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, 1995

Commission file number 1-71

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 7, 1995: 198,974,994

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

BORDEN, INC

(In millions, except per share data)		Three Months Ended September 30, 1995	1994
REVENUE	Net sales	$1,474.8	$1,624.5
COSTS AND EXPENSES	Cost of goods sold	1,110.5	1,181.4
	Marketing, general and administrative	360.5	421.3
	Interest expense	30.0	38.0
	Restructuring (reversal)	(6.3)	(40.3)
	Equity in income of affiliates	(1.7)	(4.5)
	Minority interest	1.4	10.2
	Other (income) and expense, net	25.1	86.2
	Income taxes	(21.1)	11.3
		1,498.4	1,703.6
EARNINGS	Loss from continuing operations	(23.6)	(79.1)
	Discontinued operations (net of tax):		
	Reversal of loss from operations	0.4	7.3
	Loss on disposal		(58.7)
	Reversal of disposal reserve	29.7	
	Net income (loss)	6.5	(130.5)
	Preferred stock dividends	(18.4)	
	Net loss applicable to common stock	$ (11.9)	$ (130.5)
SHARE DATA	Loss from continuing operations	$ (0.12)	$ (0.56)
	Discontinued operations:		
	Reversal of loss from operations		0.05
	Loss on disposal		(0.41)
	Reversal of disposal reserve	0.15	
	Preferred stock dividends	(0.09)	
	Net loss per common share	$ (0.06)	$ (0.92)
	Dividends per common share		$ 0.075
	Dividends declared per preferred share	$ 0.75	
	Average number of common shares outstanding during the period	199.0	141.5
	Average number of preferred shares outstanding during the period	24.6	

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

BORDEN, INC

(In millions, except per share data)		Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
REVENUE	Net sales	$ 4,489.1	$ 4,629.7
COSTS AND EXPENSES	Cost of goods sold	3,384.7	3,379.4
	Marketing, general and administrative	1,059.9	1,128.5
	Interest expense	106.6	102.8
	Restructuring (reversal)	(6.3)	(40.3)
	Equity in income of affiliates	(8.3)	(9.4)
	Minority interest	14.8	29.4
	Other (income) and expense, net	93.1	104.9
	Income taxes	(56.9)	12.7
		4,587.6	4,708.0
EARNINGS	Loss from continuing operations	(98.5)	(78.3)
	Discontinued operations (net of tax):		
	Reversal of loss from operations	8.8	23.4
	Loss on disposal		(58.7)
	Reversal of disposal reserve	67.6	
	Net loss	(22.1)	(113.6)
	Preferred stock dividends	(40.5)	
	Net loss applicable to common stock	$ (62.6)	$ (113.6)
SHARE DATA	Loss from continuing operations	$ (0.52)	$ (0.55)
	Discontinued operations:		
	Reversal of loss from operations	0.05	0.16
	Loss on disposal		(0.41)
	Reversal of disposal reserve	0.35	
	Preferred stock dividends	(0.21)	
	Net loss per common share	$ (0.33)	$ (0.80)
	Dividends per common share		$ 0.225
	Dividends declared per preferred share	$ 1.77	
	Average number of common shares outstanding during the period	190.3	141.5
	Average number of preferred shares outstanding during the period	24.6	

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN, INC.

(In millions)		Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
CASH FLOWS USED IN OPERATING ACTIVITIES	Net loss	$ (22.1)	$ (113.6)
	Adjustments to reconcile net loss to net cash from operating activities:		
	Reversal of reserve for loss on disposal of discontinued operations	(98.3)	
	Depreciation and amortization	115.3	125.5
	Unrealized loss on interest rate swap	31.1	
	Loss on sale of investment	22.0	
	Loss on disposal	46.0	94.7
	Write-off deferred costs	14.0	
	Restructuring	(27.5)	(102.6)
	Decrease in receivables sold		(140.0)
	Net change in assets and liabilities:		
	Trade receivables	(9.8)	(108.9)
	Inventories	(40.0)	(56.3)
	Trade payables	(19.8)	51.5
	Current and deferred taxes	(67.2)	(2.8)
	Other assets	12.8	4.2
	Other, net	6.7	147.9
	Discontinued operations	3.3	(88.9)
		(33.5)	(189.3)
CASH FLOWS FROM INVESTING ACTIVITIES	Sale of investment in RJR Holdings	282.1	
	Capital expenditures	(124.3)	(102.0)
	Divestiture of businesses	0.8	191.8
	Purchase of businesses	(7.0)	
		151.6	89.8
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Reduction in short-term debt	(202.4)	(13.6)
	Reduction in long-term debt	(415.7)	(57.1)
	Long-term debt financing	3.3	220.9
	Reduction in minority interest	(471.5)	
	Equity contribution	994.7	
	Dividends paid	(25.0)	(31.8)
	Issuance of stock under stock options and benefits and awards plans	3.3	1.1
		(113.3)	119.5

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

BORDEN, INC.

(In millions)		Nine Months Ended September 30, 1995	1994
	Increase in cash and equivalents	$ 4.8	$ 20.0
	Cash and equivalents at beginning of period	125.3	100.3
	Cash and equivalents at end of period	$ 130.1	$ 120.3
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Interest paid	$ 87.9	$ 109.1
	Income taxes paid (refunded)	46.7	(6.1)

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions)

ASSETS		September 30, 1995	December 31, 1994
CURRENT ASSETS	Cash and equivalents	$ 130.1	$ 125.3
	Accounts receivable (less allowance for doubtful accounts of $16.0 and $13.6, respectively)	650.6	411.8
	Inventories:		
	Finished and in-process goods	377.2	331.0
	Raw materials and supplies	198.1	183.9
	Investment securities		281.1
	Other current assets	159.5	249.8
	Net assets of discontinued operations		40.5
		1,515.5	1,623.4
INVESTMENTS AND OTHER ASSETS	Investments in and advances to affiliated companies	81.1	86.9
	Deferred income taxes	354.8	284.0
	Other assets	128.5	119.0
		564.4	489.9
PROPERTY AND EQUIPMENT	Land	97.2	95.2
	Buildings	595.8	574.2
	Machinery and equipment	2,105.3	1,893.1
		2,798.3	2,562.5
	Less accumulated depreciation	(1,616.5)	(1,455.6)
		1,181.8	1,106.9
INTANGIBLES	Intangibles resulting from business acquisitions	627.7	602.1
		$ 3,889.4	$ 3,822.3

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions, except share data)

		September 30, 1995	December 31, 1994
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES	Debt payable within one year	$ 129.5	$ 331.9
	Accounts and drafts payable	488.1	498.0
	Restructuring reserve	41.7	87.1
	Income taxes	101.2	146.3
	Other current liabilities	532.7	465.9
		1,293.2	1,529.2
OTHER	Long-term debt	1,228.4	1,379.0
	Deferred income taxes	46.6	44.3
	Non-pension postemployment benefit obligations	336.6	348.6
	Other long-term liabilities	106.7	108.7
	Minority interest	33.5	504.6
		1,751.8	2,385.2
SHAREHOLDERS' EQUITY (DEFICIT)	Preferred Stock - Issued 24,574,751 and -0- shares, respectively	614.4	
	Common stock - Issued 198,974,994 and 194,983,374 shares, respectively	2.0	121.9
	Paid in capital	312.7	120.0
	Accumulated translation adjustment	(116.8)	(140.9)
	Minimum pension liability and other	(107.3)	(145.4)
	Retained earnings	139.4	201.8
		844.4	157.4
	Less common stock in treasury (at cost) - 25,124,740 shares at December 31, 1994		(249.5)
		844.4	(92.1)
		$ 3,889.4	$ 3,822.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions except per share amounts and as otherwise indicated)

1. Interim Financial Statements

The accompanying unaudited interim consolidated 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. Capitalization

On March 15, 1995, two investment partnerships affiliated with Kohlberg Kravis Roberts & Co. ("the Shareholders") contributed 111,047,229 shares of RJR Holdings common stock in exchange for equity securities of the Company to be issued in the future. On June 26, 1995, the Company issued 24,574,751 shares of Series A Cumulative Preferred Stock ("Preferred Stock"). Each share has a liquidation preference of $25, and is entitled to cumulative dividends at an annual rate of 12%, payable quarterly in arrears. During the third quarter a dividend of $0.75 per preferred share was declared. This dividend was paid on October 16, 1995. The Company may redeem at its option the Preferred Stock, at any time in whole or from time to time in part after the date that is three years after the issuance date, at a redemption price per share of 107% in the first twelve months following such date, declining ratably in each year to par after the date that is 10 years after the issuance date, together with accrued and unpaid dividends thereon to the date of redemption.

Common stock of the Company at September 30, 1995 consisted of 300,000,000 shares authorized and 198,974,994 shares issued at a par value of $0.01. At December 31, 1994, common stock included 480,000,000 shares authorized and 194,983,374 shares issued at a par value of $0.625.

3. Interest rate swaps

The Company used interest rate swaps in the past to manage its floating interest rate exposure, and at December 31, 1994 the Company had outstanding swaps with an aggregate notional principal amount of $400.0 which hedged variable rate borrowings. Due to repayments of long-term debt these interest rate swaps no longer meet the criteria for hedge accounting. During the first quarter the Company terminated swap agreements with an aggregate notional principal amount of $200.0 at a cost of $6.1. The remaining outstanding interest rate swap agreement has been marked-to-market at September 30, 1995, which resulted in an unrealized loss of $31.1 being recorded for the nine months, and an unrealized gain of $1.5 for the three months ended September 30, 1995.

4. Discontinued Operations

In December 1993 the Company announced a divestiture and restructuring program which included the divestment of several business segments. In April 1995, management decided to retain the remaining salty snacks business and in September 1995, management decided to retain the remaining business in the divestiture plan. As a result, the operating losses of these businesses previously classified as a discontinued operations have been reclassified to continuing operations with an offsetting net of tax credit in income from discontinued operations, which includes losses of $8.8 for the nine months and $0.4 for the three months ended September 1995.

As a result, the reserve for estimated loss on disposal of these businesses has been reversed, resulting in a net of tax income of $67.6 for the nine months and $29.7 for the three months ended September 1995.

Due to management's decision to retain the businesses which were classified as discontinued at December 31, 1993, operating results for the period ending September 30, 1994 have been reclassified into continuing operations, which increased sales by $547.6 and $184.4 for the nine months and three months, respectively and decreased income from continuing operations by $23.4 for the nine months and $7.3 for the three months ended September 30, 1994. The offsetting $23.4 and $7.3 credits in income from discontinued operations include a tax expense of $14.3 and $4.5, respectively.

5. Sale of Accounts Receivable

During 1995 the Company renegotiated certain terms in the credit line agreements under which it sells accounts receivable. Among the terms that changed were those which allowed the Company to sell accounts receivable without recourse. As a result of the change in terms, which now provide for the sale of receivables with recourse, the amount of receivables sold at September 30, 1995 of $250.0 is included in borrowings under the $1.2 billion credit agreement and shown as long-term debt in the consolidated balance sheet at September 30, 1995.

The reclassification of the $250.0 of receivables sold from operating flows to financing flows in 1995 results in offsetting amounts which are not reflected in the Statement of Cash Flows since there is no cash impact.

6. Loss on Disposals

During second quarter 1995 $20.0 was accrued for the estimated loss on disposal of seven dairies operating in the eastern half of the United States. Substantially all of this amount is a non-cash charge relating to the excess of net book value over expected proceeds.

During third quarter 1995 $20.0 was accrued for the estimated loss on disposal of a plant, which is substantially a non-cash charge relating to the excess of net book value over expected proceeds; and an additional $6.0 was accrued for cash charges related to the 1994 divestiture of an international foods business.

These estimated losses include management's best assessment of the amounts expected to be realized on the disposal of these businesses. The amounts the Company will ultimately realize could differ materially in the near term from the amounts assumed in arriving at the loss on disposal.

7. Other (Income) and Expense

Other (income) and expense for the nine months ended September 30, 1995 include the following:

Loss on disposal	46.0
Unrealized loss on interest rate swap	31.1
Loss on sale of investment in RJR Holdings	22.0
Write-off of deferred costs associated with the TMI investment partnership	14.0
General partner incentive	(27.9)
Other	7.9
	93.1

Other (income) and expense for the nine months ended September 30, 1994 include:

Transition fees relating to merger	52.2
Writedown of two partnerships	25.6
Loss on disposal	12.9
Foreign exchange losses	19.5
General partner incentive	(8.8)
Other	3.5

	104.9
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8. Contingencies and Uncertainties

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. In addition, the Company is conducting a number of environmental investigations and remedial actions at current and former Company locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably to the Company. The Company 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 position of the Company. For a further discussion of significant matters occuring during the quarter see Part II, Item 1, Legal Proceedings.

PART I FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS

QUARTER ENDED SEPTEMBER 30, 1995 VERSUS QUARTER ENDED SEPTEMBER 30, 1994

Net sales from continuing operations for the quarter ended September 30, 1995 decreased 9.2% to $1.48 billion from $1.62 billion in 1994. The Company reported a net loss applicable to common stock for the third quarter 1995 of $11.9 million, or $0.06 per share, after the effect of preferred dividends ($0.09 per share), compared to a net loss of $130.5 million, or $0.92 per share, in 1994. The net loss of $11.9 million in 1995 is primarily due to a decline in operating results for the quarter and charges relating to operations of $20.0 million ($12.2 million after tax) discussed below; $6.0 million ($3.7 million after tax) in Corporate charges relating to a 1994 divestiture; and the preferred dividend of $18.4 million paid for the quarter. These charges were partially offset by reduced interest expense of $8.0 million ($4.9 million after tax) resulting from the renegotiation of the credit line during the second quarter, and a decrease of $8.8 million ($5.4 million after tax) in minority interest expense related to TMI Associates, L.P. The 1995 tax benefit results from the expectation of the ability to offset current year expenses and operating losses against future income to reduce taxable income.

The net loss of $130.5 million in 1994 was a result of the $94.7 million ($58.7 million after tax) loss on disposal of discontinued operations, the merger related expenses of $52.2 million ($49.8 million after tax), $25.5 million ($22.6 million after tax) for the write-down of two partnerships, $8.0 million ($5.0 million after tax) of expenses related to idle property, and $28.9 million ($22.0 million after tax) for the charge to operations for the write-off of goodwill which is discussed below. These 1994 charges were partially offset by a credit of $40.3 million ($25.0 million after tax) for the reversal of prior restructuring charges that management determined would not be utilized, of which $23.9 million relates to operations and is discussed below. The 1994 tax provision results from the non-deductibility of certain expenses incurred during the period from taxable income, partially offset by the expectation of the ability to offset operating losses against future taxable income.

The loss from continuing operations for the third quarter of 1995 was $23.6 million versus a loss of $79.1 million in 1994. The credit in income from discontinued operations of $0.4 million in 1995 and $7.3 million in 1994 reflects the reclassification to continuing operations of the net operating losses related to the businesses previously classified as discontinued.

Sales for Consumer Packaged Products (CPP) decreased 16.2% for the quarter to $656.3 million from $783.4 million in 1994, primarily as a result of 1994 divestitures. Substantially all International Foods continuing operations reported increased sales versus 1994. Sales for Niche Grocery products were down significantly from 1994 due to a change in sales strategy which is expected to shift a significant portion of seasonal sales from third to fourth quarter. North American Pasta Products reported mixed results, with the decline in pasta sales being partially offset by higher volumes in pasta sauces. Sales for the cheese, glue and salty snacks businesses declined slightly versus 1994.

Operating results for CPP declined to a loss of $14.1 million for the quarter compared to operating income of $25.0 million in 1994 due to overall decreases in most businesses, as well as the $12.5 million of income recorded in September 1994 as a result of the reversal of unused restructuring reserves. Overall, results for International Foods businesses decreased, most notably for the whole milk powder group, which was affected by increasing raw material costs, strong competition and unfavorable foreign currency swings, especially in the far east. Niche Grocery results declined significantly, primarily due to the change in sales strategy discussed above, as well as trade spending and customer deduction issues and other unfavorable costs. Pasta results declined significantly from prior year due to lower volumes, higher commodity costs, and increased provisions for trade spending. Increased pasta sauce profits from higher volumes were offset by higher consumer support programs to defend against new competitors in the premium sauce category. Operating results for cheese were comparable to prior year excluding the charge in third quarter 1994 to writeoff goodwill. Results for glue and salty snacks were down slightly compared to prior year.

Sales for Dairy decreased 16.5% for the quarter to $267.6 million from $320.3 million in 1994, primarily due to closure of several plants in late 1994 and 1995 as well as volume declines in fluid milk and other products.

Dairy's operating results for the quarter improved to income of $1.2 million from a loss of $15.7 million for 1994 due to reduced administrative and distribution costs which were offset by lower volume, as well as a $6.3 million reversal of unused restructuring reserves in September 1995. A significant portion of this cost savings relates to reduced depreciation and amortization expense as a result of the impairment loss recorded in December 1994.

Sales for Packaging and Industrial Products (PIP) increased 5.8% for the quarter to $550.9 million from $520.8 million in 1994, due to increases in substantially all of the businesses. Sales of decorative products increased due to the startup of a new mass merchandise account and improved export sales. Sales of packaging products improved primarily due to price increases resulting from efforts to recover higher raw material costs. Results for the adhesives and resins group continue to exceed 1994 results.

Operating income for PIP decreased 62.2% to $21.9 million from $57.8 million in 1994, primarily due to a charge of $20.0 million relating to anticipated losses on the disposal of a plant, as well as the $13.6 million of income recorded in September 1994 as a result of the reversal of unused restructuring reserves. Operating results for decorative products are down versus 1994 due to expenses related to the startup of a new mass merchandise account and to a decline in industrial and commercial products. Operating results for packaging products were flat compared to 1994. Operating results for the adhesives and resins group increased over 1994, which is a continuation of the strong performance demonstrated in earlier quarters.

NINE MONTHS ENDED SEPTEMBER 30, 1995 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1994

Net sales from continuing operations for the nine months ended September 30, 1995 decreased 3.0% to $4.49 billion versus $4.63 billion in 1994. The Company reported a net loss applicable to common stock for the first nine months of 1995 of $62.6 million, or $0.33 per share after the effect of preferred dividends ($0.21 per share), compared to a net loss of $113.6 million, or $0.80 per share in 1994. The net loss of $62.6 million in 1995 is primarily due to the net pretax charges of $136.8 million ($87.2 million after tax) discussed in the Company's June 30, 1995 Form 10Q, as well as the charges which occurred in the third quarter of 1995 and are discussed with the results for the quarter. The 1995 tax benefit results from the expectation of the ability to offset current year expenses and operating losses against future taxable income. The net loss of $113.6 million for 1994 is primarily a result of the charges which occurred in the third quarter of 1994, and are discussed with the results for the quarter. The 1994 tax provision results from the non-deductibility of certain expenses incurred during the period from taxable income, partially offset by the expectation of the ability to offset operating losses against future taxable income.

The loss from continuing operations for the first nine months of 1995 was $98.5 million compared to a net loss of $78.3 million in 1994. Credits in income from discontinued operations of $8.8 million in 1995 and $23.4 million in 1994 reflect the reclassification of the net operating losses related to the businesses previously classified as discontinued.

Year to date sales for Consumer Packaged Products decreased 12.9% to $1.92 billion from $2.20 billion in 1994 primarily as a result of 1994 divestitures. Substantially all International Foods continuing operations reported increased sales versus 1994. Sales for Niche Grocery products were down significantly from 1994 primarily due to the reasons discussed for the quarter. North American Pasta Products reported mixed results, with the decline in pasta sales being partially offset by volume increases in pasta sauces. Sales for the cheese, glue and continuing salty snacks businesses improved slightly versus 1994. Year to date operating income for CPP of $2.3 million decreased 97.3% from 1994 income of $85.4 million. International Foods, Niche Grocery and North American Pasta all reported declines in year-to-date operating results due to the reasons discussed for the quarter. Operating results for cheese were favorable to prior year, excluding the charge in third quarter 1994 to write-off goodwill, due to higher volume and reduced manufacturing costs. Results for glue and salty snacks were down slightly compared to prior year.

Year to date sales for Dairy decreased 11.4% to $843.4 million from $952.0 million in 1994 as a result of the closure of several plants in late 1994, as well as volume declines in fluid milk and ice cream. Year to date operating results for Dairy improved 63.9% to a loss of $16.2 million from a loss of $44.9 million in 1994, due to improvements in controlling distribution and administrative costs, lower raw milk costs, and a $6.3 million reversal of unused restructuring reserves, partially offset by the $20.0 million charge for plant closings recorded in the second quarter of 1995. A significant portion of this cost savings relates to reduced depreciation and amortization expense as a result of the impairment loss recorded in December 1994.

Year to date sales for Packaging and Industrial Products increased 17.2% to $1.73 billion from $1.47 billion in 1994, due to increases in substantially all of the businesses. Year to date operating income increased 15.2% to $147.3 million from $127.9 million in 1994, primarily due to strong operating results in worldwide resins and income from the Borden Chemicals and Plastics Limited Partnership, partially offset by the $20.0 million accrual for loss on disposal of a plant and weak sales of decorative products.

REORGANIZATION PLAN

The Company is in the process of reorganizing its operating units into subsidiary form and expects the process to be completed in 1996.

LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities during the first nine months of 1995 was $33.5 million compared to $189.3 million for the first nine months of 1994. The decrease in cash flows used in operations is primarily a result of a reduction in the amount of receivables sold during 1994 of $140 million.

Cash expenditures for new facilities and improvements to existing facilities were $124.3 million in 1995 compared to $102.0 million in 1994.

Cash provided by the divestiture of businesses was $0.8 million in 1995 and $191.8 million in 1994. The 1995 proceeds include the sale of a dairy operation and 1994 divestitures consisted of the sales of the seafood, foodservice, jams and jellies, mashed potatoes, model kits, hobby paints, and various snack businesses.

Investing and financing flows reflect the capital contribution by the Shareholders of $994.7 million, the sale of the $282.1 million investment in RJR Holdings stock, and the resulting reduction of short and long-term debt by $618.1 million and of minority interest by $471.5 million. The Company currently obtains financing through a $1.2 billion credit facility, of which $850.1 million is currently available.

PART II

Item 1: LEGAL PROCEEDINGS

Other Legal Proceedings

A former shareholder sued the Company in Federal District Court in the Southern District of Florida (8/95) claiming violations of Securities laws by failing to timely announce the proposed acquisition of the Company by affiliates of Kohlberg Kravis Roberts & Co.

The Company was sued on November 1, 1995 in the United States District Court for the Southern District of New York by The Quaker Oats Company and one of its subsidiaries ("Quaker") in connection with the 1994 sale to Quaker of the Company's Brazilian pasta business for approximately $100 million. In this lawsuit, Quaker has alleged among other things, that the Company made misrepresentations and omissions to Quaker related to the amount of egg used as an ingredient by the Brazilian pasta business. Quaker has claimed that the Company's alleged actions and omissions constituted securities fraud, common law fraud, negligent misrepresentation and a breach of contract. Quaker is seeking rescission of its purchase as well as compensatory and punitive damages.

The Company intends to vigorously contest these matters.

There have been no material developments in the additional ongoing legal proceedings that are discussed in the Company's Forms 10-Q for the periods ended March 31, 1995 and June 30, 1995.

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

Item 6: EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

(10) Consulting Agreement dated August 21, 1995.

(27) Financial Data Schedule

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 13, 1995

By /s/ William H. Carter

William H. Carter
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer and
duly authorized signing officer)

EXHIBIT 10

August 21, 1995

Borden, Inc.
180 East Broad Street
Columbus, Ohio 43215

Dear Sirs:

This letter serves to confirm our retention by Borden, Inc. (the "Company") to provide management, consulting and financial services to the Company and to its divisions, subsidiaries and affiliates (collectively, "Borden"), as follows:

1. The Company has retained us, and we hereby agree to accept such retention, to provide to Borden, when and if called upon, certain management, consulting and financial services of the type customarily performed by us. The Company agrees to pay us an annual fee of ten million dollars ($10,000,000.00), payable in quarterly installments in arrears at the end of each calendar quarter.

2. We may also invoice the Company for additional fees in connection with acquisition or divestiture transactions or in the event that we, or any of our affiliates, perform services for Borden above and beyond those called for by this agreement.

3. In addition to any fees that may be payable to us under this agreement, the Company also agrees to reimburse us and our affiliates, from time to time upon request, for all reasonable out-of-pocket expenses incurred, including unreimbursed expenses incurred to the date hereof, in connection with this retention, including travel expenses and expenses of our counsel.

4. The Company agrees to indemnify and hold us, our affiliates and their and our respective partners, executives, officers, directors, employees, agents and controlling persons (each such person,

including us, being an "Indemnified Party") harmless from and against any and all losses, claims, damages and liabilities (including, without limitation, losses, claims, damages and liabilities arising from or in connection with legal actions brought by or on behalf of the holders or future holders of the outstanding securities of Borden or creditors or future creditors of Borden), joint, several or otherwise, to which such Indemnified Party may become subject under any applicable federal or state law, or otherwise, related to or arising out of any activity contemplated by this agreement or our retention pursuant to, and our or our affiliates' performance of the services contemplated by, this agreement and will reimburse any Indemnified Party for all expenses (including counsel fees and disbursements) upon request as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by the Company and/or Borden; PROVIDED, HOWEVER, that you will not be liable under the foregoing indemnification provision (and amounts previously paid that are determined not required to be paid by the Company pursuant to the terms of this Paragraph shall be repaid promptly) to the extent that any loss, claim, damage, liability or expense is found in a final judgment by a court to have resulted from our willful misconduct, bad faith or gross negligence. You also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to Borden related to or arising out of our retention pursuant to, or our affiliates' performance of the services contemplated by, this agreement except to the extent that any loss, claim, damage, liability or expense is found in a final, non-appealable judgment by a court to have resulted from our willful misconduct, bad faith or gross negligence.

You also agree that, without our prior written consent, you will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding to which an Indemnified Party is an actual or potential party and in respect of which indemnification could be sought under the indemnification provision in the immediately preceding paragraph, unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding.

Promptly after receipt by an Indemnified Party of notice of any suit, action, proceeding or investigation with respect to which an Indemnified Party may be entitled to indemnification hereunder, such Indemnified Party will notify the Company in writing of the assertion of such claim or the commencement of such suit, action, proceeding or investigation, but the failure so to notify the Company shall not relieve the Company from any liability which it may have hereunder, except to the extent that such failure has materially prejudiced the Company. If the Company so elects within a reasonable time after receipt of such notice, the Company may participate at its own expense in the defense of such suit, action, proceeding or investigation. Each Indemnified Party may employ separate counsel to represent it or defend it in any such suit, action, proceeding or investigation in which it may become involved or is named as a defendant and, in such event, the reasonable fees and expense of such counsel shall be borne by the Company; PROVIDED, HOWEVER, that the Company will not be required in connection with any such suit, action, proceeding or investigation, or separate but substantially similar actions arising out of the same general allegations or circumstances, to pay the fees and disbursements of more than one separate counsel (other than local counsel) for all Indemnified Parties in any single action or proceeding. Whether or not the Company participates in the defense of any claim, both the Company and we shall cooperate in the defense thereof and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearing, trial and appeals, as may be reasonably requested in connection therewith.

If the indemnification provided for hereunder is finally judicially determined by a court of competent jurisdiction to be unavailable to an Indemnified Party, or insufficient to hold any Indemnified Party harmless, in respect of any losses, claims, damages or liabilities (other than any losses, claims, damages or liabilities found in a final judgment by a court to have resulted from our willful misconduct, bad faith or gross negligence), then the Company, on the one hand, in lieu of indemnifying such Indemnified Party, and we, on the other hand, will contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received, or sought to be received, by Borden on the one hand and us, solely in our capacity as an advisor under this agreement, on the other hand in connection with the transactions to which such indemnification, contribution or reimbursement is sought, or (ii) if (but only if) the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of Borden on the one hand and us on the other, as well as any other relevant equitable considerations; PROVIDED, HOWEVER, that in no event shall our aggregate contribution hereunder exceed the amount of fees actually received by us in respect of the transaction at issue pursuant to this agreement. The amount paid or payable by a party as a result of the losses, claims, damages and liabilities referred to above will be deemed to include any legal or other fees or expenses reasonably incurred in defending any action or claim. The Company and we agree that it would not be just and equitable if contribution pursuant to this paragraph were determined by pro rata allocation or by any other method which does not take into account the equitable considerations referred to in this paragraph. The indemnity, contribution and expenses reimbursement obligations the Company has under this Paragraph shall be in addition to any liability the Company or Borden may have, and notwithstanding any other provision of this letter, shall survive the termination of this agreement.

5. Any advice or opinions provided by us may not be disclosed or referred to publicly or to any third party (other than Borden's legal, tax, financial or other advisors), except in accordance with our prior written consent.

6. We shall act as an independent contractor, with duties solely to Borden. The provisions

hereof shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. Nothing in this agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns, and, to the extent expressly set forth herein, the Indemnified Parties, any rights or remedies under or by reason of this agreement. Without limiting the generality of the foregoing, the parties acknowledge that nothing in this agreement, expressed or implied, is intended to confer on any present or future holders of any securities of the Company or its subsidiaries or affiliates, or any present or future creditor of the Company or its subsidiaries or affiliates, any rights or remedies under or by reason of this agreement or any performance hereunder.

7. This agreement shall be governed by and construed in accordance with the laws of New York without regard to principles of conflicts of law.

8. The terms of this agreement are effective as of January 1, 1995. This agreement shall continue in effect from year to year unless amended or terminated by mutual consent.

9. Each party hereto represents and warrants that the execution and delivery of this agreement by such party has been duly authorized by all necessary action of such party.

10. If any term or provision of this agreement or the application thereof shall, in any jurisdiction and to any extent, be invalid and unenforceable, such term or provision shall be ineffective, as to such jurisdiction, solely to the extent of such invalidity or unenforceability without rendering invalid or unenforceable any remaining terms or provisions hereof or affecting the validity or enforceability of such term or provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto waive any provision of law that renders any term or provision of this agreement invalid or unenforceable in any respect.

11. Each of Borden and us waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of our retention

pursuant to, or our performance of the services contemplated by this agreement.

12. It is expressly understood that the foregoing paragraphs 2-5, 10 and 11 in their entirety, survive any termination of this agreement.

If the foregoing sets forth the understanding between us, please so indicate on the enclosed signed copy of this letter in the space provided therefor and return it to us, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

Kohlberg Kravis Roberts & Co.

By: /s/ Clifton S. Robbins

Title: General Partner

AGREED TO AND ACCEPTED

Borden, Inc.

By: /s/ William H. Carter

Title: Executive V.P. & Chief
Financial Officer

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