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

FORM 10-Q

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

For the quarterly period ended June 30, 1999

Commission file number I-71

BORDEN, INC.

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

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

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

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

Indicate by check mark whether the registrant(1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of common stock, $0.01 par value, outstanding as of the close of business on August 10, 1999: 198,974,994

INTRODUCTION

The following filing with the Securities and Exchange Commission ("SEC") by Borden, Inc. ("the Company") presents four separate financial statements: Borden, Inc. Condensed Consolidated Financial Statements, Borden, Inc. and Affiliates Condensed Combined Financial Statements, the Condensed Financial Statements of Wise Holdings, Inc. ("Wise Holdings") and the Condensed Financial Statements of Borden Foods Holdings Corporation ("Foods Holdings"). The consolidated statements present the Company after the effect of the 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 Condensed Consolidated and Condensed 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. Although not required, the combined financial statements have been included with the Registrants' SEC filings after the 1996 sales of Wise and Foods as supplemental information to the holders of the Company's publicly held debt issued prior to the sale of Wise and Foods and because management of the Company controls significant financial and managerial decisions with respect to Wise and Foods. 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. In accordance with rule 3-10 of Regulation S-X, the condensed financial statements of Wise Holdings and Foods Holdings are included in Part II of this Quarterly Report on Form 10-Q because Wise Holdings and Foods Holdings are guarantors of the Company's credit facility and all of the Company's outstanding publicly held debt.

BORDEN, INC.

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PART I - FINANCIAL INFORMATION

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

PART II - OTHER INFORMATION

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

(In millions)	Three months ended June 30, 1999	1998
Net sales	$343.9	$368.4
Cost of goods sold	229.9	259.9
Gross margin	114.0	108.5
Distribution expense	14.1	14.3
Marketing expense	19.9	23.2
General & administrative expense	23.9	33.2
Gain on divestiture of business	--	(8.3)
Business realignment	10.0	5.5
Operating income	46.1	40.6
Interest expense	15.7	15.7
Affiliated interest expense, net of affiliated interest income of $0.2 in 1999, and $0.5 in 1998	5.2	4.1
Interest income and other	(8.9)	(7.1)
Equity in net (income) loss of unconsolidated subsidiaries	(1.4)	1.1
Income from continuing operations before income tax	35.5	26.8
Income tax expense	12.9	12.4
Income from continuing operations	22.6	14.4
Discontinued operations:		
Gain on disposal, net of tax	0.6	--
Net income	23.2	14.4
Preferred stock dividends	(18.5)	(18.4)
Net income (loss) applicable to common stock	$ 4.7	$ (4.0)
Comprehensive income (see Note 4)	$ 33.5	$ 6.6

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions, except per share data)	Three months ended June 30, 1999	1998
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.12	$ 0.07
Discontinued operations:		
Income from disposal	--	--
Net income	$ 0.12	$ 0.07
Preferred stock dividends	(0.09)	(0.09)
Net income (loss) applicable to common stock	$ 0.03	$(0.02)
Dividends per common share	$ 0.06	$ 0.10
Dividends per preferred share	$ 0.75	$ 0.75
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Six months ended June 30, 1999	1998
Net sales	$650.8	$735.5
Cost of goods sold	441.7	534.7
Gross margin	209.1	200.8
Distribution expense	26.1	26.6
Marketing expense	35.7	42.6
General & administrative expense	55.0	68.6
Gain on divestiture of business	--	(8.3)
Business realignment	10.0	5.5
Operating income	82.3	65.8
Interest expense	31.0	32.1
Affiliated interest expense, net of affiliated interest income of $0.4 in 1999, and $1.6 in 1998	10.0	8.9
Interest income and other	(17.6)	(12.5)
Equity in net loss of unconsolidated subsidiaries	3.9	0.5
Income from continuing operations before income tax	55.0	36.8
Income tax expense	19.1	16.5
Income from continuing operations	35.9	20.3
Discontinued operations:		
Income from operations, net of tax	--	2.3
Gain on disposal, net of tax	0.6	26.0
Net income	36.5	48.6
Preferred stock dividends	(36.9)	(36.9)
Net (loss) income applicable to common stock	$ (0.4)	$ 11.7
Comprehensive income (see Note 4)	$ 29.1	$ 43.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions, except per share data)	Six months ended June 30, 1999	1998
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.18	$ 0.10
Discontinued operations:		
Income from operations	--	0.01
Income from disposal	--	0.13
Net income	0.18	0.24
Preferred stock dividends	(0.18)	(0.19)
Net income applicable to common stock	$ --	$ 0.05
Dividends per common share	$ 0.12	$ 0.17
Dividends per preferred share	$ 1.50	$ 1.50
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS	June 30, 1999	December 31, 1998
CURRENT ASSETS		
Cash and equivalents	$ 580.0	$ 672.1
Accounts receivable (less allowance for doubtful accounts of $10.9 in 1999 and $10.4 in 1998)	223.8	210.7
Inventories:		
Finished and in-process goods	58.8	61.9
Raw materials and supplies	45.9	50.6
Deferred income taxes	59.4	73.3
Other current assets	18.9	18.4
	986.8	1,087.0
INVESTMENTS AND OTHER ASSETS		
Investments	76.2	81.3
Deferred income taxes	109.4	89.4
Prepaid pension assets	131.9	133.3
Other assets	40.8	38.0
Assets sold under contractual arrangement (net of allowance of $62.8 in 1999 and $62.6 in 1998)	47.9	46.0
	406.2	388.0
PROPERTY AND EQUIPMENT		
Land	24.6	25.7
Buildings	89.5	93.2
Machinery and equipment	686.6	676.0
	800.7	794.9
Less accumulated depreciation	(306.9)	(324.0)
	493.8	470.9
INTANGIBLES	77.9	66.3
TOTAL ASSETS	$1,964.7	$2,012.2

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions, except share data)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1999	December 31, 1998
CURRENT LIABILITIES		
Accounts and drafts payable	$ 121.3	$ 113.5
Debt payable within one year	20.4	16.1
Income taxes payable	286.8	284.7
Loans payable to affiliates	406.6	415.8
Other current liabilities	187.4	208.2
	1,022.5	1,038.3
OTHER LIABILITIES		
Liabilities sold under contractual arrangement	41.6	41.6
Long-term debt	541.4	552.0
Non-pension post-employment benefit obligations	182.6	197.3
Other long-term liabilities	87.4	93.7
	853.0	884.6
Commitments and contingencies (see Note 6)		
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	366.2	358.9
Receivable from parent	(414.9)	(415.3)
Accumulated other comprehensive income	(58.4)	(51.0)
Accumulated deficit	(420.1)	(419.7)
	89.2	89.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,964.7	$2,012.2

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Six months ended June 30, 1999	1998
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 36.5	$ 48.6
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Gain on disposal of discontinued operations	(0.9)	(90.7)
Gain on divestiture of business	--	(8.3)
Business realignment	10.0	5.5
Deferred tax provision (benefit)	(7.4)	88.1
Depreciation and amortization	24.2	25.8
Unrealized gain on interest rate swap	(6.2)	(1.9)
Equity in net loss of unconsolidated subsidiaries	3.9	0.5
Net change in assets and liabilities:		
Trade receivables	(25.4)	(23.9)
Inventories	4.5	(2.5)
Accounts and drafts payable	3.8	(9.7)
Income taxes	7.1	8.9
Other assets	5.2	27.8
Other liabilities	(25.1)	(47.8)
Discontinued operations working capital	--	3.0
	30.2	23.4
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(24.1)	(29.8)
Proceeds from the divestiture of businesses	--	335.9
Purchase of businesses, net of cash acquired	(40.2)	(14.4)
Net investment (in) from affiliate	(1.9)	66.5
	(66.2)	358.2
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt (repayments) borrowings	(6.0)	4.0
Repayment of long-term debt	(0.3)	(235.3)
Affiliated borrowings (repayments)	(12.9)	433.6
Interest received from parent	24.6	34.1
Common stock dividends paid	(24.6)	(34.1)
Preferred stock dividends paid	(36.9)	(36.9)
	(56.1)	165.4

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

(In millions)	Six months ended June 30, 1999	1998
(Decrease) increase in cash and equivalents	$(92.1)	$547.0
Cash and equivalents at beginning of period	672.1	183.6
Cash and equivalents at end of period	$580.0	$730.6

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	1999	1998
Cash paid:		
Interest, net	$ 24.8	$ 23.5
Taxes	19.4	8.9
Non-cash activity:		
Distribution of note receivable from Company's parent to cancel options	--	28.5
Investment retained in IHDG	--	10.5
Capital contribution by parent	16.8	12.1

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 1998	$614.4	$2.0	$358.9	$(415.3)	$(51.0)	$(419.7)	$ 89.3
Net income						36.5	36.5
Translation adjustments					(7.4)		(7.4)
Preferred stock dividends						(36.9)	(36.9)
Common stock dividends			(24.3)				(24.3)
Interest accrued on notes from parent			14.8	0.4			15.2
Capital contribution from parent			16.8				16.8
Balance, June 30, 1999	$614.4	$2.0	$366.2	$(414.9)	$(58.4)	$(420.1)	$ 89.2

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Three months ended June 30, 1999	1998
Net sales	$519.1	$582.5
Cost of goods sold	326.1	392.8
Gross margin	193.0	189.7
Distribution expense	30.6	30.7
Marketing expense	63.9	77.7
General & administrative expense	50.0	56.2
Gain on divestiture of businesses	(10.4)	(9.4)
Business realignment	10.0	7.4
Operating income	48.9	27.1
Interest expense	15.8	15.9
Affiliated interest expense	1.8	1.2
Interest income and other	(7.9)	(8.7)
Equity in net (income) loss of unconsolidated subsidiaries	(1.4)	1.1
Income from continuing operations before income tax	40.6	17.6
Income tax expense	25.8	23.5
Income (loss) from continuing operations	14.8	(5.9)
Discontinued operations:		
Gain on disposal, net of tax	0.6	--
Net income (loss)	15.4	(5.9)
Affiliate's share of loss (income)	0.6	(1.3)
Preferred stock dividends	(18.5)	(18.4)
Net loss applicable to common stock	$ (2.5)	$(25.6)
Comprehensive income (see Note 4)	$ 29.7	$(20.3)

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Six months ended June 30, 1999	1998
Net sales	$1,015.6	$1,226.2
Cost of goods sold	639.2	835.0
Gross margin	376.4	391.2
Distribution expense	59.0	64.5
Marketing expense	145.0	171.0
General & administrative expense	94.6	116.1
Gain on divestiture of businesses	(14.8)	(310.8)
Business realignment	10.0	4.8
Operating income	82.6	345.6
Interest expense	31.4	32.8
Affiliated interest expense	3.5	1.2
Interest income and other	(17.7)	(16.1)
Equity in net loss of unconsolidated subsidiaries	3.9	0.5
Income from continuing operations before income tax	61.5	327.2
Income tax expense	32.7	90.4
Income from continuing operations	28.8	236.8
Discontinued operations:		
Income from operations, net of tax	--	2.3
Gain on disposal, net of tax	0.6	26.0
Net income	29.4	265.1
Affiliate's share of income	(0.3)	(130.0)
Preferred stock dividends	(36.9)	(36.9)
Net (loss) income applicable to common stock	$ (7.8)	$ 98.2
Comprehensive income (see Note 4)	$ 24.5	$ 359.7

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

ASSETS	June 30, 1999	December 31, 1998
CURRENT ASSETS		
Cash and equivalents	$ 603.5	$ 695.5
Accounts receivable (less allowance for doubtful accounts of $14.2 in 1999 and $13.8 in 1998)	296.9	291.7
Inventories:		
Finished and in-process goods	110.0	108.9
Raw materials and supplies	61.8	81.3
Deferred income taxes	83.9	99.2
Other current assets	30.0	33.3
	1,186.1	1,309.9
INVESTMENTS AND OTHER ASSETS		
Investments	76.2	81.3
Deferred income taxes	109.4	89.4
Prepaid pension assets	140.2	140.8
Other assets	39.0	34.8
	364.8	346.3
PROPERTY AND EQUIPMENT		
Land	37.9	39.4
Buildings	185.3	194.3
Machinery and equipment	1,024.1	1,000.4
	1,247.3	1,234.1
Less accumulated depreciation	(540.4)	(554.6)
	706.9	679.5
INTANGIBLES	394.1	386.2
TOTAL ASSETS	$2,651.9	$2,721.9

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1999	December 31, 1998
CURRENT LIABILITIES		
Accounts and drafts payable	$ 183.1	$ 185.4
Debt payable within one year	22.2	23.1
Income taxes payable	303.0	279.8
Loans payable to affiliate	144.9	138.2
Other current liabilities	296.7	362.6
	949.9	989.1
OTHER LIABILITIES		
Long-term debt	544.1	554.6
Non-pension post-employment benefit obligations	199.3	214.6
Other long-term liabilities	115.2	129.7
	858.6	898.9
Commitments and contingencies (See Note 6)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	675.0	653.5
Receivable from parent	(414.9)	(415.3)
Affiliate's interest in subsidiary	61.1	60.8
Accumulated other comprehensive income	(94.1)	(89.2)
(Accumulated deficit) retained earnings	(0.1)	7.7
	843.4	833.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,651.9	$2,721.9

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Six months ended June 30, 1999	1998
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 29.4	$ 265.1
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Gain on disposal of discontinued operations	(0.9)	(90.7)
Gain on divestiture of businesses	(14.8)	(310.8)
Business realignment	10.0	4.8
Deferred tax provision	0.6	124.8
Depreciation and amortization	41.6	43.9
Unrealized gain on interest rate swap	(6.2)	(1.9)
Equity in net loss of unconsolidated subsidiaries	3.9	0.5
Net change in assets and liabilities:		
Trade receivables	(29.3)	33.1
Inventories	15.4	19.4
Accounts and drafts payable	(6.3)	(27.2)
Income taxes	28.0	(7.8)
Other assets	19.8	43.7
Other liabilities	(66.1)	(15.4)
Discontinued operations working capital	--	3.0
	25.1	84.5
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(52.4)	(46.4)
Proceeds from the divestiture of businesses	16.5	1,059.1
Proceeds from the sale of fixed assets	4.6	11.2
Purchase of business, net of cash acquired	(40.2)	(14.4)
	(71.5)	1,009.5
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt (repayments) borrowings	(11.6)	6.7
Repayment of long-term debt	--	(236.0)
Affiliated borrowings	2.9	--
Distribution to affiliates	--	(272.2)
Interest received from parent	24.6	34.1
Common stock dividends paid	(24.6)	(34.1)
Preferred stock dividends paid	(36.9)	(36.9)
	(45.6)	(538.4)

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

(In millions)	Six months ended June 30, 1999	1998
(Decrease) increase in cash and equivalents	$(92.0)	$555.6
Cash and equivalents at beginning of period	695.5	198.6
Cash and equivalents at end of period	$603.5	$754.2
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 18.1	$ 15.0
Taxes	4.6	59.6
Non-cash activity:		
Distribution of note receivable from Company's parent to cancel options	--	28.5
Investment retained in IHDG	--	10.5
Capital contribution by parent	16.8	12.1
Affiliate's share of income	0.3	130.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Affiliate's Interest in Subsidiary	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 1998	$614.4	$2.0	$653.5	$(415.3)	$60.8	$(89.2)	$ 7.7	$833.9
Net income							29.4	29.4
Translation adjustments						(4.9)		(4.9)
Preferred stock dividends							(36.9)	(36.9)
Common stock dividends			(24.3)					(24.3)
Interest accrued on notes from parent			14.8	0.4				15.2
Capital contribution from parent			16.8					16.8
Transfer of tax basis among affiliates			14.2					14.2
Affiliate's interest in subsidiary					0.3		(0.3)	--
Balance, June 30, 1999	$614.4	$2.0	$675.0	$(414.9)	$61.1	$(94.1)	$ (0.1)	$843.4

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

1. BASIS OF PRESENTATION

The Registrant, Borden, Inc. (the "Company") is engaged primarily in manufacturing, processing, purchasing and distributing a broad range of products worldwide. The Company's principal line of business is chemicals ("Chemical"), including formaldehyde, melamine, resins, coatings and other specialty and industrial chemicals. The Company also produces and sells consumer adhesives and provides infrastructure management services.

The Company's principal lines of business formerly included its international and domestic foods operations ("Foods") and salty snacks business ("Wise"). Subsidiaries of BWHLLC, an affiliate of the Company's parent, together with subsidiaries of Wise Holdings, Inc. ("Wise Holdings") and subsidiaries of Borden Foods Holdings Corporation ("Foods Holdings") purchased Wise and Foods on July 2, 1996 and October 1, 1996, respectively. As a result of these sales, Wise and Foods, as of their respective sale dates, are no longer legally part of the Company on a consolidated basis, although 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. Additionally, management of the Company continues to exercise significant operating and financial control over Wise and Foods. Because of the aforementioned control and guarantees, the Company has included, supplementally in this filing, the financial condition and results of operations and cash flows for Borden, Inc. and Affiliates (the "Combined Companies") consistent with that upon which credit was originally extended to the Company.

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

2. BUSINESS ACQUISITIONS, DIVESTITURES AND REALIGNMENT

In April, the Combined Companies sold the milk powder business located in China for approximately $7.1, which resulted in a pre-tax gain of approximately $10.8 ($3.5 after tax).

In May, the Company completed the acquisition of Spurlock Industries, Inc. ("Spurlock"), for $40.2 in cash. Spurlock is a formaldehyde and resins producer primarily for forest products applications, with manufacturing facilities in Waverly, Virginia, Maalvern, Arkansas, and Moreau, New York. The acquisition was accounted for using the purchase method of accounting and, accordingly, its results of operations have been included from the date of acquisition. The excess of purchase price over net tangible assets ("goodwill") was approximately $13.0. The amortization period of the intangible will be finalized in the third quarter.

In June, the Company finalized a plan for the closure of the Chemical resins operations in the Philippines by the end of 1999. As part of this plan, long-lived assets will be disposed of and have been written down to net realizable value at June 30, 1999 based upon estimated proceeds of $5.0. This resulted in a charge of $10.0 for the three months ended June 30, 1999 which has been classified as business realignment on the Condensed Consolidated and Condensed Combined Statements of Operations. This charge has been reflected as a reduction of accumulated translation adjustments previously recorded on the balance sheet for the Philippines. Severance and other costs related to the closure of the Philippines operations will be recorded when the requirements of EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity", are met, which is anticipated to be by year end 1999.

Subsequent Event

Early in the third quarter, the Company completed the acquisition of Blagden Chemicals, Ltd. ("Blagden") for $71.5 in cash. Blagden produces formaldehyde and resins for forest products, foundry, and industrial applications at three manufacturing facilities in the United Kingdom and at a fourth in The Netherlands. The acquisition will be accounted for using the purchase method of accounting and accordingly, its results of operations will be included with those of the Company from the date of acquisition.

3. DISCONTINUED OPERATIONS

The Decorative Products business was sold on March 13, 1998. Since the business was a separate segment of the Company's business as defined by generally accepted accounting principles, the business' results have been reclassified to discontinued operations in the 1998 statements of operations and cash flows. A summary of the results included in these Condensed Consolidated and Condensed Combined financial statements is shown below.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Net sales	$ --	$ --	$ --	$73.2
Income before income taxes	--	--	--	3.5
Income tax expense	--	--	--	1.2
Income from discontinued operations	--	--	--	2.3

In addition to the amount shown above, gains (net of tax) recognized on the sale of the Decorative Products business are included in the discontinued operations of the consolidated and combined financial statements for 1998. The 1999 net of tax gain of $0.6 represents a favorable claim settlement related to the 1997 divestiture of the Dairy business.

4. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	1999	1998	1999	1998
Net income (loss)	$23.2	$14.4	$15.4	$ (5.9)
Foreign currency translation adjustments	0.3	(7.8)	4.3	(14.4)
Reclassification adjustments	10.0	--	10.0	--
	$33.5	$ 6.6	$29.7	$(20.3)

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	1999	1998	1999	1998
Net income	$ 36.5	$48.6	$ 29.4	$265.1
Foreign currency translation adjustments	(17.4)	(5.6)	(14.9)	(13.8)
Reclassification adjustments	10.0	--	10.0	108.4
	$ 29.1	$43.0	$ 24.5	$359.7

The foreign currency translation adjustments in 1999 relate primarily to amounts recorded in the first quarter for the Latin America Chemical businesses. The reclassification adjustment in 1999 represents the accumulated translation adjustment included as part of the charge to close the Chemical Philippines operation. The reclassification adjustment in 1998 represents the accumulated translation adjustment recognized on the sale of the Combined Companies' KLIM business.

5. RELATED PARTY TRANSACTIONS

Foods and BWHLLC, an affiliate of the Company's parent, invest cash not used in operations with the Company. At June 30, 1999, Foods had $264.6 invested with the Company and BWHLLC had $142.0 invested with the Company. These balances are reflected as loans payable to unconsolidated affiliates in the consolidated balance sheet. Loans payable to unconsolidated affiliates for the Combined Companies includes $142.0 invested by BWHLLC and $2.9 from an affiliate of the Combined Companies.

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 and approximated $2.5 and $3.5 for the three months ended June 30, 1999 and 1998, respectively, and $4.9 and $6.6 for the six months ended June 30, 1999 and 1998, respectively.

6. COMMITMENTS AND CONTINGENCIES

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

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are routinely reviewed on an interim basis as events and developments warrant. The Company and Combined Companies have each accrued approximately $18.7 and $19.6 at June 30, 1999 and December 31, 1998, 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 $10.3 and $13.8, respectively, in liabilities at June 30, 1999, for legal costs that they believe are probable and reasonably estimable. These liabilities at December 31, 1998, totaled $17.6 and $32.1 for the Company and Combined Companies, respectively. 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 Chemical and Plastics Limited Partnership facilities, which were previously owned by the Company. Management believes, based upon the information it currently possesses, and taking into account its established reserves for estimated liability and its insurance coverage, that the ultimate outcome of 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 and Combined Companies believe that such responsibilities will not have a material adverse effect on their financial statements.

7. SEGMENT INFORMATION

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	1999	1998	1999	1998
NET SALES TO UNAFFILIATED CUSTOMERS:				
Foods ongoing	--	--	$111.7	$126.9
Foods Unaligned	--	--	4.5	26.0
Wise	--	--	59.0	61.2
Chemical	$307.2	$323.7	307.2	323.7
Corporate and other	36.7	36.0	36.7	36.0
Businesses held for sale	--	8.7	--	8.7
NET SALES TO UNAFFILIATED CUSTOMERS:	$343.9	$368.4	$519.1	$582.5
OPERATING EBITDA:				
Foods ongoing	--	--	$ (1.2)	$ (5.4)
Foods Unaligned	--	--	0.4	(1.7)
Wise	--	--	2.5	1.8
Chemical	$ 56.0	$ 48.9	56.0	48.9
Corporate and other	12.3	2.3	12.3	2.3
Businesses held for sale	--	(0.6)	--	(0.6)
ADJUSTED OPERATING EBITDA (1)	68.3	50.6	70.0	45.3
Significant unusual items (2)	(10.0)	2.8	0.4	2.0
OPERATING EBITDA	58.3	53.4	70.4	47.3
Depreciation and amortization	(12.2)	(12.8)	(21.5)	(20.2)
OPERATING INCOME	$ 46.1	$ 40.6	$ 48.9	$ 27.1

(1) Adjusted Operating EBITDA represents net income (loss) excluding discontinued operations, non-operating income and expenses, interest, taxes, depreciation, amortization and significant unusual items.

(2) 1999 Consolidated represents costs associated with realignment of a Chemical business of $10.0. 1999 Combined includes the Chemical realignment charge and gains on the sale of Foods Unaligned businesses due to additional proceeds and lower than expected exit costs related to the 1998 KLIM sale of $10.4. 1998 Consolidated and Combined include a gain on business sale(s) less a business realignment charge(s).

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	1999	1998	1999	1998
NET SALES TO UNAFFILIATED CUSTOMERS:				
Foods ongoing	--	--	$ 245.7	$ 276.5
Foods Unaligned	--	--	10.1	99.0
Wise	--	--	109.0	115.2
Chemical	$592.8	$643.4	592.8	643.4
Corporate and other	58.0	55.3	58.0	55.3
Businesses held for sale	--	36.8	--	36.8
SALES TO UNAFFILIATED CUSTOMERS:	$650.8	$735.5	$1,015.6	$1,226.2
OPERATING EBITDA:				
Foods ongoing	--	--	$ (2.4)	$ (5.2)
Foods Unaligned	--	--	2.1	(1.5)
Wise	--	--	3.2	2.2
Chemical	$105.7	$ 93.1	105.7	93.1
Corporate and other	10.8	(4.7)	10.8	(4.7)
Businesses held for sale	--	0.4	--	0.4
Combining Adjustments	--	--	--	(0.8)
ADJUSTED OPERATING EBITDA (1)	116.5	88.8	119.4	83.5
Significant unusual items (2)	(10.0)	2.8	4.8	306.0
OPERATING EBITDA	106.5	91.6	124.2	389.5
Depreciation and amortization	(24.2)	(25.8)	(41.6)	(43.9)
OPERATING INCOME	$ 82.3	$ 65.8	$ 82.6	$ 345.6

(1) Adjusted Operating EBITDA represents net income (loss) excluding discontinued operations, non-operating income and expenses, interest, taxes, depreciation, amortization and significant unusual items.

(2) 1999 Consolidated represents costs associated with realignment of a Chemical business of $10.0. 1999 Combined includes the Chemical realignment charge and gains on the sale of Foods Unaligned businesses due to additional proceeds and lower than expected exit costs related to the 1998 KLIM sale of $14.8. 1998 Combined includes primarily gains on the sale of Foods Unaligned businesses.

PART 1. FINANCIAL INFORMATION

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

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

(Dollars in millions)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
NET SALES				
Chemical	$307.2	$323.7	$ 592.8	$ 643.4
Corporate and other	36.7	36.0	58.0	55.3
Business held for sale (1)	--	8.7	--	36.8
CONSOLIDATED NET SALES	343.9	368.4	650.8	735.5
Foods ongoing	111.7	126.9	245.7	276.5
Foods Unaligned	4.5	26.0	10.1	99.0
Total Foods	116.2	152.9	255.8	375.5
Wise	59.0	61.2	109.0	115.2
COMBINED NET SALES	$519.1	$582.5	$1,015.6	$1,226.2
OPERATING INCOME				
Chemical	$ 35.6	$ 41.1	$ 75.3	$ 75.2
Business held for sale (1)	--	(1.1)	--	(1.4)
Corporate and other	10.5	0.6	7.0	(8.0)
CONSOLIDATED OPERATING INCOME	46.1	40.6	82.3	65.8
Foods ongoing	(8.6)	(12.6)	(16.1)	(19.6)
Foods Unaligned	0.3	(2.1)	1.8	(0.3)
Gain on sale of Foods Unaligned businesses	10.4	1.1	14.8	302.5
Total Foods	2.1	(13.6)	0.5	282.6
Wise	0.7	0.1	(0.2)	(2.0)
Combining adjustments	--	--	--	(0.8)
COMBINED OPERATING INCOME	$ 48.9	$ 27.1	$ 82.6	$ 345.6

(1) Includes the operating results of the commercial and industrial wallcovering business prior to its sale in April 1998.

CONSOLIDATED AND COMBINED THREE MONTHS ENDED JUNE 30, 1999 VERSUS THREE MONTHS ENDED JUNE 30, 1998

Consolidated Summary

Consolidated net sales decreased $24.5 million or approximately 7% in 1999 to $343.9 million from $368.4 million in 1998. The net sales decline was primarily due to lower Chemical net sales related to lower unit pricing, unfavorable currency exchange rates and the exit of non-core businesses in 1998, partially offset by improved volumes in the North American Chemical businesses. In addition, the 1998 divestiture of the commercial and industrial wallcoverings business, previously classified as "Business held for sale", contributed to the overall decline in net sales. Operating income improved $5.5 million or approximately 14% to $46.1 million from $40.6 million in 1998, due primarily to improved Chemical volumes, the timing of corporate expenses and favorable settlement of corporate liabilities, partially offset by a $10.0 million charge related to the closure of the Philippines Chemical operations.

Combined Summary

Combined net sales decreased $63.4 million or 11% to $519.1 million from $582.5 million in 1998. The decline in sales was caused primarily by the divestiture of Foods Unaligned businesses in 1998, reduction in pasta volumes, and the factors described above for consolidated net sales. Combined operating income improved $21.8 million or approximately 80% to $48.9 million from $27.1 million in 1998. The increase is primarily due to gains on the sale of Foods Unaligned businesses, improvements in Foods ongoing operations due to lower raw material costs and promotional spending, as well as the consolidated operating income results.

Chemical

Chemical net sales were down $16.5 million or approximately 5% to $307.2 million from $323.7 million in 1998. The most significant components of the decline are lower pricing, unfavorable currency exchange rates in Latin America, and the prior year exit from certain non-core businesses in North America, Latin America and Europe, all partially offset by improved volumes, primarily in the North America forest products resin business.

Significantly lower pricing, which negatively impacted net sales by approximately $21 million, reflects competitive market conditions as well as contractual arrangements that require pass-through of significantly lower raw material costs, primarily for methanol, phenol and urea.

The unfavorable currency exchange rates in Latin America reflect a significant currency devaluation in Brazil in early 1999 that had an unfavorable impact on 1999 net sales of approximately $12 million versus the prior year.

The 1998 sale of the North America paper resins business and the Latin America plastic films business and the closure of a European operation resulted in a net sales decline of approximately $11 million versus the prior year. This decline in net sales was partially offset by the acquisition of Spurlock Industries in May 1999, which contributed net sales of approximately $4 million.

Overall volume improvement of 11% had a positive impact on net sales of approximately $27 million, with most of the improvement coming from a $17 million increase in the North America forest products resin business. The improved volume in North America was driven by continued low interest rates and strong housing and construction activity.

Operating income decreased $5.5 million or approximately 13% to $35.6 million from $41.1 million in 1998. The decline is primarily the result of a $10.0 million charge related to the closure of a plant in the Philippines. Excluding this charge, operating results for the second quarter increased $4.5 million or approximately 11% from the second quarter of 1998. The improvement is due primarily to improved volumes and unit margins that reflect significantly lower raw material costs. These improvements were partially offset by higher selling, general and administrative expenses and the effect of unfavorable currency exchange rates in Canada and Latin America. The favorable impact of significantly lower raw material costs was substantially offset by lower prices.

Foods
- -----

Foods net sales for the three months ended June 30, 1999 decreased $36.7 million or approximately 24% to $116.2 million from $152.9 million in 1998. Sales of Foods Unaligned businesses during 1999 and 1998 accounted for $21.5 million or approximately 59% of the decline. Net sales from ongoing businesses declined $15.2 million resulting primarily from reductions in pasta and sauce volumes of approximately $11.6 million due to customer inventory reductions as well as product category and market share declines. Additionally, lower pasta unit pricing resulted in net sales declines of $2.6 million. As part of lowering pasta unit pricing, promotion spending was also reduced.

Foods operating results improved $15.7 million from a loss of $13.6 million to income of $2.1 million in 1999. This increase was largely due to increased gains on the sale of Foods Unaligned businesses in 1999 of $9.3 million. Results of Foods Unaligned business operations improved $2.4 million. Results from Foods ongoing operations improved $4.0 million or approximately 32% to a loss of $8.6 million in 1999 from a loss of $12.6 million in 1998. Despite lower sales, gross margin remained the same due to lower raw material prices and manufacturing improvements. Additionally, promotion spending was lower. These operating improvements were partially offset by higher general and administrative expenses related to enterprise-wide information technology systems implementation and start-up costs.

Wise
- ----

Wise net sales in the second quarter declined $2.2 million or approximately 4% to $59.0 million from $61.2 million in the second quarter of 1998. This net sales decline is primarily the result of the sale of the Caribbean based distributorship in May of 1998. Operating income in the second quarter increased $0.6 million to $0.7 million from $0.1 million in 1998. The improvement was primarily the result of reduced manufacturing, marketing and administrative expenses compared to the same period last year.

Corporate and other
- -------------------

Corporate and other net sales for the three months ended June 30, 1999 increased $0.7 million or approximately 2%, to $36.7 million from $36.0 million in 1998. This increase is primarily due to higher volumes and improved mix in the consumer adhesives business.

Operating income for the three months ended June 30, 1999 increased $9.9 million to $10.5 million from $0.6 million in 1998, principally due to reduced general and administrative expenses. Lower expenses in 1999 are primarily due to gains on disposal of property in 1999 compared with losses in 1998 ($1.9 million), improved cost management resulting in lower salary costs ($1.8 million), and favorable settlement of corporate liabilities ($4.8 million). Lower expenses were also attributable, in part to a net $0.8 million reduction in 1999 due to the timing of various corporate and administrative expenses. Performance in the consumer adhesives business also improved.

CONSOLIDATED AND COMBINED SIX MONTHS ENDED JUNE 30, 1999 VERSUS SIX MONTHS ENDED JUNE 30, 1998

Consolidated Summary
- --------------------

Consolidated net sales for the six months ended June 30, 1999 decreased $84.7 million or approximately 12% to $650.8 million from $735.5 million in 1998. The net sales decline was primarily due to lower Chemical net sales related to lower unit pricing, unfavorable currency exchange rates and the exit of non-core businesses in 1998, partially offset by improved volumes in the North America Chemical businesses. In addition, the 1998 divestiture of the commercial and industrial wallcoverings business, previously classified as "Business held for sale", contributed to the overall decline in net sales. Operating income improved $16.5 million or approximately 25% to $82.3 million from $65.8 million in 1998, due primarily to improved Chemical volumes, timing differences in corporate expenses and favorable settlement of corporate liabilities, partially offset by a $10.0 million charge related to the closure of the Philippines Chemical operations.

Combined Summary
- ----------------

Combined net sales decreased $210.6 million or approximately 17% to $1,015.6 million from $1,226.2 million in 1998. The decline in net sales was caused primarily by the divestiture of Foods Unaligned businesses in 1998, reduction in pasta volumes, and the factors described above for consolidated net sales. Combined operating income declined $263.0 million or 76% to $82.6 million from $345.6 million in 1998. The decrease is primarily due to gains on the sale of Foods Unaligned businesses in 1998 of $302.5 million versus $14.8 million in 1999, and the consolidated operating income results described above.

Chemical
- --------

Chemical net sales in the first half of 1999 were down $50.6 million, or approximately 8% to $592.8 from $643.4 in 1998. The most significant components of the decline are lower pricing, unfavorable currency exchange rates in Latin America, and the prior year exit from certain non-core businesses in North America, Latin America and Europe, all partially offset by improved volumes, primarily in the North America forest products resins business.

Significantly lower pricing, which negatively impacted net sales by approximately $40 million, reflects competitive market conditions as well as contractual arrangements that require pass-through of significantly lower raw material costs, primarily for methanol, phenol and urea.

The unfavorable currency exchange rates in Latin America reflect a significant currency devaluation in Brazil in early 1999 that had an unfavorable impact on 1999 net sales of approximately $25 million versus the prior year.

The 1998 net sales of the North America paper resins business and the Latin America plastic films business and the closure of a European operation resulted in a net sales decline of approximately $22 million versus the prior year. This decline in net sales was partially offset by the acquisition of Spurlock Industries, Inc. in May 1999, which contributed sales of approximately $4 million to the first half of 1999.

Overall volume improvement of approximately 8% had a positive impact on net sales of approximately $39 million, with most of the improvement coming from a $26 million increase in the North America forest products resins business. The improved volume in North America was driven by continued low interest rates and strong housing and construction activity.

Operating income in 1999 increased $0.1 million or less than 1% from 1998. An increase in operating results was almost completely offset by a $10.0 million charge related to the closure of a plant in the Philippines. Excluding this charge, operating results for the first half of 1999 increased $10.1 million or approximately 13% from 1998. The improvement is due primarily to improved volumes and unit margins that reflect both significantly lower raw material costs and lower manufacturing overhead costs resulting from specific cost reduction and control programs. The favorable impact of significantly lower raw material costs were substantially offset by lower unit selling prices. These improvements were partially offset by higher selling, general and administrative expenses and the effect of unfavorable currency exchange rates in Canada and Latin America.

Foods
- -----

Foods net sales for the six months ended June 30, 1999 decreased $119.7 million or approximately 32% to $255.8 million from $375.5 million in 1998. The sale of Foods Unaligned businesses during 1999 and 1998 accounted for $88.9 million of the decrease. Net sales from ongoing businesses declined $30.8 million resulting primarily from lower pasta and sauce volumes due to customer inventory reductions of $13.0 million. In addition, pasta product category and market share declines resulted in reductions of approximately $11.5 million. Lower pasta unit pricing of $3.8 million also contributed to the overall decrease in net sales. As part of lowering pasta unit pricing, promotion spending has also been reduced.

Foods operating results declined $282.1 million to $0.5 million in 1999 from $282.6 million in 1998. Of this decline, $287.7 million was due to higher gains on the sale of the Foods Unaligned businesses in 1998. Foods Unaligned business results improved $2.1 million. Results from Foods ongoing operations improved $3.5 million for the six months ended June 30, 1999 to a loss of $16.1 million from a loss of $19.6 million in 1998. Excluding a $7.5 million gain on the favorable settlement of litigation in 1999, results of ongoing operations decreased $4.0 million. Lower raw material prices and improved manufacturing operations substantially offset pricing reductions. Reductions in trade promotion spending were more than offset by volume declines, increased investment in brands and additional general and administrative expense related to enterprise-wide information technology systems implementation and start-up costs.

Wise
- ----

Wise year to date net sales declined $6.2 million or approximately 5% to $109.0 million from $115.2 million in 1998. This net sales decline is primarily the result of the sale of the Caribbean based distributorship in May of 1998. Operating results in the first half of 1999 improved $1.8 million to a loss of $0.2 million from a loss of $2.0 million in 1998. The improvement was primarily due to the absence of a $1.0 million loss recorded on the sale of the Caribbean based distributorship in 1998 and reduced manufacturing, marketing and administrative expenses compared to the same period last year.

Corporate and other
- -------------------

Corporate and other net sales for the six months ended June 30, 1999 increased $2.7 million or approximately 5% to $58.0 million from $55.3 million in 1998. This increase is primarily due to higher volumes and improved mix in the consumer adhesives business.

Operating income for the six months ended June 30, 1999 increased $15.0 million to $7.0 million from a loss of $8.0 million in 1998, principally due to reduced general and administrative expenses. Lower net expense in 1999 is primarily due to gains on disposal of property in 1999 compared with losses in 1998 ($1.9 million), improved cost management resulting in lower salary costs ($2.0 million), and favorable settlement of corporate liabilities ($4.3 million). Lower expenses were also attributable, in part to a net $2.9 million reduction in 1999 due to the timing of various corporate and administrative expenses. Performance in the consumer adhesives business also improved.

NON-OPERATING EXPENSES AND INCOME TAXES

Following is a comparison of non-operating expenses for the three months ended June 30, 1999 and 1998.

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1999	1998	1999	1998
Interest expense	$15.7	$15.7	$15.8	$15.9
Affiliated interest expense, net	5.2	4.1	1.8	1.2
Interest income and other	(8.9)	(7.1)	(7.9)	(8.7)
Equity in net loss (income) of unconsolidated subsidiaries	(1.4)	1.1	(1.4)	1.1
	$10.6	$13.8	$ 8.3	$ 9.5

Consolidated non-operating expense decreased $3.2 million for the three months ended June 30, 1999 compared with the three months ended June 30, 1998. The decrease was primarily attributable to equity in net income of unconsolidated subsidiaries in 1999 compared with losses in 1998. The decrease was also attributable, in part, to higher interest income on higher cash balances in 1999 compared with 1998, partly offset by increased affiliated interest expense.

Combined non-operating expense decreased by $1.2 million for the three months ended June 30, 1999 compared with the three months ended June 30, 1998. The decrease was primarily attributable to equity in net income of unconsolidated subsidiaries compared with net losses in 1998, partly offset by an increase in affiliated interest expense.

Following is a comparison of non-operating expenses for the six months ended June 30, 1999 and 1998.

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1999	1998	1999	1998
Interest expense	$ 31.0	$ 32.1	$ 31.4	$ 32.8
Affiliated interest expense, net	10.0	8.9	3.5	1.2
Interest income and other	(17.6)	(12.5)	(17.7)	(16.1)
Equity in net loss of unconsolidated subsidiaries	3.9	0.5	3.9	0.5
	$ 27.3	$ 29.0	$ 21.1	$ 18.4

For the six months ended June 30, 1999, consolidated non-operating expense decreased by $1.7 million compared with the corresponding period in the previous year. The decrease was primarily attributable to increased interest and other income related to an increase in the unrealized gain on an interest rate swap which is marked to market, offset in large part by increased affiliated interest expense and increased equity in net losses of unconsolidated subsidiaries.

For the six months ended June 30, 1999, combined non-operating expense increased by $2.7 million compared with the corresponding period in the prior year. The increase was partly attributable to increased equity in net losses of unconsolidated subsidiaries and also, in part, to increased affiliated interest expense. The increase was offset, in part, by decreased interest expense and increased interest income.

Following is a comparison of income tax provision related effective tax rates for the three and six months ended June 30, 1999 and 1998.

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1999	1998	1999	1998
Income tax expense	$12.9	$12.4	$25.8	$23.5
Effective tax rate	36%	46%	64%	N/M

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	1999	1998	1999	1998
Income tax expense	$19.1	$16.5	$32.7	$90.4
Effective tax rate	35%	45%	53%	28%

The 1999 consolidated effective tax rates reflect a higher portion of net income derived from foreign operations and the effect of lower tax rates in foreign jurisdictions. The 1999 combined effective tax rates reflect a higher portion of net income derived from foreign operations and the effect of lower tax rates in foreign jurisdictions. It also includes the tax effect of the disposal of Borden Foods Corporation's Chinese subsidiary, which had substantial differences in its net book value and tax basis.

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

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Consolidated cash provided by operating activities totaled $30.2 million for the first six months of 1999, and $23.4 million for the comparable period in 1998. The most significant components of the $6.8 million improvement include an increase of $13.5 million due to the timing of trade payments, partially offset by an increase in taxes paid of $10.5 million.

The Combined Companies cash provided from operations of $25.1 million for the first six months of 1999 decreased $59.4 million compared to the same period in 1998. The change in cash flows is primarily attributable to reduced 1999 operating EBITDA, after adjusting for divestitures, of approximately $36 million, reduced Foods working capital inflows and normal business activities, partially offset by reduced taxes paid in 1999 of approximately $55 million. Higher receivable Foods inflows in 1998 resulted from collections outpacing new receivables as Foods was in the process of divesting its Unaligned businesses. Cash from inventories was also higher in 1998 as a result of planned reductions in anticipation of the sale of Foods Unaligned businesses.

Investing Activities

Consolidated investing activities used $66.2 million cash for the six months ended June 30, 1999 compared to cash generated of $358.2 million in 1998. Investing activities in 1999 include the purchase of Spurlock by Chemical using $40.2 million while 1998 divestiture proceeds 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. Investing activity in 1998 also includes $66.5 million relating to net repayments of affiliated borrowings by Foods and Wise, partially offset by the acquisition of a resins and compounds business acquired from Sun Coast Industries, Inc. for $14.4 million.

The Combined Companies investing activity used $71.5 million in 1999 compared to generating cash of $1,009.5 million in 1998. In addition to the above, the Combined Companies' 1999 divestiture activity reflects $16.5 million of proceeds from the sale of Foods Unaligned businesses compared to $721.1 million in 1998. The $66.5 million return on investment in the consolidated investing flows is eliminated in the combined flows as the Foods and Wise operations are included in the Combined Companies.

Financing Activities

Consolidated financing activities used $56.1 million cash in 1999 compared to cash generated of $165.4 million in 1998. Cash used in 1999 primarily includes preferred stock dividend payments and repayment of Foods borrowings. The 1998 inflow primarily represented $433.6 million of Foods affiliated borrowings representing proceeds from the sale of Foods Unaligned businesses, partially offset by the repayment of the $235.3 million revolving line of credit and payment of preferred dividends.

Combined financing activities used $45.6 million in 1999 compared to $538.4 million used in 1998. The 1998 use of cash was primarily due to repayment of bank debt from proceeds of Foods divestitures and a $272.2 million distribution to an affiliate that is not within the Combined Companies controlled group, but has an ownership interest in the trademarks that were sold with the Foods Unaligned businesses.

Early in the third quarter of 1999, the Company completed the acquisition of Blagden Chemicals, Ltd. for $71.5 million in cash.

As part of definitive merger agreements reached August 2, 1999 and August 5, 1999 between CCPC Acquisition Corporation ("CCPC") and General Housewares Corporation and EKCO Group, Inc. ("EKCO"), respectively, Borden Inc. has provided financial guarantees of certain CCPC obligations in connection with the acquisition by CCPC of General Housewares for approximately $145 million and of EKCO for approximately $300 million. Although the financial structures of the transactions are not finalized, the Company may loan some of its cash or cash available under its Credit Agreement to CCPC or one of its affiliates to provide temporary financing to complete the acquisitions. Upon completion of the sales to its subsidiary(ies), it also is anticipated that CCPC will repay the loan from the Company.

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 detailed Year 2000 susceptibility analyses and development of remediation plans and contingency plans; and Phase III - completion of the remediation plans, system testing, and contingency planning.

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 new enterprise-wide system implementations, including non-information technology systems such as plant process controls; and (3) external suppliers and customers. Implementations of the new enterprise-wide systems are substantially complete. Remediation and testing of other systems is substantially complete. Third party and contingency planning efforts are in progress. A discussion of each area of activity relative to the three phased approach follows.

Enterprise-Wide Systems

Phases I & II are completed for enterprise-wide systems and Phase III is substantially complete. Comprehensive new enterprise-wide systems have been implemented by each of the Company's and the Combined Companies' businesses to replace most business and accounting systems. One newly acquired business will be converted to an enterprise-wide system in September, 1999. The enterprise-wide system versions are said to be Year 2000 compliant by the vendors and include SAP, PeopleSoft and J.D. Edwards. Testing of these new systems is substantially complete. Due to the relative complexity and importance of the business and accounting systems to ongoing operations of the Company and Combined Companies, the new enterprise-wide system implementations address the significant majority of the Company's and Combined Companies' internal Year 2000 risk.

Other Systems

For the systems not to be replaced by enterprise-wide implementations, Phase I and Phase II are complete, and Phase III remediation and testing are substantially complete. Some work remains to address newly acquired businesses and is scheduled to be completed in September 1999.

Suppliers and Customers
- ----------------------

The Company and Combined Companies have completed Phase I and much of Phase II to assess and address the risks related to third party suppliers and customers. Supplier and customer responses continue to be evaluated and appropriate procedures are being 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. Contingency planning is in process. Efforts related to suppliers and customers, including development of contingency plans where appropriate, are targeted for completion by August 31, 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 $74 million for the Company and $120 million for the Combined Companies by the Year 2000. The cost to make the remaining systems Year 2000 compliant is estimated to be $7 million for the Company and $15 million for the Combined Companies. As of June 30, 1999, the Company and Combined Companies had incurred costs of approximately $70 million and $115 million, respectively, for enterprise-wide systems and approximately $6 million and $14 million, respectively, for other systems and efforts.

Risks
- -----

Due to the general uncertainty inherent in the Year 2000 problem, including primarily the uncertainty associated with suppliers and customers, the potential effect of the Year 2000 issue 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, as described above, 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. Work performed to date on the internal systems has reduced the risk to the Company and Combined Companies, although complete assurances cannot be provided. Contingency plans have been and will continue to be developed and implemented to mitigate Year 2000 risks and the effect of Year 2000 issues. The plans will address third party risks as well as internal system risks.

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".

RECENT ACCOUNTING PRONOUNCEMENTS
- -------------------------------

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued SFAS No. 137, which deferred the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. SFAS No. 133 requires all derivatives be measured at fair value and recorded on a company's balance sheet as an asset or liability, depending on the company's underlying rights or obligations associated with the derivative instrument. The Company is investigating the impact of this pronouncement, but does not expect it to have a material impact on the company's results of operations, financial position or cash flows.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS
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The Company and its officers may, from time to time, make written or oral statements regarding the future performance of the Company, including statements contained in the Company's filings with the Securities and Exchange Commission. Investors should be aware that these statements are based on currently available financial, economic, and competitive data and on current business plans. Such statements are inherently uncertain and investors should recognize that events could cause the Company's actual results to differ materially from those projected in forward-looking statements made by or on behalf of the Company. Such risks and uncertainties are primarily in the areas of results of operations by business unit, liquidity, legal and environmental liabilities, Year 2000 update, and market risk.

Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company and Combined Companies continue to enter into various financial instruments, primarily to hedge interest rate risk and foreign currency exchange risk. In the first six months of 1999, the nature and amounts of these instruments have not significantly changed from the 1998 Borden, Inc. Form 10K, except for an increase in forward currency contracts.

The notional amount of forward currency contracts for the Company increased $128.4 million from $39.7 million at December 31, 1998 to $168.1 million for the period ended June 30, 1999. The notional amount of outstanding forward currency contracts for the Combined Companies increased $156.7 million from $55.8 million at December 31, 1998 to $212.5 million for the period ended June 30, 1999. The increase primarily represents the anticipated transfer by Chemical of approximately $71 million to a foreign affiliate to finance the acquisition of Blagden Chemicals, Ltd. (see Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements) and the anticipated subsequent repayment of the amount by the foreign affiliate. The net fair value of the losses related to the contracts outstanding at the period ended June 30, 1999, as determined from quoted market prices at June 30, 1999, was approximately $0.3 million for the Company and approximately $0.1 million for the Combined Companies.

PART II

Item 1: LEGAL PROCEEDINGS

There have been no material developments during the second quarter of 1999 in the ongoing legal proceedings that are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 and the quarterly report on Form 10-Q for the period ended March 31, 1999.

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

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

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

a. Exhibits

(10) Kevin M. Kelley Summary of Terms of Employment
(27) Financial Data Schedule

b. Financial Statement Schedules

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

c. Reports on Form 8-K

There were no reports on Form 8-K issued during the second quarter of 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BORDEN, INC.

Date August 10, 1999

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 AND SIX MONTHS ENDED
JUNE 30, 1999 AND 1998

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Net sales	$116,202	$ 152,902	$255,823	$ 375,520
Cost of goods sold	58,767	92,478	127,762	224,754
Gross margin	57,435	60,424	128,061	150,766
Distribution expense	9,270	9,536	18,854	23,868
Marketing expense	35,371	45,112	92,436	109,807
General & administrative expense	19,496	18,650	28,235	32,159
Loss (gain) on divestiture of businesses	(10,383)	5,575	(13,471)	(181,571)
Operating income (loss)	3,681	(18,449)	2,007	166,503
Interest expense	118	570	328	1,978
Interest income	(3,554)	(4,726)	(7,002)	(10,828)
Other income, net	(128)	(393)	(323)	(606)
Income before income tax	7,245	(13,900)	9,004	175,959
Income tax expense	13,361	10,640	13,720	47,950
Net (loss) income	(6,116)	(24,540)	(4,716)	128,009
Affiliate's share of loss (income)	601	(1,324)	(265)	(130,069)
Net loss applicable to common stock	$ (5,515)	$ (25,864)	$ (4,981)	$ (2,060)
Comprehensive income (Note 5)	$ (5,044)	$ (29,052)	$ (6,431)	$ 155,332
Basic and diluted loss per common share	$(55,150)	$(258,640)	$(49,810)	$ (20,600)
Average number of common shares outstanding during the period	100	100	100	100

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

ASSETS	June 30, 1999	December 31, 1998
CURRENT ASSETS		
Cash and equivalents	$287,693	$300,104
Accounts receivable (less allowance for doubtful accounts of $1,642 and $1,391, respectively)	50,196	47,339
Other receivables	782	12,513
Inventories:		
Finished and in-process goods	47,181	42,933
Raw materials and supplies	12,856	26,853
Deferred income taxes	22,306	24,181
Amounts due from affiliates	2,207	2,130
Other current assets	7,283	11,076
	430,504	467,129
OTHER ASSETS	11,781	9,138
PROPERTY AND EQUIPMENT		
Land	9,795	10,879
Buildings	38,829	44,094
Machinery and equipment	163,830	147,720
	212,454	202,693
Less accumulated depreciation	(61,192)	(59,535)
	151,262	143,158
INTANGIBLES		
Goodwill	13,431	15,658
Trademarks and other intangibles	109,433	110,987
	122,864	126,645
TOTAL ASSETS	$716,411	$746,070

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY	June 30, 1999	December 31, 1998
CURRENT LIABILITIES		
Accounts and drafts payable	$ 45,142	$ 55,847
Accrued customer allowances	14,938	19,600
Amounts due to affiliates	1,120	2,948
Debt payable within one year	1,655	6,824
Loans payable to affiliate	2,968	--
Income tax payable	25,097	5,418
Other current liabilities	87,759	116,349
	178,679	206,986
OTHER LIABILITIES		
Long-term debt	2,732	2,602
Deferred income taxes	29,150	38,823
Other long-term liabilities	22,692	22,899
	54,574	64,324
Commitments and Contingencies (Note 8)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares authorized, issued, and outstanding	--	--
Paid in capital	405,817	390,988
Shareholder's investment in affiliates	61,089	60,824
Accumulated translation adjustment	(9,821)	(8,106)
Retained earnings	26,073	31,054
	483,158	474,760
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$716,411	$746,070

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Six Months Ended June 30, 1999	1998
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss) income	$ (4,716)	$128,009
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	9,138	9,010
Deferred tax provision	6,159	13,382
Gain on divestiture of businesses	(13,471)	(181,571)
Net change in assets and liabilities:		
Accounts receivable	(2,857)	55,188
Other receivables	3,331	4,890
Inventories	9,749	20,194
Accounts and drafts payable	(10,705)	(22,559)
Accrued customer allowances	(4,662)	(5,883)
Income taxes	21,740	(16,098)
Other amounts due to/from affiliates	(1,905)	(1,190)
Other current assets and liabilities	(14,885)	(57,984)
Other assets and liabilities	(5,229)	(4,567)
	(8,313)	(59,179)
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Capital expenditures	(23,112)	(12,456)
Proceeds from the sale of fixed assets	4,627	11,244
Proceeds from the sale of businesses	16,588	721,079
	(1,897)	719,867
CASH FLOWS USED IN FINANCING ACTIVITIES		
Net short-term debt payments	(5,169)	(14,979)
Repayment of loans payable to affiliates	--	(12,760)
Repayment of long-term debt payable to affiliate	--	(47,616)
Repayment of other long-term debt	--	(734)
Proceeds from loans payable to affiliate	2,968	--
Distribution to affiliate	--	(272,205)
	(2,201)	(348,294)
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	(12,411)	312,394
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	300,104	28,736
CASH AND EQUIVALENTS AT END OF PERIOD	$287,693	$341,130

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Six Months Ended June 30, 1999	1998
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid (received):		
Interest	$ 340	$ 3,286
Taxes, net of refunds	(14,888)	50,666
Non-cash activity:		
Shareholder's investment in affiliates (Note 4)	$ (265)	$(130,069)
Affiliate's share of income (Note 4)	265	130,069

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

	Paid in Capital	Shareholder's Investment in Affiliate	Accumulated Translation Adjustments	Retained Earnings	Total
Balance at December 31, 1998	$390,988	$60,824	$(8,106)	$31,054	$474,760
Net loss				(4,716)	(4,716)
Foreign currency translation adjustments			(1,715)		(1,715)
Affiliate's share of income		265		(265)	--
Increase in tax basis related to finalization of purchase price allocation	14,829				14,829
Balance at June 30, 1999	$405,817	$61,089	$(9,821)	$26,073	$483,158

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

1. NATURE OF OPERATIONS

Borden Foods Holdings Corporation ("Foods Holdings"), a wholly owned subsidiary of Borden Foods Holdings, LLC ("LLC"), owns approximately 98% of Borden Foods Corporation ("BFC"). The remaining interest in BFC is owned directly by LLC. BFC is a manufacturer and distributor of a variety of food products worldwide, including pasta, pasta sauce, soups and bouillon. At June 30, 1999, BFC's operations included 9 production facilities, 4 of which are located in the United States. The remaining facilities are located primarily in Canada and Europe.

2. BASIS OF PRESENTATION

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

The accompanying unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which management believes to be necessary for the fair presentation of operating results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results for the interim periods are subject to seasonal variations and are not necessarily indicative of results for the full year. The interim financial statements should be read in conjunction with Foods Holdings' audited financial statements for the year ended December 31, 1998.

Certain prior year amounts have been reclassified to conform to the 1999 presentation.

3. BUSINESS REALIGNMENT

Restructuring of Aligned Businesses

In 1996, management approved the closure of five domestic pasta plants in order to reduce its SKU complexity and manufacturing capacity. On January 5, 1999, a remaining facility was sold for proceeds of $2,424.

As of June 30, 1999 and December 31, 1998, reserves related to the restructuring of aligned businesses of $328 and $7,570, respectively, remained in other current liabilities. It is anticipated that the remaining balance will be disbursed by the end of fiscal 1999.

Divested Businesses

During the first quarter of 1999, BFC received proceeds of $9,476 for working capital settlements on the sale of KLIM, of which $8,400 was included in other receivables as of December 31, 1998, and reduced current liabilities by $2,012, as costs were lower than previously estimated.

On April 30, 1999, BFC sold the milk powder business located in China to Royal Numico. The sale generated proceeds of $7,112, resulting in a pre-tax gain of $10,838 and an after tax gain of $3,528. BFC had previously elected to exit the milk powder business and sold significant operations, excluding China, to Nestle, S.A. in 1998. At that time, BFC established divestiture reserves of $4,289 for costs to close operations in China, and recorded $12,794 to write-down assets to estimated net realizable value. As a result of the sale, certain remaining liabilities for closure costs of $3,112 were no longer required.

In 1998, BFC and Investment LP sold the Signature Flavor business to Eagle Family Foods, Inc. for $376,500 and the KLIM business to Nestle, S.A for $335,735. As a result of these divestitures, BFC recorded a pre-tax gain of $183,254, net of charges for work-force reductions, closure of facilities, selling and legal fees, contract terminations, transition services and other miscellaneous costs.

On May 22, 1998, BFC sold its Puerto Rican distributor. The sale generated proceeds of $8,844 and a pre-tax loss of $1,683.

Activities related to the divestiture reserves during the three and six months ended June 30, 1999, which were recorded in other current liabilities, were as follows:

	Work-Force Reductions(1)	Business & Contractual Obligations(2)	Selling, Legal & Other(3)	TOTAL
Balance at December 31, 1998	$ 7,110	$35,071	$19,711	$61,892
Utilized	(536)	(3,815)	(275)	(4,626)
Other(4)			(2,012)	(2,012)
Balance at March 31, 1999	$ 6,574	$31,256	$17,424	$55,254
Utilized	(900)	(128)	(4,921)	(5,949)
Other(4)	(1,343)	(224)	(1,545)	(3,112)
Balance at June 30, 1999	$ 4,331	$30,904	$10,958	$46,193

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

Subsequent Divestiture

On July 14, 1999, BFC sold the chocolate milk business located in Denmark. The sale generated proceeds of $6,692 and a pre-tax gain of approximately $1,200.

4. AFFILIATE'S SHARE OF INCOME

In accordance with BFC Investment LP's limited partnership agreement with BFC and LLC, LLC was allocated an affiliate's share of income (see accompanying condensed consolidated statements of operations) of $265 and $130,069 during the first six months of 1999 and 1998, respectively. The 1998 allocation was primarily due to a gain on divestiture of the Signature Flavor business. In the second quarter of 1998, $272,205 was distributed to the LLC.

5. COMPREHENSIVE INCOME

Comprehensive income (loss) was computed as follows:

	Three months ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Net (loss) income	$(6,116)	$(24,540)	$(4,716)	$128,009
Foreign currency translation adjustments	1,072	(4,512)	(1,715)	(7,591)
Reclassification adjustment	--	--	--	34,914
	$(5,044)	$(29,052)	$(6,431)	$155,332

The reclassification adjustment in 1998 represents the accumulated translation adjustment recognized on the sale of the KLIM business.

6. RELATED PARTIES

Borden and a subsidiary of Borden provide certain administrative services to BFC at negotiated fees. These services include processing of payroll, active and retiree group insurance claims, securing insurance coverage for catastrophic claims, and information systems support. BFC also reimburses the Borden subsidiary for payments for general disbursements and post-employment benefit claims. The amount owed by BFC for reimbursement of payments, services, and other liabilities was $1,107 at June 30, 1999 and $2,935 at of December 31, 1998.

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

The following summarizes the affiliate charges for the three and six months ended June 30, 1999 and 1998:

	Three months ended June 30, 1999	Three months ended June 30, 1998	Six months ended June 30, 1999	Six months ended June 30, 1998
Employee benefits	$ 678	$ 887	$ 1,363	$ 2,238
Group and general insurance	841	1,248	2,091	2,647
Administrative services	4,078	2,883	7,407	6,985
	$5,597	$5,018	$10,861	$11,870

BFC performs certain administrative services on behalf of other Borden affiliates. These services include sales administration, promotion, purchasing and research and development. BFC charged affiliates $168 and $297 for such services for the three months ended June 30, 1999 and 1998, respectively, and $405 and $582 for the six months ended June 30, 1999 and 1998, respectively. The receivable for these services was $942 at June 30, 1999 and $505 at December 31, 1998.

BFC invests cash not used in operations with Borden. BFC's investment balance was $264,650 at June 30, 1999 and $277,591 at December 31, 1998. The funds are invested overnight earning a rate set by Borden that generally approximates money market rates. BFC earned interest income of $3,402 and $4,601 on these funds for the three months ended June 30, 1999 and 1998, respectively, and $6,659 and $10,416 for the six months ended June 30, 1999 and 1998, respectively. Amounts receivable for interest were $1,265 and $1,625 as of June 30, 1999 and December 31, 1998, respectively.

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

7. UNIT INCENTIVE PLAN

During the first quarter of 1999, LLC sold 389,125 Class C units to certain BFC management employees. The Class C units are generally restricted as to transfer and allow for LLC, at its discretion, to repurchase the units, upon certain conditions including termination of the unitholders' employment, prior to full vesting after five years.

Under the Unit Incentive Plan, BFC issued four UAR's with an exercise price of $8 per unit for each Class C unit purchased. The UAR entitles the unitholder to receive an amount in cash equal to the excess of the market price (as defined in the UAR agreement) of the unit over the exercise price of the UAR. The UAR's vest ratably over five years and expire upon certain events, including termination of the unitholders' employment, but in no case to exceed ten years.

8. COMMITMENTS AND CONTINGENCIES

Legal Matters
- -------------

BFC and Helm Tomatoes, Inc. reached agreement to settle a claim of wrongful termination of a tomato packing agreement with payments from BFC of $3,300 in May 1999 and $3,400 in May 2000. A gain of $7,500, derived from the difference between an initial reserve of $14,500 less the settlement and legal fees, was recorded in general and administrative expense during the first quarter of 1999.

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.

Year 2000
- ---------

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, contingency planing and completing final system testing.

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

ERP - The comprehensive new enterprise-wide system implemented by BFC replaced 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. These vendors include 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 addresses the significant majority of BFC's internal Year 2000 risk. Implementation of the new system was completed and tested as of June 30, 1999.

Non-ERP - BFC substantially completed system remediation and system testing activities as of June 30, 1999. Contingency plans are in place for those systems for which remediation and testing is planned, but work was not yet completed.

Third Parties - The Year 2000 Program included 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 were evaluated and appropriate procedures were 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, were substantially completed as of June 30, 1999. Third Party work included validation of supplier Year 2000 programs through site visits to mission critical suppliers, extensive phone interviews to critical suppliers, and documented questionnaire responses from suppliers rated as important and marginal. 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.

Business Contingency Planning is in process to minimize exposure (spread and duration) from internal and external events and to mitigate the financial impact of Year 2000 events. Examples of these plans are the pre-building of key inputs and critical finished goods inventory, plant shut downs over the millennium with staggered startups, and the establishment of a war room as a communications focal point. Testing of the plans will be completed by September 30, 1999.

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 $36,200 for the enterprise-wide information system and $7,000 of total Year 2000 costs and write-offs. Year 2000 costs and write-offs are comprised of $3,900 for business remediation, $2,300 for other related areas and program management, and $800 in write-offs of non-compliant hardware and systems.

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 has substantially completed the Year 2000 Program 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 continue to be developed and implemented to mitigate Year 2000 risks and the effect of Year 2000 issues.

[WISE LOGO] WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 1999 AND 1998

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

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 1999	1998
Net sales	$59,016	$61,271
Cost of goods sold	36,572	38,702
Gross margin	22,444	22,569
Distribution expense	7,260	7,198
Marketing expense	8,661	9,422
General & administrative expense	5,488	5,639
Operating income	1,035	310
Interest expense	166	110
Other expense	133	27
Income before income taxes	736	173
Income tax expense	311	148
Net income	$ 425	$ 25
Per Share Data		
Basic and diluted income per common share	$ 6.07	$ 0.36
Average number of common shares outstanding during the period	70	70

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
Net sales	$ 108,972	$ 115,152
Cost of goods sold	67,987	72,432
Gross margin	40,985	42,720
Distribution expense	14,025	14,139
Marketing expense	16,797	18,633
General & administrative expense	9,863	10,881
Operating income (loss)	300	(933)
Interest expense	285	232
Other expense	175	17
Loss before income taxes	(160)	(1,182)
Income tax benefit	(24)	(460)
Net loss	$ (136)	$ (722)
Per Share Data		
Basic and diluted loss per common share	$ (1.94)	$ (10.31)
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)

ASSETS	JUNE 30, 1999	DECEMBER 31, 1998
CURRENT ASSETS		
Cash and equivalents	$ 2,802	$ 2,610
Accounts receivable (less allowance for doubtful accounts of $1,675 and $1,971, respectively)	22,111	22,181
Affiliated receivables	104	15
Inventories:		
Finished goods	4,073	4,045
Raw materials and supplies	3,068	3,886
Deferred income taxes, net	2,414	2,651
Prepaid and other current assets	3,687	3,660
	38,259	39,048
PROPERTY AND EQUIPMENT		
Land	1,412	1,412
Buildings and improvements	5,335	5,352
Machinery and equipment	48,656	45,120
	55,403	51,884
Less accumulated depreciation	21,949	19,769
	33,454	32,115
INTANGIBLES AND OTHER ASSETS		
Trademarks (net of accumulated amortization of $2,116 and $1,880, respectively)	16,696	16,931
Other assets	766	808
	17,462	17,739
TOTAL ASSETS	$89,175	$88,902

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands, except per share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY	JUNE 30, 1999	DECEMBER 31, 1998
CURRENT LIABILITIES		
Debt payable within one year	$ 107	$ 168
Accounts and drafts payable	16,712	16,060
Affiliated payables	356	463
Accrued liabilities	11,114	14,954
	28,289	31,645
OTHER LIABILITIES		
Long-term debt payable to Borden, Inc.	7,450	5,000
Deferred income taxes, net	2,583	2,198
Non-pension postemployment benefit obligations	9,529	9,513
Affiliated employee benefit obligation	2,559	2,165
Other long-term liabilities	269	455
Minority interest	217	218
	22,607	19,549
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	3,299	2,728
	38,279	37,708
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$89,175	$88,902

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 1999	1998
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	$ (136)	$ (722)
Adjustments to reconcile net loss to net cash from operating activities		
Minority interest's share in income	(1)	(13)
Depreciation	2,903	2,688
Amortization	235	237
Other non-cash	160	(116)
Net change in assets and liabilities:		
Accounts receivable	366	(489)
Affiliated receivables	(89)	1,065
Inventories	790	478
Prepaid and other current assets	(27)	(246)
Other assets	42	32
Accounts and drafts payable	652	5,398
Affiliated payables	(107)	(429)
Accrued liabilities	(1,977)	(4,583)
Post-employment benefits other than pensions	16	(157)
Affiliated employee benefit obligation	394	931
Other long-term liabilities	(186)	1,036
	3,035	5,110
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(5,250)	(4,139)
Divestiture of business	--	2,107
Proceeds from sales of equipment	18	44
	(5,232)	(1,988)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Borrowings under affiliated long term loan agreement	2,450	--
Repayment of short-term borrowings	(61)	(270)
	2,389	(270)
INCREASE IN CASH AND EQUIVALENTS	192	2,852
Cash and equivalents at beginning of period	2,610	3,604
Cash and equivalents at end of period	$ 2,802	$ 6,456
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest:	$ 345	$ 194
Cash paid for taxes:	101	--

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
- ---------------------

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

The condensed consolidated financial statements of Wise collectively include the financial position of Wise Holdings, Inc. and subsidiaries as of June 30, 1999 and December 31, 1998. These financial statements also include the statements of operations of Wise for the three and six months ended June 30, 1999 and 1998 and cash flows of Wise for the six months ended June 30, 1999 and 1998. 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 1999 presentation.

Per Share Information

Basic and diluted loss per common share at June 30, 1999 and 1998 is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period ended June 30, 1999 and 1998, respectively. On April 24, 1998 the number of shares authorized and outstanding were reduced for administrative and tax purposes. The Per Share information for June 30, 1999 and 1998 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 1999 and 1998. 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.

Recently Issued Accounting Statements

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Wise implemented this pronouncement as of January 1, 1999. Wise estimates that internal costs approximating $400 will be eligible for capitalization in 1999 which would have been expensed as incurred.

In June 1998, the FASB issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued SFAS 137, which deferred the effective date of SFAS No. 133 to Fiscal years beginning after June 15, 2000 and requires all derivatives be measured at fair value and recorded on a company's balance sheet as a asset or liability, depending upon the company's underlying rights or obligations associated with the derivative instrument. Wise is investigating the impact of this pronouncement, but does not expect it to have a material impact on the company's results of operations, financial position or cash flows.

4. ACCRUED LIABILITIES

Accrued liabilities were as follows:

	June 30, 1999	December 31, 1998
Compensation	$ 1,452	$ 2,557
General insurance	5,318	5,292
Advertising and promotion	3,096	3,772
Other	1,248	3,333
Total	$ 11,114	$ 14,954

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 1999, at a variable interest rate equal to Borden's cost of funds for 30 day LIBOR borrowings plus 0.25%. A commitment fee based on a variable rate tied to Borden's leverage is charged on the unused portion of the revolving loan facility. Wise had no borrowings under the revolving agreement at June 30, 1999 and December 31, 1998.

Long-Term Loan

The Loan Agreement also provides for a $10 million term loan with a fixed interest rate of 11% maturing in November 2000, payable in full at the maturity date. At June 30, 1999 and December 31, 1998, $7.5 million and $5.0 million, respectively, remained 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 $356 and $463 at June 30, 1999 and December 31, 1998, respectively.

The liabilities for these obligations are included in Wise's financial statements. The following table summarizes the charges to Wise for these costs.

	Quarter ended June 30,		Six months ended June 30,	
	1999	1998	1999	1998
Employee benefits	$ 431	$ 385	$ 862	$ 949
Group and general insurance	964	1,023	2,128	1,784
Information services	126	37	235	102
Corporate staff departments and overhead	190	395	550	909
	$ 1,711	$ 1,840	$ 3,775	$ 3,744

Wise also invests excess cash with Borden in one-day investments that totaled $2,350 and $1,700 at June 30, 1999 and December 31, 1998, respectively which is included as a component of cash.

Exhibit (10)

Borden, Inc. ("Company")
Summary of Terms of Employment for:
Kevin M. Kelley

1.	Position:	Executive Vice President, Corporate Strategy and Development.
2.	Base Salary:	$450,000 per year (Payable bi-weekly and subject to periodic increases based on performance).
3.	Annual Incentive:	Performance based.
4.	Perquisites:	$50,000 for the first year of employment and $30,000 each year thereafter.
5.	Signing Bonus:	$675,000 provided as a loan with one-third of the principal and accrued interest to be forgiven each year and the total to be forgiven after three years of employment with the Company.
6.	Other:	Severance and vacation benefits and participation in management equity and savings plans are in accordance with the Company's standard practices.

6-MOS
DEC-31-1999
JAN-01-1999
JUN-30-1999
580,000
0
223,800
10,900
104,700
986,800
800,700
306,900
1,964,700
1,022,500
541,400
0
614,400
2,000
(527,200)
1,964,700
650,800
650,800
441,700
441,700
126,800
0
31,000
55,000
19,100
35,900
600
0
0
36,500
.18
.18