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

FORM 10-Q

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

For the quarterly period ended September 30, 1996

Commission file number 1-71

BORDEN, INC.

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

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

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

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

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

Number of shares of common stock, $0.01 par value, outstanding as of the close of business on November 14, 1996: 198,974,994

INTRODUCTION

The following filing with the Securities and Exchange Commission ("SEC") by Borden, Inc. ("the Company") presents three separate financial statements: Borden, Inc. Condensed Consolidated Financial Statements, Borden, Inc. and Affiliates Condensed Combined Financial Statements, and the Summary Financial Statements of Wise Holdings, Inc. ("Wise"). The condensed consolidated statements present the Company after the effect of the Wise and BFC transactions with affiliates of BW Holdings, LLC, an affiliate of the Company's principal stockholder ("BWHLLC"), as explained in Note 1 to the Company's condensed consolidated financial statements. The Company's condensed combined financial statements are also included herein to present the Company on a combined historical basis which included the financial position and results of operations of Wise and BFC. The Company's condensed combined financial statements are included because the Company indirectly has a controlling financial interest as well as operating control of both Wise and BFC. The condensed combined financial statements include all of the assets, liabilities and cash flows available to creditors and are consistent with the financial information upon which credit was originally granted and continually provided since issuance. Also, in accordance with rule 3-10 of Regulation S-X, the summary financial statements of Wise are included because Wise is a guarantor of the Company's credit facility and all outstanding publicly held debt.

Borden, INC.

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PART I - FINANCIAL INFORMATION

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

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

(In millions, except per share data)	Three Months Ended September 30, 1996	1995
Net sales	$ 911.5	$1,005.7
Cost of goods sold	669.3	744.0
Gross margin	242.2	261.7
Distribution expense	55.5	66.1
Marketing expense	95.8	119.3
General & adminstrative expense	41.3	59.7
Loss on divestiture	5.0	20.0
Operating income (loss)	44.6	(3.4)
Interest expense	29.3	30.1
Minority interest	1.6	1.2
Other (income) expense	0.9	(8.3)
Income (loss) from continuing operations before income taxes	12.8	(26.4)
Income tax expense (benefit)	7.3	(13.6)
Income (loss) from continuing operations	5.5	(12.8)
Discontinued operations:		
Income (loss) from operations	2.0	(10.4)
Income (loss) from disposal	(330.7)	29.7
Net income (loss)	(323.2)	6.5
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$ (341.6)	$ (11.9)

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

(In millions, except per share data)	Three Months Ended September 30, 1996	1995
Per Share Data		
Income (loss) from continuing operations	$ 0.02	$ (0.07)
Discontinued operations:		
Income (loss) from operations	0.01	(0.05)
Income (loss) from disposal	(1.66)	0.15
Net income (loss)	(1.63)	0.03
Preferred stock dividends	(0.09)	(0.09)
Net loss per common share	$ (1.72)	$ (0.06)
Dividends per preferred share	$ 0.75	$ 0.75
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions, except per share data)	Nine Months Ended September 30, 1996	1995
Net sales	$2,885.8	$3,138.7
Cost of goods sold	2,082.1	2,322.8
Gross margin	803.7	815.9
Distribution expense	183.3	205.2
Marketing expense	330.0	347.9
General & administrative expense	149.3	229.1
(Gain) Loss on divestiture	(61.2)	40.0
Operating income (loss)	202.3	(6.3)
Interest expense	84.7	103.3
Minority interest	4.5	13.9
Other (income) expense	(9.9)	25.5
Income (loss) from continuing operations before income taxes	123.0	(149.0)
Income tax expense (benefit)	67.5	(52.0)
Income (loss) from continuing operations	55.5	(97.0)
Discontinued operations:		
Income (loss) from operations	(9.1)	7.3
Income (loss) from disposal	(330.7)	67.6
Net loss	(284.3)	(22.1)
Preferred stock dividends	(55.3)	(40.5)
Net loss applicable to common stock	$ (339.6)	$ (62.6)

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

(In millions, except per share data)	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Per Share Data		
Income (loss) from continuing operations	$ 0.28	$ (0.51)
Discontinued operations:		
Income (loss) from operations	(0.05)	0.04
Income (loss) from disposal	(1.66)	0.35
Net loss	(1.43)	(0.12)
Preferred stock dividends	(0.28)	(0.21)
Net loss per common share	$ (1.71)	$ (0.33)
Dividends per preferred share	$ 2.25	$ 1.77
Average number of common shares outstanding during the period	199.0	190.3

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS		September 30, 1996	December 31, 1995
CURRENT ASSETS	Cash and equivalents	$ 134.1	$ 146.2
	Accounts receivable (less allowance for doubtful accounts of $15.2 and $24.8, respectively)	511.7	660.1
	Inventories:		
	Finished and in-process goods	198.8	336.2
	Raw materials and supplies	110.9	184.1
	Deferred income taxes	135.6	45.3
	Other current assets	57.8	149.3
	Net assets of discontinued operations	603.6	
		1,752.5	1,521.2
INVESTMENTS AND OTHER ASSETS	Investments in and advances to affiliated companies	32.3	36.7
	Deferred income taxes	178.4	344.1
	Other assets	85.8	110.2
	Wise assets sold under contractual arrangement, net of allowance of $50.9	54.1	
		350.6	491.0
PROPERTY AND EQUIPMENT	Land	69.1	93.6
	Buildings	383.1	562.4
	Machinery and equipment	1,460.0	1,968.7
		1,912.2	2,624.7
	Less accumulated depreciation	(1,051.0)	(1,465.8)
		861.2	1,158.9
INTANGIBLES	Intangibles resulting from business acquisitions	209.0	616.4
TOTAL ASSETS		$ 3,173.3	$ 3,787.5

See Notes to Condensed Consolidated and Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30, 1996	December 31, 1995
CURRENT LIABILITIES	Debt payable within one year	$ 394.3	$ 140.4
	Accounts and drafts payable	332.3	478.7
	Income taxes	200.8	181.7
	Other current liabilities	579.4	780.3
		1,506.8	1,581.1
OTHER LIABILITIES	Wise liabilities sold under contractual arrangement	44.0	
	Long-term debt	1,019.4	1,211.8
	Deferred income taxes	46.8	45.3
	Non-pension postemployment benefit obligations	293.0	331.8
	Other long-term liabilities	65.8	116.0
	Minority interest	12.2	33.0
		1,481.2	1,737.9
	Commitments and Contingencies		
SHAREHOLDERS' EQUITY	Preferred Stock - Issued 24,574,751	614.4	614.4
	Common stock - $0.01 par value Authorized 300,000,000 shares Issued 198,974,994	2.0	2.0
	Paid in capital	358.4	312.7
	Receivable from parent	(79.9)	
	Accumulated translation adjustment	(39.0)	(129.6)
	Minimum pension liability and other	(107.9)	(107.9)
	Retained earnings Accumulated deficit	(562.7)	(223.1)
		185.3	468.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 3,173.3	$ 3,787.5

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)		Nine Months Ended September 30, 1996	1995
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	Net income (loss)	$ (284.3)	$ (22.1)
	Adjustments to reconcile net income (loss) to net cash from operating activities:		
	Loss on disposal of discontinued operations	263.5	(98.3)
	Depreciation and amortization	115.6	115.3
	(Gain) loss on divestiture, net	(61.2)	40.0
	Unrealized (gain) loss on interest rate swap	(12.6)	31.1
	Loss on sale of investment		22.0
	Restructuring	(7.1)	(27.5)
	Net change in assets and liabilities:		
	Trade receivables	74.5	(9.8)
	Inventories	24.5	(40.0)
	Trade payables	(142.1)	(19.8)
	Current and deferred taxes	94.1	(67.2)
	Other assets	119.7	163.9
	Other liabilities	(92.0)	(124.4)
	Discontinued operations, working capital	(72.6)	3.3
		20.0	(33.5)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	Proceeds sale of investment in RJR		282.1
	Capital expenditures	(177.9)	(124.3)
	Proceeds from the divestiture of businesses	137.1	0.8
	Purchase of businesses		(7.0)
		(40.8)	151.6
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Decrease in short-term debt	(24.1)	(202.4)
	Increase (decrease) in long-term debt	107.1	(412.4)
	Decrease in minority interest	(19.0)	(471.5)
	Equity contribution		994.7
	Dividends paid	(55.3)	(25.0)
	Issuance of stock under stock options and benefits and awards plans		3.3
		8.7	(113.3)

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

(In millions)		Nine Months Ended September 30, 1996	1995
	(Decrease) increase in cash and equivalents	$ (12.1)	$ 4.8
	Cash and equivalents at beginning of period	146.2	125.3
	Cash and equivalents at end of period	$ 134.1	$ 130.1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Cash paid:		
	Interest	$ 71.0	$ 87.9
	Income taxes	31.0	46.7
	Non-cash activity:		
	Reclassification of note from long-term to short-term	288.5	
	Non-cash proceeds relating to the Wise sale	44.3	
	Non-cash proceeds from the sale of options recorded in equity	44.0	

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Three Months Ended September 30, 1996	1995
Net sales	$1,440.4	$1,458.7
Cost of goods sold	994.3	1,020.1
Gross margin	446.1	438.6
Distribution expense	87.1	90.5
Marketing expense	238.0	264.9
General & administrative expense	70.3	85.6
Loss on divestiture	5.0	20.0
Operating income (loss)	45.7	(22.4)
Interest expense	30.0	30.0
Minority interest	0.1	1.4
Other (income) expense	0.4	(9.1)
Income (loss) from continuing operations before income taxes	15.2	(44.7)
Income tax expense (benefit)	6.7	(21.1)
Income (loss) from continuing operations	8.5	(23.6)
Discontinued operations:		
Income from operations		0.4
Income from disposal		29.7
Net income	8.5	6.5
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	(9.9)	(11.9)

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)	Nine Months Ended September 30, 1996	1995
Net sales	$4,327.9	$4,438.8
Cost of goods sold	2,977.6	3,108.1
Gross margin	1,350.3	1,330.7
Distribution expense	268.0	276.5
Marketing expense	735.3	734.8
General & administrative expense	225.9	293.2
(Gain) loss on divestitures	(77.9)	40.0
Operating income (loss)	199.0	(13.8)
Interest expense	87.2	106.6
Minority interest	4.3	14.8
Other (income) expense	(14.2)	20.2
Income (loss) from continuing operations before income taxes	121.7	(155.4)
Income tax expense (benefit)	57.6	(56.9)
Income (loss) from continuing operations	64.1	(98.5)
Discontinued operations:		
Income from operations		8.8
Income from disposal		67.6
Net income (loss)	64.1	(22.1)
Preferred stock dividends	(55.3)	(40.5)
Net income (loss) applicable to common stock	$ 8.8	$ (62.6)

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)

ASSETS		September 30, 1996	December 31, 1995
CURRENT ASSETS	Cash and equivalents	$ 134.8	$ 146.2
	Accounts receivable (less allowance for doubtful accounts of $22.6 and $24.8, respectively)	714.1	660.1
	Inventories:		
	Finished and in-process goods	374.1	336.2
	Raw materials and supplies	182.5	184.1
	Deferred income taxes	135.6	45.3
	Other current assets	106.0	149.3
		1,647.1	1,521.2
INVESTMENTS AND OTHER ASSETS	Investments in and advances to affiliated companies	36.7	36.7
	Deferred income taxes	245.5	344.1
	Other assets	104.6	110.2
		386.8	491.0
PROPERTY AND EQUIPMENT	Land	89.8	93.6
	Buildings	550.5	562.4
	Machinery and equipment	2,041.5	1,968.7
		2,681.8	2,624.7
	Less accumulated depreciation	(1,464.7)	(1,465.8)
		1,217.1	1,158.9
INTANGIBLES	Intangibles resulting from business acquisitions	597.9	616.4
TOTAL ASSETS		$ 3,848.9	$ 3,787.5

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30, 1996	December 31, 1995
CURRENT LIABILITIES	Debt payable within one year	$ 408.8	$ 140.4
	Accounts and drafts payable	499.9	478.7
	Income taxes	201.5	181.7
	Other current liabilities	772.0	780.3
		1,882.2	1,581.1
OTHER LIABILITIES	Long-term debt	1,030.6	1,211.8
	Deferred income taxes	43.7	45.3
	Non-pension postemployment benefit obligations	315.8	331.8
	Other long-term liabilities	86.3	116.0
	Minority interest	19.3	33.0
		1,495.7	1,737.9
	Commitments and Contingencies		
SHAREHOLDERS' EQUITY	Preferred Stock	614.4	614.4
	Common stock	2.0	2.0
	Paid in capital	392.6	312.7
	Receivable from parent	(79.9)	
	Accumulated translation adjustment	(135.9)	(129.6)
	Minimum pension liability and other	(107.9)	(107.9)
	Accumulated deficit	(214.3)	(223.1)
		471.0	468.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$3,848.9	$3,787.5

See Notes to Condensed Consolidated and Combined Financial Statements

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

(In millions)		Nine Months Ended September 30, 1996	1995
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	Net income (loss)	$ 64.1	$(22.1)
	Adjustments to reconcile net income (loss) to net cash from operating activities:		
	Reversal of reserve for loss on disposal of discontinued operations		(98.3)
	Depreciation and amortization	117.3	115.3
	(Gain) loss on divestiture, net	(77.9)	40.0
	Unrealized (gain) loss on interest rate swap	(12.6)	31.1
	Loss on sale of investment		22.0
	Restructuring	(7.1)	(27.5)
	Net change in assets and liabilities:		
	Trade receivables	(17.7)	(9.8)
	Inventories	(38.2)	(40.0)
	Trade payables	9.0	(19.8)
	Current and deferred taxes	27.3	(67.2)
	Other assets	41.3	163.9
	Other liabilities	(87.6)	(124.4)
	Discontinued operations, working capital and non-cash charges		3.3
		17.9	(33.5)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	Proceeds sale of investment in RJR		282.1
	Capital expenditures	(179.8)	(124.3)
	Proceeds from the divestiture of businesses	136.5	0.8
	Purchase of businesses		(7.0)
		(43.3)	151.6
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Decrease in short term debt	(24.1)	(202.4)
	Increase (decrease) in long-term debt	107.1	(412.4)
	Decrease in minority interest	(13.7)	(471.5)
	Equity contribution		994.7
	Dividends paid	(55.3)	(25.0)
	Issuance of stock under stock options and benefits and awards plans		3.3
		14.0	(113.3)

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

(In millions)		Nine Months Ended September 30, 1996	1995
	(Decrease) increase in cash and equivalents	$(11.4)	$ 4.8
	Cash and equivalents at beginning of period	146.2	125.3
	Cash and equivalents at end of period	$134.8	$130.1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Cash paid:		
	Interest	$ 71.0	$ 87.9
	Income taxes	31.0	46.7
	Non-cash activity:		
	Reclassification of note from long-term to short-term	288.5	
	Non-cash proceeds relating to the Wise sale	44.3	
	Non-cash proceeds from the sale of options recorded in equity	44.0	

See Notes to Condensed Consolidated and Combined Financial Statements

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

1. Basis of Presentation

Borden, Inc. ("the Company") conducts operations in the following businesses: dairy ("BMG Dairies"), European bakery ("Bakeries"), glue ("Elmer's"), decorative products and wallcoverings ("Decorative Products"), and adhesives and resins ("Chemical"). The Company sold packaging and plastic films business on October 11, 1996 (see note 3). As explained in notes 4 and 5, the Company sold the net assets of its salty snack business ("Wise"), on July 2, 1996 and the net assets of an affiliate of its domestic and international foods business ("BFC"), on October 1, 1996 to affiliates of BW Holdings, LLC ("BWHLLC"), the Company's principal stockholder. Management of the Company will continue to exercise significant financial and managerial control with respect to Wise and BFC. In addition Wise and BFC provide guarantees to obligations under the Company's credit facility and all of the Company's outstanding publicly held debt on a pari passu basis. As a result of the continuing control and the financial guarantees the Company has included, supplementally, condensed combined financial statements in this filing which present the financial condition and results of operations of the Company including Wise and BFC, on a historical cost basis.

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

2. Reclassification

Certain prior year amounts have been reclassified to conform with 1996 presentation.

3. Asset Divestitures

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

The dairy plant was closed in June 1996.

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

On October 11, 1996, the Company completed the sale of Borden Global Packaging ("BGP"), its packaging and plastic films business, to AEP Industries Inc. ("AEPI"). The purchase price consisted of $280 in cash, subject to adjustment, and 2,412,818 shares of newly issued AEPI common stock valued at $80.0 (approximately 34% of AEPI), its value at June 30, 1996, the date of the definitive agreement. The Company will use cash proceeds from the sale of the business to repay debt and for other general corporate purposes.

Following are the results of operations and net assets for businesses held for sale which were owned at September

30, 1996. These amounts are included in continuing operations in the consolidated financial statements.

	1996	1995
Net sales:		
Quarter ended September 30	$ 174.0	$ 182.0
Year-to-date September 30	524.6	555.2
Operating income (loss):		
Quarter ended September 30	8.6	(0.2)
Year-to-date September 30	20.1	16.5
Net assets at September 30, 1996, and December 31, 1995	347.7	364.5

4. Wise Divestiture

On July 2, 1996, the Company sold its Wise business unit to an affiliate of BWHLLC for $45.0. The purchase price of the business was determined based upon an independent valuation by an investment banking firm. The proceeds consisted of $34.2 of notes receivable from the Company's parent, which are recorded as a reduction of equity, a $10.1 note receivable from Wise and $0.7 in cash. The excess of the book value over the proceeds of $16.7 has been recorded in the consolidated financial statements. The combined financial statements continue to report Wise at the Company's historical values since Wise remains a member of the controlled group and since management's best estimate of future operating cash flows from Wise is expected to exceed the historical carrying value of the business.

Because of the Company's continuing control over Wise, the assets and liabilities of Wise, at the date of sale, are classified as "sold under contractual arrangements" in the condensed consolidated financial statements. In addition, any future losses incurred by Wise will be recorded in the consolidated financial statements to the extent of the Company's net investment in Wise. The Company's net investment in Wise as of September 30, 1996 was $10.1.

5. Discontinued Operations

On October 1, 1996, the Company sold BFC to an affiliate of BWHLLC for $550.0. Proceeds consisted of $345.9 of receivables from the Company's parent which will be recorded as a reduction of shareholders' equity, a note receivable from BFC for $198.8, and cash of $5.3. The purchase price of the business was determined based upon an independent valuation by an investment banking firm.

Net assets of $603.6 related to the discontinued operation have been segregated in the September 30, 1996 Consolidated Balance Sheet. This amount consists of the assets and liabilities of the business sold less the estimated loss on disposal plus net advances made to BFC aggregating to $53.6 from January 1, 1996 to October 1, 1996. The excess of the book value over the proceeds of $166.6 and, a tax effect of $67.2, and a reversal of the accumulated translation adjustment of $96.9 has been recorded as a loss from discontinued operations in the consolidated financial statements and not recorded in the combined financial statements since BFC remains a member of the controlled group and because management's best estimate of future operating cash flows from BFC is expected to exceed the historical carrying value of the business.

In 1993 the Company announced a program to divest the North American snacks operations, seafood, jams and jellies, and various other businesses. During 1995 management made the decision to retain the remaining businesses classified as discontinued operations and reversed the remaining reserve for loss on disposal, resulting in a net of tax ($30.7 and $14.0, respectively) income from disposal of $67.6 for the nine months ended September 30, 1995 and $29.7 for the three months ended September 30, 1995.

The operating losses relating to the businesses in this program which were retained by the Company and were previously classified as discontinued operations have been reclassified to continuing operations with an offsetting net of tax ($5.6 and $0.2, respectively) credit in income from discontinued operations of $8.8 for the nine months ended and $0.4 for the three months ended September 30, 1995.

The results indicated below for the business being divested have been reported separately as discontinued operations in the consolidated statements of operations.

	1996	1995
Net sales:		
Quarter ended September 30	$ 463.3	$ 453.0
Year-to-date September 30	1,376.5	1,300.2
Income (loss) before income taxes		
Quarter ended September 30	0.9	(17.8)
Year-to-date September 30	(19.5)	8.1
Income tax expense (benefit)		
Quarter ended September 30	(1.1)	(7.4)
Year-to-date September 30	(10.4)	0.8
Net income(loss) from discontinued operations		
Quarter-to-date	2.0	(10.4)
Year-to-date	(9.1)	7.3

6. Shareholders' Equity

The following reconciles equity changes for the consolidated and combined financial statements:

	Preferred Stock	Common Stock	Paid In Capital	Receivable from Parent	Accumulated Translation Adjustment	Minimum Pension Liability	Retained Earnings	Total
Consolidated								
Balance, December 31, 1995	$ 614.4	$ 2.0	$ 312.7		$ (129.6)	$ (107.9)	$(223.1)	$ 468.5
Net loss							(284.3)	(284.3)
Preferred stock dividends							(55.3)	(55.3)
Translation adjustments					90.6			90.6
Note from sale of Wise (Note 4)				$ (34.2)				(34.2)
Options sold			44.0	(44.0)				
Int. accrued on parent's notes			1.7	(1.7)				
Balance, September 30, 1996	614.4	2.0	358.4	(79.9)	(39.0)	(107.9)	(562.7)	185.3
Combining Adjustments								
Wise: (Note 4)								
Issue common stock			34.2					34.2
Reverse effect of disposal							16.7	16.7
Third quarter income							0.7	0.7
BFC: (Note 5)								
Reverse effect of disposal							330.7	330.7
Translation and other					(96.9)		0.3	(96.6)
Combined balance, September 30, 1996	$ 614.4	$ 2.0	$ 392.6	$ (79.9)	$ (135.9)	$ (107.9)	$ (214.3)	$471.0

On August 16, 1996 the Company sold for $44.0, options to BWHLLC to purchase all of the common stock of its Elmer's and Decorative Products businesses for 110% of the August 16, 1996 fair market value of the common stock. The options were issued at fair value and expire in five years. The redemption price of the options is $54.1 for Elmer's and $108.4 for Decorative Products, respectively.

On October 15, 1996 the Company declared and paid a dividend on its outstanding shares of common stock in an aggregate amount of $3.8 to the Company's parent and sole stockholder.

7. Commitments and Contingencies

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

Environmental accruals are routinely reviewed on an interim basis as events and developments warrant and are subjected to a comprehensive review annually during the fiscal fourth quarter.

OTHER COMMITMENTS - A wholly owned subsidiary as general partner of Borden Chemicals and Plastics Limited Partnership ("BCP") has certain fiduciary responsibilities to BCP's unitholders. The Company believes that such responsibilities will not have a material adverse effect on its financial statements.

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

PART I FINANCIAL INFORMATION

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

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

(Dollars in millions)

SALES	Three months ended September 30, 1996	Three months ended September 30, 1995	Nine months ended September 30, 1996	Nine months ended September 30, 1995
BMG Dairies	$ 227.1	$ 211.1	$ 679.3	$ 627.6
Bakeries	98.1	98.6	295.0	291.0
Elmer's	24.9	21.5	68.3	63.1
Decorative Products	89.6	98.0	280.3	276.1
Chemical	296.3	263.6	866.5	874.0
Other	0.6		1.8	
Subtotal	736.6	692.8	2,191.2	2,131.8
Businesses held for sale	174.9	312.9	694.6(1)	1,006.9(1)
CONSOLIDATED NET SALES	911.5	1,005.7	2,885.8	3,138.7
BFC	463.3	453.0	1,376.5	1,300.1
Wise (2)	65.6	67.1	209.7	213.3
Combining adjustments (3)		(67.1)	(144.1)	(213.3)
COMBINED NET SALES	$1,440.4	$ 1,458.7	$ 4,327.9	$ 4,438.8

OPERATING INCOME (LOSS)	Three months ended September 30, 1996	Three months ended September 30, 1995	Nine months ended September 30, 1996	Nine months ended September 30, 1995
BMG Dairies	$ 5.5	$ 5.5	$ 16.4	$ 13.6
Bakeries	2.4	0.3	7.6	6.0
Elmer's	3.2	3.7	10.1	9.9
Decorative Products	5.1	7.2	23.0	21.8
Chemical	29.9	32.9	98.6	106.3
Gain (loss) on divestiture	(5.0)	(20.0)	61.2	(40.0)
Corporate	(5.2)	(19.4)	(26.4)	(109.0)
Subtotal	35.9	10.2	190.5	8.6
Businesses held for sale	8.7	(13.6)(1)	11.8(1)	(14.9)(1)
CONSOLIDATED OPERATING INCOME (LOSS)	44.6	(3.4)	202.3	(6.3)
BFC	(0.1)	(19.0)	(21.2)	(7.5)
Wise (2)	1.2	(0.7)	(4.9)	(10.2)
Combining adjustments (3)		0.7	22.8	10.2
COMBINED OPERATING INCOME (LOSS)	$ 45.7	$ (22.4)	$ 199.0	$ (13.8)

1. Includes Wise results prior to sale to affiliate on July 2, 1996.
2. Represents 100% of Wise results for the applicable period presented.
3. Represents an adjustment to exclude the Wise results included with consolidated results as well as loss on the sale of Wise, which is not included in the combined results.

CONSOLIDATED AND COMBINED QUARTER ENDED SEPTEMBER 30, 1996 VERSUS QUARTER ENDED SEPTEMBER 30, 1995

Consolidated net sales from continuing operations for the quarter ended September 30, 1996 decreased $94.2 million or 9.4% to $911.5 million from $1,005.7 million in 1995 primarily as a result of businesses sold late in 1995. Consolidated operating income totaled $44.6 million, up $48.0 million from a $3.4 million loss in 1995. The Company reported a consolidated net loss applicable to common stock for the third quarter 1996 of $341.6 million, or $1.72 per share, after the effect of a $330.7 million ($1.66 per share) charge for discontinued operations related to the sale of BFC on October 1, 1996, compared to a net loss applicable to common stock for the third quarter of 1995 of $11.9 million, or $0.06 per share. The loss on discontinued operations from the BFC sale to an affiliate of KKR will not be reflected in the combined financial statements since BFC remains a member of the controlled group and because management's best estimate of future operating cash flows from BFC is expected to exceed the historical carrying value of the business.

BMG Dairies sales of $227.1 million increased $16.0 million or 7.6% from 1995. The increase is attributable to higher raw milk costs during the quarter which were passed on to customers and which were generally reflected in product pricing. Operating income remained flat from period to period.

Bakeries sales decreased 0.5% to $98.1 million in 1996. The decline is due mainly to unfavorable foreign currency fluctuations as the U.S. dollar has strengthened from the third quarter of the prior year. Operating income increased $2.1 million to $2.4 million as a result of better productivity in both the industrial and retail business sectors.

Sales for Elmer's increased $3.4 million or 15.8% to $24.9 million in 1996. The change is as a result of increases in School Glue Gel, a newly introduced no run product and stronger sales in the glue stick category segment. In addition, wood glues and wood fillers sales have increased as a result of the introduction of the "Pro-Bond" brand. Operating income declined 13.5%, from $3.7 million in 1995 to $3.2 million in 1996. The decline reflects the impact of increased advertising spending to support new product introductions.

Decorative Products sales for 1996 were $89.6 million, down from $98.0 million in 1995. Sales in the North American wallcoverings operation were much lower than prior year because sales to mass merchants in 1995 benefitted from a very large initial order made during September 1995. The lower sales in North America were partially offset by the continuing strong export sales from the UK to Eastern Europe. Sales for the flexible vinyl films and sheeting business were up in 1996 compared to 1995 because of an improvement in the pool and industrial laminates industry. Operating income decreased $2.1 million to $5.1 million in 1996 as a result of the lower sales in North America, offset partly by an increase in the UK operation.

Chemical sales increased 12.4% in 1996 to $296.3 million. The increase is primarily as a result of an increase in volume in North American Forest and Industrial Products. Increases in Forest Products resulted from increased formaldehyde and wood fiber resins volume from the opening of two new plants late in 1995, increased housing starts, and additional demand for plywood and oriented fiber board created by hurricane damage in the Southeast. Volume improvement for Industrial Products reflect increased oil field demand. Chemical operating income decreased $3.0 million or 9.1% to $29.9 million in 1996. The decline is as a result of price competition in Latin America and Spain, and a one-time charge related to inventories taken during the third quarter of 1996.

Loss on divestiture in the third quarter of 1995 reflects a charge for the loss associated with the planned disposal of a wallcovering operation and the loss in the third quarter of 1996 reflects a change in estimate of the loss to be incurred on the sale of Packaging.

Corporate operating expenses decreased $14.2 million to $5.2 million in 1996. The decrease is due mainly to the absence of non-recurring charges recorded in 1995 for legal and accounting fees associated with the company's redesign, and litigation accruals.

Sales for BFC increased $10.3 million or 2.3% due to volume increases in BFC's International Foods and

FunCheese business units. The increase in International Foods is primarily attributable to volume increases for non-dairy creamer, and milk powder. FunCheese increases are primarily attributable to sales of new "Big Cheese" products which were introduced during the year. In addition, selling prices were increased to offset higher bulk cheese costs.

The BFC operating loss decreased $18.9 million to $0.1 million as a result of the absence of non-recurring charges and lower trade spending.

Wise sales of $65.6 million is a decrease of $1.5 million or 2.2% from 1995 as a result of decreased delivery route volume during the quarter. Operating results improved from a loss of $0.7 million to income of $1.2 million as a result of lower promotional expenses.

CONSOLIDATED AND COMBINED NINE MONTHS ENDED SEPTEMBER 30, 1996 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1995

Consolidated net sales from continuing operations for the nine months ended September 30, 1996 decreased $252.9 million or 8.1% to $2,885.8 million from $3,138.7 million in 1995 as a result of businesses sold late in 1995. Consolidated operating income totaled $202.3 million, up $208.6 million from the 1995 loss of $6.3 million, as a result of a gain on divestitures of $61.2 million in 1996 compared to losses on divestitures amounting to $40.0 million in 1995 and non-recurring charges in 1995. The Company reported a consolidated net loss applicable to common stock for the first nine months of 1996 of $339.6 million, or $1.71 per share, after a $330.7 million ($1.66 per share) charge for discontinued operations, compared to a loss applicable to common stock for 1995 of $62.6 million, or $0.33 per share. The loss on discontinued operations from the BFC sale to an affiliate of KKR will not be reflected in the combined financial statements since BFC remains a member of the controlled group and because management's best estimate of future operating cash flows from BFC is expected to exceed the historical carrying value of the business.

BMG Dairies sales of $679.3 million increased $51.7 million or 8.2% from 1995. The increase is attributable to higher raw milk costs during the 1996 period which were passed on to customers and reflected in product pricing. Operating income increased $2.8 million to $16.4 million due to the increase in sales and a decrease in administrative costs as a result of operating efficiencies.

Bakeries sales increased 1.4% to $295.0 million in 1996. The improvement is primarily attributable to increased market share in both the retail and industrial bakery businesses. Operating income increased $1.6 million to $7.6 million as a result of better productivity in both business sectors.

Sales for Elmer's increased 8.2% to $68.3 million as a result of increases in School Glue Gel, a newly introduced no run product, a stronger glue stick category segment, and July 1995 price increases. In addition wood glues and wood fillers sales have increased as a result of the introduction of the "Pro-Bond" brand. Operating income remained flat from period to period.

Decorative Products sales for 1996 were $280.3 million, up from $276.1 million in 1995. The increase is mainly attributable to the expansion of export sales to Eastern Europe from the UK operations. Operating income increased $1.2 million to $23.0 million in 1996 as a result of reduced marketing spending in 1996.

Chemical sales decreased 0.9% in 1996 to $866.5 million, as a substantial volume improvement was more than offset by a steep decline in formaldehyde prices from 1995 levels. Volume increases were primarily in the North American Forest and Industrial Products business, where demand led to the opening of two additional plants late in 1995. Operating income decreased 7.2% to a 1996 level of $98.6 million as a result of price competition in Latin America and a one-time charge related to inventories.

Gain (loss) on divestiture reflects the sale of the remaining equity interest in a Spanish food company in the first quarter of 1996 partially offset by the $16.7 million charge in the second quarter for the July 2, 1996 sale of Wise.

The loss on the sale of Wise will only be reflected in the consolidated financial statements and does not affect the third quarter 1996 combined financial statements. In addition, during the first nine months of 1995, $40.0 million was charged for the loss associated with the planned disposal of certain dairy and wallcovering operations.

Corporate operating expenses decreased $82.6 million to $26.4 million in 1996. The decrease is due mainly to the absence of non-recurring charges recorded in 1995 for severance, general insurance, legal and accounting fees associated with the Company's redesign, litigation and environmental accruals.

Sales for BFC increased $76.4 million or 5.9% due to increases in product lines within the International Foods, FunCheese, and Italian Foods business units. The increase in International Foods is primarily attributable to volume increases for non-dairy creamer and milk powder, as well as increased selling prices in the Latin America region. FunCheese increases are primarily attributable to sales volume and improved private label selling prices. The increase in Italian Foods is due to volume increases in dry pasta.

The BFC operating loss of $21.2 million in 1996 increased $13.7 million from the 1995 operating loss of $7.5 million. The increase is primarily attributable to the Italian Foods product line where the gross margin percentage decreased as a result of increased raw material and packaging costs which were not recovered in selling price. Warehousing and distribution costs also increased due to higher inventory levels.

1996 sales for Wise decreased 1.7% to $209.7 million from $213.3 million in 1995 as a result of lower delivery route volume. Operating loss for 1996 improved $5.3 million to a $4.9 million loss as a result of the absence of 1995 charges of $13.3 million which related to asset writedowns partially offset by higher advertising and consumer focused promotional expenses to support new product roll-outs.

CONDENSED CONSOLIDATED NON-OPERATING EXPENSE FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
Other expense	$ 31.8	$ 23.0	$ 79.3	$ 142.7
Income tax expense (benefit)	7.3	(13.6)	67.5	(52.0)

Non-operating expenses for the three months ended September 30, 1996 totaled $31.8 million, up $8.8 million from the 1995 total of $23.0 million. The increase is attributable to a decrease in income from an equity investment in Borden Chemicals and Plastics Limited Partnership

Non-operating expenses for the nine months ended September 30, 1996 totaled $79.3 million, down $63.4 million from the 1995 total of $142.7 million. The decrease is attributable to a reduction of $43.7 million in costs associated with interest rate swaps, and a $18.6 million reduction in interest expense attributable to lower debt levels. In addition, minority interest expense decreased $9.4 million primarily as a result of the reduction in the limited partner's interest in the TMI Associates Limited Partnership, amortization of deferred costs declined $8.5 million, and a loss on the sale of RJR Nabisco Holdings shares of $22.0 million recorded in 1995. These favorable variances were partially offset by a $31.0 million decrease in income from an equity investment in Borden Chemicals and Plastics Limited Partnership.

The effective tax rate of 57% in the third quarter of 1996 is primarily due to the $16.7 million loss incurred for the Wise sale, which was primarily composed of non-deductible goodwill. The effective tax rate, benefit, of 52% in the third quarter of 1995 is higher than the statutory rate due primarily to changes in the tax deductibility of certain expenses.

The effective tax rate of 54% in the nine months of 1996 is primarily due to the $16.7 million loss incurred for the Wise sale, which was primarily composed of non-deductible goodwill. The effective tax rate, benefit, of 35% in the nine months of 1995 approximated the statutory rate for the Company.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Consolidated operating activities generated cash of $20.0 million in 1996 compared to a $33.5 million use of cash in 1995. The majority of the increase in operating cash flow was due to increases in income before discontinued operations and favorable changes in assets and liabilities.

Combined operating activities generated cash of $17.9 million in 1996, compared to a $33.5 million use in 1995. The combined operating activities reflect changes relating to the divestiture of Wise.

Investing Activities

Consolidated cash expenditures for new facilities and improvements were $177.9 million in 1996 compared to $124.3 million in 1995. Proceeds from divestitures generated $137.1 million through the first nine months of 1996, $125.5 million of which related to the sale of the remaining interest in a Spanish food company.

Combined cash expenditures for new facilities and improvements were $179.8 million in 1996 compared to $124.3 million in 1995. The combined proceeds from divestitures generated $136.5 million.

Financing Activities

Consolidated financing cash flows reflect a net use of cash of $8.7 million as compared to a net use of $113.3 million in 1995. Proceeds from divestitures were used to reduce short-term bank borrowings and to reinvest in the business. Total usage under the Company's $1.2 billion long-term revolving line of credit increased from $339.3 million at December 31, 1995 to $471.5 million at September 30, 1996, of which $84.3 million and $96.5 million were letters of credit. Proceeds from the sale of Packaging on October 11, 1996 were used primarily to reduce borrowings under the revolving line of credit. Financing cash flows through the third quarter of 1995 reflect the capital contribution of $994.7 million, which, when coupled with the sale of the RJR investment for $282.1 million, allowed for the resulting reduction in long-term debt and minority interest.

Combined financing cash flows reflect a net use of cash of $14.0 million as compared to a net use of $113.3 million in 1995. The combined statements include the minority interest relating to BFC.

Non-cash financing flows include the reclassification of a $288.5 million zero coupon note due 2002 from long-term to short-term as the Company expects the noteholders to exercise their May 1997 put option, and the receipt of notes receivable from the parent relating to the Wise transaction and the sale of options. The Company currently plans to refinance debt maturing in 1997 using its long-term revolving line of credit.

SUMMARY STATEMENTS OF OPERATIONS (UNAUDITED)
WISE

(In thousands, except per share data)	Three Months Ended September 30, 1996	1995
Net sales	$65,596	$ 67,092
Cost of goods sold	37,388	38,620
Gross margin	28,208	28,472
Distribution expense	5,997	7,405
Marketing expense	16,809	19,026
General & administrative expense	4,221	3,018
Operating income (loss)	1,181	(977)
Interest expense	329	
Minority interest income	110	
Income (loss) before income taxes	962	(977)
Income tax expense (benefit)	359	(258)
Net income (loss)	$ 603	$ (719)
Pro Forma Share Data		
Net income (loss)	$ 6.03	$ (7.19)
Average number of common shares outstanding during the period	100	100

See Notes to Summary Financial Statements

SUMMARY STATEMENTS OF OPERATIONS (UNAUDITED)

WISE

(In thousands, except per share data)	Nine Months Ended September 30, 1996	1995
Net sales	$ 209,666	$213,989
Cost of goods sold	122,750	121,009
Gross margin	86,916	92,980
Distribution expense	18,939	22,912
Marketing expense	61,481	57,933
General & administrative expense	12,132	9,831
Operating income (loss)	(5,636)	2,304
Interest expense	976	
Minority interest income	110	
Income (loss) before income taxes	(6,502)	2,304
Income tax (benefit) expense	(2,307)	1,266
Net (loss) income	$ (4,195)	$ 1,038
Pro Forma Share Data		
Net loss	$ (41.95)	$ 10.38
Average number of common shares outstanding during the period	100	100

See Notes to Summary Financial Statements

SUMMARY BALANCE SHEETS (UNAUDITED)
WISE

(In thousands)

ASSETS		September 30, 1996	December 31, 1995
CURRENT ASSETS	Cash and equivalents	$ 705	$ 601
	Accounts receivable (less allowance for doubtful accounts of $1,218 and $757, respectively)	23,370	22,049
	Affiliated receivables	1,403	
	Inventories:		
	Finished and in-process goods	4,161	3,806
	Raw materials and supplies	4,574	6,803
	Other current assets	4,262	5,371
		38,475	38,630
OTHER ASSETS	Other assets	2,061	2,159
		2,061	2,159
PROPERTY AND EQUIPMENT	Land	1,291	1,291
	Buildings	5,306	4,499
	Machinery and equipment	35,873	34,033
		42,470	39,823
	Less accumulated depreciation	(10,777)	(6,373)
		31,693	33,450
INTANGIBLES	Trademarks	17,855	18,589
		17,855	18,589
TOTAL ASSETS		$90,084	$92,828

See Notes to Summary Financial Statements

SUMMARY BALANCE SHEETS (UNAUDITED)
WISE

(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30, 1996	December 31, 1995
CURRENT LIABILITIES	Accounts and drafts payable	$ 15,063	$14,086
	Affiliated payables	1,174	
	Other current liabilities	15,945	14,747
		32,182	28,833
OTHER	Affiliated long-term debt	10,145	
	Non-pension postemployment benefit obligations	10,052	10,155
	Other long-term liabilities	2,357	1,983
	Minority interest	545	
		23,099	12,138
	Commitments and Contingencies		
SHAREHOLDERS' EQUITY	Common stock - ($0.01 par value Authorized 100 shares Issued 100)		
	Paid in capital	34,200	
	Owners investment		51,857
	Retained earnings, (from incorporation, July 2, 1996)	603	
		34,803	51,857
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 90,084	$92,828

See Notes to Summary Financial Statements

SUMMARY STATEMENTS OF CASH FLOWS (UNAUDITED)
WISE

(In thousands)		Nine Months Ended September 30, 1996	1995
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	Net income (loss)	$ (4,195)	$ 1,038
	Adjustments to reconcile net income (loss) to net cash from operating activities:		
	Depreciation and amortization	5,138	5,514
	Net change in assets and liabilities:		
	Trade receivables	(1,321)	2,396
	Inventories	1,874	35
	Trade payables	977	204
	Other assets	196	(1,547)
	Other liabilities	650	(6,283)
		3,319	1,357
CASH FLOWS FROM INVESTING ACTIVITIES	Capital expenditures	(3,215)	(1,591)
	Acquisition of business	(655)	
		(3,870)	(1,591)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Equity contribution from management	655	
		655	
	Increase (decrease) in cash and equivalents	$ 104	$ (234)
	Cash and equivalents at beginning of period	601	871
	Cash and equivalents at end of period	$ 705	$ 637
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Cash paid:		
	Interest	$ 27	
	Noncash activity:		
	Acquisition of Wise net assets	(44,345)	
	Issuance of stock in exchange for notes from principal stockholder	34,200	
	Issuance of notes payable to finance acquisition of Wise net assets	10,145	

See Notes to Summary Financial Statements

NOTES TO WISE
SUMMARY FINANCIAL STATEMENTS
(in thousands)

1. BACKGROUND

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement, culminating in December 1994, providing for the acquisition of all of Borden's outstanding common stock by an affiliates of Kohlberg Kravis Roberts & Co. ("KKR"). Borden, a public reporting registrant as a result of public debt that was outstanding prior to the acquisition, elected not to apply push down accounting in its consolidated financial statements and as such Borden's financial statements (including the Wise operations) are reported on Borden's historical cost basis. As discussed in the basis of presentation, these financial statements have been prepared on a purchase accounting basis from the date of KKR's acquisition of Borden.

Effective July 2, 1996 Borden, in a taxable transaction, sold its salty snacks business ("Wise Operations") to BWHLLC, for $45 million, which approximated net book value. The purchase price was based on an independent valuation of the business. There is no change in the book basis of the assets and liabilities as of July 2, 1996 because it is a sale between related parties and Borden's principal stockholders will continue to control Wise. Borden will continue to exercise significant financial control over Wise and Wise will fully and unconditionally guarantee obligations under Borden's credit facility and all of Borden's publicly held debt on a pari passu basis.

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

2. BASIS OF PRESENTATION, NATURE OF OPERATIONS, ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - As a result of the financial guarantee and in accordance with Regulation S-X rule 3- 10, Borden is required to include separate financial statements for Wise as if it were a registrant in its filings with the SEC. Based on discussions with the SEC these financial statements were prepared on a purchase accounting basis which allocates approximately $52 million of the December 1994 KKR purchase price to the salty snack business of Borden. The purchase price has been allocated to tangible and intangible assets and liabilities of Wise based on preliminary estimates of their fair values. Accordingly, the allocation of the purchase price may be adjusted when the initial allocation is finalized. While the final asset and liability values may differ from those set forth in the balance sheet, the changes are not expected to have a material effect on the financial condition or results of operations of Wise. Wise is included in Borden's consolidated financial statements through the date of sale on Borden's historical basis and continues to be reported in the combined financial statements included elsewhere herein on a historical cost basis.

Prior to the July 2, 1996 sale, Wise foods operated as a profit center of Borden, which was included in Borden's December 31, 1995 financial statements. Under this structure Borden incurred various costs in connection with the operation of the Wise foods business which included corporate controlled expenses, such as general and group insurance, employee benefits, and administrative overhead, such as accounting, legal, tax, credit and informational services departments and executive management. Management believes these amounts in the accompanying financial statements have been allocated in a reasonable and consistent manner in order to depict balance sheets, statements of income and cash flows of Wise on a stand alone basis. As a profit center of Borden essentially all treasury functions including financing of working capital and other cash needs were performed by Borden. Allocation of interest expense associated with this financing is not practical and therefore is not included in these financial statements.

During 1996 Wise sold equity interests in its business to key management personnel for consideration of $655, resulting in an ownership percentage of 1.87%. In addition, options issued at fair value which vest over five years, allow management to purchase additional shares resulting in an ownership of up to 10%. Management's ownership interest in Wise is recorded in the financial statements as minority interest.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates in Wise's financial statements are the allowance for doubtful accounts, accrual for general and group insurance and the corporate allocations. Actual results could differ from those estimates.

REVENUE RECOGNITION - Trade revenues are recognized when products are shipped.

ADVERTISING AND PROMOTION EXPENSE - Production costs of future media advertising are expensed on the first airdate or print release date of the advertising. All other advertising is expensed as incurred. Promotional costs are allocated ratably in interim periods based upon their relationship to estimated annual sales.

CASH AND CASH EQUIVALENTS - Wise considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

INVENTORIES - Finished goods and raw materials inventories are stated at the lower of cost or market with cost being determined using the average cost method.

IMPAIRMENT - The carrying value of buildings, machinery and equipment, and intangibles is evaluated periodically in relation to the expected future undiscounted cash flows of the underlying business.

PROPERTY, PLANT & EQUIPMENT - Property, plant and equipment are stated at cost and where appropriate includes capitalized interest during construction. Depreciation is recorded on the straight-line basis over useful lives ranging from 3 to 40 years. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, related cost and accumulated depreciation are removed from the accounts and any related gain or loss is recorded in the statement of income.

INTANGIBLES - Intangible assets consist primarily of trademarks that are amortized on a straight-line basis over not more than twenty years.

GENERAL INSURANCE - Wise is generally self-insured for losses and liabilities relating to workers' compensation, health and welfare claims, physical damage to property, business interruption and comprehensive general, product and vehicle liability. Losses are accrued for the estimated aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and Wise experience.

INCOME TAXES - Income taxes are accounted for using the liability method in accordance with Statements of Financial Accounting Standard No. 109 "Accounting for Income Taxes." Subsequent to July 2, 1996 deferred income taxes are recorded to recognize the future effects of temporary differences which arise between financial statement assets and liabilities and their basis for income tax reporting purposes. Prior to July 2, 1996 Wise was included in Borden's consolidated tax return, and accordingly, income tax liabilities and assets determined on a separate return basis are included in owners investment in the accompanying financial statements. The tax basis of Wise was changed in conjunction with the July 2, 1996 related party purchase.

PENSION AND RETIREMENT SAVINGS PLANS - Most of the employees of Wise are covered under one of Borden's pension plans or one of the union-sponsored plans to which Borden contributes. Substantially all domestic employees participate in Borden's retirement savings plans. Borden's cost of providing the retirement savings plans represents its matching of eligible contributions made by participating employees and is recognized as a charge to income in the year the cost is incurred.

NON-PENSION POSTEMPLOYMENT BENEFITS - Wise provides certain health and life insurance benefits for eligible retirees and their dependents. The cost of providing these benefits is recognized as a charge to income in the period the benefits were earned. Wise provides certain postemployment benefits to qualified former or inactive employees. Wise accrues the cost of benefits provided to former or inactive employees after employment, but before retirement, when it is probable that a benefit will be provided. The cost of providing these benefits is recognized as a charge to income in the period the benefits were earned.

3. RELATED PARTIES

Wise is engaged in various transactions with Borden and its affiliated companies in the ordinary course of business. Such transactions include, among other things, the sharing of certain general and administrative costs which are allocated to Wise and totaled $1,517 and $2,475 for the three months ended September 30, 1996 and 1995, respectively. Affiliated expenses for the first nine months of 1996 and 1995 were $4,485 and $7,428, respectively.

During the third quarter 1996 Wise entered into a loan agreement (the "Loan Agreement") to borrow funds from Borden. The Loan Agreement provides for a revolving loan facility of up to $10,000 at a variable interest rate equal to prime, and term loans with the amounts and terms to be determined by Borden. Wise has no outstanding borrowings on the revolving loan facility as of September 30, 1996. In conjunction with the July 2, 1996 transaction Wise issued $10,145 in long-term notes to Borden at a fixed 12% interest rate due on December 31, 1999. The Note Agreement contains customary conditions to borrowings, representations and warranties, and affirmative covenants similar to those contained in Borden's credit facility.

4. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS - Wise, like others in similar businesses, is subject to extensive Federal, state and local environmental laws and regulations. Although Wise environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments and increasingly stringent regulation could require Wise to make additional unforseen environmental expenditures.

Environmental accruals are routinely reviewed on an interim basis as events and developments warrant and are subjected to a comprehenvive review annually during the fiscal fourth quarter.

Wise is subject to various investigations, claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. 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 position of Wise.

GUARANTEE - Wise guarantees obligations under Borden's credit facility and all of Borden's outstanding publicly held debt on a pari passu basis.

PART II

Item 1: LEGAL PROCEEDINGS

There have been no material developments in the ongoing legal proceedings that are discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995 or the Forms 10-Q for the periods ended March 31, 1996 and June 30, 1996.

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

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

Item 6: EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

No. 2.1	Conveyance and Transfer Agreement, dated October 1, 1996 among Borden, Inc., BDH One, Inc., BDH Two, Inc., Borden Foods Investments Corporation, Borden Foods Holdings, LLC, Borden Foods Holdings Corporation, Borden Foods Corporation, BFC Investments L.P., and BDS Two, Inc., incorporated herein by reference to Exhibit 2.1 to Form 8K, dated October 16, 1996, File No. 001-00071.
3(ii)	By-Laws of Borden, Inc., as of August 14, 1996.
27	Financial Data Schedule

b. Reports on Form 8-K.

On October 16, 1996 Borden, Inc., filed a Form 8-K announcing the sale of its pasta and foods business to an affiliate of the Company's principal stockholder, and the completion of the sale of the Company's packaging and plastic films business to AEP Industries, Inc. Unaudited pro forma condensed consolidated financial statements were filed to reflect the effects of the above transactions.

SIGNATURE

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

BORDEN, INC.

Date: November 14, 1996

By /s/ William H. Carter

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

Exhibit 2.1
As of August 14, 1996

BY-LAWS

OF

BORDEN, INC.

ARTICLE I

OFFICES

Places of business or offices may be established at any time by the board of directors (the Board) at any place or places where the Corporation is qualified to do business or where qualification is not required.

ARTICLE II

MEETINGS OF SHAREHOLDERS

SECTION 1. An annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held upon not less than the ten nor more than sixty days written notice of the time, place and purposes of the meeting. The meeting shall be held at such time and place as shall be designated by the Board and specified in the notice of the meeting.

SECTION 2. Special meetings of shareholders shall be held at such place and at such time as shall be fixed by resolution of the Board with respect to each such meeting and may be called at any time by the Chairman of the Board, Chief Executive Officer or President or a majority of the directors. Any special meeting of shareholders shall be held upon not less than ten nor more than sixty days written notice of the time, place, and purpose of the meeting.

SECTION 3. Except as otherwise provided by law or the Restated Certificate of Incorporation of the Company, at all meetings of the shareholders, in order to constitute a quorum, there shall be present, either in person or by proxy, shareholders entitled to cast a majority of the votes at such meeting.

SECTION 4. At all meetings of the shareholders, each shareholder shall be entitled to one vote for each share of the capital stock standing in his name on the books of the Company, except as otherwise provided by the Restated Certificate of Incorporation of the Company.

SECTION 5. At all meetings of the shareholders any shareholder shall be entitled to vote by proxy. Every proxy shall be executed in writing by the shareholder or his agent except that a proxy may be given by a shareholder or his agent by telegram or cable or by any means of electronic communication which results in a writing.

SECTION 6. For the purpose of determining the shareholders entitled to (a) notice of or to vote at any meeting of shareholders or any adjournment thereof, (b) give a written consent to any action without a meeting, or (c) receive payment of any dividend or allotment of any right, or for the purpose of any other corporate action or event, the Board may fix, in advance, a date as the record date for any such determination of shareholders. Such dates shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. The record date to determine shareholders entitled to give a written consent may not be more than 60 days before the date fixed for tabulation of the consents or, if no date has been fixed for tabulation, more than 60 days before the last day on which consents received may be counted.

If no record date is so fixed by the Board, (a) the record date for a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held, and (b) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the Board relating thereto is adopted.

When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this Section , such determination shall apply to any adjournment thereof, unless the Board fixes a new record date under this Section for the adjourned meeting.

SECTION 7. The affirmative vote of a majority of votes cast by the shareholders shall be required to authorize or approve any action or matter to be voted upon by the shareholders, except that directors shall be elected as provided by law.

SECTION 8. Unless otherwise determined by resolution of the Board,

(a) the Chairman of the Board shall, or shall designate an appropriate officer of the Company to, call any annual or special meeting of shareholders to order, act as Chairman of any such meeting of the shareholders, determine the order of business of any such meeting, and determine the rules of order and procedure to be followed in the conduct of any such meeting; and

(b) the Secretary or an Assistant Secretary of the Company shall act as Secretary of the meeting.

Nothing in this section shall prohibit the Chairman of the meeting from changing the order in which business shall be presented to the meeting.

SECTION 9. The shareholders may act without a meeting by written consent or consents pursuant to N.J.S. 14A:5-6. The written consent or consents shall be filed in the minute book.

ARTICLE III

DIRECTORS

SECTION 1. The business and affairs of the Company shall be managed by or under the direction of a Board of Directors consisting of not less than one nor more than fifteen directors. Subject to the provisions of the Restated Certificate of Incorporation of the Company, the members of the Board shall be elected at each annual meeting of shareholders of the Company to hold office until the next annual meeting, and the term of each director shall be from the time of his election and qualification until the annual meeting of shareholders next succeeding his election and until his successor shall have been elected and shall have qualified. The Chairman of the Board shall be elected by the Board from time to time and shall serve as Chairman of the Board until his successor shall have been elected and shall have qualified. The Chairman of the Board shall be a director, and may serve as an officer or otherwise be an employee.

SECTION 2. If the office of any director is not filled at an annual meeting or becomes vacant, or if new directorships resulting from an increase in the authorized number of directors are created, the remaining directors (even though less than a quorum) by a majority vote, or the sole remaining director, may fill such directorship. A director so elected shall hold office until the next annual meeting of shareholders and until his successor is elected and qualified in his stead. Any directorship not filled by the Board may be filled by the shareholders at an annual meeting or at a special meeting called for that purpose.

SECTION 3. The Board shall have the power to remove a director for cause and to suspend a director pending a final determination that cause exists for removal.

SECTION 4. There shall be an annual meeting of the Board for the election of officers and for such other business as may be brought before the meeting, immediately after the annual meeting of shareholders.

SECTION 5. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

SECTION 6. Special meetings of the Board may be called by the Chairman of the Board, Chief Executive Officer, President or by any two directors at such time and place as specified in a notice delivered personally or by telephone to each director, or mailed, telegraphed or sent by facsimile transmission to his address upon the books of the Company, at least two days prior to the time of holding the meeting. The notice of meeting need not, but may, specify the purpose of the meeting.

SECTION 7. A majority of directors shall constitute a quorum for the transaction of business. Any action approved by a majority of the votes of directors present at a meeting at which a quorum is present, shall be the act of the Board.

SECTION 8. The Board may act without a meeting if, prior or subsequent to the action, each member of the Board consents in writing to the action. The written consent or consents shall be filed in the minute book.

SECTION 9. Any director may participate in a meeting of the Board by means of conference telephone or any other means of communication by which all persons participating in the meeting are able to hear each other.

ARTICLE IV

OFFICERS

SECTION 1. The officers of the Company may consist of a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer, and a General Controller and one or more Assistant Secretaries, Assistant Treasurers and Assistant General Controllers. The said officers shall be elected at the annual meeting of the Board by a majority vote of the Board and shall serve at the pleasure of the Board and shall be subject to removal at any time, with or without cause, provided, however, that the Board may at its pleasure omit the election of any of the foregoing officers not required by law. One person may hold more than one office.

SECTION 2. The said officers shall have the powers and shall perform all the duties incident to their said respective offices and shall perform such other duties as shall from time to time be assigned to them by the Board.

SECTION 3. The Chairman or, in his absence, a director selected by a majority of the Directors, shall preside at meetings of the Board. Each Vice President or other officer shall have general charge of such departments or divisions of the Company's business, or shall perform such duties, as may from time to time be determined by the Chief Executive Officer and they shall be responsible for the proper administration of their respective departments or divisions to the Chief Executive Officer. Departmental managers shall be responsible for the proper administration of their departments to the officer in charge thereof.

SECTION 4. During the absence of the Chief Executive Officer, the Chief Executive Officer shall designate, in writing to the Corporate Secretary, the officer who shall be vested with all the powers of such office in respect of the signing and execution of any contracts or other papers requiring the signature of any such absent officer. In the event of any prolonged absence of any officer of the Company, the Board may delegate his powers or duties to any other executive officer, or to any director, during such absence, and the person so delegated shall, for the time being, be the officer whose powers and duties he so assumes.

SECTION 5. The Board may create such other offices as they may determine, elect or provide for the election of officers to fill the same, define their powers and duties and fix their tenures of office. The Board may also create or provide for the creation of (1) administrative divisions, and (2) offices and committees for any such divisions and may elect or provide for the election of officers and committee members to fill the positions so created, define or make provision for the duties to be performed by such officers and committees and the powers to be exercised by them and fix or make provision for their tenures of office. The Board may delegate to the Chief Executive Officer or to any other officer or any committee of the Company the power to exercise some, any or all of the powers granted to the Board by the foregoing provisions of this Section . The Chief Executive Officer in turn may delegate to any other officer or any committee of the Company the power to exercise some, any or all of the powers delegated to him by the Board pursuant to the foregoing provisions of this Section .

ARTICLE V

COMMITTEES

SECTION 1. There shall be an Executive Committee consisting of three or more directors. The membership of this Committee shall consist of such number of directors as the Board may, by a resolution adopted by a majority of the entire Board, elect from time to time and their terms of office shall be for such periods as the Board may designate. A majority of all the members of the Committee shall constitute a quorum for the transaction of business. The Board or Executive Committee members shall elect the Chairman of the Committee. The Committee shall determine its own procedure and shall meet on call by the Chairman of the Committee or by any two members of the Committee. In addition to any general or special duties that may from time to time be delegated to it by the Board, the Committee shall, subject to the laws of the State of New Jersey, have and may exercise the powers of the Board during the intervals between the meetings of the Board, including the periodic review of management organization.

SECTION 2. There shall be an Audit Committee comprised of two or more directors. The members shall be elected by the Board, or the Executive Committee, either of which shall also elect the Chairman of the Committee. A majority of the members shall constitute a quorum of the Committee.

The Committee shall assist the Board in fulfilling its fiduciary responsibilities relating to accounting policies, auditing and reporting practices for the Company and shall, through regularly scheduled meetings provide a direct line of communication between the Board and the Company's independent accountants, as well as the internal auditor. It shall receive management's recommendation of the independent auditing firm for the next year and make its recommendation to be approved by the Board.

It shall review with the independent auditing firm the scope of its examination, the consolidated financial statements prior to the approval of the annual report by the Board, the competence and adequacy of financial, accounting and internal audit management and control procedures of the Company, recommendations of the independent auditors and management's response thereto, the internal audit function and such other matters relating to financial reports as it deems appropriate. It will require that serious differences between the independent auditors and the management be reported to it.

SECTION 3. There shall be a Committee on Officers' Compensation comprised of three or more directors. The members shall be elected by the Board or the Executive Committee, either of which shall also elect the Chairman of the Committee. A majority of the members shall constitute a quorum of the Committee.

The Committee shall establish salaries for elected officers of the Company. It shall be responsible for the administration of the Management Incentive Plan, other incentive compensation plans and related subjects. It shall also supervise and administer such employee benefits plans as the Chief Executive Officer or the Board shall, from time to time, direct.

SECTION 4. The Committees created by the preceding sections of this Article shall each keep a record of their actions and proceedings, and all their actions shall be reported to the Board at its next ensuing meeting; except that, when the meeting of the Board is held within 2 days after the committee meeting, such report shall, if not made at the first meeting, be made to the Board at its second meeting following such committee meeting.

ARTICLE VI

WAIVERS OF NOTICE

Any notice required by these by-laws, by the Restated Certificate of Incorporation, or by the New Jersey Business Corporation Act may be waived in writing by any person entitled to notice. The waiver, or waivers, may be executed either before or after the event with respect to which the notice is waived. Each director or shareholder attending a meeting without protesting, prior to its conclusion, the lack of proper notice, shall be deemed conclusion, the lack of proper notice shall be deemed conclusively to have waived notice of the meeting.

ARTICLE VII

DEPOSITORIES, CHECKS AND NOTES

SECTION 1. The Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Treasurer or an Assistant Treasurer of the Company shall each have the authority to designate banks, trust companies or other depositories in which funds of the Company shall be deposited to the credit of the Company. All checks, drafts and orders for the payment of money shall be signed by any one of the aforesaid officers, or by such other person or persons as the Board or anyone of the aforesaid officers may from time to time designate. Subject to such limitations, restrictions and safeguards as any of the aforesaid officers shall prescribe, signatures in the case of all checks, drafts and orders for the payment of money may be facsimile signatures.

SECTION 2. The signature of any officer upon any bond, debenture, note or similar instrument executed on behalf of the Company may be a facsimile whenever authorized by the Board.

ARTICLE VIII

DIVIDENDS

Subject to the provisions of law and the Restated Certificate of Incorporation of the Company, the Board shall have the power in its discretion to declare and pay dividends upon the shares of stock of the Company of any class in cash, in its own shares, in its bonds or in other property, including the shares or bonds of other corporations. Anything in the Restated Certificate of Incorporation or these by-laws to the contrary notwithstanding, no holder of any share of stock of the Company of any class shall have any right to any dividend thereon unless such dividend shall have been declared by the Board as aforesaid.

ARTICLE IX

SEAL

The seal of the Company shall be circular in form with the words "Borden, Inc." on the circumference, and the figures "1899" in the center.

ARTICLE X

STOCK

SECTION 1. Certificates of stock shall be issued and signed by the Chairman of the Board, Chief Executive Officer, President or a Vice President and may be countersigned by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary and may be sealed with the seal of the Company or a facsimile thereof. Any or all signatures upon a certificate, including those of a stock transfer agent or a registrar, may be facsimile. In case any officer or officers or any transfer agent or registrar of the Company who shall have signed, or whose facsimile signature or signatures shall have been used on any certificate or certificates shall cease to be such officer or officers, or such transfer agent or registrar, for whatever cause, before such certificate or certificates shall have been delivered, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers or such transfer agent or registrar, as the case may be.

SECTION 2. All transfers of stock shall be made upon the books of the Company upon surrender to the Company of the certificate or certificates for such stock, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer.

SECTION 3. Every person claiming a stock certificate in lieu of one lost or destroyed shall give notice to the Company of such loss and destruction, and shall also file in the office of the Company an affidavit as to his ownership of the stock represented by the certificate, and of the facts which go to prove its loss or destruction. He shall, if required by the Board of Directors, give the Company a bond or agreement of indemnity in a form to be approved by counsel, with or without sureties and in such amount as may be determined by the Board or by an officer in whom authority therefor shall have been duly vested by the Board against all loss, cost and damage which may arise from issuing such new certificate. The officers of the Company, if satisfied from the proof that the certificate is lost or destroyed, may then issue to him a new certificate of the same tenor as the one lost or destroyed.

SECTION 4. The Board shall have the power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the Company. The Board may appoint transfer agents and registrars of transfer, and may require any or all stock certificates to bear the signature or facsimile signature of any such transfer agent and any such registrar of transfers.

SECTION 5. Unless the Board by specific resolution provides otherwise, all shares of the Company, which are reacquired pursuant to the New Jersey Corporation Act, Section l4A:7-l6 by purchase, by redemption or by their conversion into other shares of the Company, shall remain authorized and issued shares and shall be considered treasury shares.

ARTICLE XI

FISCAL YEAR

SECTION 1. The fiscal year of the Company shall commence on the first day of January in each year and end on the following thirty-first day of December.

SECTION 2. It shall be the duty of the principal financial officer to submit a full report of the financial condition of the Company for the preceding fiscal year at a meeting of the Board preceding the annual meeting of shareholders.

ARTICLE XII

AMENDMENTS TO BY-LAWS

SECTION 1. These by-laws are subject to the provisions of the New Jersey Business Corporation Act and the Corporation's Restated Certificate of Incorporation, as each may be amended from time to time. If any provision in these by-laws is inconsistent with a provision in that Act or the Restated Certificate of Incorporation, the provision of that Act or the Restated Certificate of Incorporation shall govern.

SECTION 2. These by-laws may be altered, amended, or repealed by the shareholders or the Board. Any by-law adopted or amended by the shareholders may be amended or repealed by the Board, unless the resolution of the shareholders adopting the by-law expressly reserves to the shareholders the right to amend or repeal it.

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