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, 1997

Commission file number I-71

BORDEN, INC.

New Jersey
(State or other jurisdiction of incorporation or organization)

13-0511250
(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, 1997: 198,974,994

BORDEN, INC.

INTRODUCTION

The following filing with the Securities and Exchange Commission ("SEC") by Borden, Inc. ("the Company") presents four separate financial statements: Borden, Inc. Consolidated Financial Statements, Borden, Inc. and Affiliates Combined Financial Statements, the Financial Statements of Wise Holdings, Inc. ("Wise Holdings") and 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") 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 because management of the Company continues to control significant financial and managerial decisions with respect to Wise Holdings and Foods Holdings. In accordance with rule 3-10 of Regulation S-X, the 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. The Combined Companies financial statements do not reflect pushdown accounting and therefore present financial information on a basis consistent with that on which credit was originally extended to the Company.

BORDEN, INC.

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CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

BORDEN, INC.

(In millions, except per share data)	Three Months Ended September 30, 1997	1996
Net sales	$371.5	$ 594.9
Cost of goods sold	279.6	434.2
Gross margin	91.9	160.7
Distribution expense	13.7	25.9
Marketing expense	24.3	64.5
General & administrative expense	24.2	31.9
Loss on divestiture		5.0
Operating income	29.7	33.4
Interest expense	23.4	29.4
Affiliated interest income, net	(5.4)	(0.3)
Other (income) expense, net	(5.3)	2.2
Income from continuing operations before income tax	17.0	2.1
Income tax expense	5.4	2.2
Income (loss) from continuing operations	11.6	(0.1)
Discontinued operations:		
Income from operations, net of tax	6.9	7.7
Income (loss) from disposal, net of tax	154.4	(330.7)
Net income (loss)	172.9	(323.1)
Preferred stock dividends	(18.4)	(18.4)
Net income (loss) applicable to common stock	$154.5	$(341.5)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (continued)

BORDEN, INC.

(In millions, except per share data)	Three Months Ended September 30, 1997	1996
Per Share Data		
Income (loss) from continuing operations	$ 0.06	$ --
Discontinued operations:		
Income from operations	0.03	0.04
Income (loss) from disposal	0.78	(1.66)
Net income (loss)	0.87	(1.62)
Preferred stock dividends	(0.09)	(0.09)
Net income (loss) per common share	$ 0.78	$(1.71)
Dividends per common share	$ 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 Consolidated and Combined Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

BORDEN, INC.

(In millions, except per share data)	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
Net sales	$1,120.3	$1,926.2
Cost of goods sold	845.1	1,383.0
Gross margin	275.2	543.2
Distribution expense	40.0	90.0
Marketing expense	68.0	236.0
General & administrative expense	85.6	116.7
Gain on divestiture		(61.2)
Operating income	81.6	161.7
Interest expense	71.2	84.7
Affiliated interest income, net	(17.0)	(0.3)
Other (income), net	(5.2)	(6.0)
Income from continuing operations before income taxes	32.6	83.3
Income tax expense	13.2	48.8
Income from continuing operations	19.4	34.5
Discontinued operations:		
Income from operations, net of tax	26.5	11.9
Income (loss) from disposal, net of tax	154.4	(330.7)
Net income (loss)	200.3	(284.3)
Preferred stock dividends	(55.3)	(55.3)
Net income (loss) applicable to common stock	$ 145.0	$ (339.6)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (continued)

BORDEN, INC.

(In millions, except per share data)	Nine Months Ended September 30, 1997	1996
Per Share Data		
Income from continuing operations	$ 0.10	$ 0.17
Discontinued operations:		
Income from operations	0.13	0.06
Income (loss) from disposal	0.78	(1.66)
Net income (loss)	1.01	(1.43)
Preferred stock dividends	(0.28)	(0.28)
Net income (loss) per common share	$ 0.73	$(1.71)
Dividends per common share	$ 0.19	
Dividends per preferred share	$ 2.25	$ 2.25
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions)

ASSETS		September 30, 1997	December 31, 1996
CURRENT ASSETS	Cash and equivalents	$ 90.7	$ 125.0
	Accounts receivable (less allowance for doubtful accounts of $9.2 and $15.7 respectively)	242.7	355.1
	Inventories:		
	Finished and in-process goods	71.6	142.3
	Raw materials and supplies	55.3	77.4
	Deferred income taxes	131.1	179.6
	Other current assets	31.9	45.9
	Net assets of discontinued operation	164.7	
		788.0	925.3
INVESTMENTS AND OTHER ASSETS	Investments in affiliated companies	108.5	106.8
	Deferred income taxes	78.3	213.4
	Prepaid pension cost	150.3	
	Other assets	40.4	89.0
	Assets sold under contractual arrangement (net of allowance of $888.8 and $866.0)	663.6	701.0
		1,041.1	1,110.2
PROPERTY AND EQUIPMENT	Land	26.2	54.3
	Buildings	123.4	267.5
	Machinery and equipment	663.3	934.3
		812.9	1,256.1
	Less accumulated depreciation	(387.9)	(693.7)
		425.0	562.4
INTANGIBLES	Intangibles resulting from business acquisitions	45.4	114.3
TOTAL ASSETS		$2,299.5	$2,712.2

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN, INC.

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30, 1997	December 31, 1996
CURRENT LIABILITIES	Debt payable within one year	$ 98.6	$ 414.0
	Accounts and drafts payable	147.7	254.9
	Income taxes	234.0	282.8
	Other current liabilities	326.7	477.2
		807.0	1,428.9
OTHER	Liabilities sold under contractual arrangement	434.7	442.9
	Long-term debt	619.1	567.8
	Non-pension post-employment benefit obligations	236.9	285.9
	Other long-term liabilities	118.3	126.6
		1,409.0	1,423.2
Commitments and Contingencies			
SHAREHOLDER'S 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	383.2	379.9
	Receivable from parent	(463.6)	(443.6)
	Accumulated translation adjustment	(41.3)	(27.2)
	Minimum pension liability		(109.2)
	Retained deficit	(411.2)	(556.2)
		83.5	(139.9)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$2,299.5	$2,712.2

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN, INC.

(In millions)		Nine Months Ended September 30, 1997	1996
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	Net income (loss)	$ 200.3	$(284.3)
	Adjustments to reconcile net income to net cash from operating activities:		
	(Gain) loss on disposal of discontinued operations	(248.2)	263.5
	Depreciation and amortization	27.1	100.1
	Gain on divestiture of business		(61.2)
	Unrealized gain on interest rate swap	(3.4)	(12.6)
	Net change in assets and liabilities:		
	Trade receivables	(16.9)	86.6
	Inventories	3.2	14.6
	Trade payables	6.3	(154.5)
	Current and deferred taxes	139.8	94.1
	Other assets	(9.8)	112.7
	Other liabilities	(145.6)	(103.5)
	Discontinued operations, working capital, cash and non cash charges	(0.2)	(35.5)
		(47.4)	20.0
CASH FLOWS FROM INVESTING ACTIVITIES	Capital expenditures	(97.2)	(177.9)
	Proceeds from the divestiture of businesses	419.1	137.1
	Proceeds from the sale of fixed assets	5.5	
	Acquisition of product line	(4.2)	
	Return on investment in affiliate	9.2	
		332.4	(40.8)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	Increase (decrease) in short-term debt	16.4	(24.1)
	Borrowings of long-term debt	362.4	107.1
	Repayment of long-term debt	(642.8)	
	Decrease in minority interest		(19.0)
	Interest received from parent	38.1	
	Common stock dividends paid	(38.1)	
	Preferred stock dividends paid	(55.3)	(55.3)
		(319.3)	8.7

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

BORDEN, INC.

(In millions)		Nine Months Ended September 30, 1997	1996
	Decrease in cash and equivalents	$(34.3)	$(12.1)
	Cash and equivalents at beginning of period	125.0	146.2
	Cash and equivalents at end of period	$ 90.7	$134.1
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Cash paid:		
	Interest	$25.2	$71.0
	Income taxes	21.0	31.0
	Non-cash activity:		
	Capital contribution from parent	18.1	
	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
	Additional proceeds on Foods sale	20.0	
	Reclassification of minimum pension liability adjustment to prepaid pension cost	97.7	

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

BORDEN, INC.

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Accumulated Translation Adjustment	Minimum Pension Liability	Accumulated Deficit	Total
Balance, December 31, 1996	$614.4	$2.0	$379.9	$(443.6)	$(27.2)	$(109.2)	$(556.2)	$(139.9)
Net income							200.3	200.3
Cash dividends-preferred stock							(55.3)	(55.3)
Translation adjustments and other					(14.1)	109.2		95.1
Interest accrued on notes from parent			23.3					23.3
Cash dividends-common stock			(38.1)					(38.1)
Capital contribution from parent			18.1					18.1
Additional note from Foods sale				(20.0)				(20.0)
Balance, September 30, 1997	$614.4	$2.0	$383.2	$(463.6)	$(41.3)	$ --	$(411.2)	$ 83.5

See Notes to Condensed Consolidated and Combined Financial Statements

COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)	Three Months Ended September 30, 1997	1996
Net sales	$844.0	$1,123.8
Cost of goods sold	555.9	759.2
Gross margin	288.1	364.6
Distribution expense	44.4	57.5
Marketing expense	126.2	206.7
General & administrative expense	66.3	60.7
Loss on divestiture		5.0
Operating income	51.2	34.7
Interest expense	20.1	30.1
Other (income), net	(1.4)	.2
Income from continuing operations before income taxes	32.5	4.4
Income tax expense	22.1	2.7
Income from continuing operations	10.4	1.7
Discontinued operations:		
Income from operations, net of tax	6.9	6.8
Income from disposal, net of tax	154.4	
Net income	171.7	8.5
Preferred stock dividends	(18.4)	(18.4)
Net income (loss) applicable to common stock	$153.3	$ (9.9)

See Notes to Consolidated and Combined Financial Statements

COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)	Nine Months Ended September 30, 1997	1996
Net sales	$2,581.9	$3,368.3
Cost of goods sold	1,717.7	2,278.6
Gross margin	864.2	1,089.7
Distribution expense	130.2	174.7
Marketing expense	440.9	641.3
General & administrative expense	187.8	194.6
Gain on divestiture		(77.9)
Operating income	105.3	157.0
Interest expense	68.5	87.2
Other (income), net	(8.6)	(12.2)
Income from continuing operations before income taxes	45.4	82.0
Income tax expense	28.4	42.7
Income from continuing operations	17.0	39.3
Discontinued operations:		
Income from operations, net of tax	26.5	24.8
Income on disposal, net of tax	154.4	
Net income	197.9	64.1
Preferred stock dividends	(55.3)	(55.3)
Net income applicable to common stock	$ 142.6	$ 8.8

See Notes to Consolidated and Combined Financial Statements

COMBINED BALANCE SHEETS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)

ASSETS		September 30, 1997	December 31, 1996
CURRENT ASSETS	Cash and equivalents	$ 101.6	$ 160.2
	Accounts receivable (less allowance for doubtful accounts of $17.2 and $23.0 respectively)	424.4	549.9
	Inventories:		
	Finished and in-process goods	229.3	286.5
	Raw materials and supplies	113.2	142.3
	Deferred income taxes	161.5	202.3
	Other current assets	66.1	82.4
	Net assets of discontinued operation	164.7	
		1,260.8	1,423.6
INVESTMENTS AND OTHER ASSETS	Investments in affiliated companies	108.5	106.8
	Deferred income taxes	112.9	267.9
	Prepaid pension cost	150.3	
	Other assets	55.5	106.9
		427.2	481.6
PROPERTY AND EQUIPMENT	Land	45.3	75.9
	Buildings	283.0	441.0
	Machinery and equipment	1,208.8	1,504.3
		1,537.1	2,021.2
	Less accumulated depreciation	(798.5)	(1,116.1)
		738.6	905.1
INTANGIBLES	Intangibles resulting from business acquisitions	416.2	495.7
TOTAL ASSETS		$2,842.8	$ 3,306.0

See Notes to Consolidated and Combined Financial Statements

COMBINED BALANCE SHEETS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY		September 30, 1997	December 31, 1996
CURRENT LIABILITIES	Debt payable within one year	$ 113.0	$ 421.8
	Accounts and drafts payable	279.5	412.5
	Income taxes	238.8	304.0
	Other current liabilities	493.7	646.1
		1,125.0	1,784.4
OTHER	Long-term debt	632.6	582.4
	Non-pension post-employment benefit obligations	258.3	308.2
	Other long-term liabilities	122.7	135.6
		1,013.6	1,026.2
Commitments and Contingencies			
SHAREHOLDER'S 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	714.0	683.1
	Receivable from parent	(463.6)	(443.6)
	Affiliate's interest in subsidiary	75.7	87.9
	Accumulated translation adjustment	(167.3)	(121.2)
	Minimum pension liability		(109.2)
	Retained deficit	(71.0)	(218.0)
		704.2	495.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$2,842.8	$3,306.0

See Notes to Consolidated and Combined Financial Statements

COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)		Nine Months Ended September 30, 1997	1996
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	Net income	$ 197.9	$ 64.1
	Adjustments to reconcile net income to cash from operating activities:		
	Gain on disposal of discontinued operations	(248.2)	
	Depreciation and amortization	70.7	101.8
	Gain on divestiture of business		(77.9)
	Unrealized gain on interest rate swap	(3.4)	(12.6)
	Net change in assets and liabilities:		
	Trade receivables	(5.3)	(5.6)
	Inventories	(3.1)	(48.1)
	Trade payables	(20.8)	(3.4)
	Current and deferred taxes	102.3	27.3
	Other assets	(7.5)	34.3
	Other liabilities	(132.1)	(99.1)
	Discontinued operations, working capital, cash and non-cash charges	(0.2)	37.1
		(49.7)	17.9
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	Capital expenditures	(125.1)	(179.8)
	Proceeds from the divestiture of businesses	419.1	136.5
	Proceeds from the sale of fixed assets	16.2	
	Acquisition of product line and distributor	(5.3)	
		304.9	(43.3)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	Increase (decrease) in short-term debt	22.5	(24.1)
	Borrowing of long-term debt	362.4	107.1
	Repayment of long-term debt	(643.4)	
	Decrease in minority interest		(13.7)
	Interest received from parent	38.1	
	Common stock dividends paid	(38.1)	
	Preferred stock dividends paid	(55.3)	(55.3)
		(313.8)	14.0

COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN, INC. AND AFFILIATES

(In millions)		Nine Months Ended September 30, 1997	1996
	Decrease in cash and equivalents	$(58.6)	$(11.4)
	Cash and equivalents at beginning of period	160.2	146.2
	Cash and equivalents at end of period	$101.6	$134.8
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	Cash paid:		
	Interest	$ 65.6	$ 71.0
	Income taxes	40.5	31.0
	Non-cash activity:		
	Capital contribution from parent	18.1	
	Reclassification of note from long-term to short-term		288.5
	Proceeds relating to the Wise sale		44.3
	Proceeds from the sale of options recorded in equity		
	Additional proceeds on Foods sale	20.0	44.0
	Reclassification of minimum pension liability adjustment to prepaid pension cost	97.7	

See Notes to Consolidated and Combined Financial Statements

COMBINED STATEMENT 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 Translation Adjustment	Minimum Pension Liability	Accumulated Deficit	Total
Balance, December 31, 1996	$614.4	$2.0	$683.1	$(443.6)	$87.9	$(121.2)	$(109.2)	$(218.0)	$495.4
Net income					(4.4)			202.3	197.9
Cash dividends-preferred stock								(55.3)	(55.3)
Translation adjustments and other			7.6		(7.8)	(46.1)	109.2		62.9
Interest accrued on notes from parent			23.3						23.3
Cash dividends-common stock			(38.1)						(38.1)
Capital contribution from parent			38.1	(20.0)					18.1
Balance, September 30, 1997	$614.4	$2.0	$714.0	$(463.6)	$75.7	$(167.3)	$ --	$ (71.0)	$704.2

See Notes to Condensed Consolidated and Combined Financial Statements

NOTES TO CONSOLIDATED AND 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: adhesives and resins ("Chemical"), decorative products and wallcoverings ("Decorative Products") and consumer adhesives and business services ("Other"). Borden, Inc. and Affiliates (the "Combined Companies") includes the financial condition and results of operations of the Company with the financial condition and results of operations of the Company's former international and domestic food operations ("Foods") and former salty snacks business ("Wise"). As explained in Note 4, the Company has signed a definitive agreement to sell its Decorative Products business and, the Company completed the sale of its fresh dairy products business ("Dairy"). In addition, the Company sold its packaging and plastic films business on October 11, 1996 and its European bakery business on December 18, 1996.

The Company's principal lines of business formerly included Foods and Wise. Subsidiaries of BWHLLC, an affiliate of the Company's parent, together with subsidiaries of Wise Holdings, Inc. ("Wise Holdings") and subsidiaries of Borden Foods Holdings Corporation ("Foods Holdings,") purchased Wise and Foods on July 2, 1996 and October 1, 1996, respectively. As a result of these sales, Wise and Foods, as of their respective sale dates, are no longer legally part of Borden, Inc. (the "Registrant") on a consolidated basis. However, management of the Registrant 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, the Combined Companies financial condition and results of operations and cash flows. The Combined Companies present financial information on a basis consistent with that upon which credit was originally extended to the Company.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ASSETS AND LIABILITIES HELD UNDER CONTRACTUAL ARRANGEMENTS - Because management of the Company exercises significant control over Wise and Foods, the assets and liabilities of Wise and Foods, as of their respective sale dates, are classified as "sold under contractual arrangements" in the consolidated financial statements. In addition, any future losses incurred by Wise and Foods will be recorded in the consolidated financial statements to the extent of the Company's net investment in Wise and Foods. At September 30, 1997, the Company's net investment in Wise and Foods was $5.1 and $223.8, respectively.

The Combined Companies continue to report Wise and Foods at the Company's historical values since they remain a member of the controlled group and since in management's best estimate, future operating cash flows from Wise and Foods are expected to exceed the historical carrying values of the businesses.

RECENTLY ISSUED ACCOUNTING STATEMENTS - The Financial Accounting Standards Board has recently issued two new accounting standards, Statement 130, Reporting Comprehensive Income, and Statement 131, Disclosures about Segments of an Enterprise and Related Information. These statements will affect the disclosure requirement for the 1998 annual financial statements. The Company is currently evaluating the effect of these new statements.

RECLASSIFICATION - Certain prior year amounts have been reclassified to conform with the 1997 presentation.

3. ASSET WRITE-DOWNS AND BUSINESS REALIGNMENT

In December 1996, management approved the closure of five domestic pasta plants in 1997 in order to reduce its product line complexity and manufacturing capacity. Accordingly, the Combined Company provided $27.8 million in 1996 to write down the facilities to their net realizable value. Management anticipates certain additional costs to be incurred in 1997 related to these plant closures; such charges totaled $6.0 million for the nine month period ended September 30, 1997. By September 30, 1997, operations at three of these operations had ceased, and the two other facilities were sold.

In March 1997, Foods announced its intention to sell certain businesses from its current portfolio, which are considered not to be aligned with its "grain-based meal solution" strategy. Among the businesses to be sold are milk powder, processed cheese, sweetened condensed milk and reconstituted lemon juice. On October 8, 1997, Foods announced a definitive agreement to sell its Cracker Jack candy popcorn business to the Frito-Lay Company, a unit of PepsiCo. Management is currently evaluating final bids on the remaining unaligned businesses. Management expects the proceeds from such dispositions to exceed their carrying cost.

4. DISCONTINUED OPERATIONS

On November 6, 1997, the Company announced a definitive agreement for the sale of its Decorative Products business to Blackstone Capital Partners III Merchant Banking Fund, L.P. The transaction value is approximately $320 million, consisting of about $310 million in cash plus a retained equity interest of 11 percent. The transaction is not expected to close until the first quarter 1998 and the proceeds are expected to be used to finance acquisitions and to invest in existing businesses. The Decorative Products operations are a segment of the Company's business as defined in APB 30 and as such the results of the Decorative Products operations have been reclassified to discontinued operations. The anticipated gain on the sale will be recorded in discontinued operations once the transaction is completed. Net assets of $164.7 related to the discontinued operation have been segregated in the September 30, 1997 balance sheets. This amount consists of the assets and liabilities of the business to be sold.

On September 4, 1997, the Company completed the sale of Dairy to Mid-America Dairymen, Inc. Proceeds consisted of $405.2 million in cash which was used to pay down debt and to invest in existing businesses. The after tax gain on the transaction of $154.4 million is recorded in discontinued operations in the Company's statement of operations since Dairy operations were a segment of the Company's business as defined in APB 30.

On October 1, 1996, the Company sold Foods to Foods Holdings and its subsidiaries for $550.0 million less assets transferred and liabilities assumed. The purchase price of the business was determined by an independent valuation and subject to adjustment based on a valuation associated with Foods management's intent to realign its then current portfolio of businesses. Upon completion of this valuation in September 1997, additional proceeds of $20.0 million consisting of receivables from the Company's parent previously held by Foods Holdings were transferred to the Company. A loss on disposal of $330.7 ($263.5 pretax) was recorded as a loss on discontinued operations in the consolidated financial statements in the third quarter of 1996.

Since Foods remains a member of the controlled group and because management's best estimate of future operating cash flows from Foods is expected to exceed the historical carrying value of the business, no loss was incurred in the Combined Companies' financial statements, except for tax costs of $9.2 million related to a $30.0 million adjustment to the basis of certain intangibles as a result of the finalization of the purchase price in September 1997.

The results indicated below for Decorative Products, Dairy and Foods have been reported separately as discontinued operations in the Consolidated Statements of Operations. Decorative Products and Dairy are included in the 1997 and 1996 results while Foods is included in the 1996 results only.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
Net sales:	$215.6	$780.0	$827.0	$2,336.1
Income before income taxes	10.4	11.7	44.1	20.2
Income tax expense	3.5	4.0	17.6	8.3
Income from discontinued operations	6.9	7.7	26.5	11.9

The results indicated below for Dairy and Decorative Products have been reported separately as discontinued operations in the Combined Statements of Operations.

	1997	1996	1997	1996
Net sales:	$215.6	$316.7	$827.0	$ 959.6
Income before income taxes	10.4	10.8	44.1	39.6
Income tax expense	3.5	4.0	17.6	14.8
Income from discontinued operations	6.9	6.8	26.5	24.8

5. 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 unforeseen 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.

LEGAL MATTERS - The Company has recorded liabilities for environmental remediation costs in amounts which it believes are probable and reasonably estimable. Based on currently available information and analysis, the Company believes that it is reasonably possible that costs associated with such sites may exceed current reserves by amounts that may prove insignificant or by amounts, in the aggregate, up to $30 million. During the third quarter of 1997, the Company settled a lawsuit with Quaker Oats Company ("Quaker") in connection with the 1994 sale to Quaker of the Company's Brazilian pasta business. The settlement amount was fully accrued. 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. The Company has resolved litigation with the Internal Revenue Service on proposed adjustments to the utilization of certain capital losses in the Company's tax returns for the period 1989 to 1993. The Company has agreed to the payment of certain taxes and interest, of approximately $100 million resulting from the reduction of capital losses on such tax returns. The settlement was fully accrued by the Company. The Company 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 financial position or operating results.

OTHER COMMITMENTS - BCP Management, Inc., a wholly owned subsidiary of the Company, is general partner of BCP and 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.

6. EQUITY CHANGE

As of September 30, 1997 the Company reclassified its SFAS No. 87 minimum pension liability of $97.7, net of tax, to prepaid pension cost as the fair market value of the Plan assets exceed its accumulated benefit obligation. The remainder of the change was the result of the recognition of an $11.5 (net of tax) curtailment and settlement charge related to the Dairy sale.

PART I FINANCIAL INFORMATION

Item 2: MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

(Dollars in millions)

SALES	THREE MONTHS ENDED SEPTEMBER 30, 1997	1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Chemical	$318.6	$ 296.3	$ 965.0	$ 866.5
Other	27.0	25.5	75.9	70.1
Subtotal	345.6	321.8	1,040.9	936.6
Businesses held for sale (1)	25.9	273.1	79.4	989.6
CONSOLIDATED NET SALES	371.5	594.9	1,120.3	1,926.2
Foods	402.8	463.3	1,256.5	1,376.5
Wise (2)	69.7	65.6	205.1	209.7
Combining adjustments (3)				(144.1)
COMBINED NET SALES	$844.0	$1,123.8	$2,581.9	$3,368.3

OPERATING INCOME	THREE MONTHS ENDED SEPTEMBER 30, 1997	1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Chemical	$ 30.2	$ 29.8	$ 95.2	$ 98.3
Other	0.5	1.9	4.3	9.7
Corporate	(1.8)	(9.3)	(20.7)	34.3
Subtotal	28.9	22.4	78.8	142.3
Businesses held for sale (1)	0.8	11.0	2.8	19.4
CONSOLIDATED OPERATING INCOME	29.7	33.4	81.6	161.7
Foods	19.0	0.1	22.9	(22.5)
Wise (2)	2.5	1.2	0.8	(4.9)
Combining adjustments (3)				22.7
COMBINED OPERATING INCOME	$ 51.2	$ 34.7	$ 105.3	$ 157.0

(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, including the $16.7 loss on the sale of Wise.

CONSOLIDATED AND COMBINED QUARTER ENDED SEPTEMBER 30, 1997 VERSUS QUARTER ENDED SEPTEMBER 30, 1996

Consolidated net sales from continuing operations for the three months ended September 30, 1997 decreased $223.4 million to $371.5 million. This 37.5% decrease was mainly the result of businesses divested in the fourth quarter of 1996, which were included in the 1996 sales from continuing operations. Excluding the effect of these divested businesses, consolidated sales increased $19.4 million, a 5.5% increase. Operating income, excluding the effect of businesses divested in 1996, increased $6.5 million or 28.0%.

Combined net sales from continuing operations for the three months ended September 30, 1997 decreased $279.8 million to $844.0 million while operating income increased $16.5 million to $51.2 million as a result of the above factors and the improved operating results of Foods and Wise.

Chemical
- --------
Chemical sales for the three months ended September 30, 1997 increased $22.3 million or 7.5%. The increase is driven primarily by a $14.6 million increase at Forest Products and a $6.6 million increase at Foundry and Industrial Resins. Forest Products sales reflect higher volume and a modest overall increase in selling prices as a result of the partial pass through of higher raw material costs. Forest Products volume benefited from plant additions and expansions which were needed to support customer demands. The increase in Foundry and Industrial Resins sales reflects modest improvements in both volume and pricing.

Operating income increased 1.3 % to $30.2 million for the third quarter of 1997. The increase is attributable to the sales volume increases, offset by higher raw material costs in the Forest Products business and higher selling, general and administrative expenses.

Other
- -----
The Other sales growth of $1.5 million or 5.8% is attributable to increased sales of consumer adhesives to mass merchants and major craft retailers coupled with increased export sales.

Operating income in the Other businesses decreased $1.4 million from the prior year as a result of higher administrative costs.

Businesses held for sale
- ------------------------
The $247.2 million sales decline and the $10.2 million decrease in operating income in the businesses held for sale category reflect the divestitures of the packaging and plastic films business and the European bakery business during the fourth quarter of 1996.

Corporate
- ---------
Corporate net operating expense totaled $1.8 million as compared to $9.3 million in the prior year's third quarter as result of charges incurred in 1996 for the sale of the packaging and plastic films business.

Foods
- -----
As anticipated, third quarter Foods sales decreased 13.1% from the third quarter of 1996 as a result of the continued rationalization of unprofitable volume within the Italian Foods business and its exit from the private label pasta business.

1997 third quarter operating income improved $18.9 million as compared to the third quarter of 1996. The favorable quarterly results are primarily attributable to improved business disciplines resulting in lower marketing costs within Signature Flavors. In addition, strong branded pasta volume, net realization improvements, and lower U.S. Pasta fixed manufacturing overhead expense all contributed to the favorable third quarter results.

Wise
- ----

The Wise sales growth of $4.1 million or 6.2% resulted from volume gains generated by potato chip sales promotions and increased volume in Cheez Doodles and tortilla chips.

Wise operating income increased $1.3 million from the prior year as a result of increased sales volume in higher margin products and ongoing manufacturing cost savings.

CONSOLIDATED AND COMBINED NINE MONTHS ENDED SEPTEMBER 30, 1997 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1996

Consolidated net sales from continuing operations for the nine months ended September 30, 1997 decreased $805.9 million to $1,120.3 million. This 41.8% decrease was mainly the result of businesses divested in 1996, which were included in the 1996 sales from continuing operations. Excluding the effect of these divested businesses, consolidated sales increased $91.6 million, a 8.9% increase. Operating income declined $80.1 million as a result of the gain on the sale of an investment in a Spanish food company during 1996.

Combined net sales from continuing operations for the nine months ended September 30, 1997 decreased $786.4 million to $2,581.9 million while operating income decreased $51.7 million to $105.3 million as a result of the above factors and the operating results of Foods and Wise.

Chemical
- --------
Chemical sales for the nine months ended September 30, 1997 increased $98.5 million or 11.4%. The increase is driven primarily by a $65.0 million increase in Forest Products, a $21.5 million increase in Foundry and Industrial Resins and a $9.1 million increase in Coatings and Graphics. The sales increases for Forest Products, as well as Foundry and Industrial Resins reflect higher volume and the partial pass through of higher raw material costs. The Forest Products volume benefited from plant additions and expansions to support customer demands. Increased Coatings and Graphics sales reflect a substantial increase in volume of fiber optic coatings.

Operating income declined 3.2% to $95.2 million through the third quarter of 1997 despite the increase in volume. The decline reflects the inability to fully pass through raw material cost increases and higher selling, general and administrative expenses.

Other
- -----
The Other sales increase of $5.8 million or 8.2% is primarily attributable to increased sales of consumer adhesives to office superstores, schools and home center channels.

Operating income in the Other businesses decreased $5.4 million from the prior year as a result of higher administrative costs and certain inventory write-offs.

Businesses held for sale
- ------------------------
The $910.2 million sales decline and the $16.6 million decrease in operating income in the businesses held for sale category reflect the divestitures of the packaging and plastic films business and the European bakery business during the fourth quarter of 1996.

Corporate
- ---------
Corporate net operating expenses of $20.7 million were flat compared to 1996, considering 1996 included the gain on the sale of a Spanish food business, offset by the loss on the sale of Wise.

Foods
- -----
As anticipated, 1997 Foods sales of $1,256.5 million were $120.0 million lower than 1996 as the Italian Foods business continued to rationalize unprofitable volume and exit the private label pasta business.

On a year to date basis Foods 1997 operating income continues to significantly outpace 1996 operating income. The $45.4 million increase over the prior year is primarily driven by improvements in the U.S. Pasta business, and the Signature Flavors business. The U.S. Pasta improvement was the result of favorable semolina and packaging costs, rationalization of unprofitable volume, marketing lower distribution and advertising costs and reduced infrastructure. The Signature Flavors increase is attributable to pricing action taken by Cracker Jack, Cremora and Soups, partially offset by lower volume. In addition, trade spending efficiency has been improved and business disciplines tightened allowing for a reduction in marketing costs.

Wise

The Wise sales decline of $4.6 million or 2.2% resulted from the continued program to eliminate unprofitable promotional pricing. Increased volume in Tortilla chips and Cheez Doodles help to mitigate the sales decline.

Wise operating income increased $5.7 million from the prior year as the result of decreased marketing expenditures and ongoing manufacturing cost savings.

Non-operating expenses and income taxes

Following is a comparison of non-operating expenses and the effective income tax rate for the Company and the Combined Companies.

(Dollars in millions)

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
	1997	1996	1997	1996
Interest expense	$ 23.4	$29.4	$20.1	$30.1
Affiliated interest income, net	(5.4)	(0.3)	--	--
Other non-operating expense	(5.3)	2.2	(1.4)	.2
Income tax expense	5.4	2.2	22.1	2.7
Effective tax rate	32%	104%	68%	61%

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
	1997	1996	1997	1996
Interest expense	$ 71.2	$84.7	$68.5	$87.2
Affiliated interest income, net	(17.0)	(0.3)	--	--
Other non-operating expense	(5.2)	(6.0)	(8.6)	(12.2)
Income tax expense	13.2	48.8	28.4	42.7
Effective tax rate	40%	58%	62%	52%

Consolidated non-operating expense for the three months ended September 30, 1997 decreased to $12.7 million from $31.3 million for the comparable period in 1996. The $18.6 million improvement was caused primarily by the recognition in 1997 of affiliated interest income from Foods related to the 1996 loan agreement between the Company and Foods and a reduction in interest expense from lower average debt levels.

Consolidated non-operating expense was $49.0 million for the nine months ended September 30, 1997. The decrease of $29.4 million from the 1996 total of $78.4 million was due mainly to the recognition of affiliated interest from the Foods borrowings, and a reduction in interest expense as a result of lower average debt levels.

Significantly lower consolidated income tax expense was incurred in the consolidated nine months ended September 30, 1997 vs. 1996 primarily as a result of lower earnings before taxes and a lower effective tax rate. The effective tax rate in 1996 reflected the sale of Wise to an affiliate at a loss for which there was no related tax benefit.

Combined non-operating expense for the three months and the nine months ended September 30, 1997 decreased $11.6 million and $15.1 million, respectively, versus the comparable periods in 1996. The improvement was primarily the result of a reduction in interest expense from lower debt levels.

The decrease in the combined income tax expense for the nine months ended September 30, 1997 when compared to 1996 reflects lower earnings before taxes partially offset by a higher effective tax rate. The higher effective tax rate in 1997 is primarily the result of finalization of the foods purchase price leading to a $30.0 million adjustment in the tax basis of certain intangible assets.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES
Consolidated and combined operating activities used cash of $47.4 million and $49.7 million in 1997, compared to $20.0 million and $17.9 million generated in 1996, respectively. Included in the 1997 use of cash is approximately $40 million outflow from the settlement of various litigation and approximately 23.0 million of payments for insurance related liabilities.

The Company has agreed to the payment of approximately $100 million relating to certain taxes and interest reflecting the Company's reduction of claimed capital losses in the Company's tax returns for 1989 to 1993. The Company paid $75 million in the fourth quarter of 1997. The balance is anticipated to be settled in 1998. This was fully accrued by the Company in a prior year.

INVESTING ACTIVITIES
The 1997 consolidated investing activities generated cash of $332.4 million compared to $40.8 million used in 1996. The primary 1997 cash inflow is the proceeds from the sale of the Dairy business. These inflows were partially offset by $97.2 million in 1997 capital expenditures. The 1997 capital expenditures were $80.7 million less than 1996 capital expenditures as a result of the sale of businesses during the fourth quarter of 1996. The 1996 proceeds from the sale of a business arose primarily from the sale of a Spanish food company in 1996.

Combined investing activities for the first nine months of 1997 generated cash of $304.9 million. The difference between Combined and Consolidated is the inclusion of Foods and Wise capital expenditures for 1997. Because the foods and salty snacks businesses are included in the 1997 combined financial statements, the investments in these businesses are eliminated. Proceeds from the sale of fixed assets include cash received from the sale of two pasta plants in the third quarter.

The Company anticipates receiving a significant amount of proceeds from the sale of unaligned foods businesses and the Decorative Products business in the fourth quarter of 1997 and the first quarter of 1998. Borden Foods announced its intention to sell certain unaligned businesses including milk powder, processed cheese, sweetened condensed milk and reconstituted lemon juice. On October 8, 1997 Borden Foods announced a definitive agreement to sell its Cracker Jack candy popcorn business. In addition on November 6, 1997, the Company announced a definitive agreement for the sale of the Decorative Products business for cash proceeds of about $310 million.

On October 9, 1997 the Company and Borden Chemical agreed to acquire the stock of Melamine Chemicals, Inc. in a cash tender offer for $20.50 per share, totaling approximately $123 million, pursuant to a definitive merger agreement. This merger is expected to close during the fourth quarter 1997.

FINANCING ACTIVITIES
1997 financing activities used $319.3 million on a consolidated basis and $313.8 million on a combined basis. Cash was used primarily to repay debt. Net long-term debt repayments, including current portion of long-term debt, for the nine months ended September 30, 1997 were $280.4 million. In addition, the Company received $38.1 million of interest on a note receivable from the Company's parent, funded by $38.1 million in common stock dividends. The Company paid $55.3 million in preferred stock dividends.

In July 1997, the Company amended and restated its $1.2 billion credit facility. The facility was restructured into a $950 million five year revolver (maturing July 1, 2003) and a $50 million 364 day convertible revolver. Pricing under the LIBOR based borrowing option was reduced from LIBOR plus 125 basis points to LIBOR plus 60 basis points. The commitment fee on the unused portion of the facility, previously 37.5 points, was reduced to 20 basis points for the five year revolver and 10 basis points for the 364 day revolver. Pricing varies based on a grid tied to the Combined Company's leverage at the end of each fiscal quarter. The current borrowing rate is LIBOR plus 50 basis points. In addition, certain covenants were changed to provide the Company with greater flexibility to complete divestitures and acquisitions.

PART II

Item 1: LEGAL PROCEEDINGS

Litigation by the State of Ohio against the Company alleging antitrust violations in connection with the sale of milk to schools were settled in September 1997 by cash payment and a donation of product totaling a DE MINIMIS amount. Federal Grand Jury investigations in Ohio and the Plains states have closed with no actions taken. Private antitrust suits alleging price fixing of wholesale/retail accounts in Florida and Virginia have been resolved with the Florida case being dismissed by the court and the Virginia case being settled for $100,000.

In November 1995, the Company was sued in U.S. District Court for the Southern District of New York by the Quaker Oats Company in connection with the 1994 sale to Quaker Oats of the Company's Brazilian pasta business. In July 1997, the case was settled. The amount of the settlement was fully accrued in a prior year.

In November 1997, the Company resolved litigation with the Internal Revenue Service over the utilization of certain capital losses in the Company's tax returns for the period 1989 to 1993 by agreeing to the payment of certain taxes and interest of approximately $100 million. This was fully accrued by the Company in a prior year.

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 material adverse effect on the Company's financial position or operating results.

Item 6: EXHIBIT, FINANCIAL STATEMENT SCHEDULES, AND REPORT ON FORM 8-K

a. Exhibit

(27) Financial Data Schedule

b. Financial Statement Schedules

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

c. Report on Form 8-K

On September 19, 1997 Borden, Inc. announced the completion of the sale of the stock of Borden/Meadow Gold Dairies, Inc. and its subsidiaries to Mid-America Dairymen, Inc.

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, 1997

By/

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 MONTHS AND YEAR TO DATE ENDED
SEPTEMBER 30, 1997 AND 1996

BORDEN FOODS HOLDINGS CORPORATION
STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

($ IN 000'S, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED SEPTEMBER 30, 1997	THREE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
NET TRADE SALES	$402,832	$463,302	$1,256,456	$1,376,540
COSTS AND EXPENSES				
Cost of goods sold	240,510	287,084	757,698	856,750
Selling, general and administrative	121,075	150,717	404,169	460,643
Distribution expense	23,428	25,640	70,012	78,707
OPERATING INCOME (LOSS)	17,819	(139)	24,577	(19,560)
Interest expense, net	1,355	4,297	10,808	11,802
Other expense (income), net	2,489	(289)	1,819	644
INCOME (LOSS) BEFORE INCOME TAXES	13,975	(4,147)	11,950	(32,006)
Income tax provision (benefit)	7,982	(3,673)	5,852	(15,521)
NET INCOME (LOSS)	$ 5,993	$ (474)	$ 6,098	$ (16,485)

PER SHARE INFORMATION:

Net income (loss) per common share	$ 59,930	$ (4,740)	$ 60,980	$ (164,850)
Average number of common shares outstanding during the period	100	100	100	100

See accompanying notes to the condensed financial statements

BORDEN FOODS HOLDINGS CORPORATION
BALANCE SHEETS (UNAUDITED)
AS OF SEPTEMBER 30, 1997 AND DECEMBER 31, 1996

ASSETS ($ IN 000'S)	SEPTEMBER 30, 1997	DECEMBER 31, 1996
CURRENT ASSETS		
Cash and equivalents	$ 9,616	$ 33,234
Accounts receivable (net of allowance for doubtful accounts of $6,093 and $5,944)	140,272	153,654
Other receivables	17,181	17,332
Inventories:		
Finished and in-process goods	153,562	140,452
Raw materials and supplies	53,724	59,523
Deferred income taxes	1,656	17,559
Loans due from affiliates	137	9,349
Other amounts due from affiliates	3,295	24,972
Other current assets	29,502	32,435
	408,945	488,510
OTHER NON CURRENT ASSETS	8,387	10,329
PROPERTY AND EQUIPMENT		
Land	20,966	23,147
Buildings and improvements	70,018	82,568
Machinery and equipment	235,339	243,212
	326,323	348,927
Less: accumulated depreciation	(70,099)	(66,606)
	256,224	282,321
INTANGIBLES		
Goodwill	157,514	161,296
Trademarks and other intangibles	197,150	203,987
	354,664	365,283
	$1,028,220	$1,146,443

See accompanying notes to the condensed financial statements

BORDEN FOODS HOLDINGS CORPORATION
BALANCE SHEETS (UNAUDITED)
AS OF SEPTEMBER 30, 1997 AND DECEMBER 31, 1996

LIABILITIES & SHAREHOLDER'S EQUITY ($ IN 000'S)	SEPTEMBER 30, 1997	DECEMBER 31, 1996
CURRENT LIABILITIES		
Debt payable within one year	$ 20,272	$ 15,707
Loans due to affiliates	66,897	56,396
Accounts and drafts payable	116,095	145,363
Other amounts due to affiliates	9,502	32,527
Accrued customer allowances	50,563	72,447
Other current liabilities	110,100	116,568
	373,429	439,008
LONG-TERM LIABILITIES		
Long-term debt payable to Borden	166,990	166,990
Other long-term debt	7,100	6,701
Deferred income taxes	31,204	41,527
Non-pension postemployment obligations	11,959	12,906
Other noncurrent liabilities	11,758	11,053
Minority interest	3,662	3,540
	232,673	242,717
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY		
Common stock ($.01 par; 100 shares authorized, issued and outstanding)	--	--
Shareholder's investment in affiliate	75,529	87,859
Paid-in capital	349,536	349,475
Accumulated translation account	(6,930)	25,056
Retained earnings from October 1, 1996	3,983	2,328
	422,118	464,718
	$1,028,220	$1,146,443

See accompanying notes to the condensed financial statements

BORDEN FOODS HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

($ IN 000'S)	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	6,098	(16,485)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	36,970	33,987
Change in assets and liabilities:		
Accounts receivable	13,382	8,296
Other receivables	151	(8,589)
Inventories	(7,311)	(53,974)
Deferred income taxes	15,903	
Other current assets	2,933	(7,291)
Accounts payable	(29,268)	2,491
Accrued customer allowances	(21,884)	2,034
Other current liabilities	(6,468)	6,701
Other net amounts due to / from affiliates	(1,348)	
Long-term assets and liabilities	(8,501)	1,799
Other, net	(35,685)	(23,405)
Net cash provided by (used for) operating activities	(35,028)	(54,436)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(24,356)	(31,980)
Proceeds from divestiture of fixed assets	11,089	
Net cash used for investing activities	(13,267)	(31,980)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Other changes in owner's investment		96,347
Increase (decrease) in long term debt	399	(7,114)
Increase in net loans due to / from affiliates	19,713	
Increase in debt payable within one year	4,565	(49)
Net cash provided by financing activities	24,677	89,184
Change in cash and equivalents	(23,618)	2,768
Cash and equivalents at beginning of year	33,234	49,538
Cash and equivalents for nine months ended September 30, 1997 and 1996	$ 9,616	$ 52,306
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
CASH RECEIVED (PAID) DURING THE YEAR FOR:		
Interest , net	(26,296)	5,222
Income taxes, foreign	(7,245)	(7,813)
Non-cash investing and financing activities:		
Capital contribution by Parent	20,000	
Additional proceeds from Foods Sale	(20,000)	

See accompanying notes to the condensed financial statements

BORDEN FOODS HOLDINGS CORPORATION
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
($ IN 000'S)

1. BACKGROUND AND NATURE OF OPERATIONS

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement providing for the acquisition of all of Borden's outstanding common stock by affiliates of Kohlberg Kravis Roberts & Co. ("KKR"). The acquisition was completed on March 14, 1995. Borden, a public 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 Borden Foods through October 1, 1996) are reported on Borden's historical cost basis. As discussed in the basis of presentation, the accompanying financial statements have been prepared on a purchase accounting basis from the date of KKR's acquisition of Borden.

In 1996, Borden Foods Corporation ("BFC") was formed for the purposes of acquiring and operating certain of Borden's food businesses ("Foods"). Borden Foods Holdings Corporation ("Foods Holdings"), a wholly owned subsidiary of Borden Foods Holdings, LLC (the "LLC"), owns approximately 98% of BFC; the remaining interest in BFC is owned directly by the LLC. The LLC is controlled by BWH, LLC. BFC Investments L.P. (the "Investments LP"), which is owned 30% by the LLC and 70% by BFC, was formed for the purposes of acquiring, holding and sub-licensing certain trademarks associated with the operation of Foods. In certain circumstances, allocation of income and gains may differ from the ownership percentages indicated.

Effective October 1, 1996, Borden, in a taxable transaction, sold Foods and certain trademarks to BFC and the Investments L.P., respectively, for $550,000 less assets transferred plus liabilities assumed. In connection with this sale, BFC issued long-term notes to Borden of $166,990 (see Note 4). The purchase price was based on an independent valuation of Foods. Upon completion of the valuation in September 1997, an additional $20,000 of receivables held by BFC were transferred to Borden. There was no change in the book basis of Foods' assets and liabilities as of October 1, 1996 because the sale was between related parties and Borden's principal stockholder will continue to control BFC. There was a $30 million adjustment to the tax basis of certain intangibles as a result of the finalization of the purchase price in September 1997. Borden will continue to exercise significant financial control over BFC. Holdings has fully and unconditionally guaranteed obligations under Borden's Credit Facility and all of Borden's publicly held debt on a pari passu basis.

BFC is a manufacturer and distributor of a variety of food products worldwide, including pasta, milk powder, processed cheese, sweetened condensed milk, concentrated lemon juice and bouillon. BFC's operations include 32 production facilities, 13 of which are located in the United States. The remaining facilities are located primarily in Europe and Latin America.

The accompanying unaudited condensed financial statements contain all adjustments, consisting only of normal adjustments, which in the opinion of management are necessary for the fair presentation of operating results for the interim period. Results for the interim period are subject to significant seasonal variations and are not necessarily indicative of results for the full year.

2. BASIS OF PRESENTATION

As a result of the financial guarantee and in accordance with Regulation S-X rule 3-10, Borden is required to include in its filings with the Securities and Exchange Commission separate condensed financial statements for Foods Holdings as if it were a registrant. The accompanying condensed financial statements for the three months and nine months ended September 30, 1997 and 1996 were prepared on a purchase accounting basis which allocated approximately $750 million, plus cash retained, less debt assumed, of the December 1994 KKR purchase price to Foods Holdings. The purchase price was allocated to tangible and intangible assets and liabilities of Foods based on independent appraisals and management estimates.

Prior to October 1, 1996, Foods was managed as a division of Borden. Under this structure, Borden incurred various costs related to Foods which included corporate and administrative expenses (see Note 4). The allocation of these costs, as well as intercompany purchases and sales, cash infusions and withdrawals and other transactions, were reflected in an Owner's Investment account through September 30, 1996. In connection with the formation of Foods Holdings and the October 1, 1996 sale, the net assets of Foods have been recapitalized to reflect the resulting capital structure.

The condensed financial statements include the accounts of Foods Holdings after elimination of material intercompany accounts and transactions. Minority interest reflects the consolidation of international operations in which BFC owns more than a 50% interest but less than a 100% interest. The portion of BFC and the Investment LP directly owned by the LLC is recorded in Shareholder's Investment in Affiliate as of October 1, 1996.

The LLC sold equity interests to certain members of BFC's management for $5,323, resulting in an ownership interest in the LLC of approximately 2%.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the accompanying financial statements are the accruals for trade promotions, unfavorable litigation and general insurance. Actual results could differ from those estimates.

INCOME TAXES - Income taxes are accounted for using the liability method in accordance with SFAS No. 109 "Accounting for Income Taxes". Subsequent to October 1, 1996, Holdings is not included in the domestic consolidated tax return for Borden and deferred income taxes are recorded to recognize the future effects of temporary differences which arise between financial statement assets and liabilities and their bases for income tax reporting purposes. Prior to October 1, 1996, the domestic operations of Foods were included in Borden's consolidated tax return and, accordingly, income tax assets and liabilities were included in an Owner's Investment account. Taxes related to foreign operations have been provided for in accordance with SFAS No. 109.

Income tax benefits for the interim periods have been recorded in accordance with APB No. 28, "Interim Financial Reporting," which prescribes that each interim period is an integral part of the annual period and that interim tax provisions be computed under the effective rate approach.

RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS - In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 (FAS No. 130), "Reporting Comprehensive Income," which requires adoption in periods beginning after December 15, 1997. The new statement establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. Adoption of the new standard by Holdings is expected in 1998.

In addition, in June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (FAS No. 131), "Disclosures about Segments of an Enterprise and Related Information," which requires adoption in periods beginning after December 15, 1997. The statement establishes standards for the way that business enterprises report information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographical areas and major customers. The Company is currently evaluating the impact of the Statement.

4. RELATED PARTIES

BFC is engaged in various transactions with Borden and its affiliates in the ordinary course of business. Subsequent to January 1, 1996, a subsidiary of Borden has provided certain administrative services to BFC at negotiated fees. These services include: processing of payroll and active and retiree group insurance claims, administration of workers compensation claims, and securing insurance coverage for catastrophic claims. BFC reimburses the Borden subsidiary for payments for general disbursements, and general and group insurance and postemployment benefit claims. The amount owed by BFC for reimbursement of payments and for services was $4,985 and $11,678 as of September 30, 1997 and December 31, 1996, respectively.

BFC is generally self-insured for general insurance claims and postemployment benefits other than pensions. The liabilities for these obligations are included in Foods Holdings' financial statements. By agreement, Borden has retained the obligation for active group insurance claims incurred in 1996 and paid in 1997. On July 24, 1997, BFC entered into an unsecured agreement with a third-party to finance insurance premiums of $1,589. The agreement bears interest at a fixed annual rate of 5.47% and requires monthly payments of principal and interest through the maturity date of April 1, 1998. The interest rate under these agreements was negotiated by Borden on behalf of the affiliated companies.

Employee pension benefits are provided under the Borden domestic pension plans to which BFC contributes. The U.S. employees participate in the Borden retirement savings plan. Borden also provides certain health and life insurance benefits for eligible employees. BFC has recognized expenses associated with these benefits, certain of which are determined and allocated by Borden's actuary. BFC has assumed an actuarially-determined portion of Borden's U.S. net pension liability, however this amount is considered to be an amount due to affiliate since Borden retains the legal obligation for these benefits.

Subsequent to January 1, 1996, BFC has managed its own receipts, disbursements and net cash position. Cash balances in international businesses which are not repatriated to the U.S. can be loaned to other Borden affiliates at a variable rate (currently LIBOR plus 0.75%) for generally a 30 day period. Net lendings or borrowings by international businesses subsequent to October 1, 1996 are included in amounts due from or to affiliates. Net loans due to international affiliates were $21,560 and $22,687 at September 30, 1997 and December 31, 1996, respectively.

During 1996, BFC entered into a loan agreement (the "Loan Agreement") to borrow funds from Borden under a revolving loan facility and term loans. The revolving loan facility, which terminates on December 31, 1997, provides for borrowings up to $100 million. Effective February 3, 1997, the interest rate on the revolving loan facility was changed such that borrowings with three days notice and which are outstanding at least 30 days will bear interest at a spread over LIBOR; currently LIBOR plus 1.50%. Same day borrowings will bear interest at a spread over prime; currently prime plus 0.50%. A commitment fee of 0.375% is paid on the unused portion of the revolving loan facility. The outstanding balance under the revolving loan facility was $45,200 and $24,360 at September 30, 1997 and December 31, 1996, respectively. Commitment fees charged on the unused portion of the revolving facility were $57 and $387 for the three month and nine month periods ended September 30, 1997, respectively.

The loan agreement contains certain restrictions on the activities of BFC, including restrictions on liens, the incurrence of indebtedness, mergers and consolidations, sales of assets, investments, payments of dividends, changes in nature of business, prepayments of certain indebtedness, transactions with affiliates, capital expenditures, changes in control of BFC and the use of proceeds from asset sales.

As an affiliated guarantor, Foods Holdings' aggregate liability shall not exceed the greater of its outstanding affiliated borrowings or 95% of its adjusted net assets while Borden or any other obligated parties have obligations outstanding. Borden's outstanding credit facility and public borrowings amounted to approximately $642 million at September 30, 1997. In connection with this guarantee, Foods Holdings charges Borden an annual fee of $1,050.

In connection with the October 1, 1996 transaction, BFC issued $166,990 in long-term notes to Borden at a fixed 12% interest rate due on November 30, 1999. Effective January 1, 1997, the interest rate on the long-term notes to Borden was changed to 10.25%.

Interest expense on the long-term notes was $4,278 and $12,834 for the three month and nine month periods ended September 30, 1997, respectively. By agreement with Borden, interest charges and commitment fees under the Loan Agreement were calculated as if the borrowings under the Loan Agreement were outstanding as of January 1, 1996. Amounts payable for such charges were $4,517 and $20,849 as of September 30, 1997 and December 31, 1996, respectively.

BFC performs certain administrative services on behalf of other Borden affiliates. These services include sales administration, promotion, purchasing, and research and development. BFC charged these affiliates $1,328 and $1,543 for such services for the three month period ended September 30, 1997 and 1996, respectively, and $4,820 and $5,981 for the nine month periods ended September 30, 1997 and 1996, respectively. $825 and $1,261 were receivable at September 30, 1997 and December 31, 1996, respectively. BFC also sells certain merchandise to Borden affiliates, for which $1,693 and $12,984 were receivable at September 30, 1997 and December 31, 1996, respectively.

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

5. ASSET WRITE-DOWNS AND BUSINESS REALIGNMENT

In December 1996, management approved the closure of five domestic pasta plants in 1997 in order to reduce its product line complexity and manufacturing capacity. Accordingly, $27,817 was provided in 1996 to write down the facilities to their net realizable value. During the three month period ended September 30, 1997 operations ceased at three of these facilities. The remaining facilities were sold to a management group that has continued operations. Management anticipates certain additional costs to be incurred in 1997 related to these plant closures; such charges totaled $2,614 and $5,959 for the three month and nine month period ended September 30, 1997, respectively.

In March 1997, BFC announced its intention to sell certain businesses from its current portfolio which are considered not to be aligned with its "great tasting, wholesome, grain-based meal solution" strategy. Among the businesses to be sold are milk powder, processed cheese, sweetened condensed milk and reconstituted lemon juice. On October 8, 1997, BFC announced a definitive agreement for the sale of its Cracker Jack candy coated popcorn business to Frito-Lay Company, a unit of PepsiCo, Inc. Management is currently evaluating bids on the remaining unaligned businesses and expects the proceeds from such dispositions to exceed their current carrying cost.

6. COMMITMENTS AND CONTINGENCIES

In July 1995, a Fresno, California jury returned a verdict against BFC for wrongful termination of a tomato packing agreement, for which $14.5 million was previously provided. In granting the award for lost profits to Helm Tomatoes, Inc., the jury found that while the business had a legal right to terminate the agreement, it was estopped from doing this by an oral representation made by a former employee. BFC is contesting the verdict.

BFC is involved in certain other legal proceedings arising through the normal course of business. Other than that mentioned above, 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.

[LOGO] WISE HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

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

	Three Months Ended September 30,	
(Dollars in thousands)	1997	1996
Net sales	$69,685	$65,596
Cost of goods sold	37,279	37,346
Gross margin	32,406	28,250
Distribution expense	7,283	5,997
Marketing expense	17,318	16,696
General & administrative expense	5,250	3,971
Operating income	2,555	1,586
Interest expense	222	329
Other (income) expense	(17)	248
Income before income taxes	2,350	1,009
Income taxes	910	287
Net income	$ 1,440	$ 722
Per Share Data		
Net income	$ 14.40	$ 7.22
Average number of common shares outstanding during the period	100	100

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)	Nine Months Ended September 30, 1997	1996
Net sales	$205,136	$209,666
Cost of goods sold	114,275	122,619
Gross margin	90,861	87,047
Distribution expense	20,156	18,939
Marketing expense	55,167	61,181
General & administrative expense	14,481	11,757
Operating income (loss)	1,057	(4,830)
Interest expense	725	976
Other (income) expense	(112)	306
Income (loss) before income taxes	444	(6,112)
Income taxes (benefit)	150	(1,504)
Net income (loss)	$ 294	$ (4,608)
Per Share Data		
Net income (loss)	$ 2.94	$ (46.08)
Average number of common shares outstanding during the period	100	100

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands, except per share amounts)

ASSETS		September 30, 1997	December 31, 1996
CURRENT ASSETS	Cash and cash equivalents	$ 8,530	$ 3,027
	Accounts receivable (less allowance for doubtful accounts of $1,843 and $1,345, respectively)	24,257	23,771
	Affiliated receivables	838	1,251
	Inventories:		
	Finished goods	4,135	3,744
	Raw materials and supplies	4,258	5,339
	Prepaid and other current assets	4,569	4,807
		46,587	41,939
PROPERTY AND EQUIPMENT	Land	1,331	1,331
	Buildings and improvements	7,338	4,583
	Machinery and equipment	36,267	35,178
		44,936	41,092
	Less: Accumulated depreciation	16,047	11,524
		28,889	29,568
INTANGIBLES AND OTHER ASSETS	Trademarks (net of accumulated amortization of $1,293 and $940 respectively)	17,512	17,865
	Other assets	1,022	1,307
		18,534	19,172
TOTAL ASSETS		$94,010	$90,679

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands, except per share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY		September 30, 1997	December 31, 1996
	Short-term borrowings	$ 567	$ --
CURRENT LIABILITIES	Accounts and drafts payable	15,708	15,924
	Affiliated payables	1,868	2,163
	Accrued liabilities	16,831	14,415
		34,974	32,502
OTHER LIABILITIES	Affiliated long-term debt	10,145	10,145
	Post-employment benefits other than pensions	9,990	9,928
	Affiliated employee benefit obligations	1,567	1,247
	Other long-term liabilities	359	225
	Minority interest	732	683
		22,793	22,228
	Commitments and Contingencies		
SHAREHOLDER'S EQUITY	Common stock - ($0.01 par value 100 shares authorized, issued and outstanding)	--	--
	Paid in capital	34,200	34,200
	Retained earnings (from July 2, 1996)	2,043	1,749
		36,243	35,949
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$94,010	$90,679

See Notes to Condensed Consolidated Financial Statements

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

(Dollars in thousands)		Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES	Net income (loss)	$ 294	$(4,608)
	Adjustments to reconcile net loss to net cash from (used in) operating activities:		
	Minority interests' share in income	9	13
	Depreciation	4,771	4,271
	Amortization	353	353
	Other non-cash	400	470
	Net change in assets and liabilities:		
	Accounts receivables	(1,040)	(1,808)
	Affiliated receivables	413	(2,883)
	Inventories	1,028	1,874
	Prepaid and other current assets	238	1,102
	Other assets	285	98
	Accounts and drafts payable	(216)	(342)
	Affiliated payables	(295)	1,944
	Accrued liabilities	2,416	883
	Post-employment benefits other than pensions	62	(78)
	Affiliated employee benefit obligations	320	108
	Other long-term liabilities	134	660
		9,172	2,057
CASH FLOWS USED IN INVESTING ACTIVITIES	Capital expenditures	(3,571)	(3,205)
	Proceeds from sales of equipment	332	239
	Acquisition of business	(1,037)	(655)
		(4,276)	(3,621)
CASH FLOWS FROM FINANCING ACTIVITIES	Other increase in owner's investment		1,013
	Minority interests' equity contribution	40	
	Short-term borrowings	742	
	Repayments of short-term borrowings	(175)	655
		607	1,668
	Increase (decrease) in cash and equivalents	5,503	104
	Cash and equivalents at beginning of period	3,027	601
	Cash and equivalents at end of period	$ 8,530	$ 705

See Notes to Condensed Consolidated Financial Statements (continued)

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

(Dollars in thousands)	1997	1996
Supplemental Disclosures of Cash Flow Information		
Noncash activity:		
Acquisition of Wise net assets		$(44,345)
Issuance of stock in exchange for notes of principal stockholder		34,200
Issuance of note payable to finance purchase of Wise net assets		10,145
Exchange of accounts receivable for assets of business	$ 878	--
Cash paid:		
Interest	922	50
Taxes	--	--

See Notes to Condensed Consolidated Financial Statements

WISE HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except for per share information)

1. BACKGROUND AND NATURE OF OPERATIONS:

Wise Holdings, Inc. ("Wise") is a leading producer and distributor of salty snacks in the eastern United States. Wise's product line includes potato chips, cheese flavored baked and fried corn snacks, pretzels, tortilla chips, corn chips, onion rings, pork rinds and other assorted snacks. Wise markets its products under the brand names of WISE(R), CHEEZ DOODLES(R), QUINLAN(R), NEW YORK DELI(R), KRUNCHERS!(R), BRAVOS(R), MOORE'S(R) AND WISE CHOICE(TM) and conducts its business through three principal divisions: Wise, Moore's and Caribbean Snacks. The Wise and Moore's divisions manufacture and distribute primarily in the eastern United States. Caribbean Snacks, located in Puerto Rico, serves as a distribution center throughout Puerto Rico and the Caribbean. Wise's products are distributed through both independent and company-owned distribution networks.

In September 1994, Borden, Inc. ("Borden") entered into a merger agreement, culminating in December 1994, that provided for the acquisition of all of Borden's outstanding common stock by affiliates of Kohlberg Kravis Roberts & Co. ("KKR"). Borden, a public 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 Wise) are reported on Borden's historical cost basis. As discussed in the "Basis of Presentation," Wise's financial statements have been prepared on a purchase accounting basis from the date of KKR's acquisition of Borden. The effective date of the merger agreement was January 1, 1995 for accounting and financial statement presentation purposes.

Effective July 2, 1996, in a taxable transaction (the "Incorporation"), Borden sold its salty snacks business ("Wise operations") to 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 stockholder continues to exercise significant financial control over Wise. 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. In connection with this guarantee, Wise will receive an annual fee of $210.

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Prior to the July 2, 1996 sale, Wise operated as a profit center of Borden. Under this structure, Borden incurred various costs in connection with the operation of Wise's business which included corporate controlled expenses, such as accounting, legal, tax, credit and informational services departments and executive management, which have been included in the consolidated financial statements of Wise. Costs for these services have been allocated to Wise based on usage of resources such as personnel and data processing equipment. 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 operations and cash flows of Wise on a stand-alone basis.

Reclassification

Certain prior year amounts have been reclassified to conform with the 1997 presentation.

Income Taxes
- ------------
Wise accounts for income taxes pursuant to Statement of Financial Accounting Standard (FAS) No. 109, Accounting for Income Taxes, which uses the liability method to calculate deferred 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 were included in Owner's Investment.

Per Share Information
- ---------------------
Net income per common share at September 30, 1997 is computed by dividing net income by the weighted average number of common shares outstanding during the period ended September 30, 1997. Net income (loss) per common share at September 30, 1996 is computed assuming that the shares outstanding from July 2, 1996 to December 31, 1996 were outstanding for the entire period ended September 30. 1996.

Use of Estimates
- ----------------
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates in Wise's financial statements are related to allowance for doubtful accounts, accruals for trade promotions, general and group insurance, income taxes, post-retirement benefits, asset lives and corporate allocations. Actual results could differ from those estimates.

Recently Issued Accounting Statements
- ------------------------------------
The Financial Accounting Standards Board has recently issued two new accounting standards, Statement No. 130, Reporting Comprehensive Income and Statement No. 131, Disclosures about Segments of an Enterprise and Related Information. These statements may affect disclosure requirements for the 1998 annual financial statements. Wise is currently evaluating the effects of these new statements.

3. AFFILIATED LONG-TERM DEBT

In conjunction with the Incorporation, Wise entered into a long-term loan agreement (the "Loan Agreement") to borrow funds from Borden. The Loan Agreement provides for a revolving loan facility of up to $10 million maturing in December 1997, at a variable interest rate equal to Borden's cost of similar borrowings at 1/2% above a given bank's "base rate", and a $10.145 million term loan maturing in 1999 with a fixed interest rate of 11% and 12% in 1997 and 1996, respectively. Effective February 3, 1997, an additional interest rate option was added to the credit facility. Under this new option, borrowings with three days notice and which are outstanding at least 30 days will bear interest at Borden's cost of funds for similar borrowings plus .25%, currently LIBOR plus 1.50%. A commitment fee of .375% is paid on the unused portion of the revolving loan. Wise did not have any borrowings under the revolving agreement at September 30, 1997 or December 31, 1996. By agreement with Borden, interest charges and commitment fees under the term loan were calculated as if the borrowings were outstanding from January 1, 1996.

The Loan Agreement contains certain restrictions on the activities of Wise and its subsidiaries, including restrictions on liens, the incurrence of indebtedness, mergers and consolidations, sales of assets, investments, payment of dividends, changes in nature of business, prepayments of certain indebtedness, transactions with affiliates, capital expenditures, changes in control of the Company and the use of proceeds from asset sales.

As an affiliate guarantor, Wise has guaranteed Borden's credit facility and all of Borden's outstanding publicly held debt on a pari passu basis. Wise's aggregate liability under this guarantee shall not exceed the greater of its outstanding affiliated borrowings, or 95% of its adjusted net assets while Borden or any other obligated parties have obligations outstanding.

4. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

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

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

Litigation

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

5. RELATED PARTIES

In addition to affiliated debt and lease agreements, Wise is engaged in various transactions with Borden and its affiliated companies in the ordinary course of business. A subsidiary of Borden provides certain administrative services to Wise at negotiated fees. These services include: processing of payroll and active and retiree group insurance claims, administration of workers' compensation 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 $1,150 and $703 at September 30, 1997 and December 31, 1996, respectively. Effective July 1, 1997, Wise secured the services of a third party for its general insurance needs related to losses that occur after the effective date.

The following table summarizes the charges to Wise for these costs in the nine months ended September 30, 1997 and 1996:

	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
Employee benefits	$1,526	$1,188
Group and general insurance	3,629	3,994
Information services	156	--
Corporate staff departments and overhead	1,402	1,258
	$6,713	$6,440

Wise is generally self-insured for post-employment benefits other than pensions. In addition, Wise has insurance policies to cover potential losses and liabilities relating to general insurance. Many of these policies have deductibles of $100 and in some cases higher amounts. Losses are accrued for the estimated aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and Wise's experience. By agreement, Borden has retained the obligation for active group insurance claims incurred in 1996 and paid in 1997.

Wise also invests excess cash with Borden in one-day investments which totaled $7,250 and $1,800 at September 30, 1997 and December 31, 1996, respectively.

On July 14, 1997 and September 26, 1997, Wise entered into two unsecured agreements with a third-party to finance insurance premiums of $532 and $210. Both agreements bear interest at a fixed annual rate of 5.47% and require monthly payments of principal and interest through the maturity date of April 1, 1998. The interest rates under these agreements were negotiated by Borden on behalf of the affiliated companies.

6. BUSINESS ACQUISITION

On July 31 1997, for a purchase price of $1.9 million, Wise acquired certain assets (accounted for under the purchase method) of Quality Foods of North Carolina, an independent distributor of Wise products and other snack food products throughout North and South Carolina. Wise will continue to use the acquired assets for the purpose of distribution of snack foods.

5
1,000

3-MOS
DEC-31-1997
SEP-30-1997
90,700
0
242,700
9,200
126,900
788,000
812,900
387,900
2,299,500
807,000
619,100
0
614,400
2,000
(532,900)
2,299,500
1,120,300
1,120,300
845,100
845,100
193,600
4,000
71,200
32,600
13,200
19,400
180,900
0
0
200,300
1.01
0