is currently evaluating promotional strategies to offset this decline. Operating results improved from a loss in the prior year to operating income of $0.1 million. This improvement was the result of reduced trade spending in 1998, as well as ongoing improvements in manufacturing efficiency.

CONSOLIDATED AND COMBINED SIX MONTHS ENDED JUNE 30, 1998 VERSUS SIX MONTHS ENDED JUNE 30, 1997

Consolidated Summary

Consolidated net sales declined $13.2 million or 2% from 1997. The majority of this decline from 1997 was caused by the sale of the Company's commercial and industrial wallcoverings business (formerly classified as "Businesses Held for Sale") in April 1998.

Consolidated operating income improved $13.9 million or 27% from 1997, primarily due to income from recently acquired Chemical businesses, improved margins in the forest products business, and improved management and settlement of assets and liabilities relating to businesses sold in prior years, offset by lower contributions from Chemical businesses in Asia and Latin America when compared to 1997.

Combined Summary

Combined sales declined $495.5 million or 29%, reflecting the sale of Foods Unaligned businesses in l998 and late 1997 and the exit from unprofitable private label sales in the Foods ongoing businesses, as well as the factors described for the Consolidated Company. Operating income improved $291.6, due to the $302.5 million gain on the sale of certain Foods Unaligned businesses. Absent this gain, operating results declined $10.9 million or 20%, reflecting the absence of operating income from divested Unaligned Foods businesses.

Chemical

Chemical sales declined $3.0 million or less than 1% from 1997. This slight change from 1997 reflects incremental sales of approximately $35 million from the melamine and derivatives product line, which includes two businesses acquired within the past 12 months, offset by unfavorable currency exchange rates in Asia and Latin America and by lower selling prices in the forest products business. Excluding the approximately $20 million unfavorable impact of foreign currency translation on Asian and Latin American sales, Chemical sales rose over $17 million.

The melamine and derivatives product line includes Melamine Chemicals and the resins and compounds business of Sun Coast Industries, purchased in late 1997 and early 1998, respectively. This product line has experienced good results, including record production in the month of June in response to strong demand. Management expects strong demand and stable prices to continue throughout 1998.

Lower selling prices in the forest products business when compared to 1997 prices, reflecting the partial pass through of lower raw materials costs, have decreased sales by over $34 million despite increased volume from strong housing starts due to low interest rates.

Operating income increased $10.2 million or 16% from 1997. This improvement is due primarily to the melamine and derivatives businesses purchased within the past 12 months. Improved margins due to lower raw materials costs in the forest products business also contributed to increased operating income. Partially offsetting these factors were decreased operating income in Latin America and Asia. In Latin America, poor economic conditions have resulted in late payments by customers, debt write-offs, and increased inventory due to slow sales. These difficulties were partially mitigated by lower raw material costs and aggressive actions by management to reduce administrative costs. In Asia, unfavorable currency exchange rates versus the dollar and higher general and administrative costs have hurt operating income, but were partially offset by lower raw material costs.

The second quarter sale of a Latin American plastic films business produced a gain of $8.3 million, which was partially offset by a $5.5 million severance charge related to the closure of a European operation.

Consumer Products and Services

Consumer Products and Services sales increased $6.4 million or 13% from 1997. This improvement is the result of stronger than usual seasonal sales in the consumer adhesives business. Operating income rose $0.3 million or 8% from 1997. The increase was due to improved sales of higher margin products in the consumer adhesives business, as well as higher sales, partially offset by higher administrative costs in the first quarter of 1998.

Corporate

Corporate results improved $6.9 million to expenses of $12.0 million. This improvement was primarily the result of improved management and settlement of assets and liabilities relating to businesses sold in prior years and other one-time administrative charges. The remainder of the fluctuation is attributable to timing differences in normal business expenses.

Foods

Foods sales from ongoing businesses decreased $103.0 million or 27% from 1997. This decline was the expected result of a reduction in pasta volume due to management's decision to exit from the unprofitable private label business and unprofitable markets, and elimination of low margin product lines and brands, which occurred in the last four months of 1997.

Sales for Foods Unaligned businesses declined $375.1 million, reflecting the sale of most of these businesses in 1998 and late 1997.

Foods operating results from ongoing operations improved $5.1 million, despite the decrease in ongoing sales, to a loss of $19.6 million. This improvement was the result of reduced plant overhead and administrative costs, which more than offset the reduced contribution from eliminated sales volume, partially offset by higher raw material costs. Plant overhead savings amounted to approximately $19.2 million for the first six months of 1998, attributed to the closure of five pasta plants in 1997 and further production line reductions in early 1998.

Foods Unaligned businesses' operating income declined $28.9 million due to the sale of most Unaligned businesses in 1998 and late 1997. Foods recorded gains of $302.5 million in the first half of 1998 on the sale of Unaligned businesses.

Wise

Wise sales declined $4.2 million or 4% from 1997. This decline reflects loss of market share due to competitors' ongoing deep feature pricing promotions. Management is currently evaluating promotional strategies to offset this decline. Operating results remained relatively flat from the prior year, reflecting a $1.0 million loss accrued in the first quarter on the sale of a business, offset by lower marketing expense and ongoing improvements in manufacturing efficiency. Absent the loss on the sale of a business, operating results improved $0.8 million to a loss of $1.0 million.

NON-OPERATING EXPENSES AND INCOME TAXES

Following is a comparison of non-operating expenses for the three months ended June 30, 1998 and 1997.

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Interest expense	$ 15.7	$ 24.3	$ 15.9	$ 24.7
Affiliated interest expense (income), net	4.1	(6.5)	-	-
Other	(6.0)	(4.1)	(6.4)	(0.5)
	$ 13.8	$ 13.7	$ 9.5	$ 24.2

Following is a comparison of non-operating expenses for the six months ended June 30, 1998 and 1997.

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Interest expense	$ 32.1	$ 47.9	$ 32.8	$ 48.4
Affiliated interest expense (income), net	8.9	(11.6)	-	-
Other	(12.0)	0.1	(14.4)	(7.3)
	$ 29.0	$ 36.4	$ 18.4	$ 41.1

The favorable fluctuations in interest expense for the Company and the Combined Companies, for both the three months and six months ended June 30, 1998, are attributable to cash proceeds from the sale of the Decorative Products business unit used to pay down debt.

Consolidated non-operating expense for the three months ended June 30, 1998, remained flat, increasing by $0.1 million. The decrease in interest expense was offset by a $10.6 million decrease in net affiliated interest income due to Foods' repayment of debt to the Company using proceeds from the sale of its Unaligned businesses.

Consolidated non-operating expense for the six months ended June 30, 1998, decreased $7.4 million to $29.0 million. In addition to the decrease in non-affiliated interest expense, the Company received $13.8 million more interest income, primarily from the investment of proceeds from the sale of certain Unaligned Foods businesses in short term investments. This improvement was partially offset by a $20.5 million decrease in net affiliated interest income, due to Foods' repayment of debt to the Company using proceeds from the sale of its Unaligned businesses.

Combined non-operating expense for the three months ended June 30, 1998, improved $14.7 million to $9.5 million. This change reflects the decrease in interest expense, augmented by a $7.9 million increase in interest income from the investment of proceeds from the sale of certain Unaligned Foods businesses in short term investments.

Combined non-operating expense for the six months ended June 30, 1998, improved $22.7 million to $18.4 million. This change reflects the decrease in interest expense, augmented by a $12.1 million increase in interest income, primarily from the investment of proceeds from the sale of certain Unaligned Foods businesses in short term investments.

The change in the affiliated interest reflects interest expense associated with the Foods investment of cash not used in operations within the Company.

Following is a comparison of income tax provision related effective tax rates for the three and six months ended June 30, 1998.

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Income tax expense	12.4	4.2	23.5	7.5
Effective tax rate	46%	30%	N/M	49%

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Income tax expense	16.5	7.7	90.4	6.3
Effective tax rate	45%	50%	28%	49%

The 1998 consolidated effective income tax rate reflects the effect of certain non-deductible charges taken during the three months ended June 30, 1998. The combined effective tax rate for the three months ended June 30, 1998, reflects changes in estimates on taxes related to businesses sold in the first quarter of 1998, as well as a change in the estimated annual effective tax rate. The Unaligned Foods business divestitures led to a lower effective tax rate for the Combined Companies for the six months ended June 30, 1998, as a portion of the gain is not subject to corporate tax. The unusually high tax rate in 1997 for the Company is attributable to non-deductible accounting charges associated with the net investment in Foods and Wise.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

For the six months ended June 30, 1998, operating cash flows generated by the Company and the Combined Companies were $23.4 million and $84.5 million compared to cash used by the Company and the Combined Companies of $14.2 million and $28.7 million during the first six months of 1997. The Company's $37.6 million increase is primarily attributable to incremental cash inflows from Chemical businesses purchased within the past 12 months in addition to normal working capital cash inflows in the Chemical business. In addition, the Company realized a net operating loss carryforward associated with the sale of its Decorative Products business in the first quarter of 1998. These increases were partially offset by an increase in the affiliated receivable and a decrease in accounts payable, both as a result of the timing of payments.

The Combined Companies $113.2 million improvement in cash flows is attributable to the factors noted above and the improvement in cash flow relating to Foods accounts receivable and inventories. Improved receivable flows resulted from collections outpacing new receivables as Foods was in the process of divesting its remaining Unaligned Foods businesses. Cash from inventories also improved significantly as a result of the planned reduction in inventory levels in anticipation of the sale of the remaining Unaligned Foods businesses.

Investing Activities

Consolidated investing activities generated $358.2 million cash in 1998 compared to a use of $17.2 million in 1997, due primarily to divestiture activity. Proceeds from divestitures include $304.8 million from the sale of Decorative Products, $15.5 million from the sale of a Latin American plastic films business, and $15.6 million from the sale of the commercial and industrial wallcoverings business. In addition, investing activity reflects $66.5 million relating to net repayments of affiliated borrowings by Foods and Wise, partially offset by the acquisition of a resins and compounds business acquired from Sun Coast Industries, Inc. for $14.4 million.

In addition to the above, the Combined Companies' divestiture activity reflects $721.0 million of proceeds from the sale of Unaligned Foods businesses. During the first quarter of 1998, the Combined Companies sold certain unaligned product lines for $376.5 million, and its worldwide KLIM milk powder business, a non-dairy creamer business in South Africa and an ice cream business in Puerto Rico for $335.7 million. In the second quarter of 1998, Foods sold a distribution business in Puerto Rico for proceeds of $8.8 million. The $66.5 million return on investment in the consolidated investing flows is eliminated in the combined flows as the Foods and Wise operations are included in the Combined Companies.

Capital expenditures for the Company and the Combined Companies decreased $33.7 million and $33.1 million, respectively. This is mainly a result of the divestitures of the Dairy business in the third quarter of 1997 and the Decorative Products business in April 1998.

Financing Activities

Consolidated financing activities generated $165.4 million cash in 1998, compared with $4.5 million in 1997. Cash generated from divestiture activity was used to repay the $235.3 million revolving line of credit and to pay preferred dividends in the first and second quarters. The Company's $433.6 million affiliated borrowings represent proceeds from the sale of Unaligned Foods businesses, which were in turn invested in cash equivalents.

Combined financing activities represent the above with the exception of the affiliated borrowings with Foods a $272.2 million distribution to an affiliate that is not within the Combined Companies controlled group, but has an ownership interest in the trademarks that were sold with the divested businesses.

In the second quarter of 1998, the Company's revolving credit facility was reduced as a result of the sales of certain Unaligned Foods businesses in accordance with the terms of the agreement. As a result of this reduction, the $50.0 million 364-day revolving credit facility was canceled, and the $950.0 million five year revolving credit facility was reduced to $895.0 million.

IMPACT OF THE YEAR 2000 ISSUE

The year 2000 issue is the result of computer programs written using two digits rather than four to define the applicable year. Any of the Company's and Combined Companies' computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company and Combined Companies are utilizing both internal and external resources to identify correct and test the systems for year 2000 compliance. The Company and Combined Companies are each in the midst of conducting a complete assessment of computer systems, developing a comprehensive implementation plan to resolve the issue, and finalizing cost estimates to achieve year 2000 compliance. Each of the Company's businesses and Combined Companies is in the process of implementing comprehensive new financial and business systems that are year 2000 compliant. Implementation of these various new systems is expected to be completed no later than June 1999. The status of the financial and business system implementation plans is monitored and, when necessary, contingency plans are developed and executed.

Plans are also being developed to address the risks related to plant systems, suppliers and customers. The substantial portion of production facility Year 2000 remediation for the Company and the Combined Companies should be completed in 1998, with all production facility remediation and final testing targeted to be completed in the second quarter of 1999.

While management has not finalized its estimate to repair, replace or retire all systems in order to comply with year 2000 dating, significant investments in information systems have been made since 1996 that will total in excess of $90.0 million by the year 2000. Remaining costs are not expected to have a material impact on the financial position or results of operations of the Company or Combined Companies in any year. Also, although the Company's and Combined Companies' systems do not rely significantly on systems of other companies, the Company and Combined Companies cannot provide assurance that failure of third parties to address the year 2000 issue will not have an adverse impact on the Company and Combined Companies.

The Company intends its year 2000 date conversion project to be completed on a timely basis so as to not significantly impact business operations. However, if the necessary modifications and conversions are not completed timely, the year 2000 issue may have a material impact on the Company and Combined Companies.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

The Company and its officers may, from time to time, make written or oral statements regarding the future performance of the Company, including statements contained in the Company's 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 actual results to differ materially from those projected in forward-looking statements made by or on behalf of the Company. Such risks and uncertainties are primarily in the areas of results of operations by business unit including anticipated customer demand, and raw material prices, liquidity, legal, environmental liabilities, year 2000 compliance, and risk management.

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, 1997 and the quarterly report on Form 10-Q for the period ended March 31, 1998.

The Company is involved in other 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

(10) Agreement with R.L. de Ney

(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 second quarter of 1998.

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 August 14, 1998

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 AND YEAR TO DATE ENDED
JUNE 30, 1998 AND 1997

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Net sales	$ 152,902	$ 435,040	$ 375,520	$ 853,624
Cost of goods sold	92,822	260,901	224,875	517,188
Gross margin	60,080	174,139	150,645	336,436
Distribution expense	9,192	24,234	23,747	46,584
Marketing expense	45,112	109,962	109,807	233,240
General & administrative expense	18,650	25,912	32,159	49,854
Loss (gain) on divestiture	5,575	-	(181,571)	-
Operating income (loss)	(18,449)	14,031	166,503	6,758
Interest expense	570	7,389	1,978	13,409
Interest income	(4,726)	(1,929)	(10,828)	(3,956)
Other expense (income), net	(393)	15	(606)	(670)
Income (loss) before income tax	(13,900)	8,556	175,959	(2,025)
Income tax expense (benefit)	10,640	1,470	47,950	(2,130)
Net income (loss)	(24,540)	7,086	128,009	105
Affiliate's share of income	(1,324)	-	(130,069)	-
Net (loss) income applicable to common stock	$ (25,864)	$ 7,086	$ (2,060)	$ 105
Comprehensive income (Note 7)	$ (26,799)	$ 2,348	$ 123,598	$ (17,705)
Basic and diluted income (loss) per common share	$ (259)	$ 71	$ (21)	$ 1
Average number of common shares outstanding during the period	100	100	100	100

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)

ASSETS	June 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 341,130	$ 28,736
Accounts receivable (less allowance for doubtful accounts of $1,865 and $4,821, respectively)	45,245	138,751
Other receivables	13,799	21,526
Inventories:		
Finished and in-process goods	54,397	112,669
Raw materials and supplies	18,262	43,112
Deferred income taxes	46,934	41,290
Other current assets	23,174	50,050
	542,941	436,134
OTHER ASSETS	8,230	14,981
PROPERTY AND EQUIPMENT		
Land	10,358	19,199
Buildings	42,758	64,908
Machinery and equipment	139,345	208,504
	192,461	292,611
Less accumulated depreciation	(27,133)	(50,878)
	165,328	241,733
INTANGIBLES		
Goodwill	48,416	151,264
Trademarks and other intangibles	86,009	155,511
	134,425	306,775
TOTAL ASSETS	$ 850,924	$ 999,623

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)

LIABILITIES AND SHAREHOLDER'S EQUITY	June 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 7,108	$ 22,087
Loans due to affiliates	15,154	27,914
Accounts and drafts payable	52,548	98,718
Income taxes payable	38,002	30,158
Accrued customer allowances	26,223	32,106
Other amounts due affiliates	8,696	6,020
Other current liabilities	219,128	123,706
	366,859	340,709
OTHER LIABILITIES		
Long-term debt payable to Borden, Inc.	-	47,616
Other long-term debt	4,704	5,438
Deferred income taxes	39,740	25,821
Non-pension postemployment benefit obligations	8,814	9,279
Other long-term liabilities	19,304	20,894
	72,562	109,048
Commitments and Contingencies (Note 10)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares	-	-
Shareholder's investment in affiliate	50,013	203,297
Paid in capital	387,831	366,439
Accumulated other comprehensive income	(13,432)	(9,021)
Retained deficit	(12,909)	(10,849)
	411,503	549,866
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 850,924	$ 999,623

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION ($ in thousands)	Six Months Ended June 30, 1998	1997
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income	$ 128,009	$ 105
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred tax provision	13,382	(2,338)
Depreciation and amortization	9,010	22,818
Gain on divestiture of businesses	(181,571)	-
Net change in assets and liabilities:		
Trade receivables	55,188	16,146
Other receivables	4,890	(77)
Inventories	20,194	(3,474)
Trade payables	(22,559)	(18,599)
Accrued customer allowances	(5,883)	(9,172)
Income taxes	(16,098)	(13,109)
Other amounts due to/from affiliates	(1,190)	(5,493)
Other current assets and liabilities	(57,984)	3,222
Long-term assets and liabilities	45	(93)
Other, net	(4,612)	(9,931)
	(59,179)	(19,995)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(12,456)	(13,617)
Proceeds from the divestiture of businesses	721,079	-
Proceeds from the sale of fixed assets	11,244	-
	719,867	(13,617)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
(Decrease) increase short-term debt	(14,979)	3,794
(Decrease) increase in loans due to/from affiliates	(12,760)	11,717
Unitholder distributions paid	(272,205)	-
Repayment of long-term debt to Borden, Inc.	(47,616)	-
(Decrease) increase in other long-term debt	(734)	334
	(348,294)	15,845
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	312,394	(17,767)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	28,736	33,234
CASH AND EQUIVALENTS AT END OF PERIOD	$ 341,130	$ 15,467

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)	Six Months Ended June 30, 1998	1997
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 3,286	$25,663
Taxes	50,666	5,471
NON-CASH ACTIVITY:		
Minority interest (Note 6)	(130,069)	
Affiliate's share of income (Note 6)	130,069	

See Notes to Condensed Consolidated Financial Statements

BORDEN FOODS HOLDINGS CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. BACKGROUND

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement providing for the acquisition of all of Borden's outstanding common stock by affiliates of Kohlberg Kravis Roberts & Co. ("KKR", the "Acquisition"). The Acquisition was completed on March 14, 1995. Borden, a public registrant as a result of public debt that was outstanding prior to the Acquisition, elected not to apply push down accounting in its consolidated financial statements and as such Borden's financial statements (including Borden Foods through October 1, 1996) are reported on Borden's historical cost basis. As discussed in the basis of presentation, the accompanying financial statements have been prepared on a purchase accounting basis from the date of KKR's acquisition of Borden.

In 1996, Borden Foods Corporation ("BFC") was formed for the purposes of acquiring and operating certain of Borden's food businesses ("Foods"). Borden Foods Holdings Corporation ("Foods Holdings"), a wholly owned subsidiary of Borden Foods Holdings, LLC (the "LLC"), owns approximately 98% of BFC; the remaining interest in BFC is owned directly by the LLC. The LLC is controlled by BW Holdings, LLC. BFC Investments LP (the "Investment LP"), which is owned by BFC and LLC, was formed for the purposes of acquiring, holding, and sub-licensing certain trademarks associated with the operation of Foods. In certain circumstances (see Note 6), allocation of income and gains may differ from the ownership percentages indicated.

Effective October 1, 1996, Borden, in a taxable transaction, sold Foods and certain trademarks to BFC and Investment LP, respectively, for $550,000 less assets transferred plus liabilities assumed. The purchase price was based on an independent valuation of Foods. In connection with this sale, LLC issued approximately 73.6 million Class B units in exchange for $368,100 of notes from BW Holdings, LLC. Prior to October 1, 1996, LLC issued approximately 1.1 million Class A units to certain management employees of BFC in exchange for cash of $5,323. In addition, LLC transferred $241,300 of notes to Foods Holdings in exchange for 100 shares of common stock. Foods Holdings used the notes to acquire a 98% interest in BFC. LLC contributed $5,323 of cash to BFC in exchange for a 2% interest in BFC.

BFC issued $166,990 of long-term debt (see Note 9) along with the notes contributed by BW Holdings, LLC to finance the purchase of Foods' net assets. In a series of transactions in 1996 and 1997, BFC used $244,000 of consideration to purchase a 70% interest in Investment LP and LLC used $104,600 of consideration to acquire a 30% interest in Investment LP. Investment LP transferred $348,600 of consideration to Borden in exchange for Foods' trademarks. Upon finalization of the valuation in September 1997, an additional $20,000 of consideration held by Investment LP was transferred to Borden to complete the purchase of Foods' trademarks. As a result of transactions concluded in 1998, including a transfer of tax basis from BFC to Investment LP, shareholder's investment in affiliate was increased $29,610.

BFC used the remaining consideration to purchase the net assets (excluding trademarks) of Foods. There was no change in the book basis of Foods' assets and liabilities as of October 1, 1996 because the sale was between related parties and Borden's principal stockholders will continue to control BFC. Foods Holdings has fully and unconditionally guaranteed obligations under Borden's Credit Facility and all of Borden's publicly held debt on a pari passu basis.

The accompanying unaudited condensed financial statements contain all adjustments, consisting only of normal adjustments, which in the opinion of management are necessary for the fair presentation of operating results for the interim period. Results for the interim period are subject to seasonal variations and are not necessarily indicative of results for the full year.

2. NATURE OF OPERATIONS

BFC is a manufacturer and distributor of food products worldwide, including pasta, pasta sauce, soups and bouillon. BFC's operations include 13 production facilities, 7 of which are located in North America. The remaining facilities are located primarily in Europe. Management expects to divest or close 4 of these facilities in 1998 as part of the business realignment (Note 5).

3. BASIS OF PRESENTATION

As a result of the financial guarantee and in accordance with Regulation S-X rule 3-10, Borden includes in its filings with the Securities and Exchange Commission separate condensed financial statements for Foods Holdings as if it were a registrant. The accompanying condensed financial statements for the three months and six months ended June 30, 1998 and 1997 were prepared on a purchase accounting basis which allocated approximately $750,000, plus cash retained, less debt assumed, of the December 1994 KKR purchase price to Foods Holdings. The purchase price was allocated to tangible and intangible assets and liabilities of Foods based on independent appraisals and management estimates.

The condensed financial statements include the accounts of Foods Holdings after elimination of material intercompany accounts and transactions. Minority interest reflects the consolidation of international operations in which BFC owns more than a 50% interest but less than a 100% interest. The portion of BFC and the Investment LP directly owned by the LLC is recorded in Shareholder's Investment in Affiliate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 period. The most significant estimates in the accompanying financial statements are the accruals for trade promotions, reserves for expenses on businesses sold, allocation of tax basis between Investment LP and BFC, litigation and general insurance liabilities. Actual results could differ from those estimates.

RECLASSIFICATION - Certain prior year amounts have been reclassified to conform with the 1998 presentation.

5. BUSINESS REALIGNMENT

In March 1997, BFC announced its intention to sell certain businesses from its current portfolio, which are not considered to be aligned with its grain-based meal solution strategy. Among the unaligned businesses were milk powder (KLIM), sweetened condensed milk and reconstituted lemon juice (Signature Flavor), and processed cheese.

On January 24, 1998 BFC and Investment LP completed the sale of its Signature Flavor businesses. The sale generated proceeds of $376,500 and an after tax gain of $165,185, which includes a loss of $5,814 recorded in the second quarter relating to additional taxes and asset write-offs.

BFC and Investment LP sold the KLIM business, including the KLIM milk powder business in Latin America and Asia, the non-dairy coffee creamer operations in South Africa, and the ice cream business in Puerto Rico. BFC received $335,735 for the sale of these operations. An accrued after tax loss of $9,254 was recorded in the 1997 financial statements. An additional after tax loss of $28,542 was recorded in the six month period ended June 30, 1998, $6,230 of which was recorded in the second quarter relating to additional taxes.

On May 22, 1998 BFC sold its Puerto Rican distributor. The sale generated proceeds of $8,844 and an after tax loss of $2,132.

Included in other current liabilities at June 30, 1998, is approximately $167,000 of divestiture reserves. Of this amount, approximately $55,000 relates to non-cash charges associated with assets to be sold.

6. AFFILIATE'S SHARE OF INCOME

The LLC was allocated an affiliate's share of income (see accompanying consolidated statement of operations) of $130,069, primarily in association with the divestiture of the Signature Flavor business. In accordance with Investment LP's limited partnership agreement with BFC and the LLC, the first allocation of the trademark gain is to BFC's priority return which is generally based on a 10% return to BFC based on BFC's net capital contributions. The allocation of the remaining gain, computed on a tax basis, is 10% to BFC and 90% to the LLC. In the second quarter of 1998, $272,205 was distributed to the LLC.

7. COMPREHENSIVE INCOME

Comprehensive income is computed as follows:

	Three months ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
Net (loss) income	$(24,540)	$ 7,086	$128,009	$ 105
Foreign currency translation adjustment	(4,512)	(4,738)	(7,591)	(17,810)
Less: Reclassification adjustments	2,253	--	3,180	--
Comprehensive income	$(26,799)	$ 2,348	$123,598	$(17,705)

The reclassification adjustment represents the accumulated translation adjustment recognized on the sale of the KLIM business offset by a reclassification to paid in capital.

8. RELATED PARTIES

BFC is engaged in various transactions with Borden and its affiliates in the ordinary course of business. A subsidiary of Borden provides administrative services to BFC at negotiated fees. These services include processing of payroll and active and retiree group insurance claims. BFC reimburses the Borden subsidiary for payments for general disbursements and group insurance and postemployment benefit claims. The amount owed by BFC for reimbursement of payments and for services was $8,696 and $4,746 as of June 30, 1998 and December 31, 1997, respectively.

BFC is generally self-insured for general insurance claims and postemployment benefits other than pensions. The liabilities for these obligations are included in Foods Holdings' financial statements. By agreement, Borden has retained the obligation for active group insurance claims incurred prior to 1997.

Employee pension benefits are provided under the Borden domestic pension plans to which BFC contributes. The U.S. employees participate in the Borden retirement savings plan. Borden also provides certain health and life insurance benefits for eligible employees. BFC has recognized expenses associated with these benefits, certain of which are determined and allocated by Borden's actuary. BFC has assumed an actuarially-determined portion of Borden's U.S. net pension liability, however this amount is considered to be an amount due to affiliate since Borden retains the legal obligation for these benefits. Amounts payable by BFC for its portion of the net pension liability were $9,719 and $7,164 as of June 30, 1998 and December 31, 1997, respectively.

BFC invested cash not used in operations with Borden. BFC's investment balance was $319,636 and $15,043 with Borden as of June 30, 1998 and December 31, 1997, respectively. The funds are invested overnight earning a rate set by Borden which generally approximates money market rates. Amounts receivable for interest were $10,977 and $0 as of June 30, 1998 and December 31, 1997, respectively.

BFC performs certain administrative services on behalf of other Borden affiliates. These services include sales administration, promotion, purchasing, and research and development. BFC charged these affiliates $990 and $1,611 for such services for the three month periods ended June 30, 1998 and 1997, respectively, and $1,604 and $3,492 for the six month periods ended June 30, 1998 and 1997, respectively. The receivable for services, merchandise sales, and other transactions related to the purchase of Foods' assets was $1,657 and $8,768 at June 30, 1998 and December 31, 1997, respectively.

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

9. AFFILIATED DEBT

Cash balances in international businesses which are not repatriated to the U.S. can be loaned to other Borden affiliates at a variable rate for generally a 90 day period. Net lendings or borrowings by international businesses are included in loans due from or to affiliates. Net short-term loans due to international affiliates were $15,154 and $27,914 at June 30, 1998 and December 31, 1997, respectively, at a weighted average variable rate of 5.9% and 6.7%, respectively.

During 1996, BFC entered into a loan agreement (the "Loan Agreement") to borrow funds from Borden under a revolving loan facility and term loans. The revolving loan facility provided for borrowings up to $250,000 at a variable interest rate equal to prime. Effective December 30, 1997, the revolving loan facility was reduced to $50,000 with a maturity date of December 31, 1998. Borrowings with three days notice and outstanding at least 30 days incurred interest at Borden's cost of funds for 30 day LIBOR plus 0.25%. Same day borrowings incurred interest of prime.

As an affiliate guarantor, Foods Holdings' liability shall not exceed the greater of its outstanding affiliated borrowings or 95% of its adjusted net assets while Borden or any other obligated parties have obligations outstanding. Borden's outstanding credit facility and public borrowings amounted to approximately $548,480 and $783,480 at June 30, 1998 and December 31, 1997, respectively. In connection with this guarantee, Foods Holdings charges Borden an annual fee of $1,050.

As a result of the October 1, 1996 transaction, BFC issued $166,990 in long-term notes to Borden. Effective January 1, 1997, the interest rate on the long-term notes to Borden was changed from 12.0 % to 10.3%. The loan principal outstanding on the long-term notes was $47,616 at December 31, 1997 and was paid off in February 1998. Interest expense on the long term notes was $0 and $4,274 for the three months ended June 30, 1998 and 1997, respectively, and $575 and $8,556 for the six months ended June 30, 1998 and 1997, respectively. Amounts payable for such charges were $115 and $1,274 as of June 30, 1998 and December 31, 1997, respectively.

10. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS - There were no material developments during the second quarter related to the Helm Tomatoes litigation. Details of first quarter events are discussed in the report filed for the three months ended March 31, 1998.

BFC is involved in certain other 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.

OTHER CONTINGENCIES - The Year 2000 issue is a result of computer programs written using two rather than four digits to define a year. Any of BFC's computer programs that have date-sensitive software may recognize a "00" date as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, such as a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

BFC is working on finalizing its Year 2000 date conversion project so as to not significantly impact business operations. If the necessary modifications and conversions are not completed timely, the Year 2000 issue may have a material impact on BFC. Although BFC's systems do not rely significantly on systems of other companies, BFC cannot provide assurance that failure of third parties to address the Year 2000 issue will not have an adverse impact on BFC.

[WISE LOGO] WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 1998 AND 1997

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

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 1998	1997
Net sales	$ 61,271	$ 62,793
Cost of goods sold	38,702	39,720
Gross margin	22,569	23,073
Distribution expense	7,198	6,657
Marketing expense	9,422	11,462
General & administrative expense	5,639	5,135
Operating income (loss)	310	(181)
Interest expense	110	238
Other expense	27	60
Income (loss) before income taxes	173	(479)
Income tax expense (benefit)	148	(218)
Net income (loss)	$ 25	$ (261)
Per Share Data		
Basic and diluted income (loss) per common share	$ 0.36	$ (3.73)
Average number of common shares outstanding during the period	70	70

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 1998	1997
Net sales	$ 115,152	$ 119,283
Cost of goods sold	72,432	76,996
Gross margin	42,720	42,287
Distribution expense	14,139	12,873
Marketing expense	18,633	21,681
General & administrative expense	10,881	9,231
Operating loss	(933)	(1,498)
Interest expense	232	503
Other expense (income)	17	(95)
Loss before income taxes	(1,182)	(1,906)
Income tax benefit	(460)	(760)
Net loss	$ (722)	$ (1,146)
Per Share Data		
Basic and diluted loss per common share	$ (10.31)	$ (16.37)
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

(Dollars in thousands, except per share amounts)

ASSETS	JUNE 30, 1998	DECEMBER 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 6,456	$ 3,604
Accounts receivable (less allowance for doubtful accounts of $2,286 and $2,498, respectively)	21,962	23,131
Affiliated receivables	139	1,204
Inventories:		
Finished goods	3,558	4,621
Raw materials and supplies	3,434	3,841
Deferred income taxes, net	2,446	2,825
Prepaid and other current assets	4,107	4,509
	42,102	43,735
PROPERTY AND EQUIPMENT		
Land	1,332	1,347
Buildings and improvements	5,064	5,585
Machinery and equipment	41,233	38,592
	47,629	45,524
Less accumulated depreciation	18,016	16,442
	29,613	29,082
INTANGIBLES AND OTHER ASSETS		
Trademarks (net of accumulated amortization of $1,647 and $1,410, respectively)	17,164	17,401
Other assets	857	889
	18,021	18,290
TOTAL ASSETS	$89,736	$91,107

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands, except per share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY	JUNE, 30 1998	DECEMBER 31, 1997
CURRENT LIABILITIES		
Debt payable within one year		$ 270
Accounts and drafts payable	$16,536	12,570
Affiliated payables	1,038	1,467
Accrued liabilities	10,274	15,735
	27,848	30,042
OTHER LIABILITIES		
Long-term debt payable to Borden, Inc.	7,000	7,000
Deferred income taxes, net	3,500	2,522
Non-pension postemployment benefit obligations	9,631	9,960
Affiliated employee benefit obligation	2,748	1,817
Other long-term liabilities	429	371
Minority interest	737	830
	24,045	22,500
Commitments and Contingencies (Note 6)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value 70 shares authorized 70 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	2,863	3,585
	37,843	38,565
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$89,736	$91,107

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1997
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	$ (722)	$(1,146)
Adjustments to reconcile net loss to net cash from operating activities		
Minority interest's share in income	(13)	(21)
Depreciation	2,688	3,120
Amortization	237	235
Other non-cash	(116)	206
Net change in assets and liabilities:		
Accounts receivable	(489)	(3,505)
Affiliated receivables	1,065	(378)
Inventories	478	714
Prepaid and other current assets	(246)	239
Other assets	32	204
Accounts and drafts payable	5,398	(320)
Affiliated payables	(429)	4
Accrued liabilities	(4,583)	4,297
Post-employment benefits other than pensions	(157)	341
Affiliated employee benefit obligation	931	415
Other long-term liabilities	1,036	19
	5,110	4,424
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(4,139)	(2,424)
Divestiture of business	2,107	-
Proceeds from sales of equipment	44	254
	(1,988)	(2,170)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repayment of short-term borrowings	(270)	
Minority interest's equity contribution	-	40
	(270)	40
INCREASE IN CASH AND EQUIVALENTS	2,852	2,294
Cash and equivalents at beginning of period	3,604	3,027
Cash and equivalents at end of period	$ 6,456	$ 5,321
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest:	$ 194	$ 630

See Notes to Condensed Consolidated Financial Statements

WISE HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except for per share information)

1. BACKGROUND

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement that provided for 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) are reported on Borden's historical cost basis. As discussed in the "Basis of Presentation," Wise's financial statements 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 Wise Holdings Inc. ("Wise"), 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 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 WISE(R), CHEEZ DOODLES(R), QUINLAN(R), NEW YORK DELI(R), KRUNCHERS!(R), BRAVOS(R), MOORE'S(R) and WISE CHOICE(TM) and conducts its business through two principal divisions: Wise and Moore's. The Wise and Moore's divisions manufacture and distribute primarily in the eastern United States. Wise's products are distributed through both independent and company-owned distribution networks.

On May 11, 1998 Wise sold its Caribbean Snacks, Inc. subsidiary, which had served as a distribution center throughout Puerto Rico and the Caribbean. (see note 8 - Business Divestiture)

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 subsequent to the purchase by KKR have been 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 condensed consolidated financial statements of Wise collectively include the financial position of Wise Holdings, Inc. and subsidiaries as of June 30, 1998 and December 31, 1997. These financial statements also include the statements of operations of Wise for the three and six months ended June 30, 1998 and 1997 and cash flows of Wise for the six months ended June 30, 1998 and 1997. 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 1998 presentation.

Per Share Information

Basic and diluted loss per common share at June 30, 1998 and 1997 is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period ended June 30, 1998 and 1997, respectively. On April 24, 1998 the number of shares authorized and outstanding were reduced for administrative and tax purposes. The Per Share information for June 30, 1998 and 1997 is computed based on the adjusted shares outstanding. Options issued by subsidiaries that enable the holder to obtain stock of the subsidiary were not assumed exercised because they were antidilutive for both 1998 and 1997. Wise has no other potentially dilutive securities.

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, post-retirement benefits, asset lives and corporate allocations. Actual results could differ from those estimates.

4. ACCRUED LIABILITIES

Accrued liabilities were as follows:

	June 30, 1998	December 31, 1997
Compensation	$ 1,274	$ 2,758
General insurance	5,516	5,627
Advertising and promotion	2,784	3,591
Other	700	3,759
Total	$10,274	$15,735

5. AFFILIATED LONG-TERM DEBT

In conjunction with the Incorporation, Wise entered into a long-term loan agreement (the "Loan Agreement") to borrow funds from Borden.

Revolving Loan
- --------------
The Loan Agreement provides for a revolving loan facility of up to $5 million maturing in December 1998, at a variable interest rate equal to Borden's cost of funds for 30 day LIBOR borrowings plus 0.25%. A commitment fee based on a variable rate tied to Borden's leverage is charged on the unused portion of the revolving loan facility. Wise had no borrowings under the revolving agreement at June 30, 1998 and December 31, 1997.

Long-Term Loan
- --------------
The Loan Agreement also provides for a $10.145 million term loan with a fixed interest rate of 11% maturing in November, 1999, payable in full at the maturity date. At June 30, 1998 and December 31, 1997, $7.0 million remains outstanding under this loan agreement.

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), changes in nature of business, prepayments of certain indebtedness, transactions with affiliates, capital expenditures, changes in control of the company and the use of proceeds from asset sales.

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 and increasingly stringent regulations could require Wise to make additional unforeseen environmental expenditures.

Environmental accruals are routinely reviewed on an interim basis 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 and lease agreements, Wise is engaged in various transactions with Borden and its affiliated companies in the ordinary course of business. A subsidiary of Borden provides certain administrative services to Wise at negotiated fees. These services include: processing of payroll and active and retiree group insurance 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 $615 and $1,467 at June 30, 1998 and December 31, 1997, respectively.

Wise is generally self-insured for general insurance claims and post-employment benefits other than pensions. The liabilities for these obligations are included in Wise's financial statements.

The following table summarizes the charges to Wise for these costs.

	Quarter ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
Employee benefits	$ 385	$ 562	$ 949	$1,033
Group and general insurance	1,023	1,543	1,784	2,783
Information services	37	52	102	100
Corporate staff departments and overhead	395	394	909	756
	$1,840	$2,551	$3,744	$4,672

Effective July 1, 1997, Wise secured the services of a third party for its general insurance needs related to losses that occur after the effective date, and makes payments directly to a third party vendor.

Wise also invests excess cash with Borden in one-day investments that totaled $4,300 and $2,350 at June 30, 1998 and December 31, 1997, respectively which is included as a component of cash.

8. BUSINESS DIVESTITURE

On May 11, 1998, Wise sold its subsidiary, Caribbean Snacks, Inc. for $2,107 resulting in a pretax loss of approximately $250, subject to final settlement of working capital adjustments.

Exhibit 10

PAY AGREEMENT AND RELEASE
OF RICHARD DE NEY

This agreement effective on the last date executed below, contains all the understandings between Richard de Ney and Borden, Inc. and its parents, subsidiaries or affiliates, including without limitation, Borden, Inc., and their officers, directors, employees and agents in their individual and representative capacities, known collectively as the "Company" in connection with your separation from employment. This agreement provides the specific details of benefits to be received by you including those under the Company's Employment and Benefits Upon Termination Plan and the conditions agreed to by you for the receipt of those benefits.

1. The Company will pay you a gross total amount of $1,032,000, to be paid to you in a lump sum no later that fifteen days following termination. Deductions for cash advances, other money due the Company and as required by statute or regulation, will be made from this allowance. Your official termination date will be May 31, 1998. Between now and your termination date you will work with the Partners and your staff to ensure a smooth transition of responsibilities.

2. In accordance with the BW Holdings LLC Management Equity Plan, your units will be repurchased at the Ordinary Repurchase Price which is the lesser of: (a) The Original Purchase Price plus a portion (equal to the vested percentage) of the amount, if any, by which the Unit Value exceeds the Original Purchase Price; or (b) the greater of the Modified Book Value Per Unit (MBV) or the Unit Value. Vesting will be determined as of the Repurchase Calculation Date, March 1998, and, in accordance with the Plan, they will be terminated if they are "underwater." Payment will be made by May 31, 1998.

3. You agree to conduct yourself in a manner that does not disparage the Company, or is damaging to or otherwise contrary to the Company's best interests and you agree that this agreement is strictly confidential and you will not reveal its terms except in connection with an official investigation, legal process, or to immediate family, attorneys, accountants, or other professional advisors to whom disclosure is necessary provided that such persons agree to be subject to non-disclosure and confidentiality. The Company agrees that its officers, directors and employees agree that they will not disparage you and further agree that this agreement is strictly confidential except for required public disclosures, such as the Company's 10-K.

4. You also understand that your active participation in all active Company sponsored employee benefit programs ceases on the date of your termination. You have elected to continue your medical/dental benefits at normal active associate contributions through May 31, 2000. You will pay Borden, Inc. $3,612 by May 31, 1998 for this coverage. Any money due from Company benefit plans, including, but not limited to, ESPP, Medical Accumulation, and vested portion of 401(k) balances, will be paid to you in addition to the amount paid under this Agreement pursuant to the terms of such plans. You have 31 days from your termination date to convert group

life coverage to an individual policy without the requirement of a physical examination.

5. You will be provided, without charge, The Leader in Transition executive outplacement service through Manchester International in their Fairfield County, CT or New York, NY office. The Company does not warrant or guarantee the results of the services provided and you agree to hold the Company harmless from any claims in connection with the services provided.

6. You will be reimbursed for documented expenses associated with packing and shipping your personal and household belongings to Connecticut. You will also be reimbursed for documented expenses associated with terminating your apartment lease.

7. You accept the money and benefits to be paid to you under this Agreement as full settlement of all claims and causes of action arising out of your employment by the Company and the termination of that employment, except any vested pension rights and the provisions of this agreement.

8. You agree that you are entering into this agreement and release as your own free decision in order to receive the payments and other benefits described above. You understand that the Company would not make these payments or extend these benefits to you without your voluntary consent to this Agreement.

   You understand that by signing this Agreement you are waiving all rights to reinstatement or future employment with the Company and that you are giving up your right to, and agreeing not to, file charges or lawsuits: (a) with respect to any discrimination you believe you have suffered due to age, disability, race, sex, religion, national origin or any other reason related to your employment by the Company, or the termination of that employment, including, but not limited to, any claims under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Equal Pay Act, the Rehabilitation Act of 1973, Section 1981 of the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Family and Medical Leave Act of 1993, the Worker Adjustment and Retraining Notification Act, the Older Workers Benefit Protection Act, the Fair Labor Standards Act, and any other federal, state, or local statute or regulation regarding employment, worker's compensation, discrimination in employment or termination of employment; (b) with respect to any theory of libel, slander, breach of contract, wrongful discharge, detrimental reliance, infliction of emotional distress, tort, or any other theory under the common law; and (c) with respect to any claims for uncompensated expenses, severance pay, incentive or bonus pay, overtime pay or any other form of compensation, except the executory provisions of this Agreement.

   You intend that this Agreement will bar each and every claim, demand and cause of action above specified, whether known or unknown to you at the time of execution of this Agreement. As a result, you acknowledge that you might, in the future, discover claims or facts in addition to or different from those which you now know or believe to exist with respect to the subject matters of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected this settlement. Nevertheless, you hereby waive any right, claim, or cause of action that might arise as a result of such different or additional claims or facts.

You also agree that should you breach this agreement by filing any charge or beginning any suit as described in this paragraph you will immediately repay to the Company the sums you have received under paragraph 1, above, less $100.00 and further agree that in such event the Company will have no further obligation to provide you with additional pay or benefits under this agreement, but that all other provisions of this agreement will remain in effect.

9. You agree that, following execution of the Agreement by all Parties, and before May 31, 1998, you will return to the Company all Company credit cards, keys, customer lists and records, policy and procedure manuals, price lists, business contracts and other documents and information belonging to the Company. You also agree to return all Company property, including but not limited to cell phones, Palm Pilot and laptop/personal computers.

10. You recognize that the Company possesses certain business and financial information about its operations, information about new or envisioned products or services, manufacturing methods, product research, product specifications, records, plans, prices, costs, customer lists, concepts and ideas, and is the owner of proprietary rights in certain systems, methods, processes, procedures, technical and non-technical information, inventions, machinery, research and other things which constitutes valuable trade secrets of the Company. You acknowledge that you have been employed in positions in which you have had access to such information and that the Company has a legitimate interest in protecting such confidential and proprietary information in order to maintain and enhance a competitive edge within its industries. Accordingly, you agree that you will not use or remove, duplicate or disclose, directly or indirectly, to any persons or entities outside the Company any information, property, trade secrets or other things of value which have not been publicly disclosed. In the event that you are requested or required in a judicial, administrative or governmental proceeding to disclose any information that is the subject matter of this Paragraph, you will provide the Company with prompt written notice of such request and all related proceedings so that the Company may seek an appropriate protective order or remedy or, as soon as practicable, waive your compliance with the provisions of this Paragraph.

11. You agree not to consult or provide services to any pasta business for a period of two (2) years following your termination on May 31, 1998 without the express written consent of Borden, Inc. which shall not be unreasonably withheld. This agreement supersedes the non-compete clause included in the BW Holdings LLC Management Equity Plan. You further agree that you will not, directly or indirectly, solicit or recruit other employees of the Company to leave their employment with the Company for a period of two (2) years.

12. By entering into this Agreement, the Company does not admit to the breach of any contractual or other promises to you, and does not admit to the violation of any federal, state, local or other statute or law, including, but not

limited to, those laws referred to in Paragraph 8 of this Agreement, and any claimed breaches or violations are hereby specifically denied.

13. In consideration of the terms hereof and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company hereby agrees to release and waive all claims and never to commence, prosecute or cause to permit, advise or assist to be commenced or prosecuted any lawsuits, actions, charges or proceedings of any kind upon any claims, demands, causes of action, obligations, damages or liabilities against you and/or your agents, successors or assigns which were asserted or could have been asserted by the Company through the day of execution of the Agreement in any State, Federal or Agency action and any claims for attorneys' fees that exist or may exist as of the date of the signing of this Agreement.

14. This Agreement constitutes our entire agreement and supersedes all prior agreements, with the exception of the BW Holdings LLC Management Equity Plan, and cannot be changed or modified orally, but only by an instrument in writing signed by the parties hereto.

15. This Agreement shall inure to the benefit of the parties hereto and their respective successors, executors, trustees, administrators and assigns.

16. The waiver of any provisions hereof shall not be construed as a waiver of any other provision of this Agreement. The failure of any party hereto to enforce at any time any provision shall not be construed to be a waiver of such provision nor affect the validity hereof or any part hereof or the right of any party thereafter to enforce each such provision.

17. All parties agree to cooperate fully and execute any and all supporting documents, and take all additional actions which may be necessary to give full force and affect to the basic terms of this Agreement.

18. The Parties agree that this Agreement shall be construed in accordance with Ohio law, and that any action brought by any party hereunder may be instituted and maintained only in the appropriate court having jurisdiction over Franklin County, Ohio.

19. In making your decision, you recognize that you have the right to seek advice and counsel from an attorney, if you so choose. You also have twenty-one (21) days from the date this agreement is presented to you to decide whether to sign this agreement.

20. You have seven (7) calendar days from the date you sign this Agreement to cancel it in writing. You also understand that this Agreement will not bind either you or the Company until after the seven-day period you have to cancel. No payments will be made under this Agreement until it becomes

binding. You may cancel this Agreement by signing the cancellation box below (or by any other written signed notice) and delivering it to the Company within seven days of your signing this Agreement.

Very truly yours,

/s/ C. Robert Kidder
C. Robert Kidder
CEO, Borden, Inc.
April 29, 1998

ACCEPTED:

/s/ Richard de Nay
- ---------------------
Associate's Signature

Date: 4/29/98

At Columbus, OH

[Location]

WITNESS:

/s/ Nancy A. Reardon

CANCELLATION NOTICE:

(To cancel this Agreement, sign below and deliver this copy of the Agreement to the Company within 7 days of the date you signed the Agreement.)
I hereby cancel this Agreement.

- ------------------------ ----------------------------------
Date Signature

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
280,300
450,300
244,500
9,500
110,900
1,216,300
793,600
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