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 September 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 November 12, 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.

INDEX

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 September 30, 1998	1997
Net sales	$ 335.6	$ 371.5
Cost of goods sold	237.2	279.6
Gross margin	98.4	91.9
Distribution expense	12.5	13.7
Marketing expense	20.6	24.3
General & administrative expense	30.0	24.2
Operating income	35.3	29.7
Interest expense	15.6	23.4
Affiliated interest expense (income), net of affiliated interest income of $0.4 and $6.2, respectively	5.9	(5.4)
Interest income and other	(7.2)	(5.3)
Income from continuing operations before income tax	21.0	17.0
Income tax expense	9.3	5.4
Income from continuing operations	11.7	11.6
Discontinued operations:		
Income from operations, net of tax	-	6.9
Income from disposal, net of tax	5.3	154.4
Net income	17.0	172.9
Preferred stock dividends	(18.4)	(18.4)
Net (loss) income applicable to common stock	$ (1.4)	$ 154.5
Comprehensive income (See Note 6)	$ 17.1	$ 167.8

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

(In millions, except per share data)	Three Months Ended September 30, 1998	1997
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.05	$ 0.06
Discontinued operations:		
Income from operations	-	0.03
Income from disposal	0.03	0.78
Net income	0.08	0.87
Preferred stock dividends	(0.09)	(0.09)
Net (loss) income applicable to common stock	$(0.01)	$ 0.78
Dividends per common share	$ 0.06	$ 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)	Nine Months Ended September 30, 1998	1997
Net sales	$ 1,071.1	$ 1,120.3
Cost of goods sold	771.9	845.1
Gross margin	299.2	275.2
Distribution expense	39.0	40.0
Marketing expense	63.2	68.0
General & administrative expense	98.7	85.6
Business realignment	5.5	-
(Gain) on divestiture of business	(8.3)	-
Operating income	101.1	81.6
Interest expense	47.8	71.2
Affiliated interest expense (income), net of affiliated interest income of $2.0 and $19.7, respectively	16.1	(17.0)
Interest income and other	(20.6)	(5.2)
Income from continuing operations before income tax	57.8	32.6
Income tax expense	25.8	13.2
Income from continuing operations	32.0	19.4
Discontinued operations:		
Income from operations, net of tax	2.3	26.5
Income from disposal, net of tax	31.3	154.4
Net income	65.6	200.3
Preferred stock dividends	(55.3)	(55.3)
Net income applicable to common stock	$ 10.3	$ 145.0
Comprehensive income (See Note 6)	$ 60.1	$ 186.2

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

(In millions, except per share data)	Nine Months Ended September 30, 1998	1997
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.16	$ 0.10
Discontinued operations:		
Income from operations	0.01	0.13
Income from disposal	0.16	0.78
Net income	0.33	1.01
Preferred stock dividends	(0.28)	(0.28)
Net income applicable to common stock	$ 0.05	$ 0.73
Dividends per common share	$ 0.24	$ 0.19
Dividends per preferred share	$ 2.25	$ 2.25
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	September 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 701.0	$ 183.6
Accounts receivable (less allowance for doubtful accounts of $10.1 and $9.4, respectively)	230.2	242.2
Amount due from unconsolidated affiliate	3.9	-
Inventories:		
Finished and in-process goods	64.7	74.8
Raw materials and supplies	43.3	54.3
Deferred income taxes	92.6	106.1
Other current assets	20.7	34.9
Net assets of discontinued operations (See Note 5)	-	165.2
	1,156.4	861.1
INVESTMENTS AND OTHER ASSETS		
Investments	111.3	109.5
Deferred income taxes	64.1	170.4
Prepaid pension assets	136.2	140.2
Other assets	29.6	34.3
Assets sold under contractual arrangement (net of allowance of $62.1 and $609.6, respectively) (See Note 2)	47.2	302.1
	388.4	756.5
PROPERTY AND EQUIPMENT		
Land	23.2	23.5
Buildings	93.5	106.8
Machinery and equipment	679.0	738.4
	795.7	868.7
Less accumulated depreciation	(322.3)	(360.8)
	473.4	507.9
INTANGIBLES	67.9	80.4
TOTAL ASSETS	$2,086.1	$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	September 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 20.3	$ 6.9
Accounts and drafts payable	114.0	137.3
Income taxes payable	279.0	309.6
Loans payable with affiliates	430.7	4.0
Other current liabilities	257.5	328.8
	1,101.5	786.6
OTHER LIABILITIES		
Liabilities sold under contractual arrangement	41.6	230.1
Long-term debt	553.6	788.3
Non-pension post-employment benefit obligations	201.6	226.3
Other long-term liabilities	84.6	94.9
	881.4	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	365.2	384.0
Receivable from parent	(426.6)	(464.1)
Accumulated other comprehensive income	(53.5)	(48.0)
Accumulated deficit	(398.3)	(408.6)
	103.2	79.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,086.1	$2,205.9

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Nine Months Ended September 30, 1998	1997
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 65.6	$ 200.3
Adjustments to reconcile net income to net cash from (used in) operating activities:		
(Gain) on disposal of discontinued operations	(102.7)	(248.2)
(Gain) on divestiture of business	(8.3)	-
Deferred tax provision	116.9	181.8
Depreciation and amortization	37.7	27.1
Unrealized (gain) on interest rate swap	(1.1)	(3.4)
Loss on net assets sold under contractual arrangement	1.1	-
Business realignment	5.5	-
Net change in assets and liabilities:		
Trade receivables	(23.9)	(16.9)
Inventories	(1.5)	3.2
Trade payables	(11.4)	6.3
Due from affiliate	(3.9)	-
Income taxes	(10.3)	(42.0)
Other assets	43.8	(9.8)
Other liabilities	(85.5)	(145.6)
Discontinued operations working capital	3.0	(0.2)
	25.0	(47.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(39.2)	(97.2)
Proceeds from the divestiture of businesses	335.9	419.1
Purchase of business	(14.4)	(4.2)
Proceeds from the sale of fixed assets		5.5
Return on investment in affiliate	65.3	9.2
	347.6	332.4
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings	8.7	16.4
Borrowings of long-term debt	-	362.4
Repayment of long-term debt	(235.3)	(642.8)
Affiliated borrowings	426.7	-
Interest received from parent	47.4	38.1
Common stock dividends paid	(47.4)	(38.1)
Preferred stock dividends paid	(55.3)	(55.3)
	144.8	(319.3)

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

(In millions)	Nine Months Ended September 30, 1998	1997
Increase (decrease) in cash and equivalents	$ 517.4	$ (34.3)
Cash and equivalents at beginning of period	183.6	125.0
Cash and equivalents at end of period	$ 701.0	$ 90.7
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 31.0	$ 25.2
Taxes	13.5	21.0
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	34.5	18.1
Additional proceeds on Foods sale	-	20.0
Reclassification of minimum pension liability adjustment to prepaid pension cost	-	97.7

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						65.6	65.6
Cash dividends-preferred stock						(55.3)	(55.3)
Cash dividends-common stock			(47.0)				(47.0)
Translation adjustments and other					(5.5)		(5.5)
Interest accrued on notes from parent			23.1	9.0			32.1
Capital contribution from parent			34.5				34.5
Cancel option on Decorative Products			(29.4)	28.5			(0.9)
Balance, September 30, 1998	$ 614.4	$ 2.0	$ 365.2	$ (426.6)	$ (53.5)	$ (398.3)	$ 103.2

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 September 30, 1998	1997
Net sales	$ 536.2	$ 835.6
Cost of goods sold	351.9	555.9
Gross margin	184.3	279.7
Distribution expense	28.8	44.4
Marketing expense	75.2	117.8
General & administrative expense	51.5	66.3
Business realignment	17.0	-
(Gain) on divestiture of businesses	(18.6)	-
Operating income	30.4	51.2
Interest expense	15.9	20.1
Affiliated interest expense	2.1	0.1
Interest income and other	(8.0)	(1.5)
Income from continuing operations before income tax	20.4	32.5
Income tax expense	9.3	22.1
Income from continuing operations	11.1	10.4
Discontinued operations:		
Income from operations, net of tax	-	6.9
Income from disposal, net of tax	5.3	154.4
Net income	16.4	171.7
Affiliate's share of income	(1.0)	-
Preferred stock dividends	(18.4)	(18.4)
Net (loss) income applicable to common stock	$ (3.0)	$ 153.3
Comprehensive income (See Note 6)	$ 14.2	$ 153.6

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Nine Months Ended September 30, 1998	1997
Net sales	$ 1,762.3	$ 2,557.3
Cost of goods sold	1,186.8	1,717.7
Gross margin	575.5	839.6
Distribution expense	93.2	130.2
Marketing expense	246.2	416.3
General & administrative expense	167.0	187.8
Business realignment	22.5	-
(Gain) on divestiture of businesses	(329.4)	-
Operating income	376.0	105.3
Interest expense	48.7	68.5
Affiliated interest expense	3.3	0.2
Interest income and other	(23.7)	(8.8)
Income from continuing operations before income tax	347.7	45.4
Income tax expense	99.7	28.4
Income from continuing operations	248.0	17.0
Discontinued operations:		
Income from operations, net of tax	2.3	26.5
Income from disposal, net of tax	31.3	154.4
Net income	281.6	197.9
Affiliate's share of income	(131.0)	-
Preferred stock dividends	(55.3)	(55.3)
Net income applicable to common stock	$ 95.3	$ 142.6
Comprehensive income (See Note 6)	$ 265.6	$ 151.8

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)

ASSETS	September 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 723.4	$ 198.6
Accounts receivable (less allowance for doubtful accounts of $13.7 and $16.7, respectively)	304.8	425.6
Inventories:		
Finished and in-process goods	123.3	192.1
Raw materials and supplies	64.3	101.2
Deferred income taxes	142.3	149.3
Other current assets	35.2	67.1
Net assets of discontinued operation (See Note 5)	-	165.2
	1,393.3	1,299.1
INVESTMENTS AND OTHER ASSETS		
Investments	111.3	109.5
Deferred income taxes	78.6	223.6
Prepaid pension assets	147.1	151.2
Other assets	32.8	38.7
	369.8	523.0
PROPERTY AND EQUIPMENT		
Land	37.2	42.2
Buildings	194.7	255.1
Machinery and equipment	1,008.8	1,227.9
	1,240.7	1,525.2
Less accumulated depreciation	(567.9)	(731.8)
	672.8	793.4
INTANGIBLES	394.9	434.2
TOTAL ASSETS	$ 2,830.8	$ 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	September 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 26.3	$ 28.0
Accounts and drafts payable	183.2	248.6
Income taxes payable	301.6	353.0
Loans with affiliates	135.0	4.0
Other current liabilities	470.6	486.5
	1,116.7	1,120.1
OTHER LIABILITIES		
Long-term debt	558.2	794.9
Non-pension post-employment benefit obligations	219.9	245.5
Other long-term liabilities	116.8	135.2
	894.9	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	658.8	666.5
Receivable from parent	(426.6)	(464.1)
Affiliate's interest in subsidiary	51.0	203.3
Accumulated other comprehensive income	(88.8)	(181.2)
Retained earnings (deficit)	8.4	(86.9)
	819.2	754.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,830.8	$ 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)	Nine Months Ended September 30, 1998	1997
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 281.6	$ 197.9
Adjustments to reconcile net income to net cash from (used in) operating activities:		
(Gain) on disposal of discontinued operations	(102.7)	(248.2)
(Gain) on divestiture of businesses	(329.4)	-
Deferred tax provision	144.9	189.9
Depreciation and amortization	64.4	70.7
Unrealized (gain) on interest rate swap	(1.1)	(3.4)
Business realignment	22.5	-
Net change in assets and liabilities:		
Trade receivables	30.5	(5.3)
Inventories	20.1	(3.1)
Trade payables	(35.1)	(20.8)
Income taxes	(30.2)	(87.6)
Other assets	85.4	(7.5)
Other liabilities	(74.3)	(132.1)
Discontinued operations working capital	3.0	(0.2)
	79.6	(49.7)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(66.4)	(125.1)
Proceeds from the divestiture of businesses	1,063.2	419.1
Proceeds from the sale of fixed assets	15.8	16.2
Purchase of business	(14.4)	(5.3)
	998.2	304.9
CASH FLOWS (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings	10.5	22.5
Borrowings of long-term debt	-	362.4
Repayment of long-term debt	(236.0)	(643.4)
Distribution to affiliates	(272.2)	-
Interest received from parent	47.4	38.1
Common stock dividends paid	(47.4)	(38.1)
Preferred stock dividends paid	(55.3)	(55.3)
	(553.0)	(313.8)

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

(In millions)	Nine Months Ended September 30, 1998	1997
Increase (decrease) in cash and equivalents	$ 524.8	$ (58.6)
Cash and equivalents at beginning of period	198.6	160.2
Cash and equivalents at end of period	$ 723.4	$ 101.6
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 32.9	$ 65.6
Taxes	76.5	40.5
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	34.5	18.1
Affiliate's share of income	131.0	
Additional proceeds on Foods sale	-	20.0
Reclassification of minimum pension liability adjustment to prepaid pension cost	-	97.7

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							281.6	281.6
Cash dividends-preferred							(55.3)	(55.3)
Cash dividends-common stock			(47.0)					(47.0)
Translation adjustments and other						92.4		92.4
Interest accrued on notes from parent			23.1	9.0				32.1
Cancel option on Decorative Products			(29.4)	28.5				(0.9)
Capital contribution from parent			34.5					34.5
Affiliate's interest in subsidiary			11.1		(152.3)		(131.0)	(272.2)
Balance, September 30, 1998	$ 614.4	$ 2.0	$ 658.8	$ (426.6)	$ 51.0	$ (88.8)	$ 8.4	$ 819.2

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 BW Holdings, LLC ("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 - Management of the Company exercises significant control over and has provided financing to Wise and Foods. Becuase of this continuing financial interest, 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 September 30, 1998, the Company's net investment in Wise was $5.6. The December 31, 1997, net investment totaled $6.5 for Wise and $65.5 for Foods. For the nine months ended September 30, 1998, the Company recorded losses on the continuing investment totaling $1.1. 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.

RECENTLY ISSUED ACCOUNTING STATEMENTS - Recently, the Financial Accounting Standards Board has issued Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information," Financial Accounting Standard No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," and Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is currently considering the impact of these pronouncements.

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

3. BUSINESS REALIGNMENT, ACQUISITIONS AND DIVESTITURES

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 were $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 September 30, 1998, is approximately $124.3 of divestiture reserves related to the sales of Foods Unaligned businesses. Of this amount, approximately $26.0 relates to non-cash charges associated with assets to be sold. In the third quarter of 1998, the Combined Companies recorded gains of $18.6 ($11.2 after tax) related to a change in estimate to settle certain outstanding liabilities related to the sales of Foods Unaligned businesses.

In the third quarter of 1998, the Combined Companies recorded a $23.1 charge related to consolidation of the pasta business, including a $6.1 charge recorded in cost of goods sold related to an adjustment of an inventory purchase commitment to fair market value.

4. AFFILIATE'S SHARE OF INCOME

In association with the divestiture of the Signature Flavor businesses, 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. In the third quarter of 1998, the Company recorded an additional gain of $12.0 ($5.3 after tax) related to the final settlement of the sale price.

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 1996 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 included in the statement of operations for Decorative Products and Dairy discontinued operations follow:

	THREE MONTHS ENDED SEPTEMBER 30,	
	1998	1997
Net sales	$ -	$ 215.6
Income before income taxes	-	10.4
Income tax expense	-	3.5
Income from discontinued operations	-	6.9

	NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997
Net sales	$ 73.2	$ 827.0
Income before income taxes	3.5	44.1
Income tax expense	1.2	17.6
Income from discontinued operations	2.3	26.5

6. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
	1998	1997	1998	1997
Net income	$ 17.0	$ 172.9	$ 16.4	$ 171.7
Foreign currency translation adjustments	0.1	(5.1)	(2.2)	(18.1)
Comprehensive income	$ 17.1	$ 167.8	$ 14.2	$ 153.6

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
	1998	1997	1998	1997
Net income	$ 65.6	$ 200.3	$ 281.6	$ 197.9
Foreign currency translation adjustments	(5.5)	(14.1)	92.4	(46.1)
Less: Reclassification adjustments	-	-	(108.4)	-
Comprehensive income	$ 60.1	$ 186.2	$ 265.6	$ 151.8

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. The amount due from Foods at September 30, 1998, was $3.9.

In addition, Foods and BWHLLC, an affiliate of the Company's parent, invested cash not used in operations with the Company. At September 30, 1998, Foods had $295.7 invested with the Company and BWHLLC had $135.0 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.

The Company provides infrastructure management services to Foods and Wise. Fees received for these services are offset against the Company's general and administrative expenses. The fees from Foods and Wise offsetting the Company's general and administrative expenses for the three months ended September 30, 1998 and September 30, 1997 approximated $4.1 and $5.7, respectively. The amount of revenue from Foods and Wise offsetting the Company's general and administrative expenses for the nine months ended September 30, 1998 and September 30, 1997 approximated $12.3 and $17.2, respectively.

8. COMMITMENTS AND CONTINGENCIES

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

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are routinely reviewed on an interim basis as events and developments warrant and are subjected to a comprehensive review annually during the fiscal fourth quarter. The Company and the Combined Companies have each accrued approximately $19.0 and $23.0 at September 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 and Combined Companies believe that it is reasonably possible that costs associated with such liabilities may exceed current reserves by amounts that may prove insignificant, or by amounts, in the aggregate, of up to approximately $12.0.

LEGAL MATTERS - The Company and Combined Companies have recorded liabilities of $20.2 and $34.8, respectively, at September 30, 1998, for legal costs that management believes are probable and reasonably estimable. These liabilities at December 31, 1997, totaled $21.0 on a consolidated basis and $35.8 on a combined basis. Actual costs are not expected to exceed these amounts. In addition, the Company and Combined Companies may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership facilities, which were previously owned by the Company. The Company and Combined Companies believe, based upon the information management currently possesses, and taking into account established reserves for estimated liability and insurance coverage, that the ultimate outcome of the foregoing proceedings and actions is unlikely to have a material adverse effect on the Company's or Combined Companies' 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
NET SALES	1998	1997	1998	1997
Chemical	$ 306.3	$ 318.6	$ 949.7	$ 965.0
Consumer Products and Services	29.3	27.0	84.6	75.9
Businesses Held for Sale	--	25.9	36.8	79.4
CONSOLIDATED NET SALES	$ 335.6	$ 371.5	$ 1,071.1	$ 1,120.3
Foods ongoing	133.9	149.0	410.4	528.5
Foods Unaligned	11.1	253.8	110.1	727.9
Total Foods	145.0	402.8	520.5	1,256.4
Wise	55.6	61.3	170.7	180.6
COMBINED NET SALES	$ 536.2	$ 835.6	$ 1,762.3	$ 2,557.3
OPERATING INCOME				
Chemical	$ 37.8	$ 30.2	$ 113.0	$ 95.2
Consumer Products and Services	1.3	0.5	5.4	4.3
Corporate	(3.8)	(1.8)	(15.9)	(20.7)
Subtotal	35.3	28.9	102.5	78.8
Businesses Held for Sale	--	0.8	(1.4)	2.8
CONSOLIDATED OPERATING INCOME	$ 35.3	$ 29.7	$ 101.1	$ 81.6
Foods ongoing	(22.5)	(9.3)	(42.1)	(34.0)
Gain on sale	18.6	--	321.1	--
Foods Unaligned	(1.6)	28.3	(1.8)	56.9
Total Foods	(5.5)	19.0	277.2	22.9
Wise	0.6	2.5	(1.5)	0.8
Combining adjustments	--	--	(0.8)	--
COMBINED OPERATING INCOME	$ 30.4	$ 51.2	$ 376.0	$ 105.3

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

Consolidated Summary

Consolidated net sales declined $35.9 million or 10% from 1997 to $335.6 million. The majority of this decline was caused by the sale of the Company's commercial and industrial wallcoverings business (formerly classified as "Businesses Held for Sale") in April 1998. Lower Chemical sales, caused by the negative impact of foreign exchange rates in Asia and Latin America, also contributed to the decline.

Consolidated operating income increased $5.6 million or 19% from 1997 to $35.3 million. This improvement reflects income from recently acquired Chemical businesses, as well as slightly higher margins in the forest products business, partially offset by lower contributions from Chemical businesses in Latin America and Asia.

Combined Summary

Combined sales declined $299.4 million or 36%, primarily reflecting the sale of Foods Unaligned businesses in 1998 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 declined $20.8 million or 41%, due mainly to the absence of $29.9 million of income from divested businesses and charges of $23.1 million taken in the third quarter for capacity reduction in the pasta businesses, partially offset by improvements in the ongoing Foods businesses, a gain of $18.6 million related to a change in estimate to settle certain outstanding liabilities related to the sales of Foods Unaligned businesses and the $5.6 million improvement described for the Consolidated Company.

Chemical

Chemical sales declined $12.3 million or 4% from 1997. This decrease reflects the approximate $12.0 million negative impact of currency exchange rates in Canada, Latin America and, most significantly, Asia Pacific, with lower pricing and European and Latin America sales declines offset by incremental sales from the new melamine and derivatives product line acquired within the last year.

The unfavorable impact of lower pricing compared to 1997 was approximately $15 million and reflects highly competitive market conditions and contractual arrangements with customers that provide for the pass-through of significantly lower raw material costs, primarily for methanol, phenol and urea.

A modest overall increase in volume, consisting primarily of improvement in North America that was partially offset by a substantial decline in Latin America, had a positive impact on sales of approximately $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 provided incremental sales of approximately $17 million in third quarter 1998 in response to strong pricing and market demand. Management expects these favorable conditions to continue throughout the remainder of 1998.

The closure of a European operation and the sale of the Latin America plastic films business accounted for most of the remaining sales decline from 1997.

Operating income increased $7.6 million or 25% from 1997. This improvement is due primarily to the melamine and derivatives businesses purchased in late 1997. Improved margins in North America, due to lower raw materials costs in the forest products business, also contributed to increased operating income. Operating income in Latin America declined significantly from the prior year due to poor economic conditions in the region that have resulted in receivable write-offs and increased inventory carrying costs due to slow sales.

Consumer Products and Services

Consumer Products and Services sales increased $2.3 million or 9% from 1997 to $29.3 million. The increase was the result of infrastructure management services revenues from businesses outside the Combined Companies, as well as slightly higher seasonal sales in the consumer adhesives business. Operating income increased $0.8 million to $1.3 million. The increase was the result of improved sales of higher margin products in the consumer adhesives business, partially offset by administrative costs in the infrastructure management services business.

Corporate

Corporate general and administrative expenses increased by $2.0 million from $1.8 million of expenses in 1997 to $3.8 million in 1998. This increase was due mainly to timing differences in normal business expenses.

Foods

Foods sales from ongoing businesses decreased $15.1 million or 10% from 1997. This decline was the expected result of a reduction in pasta volume due to management's strategic decisions to exit the unprofitable private label business and unprofitable markets, and to eliminate low margin product lines and brands. The impact of these strategic decisions began to affect sales in the last four months of 1997.

Sales for Foods Unaligned businesses fell $242.7 million from 1997, reflecting the sale of most of these businesses in early 1998 and late 1997.

Foods operating results from ongoing operations declined $13.2 million to a loss of $22.5 million. This loss was due primarily to charges of $23.1 million during the third quarter related to consolidation of pasta production, including a $6.1 million charge recorded in cost of goods sold related to an adjustment of an inventory purchase commitment to fair market value . Excluding these nonrecurring expenses, ongoing operating results improved by $9.9 million to income of $0.6 million, primarily driven by lower corporate general and administrative expenses, the favorable net impact of exiting the unprofitable businesses described above, and improved manufacturing and trade promotion costs and efficiencies.

Foods Unaligned businesses' results declined $29.9 million from 1997 due to the sale of most of these businesses in early 1998 and late 1997. In addition, Foods recorded gains of $18.6 million during the third quarter of 1998 related to a change in estimate to settle certain outstanding liabilities related to the sales of Foods Unaligned businesses.

Wise

Wise sales decreased $5.7 million or 9% from 1997 to $55.6 million. This decrease is due primarily to the absence of sales of $4.3 million from a business divested in 1998, augmented by a loss in volume due to competitors' ongoing pricing promotions and new product introductions. Operating income declined $1.9 million from 1997 to $0.6 million. This was primarily the result of reduced gross margins and sales volume declines.

CONSOLIDATED AND COMBINED NINE MONTHS ENDED SEPTEMBER 30, 1998 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1997

Consolidated Summary

Consolidated net sales declined $49.2 million or 4% from 1997 to $1,071.1 million. The majority of this decline was caused by the sale of the Company's commercial and industrial wallcoverings business (formerly classified as "Businesses Held for Sale") in April 1998. Lower Chemical sales also contributed to the decline, caused primarily by the negative impact of foreign exchange rates in Asia and Latin America, and by unfavorable pricing, partially offset by incremental sales from new businesses and other volume improvements.

Consolidated operating income increased $19.5 million or 24% from 1997 to $101.1 million. This improvement reflects income from recently acquired Chemical businesses, as well as slightly higher margins in the forest products business. Management and settlement of assets and liabilities relating to businesses sold in prior years also improved. These improvements were partially offset by lower contributions from Chemical businesses in Latin America and Asia than in 1997.

Combined Summary

Combined sales declined $795.0 million or 31%, reflecting the sale of Foods Unaligned businesses in 1998 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 $270.7 million, due mainly to gains of $321.1 on the sale of certain Foods Unaligned businesses. Excluding this gain, operating results declined $50.4 million, reflecting the absence of $58.7 million of income from divested businesses, charges of $23.1 million taken in the third quarter for capacity reduction in the pasta business offset by improvements in the ongoing Foods business, and the factors described for the Consolidated Company.

Chemical

Chemical sales declined $15.3 million or 2% from 1997. The impact on sales of unfavorable Canada, Latin America and Asia Pacific currency exchange rates was approximately $36 million, with half of the impact coming from Asia Pacific. Excluding this impact, Chemical sales were up over $20 million.

The unfavorable impact of lower pricing compared to 1997 was approximately $30 million and reflects highly competitive market conditions and contractual arrangements with customers that provide for the pass-through of significantly lower raw material costs, primarily for methanol, phenol and urea.

A modest overall increase in volume, consisting primarily of improvement in North America that was partially offset by substantial decline in Latin America, had a positive impact on sales of approximately $9 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 provided incremental sales of approximately $51 million in 1998 in response to strong pricing and market demand. Management expects these favorable conditions to continue throughout the remainder of 1998.

The closure of a European operation and the sale of the Latin America plastic films business accounted for most of the remaining sales decline from 1997.

Operating income increased $17.8 million or 19% from 1997. This improvement is due primarily to the melamine and derivatives businesses purchased within the past year. Improved margins in North America, due primarily to lower raw materials costs in the forest products business, also contributed to increased operating income. Operating income in Latin America declined significantly from the prior year due to poor economic conditions in the region that have resulted in receivable write-offs and increased inventory carrying costs due to slow sales. Also, 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 $8.7 million or 11% from 1997 to $84.6 million. This increase is primarily from improved seasonal sales in the consumer adhesives business and infrastructure management services revenues from businesses outside the Company. Operating income increased $1.1 million or 26% to $5.4 million, reflecting improved sales of higher margin products in the consumer adhesives business, partially offset by higher administrative costs in the infrastructure management services business.

Corporate

Corporate general and administrative expenses improved $4.8 million or 23% from 1997 to a loss of $15.9 million. This improvement was primarily the result of improved 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 $118.1 million or 22% from 1997. This decline was the expected result of a reduction in pasta volume due to management's strategic decisions to exit the unprofitable private label business and unprofitable markets, and to eliminate low margin product lines and brands. The impact of these strategic decisions began to affect sales in the last four months of 1997.

Sales for Foods Unaligned businesses declined $617.8 million, reflecting the sale of most of these businesses in 1998 and late 1997.

Foods operating results from ongoing operations declined $8.1 million to a loss of $42.1 million. This decline was the result of charges of $23.1 million in 1998 related to consolidation of pasta production, including a $6.1 million charge recorded in cost of goods sold related to an adjustment of an inventory purchase commitment to fair market value. Higher raw material costs also affected operating results, but were more than offset by lower general and administrative expenses, the favorable net impact of exiting the unprofitable businesses described above, and improved manufacturing and trade promotion costs and efficiencies.

Foods Unaligned businesses' operating income declined $58.7 million due to the sale of most of these businesses in early 1998 and late 1997. Foods recorded gains of $321.1 million in the first nine months of 1998 on the sale of Unaligned businesses.

Wise

Wise sales decreased $9.9 million or 5% from 1997 to $170.7 million. This decline is due primarily to the absence of sales of $7.3 million from a business divested in 1998, augmented by a loss in volume due to competitors' ongoing pricing promotions and new product introductions. Operating results declined $2.3 million from 1997 to a loss of $1.5 million. This decline was due primarily to the $1.3 million loss on the sale of a business, and lower sales volume.

NON-OPERATING EXPENSES AND INCOME TAXES

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

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Interest expense	$ 15.6	$ 23.4	$ 15.9	$ 20.1
Affiliated interest expense (income), net	5.9	(5.4)	2.1	0.1
Interest income and other	(7.2)	(5.3)	(8.0)	(1.5)
	$ 14.3	$ 12.7	$ 10.0	$ 18.7

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

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Interest expense	$ 47.8	$ 71.2	$ 48.7	$ 68.5
Affiliated interest expense (income), net	16.1	(17.0)	3.3	0.2
Interest income and other	(20.6)	(5.2)	(23.7)	(8.8)
	$ 43.3	$ 49.0	$ 28.3	$ 59.9

The favorable fluctuations in non-affiliated interest expense for the Company and the Combined Companies, for both the three months and nine months ended September 30, 1998, are primarily 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 September 30, 1998, increased by $1.6 million. The decrease in non-affiliated interest expense was offset by a $11.3 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 nine months ended September 30, 1998, decreased $5.7 million to $43.3 million. In addition to the decrease in non-affiliated interest expense, the Company received $15.4 million more interest income, primarily from the investment of proceeds from the sale of certain Foods Unaligned businesses in short term investments. This improvement was partially offset by a $33.1 million decrease in net affiliated interest income, due primarily to Foods' repayment of debt to the Company using proceeds from the sale of its Unaligned businesses, and interest expense on amounts loaned by Foods and BWHLLC, an affiliate of the Company's parent.

Combined non-operating expense for the three months ended September 30, 1998, improved $8.7 million to $10.0 million. This change reflects the decrease in non-affiliated interest expense, augmented by a $6.5 million increase in interest income from the investment of proceeds from the sale of certain Foods Unaligned businesses in short term investments. The increase in affiliated interest expense is due to amounts loaned by BWHLLC, an affiliate of the Company's parent.

Combined non-operating expense for the nine months ended September 30, 1998, improved $31.6 million to $28.3 million. This change reflects the decrease in non-affiliated interest expense, augmented by an $14.9 million increase in interest income, primarily from the investment of proceeds from the sale of certain Foods Unaligned businesses in short term investments. The increase in affiliate interest expense is due to amounts loaned by BWHLLC, an affiliate of the Company's parent.

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

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Income tax expense	9.3	5.4	9.3	22.1
Effective tax rate	44%	32%	46%	68%

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1998	1997	1998	1997
Income tax expense	25.8	13.2	99.7	28.4
Effective tax rate	45%	40%	29%	63%

The 1998 consolidated effective income tax rate reflects the effect of non-deductible international charges for the closure of a European operation. The combined effective tax rate for the three months ended September 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 Foods Unaligned business divestitures led to a lower effective tax rate for the Combined Companies for the nine months ended September 30, 1998, as a portion of the gain is not subject to corporate tax. The unusually high tax rate in 1997 for the Combined Companies is attributable to the finalization of the Foods purchase price leading to a $30.0 million adjustment in the tax basis of certain intangible assets.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

For the nine months ended September 30, 1998, operating cash flows generated by the Company and the Combined Companies were $25.0 million and $79.6 million compared to cash used by the Company and the Combined Companies of $47.4 million and $49.7 million during the first nine months of 1997. The Company's $72.4 million increase is attributable to incremental cash inflows of $19.5 million from Chemical businesses purchased within the past 12 months. Also, the first nine months of 1997 included an outflow of approximately $40.0 million for the settlement of litigation.

The Combined Companies' $129.3 million improvement in cash flows is attributable to the factors noted above and primarily an improvement in cash flow relating to Foods accounts receivable and inventories. The improved Foods inventory and receivable flows occurred prior to and in anticipation of the divestiture of certain businesses.

Investing Activities

Consolidated investing activities generated $347.6 million cash in the first nine months of 1998 compared to $332.4 million in the first nine months of 1997, due primarily to divestiture activity. 1998 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. 1997 proceeds from divestitures included $405.2 million from the sale of the Company's Dairy business. For 1998, investing activity also reflects $65.3 million relating to net repayments of affiliated borrowings by Foods and Wise, partially offset by the acquisition of a resins and compounds business from Sun Coast Industries for $14.4 million.

In addition to the above, the Combined Companies' divestiture activity reflects $725.1 million of proceeds from the sale of Foods Unaligned businesses. The Combined Companies sold certain unaligned product lines for $376.5 million; 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; and a distribution business in Puerto Rico for proceeds of $8.8 million. In the third quarter of 1998, Foods received proceeds of $4.1 million related to its sales of Ireland and Puerto Rico businesses. The $65.3 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 $58.0 million and $58.7 million, respectively. This is mainly a result of reduced Chemical capital expenditures of $33.7 million due to reduced plant additions and improvements and reduced capitalized system implementation costs, the divested Dairy business in the third quarter of 1997, and the Decorative Products business in March 1998.

Financing Activities

Consolidated financing activities generated $144.8 million cash in the first nine months of 1998, compared with the use of $319.3 million in the first nine months of 1997. In 1998, the Company borrowed $426.7 million from Foods related to proceeds from the sale of Foods Unaligned businesses. The inflow was partially offset by repayment of the $235.3 million outstanding balance on the revolving line of credit, and payment of preferred dividends. The use of cash in 1997 related to the net repayment of long-term debt using proceeds from the sale of businesses.

Combined financing activities represent the above with the exception of the affiliated borrowings with Foods, which are eliminated. Also, the Combined financing activities include a $272.2 million distribution from Foods 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 Foods Unaligned 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.

YEAR 2000 UPDATE

Overview

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. If not addressed, the Year 2000 issue could have a material adverse impact on the business operations and financial results of the Company and Combined Companies.

To address this issue, the Company's and Combined Companies' Year 2000 Program is a risk-based plan divided into three phases that are being executed by both internal and external resources. These phases are: Phase I - an inventory of all systems, assigning a business priority for each system and performing a preliminary assessment of Year 2000 susceptibility; Phase II - completion of a detailed Year 2000 susceptibility analysis and development of remediation plans and contingency plans; and Phase III - implementation of the remediation and, if necessary, contingency plan(s) and completing final system testing.

The Year 2000 efforts are divided into three areas that include, (1) systems being replaced by new enterprise-wide system implementations; (2) systems that will not be replaced by the new enterprise-wide system implementations, including non-information technology systems such as plant process controls; and (3) external suppliers and customers. A discussion of each area of activity relative to the three phased approaches follows.

Enterprise-Wide Systems

The comprehensive new enterprise-wide system implementations being implemented by each of the Company's businesses and the Combined Companies will replace most business and accounting systems. The enterprise-wide system versions are warranted by the vendors to be Year 2000 compliant and include SAP, PeopleSoft and J.D. Edwards. Due to the relative complexity and importance of the existing business and accounting systems to ongoing operations, the new enterprise-wide system implementations will address the significant majority of the Company's and Combined Companies' internal Year 2000 risk. Implementations of these various new systems are underway with Phase I and II complete except for the development of certain contingency plans. Phase III has begun and is expected to be completed by June 30, 1999.

Other Systems

For the systems not to be replaced by enterprise-wide implementations, Phase I is complete, Phase II is substantially complete, and Phase III remediation has begun. The Company and Combined Companies plan to substantially complete in 1998 the remediation of systems not to be replaced by new enterprise-wide systems. System remediation not completed in 1998 and all system testing activities are planned to be completed by June 30, 1999.

Suppliers and Customers

The Company and Combined Companies are in Phase I of the plan to assess and address the risks related to third party suppliers and customers. As a result of initial inquiries, supplier and customer responses have been received. These responses will be evaluated and appropriate procedures will be performed to determine the extent to which the Company and Combined Companies may be vulnerable to the failure of third parties to resolve their own Year 2000 issues. Efforts related to suppliers and customers, including development of contingency plans where appropriate, are targeted for completion by June 30, 1999. 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 business operations and results.

Costs

Significant investments in enterprise-wide information systems have been made since 1996 that will total approximately $72 million for the Company and $112 million for the Combined Companies by the year 2000. The cost to make the remaining systems Year 2000 compliant is estimated to be $8 million for the Company and $20 million for the Combined Companies. As of September 30, 1998, the Company and Combined Companies had incurred costs of approximately $60 million and $64 million, respectively, for enterprise-wide systems and approximately $2 million and $4 million, respectively, for other systems and efforts.

Risks

Due to the general uncertainty inherent in the Year 2000 problem, including the uncertainty associated with suppliers and customers, the potential effect on the financial results and condition of the Company and Combined Companies has not been measured. The Company and Combined Companies intend the Year 2000 Program to be completed on a timely basis so as to significantly reduce the level of uncertainty and the impact on business operations and financial results. Contingency plans have been and will continue to be developed and implemented to mitigate Year 2000 risks and the effect of Year 2000 issues. To date, these contingency plans generally include remediation of legacy systems in the event the enterprise-wide implementations are delayed. To date, several of these plans are now being implemented to reduce the risk of potential delays in enterprise-wide system implementations.

Readers are cautioned that Forward-looking statements contained in the Year 2000 Update should be read in conjunction with the disclosure under the heading: "Forward-Looking and Cautionary Statements".

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 result of operations by business unit, 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

(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 third 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 November 12, 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
SEPTEMBER 30, 1998 AND 1997

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Net sales	$ 145,065	$ 402,832	$ 520,585	$ 1,256,456
Cost of goods sold	78,932	240,510	297,689	757,698
Gross margin	66,133	162,322	222,896	498,758
Distribution expense	9,255	23,428	33,002	70,012
Marketing expense	45,495	84,565	155,302	317,805
General & administrative expense	15,461	36,510	47,620	86,364
Gain on divestiture	(18,600)	--	(200,171)	--
Business realignment	11,750	--	17,868	--
Operating income	2,772	17,819	169,275	24,577
Interest expense	422	5,712	2,400	19,121
Interest income	(4,513)	(4,357)	(15,341)	(8,313)
Other (income) expense, net	(650)	2,489	(1,256)	1,819
Income before income tax	7,513	13,975	183,472	11,950
Income tax expense	4,851	7,982	52,801	5,852
Net income	2,662	5,993	130,671	6,098
Affiliate's share of income	(958)	--	(131,027)	--
Net income (loss) applicable to common stock	1,704	5,993	$ (356)	6,098
Comprehensive income (loss) Note 7	$ 3,448	$ (8,183)	$ 127,046	$ (25,888)
Basic and diluted income (loss) per common share	$ 17	$ 60	$ (4)	$ 61
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	September 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 316,867	$ 28,736
Accounts receivable (less allowance for doubtful accounts of $1,453 and $4,821, respectively)	50,710	138,751
Other receivables	3,821	21,526
Inventories:		
Finished and in-process goods	55,519	112,669
Raw materials and supplies	17,285	43,112
Deferred income taxes	42,086	41,290
Other current assets	26,564	50,050
	512,852	436,134
OTHER ASSETS	14,220	14,981
PROPERTY AND EQUIPMENT		
Land	10,189	19,199
Buildings	40,536	64,908
Machinery and equipment	124,147	208,504
	174,872	292,611
Less accumulated depreciation	(28,597)	(50,878)
	146,275	241,733
INTANGIBLES		
Goodwill	48,115	151,264
Trademarks and other intangibles	85,389	155,511
	133,504	306,775
TOTAL ASSETS	$ 806,851	$ 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	September 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 5,788	$ 22,087
Loans due to affiliates	--	27,914
Accounts and drafts payable	55,810	98,718
Income taxes payable	34,113	30,158
Accrued customer allowances	28,454	32,106
Other amounts due affiliates	12,399	6,020
Other current liabilities	191,116	123,706
	327,680	340,709
OTHER LIABILITIES		
Long-term debt payable to Borden, Inc.	--	47,616
Other long-term debt	4,626	5,438
Deferred income taxes	37,474	25,821
Non-pension postemployment benefit obligations	8,681	9,279
Other long-term liabilities	16,402	20,894
	67,183	109,048
Commitments and Contingencies Note 10		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares	--	--
Shareholder's investment in affiliate	50,971	203,297
Paid in capital	384,868	366,439
Accumulated other comprehensive income	(12,646)	(9,021)
Retained deficit	(11,205)	(10,849)
	411,988	549,866
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 806,851	$ 999,623

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)	Nine Months Ended September 30, 1998	1997
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net income	$ 130,671	$ 6,098
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred tax provision	10,045	15,903
Depreciation and amortization	13,061	36,970
Gain on divestiture of businesses	(200,171)	--
Net change in assets and liabilities:		
Trade receivables	49,723	13,382
Other receivables	14,868	151
Inventories	20,049	(7,311)
Trade payables	(19,297)	(29,268)
Accrued customer allowances	(3,652)	(21,884)
Income taxes	(19,987)	(7,412)
Other amounts due to/from affiliates	(894)	(1,348)
Other current assets and liabilities	(62,185)	3,877
Long-term assets and liabilities	(3,061)	(8,501)
Other, net	3,451	(35,685)
	(67,379)	(35,028)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(20,722)	(24,356)
Proceeds from the divestiture of businesses	725,226	--
Proceeds from the sale of fixed assets	15,852	11,089
	720,356	(13,267)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
(Decrease) increase short-term debt	(16,299)	4,565
(Decrease) increase in loans due to/from affiliates	(27,914)	19,713
Unitholder distributions paid	(272,205)	--
Repayment of long-term debt to Borden, Inc.	(47,616)	--
(Decrease) increase in other long-term debt	(812)	399
	(364,846)	24,677
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	288,131	(23,618)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	28,736	33,234
CASH AND EQUIVALENTS AT END OF PERIOD	$ 316,867	$ 9,616

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

BORDEN FOODS HOLDINGS CORPORATION

($ in thousands)	Nine Months Ended September 30, 1998	1997
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 2,590	$ 26,296
Taxes	62,743	7,245
NON-CASH ACTIVITY:		
Minority interest (Note 6)	(131,027)	
Affiliate's share of income (Note 6)	131,027	
Capital contribution by Parent		20,000
Additional proceeds from Foods sale		(20,000)

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 5 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 nine months ended September 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.

RECENTLY ISSUED ACCOUNTING STATEMENTS - Recently, the Financial Accounting Standards Board issued Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information," Financial Accounting Standard No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits," and Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities." BFC is currently considering the impact of these pronouncements.

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 business. The sale generated proceeds of $376,500 and an after tax gain of $166,565, of which $1,380 was recorded in the third quarter relating to a change in estimate to settle certain outstanding liabilities.

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 $339,882 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 $19,542 was recorded in the nine month period ended September 30, 1998, which includes an after tax gain of $9,000 recorded in the third quarter relating to a change in estimate to settle certain outstanding liabilities.

On May 22, 1998 BFC sold its Puerto Rican distributor. The sale generated proceeds of $8,844 and an after tax loss of $1,532, which includes an after tax gain of $600 recorded in the third quarter.

Included in other current liabilities at September 30, 1998 is approximately $135,000 of divestiture reserves. Of this amount, approximately $40,000 relates to non-cash charges associated with assets to be sold.

On September 17, 1998, BFC announced the closing of the Tolleson, Arizona pasta plant due to the consolidation of pasta production into other BFC pasta facilities. The plant is expected to cease production during the fourth quarter. An after tax loss of $9,779 resulting from the plant closure was recorded during the three month period ended September 30, 1998 (including a $6,118 charge, related to an adjustment of an inventory purchase commitment to fair market value, recorded in cost of goods sold). Reserves in the accompanying balance sheet for severance and assets to be sold are $16,300 before tax at September 30, 1998, including non-cash charges of $12,513 for assets to be sold. Additionally, two pasta lines were shut down during the third quarter resulting in a pre tax, non-cash charge of $1,669.

6. AFFILIATE'S SHARE OF INCOME

The LLC was allocated an affiliate's share of income (see accompanying consolidated statement of operations) of $131,027 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 September 30,		Nine months ended September 30,	
	1998	1997	1998	1997
Net income	$2,662	$ 5,993	$ 130,671	$ 6,098
Foreign currency translation adjustments	786	(14,176)	(3,921)	(31,986)
Less: Reclassification adjustments	--	--	296	--
Comprehensive income (loss)	$3,448	$ (8,183)	$ 127,046	$(25,888)

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 $12,399 and $4,746 as of September 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 $7,433 and $7,764 as of September 30, 1998 and December 31, 1997, respectively.

BFC invested cash not used in operations with Borden. BFC's investment balance was $295,651 and $15,043 with Borden as of September 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 $14,399 and $0 as of September 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 $295 and $1,328 for such services for the three month periods ended September 30, 1998 and 1997, respectively, and $2,024 and $4,820 for the nine month periods ended September 30, 1998 and 1997, respectively. The receivable for services, merchandise sales, and other transactions related to the purchase of Foods' assets was $1,642 and $8,768 at September 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 $0 at September 30, 1998 and $27,914 at December 31, 1997 at a weighted average variable rate of 6.7%.

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 September 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 $4,278 for the three months ended September 30, 1998 and 1997, respectively, and $575 and $12,834 for the nine months ended September 30, 1998 and 1997, respectively. Amounts payable for such charges were $37 and $1,274 as of September 30, 1998 and December 31, 1997, respectively.

10. COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS - There were no material developments during the third quarter related to the Helm Tomatoes litigation. A new trial is scheduled to begin during February of 1999. 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 the result of computer programs written using two rather than four digits to define the applicable year. Many of BFC's 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. If not addressed, the Year 2000 issue could have a negative material impact on the business operations and financial results of BFC.

BFC's Year 2000 Program is a risk-based plan divided into three phases that are being executed by both internal and external resources. These phases are: (I) an inventory of all systems, assigning a business priority for each system and performing a preliminary assessment of Year 2000 susceptibility, (II) completion of a detailed Year 2000 susceptibility analysis and development of remediation plans and contingency plans, and (III) implementation of the remediation and, if necessary, contingency plans and completing final system testing.

The Year 2000 efforts are divided into three categories: (1) systems being replaced by new enterprise-wide system implementation, (2) systems that will not be replaced by the new enterprise-wide system implementation, including non-information technology systems such as plant process controls, and (3) external suppliers and customers.

The comprehensive new enterprise-wide system being implemented by BFC will replace most business and accounting systems. The enterprise-wide system versions are warranted by the vendor to be Year 2000 compliant by utilizing a four digit standard, including PeopleSoft, Vista and I2. Due to the relative complexity and importance of the business and accounting systems to ongoing operations, the new enterprise-wide system implementation will address the significant majority of BFC's internal Year 2000 risk. Implementation of the new system is underway and expected to be completed no later than June 30, 1999.

BFC plans to substantially complete the remediation of systems not to be replaced by the enterprise-wide system in 1998. For these systems not to be replaced by the enterprise-wide implementation, Phase I is complete, Phase II is substantially complete, and Phase III has begun. BFC expects to complete system remediation and all system testing activities by June 30, 1999.

The Year 2000 Program also includes procedures to assess the risks related to suppliers and customers. As a result of initial inquiries, supplier and customer responses have been received. These responses will be evaluated and appropriate procedures will be performed to determine the extent to which BFC may be vulnerable to such parties' failure to resolve their own Year 2000 issues. Efforts related to suppliers and customers, including development of contingency plans where appropriate, are targeted for completion by June 30, 1999. 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 business operations and results.

Significant investments in an enterprise-wide information system and Year 2000 program expenses addressing non-compliance across all areas of the company will total approximately $43,200 by the year 2000. This amount consists of $34,000 for the enterprise-wide information system and $9,200 of total Y2K costs and write-offs. Y2K costs and write-offs are comprised of $4,900 for business remediation, $2,600 for other related areas and program management, and $1,800 in write-offs of non-compliant hardware and systems. As of September 30, 1998, BFC has incurred expense and capital of approximately $6,900 for the enterprise-wide system and approximately $1,400 for Year 2000 compliance.

Due to the general uncertainty inherent in the Year 2000 problem, including the uncertainty associated with suppliers and customers, the potential effect on the financial results and condition of BFC has not been measured. BFC intends the Year 2000 Program to be completed on a timely basis so as to significantly reduce the level of uncertainty and the impact on business operations and financial results. Contingency plans have been and will continue to be developed and implemented to mitigate Year 2000 risks and the effect of Year 2000 issues. To date, contingency plans are being implemented to reduce the risk of potential delays in the enterprise-wide system implementation.

[LOGO] WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 1998 AND 1997

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

(Dollars in thousands)	THREE MONTHS ENDED SEPTEMBER 30, 1998	1997
Net sales	$55,478	$ 61,296
Cost of goods sold	34,382	37,279
Gross margin	21,096	24,017
Distribution expense	7,053	7,283
Marketing expense	9,111	8,929
General & administrative expense	4,128	5,250
Operating income	804	2,555
Interest expense	129	222
Other expense(income)	55	(17)
Income before income taxes	620	2,350
Income tax expense	247	910
Net income	$ 373	$ 1,440
Per Share Data		
Basic and diluted income (loss) per common share	$ 5.33	$ 20.57
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)	NINE MONTHS ENDED SEPTEMBER 30, 1998	1997
Net sales	$ 170,630	$ 180,579
Cost of goods sold	106,814	114,275
Gross margin	63,816	66,304
Distribution expense	21,192	20,156
Marketing expense	27,744	30,610
General & administrative expense	15,009	14,481
Operating income(loss)	(129)	1,057
Interest expense	361	725
Other expense (income)	72	(112)
Income(Loss) before income taxes	(562)	444
Income tax expense(benefit)	(213)	150
Net Income(loss)	$ (349)	$ 294
Per Share Data		
Basic and diluted income(loss) per common share	$ (4.99)	$ 4.20
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	SEPTEMBER 30, 1998	DECEMBER 31, 1997
CURRENT ASSETS		
Cash and equivalents	$ 4,947	$ 3,604
Accounts receivable (less allowance for doubtful accounts of $2,123 and $2,498, respectively)	20,040	23,131
Affiliated receivables	219	1,204
Inventories:		
Finished goods	3,088	4,621
Raw materials and supplies	3,739	3,841
Deferred income taxes, net	1,733	2,825
Prepaid and other current assets	4,711	4,509
	38,477	43,735
PROPERTY AND EQUIPMENT		
Land	1,407	1,347
Buildings and improvements	5,144	5,585
Machinery and equipment	43,266	38,592
	49,817	45,524
Less accumulated depreciation	19,429	16,442
	30,388	29,082
INTANGIBLES AND OTHER ASSETS		
Trademarks (net of accumulated amortization of $1,764 and $1,410, respectively)	17,047	17,401
Other assets	823	889
	17,870	18,290
TOTAL ASSETS	$86,735	$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	SEPTEMBER, 30 1998	DECEMBER 31, 1997
CURRENT LIABILITIES		
Debt payable within one year	$ 267	$ 270
Accounts and drafts payable	13,377	12,570
Affiliated payables	1,571	1,467
Accrued liabilities	12,021	15,735
	27,236	30,042
OTHER LIABILITIES		
Long-term debt payable to Borden, Inc.	7,000	7,000
Deferred income taxes, net	1,639	2,522
Non-pension postemployment benefit obligations	9,596	9,960
Affiliated employee benefit obligation	1,893	1,817
Other long-term liabilities	434	371
Minority interest	721	830
	21,283	22,500
Commitments and Contingencies (Note 6)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value 70 shares authorized, issued and outstanding	--	--
Preferred stock - $0.01 par value 30 shares authorized, none issued and outstanding	--	--
Paid in capital	34,980	34,980
Retained earnings	3,236	3,585
	38,216	38,565
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$86,735	$91,107

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	NINE MONTHS ENDED SEPTEMBER 30, 1998	1997
Cash Flows From (Used In) Operating Activities		
Net loss	$ (349)	$ 294
Adjustments to reconcile net loss to net cash from operating activities		
Minority interest's share in income	(6)	9
Depreciation	4,162	4,771
Amortization	354	353
Other non-cash	82	400
Net change in assets and liabilities:		
Accounts receivable	1,596	(1,040)
Affiliated receivables	985	413
Inventories	643	1,028
Prepaid and other current assets	(850)	238
Other assets	1,158	285
Accounts and drafts payable	2,239	(216)
Affiliated payables	104	(295)
Accrued liabilities	(3,638)	2,416
Post-employment benefits other than pensions	(192)	62
Affiliated employee benefit obligation	76	320
Other long-term liabilities	(820)	134
	5,544	9,172
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(6,388)	(3,571)
Acquisition of business	--	(1,037)
Divestiture of business	2,107	--
Proceeds from sales of equipment	83	332
	(4,198)	(4,276)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Short-term borrowings	267	742
Repayment of short-term borrowings	(270)	(175)
Minority interest's equity contribution		40
	(3)	607
INCREASE IN CASH AND EQUIVALENTS	1,343	5,503
Cash and equivalents at beginning of period	3,604	3,027
Cash and equivalents at end of period	$ 4,947	$ 8,530
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Exchange of Accounts Receivable for Assets of Business	$ --	$ 878
Cash paid for interest:	388	922
Cash paid for taxes:	152	--

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 September 30, 1998 and December 31, 1997. These financial statements also include the statements of operations of Wise for the three and nine months ended September 30, 1998 and 1997 and cash flows of Wise for the nine months ended September 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 September 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 September 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 September 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:

	September 30, 1998	December 31, 1997
Compensation	$ 875	$ 2,758
General insurance	5,164	5,627
Advertising and promotion	2,883	3,591
Other	2,589	3,759
Total	$11,511	$ 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 September 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 September 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

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 $1,571 and $1,467 at September 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 September 30, 1998	Quarter ended September 30, 1997	Nine months ended September 30, 1998	Nine months ended September 30, 1997
Employee benefits	$ 447	$ 493	$1,396	$1,526
Group and general insurance	1,161	846	2,945	3,629
Information services	54	56	156	156
Corporate staff departments and overhead	221	646	1,130	1,402
	$1,883	$2,041	$5,627	$6,713

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 $3,700 and $2,350 at September 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 $438 (after tax loss $267).

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JAN-01-1998
SEP-30-1998
507,400
193,600
230,200
10,100
108,000
1,156,400
795,700
322,300
2,086,100
1,101,500
553,500
0
614,400
2,000
(513,200)
2,086,100
1,071,100
1,071,100
771,900
771,900
193,600
0
47,800
57,800
25,800
32,000
33,600
0
0
65,600
.33
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