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, 2000

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
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Number of shares of common stock, $0.01 par value, outstanding as of the close of business on August 14, 2000:
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 consolidated and combined financial statements. The Company, Wise Holdings, and Foods Holdings are controlled by BW Holdings, LLC ("BWHLLC"). The consolidated financial statements are those of the Company, which is the SEC Registrant.

The Borden, Inc. and Affiliates ("the Combined Companies") Condensed Combined

Financial Statements are included herein to present the Company on a combined historical basis, including the financial position, results of operations and cash flows of Wise and Foods. The Combined Companies' financial statements are included, supplementally, to present financial information on a basis consistent with that on which credit was originally extended to the Company (prior to push down accounting) and because management of the Company will continue to control significant financial and managerial decisions with respect to Wise Holdings and Foods Holdings. Also, 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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ITEM 1. BORDEN, INC. ("BORDEN") CONDENSED CONSOLIDATED AND BORDEN, INC. AND AFFILIATES CONDENSED COMBINED FINANCIAL STATEMENTS

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

(In millions)	Three months ended June 30, 2000	1999
Net sales	$384.5	$343.9
Cost of goods sold	268.0	229.9
Gross margin	116.5	114.0
Distribution expense	15.6	14.1
Marketing expense	24.5	19.9
General & administrative expense	37.9	25.5
Gain on sale of assets	(10.4)	(1.6)
Business realignment	9.0	10.0
Operating income	39.9	46.1
Interest expense	14.6	15.7
Affiliated interest expense, net of affiliated interest income of $0.1 in 2000 and $0.2 in 1999	4.2	5.2
Interest income and other	(4.6)	(8.9)
Equity in net income of unconsolidated subsidiaries	(0.5)	(1.4)
Income from continuing operations before income tax	26.2	35.5
Income tax expense	13.8	12.9
Income from continuing operations	12.4	22.6
Gain on disposal of discontinued operations, net of tax	93.0	0.6
Net income	105.4	23.2
Preferred stock dividends	(18.5)	(18.5)
Net income applicable to common stock	$ 86.9	$ 4.7
Comprehensive income (see Note 4)	$ 99.9	$ 33.5

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, 2000	1999
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.06	$ 0.12
Gain on disposal of discontinued operations, net of tax	0.47	-
Net income	0.53	0.12
Preferred stock dividends	(0.09)	(0.09)
Net income applicable to common stock	$ 0.44	$ 0.03
Dividends per common share	$ 0.06	$ 0.06
Dividends per preferred share	$ 0.75	$ 0.75
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Six months ended June 30, 2000	1999
Net sales	$737.2	$650.8
Cost of goods sold	514.6	441.7
Gross margin	222.6	209.1
Distribution expense	31.2	26.1
Marketing expense	42.6	35.7
General & administrative expense	75.5	56.8
Gain on sale of assets	(10.3)	(1.8)
Business realignment	11.8	10.0
Operating income	71.8	82.3
Interest expense	29.3	31.0
Affiliated interest expense, net of affiliated interest income of $0.2 in 2000 and 1999	8.3	10.0
Interest income and other	(10.8)	(17.6)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	3.9
Income from continuing operations before income tax	45.9	55.0
Income tax expense	21.2	19.1
Income from continuing operations	24.7	35.9
Gain on disposal of discontinued operations,net of tax	93.0	0.6
Net income	117.7	36.5
Preferred stock dividends	(36.9)	(36.9)
Net income (loss) applicable to common stock	$ 80.8	$ (0.4)
Comprehensive income (see Note 4)	$109.8	$ 29.1

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, 2000	1999
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.12	$ 0.18
Gain on disposal of discontinued operations, net of tax	0.47	-
Net income	0.59	0.18
Preferred stock dividends	(0.18)	(0.18)
Net income applicable to common stock	$ 0.41	$ -
Dividends per common share	$ 0.19	$ 0.12
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, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 32.0	$ 195.2
Accounts receivable (less allowance for doubtful accounts of $10.8 in 2000 and $11.8 in 1999)	303.0	215.0
Loan receivable from affiliate	58.4	56.2
Inventories:		
Finished and in-process goods	72.3	62.8
Raw materials and supplies	49.8	50.4
Deferred income taxes	46.2	42.4
Other current assets	14.3	15.3
	576.0	637.3
INVESTMENTS AND OTHER ASSETS		
Investments	64.0	64.0
Investment in affiliate	55.7	51.5
Deferred income taxes	27.0	109.5
Prepaid pension assets	125.3	129.7
Other assets	44.0	36.3
Assets sold under contractual arrangement (net of allowance of $62.6 in 2000 and 1999)	46.0	48.2
	362.0	439.2
PROPERTY AND EQUIPMENT		
Land	25.6	25.6
Buildings	103.5	97.9
Machinery and equipment	728.3	739.1
	857.4	862.6
Less accumulated depreciation	(319.2)	(323.8)
	538.2	538.8
INTANGIBLES	186.2	112.1
TOTAL ASSETS	$ 1,662.4	$ 1,727.4

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, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 153.3	$ 137.4
Debt payable within one year	20.6	17.7
Income taxes payable	87.2	244.1
Loans payable to affiliates	237.1	246.6
Other current liabilities	182.7	178.6
	680.9	824.4
OTHER LIABILITIES		
Liabilities sold under contractual arrangement	41.6	41.6
Long-term debt	588.7	541.1
Non-pension post-employment benefit obligations	170.0	176.1
Other long-term liabilities	66.7	80.0
	867.0	838.8
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	333.1	355.7
Receivable from parent	(414.9)	(414.9)
Accumulated other comprehensive income	(60.4)	(52.5)
Accumulated deficit	(359.7)	(440.5)
	114.5	64.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,662.4	$1,727.4

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, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 117.7	$ 36.5
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Gain on disposal of discontinued operations, net of tax	(93.0)	(0.6)
Gain on sale of assets	(10.3)	(1.8)
Business realignment	11.8	10.0
Deferred tax provision (benefit)	75.2	(7.7)
Depreciation and amortization	28.2	24.2
Unrealized gain on interest rate swap	(4.0)	(6.2)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	3.9
Net change in assets and liabilities:		
Trade receivables	(40.0)	(25.4)
Inventories	(1.7)	4.5
Accounts and drafts payable	17.6	3.8
Income taxes	(66.2)	7.1
Other assets	4.2	6.7
Other liabilities	(12.0)	(25.1)
	26.6	29.9
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(41.7)	(24.1)
Proceeds from the sale of assets	7.2	0.3
Purchase of businesses, net of cash acquired	(88.0)	(40.2)
Purchase of affiliate's receivables	(50.0)	-
Net investment from (in) affiliate	2.2	(1.9)
	(170.3)	(65.9)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	13.2	(6.0)
Borrowings of long-term debt	48.0	-
Repayment of long-term debt	(10.7)	(0.3)
Affiliated repayments	(9.8)	(12.9)
Interest received from parent	24.2	24.6
Common stock dividends paid	(37.2)	(24.6)
Preferred stock dividends paid	(36.9)	(36.9)
Other distributions	(10.3)	-
	(19.5)	(56.1)

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

(In millions)	Six months ended June 30, 2000	1999
Decrease in cash and equivalents	$(163.2)	$(92.1)
Cash and equivalents at beginning of period	195.2	672.1
Cash and equivalents at end of period	$ 32.0	$580.0
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 29.6	$ 24.8
Taxes	12.2	19.4
Non-cash activity:		
Accrued dividends on investment in affiliate	4.2	-
Capital contribution by parent	15.4	16.8
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

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, 1999	$614.4	$2.0	$355.7	$(414.9)	$(52.5)	$(440.5)	$64.2
Net income						117.7	117.7
Translation adjustments					(7.9)		(7.9)
Preferred stock dividends						(36.9)	(36.9)
Common stock dividends			(37.2)				(37.2)
Other distributions			(16.3)				(16.3)
Interest accrued on notes from parent (net of $8.8 tax)			15.5				15.5
Capital contribution from parent			15.4				15.4
Balance, June 30, 2000	$614.4	$2.0	$333.1	$(414.9)	$(60.4)	$(359.7)	$114.5

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, 2000	1999
Net sales	$572.6	$519.1
Cost of goods sold	373.9	326.1
Gross margin	198.7	193.0
Distribution expense	34.6	30.6
Marketing expense	87.7	62.6
General & administrative expense	57.2	51.4
Gain on divestiture of businesses	-	(10.4)
Gain on sale of assets	(10.4)	(1.4)
Business realignment	9.0	10.0
Operating income	20.6	50.2
Interest expense	14.6	15.8
Affiliated interest expense	0.4	1.8
Interest income and other	(4.6)	(7.9)
Equity in net income of unconsolidated subsidiaries	(0.5)	(1.4)
Income from continuing operations before income tax	10.7	41.9
Income tax (benefit) expense	(59.4)	26.3
Income from continuing operations	70.1	15.6
Gain on disposal of discontinued operations, net of tax	37.0	0.6
Net income	107.1	16.2
Affiliate's share of loss	-	0.6
Preferred stock dividends	(18.5)	(18.5)
Net income (loss) applicable to common stock	$88.6	$ (1.7)
Comprehensive income (see Note 4)	$98.5	$ 30.5

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, 2000	1999
Net sales	$1,125.0	$1,015.6
Cost of goods sold	727.9	639.2
Gross margin	397.1	376.4
Distribution expense	69.5	59.0
Marketing expense	180.4	142.0
General & administrative expense	114.7	95.9
Gain on divestiture of businesses	-	(14.8)
Gain on sale of assets	(10.3)	(1.3)
Business realignment	11.8	10.0
Operating income	31.0	85.6
Interest expense	29.3	31.4
Affiliated interest expense	0.7	3.5
Interest income and other	(10.8)	(17.7)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	3.9
Income from continuing operations before income tax	12.7	64.5
Income tax (benefit) expense	(57.5)	33.9
Income from continuing operations	70.2	30.6
Gain on disposal of discontinued operations, net of tax	37.0	0.6
Income before cumulative effect of change in accounting principle	107.2	31.2
Cumulative effect of change in accounting principle	-	(2.8)
Net income	107.2	28.4
Affiliate's share of income (loss)	0.1	(0.3)
Preferred stock dividends	(36.9)	(36.9)
Net income (loss) applicable to common stock	$ 70.4	$ (8.8)
Comprehensive income (see Note 4)	$ 95.0	$ 23.5

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

ASSETS	June 30, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 58.4	$ 228.4
Accounts receivable (less allowance for doubtful accounts of $14.8 in 2000 and $15.4 in 1999)	365.7	296.9
Loan receivable from affiliate	58.4	56.2
Inventories:		
Finished and in-process goods	129.8	114.8
Raw materials and supplies	69.9	84.3
Deferred income taxes	62.3	60.8
Other current assets	23.6	24.0
	768.1	865.4
INVESTMENTS AND OTHER ASSETS		
Investments	64.0	64.0
Investment in affiliate	55.7	51.5
Deferred income taxes	28.5	109.8
Prepaid pension assets	136.4	140.8
Other assets	39.0	32.7
	323.6	398.8
PROPERTY AND EQUIPMENT		
Land	38.9	38.8
Buildings	197.7	192.6
Machinery and equipment	1,096.5	1,088.1
	1,333.1	1,319.5
Less accumulated depreciation	(554.6)	(548.2)
	778.5	771.3
INTANGIBLES	489.7	423.5
TOTAL ASSETS	$2,359.9	$2,459.0

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, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 205.4	$ 197.3
Debt payable within one year	21.1	18.1
Income taxes payable	99.8	255.8
Loans payable to affiliates	20.9	14.5
Other current liabilities	254.5	257.7
	601.7	743.4
OTHER LIABILITIES		
Long-term debt	591.6	544.1
Non-pension post-employment benefit obligations	187.4	193.9
Other long-term liabilities	80.9	114.8
	859.9	852.8
COMMITMENTS AND CONTINGENCIES (See Note 6)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	641.8	664.4
Receivable from parent	(414.9)	(414.9)
Affiliate's interest in subsidiary	66.1	66.2
Accumulated other comprehensive income	(96.3)	(84.1)
Retained earnings	85.2	14.8
	898.3	862.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,359.9	$2,459.0

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, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 107.2	$ 28.4
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Gain on disposal of discontinued operations, net of tax	(37.0)	(0.6)
Gain on divestiture of businesses	-	(14.8)
Gain on sale of assets	(10.3)	(1.3)
Business realignment	11.8	10.0
Deferred tax provision	55.0	0.3
Depreciation and amortization	50.2	41.6
Unrealized gain on interest rate swap	(4.0)	(6.2)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	3.9
Net change in assets and liabilities:		
Trade receivables	(23.9)	(29.3)
Inventories	6.0	15.4
Accounts and drafts payable	10.8	(6.3)
Income taxes	(119.9)	28.0
Other assets	5.6	21.8
Other liabilities	(15.2)	(66.1)
	35.4	24.8
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(68.9)	(52.4)
Proceeds from the divestiture of businesses	-	16.5
Proceeds from the sale of assets	7.2	4.9
Purchase of business, net of cash acquired	(88.0)	(40.2)
Purchase of affiliate's receivables	(50.0)	-
	(199.7)	(71.2)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	13.4	(11.6)
Borrowings of long-term debt	48.0	-
Repayment of long-term debt	(10.9)	-
Affiliated borrowings	4.0	2.9
Interest received from parent	24.2	24.6
Common stock dividends paid	(37.2)	(24.6)
Preferred stock dividends paid	(36.9)	(36.9)
Other distributions	(10.3)	-
	(5.7)	(45.6)

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

(In millions)	Six months ended June 30, 2000	1999
Decrease in cash and equivalents	$(170.0)	$(92.0)
Cash and equivalents at beginning of period	228.4	695.5
Cash and equivalents at end of period	$ 58.4	$603.5
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 19.8	$ 18.1
Taxes	7.4	4.6
Non-cash activity:		
Accrued dividends on investment in affiliate	4.2	-
Capital contribution by parent	15.4	16.8
Affiliate's share of (income) loss	(0.1)	0.3
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

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	Retained Earnings	Total
Balance, December 31, 1999	$614.4	$2.0	$664.4	$(414.9)	$66.2	$(84.1)	$14.8	$862.8
Net income							107.2	107.2
Translation adjustments						(12.2)		(12.2)
Preferred stock dividends							(36.9)	(36.9)
Common stock dividends			(37.2)					(37.2)
Other distributions			(16.3)					(16.3)
Interest accrued on notes from parent (net of $8.8 tax)			15.5					15.5
Capital contribution from parent			15.4					15.4
Affiliate's interest in subsidiary					(0.1)		0.1	-
Balance, June 30, 2000	$614.4	$2.0	$641.8	$(414.9)	$66.1	$(96.3)	$85.2	$898.3

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 primarily forest products and industrial resins, formaldehyde, melamine crystal and other specialty and industrial chemicals worldwide as well as consumer glues and adhesives in North America.

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, 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. However, management of the Company continues to exercise significant operating and financial control over Wise and Foods. In addition, Wise Holdings and Foods Holdings provide financial guarantees to obligations under the Company's credit facility and all of the Company's outstanding publicly held debt. Because of the aforementioned control and guarantees, the Company has included, supplementally in this filing, Condensed Combined Financial Statements of Borden, Inc. and Affiliates (the "Combined Companies") which present the financial condition and results of operations and cash flows of the Company, Wise and Foods. The Combined Companies' financial statements do not reflect push-down accounting and therefore present financial information on a basis 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.

Information about the Company's and Combined Companies' operating segments is provided in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and is an integral part of the Condensed Consolidated and Condensed Combined Financial Statements. Due to acquisitions made in the second quarter of 2000 (see Note 2), the Company's consumer glues and adhesives business, ("Consumer Adhesives"), now meets the quantitative thresholds of SFAS 131 and is reflected as a separate operating segment for all periods presented. Total assets reported in the "Corporate and Other" segment in the 1999 Form 10-K included $58.1 related to Consumer Adhesives. At June 30, 2000, Consumer Adhesives' total assets are $186.1, including approximately $95 related to the acquisition.

The 1999 Condensed Combined Statement of Operations and Comprehensive Income reflects the cumulative effect of a change in accounting principle recorded in the 1999 Form 10-K, related to the adoption of Statement of Position 98-5 in the fourth quarter of 1999.

Certain prior year amounts have been reclassified to conform with the 2000 presentation.

2. BUSINESS ACQUISITIONS, REALIGNMENT AND OTHER CHANGES

In the second quarter of 2000, the Company recorded a charge of $9.0 related primarily to the closure of a United Kingdom formaldehyde and resins plant as a result of the acquisition of Blagden Chemicals, Ltd. in 1999. This amount is classified as business realignment in the Condensed Consolidated and Condensed Combined Statements of Operations and Comprehensive Income.

In June 2000, the Company sold certain rights to harvest shellfish for $10.5, resulting in a pre-tax gain of $10.5 ($6.8 after tax). This amount is recorded as gain on the sale of assets in the Condensed Consolidated and Condensed Combined Statements of Operations and Comprehensive Income.

In May 2000, the Company acquired certain assets and liabilities of a Canadian based business for $88.0 in cash. The business manufactures glue, glue sticks, paints, tapes and craft/stationery products at its manufacturing facility in Ontario, Canada. The acquisition was accounted for using the purchase method of accounting, and as such, the business' results of operations have been included since the acquisition date. The excess purchase price over net tangible and identifiable intangible assets is approximately $38 and will be amortized over a period of 15 years.

In the first quarter of 2000, the Company recorded $2.8 related to the closure of Chemicals resins operations primarily in Argentina and California. These amounts are classified as business realignment on the Condensed Consolidated and Condensed Combined Statements of Operations and Comprehensive Income.

Subsequent Event

On July 28, 2000, the Company acquired the formaldehyde and certain other assets from Borden Chemicals and Plastics Limited Partnership, an affiliate of the Company, for $48.5, comprised of $38.8 cash and a $9.7 interest-bearing note due in six months.

3. DISCONTINUED OPERATIONS

As a result of a settlement reached with the Internal Revenue Service, amounts established for tax issues related to the divestiture of certain segments of the Company's business are no longer considered necessary. A portion of these amounts for the Company and Combined Companies is classified as gain on the sale of discontinued operations in the second quarter of 2000, consistent with the classification of these amounts when established. Amounts differ between consolidated and combined because Foods is not reflected as a sale of a discontinued operation in combined.

4. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	2000	1999	2000	1999
Net income	$105.4	$23.2	$107.1	$16.2
Foreign currency translation adjustments	(5.5)	0.3	(8.6)	4.3
Reclassification adjustments	-	10.0	-	10.0
	$ 99.9	$33.5	$ 98.5	$30.5

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
	2000	1999	2000	1999
Net income	$117.7	$ 36.5	$107.2	$ 28.4
Foreign currency translation adjustments	(7.9)	(17.4)	(12.2)	(14.9)
Reclassification adjustments	-	10.0	-	10.0
	$109.8	$ 29.1	$ 95.0	$ 23.5

The Company's 2000 foreign currency translation adjustments primarily represent amounts recorded in the Chemical business for fluctuations in the British Pound. The Combined Companies' 2000 amount also includes fluctuations in the Canadian Dollar recorded by Foods.

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.

5. RELATED PARTY TRANSACTIONS

In February 2000, the Company distributed 100% of its ownership in the infrastructure management services business to the Company's parent. The distribution was recorded at net book value of $16.3, including $8.6 owed by the Company to the infrastructure management services business in accordance with a tax sharing agreement. Subsequent to the distribution, substantially all of the assets of the infrastructure management services business were sold to a subsidiary of Interliant, Inc. in exchange for $2.5 in cash and 1,041,179 shares of Interliant, Inc. stock. In June 2000, the remaining assets of the infrastructure management services business, with a net book value of approximately $0.3, were distributed back to the Company from the Company's parent.

The Company provides administrative services to Foods and Wise. Fees received for these services are offset against the Company's general and administrative expenses and approximated $1.0 and $2.5 for the three months ended June 30, 2000 and 1999, respectively, and $2.5 and $4.9 for the six months ended June 30, 2000 and 1999, respectively.

At June 30, 2000, Foods had $219.5 cash invested with the Company and BWHLLC had $17.6 cash invested with the Company and Combined Companies. Loans payable to unconsolidated affiliates for the Combined Companies at June 30, 2000 also includes $3.3 from an affiliate of the Combined Companies. These balances are reflected as loans payable to affiliates in the consolidated and combined balance sheets.

In June 2000, the Company purchased $50.0 of accounts receivable from World Kitchen, Inc., an affiliate of the Company, in return for certain fees. Collection of the purchased receivables is expected to occur within 90 days.

At June 30, 2000, the Company had loaned $58.4 in the form of demand notes and accrued interest to CCPC Acquisition Corp., an affiliate of the Company, to provide temporary financing to complete its acquisition of EKCO Group, Inc. ("EKCO"). The loan bears interest at the monthly prime rate as quoted by The Wall Street Journal and matures on December 31, 2000. The Company and Combined Companies anticipate repayment of the loan and interest upon the sale of a business unit acquired with EKCO that is held for sale by CCPC Acquisition Corp.

In the fourth quarter of 1999, the Company made a $50.0 investment in World Kitchen, Inc. in the form of 16% cumulative junior preferred stock. The Company has accrued cumulative dividends of $5.7 on the investment at June 30, 2000.

6. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS - The Company and Combined Companies, like others in similar businesses, are subject to extensive federal, state and local environmental laws and regulations. Although 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 $22 at June 30, 2000 and December 31, 1999, 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.

LEGAL MATTERS - The Company and Combined Companies have recorded $4.4 in liabilities at June 30, 2000, for legal costs that they believe are probable and reasonably estimable. These liabilities at December 31, 1999, totaled $5.1 and $8.5 for the Company and Combined Companies, respectively. Actual costs are not expected to exceed these amounts. In addition, the Company may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership ("BCP") 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 statements.

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

PART 1. FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS BY BUSINESS UNIT:

Following is a comparison of net sales and adjusted operating EBITDA by operating segment for both the Company and Combined Companies.

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
NET SALES:				
Foods ongoing			$122.7	$111.7
Foods Unaligned			-	4.5
Wise			65.4	59.0
Chemical	$334.4	$307.2	334.4	307.2
Consumer Adhesives	50.1	34.1	50.1	34.1
Corporate and other	-	2.6	-	2.6
	$384.5	$343.9	$572.6	$519.1
ADJUSTED OPERATING EBITDA:				
Foods ongoing			$(12.5)	$ 0.1
Foods Unaligned			-	0.4
Wise			4.5	2.5
Chemical	$ 53.3	$ 56.0	53.3	56.0
Consumer Adhesives	10.6	8.2	10.6	8.2
Corporate and other	(1.0)	4.1	(1.0)	4.1
TOTAL ADJUSTED OPERATING EBITDA (1)	62.9	68.3	54.9	71.3
Significant or unusual items (2)	(9.0)	(10.0)	(9.0)	0.4
Depreciation and amortization (3)	(14.0)	(12.2)	(25.3)	(21.5)
OPERATING INCOME	$ 39.9	$ 46.1	$ 20.6	$ 50.2

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

(2) The 2000 Consolidated and Combined amount represents Chemical realignment expenses relating primarily to the closure of a plant in the United Kingdom. The 1999 Consolidated amount represents costs associated with realignment of a Chemical business of $10.0. The 1999 Combined amount includes the $10.0 Chemical realignment charge offset by 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.

(3) The increase in Consolidated depreciation and amortization is primarily the result of the 1999 Chemical acquisitions. The Combined increase also reflects the depreciation associated with Foods 1999 enterprise-wide systems implementation and plant improvements.

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(DOLLARS IN MILLIONS)	2000	1999	2000	1999
NET SALES:				
Foods ongoing			$265.0	$245.7
Foods Unaligned			-	10.1
Wise			122.8	109.0
Chemical	$662.8	$592.8	662.8	592.8
Consumer Adhesives	72.7	53.3	72.7	53.3
Corporate and other	1.7	4.7	1.7	4.7
	$737.2	$650.8	$1,125.0	$1,015.6
ADJUSTED OPERATING EBITDA:				
Foods ongoing			$(25.9)	$ 0.6
Foods Unaligned			-	2.1
Wise			7.1	3.2
Chemical	$108.6	$105.7	108.6	105.7
Consumer Adhesives	13.3	11.0	13.3	11.0
Corporate and other	(10.1)	(0.2)	(10.1)	(0.2)
TOTAL ADJUSTED OPERATING EBITDA (1)	111.8	116.5	93.0	122.4
Significant or unusual items (2)	(11.8)	(10.0)	(11.8)	4.8
Depreciation and amortization (3)	(28.2)	(24.2)	(50.2)	(41.6)
OPERATING INCOME	$ 71.8	$ 82.3	$ 31.0	$ 85.6

(1) Adjusted Operating EBITDA represents net income (loss) excluding discontinued operations, cumulative effect of change in accounting principle, non-operating income and expenses, interest, taxes, depreciation, amortization and significant or unusual items (see below).

(2) The 2000 Consolidated and Combined amount represents Chemical realignment expenses relating primarily to plant closures in the United Kingdom, Argentina and California. The 1999 Consolidated amount represents costs associated with realignment of a Chemical business of $10.0. The 1999 Combined amount includes the $10.0 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.

(3) The increase in Consolidated depreciation and amortization is primarily the result of the 1999 Chemical acquisitions. The Combined increase also reflects the depreciation associated with Foods 1999 enterprise-wide systems implementation and plant improvements.

CONSOLIDATED AND COMBINED THREE MONTHS ENDED JUNE 30, 2000 VERSUS THREE MONTHS ENDED JUNE 30, 1999

Consolidated Summary

Consolidated sales increased $40.6 million, or approximately 12%, to $384.5 million in 2000 from $343.9 million in 1999. The increase in sales is attributed primarily to improved volumes in the Chemical and Consumer Adhesives businesses and the two Chemical acquisitions made in 1999. Adjusted operating EBITDA decreased $5.4 million, or approximately 8%, to $62.9 million in 2000 from $68.3 million in 1999. The decrease is primarily due to the settlement and timing of various corporate liabilities and expenses, with the impact of increases in raw materials and selling, general and administrative costs in the Chemical business that more than offset the impact of improved volumes.

Combined Summary

Combined sales increased $53.5 million, or approximately 10%, from $519.1 million in 1999 to $572.6 million in 2000. The increase is primarily attributed to increased volumes for Chemical and Consumer Adhesives. Combined adjusted operating EBITDA decreased $16.4 million, or approximately 23%, from $71.3 million in 1999 to $54.9 million in 2000. In addition to the consolidated factors described above, Foods' comparative results declined primarily due to higher marketing costs associated with the introduction of new products.

Chemical

Chemical sales in second quarter 2000 were up $27.2 million, or approximately 9%, from prior year sales of $307.2 million. The most significant items that positively impacted 2000 sales were improved volumes for all business units, primarily in North America, and two acquisitions in the United States and Europe. The most significant items that negatively impacted sales were generally lower pricing, unfavorable currency exchange rates in Latin America, and the prior year exit from certain non-core businesses in the United States, Latin America and the Philippines.

Overall volume improvement of 5%, excluding the effect of acquisitions and strategic realignment activities, had a positive impact on 2000 sales of approximately $28 million, with the largest contributors being the UV coatings, melamine crystal and oil field proppant businesses. The improvement in UV coatings reflects continuing growth in demand for optical fiber. The improvement in melamine crystal reflects increased export sales due to tightening global supply, while the improvement for oil field proppants is due to increased drilling activity that reflects the escalating cost of natural gas.

The second quarter 1999 acquisition of Spurlock Industries, Inc. in the United States and the third quarter 1999 acquisition of Blagden Chemicals, Ltd. in Europe contributed incremental 2000 sales of $5.0 million and $12.8 million, respectively.

Lower pricing in second quarter 2000 negatively impacted sales by approximately $4 million, and is due to substantially reduced selling prices for melamine crystal and melamine-based resins as well as downward pressure on prices from very competitive market conditions across all businesses. The lower pricing for melamine products reflects the global market imbalance for melamine crystal that worsened throughout 1999 and has persisted through the first half of 2000. A substantial portion of the sales volume, especially for North America forest products, is sold under contracts that provide for monthly or quarterly selling price adjustments based on published cost indices for primary raw materials (i.e. methanol, phenol and urea). Although the costs of these raw materials escalated during second quarter 2000 to a level significantly higher than the prior year quarter, selling prices did not increase appreciably due to the lag time required for published indices to recognize the increases as well as the contractual requirements that generally provide only for monthly or quarterly price adjustments.

Unfavorable currency exchange rates, due primarily to significant currency devaluation in Ecuador since the end of 1999, had an unfavorable impact on 2000 sales of approximately $7 million.

The 1999 sale of the non-strategic United States molding compounds business and closures or sales of non-strategic businesses in Latin America and the Philippines caused 2000 sales to be $7.7 million lower compared to the prior year.

Second quarter adjusted operating EBITDA was $2.7 million, or approximately 5%, lower than the prior year. The overall decrease reflects substantial margin erosion and higher selling, general and administrative expenses that more than offset the positive impact of increased volume and 1999 acquisitions. The most significant contributors to the overall gross margin erosion were the significant second quarter increase in cost of all three primary raw materials, substantially lower melamine crystal and resin selling prices due to depressed global market conditions, and intensely competitive market conditions in Europe. The higher selling, general and administrative expenses were due primarily to systems implementation costs in Latin America and investments in e-commerce.

Consumer Adhesives
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Consumer Adhesives' net sales for the three months ended June 30, 2000 were $50.1 million, an increase of $16.0 million, or approximately 47%, compared to 1999 net sales of $34.1 million for the same period. The increase is attributable to significantly higher volumes from both existing and new products and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Consumer Adhesives' adjusted operating EBITDA for the three months ended June 30, 2000 was $10.6 million, a $2.4 million, or approximately 29%, increase over 1999 adjusted operating EBITDA of $8.2 million for the same period. The increase is primarily due to higher volumes, which were partially offset by higher raw material and distribution costs resulting primarily from higher natural gas and oil costs.

Foods
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Foods' sales for the three months ended June 30, 2000 increased $6.5 million, or approximately 6%, to $122.7 million from $116.2 million for the three months ended June 30, 1999. Excluding sales of $4.5 million from divested businesses in 1999, sales from Foods' ongoing businesses increased $11.0, or approximately 10%. The increase was led by growth in sauce volumes due primarily to new product introductions and expanded distribution. In addition, Foods improved sales with the introduction of the new product, It's Pasta Anytime(TM).

Foods' adjusted operating EBITDA declined $13.0 million from $0.5 million in 1999 to a loss of $12.5 million in 2000. The decline in ongoing results was primarily due to significantly higher marketing costs associated with the introduction of new products. These additional costs were partially offset by improved volumes and a reduction in general and administrative expenses due to the absence of implementation costs associated with enterprise-wide information technology systems.

Wise
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Wise net sales in the second quarter increased $6.4 million, or approximately 11%, to $65.4 million from $59.0 million in the second quarter of 1999. The second quarter net sales increase continues the positive momentum of increased volumes of previous quarters. Adjusted operating EBITDA in the second quarter increased $2.0 million to $4.5 million from $2.5 million in 1999. This improvement was primarily the result of higher volume and lower administrative expenses compared to the same period last year.

Corporate and other
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Corporate and other sales declined $2.6 million for the three months ended June 30, 2000 compared to the prior year due to the divestiture of the infrastructure management services business at the end of February 2000. Adjusted operating EBITDA declined $5.1 million to a loss of $1.0 million in the second quarter of 2000 versus income of $4.1 million in the second quarter of 1999 primarily due to the timing and settlement of various corporate liabilities and expenses.

CONSOLIDATED AND COMBINED SIX MONTHS ENDED JUNE 30, 2000 VERSUS SIX MONTHS ENDED JUNE 30, 1999

Consolidated Summary

Consolidated sales increased $86.4 million, or approximately 13%, to $737.2 million in 2000 from $650.8 million in 1999. The increase in sales is attributed primarily to improved volumes in the Chemical and Consumer Adhesives businesses and the two Chemical acquisitions made in 1999. Adjusted operating EBITDA decreased $4.7 million, or approximately 4%, to $111.8 million in 2000 from $116.5 million in 1999. The decrease is primarily due to the settlement and timing of various corporate liabilities.

Combined Summary

Combined sales increased $109.4 million, or approximately 11%, from $1,015.6 million in 1999 to $1,125.0 million in 2000. The increase is primarily attributed to increased volumes in the Chemical, Consumer Adhesives and Wise businesses. Combined adjusted operating EBITDA decreased $29.4 million, or approximately 24%, from $122.4 million in 1999 to $93.0 million in 2000. In addition to the consolidated factors described above, Foods' comparative results declined primarily due to higher marketing costs associated with the introduction of new products.

Chemical

Chemical sales in 2000 were up $70.0 million, or approximately 12%, from prior year sales of $592.8 million. The most significant items that positively impacted 2000 sales were improved volumes for all business units, primarily in North America, and two acquisitions in the United States and Europe. The most significant items that negatively impacted sales were generally lower pricing, unfavorable currency exchange rates in Latin America, and the prior year exit from certain non-core businesses in the United States, Latin America and the Philippines.

Overall volume improvement of 9%, excluding the effect of acquisitions and strategic realignment activities, had a positive impact on 2000 sales of approximately $75 million, with the largest contributors being the North America forest products resins, UV coatings and melamine crystal businesses. The improved volume in North America forest products resins is driven by continued high demand related to strong housing and construction activity. The improvement in UV coatings reflects continuing growth in demand for optical fiber, while the improvement in melamine crystal reflects increased export sales due to tightening global supply.

The second quarter 1999 acquisition of Spurlock Industries, Inc. in the United States and the third quarter 1999 acquisition of Blagden Chemicals, Ltd. in Europe contributed incremental 2000 sales of $12.8 million and $30.0 million, respectively.

Generally lower pricing over the first six months negatively impacted 2000 sales by approximately $23 million, and is due primarily to substantially reduced selling prices for melamine crystal and melamine-based resins as well as downward pressure on prices from very competitive market conditions across all businesses. The lower pricing for melamine products reflects the global market imbalance for melamine crystal that worsened throughout 1999 and has persisted through the first half of 2000. A substantial portion of the sales volume, especially for North America forest products, is sold under contracts that provide for monthly or quarterly selling price adjustments based on published cost indices for primary raw materials (i.e. methanol, phenol and urea). During the first quarter of 2000, the costs of these raw materials were generally lower than prior year, and therefore selling prices were generally lower. Although the costs of all three primary raw materials escalated significantly during the second quarter, selling prices did not increase appreciably due to the lag time required for published indices to recognize the increases as well as the contractual requirements that generally provide only for monthly or quarterly price adjustments.

Unfavorable currency exchange rates, due primarily to significant currency devaluation in Ecuador since the end of 1999, had an unfavorable impact on 2000 sales of approximately $11 million.

The 1999 sale of the non-strategic United States molding compounds business and closures or sales of non-strategic businesses in Latin America and the Philippines caused 2000 sales to be $13.5 million lower compared to the prior year.

Year-to-date adjusted operating EBITDA increased $2.9 million or approximately 3%, from 1999. The overall improvement reflects the positive impact of increased volume and the 1999 acquisitions, which were substantially offset by gross margin erosion and higher selling, general and administrative expenses. The most significant contributors to the overall gross margin erosion were substantially lower melamine crystal and resin selling prices due to depressed global market conditions, intensely competitive market conditions in Europe, and the substantial second quarter increase in cost of all three primary raw materials. The higher selling, general and administrative expenses were due primarily to systems implementation costs in Latin America and investments in e-commerce.

Consumer Adhesives
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Consumer Adhesives' net sales for the six months ended June 30, 2000 were $72.7 million, an increase of $19.4 million or approximately 36% compared to 1999 net sales of $53.3 million for the same period. The increase is attributable to significantly higher volumes from both existing and new products and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Consumer Adhesives' adjusted operating EBITDA for the six months ended June 30, 2000 was $13.3 million, a $2.3 million or approximately 21% increase over 1999 adjusted operating EBITDA of $11.0 million for the same period. The increase is primarily due to higher volumes, which were partially offset by higher raw material and distribution costs resulting primarily from higher natural gas and oil costs.

Foods
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Foods' sales for the six months ended June 30, 2000 were $265.0 million, an increase of $9.2 million or approximately 4%, compared to $255.8 million for the six months ended June 30, 1999. Excluding sales of $10.1 million from divested businesses in 1999, sales from Foods' ongoing businesses increased $19.3 million or approximately 8%. The increase was led by growth in sauce volumes due primarily to new product introductions and expanded distribution. In addition, Foods improved sales with the introduction of the new product, It's Pasta Anytime(TM). These improvements were slightly offset by modest pasta category declines.

Foods' adjusted operating EBITDA declined $28.6 million from income of $2.7 million in 1999 to a loss of $25.9 million in 2000. Excluding the impact of Foods Unaligned businesses sold in 1999 and a $7.5 million gain on the favorable settlement of litigation in 1999, ongoing adjusted operating EBITDA decreased $19.0 million. The decline in ongoing results was primarily due to significantly higher marketing costs associated with the introduction of new products and increased distribution expenses primarily as a result of issues related to the 1999 enterprise-wide systems implementation. These additional costs were partially offset by improved volumes and a reduction in general and administrative expenses due to the absence of enterprise-wide information technology system implementation costs.

Wise
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Wise year-to-date net sales increased $13.8 million, or approximately 13%, to $122.8 million from $109.0 million in 1999. The net sales increase results from successful, targeted marketing programs against most major classes of trade. Adjusted operating EBITDA in the first half of 2000 improved $3.9 million, to $7.1 million from $3.2 million in 1999. The improvement in operating performance is primarily the result of increased volume and reduced administrative expenses.

Corporate and other
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Corporate and other sales decreased $3.0 million, or approximately 64%, to $1.7 million for the first two quarters of 2000 compared with $4.7 million for the first two quarters of 1999 due to the divestiture of the infrastructure management services business at the end of February 2000. Adjusted operating EBITDA decreased $9.9 million to a loss of $10.1 million in 2000 from a loss of

$0.2 million in 1999. The decline is primarily due to the timing and settlement of various corporate liabilities and expenses.

NON-OPERATING EXPENSES AND INCOME TAXES

Following is a comparison of non-operating expenses for the three months ended June 30, 2000 and 1999:

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Interest expense	$14.6	$15.7	$14.6	$15.8
Affiliated interest expense, net	4.2	5.2	0.4	1.8
Interest income and other	(4.6)	(8.9)	(4.6)	(7.9)
Equity in net income of unconsolidated subsidiaries	(0.5)	(1.4)	(0.5)	(1.4)
	$13.7	$10.6	$ 9.9	$ 8.3

Consolidated non-operating expense increased $3.1 million for the three months ended June 30, 2000 compared with the three months ended June 30, 1999. The increase was primarily attributable to decreased interest income as a result of lower average cash balances in 2000 compared to 1999.

Combined non-operating expense increased by $1.6 million for the three months ended June 30, 2000 compared with the three months ended June 30, 1999. The increase was primarily attributable to decreased interest income due to lower average cash balances in 2000 versus 1999.

Following is a comparison of non-operating expenses for the six months ended June 30, 2000 and 1999.

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Interest expense	$ 29.3	$ 31.0	$ 29.3	$ 31.4
Affiliated interest expense, net	8.3	10.0	0.7	3.5
Interest income and other	(10.8)	(17.6)	(10.8)	(17.7)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	3.9	(0.9)	3.9
	$ 25.9	$ 27.3	$ 18.3	$ 21.1

For the six months ended June 30, 2000, consolidated non-operating expense decreased by $1.4 million compared with the corresponding period in the previous year. The decrease was primarily attributable to equity in net income of unconsolidated subsidiaries in 2000 compared with losses in 1999 and a reduction in total interest expense due to credit line arrangement fees being fully amortized at December 31, 1999, substantially offset by decreased interest income as a result of lower average cash balances in 2000 compared to 1999.

For the six months ended June 30, 2000, combined non-operating expense decreased by $2.8 million compared with the corresponding period in the prior year. The decrease was primarily attributable to equity in net income of unconsolidated subsidiaries compared with losses in 1999 and a reduction in total interest expense due to credit line arrangement fees being fully amortized at December 31, 1999, substantially offset by decreased interest income and other as a result of lower average cash balances in 2000 compared to 1999.

Following is a comparison of income taxes for the three and six months ended June 30, 2000 and 1999:

	THREE MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Income tax expense	$13.8	$12.9	$(59.4)	$26.3
Effective tax rate	53%	36%	N/M	63%

The 2000 consolidated effective tax rate reflects the establishment of a valuation reserve on foreign tax credits generated in 1999 and 1998. These credits are no longer likely to be utilized by the Company as a consequence of a settlement resolving federal examination issues for the years 1996 and 1997. See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements.

The 2000 combined effective tax rate includes the above for consolidated and, as a result of a settlement reached with the Internal Revenue Service, the 2000 combined tax rate reflects amounts related to the divestiture of certain businesses of the Combined Companies that are no longer considered necessary. These amounts are included in combined but not in consolidated tax expense because combined does not reflect the sale of Foods as a discontinued operation. (See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements). The combined effective tax rate for 1999 reflects the tax effect of the disposal of Foods' Chinese subsidiary, which had substantial differences in its net book value and tax basis.

	SIX MONTHS ENDED JUNE 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Income tax expense	$21.2	$19.1	$(57.5)	$33.9
Effective tax rate	46%	35%	N/M	53%

The 2000 consolidated effective tax rate reflects the establishment of a valuation reserve on foreign tax credits generated in 1999 and 1998. These credits are no longer likely to be utilized by the Company as a consequence of a settlement resolving federal examination issues for the years 1996 and 1997. See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements.

The 2000 combined effective tax rate includes the above for consolidated, and as a result of a settlement reached with the Internal Revenue Service, the 2000 combined tax rate reflects amounts related to the divestiture of certain businesses of the Combined Companies that are no longer considered necessary. These amounts are included in combined but not in consolidated tax expense because combined does not reflect the sale of Foods as a discontinued operation. (See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements). The combined effective tax rate for 1999 reflects the tax effect of the disposal of Foods' Chinese subsidiary, which had substantial differences in its net book value and tax basis.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Consolidated cash provided by operating activities of $26.6 million for the six months ended June 30, 2000 was $3.3 million less than the $29.9 million in 1999. Significant fluctuations from prior year include lower adjusted operating EBITDA in 2000 of $4.7 million, a $14.6 million increase in accounts receivable primarily for Consumer Adhesives due to higher sales volumes, and higher inventory balances of $6.2 million primarily in the Chemical business as a result of an increase in raw material prices. These increased outflows were substantially offset by a $11.5 million increase in the Company's trade payables primarily due to the timing of payments, decreased net interest and tax payments of $2.4 million and the absence of a 1999 payment of approximately $13.0 million to settle certain long-term disability claims.

Combined operating activities provided cash of $35.4 million for the six months ended June 30, 2000 compared to $24.8 million in 1999, an improvement of $10.6

million. Consolidated activity discussed above was more than offset by improved accounts receivable cash flows of $20.0 million due primarily to the absence of 1999 collection issues associated with Foods' systems implementations, improved cash flows of $5.6 million primarily due to Wise's timing of trade payments, the absence of a $6.7 million payment made by Foods in 1999 to settle litigation, and the absence of 1999 payments of $3.7 million related to the divestiture of Foods' Unaligned businesses. These improvements were partially offset by a reduction in adjusted operating EBITDA of $17.2 million, excluding a Foods 1999 $7.5 million favorable litigation settlement, and increased net interest and tax payments of $6.9 million.

Investing Activities

Consolidated investing activities used $170.3 million in the first two quarters of 2000 versus $65.9 million in the first two quarters of 1999. The increase of $104.4 million primarily represents the $50.0 million purchase of receivables from World Kitchen, Inc., an affiliate of the Company, the acquisition made by Consumer Adhesives for $88.0 million (see Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements), compared to the 1999 Spurlock acquisition for $40.2 million, and increased capital expenditures in 2000 of $17.6 million primarily for Chemical plant expansions. These outflows were partially offset by additional proceeds from the sale of assets of $6.9 million (see Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Combined cash used by investing activities in the first two quarters of 2000 was $199.7 million versus $71.2 million in 1999. In addition to the above, the $128.5 million increase includes the absence of $16.5 million of proceeds from the 1999 sale of Foods Unaligned businesses.

Financing Activities

Consolidated financing activities used $19.5 million in 2000 compared to $56.1 million in 1999. The $36.6 million improvement is primarily due to long-term debt borrowings of $48.0 million and short-term debt borrowings of $13.2 million versus 1999 repayments of $6.0 million. These inflows were partially offset by a $10.3 million repayment of Industrial Bonds, higher common stock dividends paid of $12.6 million and the distribution of $10.3 million in cash temporarily held by the infrastructure management services business for the benefit of its customers. The $10.3 million distribution represents payroll related withholdings for which the infrastructure management services business was liable when the business was distributed to the Company's parent (see Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements).

Combined financing activities used $5.7 million in 2000 compared to $45.6 million in 1999. The improvement of $39.9 million primarily reflects the Consolidated factors discussed above.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard requires all derivatives be measured at fair value and recorded on a company's balance sheet as an asset or a liability, depending on the company's underlying rights or obligations associated with the derivative instrument. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instrument and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133." This statement defers the effective date of SFAS No. 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. In June 2000, the FASB issues SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which is an amendment of SFAS No. 133. SFAS No. 138 addresses a limited number of implementation issues resulting from the application of SFAS No. 133. The Company and Combined Companies continue to investigate the impact of these pronouncements.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101 - Revenue Recognition, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Registrants must comply with the SAB no later than the fourth quarter of 2000. Application of the guidance in this SAB will not have a material impact on the financial statements of the Company or Combined Companies.

In July 2000, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives", which addresses the recognition, measurement and income statement classification for sales incentives offered to customers. All provisions of the EITF are required to be reflected no later than the fourth quarter of 2000. The Company and Combined Companies are in the process of accumulating and evaluating the information required to comply with this EITF issue, but do not expect reported financial results will be significantly impacted.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

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

PART II

Item 1: LEGAL PROCEEDINGS

A private action against the Company and numerous other defendants, which was pending in Los Angeles, California state court in connection with a landfill site in Monterey Park, California, was settled in April 2000 with the Company paying less than $0.1 million.

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

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

a. Exhibits

(27) Financial Data Schedule

b. Financial Statement Schedules

Included are the separate condensed 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 2000.

SIGNATURE

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

BORDEN, INC.

Date August 14, 2000

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, 2000 AND 1999

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, 2000	Three Months Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Net sales	$122,636	$116,202	$ 264,957	$255,823
Cost of goods sold	64,675	58,767	136,010	127,762
Gross margin	57,961	57,435	128,947	128,061
Distribution expense	11,073	9,270	22,634	18,854

Marketing expense	52,902	34,028	118,413	89,486
General & administrative expense	14,227	19,496	28,765	28,235
Gain on divestiture of businesses	-	(10,383)	-	(13,471)
Operating (loss) income	(20,241)	5,024	(40,865)	4,957
Interest income, net	(4,289)	(3,436)	(8,625)	(6,674)
Other income, net	-	(128)	-	(323)
(Loss) income before income tax	(15,952)	8,588	(32,240)	11,954
Income tax (benefit) expense	(6,038)	13,885	(12,138)	14,871
Loss before cumulative effect of accounting change	(9,914)	(5,297)	(20,102)	(2,917)
Cumulative effect of accounting change, net of tax	-	-	-	(2,806)
Net loss	(9,914)	(5,297)	(20,102)	(5,723)
Affiliate's share of income	9	656	123	(174)
Net loss applicable to common stock	$ (9,905)	$ (4,641)	$ (19,979)	$ (5,897)
Comprehensive loss (Note 5)	$ (9,810)	$ (4,225)	$ (21,851)	$ (7,438)
Basic and diluted loss per common share	$(99,050)	$(46,410)	$(199,790)	$(58,970)
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, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 244,466	$ 266,825
Accounts receivable (less allowance for doubtful accounts of $1,478 and $1,317, respectively)	36,446	55,201
Other receivables	2,109	3,947
Inventories:		
Finished and in-process goods	52,681	48,066
Raw materials and supplies	16,610	30,089
Deferred income taxes	13,840	15,383
Amounts due from affiliates	1,513	2,833
Other current assets	4,280	5,013
	371,945	427,357
OTHER ASSETS	10,191	10,819
PROPERTY AND EQUIPMENT		
Land	9,600	9,542
Buildings	39,404	40,763
Machinery and equipment	207,823	190,679

	256,827	240,984
Less accumulated depreciation	(71,762)	(64,462)
	185,065	176,522
INTANGIBLES		
Goodwill	10,849	11,006
Trademarks and other intangibles	107,142	108,496
	117,991	119,502
TOTAL ASSETS	$ 685,192	$ 734,200

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, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 34,109	46,858
Accrued customer allowances	18,901	17,781
Debt payable within one year	564	346
Loans due to affiliates	3,263	2,513
Income tax payable	10,378	20,594
Other amounts due to affiliates	825	789
Other current liabilities	42,381	50,596
	110,421	139,477
OTHER LIABILITIES		
Long-term debt	2,927	3,033
Deferred income taxes	14,017	34,585
Other long-term liabilities	24,008	22,820
	40,952	60,438
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares authorized, issued, and outstanding	-	-
Paid in capital	427,202	405,817
Shareholder's investment in affiliates	66,149	66,272
Accumulated translation adjustments	(4,877)	(3,128)
Retained earnings	45,345	65,324
	533,819	534,285

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 685,192	$734,200

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, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss	$(20,102)	$ (5,723)
Adjustments to reconcile net loss to net cash from (used in) operating activities:		
Depreciation and amortization	13,224	9,138
Deferred tax provision	2,360	6,159
Gain on divestiture of businesses	-	(13,471)
Net change in assets and liabilities:		
Accounts receivable	18,755	(2,857)
Other receivables	1,838	3,331
Inventories	8,864	9,749
Accounts and drafts payable	(12,749)	(10,705)
Accrued customer allowances	1,120	(4,662)
Income taxes	(9,356)	21,097
Other amounts due to/from affiliates	1,356	(1,905)
Other current assets and liabilities	(5,555)	(13,235)
Other assets and liabilities	423	(5,229)
	178	(8,313)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital expenditures	(23,505)	(23,112)
Proceeds from the sale of fixed assets	-	4,627
Proceeds from the sale of businesses	-	16,588
	(23,505)	(1,897)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt payments	218	(5,169)
Proceeds from loans payable to affiliate	750	2,968
	968	(2,201)
DECREASE IN CASH AND EQUIVALENTS	(22,359)	(12,411)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	266,825	300,104

CASH AND EQUIVALENTS AT END OF PERIOD	$244,466	$287,693

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, 2000	1999
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid (received):		
Interest	$ (24)	$ 340
Taxes, net of refunds	(6,210)	(14,888)

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, 1999	$405,817	$66,272	$(3,128)	$65,324	$534,285
Net loss				(20,102)	(20,102)
Foreign currency translation adjustments			(1,749)		(1,749)
Affiliate's share of income		(123)		123	-
Increase in tax basis related to finalization of purchase price allocation	21,385				21,385
Balance at June 30, 2000	$427,202	$66,149	$(4,877)	$45,345	$533,819

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, 2000, BFC's operations included 8 production facilities, 4 of which are located in the United States. The remaining facilities are located in Canada and Italy.

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 period 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, 1999.

During 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-up Activities." SOP 98-5 requires the costs of opening a new facility, introducing a new product or service, conducting business in a new market, or similar start-up activities be expensed as incurred. Amounts previously capitalized are to be expensed and reported as a cumulative effect of a change in accounting principle in the year of adoption. Accordingly, BFC adopted SOP 98-5 in 1999 and reported a charge of $2,806 (net of tax benefit of $1,794) to write-off amounts previously capitalized.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition", which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Registrants must comply with the SAB no later than the fourth quarter of 2000. Application of the guidance in this SAB will not have a material impact on the financial statements of BFC.

In July 2000, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives", which addresses the recognition, measurement and income statement classification for sales incentives offered to customers. All provisions of the EITF are required to be reflected no later than the fourth quarter of 2000. BFC is in the process of accumulating and evaluating the information required to comply with this EITF issue, but does not expect reported financial results to be significantly impacted.

Certain prior year amounts have been reclassified to conform to the 2000 presentation.

3. DIVESTED BUSINESSES

During the first quarter of 1999, BFC received proceeds of $9,476 for working capital settlements on the sale of KLIM, and reduced current liabilities by $2,012, as costs were lower than previously estimated.

During the second quarter of 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.

Activities related to the divestiture reserves during the three and six months ended June 30, 2000, 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, 1999	$ 1,351	$8,270	$1,337	$10,958
Utilized	(1,105)	(672)	(420)	(2,197)
Balance at March 31, 2000	$ 246	$7,598	$917	$8,761
Utilized	(193)	(40)	-	(233)
Balance at June 30, 2000	$ 53	$7,558	$917	$8,528

(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. 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 $123 and ($174) during the first six months of 2000 and 1999, respectively.

5. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	Three months ended June 30, 2000	Three months ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999
Net income	$(9,914)	$(5,297)	$(20,102)	$(5,723)

Foreign currency translation adjustments	104	1,072	(1,749)	(1,715)
	$(9,810)	$(4,225)	$(21,851)	$(7,438)

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 $606 at June 30, 2000 and $777 at December 31, 1999.

During the first quarter of 2000, the subsidiary of Borden was sold to a third party. The third party continues to provide services that include processing of payroll, active and retiree group insurance claims, and securing insurance coverage for catastrophic claims. Subsequent to the sale of the subsidiary, fees for these services were no longer considered affiliate charges.

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, 2000 and 1999:

	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
Employee benefits	$1,115	$ 678	$2,022	$ 1,363
Group and general insurance	-	841	626	2,091
Administrative services	1,022	4,078	2,505	7,407
	$2,137	$5,597	$5,153	$10,861

BFC performs certain administrative services on behalf of other Borden affiliates. These services include customer service, purchasing and quality assurance. BFC charged affiliates $250 and $168 for such services for the three months ended June 30, 2000 and 1999, respectively, and $372 and $405 for such services for the six months ended June 30, 2000 and 1999, respectively. The receivable for these services was $938 at June 30, 2000 and $972 at December 31, 1999.

BFC invests cash not used in operations with Borden. BFC's investment balance was $219,450 at June 30, 2000 and $234,550 at December 31, 1999. The funds are invested overnight earning a rate set by Borden that generally approximates money market rates. BFC earned interest income of $4,014 and $3,402 on these funds for the three months ended June 30, 2000 and 1999, respectively, and $7,992 and $6,659 for the six months ended June 30, 2000 and 1999, respectively. Amounts receivable for interest were $575 and $1,861 at June 30, 2000 and December 31, 1999, respectively.

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

BFC has borrowed funds from LLC for use in operations at a variable interest rate of approximately 5.7%. Loans payable to LLC were $3,263 and $2,513 as of June 30, 2000 and December 31, 1999, respectively.

7. UNIT INCENTIVE PLAN

During the first quarter of 2000, LLC sold 99,492 Class D units to certain BFC management employees. The Class D 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 $8.50 per unit for each Class D 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 is involved in certain 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.

WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX MONTHS ENDED
JUNE 30, 2000 AND 1999

WH 1

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

(In thousands except per share amounts)	THREE MONTHS ENDED JUNE 30, 2000	1999
Net sales	$65,476	$59,016
Cost of goods sold	40,565	36,572
Gross margin	24,911	22,444
Distribution expense	7,879	7,260
Marketing expense	10,235	8,661
General & administrative expense	4,092	5,488
Operating income	2,705	1,035
Interest expense	155	166
Other expense	21	133
Income before income taxes	2,529	736
Income tax expense	963	311
Net income	$ 1,566	$ 425
Per Share Data		
Basic and diluted income per common share	$ 22.37	$ 6.07
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

(In thousands except per share amounts)	SIX MONTHS ENDED JUNE 30, 2000	1999
Net sales	$122,677	$108,972
Cost of goods sold	75,867	67,987
Gross margin	46,810	40,985
Distribution expense	15,687	14,025
Marketing expense	19,339	16,797
General & administrative expense	8,279	9,863
Operating income	3,505	300
Interest expense	271	285
Other expense	18	175
Income (loss) before income taxes	3,216	(160)
Income tax expense (benefit)	1,232	(24)
Net income (loss)	$ 1,984	$ (136)
Per Share Data		
Basic and diluted income (loss) per common share	$ 28.34	$ (1.94)
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

(In thousands)

ASSETS	JUNE 30, 2000	DECEMBER 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 2,613	$ 2,072
Accounts receivable (less allowance for doubtful accounts of $2,444 and $2,261, respectively)	24,199	22,690
Affiliated receivables	106	1
Inventories:		
Finished goods	4,862	3,942
Raw materials and supplies	3,532	3,883
Deferred income taxes, net	1,598	1,923
Prepaid and other current assets	4,805	3,668
	41,715	38,179
PROPERTY AND EQUIPMENT		
Land	1,434	1,412
Buildings and improvements	6,513	6,103
Machinery and equipment	54,072	51,185
	62,019	58,700
Less accumulated depreciation	28,145	24,949
	33,874	33,751
INTANGIBLES AND OTHER ASSETS		
Trademarks (net of accumulated amortization of $2,585 and $2,350, respectively)	16,226	16,461
Other assets	930	836
	17,156	17,297
TOTAL ASSETS	$ 92,745	$ 89,227

See Notes to Condensed Consolidated Financial Statements

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

(In thousands)

LIABILITIES AND SHAREHOLDER'S EQUITY	JUNE 30, 2000	DECEMBER 31, 1999
CURRENT LIABILITIES		
Debt payable within one year	$ 3,900	$ 6,566
Accounts and drafts payable	18,030	12,996
Affiliated payables	131	238
Accrued liabilities	13,102	13,662
	35,163	33,462
OTHER LIABILITIES		
Deferred income taxes, net	582	1,539
Non-pension postemployment benefit obligations	10,210	10,101
Affiliated employee benefit obligation	3,351	2,818
Other long-term liabilities	442	333
Minority interest	1,164	1,125
	15,749	15,916
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	6,853	4,869
	41,833	39,849
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$92,745	$89,227

See Notes to Condensed Consolidated Financial Statements

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

(In thousands)	SIX MONTHS ENDED JUNE 30, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income (loss)	$ 1,984	$ (136)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Minority interest's share in income (loss)	39	(1)
Depreciation	3,421	2,903
Amortization	235	235
Other non-cash	128	160
Net change in assets and liabilities:		
Accounts receivable	(1,692)	366
Affiliated receivables	(105)	(89)
Inventories	(569)	790
Prepaid and other current assets	(812)	(27)
Other assets	(94)	42
Accounts and drafts payable	5,034	652
Affiliated payables	(107)	(107)
Accrued liabilities	(560)	(1,977)
Post-employment benefits other than pensions	109	16
Affiliated employee benefit obligation	533	394
Other long-term liabilities	(848)	(186)
	6,696	3,035
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(3,697)	(5,250)
Proceeds from sales of equipment	208	18
	(3,489)	(5,232)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Long-term borrowings	-	2,450
Repayment of short-term borrowings	(2,666)	(61)
	(2,666)	2,389
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	541	192
Cash and equivalents at beginning of period	2,072	2,610
Cash and equivalents at end of period	$ 2,613	$ 2,802
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest:	$ 228	$ 345
Cash paid for taxes:	956	101

See Notes to Condensed Consolidated Financial Statements

1. BACKGROUND

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement that provided for the acquisition (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 Holdings, Inc. ("Wise"), are reported on Borden's historical cost basis. As discussed in the "Basis of Presentation," the accompanying financial statements of Wise 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 BW Holdings LLC ("BWHLLC"), 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 will 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 DOODLE(R), QUINLAN(R), NEW YORK DELI(R), KRUNCHERS!(R), BRAVO(R), MOORE'S(R) AND WISE CHOICE(TM). Wise manufactures and distributes 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
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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 were 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 consolidated financial statements include the accounts of Wise and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. Wise remains a wholly owned subsidiary of BWHLLC.

The condensed consolidated financial statements of Wise collectively include the financial position of Wise Holdings, Inc. and subsidiaries as of June 30, 2000 and December 31, 1999. These financial statements also include the statements of operations of Wise for the three and six months ended June 30, 2000 and 1999 and cash flows of Wise for the six months ended June 30, 2000 and 1999. 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.

Per Share Information
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Basic and diluted earnings (loss) per common share at June 30, 2000 and 1999 is

computed by dividing net income or loss by the weighted average number of common shares outstanding during the period ended June 30, 2000 and 1999, respectively.

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, postemployment benefits and asset lives. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 2000 presentation.

Recently Issued Accounting Statements

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 an 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.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101 - Revenue Recognition, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Registrants must comply with the SAB no later than the fourth quarter of 2000. Application of the guidelines in this SAB will not have material impact on the financial statements of Wise.

In July 2000, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives", which addresses the recognition, measurement and income statement classification for sales incentives offered to customers. All provisions of the EITF are required to be reflected no later than the fourth quarter of 2000. Wise is in the process of accumulating and evaluating the information required to comply with this EITF issue, which is not expected to have a material impact on reported net income, however may result in an income statement reclassification of previously reported amounts.

4. ACCRUED LIABILITIES

Accrued liabilities were as follows:

	June 30, 2000	December 31, 1999
Compensation	$ 1,444	$ 2,670
General insurance	4,445	4,820
Advertising and promotion	3,139	3,800
Other	4,074	2,372
Total	$13,102	$13,662

5. DEBT

AFFILIATED:

Wise entered into a loan agreement (the "Loan Agreement") to borrow funds from Borden.

Revolving Loan

The Revolving Loan Agreement, as amended, provided for a revolving loan facility of up to $5 million maturing in November 1999, at a variable interest rate equal to Borden's cost of funds for 30 day LIBOR borrowings plus 0.25%. A commitment fee of 0.10% is paid on the unused portion of the revolving loan.

In December 1999, Wise entered into a new revolving loan agreement, which provided for a revolving facility of up to $15 million maturing in December 2000 at a variable interest rate equal to LIBOR borrowings plus between 75 and 175 basis points calculated using a debt to earnings ratio schedule. Wise had $3,900 and $6,450 of borrowings under this revolving agreement at June 30, 2000 and December 31, 1999, respectively. A commitment fee between 0.15% and 0.35% is paid on the unused portion of the revolving loan based on the same debt to earnings ratio schedule.

Long-Term Loan

The Long Term Loan Agreement, as amended, also provided for a $10.145 million term loan with a fixed interest rate of 11% maturing in November 2000. Wise terminated this agreement in December 1999 and converted the remaining balance to the revolving loan.

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

NON AFFILIATED:

Wise enters into unsecured agreements with a third party to finance insurance premiums. Total borrowings under these agreements were $0 and $116 at June 30, 2000 and December 31, 1999, respectively.

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 could require Wise to make additional unforeseen environmental expenditures.

Environmental accruals are routinely reviewed as events and developments warrant and are subject to an annual comprehensive review.

Litigation
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Wise is subject to various investigations, claims and legal proceedings covering a wide range of matters in the ordinary course of its business activities. Each of these matters is subject to various uncertainties and some of these matters may be resolved unfavorably to Wise. Wise has established accruals for matters that are probable and reasonably estimable. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial statements of Wise.

7. RELATED PARTIES

In addition to the affiliated debt agreement, Wise is engaged in various transactions with Borden and its affiliated companies in the ordinary course of business.

Borden provides certain administrative services to Wise at negotiated fees. These services include: processing of payroll as well as active and retiree group insurance claims and securing insurance coverage for catastrophic 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 $131 and $238 at June 30, 2000 and December 31, 1999, respectively.

In the first quarter of 2000, a subsidiary of Borden that provided certain affiliated services was sold to a third party. The third party continues to provide these services that include payroll processing and group insurance claims. Subsequent to the sale of the subsidiary, fees for these services were no longer considered affiliate charges.

In the second quarter of 2000, Wise began using a third party to provide certain information system services that had previously been provided by a subsidiary of Borden. Subsequent to the change in vendors, fees for these services were no longer considered affiliate charges.

The following table summarizes the costs to Wise:

	Qtr ended June 30, 2000	Qtr ended June 30, 1999	Six months ended June 30, 2000	Six months ended June 30, 1999
Employee benefits	$326	$ 431	$ 713	$ 843
Group and general insurance	12	219	289	652
Information services	12	152	188	281
Corporate staff departments and overhead	151	136	288	384
	$501	$ 938	$1,478	$2,160

Wise also invests excess cash with Borden in one-day investments that totaled $1,200 and $1,150 at June 30, 2000 and December 31, 1999, respectively, which is included as a component of cash.

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