

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D. C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1996

Commission file number 1-71

BORDEN, INC.

New Jersey

13-0511250

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

180 East Broad Street, Columbus, OH 43215

(Address of principal executive offices)

(614) 225-4000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

Number of shares of common stock, \$0.01 par value, outstanding as of the close
of business on May 10, 1996: 198,974,994

 CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

BORDEN, INC

(In millions, except per share data)	Three Months Ended March 31,	
	1996	1995
Net sales	\$ 1,430.4	\$ 1,493.5
Cost of goods sold	987.6	1,052.5
Gross margin	442.8	441.0
Distribution expense	89.9	92.5
Marketing expense	255.2	253.1
General & admin. expense	73.8	79.7
Gain on divestiture	(82.9)	
Operating income	106.8	15.7
Interest expense	27.5	46.2
Minority interest	1.0	11.7
Other (income) expense	(8.4)	38.1
Income (loss) from continuing operations before income taxes	86.7	(80.3)
Income tax expense (benefit)	42.4	(28.3)
Income (loss) from continuing operations	44.3	(52.0)
Discontinued operations:		
Income from operations		8.1
Income from disposal		37.9
Net income (loss)	44.3	(6.0)
Preferred stock dividends	(18.4)	
Net income (loss) applicable to common stock	\$ 25.9	\$ (6.0)

 CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) (continued)

BORDEN, INC

(In millions, except per share data)	Three Months Ended March 31,	
	1996	1995

Share Data		

Income (loss) from continuing operations	\$.22	\$ (.29)
Discontinued operations:		
Income from operations		.04
Income from disposal		.22
	-----	-----
Net income (loss)	.22	(.03)
Preferred stock dividends	(.09)	
	-----	-----
Net income (loss) per common share	\$.13	\$ (.03)
	=====	=====
Dividends per preferred share	\$ 0.75	
Average number of common shares outstanding during the period	199.0	177.3

 See Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions)

		March 31, ----- 1996	December 31, ----- 1995

ASSETS			

CURRENT ASSETS	Cash and equivalents	\$ 146.4	\$ 146.2
	Accounts receivable (less allowance for doubtful accounts of \$25.6 and \$24.8, respectively)	679.9	660.1
	Inventories:		
	Finished and in-process goods	337.4	336.2
	Raw materials and supplies	176.6	184.1
	Other current assets	141.5	194.6
		-----	-----
		1,481.8	1,521.2
		-----	-----

INVESTMENTS AND OTHER ASSETS	Investments in and advances to affiliated companies	34.2	36.7
	Deferred income taxes	318.8	344.1
	Other assets	110.9	110.2
		-----	-----
		463.9	491.0
		-----	-----

PROPERTY AND EQUIPMENT	Land	92.9	93.6
	Buildings	555.7	562.4
	Machinery and equipment	1,997.2	1,968.7
		-----	-----
		2,645.8	2,624.7
	Less accumulated depreciation	(1,481.5)	(1,465.8)
		-----	-----
		1,164.3	1,158.9
		-----	-----

INTANGIBLES	Intangibles resulting from business acquisitions	608.0	616.4
		-----	-----

TOTAL ASSETS		\$ 3,718.0	\$ 3,787.5
		=====	=====

See Notes to Consolidated Financial Statements

 CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions)

		March 31,	December 31,
		----- 1996	----- 1995
LIABILITIES AND SHAREHOLDERS' EQUITY			

CURRENT	Debt payable within one year	\$ 109.5	\$ 140.4
LIABILITIES	Accounts and drafts payable	484.9	478.7
	Restructuring reserve	14.8	15.5
	Income taxes	179.8	181.7
	Other current liabilities	772.0	764.8
		----- 1,561.0	----- 1,581.1
		-----	-----

OTHER	Long-term debt	1,159.0	1,211.8
	Deferred income taxes	44.4	45.3
	Non-pension postemployment benefit obligations	324.4	331.8
	Other long-term liabilities	105.5	116.0
	Minority interest	33.7	33.0
		----- 1,667.0	----- 1,737.9
		-----	-----

Commitments and Contingencies			

SHAREHOLDERS'	Preferred Stock - Issued 24,574,751	614.4	614.4
EQUITY	Common stock - \$0.01 par value		
	Authorized 300,000,000 shares		
	Issued 198,974,994	2.0	2.0
	Paid in capital	312.7	312.7
	Accumulated translation adjustment	(134.0)	(129.6)
	Minimum pension liability and other	(107.9)	(107.9)
	Retained earnings (deficit)	(197.2)	(223.1)
		----- 490.0	----- 468.5
		-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,718.0 =====	\$ 3,787.5 =====

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN, INC.

(In millions)		Three Months Ended March 31,	
		1996	1995
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	Net income (loss)	\$ 44.3	\$ (6.0)
	Adjustments to reconcile net income (loss) to net cash from operating activities:		
	Reversal of reserve for loss on disposal of discontinued operations		(54.6)
	Depreciation and amortization	37.5	38.8
	Gain on divestiture	(82.9)	
	Unrealized (gain) loss on interest rate swap	(7.9)	23.5
	Loss on sale of investment		22.0
	Write-off deferred financing costs		11.1
	Restructuring	(3.0)	(9.1)
	Net change in assets and liabilities:		
	Trade receivables	(37.2)	(11.4)
	Inventories	6.3	(21.8)
	Trade payables	5.0	(8.2)
	Current and deferred taxes	35.9	(32.2)
	Other assets	(32.9)	(4.5)
	Other liabilities	50.9	6.5
	Discontinued operations		7.7
		16.0	(38.2)
CASH FLOWS FROM INVESTING ACTIVITIES	Sale of investment in RJR Nabisco Holdings		282.1
	Capital expenditures	(48.3)	(30.0)
	Divestiture of businesses	134.6	
	Purchase of businesses		(6.4)
		86.3	245.7
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Decrease in receivables sold		(250.0)
	Reduction in short-term debt	(30.9)	(180.2)
	Reduction in long-term debt	(53.4)	(306.3)
	Long-term debt financing	0.6	250.3
	Reduction in minority interest		(471.3)
	Equity contribution		994.7
	Dividends paid	(18.4)	
	Issuance of stock under stock options and benefits and awards plans		3.6
		(102.1)	40.8

 CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)(continued)

BORDEN, INC.

(In millions)	Three Months Ended March 31,	
	1996	1995
Increase in cash and equivalents	\$ 0.2	\$ 248.3
Cash and equivalents at beginning of period	146.2	125.3
	-----	-----
Cash and equivalents at end of period	\$ 146.4	\$ 373.6
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Interest paid	\$ 26.9	\$ 36.1
	Income taxes paid	6.5	25.4

 See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Basis of Presentation

Borden, Inc. ("the Company") conducts operations in the following businesses: pasta and foods ("BFC"), dairy ("BMG Dairies"), European bakery ("Bakeries"), salty snacks ("Wise"), glue ("Elmer's"), decorative products and wallcoverings ("Decorative Products"), adhesives and resins ("Chemical"), and packaging and plastic films ("Packaging"). The Company is in the process of redesigning its corporate organization along these business lines to facilitate certain operating and capital market goals of the Company. When this redesign is complete, the Company's businesses will be conducted through direct or indirect subsidiaries.

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

The Company is considering the transfer of the BFC and Wise business units to an affiliate of the Company's principal stockholder during the second quarter of 1996. If BFC and Wise are transferred, certain BFC and Wise entities would become guarantors of the Company's indebtedness under its \$1.2 billion credit facility and the Company's other publicly held indebtedness.

2. Reclassification

Certain prior year amounts have been restated to conform with 1996 classifications.

3. Asset Divestitures

Late in 1995 the Company began the process of redesigning its operating structure. As a result of this redesign management determined that certain businesses did not fit into the Company's long-term strategic plan, and made the decision to divest these businesses. Businesses in this classification include the packaging and plastic films business, seven dairy plants, and two food plants. Appropriate reserves relating to the sale or divestiture of these businesses were reflected in the December 31, 1995 financial statements of the Company.

During the first quarter of 1996, the Company sold its remaining equity interest in a Spanish food company for \$139.8 resulting in a pretax gain of \$82.9 (\$42.1 net of tax).

Following are the results of operations and net assets for businesses to be divested which were owned at March 31, 1996. These amounts are included in continuing operations in the Consolidated Financial Statements.

	1996	1995
Net sales	\$ 185.9	\$ 276.4
Operating income	2.5	0.6
Net assets at March 31 and December 31 for 1996 and 1995, respectively	359.0	412.3

4. Commitments and Contingencies

The Company is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. In addition, the Company is conducting a number of environmental investigations and remedial actions at current and former Company locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably to the Company. The Company has established accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial position of the Company.

PART I FINANCIAL INFORMATION

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

QUARTER ENDED MARCH 31, 1996 VERSUS QUARTER ENDED MARCH 31, 1995

Following is a comparison of sales and operating income (loss) by business
unit:

(Dollars in millions)

SALES	3 months ended March 31, 1996	3 months ended March 31, 1995	Increase (Decrease)	Percent Change
BFC	\$ 462.0	\$ 422.2	\$ 39.8	9.4%
BMG Dairies	222.4	206.3	16.1	7.8%
Bakeries	98.9	90.7	8.2	9.0%
Wise	70.5	68.8	1.7	2.5%
Elmer's	15.5	14.9	0.6	4.0%
Decorative Products	97.6	92.2	5.4	5.9%
Chemical	277.0	322.0	(45.0)	-14.0%
Other	0.6	0.0	0.6	N/M
Subtotal	1,244.5	1,217.1	27.4	2.3%
Businesses held for sale	185.9	276.4	(90.5)	-32.7%
Net Sales	\$ 1,430.4	\$ 1,493.5	\$ (63.1)	-4.2%

OPERATING INCOME (LOSS)	3 months ended March 31, 1996	3 months ended March 31, 1995	Favorable (Unfavorable)	Percent Change
BFC	\$ (12.8)	\$ 5.7	\$ (18.5)	-324.6%
BMG Dairies	3.2	6.5	(3.3)	-50.8%
Bakeries	2.5	2.5	0.0	0.0%
Wise	(4.1)	(12.0)	7.9	65.8%
Elmer's	2.5	1.8	0.7	38.9%
Decorative Products	9.3	6.1	3.2	52.5%
Chemical	32.6	38.3	(5.7)	-14.9%
Gain on divestiture	82.9	0.0	82.9	N/M
Corporate	(11.8)	(33.8)	22.0	65.1%
Subtotal	104.3	15.1	89.2	590.7%
Businesses held for sale	2.5	0.6	1.9	316.7%
Total Operating Income	106.8	15.7	91.1	580.3%
Other expense	(20.1)	(96.0)	75.9	79.1%
Income taxes	(42.4)	28.3	(70.7)	N/M
Income (loss) from Continuing Ops.	\$ 44.3	\$ (52.0)	\$ 96.3	185.2%

Net sales from continuing operations for the quarter ended March 31, 1996 decreased 4.2% to \$1.43 billion from \$1.49 billion in 1995 primarily as a result of businesses sold late in 1995. Operating income totaled \$106.8 million in 1996, up \$91.1 million from the 1995 total of \$15.7 million. The Company reported net income applicable to common stock for the first quarter 1996 of \$25.9 million, or \$0.13 per share, after the effect of preferred dividends (\$0.09 per share), compared to a net loss of \$6.0 million, or \$0.03 per share, in 1995.

Sales for Borden Foods Corporation (BFC) of \$462.0 million increased 9.4% compared to 1995 sales of \$422.2 million, mainly due to higher sales in whole milk powder, FunCheese, and Signature Flavors product lines. Whole milk powder increases were attributable to volume increases in Colombia and Taiwan. The FunCheese increase was attributable to volume in fat free and low fat product lines, and the introduction of a new product. The increase at Signature Flavors was primarily a result of volume increases for Cracker Jack, and the Bouillon and Dry Soups business.

BFC reported an operating loss of \$12.8 million versus income of \$5.7 million in 1995 due to weak results in Italian Foods. Italian Foods' experienced significantly higher semolina costs, while pricing remained flat. In addition, distribution and promotional costs were higher in first quarter 1996.

Borden/Meadow Gold Dairies' sales of \$222.4 million increased 7.8% from \$206.3 million in 1995 primarily as a result of higher volumes coupled with a 3% pricing increase. Operating income decreased 50.8% to \$3.2 million from \$6.5 million due to higher raw material costs which could not be recovered in price increases, and costs associated with the consolidation of operating facilities.

European Bakeries (Bakeries) sales for 1996 increased 9.0% to \$98.9 million from \$90.7 million in 1995. Bakeries reported volume increases in both the industrial and retail sectors coupled with favorable foreign currency translation effect. Bakeries operating income was flat year to year.

Wise sales for 1996 were \$70.5 million versus \$68.8 million in 1995. The 2.5% increase was primarily due to new product introductions during the quarter. Operating loss for 1996 decreased \$7.9 million to a \$4.1 million loss as a result of the absence of 1995 charges of \$13.3 million which related to asset writedowns and adjustments of accrued expenses, partially offset by higher promotional expenses from changes in sales mix and increased advertising relating to the new product roll-outs.

1996 sales for Elmer's increased 4.0% to \$15.5 million from \$14.9 million in 1995, while income increased 38.9% to \$2.5 million from \$1.8 million, primarily as a result of the introduction of a new product and continued volume increases in existing product lines.

Sales for Decorative Products increased 5.9% in 1996 to \$97.6 million from \$92.2 million in 1995 primarily due to volume increases. Operating income for 1996 increased 52.5% to \$9.3 million from \$6.1 million due to increased sales and higher margins.

Chemical sales of \$277.0 million for 1996 decreased 14.0% from 1995 sales of \$322.0 million, primarily due to a steep decline in formaldehyde selling prices from 1995 levels, partially offset by a slight increase in sales volume. Operating income for 1996 declined 14.9% to \$32.6 million from \$38.3 million primarily as a result of the decrease in sales.

The decrease in sales and increase in operating income for Businesses held for sale are due primarily to the divestiture of six dairy operations late in 1995. Gain on divestiture reflects the sale of the remaining equity interest in a Spanish food company in first quarter 1996.

Corporate operating expenses decreased in 1996 to \$11.8 million from \$33.8 million in 1995. The decrease is due mainly to the absence of non-recurring charges recorded in 1995 for severance, environmental, and general insurance costs.

Non-operating expenses totaled \$20.1 million in 1996, down \$75.9 million from 1995. Costs associated with interest rate swaps were \$31.4 million lower in 1996 than 1995. Interest expense decreased by \$18.7 million due to lower debt levels, and minority interest expense declined \$10.7 million as a result of the reduction in the TMI partnership. Additionally, amortization of deferred costs declined \$7.4 million, and a loss on sale of RJR Nabisco

Holdings shares of \$22.0 million recorded in 1995 was not incurred in 1996. These favorable variances were partially offset by a \$15.0 million reduction in income from an equity investment in Borden Chemicals and Plastics Limited Partnership. Income taxes increased \$70.7 million as a result of higher pretax income.

REORGANIZATION PLAN

The Company is in the process of reorganizing its business units. In connection with this reorganization, the Company is considering a number of alternatives. The Company expects that the reorganized business units will be held by the Company through direct or indirect subsidiaries. The Company is considering the transfer of the BFC and Wise business units to an affiliate of the Company's principal stockholder during the second quarter of 1996. If BFC and Wise are transferred, certain BFC and Wise entities would become guarantors of the Company's indebtedness under its \$1.2 billion credit facility and the Company's other publicly held indebtedness.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

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Operating activities generated cash of \$16.0 million in 1996 compared to a \$38.2 million reduction of cash in 1995. The majority of the increase in operating cash flow was due to the decrease in the deferred tax asset, which was used to offset the tax generated by the gain on divestiture.

Investing Activities

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Cash expenditures for new facilities and improvements were \$48.3 million in 1996 as compared to \$30.0 million in 1995. Proceeds from divestitures generated \$134.6 million during the first quarter of 1996. \$125.5 million of these proceeds was from the sale of the remaining equity interest in a Spanish food company. The remainder was cash received in 1996 from a dairy plant sold in 1995.

Financing Activities

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Financing cash flows reflect a net use of cash of \$102.1 million as compared to cash provided from financing activities of \$40.8 million in 1995. Proceeds from divestitures were used to reduce short and long term debt by \$84.3 million in the first quarter of 1996. 1995 first quarter financing flows reflect the capital contribution of \$994.7 million, which was almost entirely offset by the reduction of debt and minority interest.

Item 1: LEGAL PROCEEDINGS

A private action has been filed against the Company and numerous other defendants in state court in Galveston County, Texas alleging personal injuries and property damage in connection with a waste disposal site in La Marque, Texas (March 1996).

The Company and two other defendants have been sued in a private CERCLA action in U.S. Southern District Court, Ohio Eastern Division, for contribution and response costs in connection with property that had been used as a waste disposal site in the 1950s.

The Company was a defendant in litigation in Montreal, Canada involving allegations of personal injury or property damage arising from the misapplication of, or defects in, a urea-formaldehyde foam insulation product which the Company manufactured from 1973 through 1980. The litigation, which was tried from September 1983 through December 1989, was dismissed by the trial court in December 1991. An appeal filed by plaintiffs was denied in October 1995. No further appeals will be taken.

There have been no material developments in the additional ongoing legal proceedings that are discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

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

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

Item 6: EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

(27) Financial Data Schedule

SIGNATURE

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

BORDEN, INC.

Date: May 13, 1996

By/s/William H. Carter

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

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1,000,000

3-MOS
DEC-31-1996
JAN-01-1996
MAR-31-1996

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1,561		1,159
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