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, 2000

Commission file number I-71

BORDEN, INC.

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

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

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

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

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

Number of shares of common stock, $0.01 par value, outstanding as of the close of business on November 14, 2000: 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 Condensed Financial Statements of Borden Foods Holdings Corporation ("Foods Holdings"). The consolidated statements present the Company after the effect of the sales of (i) the Company's former salty snacks business ("Wise") to Wise Holdings and its subsidiaries and (ii) the Company's former domestic and international foods business ("Foods") to Foods Holdings and its subsidiaries, as explained in Note 1 to the consolidated and combined financial statements. The Company and Foods Holdings are controlled by BW Holdings, LLC ("BWHLLC"). The consolidated financial statements are those of the Company, which is the SEC Registrant.

The Borden, Inc. and Affiliates ("the Combined Companies") Condensed Combined Financial Statements are included herein to present the Company on a combined historical basis, including the financial position, results of operations and cash flows of Wise and Foods. The Combined Companies' financial statements are included, supplementally, to present financial information on a basis consistent with that on which credit was originally extended to the Company (prior to push down accounting) and because management of the Company will continue to control significant financial and managerial decisions with respect to Wise Holdings and Foods Holdings. On October 30, 2000, Wise was sold and its financial guarantees ceased (See Note 3). Accordingly, Condensed Financial Statements of Wise Holdings are no longer included in Part II of the Company's quarterly financial filings with the SEC. In accordance with rule 3-10 of Regulation S-X, the Condensed Financial Statements of Foods Holdings are included in Part II of this Quarterly Report on Form 10-Q because Foods Holdings is a guarantor of the Company's credit facility and all of the Company's outstanding publicly held debt.

BORDEN, INC.

INDEX

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

(In millions)	Three months ended September 30, 2000	1999
Net sales	$399.2	$350.7
Cost of goods sold	296.9	241.3
Gross margin	102.3	109.4
Distribution expense	15.2	14.4
Marketing expense	27.3	20.6
General & administrative expense	42.2	31.1
Business realignment and asset write-offs	1.8	21.6
Operating income	15.8	21.7
Interest expense	17.5	15.6
Affiliated interest expense, net of affiliated interest income of $0.3 in 2000 and 1999	3.9	4.5
Interest income and other	(3.6)	(6.5)
Equity in net income of unconsolidated subsidiaries	(1.6)	(1.3)
(Loss) income from continuing operations before income tax	(0.4)	9.4
Income tax expense	7.6	5.6
Net (loss) income	(8.0)	3.8
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$(26.4)	$(14.6)
Comprehensive income (see Note 4)	$ (9.6)	$ 4.9

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions, except per share data)	Three months ended September 30, 2000	1999
Basic and Diluted Per Share Data		
Net (loss) income	$(0.04)	$ 0.02
Preferred stock dividends	(0.10)	(0.10)
Net loss applicable to common stock	$(0.14)	$(0.08)
Dividends per common share	$ 0.06	$ 0.14
Dividends per preferred share	$ 0.75	$ 0.75
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Nine months ended September 30, 2000	1999
Net sales	$1,136.4	$1,001.5
Cost of goods sold	811.5	683.0
Gross margin	324.9	318.5
Distribution expense	46.4	40.5
Marketing expense	69.9	56.3
General & administrative expense	117.7	87.9
Net gain on sale of assets	(10.3)	(1.8)
Business realignment and asset write-offs	13.6	31.6
Operating income	87.6	104.0
Interest expense	46.8	46.6
Affiliated interest expense, net of affiliated interest income of $0.3 in 2000 and $0.7 in 1999	12.2	14.5
Interest income and other	(14.4)	(24.1)
Equity in net (income) loss of unconsolidated subsidiaries	(2.5)	2.6
Income from continuing operations before income tax	45.5	64.4
Income tax expense	28.8	24.7
Income from continuing operations	16.7	39.7
Gain on disposal of discontinued operations, net of tax	93.0	0.6
Net income	109.7	40.3
Preferred stock dividends	(55.3)	(55.3)
Net income (loss) applicable to common stock	$ 54.4	$ (15.0)
Comprehensive income (see Note 4)	$ 100.2	$ 34.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions, except per share data)	Nine months ended September 30, 2000	1999
Basic and Diluted Per Share Data		
Income from continuing operations	$ 0.08	$ 0.20
Income on disposal of discontinued operations, net of tax	0.47	-
Net income	$ 0.55	$ 0.20
Preferred stock dividends	(0.28)	(0.28)
Net income (loss) applicable to common stock	$ 0.27	$(0.08)
Dividends per common share	$ 0.25	$ 0.26
Dividends per preferred share	$ 2.25	$ 2.25
Average number of common shares outstanding during the period	199.0	199.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS	September 30, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 33.4	$ 195.2
Accounts receivable (less allowance for doubtful accounts of $10.9 in 2000 and $11.8 in 1999)	261.5	215.0
Purchased receivables from affiliate	40.0	-
Loan receivable from affiliate	60.6	56.2
Inventories:		
Finished and in-process goods	72.9	62.8
Raw materials and supplies	53.4	50.4
Deferred income taxes	43.5	42.4
Other current assets	17.6	15.3
	582.9	637.3
INVESTMENTS AND OTHER ASSETS		
Investments	63.9	64.0
Investment in affiliate	58.0	51.5
Deferred income taxes	29.5	109.5
Prepaid pension assets	114.6	129.7
Other assets	43.8	36.3
Assets sold under contractual arrangement (net of allowance of $62.6 in 1999) (See Note 5)	-	48.2
	309.8	439.2
PROPERTY AND EQUIPMENT		
Land	25.4	25.6
Buildings	95.3	97.9
Machinery and equipment	769.0	739.1
	889.7	862.6
Less accumulated depreciation	(326.9)	(323.8)
	562.8	538.8
INTANGIBLES	212.0	112.1
TOTAL ASSETS	$ 1,667.5	$ 1,727.4

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions, except share data)

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 169.1	$ 137.4
Debt payable within one year	43.2	17.7
Income taxes payable	87.7	244.1
Loans payable to affiliates	226.5	246.6
Other current liabilities	171.7	178.6
	698.2	824.4
OTHER LIABILITIES		
Liabilities sold under contractual arrangement (See Note 5)	-	41.6
Long-term debt	655.6	541.1
Non-pension post-employment benefit obligations	165.3	176.1
Other long-term liabilities	58.8	80.0
	879.7	838.8
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
SHAREHOLDERS' EQUITY		
Preferred stock - Issued 24,574,751 shares	614.4	614.4
Common stock - $0.01 par value: authorized 300,000,000 shares, Issued 198,974,994 shares	2.0	2.0
Paid in capital	336.2	355.7
Receivable from parent	(414.9)	(414.9)
Accumulated other comprehensive income	(62.0)	(52.5)
Accumulated deficit	(386.1)	(440.5)
	89.6	64.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,667.5	$ 1,727.4

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Nine months ended September 30, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 109.7	$ 40.3
Adjustments to reconcile net income to net cash from operating activities:		
Gain on disposal of discontinued operations, net of tax	(93.0)	(0.9)
Net gain on sale of assets	(10.3)	(1.8)
Business realignment and asset write-offs	13.6	31.6
Deferred tax provision	72.5	2.8
Depreciation and amortization	45.4	38.6
Unrealized gain on interest rate swap	(4.9)	(8.1)
Equity in net (income) loss of unconsolidated subsidiaries	(2.5)	2.6
Net change in assets and liabilities:		
Trade receivables	(44.8)	(21.6)
Inventories	(6.0)	9.9
Accounts and drafts payable	34.6	5.2
Income taxes	(62.4)	(12.0)
Other assets	13.2	1.9
Other liabilities	(32.6)	(53.3)
	32.5	35.2
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(69.7)	(40.4)
Proceeds from the sale of fixed assets	8.4	5.5
Purchase of businesses, net of cash acquired	(136.5)	(110.5)
Purchase of affiliate's receivables, net of cash collected	(40.0)	-
Net investment from (in) affiliate	6.6	(5.1)
	(231.2)	(150.5)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	28.9	(1.0)
Borrowings of long-term debt	122.0	-
Repayment of long-term debt	(10.9)	(0.4)
Affiliated repayments/loans	(24.5)	(305.5)
Interest received from parent	36.3	36.7
Common stock dividends paid	(49.3)	(36.7)
Preferred stock dividends paid	(55.3)	(55.3)
Other distributions	(10.3)	-
	36.9	(362.2)

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

(In millions)	Nine months ended September 30, 2000	1999
Decrease in cash and equivalents	$(161.8)	$(477.5)
Cash and equivalents at beginning of period	195.2	672.1
Cash and equivalents at end of period	$ 33.4	$ 194.6
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 54.3	$ 48.2
Taxes	17.0	33.9
Non-cash activity:		
Accrued dividends on investment in affiliate	6.4	-
Capital contribution by parent	22.9	19.0
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

	Preferred Stock	Common Stock	Paid-in Capital	Receivable from Parent	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 1999	$ 614.4	$ 2.0	$ 355.7	$ (414.9)	$ (52.5)	$ (440.5)	$ 64.2
Net income						109.7	109.7
Translation adjustments					(9.5)		(9.5)
Preferred stock dividends						(55.3)	(55.3)
Common stock dividends			(49.3)				(49.3)
Other distributions			(16.3)				(16.3)
Interest accrued on notes from parent (net of $13.1 tax)			23.2				23.2
Capital contribution from parent			22.9				22.9
Balance, September 30, 2000	$ 614.4	$ 2.0	$ 336.2	$ (414.9)	$ (62.0)	$ (386.1)	$ 89.6

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Three months ended September 30, 2000	1999
Net sales	$538.1	$473.6
Cost of goods sold	368.4	298.9
Gross margin	169.7	174.7
Distribution expense	25.7	24.1
Marketing expense	76.1	68.2
General & administrative expense	58.4	46.5
Gain on divestiture of businesses	(3.1)	(32.7)
Business realignment and asset write-offs	6.6	21.6
Operating income	6.0	47.0
Interest expense	17.5	15.3
Affiliated interest expense	0.4	1.6
Interest income and other	(4.1)	(5.9)
Equity in net loss (income) of unconsolidated subsidiaries	0.1	(1.3)
(Loss) income from continuing operations before income tax	(7.9)	37.3
Income tax expense	9.7	18.4
(Loss) income from continuing operations	(17.6)	18.9
Income from discontinued operations, net of tax	1.8	0.9
Net (loss) income	(15.8)	19.8
Affiliate's share of income	-	(0.5)
Preferred stock dividends	(18.4)	(18.4)
Net (loss) income applicable to common stock	$(34.2)	$ 0.9
Comprehensive income (see Note 4)	$(19.4)	$ 21.1

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Nine months ended September 30, 2000	1999
Net sales	$1,540.3	$1,380.2
Cost of goods sold	1,020.1	869.9
Gross margin	520.2	510.3
Distribution expense	79.6	69.1
Marketing expense	237.1	193.4
General & administrative expenses	164.6	132.9
Gain on divestiture of businesses	(3.1)	(47.5)
Net gain on sale of assets	(10.3)	(1.1)
Business realignment and asset write-offs	18.4	30.8
Operating income	33.9	132.7
Interest expense	46.8	46.7
Affiliated interest expense	1.0	5.1
Interest income and other	(14.7)	(23.4)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	2.6
Income from continuing operations before income tax	1.7	101.7
Income tax (benefit) expense	(49.0)	52.4
Income from continuing operations	50.7	49.3
Discontinued operations:		
Income from operations, net of tax	3.8	1.1
Gain on disposal, net of tax	37.0	0.6
Income before cumulative effect of change in accounting principle	91.5	51.0
Cumulative effect of change in accounting principle	-	2.8
Net income	91.5	48.2
Affiliate's share of loss (income)	0.1	(0.8)
Preferred stock dividends	(55.3)	(55.3)
Net income (loss) applicable to common stock	$ 36.3	$ (7.9)
Comprehensive income (see Note 4)	$ 75.6	$ 44.6

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

ASSETS	September 30, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$ 62.4	$ 227.5
Accounts receivable (less allowance for doubtful accounts of $11.8 in 2000 and $15.4 in 1999)	302.9	274.1
Purchased receivables from affiliate	40.0	-
Loan receivable from affiliate	60.6	56.2
Inventories:		
Finished and in-process goods	120.9	110.9
Raw materials and supplies	76.2	80.5
Deferred income taxes	54.7	58.5
Other current assets	22.7	20.3
Net assets of discontinued operations (See Note 3)	58.0	61.8
	798.4	889.8
INVESTMENTS AND OTHER ASSETS		
Investments	63.9	64.0
Investment in affiliate	58.0	51.5
Deferred income taxes	29.5	81.7
Prepaid pension assets	125.6	140.8
Other assets	36.4	31.8
	313.4	369.8
PROPERTY AND EQUIPMENT		
Land	35.7	36.0
Buildings	167.7	171.2
Machinery and equipment	1,064.4	1,009.6
	1,267.8	1,216.8
Less accumulated depreciation	(501.8)	(486.6)
	766.0	730.2
INTANGIBLES	491.5	403.2
TOTAL ASSETS	$ 2,369.3	$ 2,393.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 213.1	$ 184.3
Debt payable within one year	44.1	18.0
Income taxes payable	99.4	254.9
Loans payable to affiliate	18.5	14.5
Other current liabilities	229.0	244.9
	604.1	716.6
OTHER LIABILITIES		
Long-term debt	658.4	544.1
Non-pension post-employment benefit obligations	172.4	183.8
Other long-term liabilities	70.8	85.7
	901.6	813.6
COMMITMENTS AND CONTINGENCIES (SEE NOTE 6)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	644.9	664.4
Receivable from parent	(414.9)	(414.9)
Affiliate's interest in subsidiary	66.1	66.2
Accumulated other comprehensive income	(100.0)	(84.1)
Retained earnings	51.1	14.8
	863.6	862.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,369.3	$ 2,393.0

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Nine months ended September 30, 2000	1999
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 91.5	$ 48.2
Adjustments to reconcile net income to net cash from operating activities:		
Income from discontinued operations, net of tax	(3.8)	(1.1)
Gain on disposal of discontinued operations, net of tax	(37.0)	(0.6)
Gain on divestiture of businesses	(3.1)	(47.5)
Net gain on sale of assets	(10.3)	(1.1)
Business realignment and asset write-offs	18.4	30.8
Deferred tax provision	55.3	27.0
Depreciation and amortization	73.8	60.2
Unrealized gain on interest rate swap	(4.9)	(8.1)
Equity in net (income) loss of unconsolidated subsidiaries	(0.9)	2.6
Net change in assets and liabilities:		
Trade receivables	(33.8)	(24.6)
Inventories	0.7	7.6
Accounts and drafts payable	32.8	(9.1)
Income taxes	(114.9)	3.3
Other assets	21.1	26.0
Other liabilities	(39.3)	(85.8)
Net assets of discontinued operations	7.6	(4.4)
	53.2	23.4
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(111.6)	(82.6)
Proceeds from the divestiture of businesses	-	23.6
Proceeds from the sale of fixed assets	8.6	6.2
Purchase of businesses, net of cash acquired	(136.5)	(110.5)
Purchase of affiliate's receivables, net of cash collected	(40.0)	-
	(279.5)	(163.3)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt borrowings (repayments)	29.5	(7.2)
Borrowings of long-term debt	122.0	-
Repayment of long-term debt	(11.2)	(0.3)
Affiliated repayments/loans	(0.5)	(268.0)
Interest received from parent	36.3	36.7
Common stock dividends paid	(49.3)	(36.7)
Preferred stock dividends paid	(55.3)	(55.3)
Other distributions	(10.3)	-
	61.2	(330.8)

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

(In millions)	Nine months ended September 30, 2000	1999
Decrease in cash and equivalents	$(165.1)	$(470.7)
Cash and equivalents at beginning of period	227.5	694.6
Cash and equivalents at end of period	$ 62.4	$ 223.9
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 40.1	$ 38.1
Taxes	10.6	19.2
Non-cash activity:		
Accrued dividends on investment in affiliate	6.4	-
Capital contribution by parent	22.9	19.0
Affiliate's share of (loss) income	(0.1)	0.8
Distribution of net assets of infrastructure management services business to the Company's parent	6.0	-

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

	Preferred Stock	Common Stock	Paid in Capital	Receivable from Parent	Affiliate's Interest in Subsidiary	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, December 31, 1999	$614.4	$2.0	$664.4	$(414.9)	$66.2	$(84.1)	$14.8	$862.8
Net income							91.5	91.5
Translation adjustments						(15.9)		(15.9)
Preferred stock dividends							(55.3)	(55.3)
Common stock dividends			(49.3)					(49.3)
Other distributions			(16.3)					(16.3)
Interest accrued on notes from parent (net of $13.1 tax)			23.2					23.2
Capital contribution from parent			22.9					22.9
Affiliate's interest in subsidiary					(0.1)		0.1	-
Balance, September 30, 2000	$614.4	$2.0	$644.9	$(414.9)	$66.1	$(100.0)	$51.1	$863.6

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

1. BASIS OF PRESENTATION

The Registrant, Borden, Inc. (the "Company") is engaged primarily in manufacturing, processing, purchasing and distributing primarily forest products and industrial resins, formaldehyde, melamine crystal and other specialty and industrial chemicals worldwide as well as consumer glues and adhesives in North America.

The Company's principal lines of business formerly included its international and domestic foods operations ("Foods") and salty snacks business ("Wise"). Subsidiaries of BWHLLC, an affiliate of the Company, together with subsidiaries of Wise Holdings, Inc. ("Wise Holdings") and subsidiaries of Borden Foods Holdings Corporation ("Foods Holdings") purchased Wise and Foods on July 2, 1996 and October 1, 1996, respectively. As a result of these sales, Wise and Foods, as of their respective sale dates, are no longer legally part of the Company on a consolidated basis. However, management of the Company continues to exercise significant operating and financial control over Foods and Wise. In addition, Foods Holdings and Wise Holdings provide financial guarantees to obligations under the Company's credit facility and all of the Company's outstanding publicly held debt. Because of the aforementioned control and guarantees, the Company has included, supplementally in this filing, Condensed Combined Financial Statements of Borden, Inc. and Affiliates (the "Combined Companies") which present the financial condition and results of operations and cash flows of the Company, Wise and Foods. The Combined Companies' financial statements do not reflect push-down accounting and therefore present financial information on a basis consistent with that upon which credit was originally extended to the Company.

On October 30, 2000, Wise was sold to Palladium Equity Partners, LLC (See Note 3).

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

Information about the Company's and Combined Companies' operating segments is provided in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and is an integral part of the Condensed Consolidated and Condensed Combined Financial Statements. Due to acquisitions made in the second quarter of 2000 (See Note 2), the Company's consumer glues and adhesives business, ("Consumer Adhesives"), now meets the quantitative thresholds of SFAS 131 and is reflected as a separate operating segment for all periods presented. Total assets reported in the "Corporate and Other" segment in the 1999 Form 10-K included $58.1 related to Consumer Adhesives. At September 30, 2000, Consumer Adhesives' total assets are $180.7, including approximately $95 related to the acquisition. As a result of a definitive agreement, the Company's printing inks business has been reflected as a business held for sale for all periods presented (See Note 2). Total assets reported for Chemical in the 1999 Form 10-K included $14.8 related to printing inks. At September 30, 2000, printing inks total assets were $15.5.

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

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

2. BUSINESS ACQUISITIONS, REALIGNMENT AND OTHER CHANGES

In the third quarter of 2000, the Company signed a definitive agreement to sell its printing inks business. Certain preconditions to closing are currently being negotiated, but the sale is expected to close in the fourth quarter of 2000.

In the third quarter of 2000, the Company acquired the formaldehyde and certain other assets from Borden Chemicals and Plastics Limited Partnership, an affiliate of the Company, for $48.5, comprised of $38.8 cash and a $9.7 interest-bearing note due in six months. The excess purchase price over net tangible assets is approximately $30 and is anticipated to be amortized over a period of 40 years.

In the third quarter of 2000, the Company recorded a charge of $1.8 related primarily to additional environmental remediation costs associated with the first quarter 2000 closure of chemical resins operations in Argentina. This amount is classified as business realignment in the Condensed Consolidated and Condensed Combined Statements of Operations and Comprehensive Income.

Subsequent to the 1996 sales of Foods and Wise, The Company's pension plan retained the employees of these businesses. Thus, the Company's projected benefit obligation and plan assets include the domestic obligation and assets for Foods and Wise. In the third quarter of 2000, the Company recognized $7.6 for pension and post-retirement settlement and curtailment charges for individuals no longer participating in the plans.

In the third quarter of 2000, the Combined Companies recorded a charge of $4.8 related to a Foods corporate workforce reduction program. The program was put in place to take advantage of the efficiencies generated from the implementation of enterprise-wide technology systems in 1999. This amount is classified as business realignment in the Condensed Combined Statements of Operations and Comprehensive Income.

In the third quarter of 2000, the Combined Companies recorded gains of $3.1 due to lower than anticipated exit costs primarily associated with the 1998 divestiture of the Signature Flavors business. This amount is recorded as gain on the divestiture of businesses in the Condensed Combined Statements of Operations and Comprehensive Income.

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

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

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

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

3. DISCONTINUED OPERATIONS

In the third quarter of 2000, BWHLLC agreed to sell Wise to Palladium Equity Partners, LLC. As a result, the financial results of Wise have been reclassified to discontinued operations in the Condensed Combined Statements of Operations and Cash Flows for all periods presented. In addition, net assets of Wise have been reclassified to discontinued operations in the Condensed Combined Balance Sheets at September 30, 2000 and December 31, 1999. For purposes of the Combined Companies, the net assets of Wise will be distributed to BWHLLC in the fourth quarter of 2000 when the sale is completed.

The results below for Wise are reported separately as discontinued operations in the Condensed Combined Statements of Operations:

	THREE MONTHS ENDED SEPTEMBER 30, 2000	1999
Net sales	$ 64.4	$ 58.0
Income before income taxes	$ 3.0	$ 1.3
Income tax expense	$ 1.2	$ 0.4
Income from discontinued operations	$ 1.8	$ 0.9

	NINE MONTHS ENDED SEPTEMBER 30, 2000	1999
Net sales	$187.2	$167.0
Income before income taxes	$ 6.0	$ 1.4
Income tax expense	$ 2.2	$ 0.3
Income from discontinued operations	$ 3.8	$ 1.1

As a result of a settlement reached with the Internal Revenue Service in the second quarter of 2000, amounts established for tax issues related to the divestiture of certain segments of the Company's business are no longer considered necessary. A portion of these amounts for the Company and Combined Companies was classified as gain on the sale of discontinued operations in the second quarter of 2000, consistent with the classification of these amounts when established. Amounts differ between Consolidated and Combined because Foods is not reflected as a sale of a discontinued operation in Combined. (See also Item 2 relating to Management's discussion on income tax expense.)

4. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED SEPTEMBER 30, CONSOLIDATED		COMBINED	
	2000	1999	2000	1999
Net income	$(8.0)	$ 3.8	$(15.8)	$19.8
Foreign currency translation adjustments	(1.6)	1.1	(3.6)	2.5
Reclassification adjustments	-	-	-	(1.2)
	$(9.6)	$ 4.9	$(19.4)	$21.1

	NINE MONTHS ENDED SEPTEMBER 30, CONSOLIDATED		COMBINED	
	2000	1999	2000	1999
Net income	$109.7	$ 40.3	$ 91.5	$ 48.2
Foreign currency translation adjustments	(9.5)	(16.3)	(15.9)	(12.4)
Reclassification adjustments	-	10.0	-	8.8
	$100.2	$ 34.0	$ 75.6	$ 44.6

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

The foreign currency translation adjustments in 1999 relate primarily to amounts recorded in the first quarter for the Latin America Chemical businesses. The reclassification adjustment in 1999 represents the accumulated translation adjustment included as part of the charge to close the Chemical operations in the Philippines, Brazil and Uruguay.

5. RELATED PARTY TRANSACTIONS

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

The Company provides administrative services to Foods and Wise. Fees received for these services are offset against the Company's general and administrative expenses and approximated $0.3 and $1.6 for the three months ended September 30, 2000 and 1999, respectively, and $2.8 and $6.5 for the nine months ended September 30, 2000 and 1999, respectively.

At September 30, 2000, Foods had $208.6 cash invested with the Company, Wise had $2.6 cash invested with the Company, BWHLLC had $13.0 cash invested with the Company and Combined Companies and Borden Foods Holdings LLC, Foods' parent, had $2.3 cash invested with the Company and Combined Companies. These balances are reflected as loans payable to affiliates in the consolidated and combined balance sheets. Loans payable to affiliates for the Combined Companies at September 30, 2000 also includes $3.2 due to an affiliate of the Combined Companies.

During the third quarter of 2000, Wise repaid its note receivable to the Company. This repayment ended the Company's remaining financial interest in Wise and therefore at September 30, 2000, transactions with Wise are reflected as unconsolidated affiliated balances, and the Company has eliminated the assets and liabilities held under contractual arrangements in the September 30, 2000 Condensed Consolidated Balance Sheet.

In September 2000, the Company purchased $40.0 of accounts receivable from World Kitchen, Inc. ("WKI"), an affiliate of the Company, in return for certain fees. Collection of the purchased receivables is expected to occur within 90 days. In June 2000, the Company purchased $50.0 of accounts receivable from WKI, in return for certain fees. All amounts related to the June 2000 purchase have been collected at September 30, 2000.

In the third quarter of 2000, the Company entered into a credit agreement with WKI to provide up to $40.0 of short-term financing. Amounts outstanding under this agreement bear interest at (a) a variable rate based on the greatest of the Prime Rate, the Federal Reserve Bank Three-Month CD Rate plus 1% or the Federal Funds Effective Rate plus 0.5% plus (b) 3%. The agreement expires on December 31, 2000, with all unpaid amounts due at that time. At September 30, 2000, no amounts were outstanding under this agreement. As of November 10, 2000, $11.9 was outstanding.

At September 30, 2000, the Company had $60.6 outstanding in the form of demand notes and accrued interest to CCPC Acquisition Corp., WKI's parent and an affiliate of the Company. This amount provided CCPC Acquisition Corp. temporary financing to complete its 1999 acquisition of EKCO Group, Inc. ("EKCO"). The loan bears interest at the monthly prime rate as quoted by The Wall Street Journal and matures on December 31, 2000. The Company anticipates repayment of the loan and interest upon the sale of a business unit acquired with EKCO that is held for sale by CCPC Acquisition Corp.

The Company has a $50.0 investment in WKI in the form of 16% cumulative junior preferred stock. The Company has accrued cumulative dividends of $8.0 on the investment at September 30, 2000.

6. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS - The Company and Combined Companies, like others in similar businesses, are subject to extensive federal, state and local environmental laws and regulations. Although environmental policies and practices are designed to ensure compliance with these laws and regulations, future developments

and increasingly stringent regulation could require the Company and Combined Companies to make additional unforeseen environmental expenditures.

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Environmental accruals are routinely reviewed on an interim basis as events and developments warrant. The Company and Combined Companies have each accrued approximately $21 at September 30, 2000 and $22 at December 31, 1999, for probable environmental remediation and restoration liabilities. This is management's best estimate of these liabilities, based on currently available information and analysis. The Company and Combined Companies believe that it is reasonably possible that costs associated with such liabilities may exceed current reserves by amounts that may prove insignificant, or by amounts, in the aggregate, of up to approximately $12.

LEGAL MATTERS - The Company and Combined Companies have recorded $4.1 in liabilities at September 30, 2000, for legal costs that they believe are probable and reasonably estimable. These liabilities at December 31, 1999, totaled $5.1 and $8.5 for the Company and Combined Companies, respectively.

Actual costs are not expected to exceed these amounts. In addition, the Company may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership ("BCP") facilities, which were previously owned by the Company. Management believes, based upon the information it currently possesses, and taking into account its established reserves for estimated liability and its insurance coverage, that the ultimate outcome of the foregoing proceedings and actions is unlikely to have a material adverse effect on the Company's or Combined Companies' financial statements.

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

PART 1. FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS BY BUSINESS UNIT:

Following is a comparison of net sales and adjusted operating EBITDA by operating segment for both the Company and Combined Companies. As a result of the sale (See Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements), the financial results of Wise have been reclassified to discontinued operations and are no longer included in Management's Discussion and Analysis of Financial Condition and Results of Operations.

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
NET SALES:				
Foods ongoing			$138.9	$121.9
Foods unaligned			-	1.0
Chemical	$337.8	$307.7	337.8	307.7
Consumer Adhesives	50.2	30.4	50.2	30.4
Business held for sale (1)	11.2	10.1	11.2	10.1

Corporate and other	-	2.5	-	2.5
	$399.2	$350.7	$538.1	$473.6
ADJUSTED OPERATING EBITDA:				
Foods ongoing			$ 2.3	$ (0.5)
Foods unaligned			-	0.7
Chemical	$ 43.4	$ 56.3	43.4	56.3
Consumer Adhesives	6.5	5.3	6.5	5.3
Business held for sale (1)	1.2	0.9	1.2	0.9
Corporate and other	(16.3)	(4.8)	(16.3)	(4.8)
TOTAL ADJUSTED OPERATING EBITDA (2)	34.8	57.7	37.1	57.9
Significant or unusual items (3)	(1.8)	(21.6)	(3.5)	11.1
Depreciation and amortization (4)	(17.2)	(14.4)	(27.6)	(22.0)
OPERATING INCOME	$ 15.8	$ 21.7	$ 6.0	$ 47.0

(1) Represents the Company's printing inks business (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

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

(3) Significant or unusual items represent business realignment expenses, asset write-offs and gains and losses on the divestiture of business. The 2000 Consolidated amount represents Chemical costs of $1.8 relating primarily to additional environmental remediation costs associated with the first quarter 2000 plant closure in Argentina. The 2000 Combined amount includes the Chemical charges, Foods costs of $4.8 relating to a corporate workforce reduction program and Foods gains of $3.1 due to lower than anticipated exit costs related primarily to the 1998 Signature Flavors sale. The 1999 Consolidated amount represents costs associated with realignment of a Chemical business of $6.6 and Chemical plant asset write-offs of $15.0. The 1999 Combined amount includes the Chemical charges and gains on the sale of Foods Unaligned businesses due to additional proceeds and lower than expected exit costs related to the 1998 KLIM sale of $32.7.

(4) The increase in Combined depreciation and amortization reflects the depreciation associated with Foods 1999 enterprise-wide systems implementation and plant improvements.

(DOLLARS IN MILLIONS)	NINE MONTHS ENDED SEPTEMBER 30, CONSOLIDATED 2000	1999	COMBINED 2000	1999
NET SALES:				
Foods ongoing			$ 403.9	$ 367.6
Foods unaligned			-	11.1
Chemical	$ 980.4	$ 880.9	980.4	880.9
Consumer Adhesives	122.9	83.7	122.9	83.7
Business held for sale (1)	31.4	29.7	31.4	29.7
Corporate and other	1.7	7.2	1.7	7.2
	$1,136.4	$1,001.5	$1,540.3	$1,380.2
ADJUSTED OPERATING EBITDA:				
Foods ongoing			$ (23.6)	-
Foods unaligned			-	$ 2.8
Chemical	$ 151.0	$ 160.9	151.0	160.9
Consumer Adhesives	19.8	16.3	19.8	16.3
Business held for sale (1)	2.2	2.0	2.2	2.0
Corporate and other	(26.4)	(5.0)	(26.4)	(5.0)
TOTAL ADJUSTED OPERATING EBITDA (2)	146.6	174.2	123.0	177.0
Significant or unusual items (3)	(13.6)	(31.6)	(15.3)	15.9
Depreciation and amortization (4)	(45.4)	(38.6)	(73.8)	(60.2)
OPERATING INCOME	$ 87.6	$ 104.0	$ 33.9	$ 132.7

(1) Represents the Company's printing inks business (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

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

(3) Significant or unusual items represent business realignment expenses, asset write-offs and gains and losses on the divestiture of business. The 2000 Consolidated amount represents Chemical costs of $1.8 relating primarily to additional environmental remediation costs associated with the first quarter 2000 plant closure in Argentina, and Chemical realignment expenses of $11.8 relating primarily to plant closures in the United Kingdom, Argentina and California. The 2000 Combined amount includes the Chemical charges, Foods costs of $4.8 relating to a corporate workforce reduction program and Foods gains of $3.1 due to lower than anticipated exit costs related primarily to the 1998 Signature Flavors sale. The 1999 Consolidated amount represents costs associated with realignment of Chemical businesses of $16.6 and Chemical plant asset write-offs of $15.0. The 1999 Combined amount includes the Chemical charges and gains on the sale of Foods Unaligned businesses due to additional proceeds and lower than expected exit costs related to the 1998 KLIM sale of $47.5.

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

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

Consolidated Summary

Consolidated sales increased $48.5 million, or approximately 14%, to $399.2 million in 2000 from $350.7 million in 1999. The increase in sales is attributed primarily to improved volumes in the Chemical and Consumer Adhesives businesses and acquisitions made in 2000. Adjusted operating EBITDA decreased $22.9 million, or approximately 40%, to $34.8 million in 2000 from $57.7 million in 1999. The decrease is primarily due to increases in raw material costs in the Chemical business that more than offset the impact of improved volumes, as well as the settlement and timing of various corporate liabilities and expenses.

Combined Summary
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Combined sales increased $64.5 million, or approximately 14%, from $473.6 million in 1999 to $538.1 million in 2000. The increase is primarily attributed to increased volumes in the Chemical, Consumer Adhesives and Foods businesses. Combined adjusted operating EBITDA decreased $20.8 million, or approximately 36%, from $57.9 million in 1999 to $37.1 million in 2000. The consolidated factors described above were partially offset by reductions in Foods' general and administrative expenses.

Chemical
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Chemical sales of $337.8 million in third quarter 2000 were $30.1 million, or 10% higher than the prior year quarter sales of $307.7 million. The most significant items that positively impacted 2000 sales were volume improvements in the oilfield products, UV coatings and melamine businesses, higher selling prices for forest products resins, and an acquisition in the U.S. The most significant items that negatively impacted sales were lower volumes for forest products resins, unfavorable currency exchange rates and the prior year exit from certain non-core businesses in the U.S., Europe and Latin America.

Overall third quarter volume, excluding the effect of acquisitions and strategic realignment activities, was flat; however, increased volumes of higher priced products were the major contributors to a $7 million positive impact on 2000 sales. Sales improved substantially in the higher priced oilfield products and UV coatings businesses and also in the melamine products businesses. Oilfield products volume has benefited from increased drilling activity that reflects substantially higher natural gas and oil prices. The volume improvement in UV coatings reflects growth in demand for optical fiber. Melamine products volume reflects increased export sales of melamine crystal, due to tightening global supply, and increased market share of high-pressure laminates. Third quarter forest products resins volume was down, reflecting some softening in demand for wood panel products and intense competitive activity.

Selling prices in the third quarter had a $32 million net positive impact on 2000 sales. The net improvement reflects generally higher selling prices globally for forest products resins and formaldehyde, partially offset by the impact of downward pressure on selling prices of very competitive market conditions across all businesses. The generally higher selling prices for forest products resins and formaldehyde reflect the partial pass-through of substantially higher raw material costs. A substantial portion of the Company's sales volume, especially for North America forest products, is sold under contracts that provide for monthly or quarterly selling price adjustments based on published cost indices for the Company's primary raw materials (i.e. methanol, phenol and urea). The cost of all three primary raw materials have escalated significantly over the second and third quarters, which has resulted in upward adjustments in selling prices.

In third quarter 2000, the Company acquired the formaldehyde and certain other assets from Borden Chemicals and Plastics Limited Partnership (BCP), which provided incremental 2000 sales of $8 million (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Unfavorable currency exchange rates, primarily in the U.K. and Ecuador, had an unfavorable impact on third quarter 2000 sales of $9 million. The unfavorable exchange rate for Ecuador reflects significant currency devaluation throughout 1999 and through May 2000 when the local currency exchange rate was fixed to the U.S. dollar.

The 1999 sale of the non-strategic U.S. molding compounds business and closures or sales of non-strategic businesses in Europe and Latin America caused third quarter 2000 sales to be $9 million lower compared to the prior year quarter.

Third quarter adjusted operating EBITDA of $43.4 million was $12.9 million, or approximately 23%, lower than prior year adjusted operating EBITDA of $56.3 million. The overall decline reflects substantial margin erosion, generally higher plant operating and selling, general and administrative costs, and weak economic conditions in the U.K., which were partially offset by the effects of higher volumes in the oilfield products and UV coatings businesses and the acquisition of BCP's formaldehyde and other assets. The most significant contributors to the overall margin erosion were substantially higher costs of methanol, phenol and urea and intensely competitive market conditions. The significant increase in raw material costs had a substantial negative impact on margins, primarily in forest products resins, because of the time lag required for published indices to recognize the increases as well as contractual provisions that generally provide only for monthly or quarterly price adjustments. Higher energy costs were the major contributor to higher plant operating costs. The higher selling, general and administrative expenses reflect systems implementation costs and inflationary factors in Latin America.

Consumer Adhesives
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Consumer Adhesives' net trade sales for the three months ended September 30, 2000 were $50.2 million, an increase of $19.8 million or approximately 65% compared to 1999 net trade sales of $30.4 million for the same period. The increase is attributable to higher volume from both new and existing products and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Consumer Adhesives adjusted operating EBITDA for the three months ended September 30, 2000 was $6.5 million, a $1.2 million or approximately 23% increase over 1999 EBITDA of $5.3 million for the same period. The increase is primarily due to higher volumes, which were partially offset by higher raw material and distribution costs resulting primarily from higher natural gas and oil costs and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Foods
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Foods' sales for the three months ended September 30, 2000 increased $16.0 million, or approximately 13%, to $138.9 million from $122.9 million for the three months ended September 30, 1999. Excluding sales of $1.0 million from divested businesses in 1999, sales from Foods' ongoing businesses increased $17.0, or approximately 14%. The increase was led by the introduction of the new product, It's Pasta Anytime. In addition, Foods improved sales with growth in sauce volumes due primarily to new product introductions and expanded distribution.

Foods' adjusted operating EBITDA increased $2.1 million from $0.2 million in 1999 to $2.3 million in 2000. Excluding the impact of Foods Unaligned businesses sold in 1999 and a $1.8 million gain on the favorable settlement of litigation in 1999, ongoing adjusted operating EBITDA increased $4.6 million. The increase in ongoing results was primarily due to a reduction in general and administrative expenses due primarily to the absence of implementation costs associated with enterprise-wide information technology systems.

Business Held for Sale
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The business held for sale classification represents the Company's printing inks business. Net sales and adjusted operating EBITDA are consistent with prior years.

Corporate and other
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Corporate and other sales declined $2.5 million for the three months ended September 30, 2000 compared to the prior year due to the divestiture of the infrastructure management services business at the end of February 2000. Adjusted operating EBITDA declined $11.5 million to a loss of $16.3 million in the third quarter of 2000 versus a loss of $4.8 million in the third quarter of 1999 primarily due to the timing and settlement of various corporate liabilities and expenses, including a $7.6 million charge for a pension settlement.

CONSOLIDATED AND COMBINED NINE MONTHS ENDED SEPTEMBER 30, 2000 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1999

Consolidated Summary
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Consolidated sales increased $134.9 million, or approximately 13%, to $1,136.4 million in 2000 from $1,001.5 million in 1999. The increase in sales is attributed primarily to improved volumes in the Chemical and Consumer Adhesives businesses, acquisitions made by Chemical and Consumer Adhesives in 2000 and the two Chemical acquisitions made in 1999. Adjusted operating EBITDA decreased $27.6 million, or approximately 16%, to $146.6 million in 2000 from $174.2 million in 1999. The decrease is primarily due to increases in raw material costs in the Chemical business and the settlement and timing of various corporate liabilities.

Combined Summary
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Combined sales increased $160.1 million, or approximately 12%, from $1,380.2 million in 1999 to $1,540.3 million in 2000. The increase is primarily attributed to increased volumes in the Chemical, Consumer Adhesives and Foods businesses. Combined adjusted operating EBITDA decreased $54.0 million, or approximately 31%, from $177.0 million in 1999 to $123.0 million in 2000. In addition to the consolidated factors described above, Foods' comparative results declined primarily due to higher marketing costs associated with the introduction of new products.

Chemical
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Chemical sales of $980.4 million in 2000 were up $99.5 million, or approximately 11%, from prior year sales of $880.9 million. The most significant items that positively impacted 2000 sales were volume improvements for all business units, but primarily in North America, higher selling prices for forest products resins, two acquisitions in the U.S. and one acquisition in Europe. The most significant items that negatively impacted sales were lower selling prices for some product lines, unfavorable currency exchange rates, and the prior year exit from certain non-core businesses in the U.S., Latin America and the Philippines.

Overall volume, excluding the effect of acquisitions and strategic realignment activities, improved 6% and had a positive impact on 2000 sales of $82 million. The largest contributors were the North America forest products resins, UV coatings, oilfield products, and melamine products businesses. The improved volume in North America forest products resins has been driven by stronger housing and construction activity in the first half of the year. The improvement in UV coatings reflects growth in demand for optical fiber. Oilfield products volume has benefited from increased drilling activity which reflects substantially higher natural gas and oil prices. Melamine products volume reflects increased export sales of melamine crystal, due to tightening global supply, and increased market share of high-pressure laminates.

Selling prices in the first nine months of the year have had a $9 million net positive impact on 2000 sales. The net improvement reflects generally higher selling prices globally for forest products resins and formaldehyde, partially offset by lower pricing for melamine products and UV coatings, as well as the impact of downward pressure on selling prices of very competitive market conditions across all businesses. The generally higher selling prices for forest products resins and formaldehyde reflect the partial pass-through of substantially higher raw material costs. The lower pricing for melamine products reflects the global market imbalance for melamine crystal that worsened throughout 1999 and has persisted through the first nine months of 2000. Prices for UV coatings were reduced for competitive purposes. A substantial portion of the Company's sales volume, especially for North America forest products, is sold under contracts that provide for monthly or quarterly selling price adjustments based on published cost indices for the Company's primary raw

materials (i.e. methanol, phenol and urea). During the first quarter of 2000, the costs of these raw materials were generally lower than prior year, therefore selling prices were generally lower. However, the cost of all three primary raw materials have escalated significantly over the second and third quarters, which has resulted in upward adjustments in selling prices.

In third quarter 2000, the Company acquired the formaldehyde and certain other assets from Borden Chemicals and Plastics Limited Partnership (BCP), which provided incremental 2000 sales of $8 million (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements). The second quarter 1999 acquisition of Spurlock Industries, Inc. in the U.S. and the third quarter 1999 acquisition of Blagden Chemicals, Ltd. in Europe contributed incremental 2000 sales of $12 million and $27 million, respectively.

Unfavorable currency exchange rates, primarily in the U.K. and Ecuador, had an unfavorable impact on 2000 sales of $20 million. The unfavorable exchange rate for Ecuador reflects significant currency devaluation throughout 1999 and through May 2000 when the local currency exchange rate was fixed to the U.S. dollar.

The 1999 sale of the non-strategic U.S. molding compounds business and closures or sales of non-strategic businesses in Latin America and the Philippines caused 2000 sales to be $20 million lower compared to the prior year.

Year-to-date adjusted operating EBITDA of $151.0 million was $9.9 million, or approximately 6%, lower than prior year adjusted operating EBITDA of $160.9 million. The overall decline reflects substantial margin erosion, generally higher plant operating and selling, general and administrative costs, and weak economic conditions in the U.K., which were substantially offset by the effects of higher volume and acquisitions. The most significant contributors to the overall margin erosion were substantially higher costs of methanol, phenol and urea, intensely competitive market conditions, and significantly lower selling prices for melamine products and UV coatings. The significant increase in raw material costs had a substantial negative impact on margins, primarily in forest products resins, because of the time lag required for published indices to recognize the increases as well as contractual provisions that generally provide only for monthly or quarterly price adjustments. Higher plant operating costs were caused primarily by higher energy costs. The increase in selling, general and administrative costs reflects systems implementation costs and inflationary factors in Latin America and investments in e-commerce.

Consumer Adhesives
- -------------------

Consumer Adhesives' net trade sales for the nine months ended September 30, 2000 were $122.9 million, an increase of $39.2 million or approximately 47% compared to 1999 net trade sales for the same period of $83.7 million. The increase is attributable to higher volume from both new and existing products and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Consumer Adhesives adjusted operating EBITDA for the nine months ended September 30, 2000 was $19.8 million, a $3.5 million or approximately 21% increase over 1999 EBITDA of $16.3 million for the same period. The increase is primarily due to higher volumes, which were partially offset by higher raw material and distribution costs resulting primarily from higher natural gas and oil costs and the May acquisition (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

Foods
- -----

Foods' sales for the nine months ended September 30, 2000 were $403.9 million, an increase of $25.2 million, or approximately 7%, compared to $378.7 million for the nine months ended September 30, 1999. Excluding sales of $11.1 million from divested businesses in 1999, sales from Foods' ongoing businesses increased $36.3, or approximately 10%. The increase was led by the introduction of the new product, It's Pasta Anytime. In addition, Foods improved sales with growth in domestic and international sauce volumes due primarily to new product introductions and expanded distribution. These improvements were partially offset by pasta category declines.

Foods' adjusted operating EBITDA declined $26.4 million from income of $2.8 million in 1999 to a loss of $23.6 million in 2000. Excluding the impact of Foods Unaligned businesses sold in 1999 and a $9.3 million gain on the favorable settlement of litigation in 1999, ongoing adjusted operating EBITDA decreased $14.3 million. The decline in ongoing results was primarily due to significantly higher marketing costs associated with the introduction of new products and increased distribution expenses resulting from increased fuel and warehousing costs. Higher conversion costs primarily in the pasta business and start-up costs associated with the introduction of new products also contributed to the overall decline. These additional costs were substantially offset by improved volumes and a reduction in general and administrative expenses due to the absence of implementation costs associated with enterprise-wide information technology systems.

Business Held for Sale
- ------------------------

The business held for sale classification represents the Company's printing inks business. Net sales and adjusted operating EBITDA are consistent with prior years.

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

Corporate and other sales decreased $5.5 million, or approximately 76%, to $1.7 million for the first three quarters of 2000 compared with $7.2 million for the first three quarters of 1999 due to the divestiture of the infrastructure management services business at the end of February 2000. Adjusted operating

EBITDA decreased $21.4 million to a loss of $26.4 million in 2000 from a loss of $5.0 million in 1999. The decline is primarily due to the timing and settlement of various corporate liabilities and expenses, including a $7.6 million charge for a pension settlement, partially offset by the $10.5 million gain on the sale of certain rights to harvest shellfish (See Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements).

NON-OPERATING EXPENSES AND INCOME TAXES

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

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Interest expense	$17.5	$15.6	$17.5	$15.3
Affiliated interest expense, net	3.9	4.5	0.4	1.6
Interest income and other	(3.6)	(6.5)	(4.1)	(5.9)
Equity in net (income) loss of unconsolidated subsidiaries	(1.6)	(1.3)	0.1	(1.3)
	$16.2	$12.3	$13.9	$ 9.7

Consolidated non-operating expenses increased $3.9 million for the three months ended September 30, 2000 compared with the three months ended September 30, 1999. The increase was primarily attributable to higher interest expense due to higher outstanding long-term debt balances and a reduction in interest income due to lower average cash balances in 2000 compared to 1999. These increases were partially offset by dividend income on the World Kitchen, Inc. (WKI) cumulative junior preferred stock (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements) and decreased affiliated interest expense due to lower average loan balances outstanding in 2000 compared to 1999.

For the three months ended September 30, 2000, combined operating expenses increased $4.2 million compared with the corresponding period in the previous year. The increase was primarily attributable to increased interest expense due to higher outstanding long-term debt balances and a reduction in interest income due to lower average cash balances in 2000 compared to 1999. These increases were partially offset by dividend income on the WKI cumulative junior preferred stock (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements) and decreased affiliated interest expense due to lower average loan balances outstanding in 2000 compared to 1999.

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

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Interest expense	$ 46.8	$ 46.6	$ 46.8	$ 46.7
Affiliated interest expense, net	12.2	14.5	1.0	5.1
Interest income and other	(14.4)	(24.1)	(14.7)	(23.4)
Equity in net (income) loss of unconsolidated subsidiaries	(2.5)	2.6	(0.9)	2.6
	$ 42.1	$ 39.6	$ 32.2	$ 31.0

Consolidated non-operating expenses increased $2.5 million for the nine months ended September 30, 2000 compared with the nine months ended September 30, 1999. The increase is primarily attributable to a reduction in interest income due to lower average cash balances in 2000 compared to 1999. This increase was substantially offset by dividend income on the WKI cumulative junior preferred stock (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements), lower affiliated interest expense due to lower average outstanding loan balances and equity in net income of unconsolidated subsidiaries in 2000 compared with losses in 1999.

For the nine months ended September 30, 2000, combined non-operating expenses increased $1.2 million compared with the corresponding period in the previous year. The increase is primarily attributable to a reduction in interest income due to lower average cash balances in 2000 compared to 1999. This increase was substantially offset by dividend income on the WKI cumulative junior preferred stock (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements), lower affiliated interest expense due to lower average outstanding loan balances and equity in net income of unconsolidated subsidiaries in 2000 compared with losses in 1999.

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

	THREE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Income tax expense	$7.6	$5.6	$9.7	$18.4
Effective tax rate	N/M	60%	N/M	49%

The 2000 consolidated effective tax rate reflects valuation reserves recorded on foreign tax credits generated in 2000 and 1999. These credits are not likely to be utilized by the Company as a consequence of limitations on usage imposed by the Internal Revenue Code for such credits. In addition, the 2000 consolidated effective tax rate for the three months ended September 30, 2000 reflects amounts identified in the filing of the Company's 1999 tax returns. The consolidated effective tax rate for 1999 reflects minor changes in estimates for foreign jurisdictions as well as amounts identified in the filing of the Company's 1998 tax returns.

The 2000 and 1999 combined effective tax rate includes the above for consolidated. In addition, the combined effective tax rate for 1999 reflects the tax effect of the disposal of Food's Chinese subsidiary, which had substantial differences in its net book value and tax basis.

	NINE MONTHS ENDED SEPTEMBER 30,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2000	1999	2000	1999
Income tax expense	$28.8	$24.7	$(49.0)	$52.4
Effective tax rate	63%	38%	N/M	52%

The 2000 consolidated effective tax rate reflects valuation reserves recorded on foreign tax credits generated in 2000, 1999 and 1998. These credits are not likely to be utilized by the Company as a consequence of a settlement resolving federal examination issues for the years 1996 and 1997 as well as usage limitations imposed by the Internal Revenue Code for such credits. (See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements.) In addition, the 2000 consolidated effective tax rate for the nine months ended September 30, 2000 reflects amounts identified in the filing of the Company's 1999 tax returns. The 1999 consolidated effective rate for the nine months ended September 30, 1999 reflects a higher portion of net income derived from foreign operations and the effect of lower tax rates in foreign jurisdictions.

The 2000 and 1999 combined effective tax rate includes the above for consolidated and, as a result of the settlement reached with the Internal Revenue Service, the 2000 combined tax rate reflects amounts related to the divestiture of certain businesses of the Combined Companies that are no longer considered necessary. These amounts are included in combined but not in consolidated tax expense because combined does not reflect the sale of Foods as a discontinued operation. (See also Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements). In addition, the 2000 combined effective tax rate for the nine months ended September 30, 2000 reflects amounts identified in the filing of the Company's 1999 tax returns. The combined effective tax rate for 1999 reflects the tax effect of the disposal of Food's Chinese subsidiary, which had substantial differences in its net book value and tax basis.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Consolidated cash provided by operating activities of $32.5 million for the nine months ended September 30, 2000 was $2.7 million less than the $35.2 million provided in 1999. Significant fluctuations from prior year include lower adjusted operating EBITDA in 2000 of $27.6 million, higher inventory balances of $15.9 million primarily in the Chemical business as a result of an increase in raw material prices, and a $24.3 million increase in accounts receivable primarily in the Chemical business due to the higher raw material prices being passed through to customers. These increased outflows were substantially offset by a $29.4 million increase in trade payables primarily in the Chemical business due to higher raw material costs as well as the timing of payments, the absence of a 1999 payment of approximately $13.0 million to settle certain long-term disability claims, the absence of 1999 settlement payments of approximately $6.4 million related to divested businesses and lower net interest and tax payments of $10.8 million.

Combined operating activities provided cash of $53.2 million for the nine months ended September 30, 2000 compared to $23.4 million in 1999, an improvement of $29.8 million. Consolidated activity discussed above was more than offset by improved accounts receivable cash flows of $14.0 million due primarily to the absence of 1999 collection issues associated with Foods' systems implementations, improved cash flows of $12.5 million primarily due to Foods' timing of trade payments, improvement primarily in the working capital of discontinued operations of $12.0 million, lower inventory balances of $9.0 million primarily as a result of Foods' depletion of favorable tomato purchases made in the fourth quarter of 1999, and the absence of 1999 payments of $6.1 million related to the divestiture of Foods' Unaligned businesses. These improvements were partially offset by a reduction in adjusted operating EBITDA of $17.1 million, excluding a Foods 1999 $9.3 million favorable litigation settlement, and higher net interest and tax payments of $4.2 million.

Investing Activities

Consolidated investing activities used $231.2 million in the first nine months of 2000 versus $150.5 million in the first nine months of 1999. The increase of $80.7 million primarily represents $40.0 million of purchased receivables, net of cash collected, from World Kitchen, Inc. ("WKI"), an affiliate of the Company, the acquisitions made by Consumer Adhesives and Chemical for $136.5 million (see Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements), compared to the 1999 Spurlock and Blagden acquisitions for $110.5 million, and increased capital expenditures in 2000 of $29.3 million primarily for Chemical plant expansions. These outflows were partially offset by the collection of outstanding debt which eliminated the Company's investment in affiliate (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements).

Combined cash used by investing activities in the first nine months of 2000 was $279.5 million versus $163.3 million in 1999. The $116.2 million increase reflects the Consolidated activity described above, excluding the affiliated collections of $11.7, and the absence of $23.6 million of proceeds from the 1999 sale of Foods Unaligned businesses.

Financing Activities

Consolidated financing activities generated cash of $36.9 million in 2000 compared to $362.2 million cash used in 1999. The $399.1 million improvement is primarily due to short and long-term borrowings in 2000 compared to affiliated loans and repayments in 1999. The nine months ended September 30, 2000 includes long-term debt borrowings of $122.0 million and short-term debt borrowings of $28.9 million. Year to date September 30, 1999 included a $132.6 million loan made to CCPC Acquisition Corp. to provide financing for acquisitions, and 1999 repayments of affiliated borrowings from BWHLLC, an affiliate of the Company's parent, and Foods totaling $172.9 million. Additionally, 2000 includes a $10.3 million repayment of Industrial Bonds, higher common stock dividends paid of $12.6 million and the distribution of $10.3 million in cash temporarily held by the infrastructure management services business for the benefit of its customers. The $10.3 million distribution represents payroll related withholdings for which the infrastructure management services business was liable when the business was distributed to the Company's parent (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements).

Combined financing activities generated cash of $61.2 million in 2000 compared to $330.8 million cash used in 1999. The $392.0 million improvement is primarily due to long-term debt borrowings of $122.0 million, $29.5 million of short-term debt borrowings in 2000 compared to repayments of $7.2 million in 1999, the absence of a $132.6 million loan made in 1999 to CCPC Acquisition Corp., and the absence of a $138.2 million 1999 loan repayment to BWHLLC. These inflows were partially offset by a $10.3 million repayment of Industrial Bonds, higher common stock dividends paid of $12.6 million and the distribution of $10.3 million in cash temporarily held by the infrastructure management services business for the benefit of its customers.

Total amounts outstanding under the Company's credit facility as of September 30, 2000 were $122.0.

In the third quarter of 2000, the Company entered into a credit agreement with WKI to provide up to $40.0 million of short-term financing. As of November 10, 2000, there was $12.5 million outstanding under this agreement. (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements).

In addition, amounts owed to the Company by WKI's parent, CCPC Acquisition Corp., are to be repaid from proceeds received from the sale of a business unit acquired by CCPC Acquisition Corp. with the 1999 purchase of EKCO Group, Inc. (See Note 5 to the Condensed Consolidated and Condensed Combined Financial Statements). In the event CCPC Acquisition Corp. realizes less than originally anticipated on the sale of this business unit, WKI will be required to remit additional consideration to its parent.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard requires all derivatives be measured at fair value and recorded on a company's balance sheet as an asset or a liability, depending on the company's underlying rights or obligations associated with the derivative instrument. In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instrument and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133." This statement defers the effective date of SFAS No. 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. In June 2000, the FASB issues SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which is an amendment of SFAS No. 133. SFAS No. 138 addresses a limited number of implementation issues resulting from the application of SFAS No. 133. The Company and Combined Companies have an implementation plan and expect the implementation to be completed by January 1, 2001.

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

In July 2000, the Emerging Issues Task Force ("EITF") reached a consensus on

Issue No. 00-14, "Accounting for Certain Sales Incentives", which addresses the recognition, measurement and income statement classification for sales incentives offered to customers. In September 2000, the EITF reached a consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs," which addresses the income statement classification for shipping and handling fees and costs. All provisions of these EITF's are required to be reflected no later than the fourth quarter of 2000. The Company and Combined Companies are in the process of accumulating and evaluating the information required to comply with these EITF issues, but do not expect reported financial results will be significantly impacted.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

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

PART II

Item 1: LEGAL PROCEEDINGS

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 year ended December 31, 1999.

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

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

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

a. Exhibits

(27) Financial Data Schedule

b. Financial Statement Schedules

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

c. Reports on Form 8-K

There were no reports on Form 8-K issued during the third quarter of 2000.

SIGNATURE

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

BORDEN, INC.

Date November 14, 2000

By

Deborah K. Roche
Vice President,
General Auditor
and Controller
(Principal Accounting
Officer)

BORDEN FOODS HOLDINGS CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2000 AND 1999

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
Net sales	$138,918	$122,850	$ 403,875	$378,673
Cost of goods sold	70,852	57,431	206,862	185,193
Gross margin	68,066	65,419	197,013	193,480

Distribution expense	10,570	9,666	33,204	28,520
Marketing expense	48,783	47,693	167,196	137,179
General & administrative expense	14,707	14,323	43,472	42,558
Gain on divestiture of businesses	(3,101)	(30,609)	(3,101)	(44,080)
Business realignment	4,747	-	4,747	-
Operating (loss) income	(7,640)	24,346	(48,505)	29,303
Interest income, net	(3,968)	(3,718)	(12,593)	(10,392)
Other income, net	-	(9)	-	(332)
(Loss) income before income tax	(3,672)	28,073	(35,912)	40,027
Income tax expense (benefit)	2,090	11,260	(10,048)	26,131
(Loss) income before cumulative effect of accounting change	(5,762)	16,813	(25,864)	13,896
Cumulative effect of accounting change, net of tax	-	-	-	(2,806)
Net (loss) income	(5,762)	16,813	(25,864)	11,090
Affiliate's share of income	(13)	(562)	110	(827)
Net (loss) income applicable to common stock	$ (5,775)	$ 16,251	$ (25,754)	$ 10,263
Comprehensive (loss) income (Note 6)	$ (6,073)	$ 16,924	$ (27,924)	$ 9,486
Basic and diluted (loss) earnings per common share	$(57,750)	$162,510	$(257,540)	$102,630
Average number of common shares outstanding during the period	100	100	100	100

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

ASSETS	September 30, 2000	December 31, 1999
CURRENT ASSETS		
Cash and equivalents	$237,560	$266,825
Accounts receivable (less allowance for doubtful accounts of $895 and $1,317, respectively)	42,539	55,201
Inventories:		
Finished and in-process goods	47,903	48,066
Raw materials and supplies	22,769	30,089
Deferred income taxes	10,553	15,383
Other current assets	9,148	11,793
	370,472	427,357
OTHER ASSETS	9,241	10,819
PROPERTY AND EQUIPMENT		
Land	9,551	9,542
Buildings	38,820	40,763

Machinery and equipment	218,900	190,679
	267,271	240,984
Less accumulated depreciation	(77,852)	(64,462)
	189,419	176,522
INTANGIBLES		
Goodwill	10,771	11,006
Trademarks and other intangibles	106,445	108,496
	117,216	119,502
TOTAL ASSETS	$686,348	$734,200

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)

LIABILITIES AND SHAREHOLDER'S EQUITY	September 30, 2000	December 31, 1999
CURRENT LIABILITIES		
Accounts and drafts payable	$ 43,971	46,858
Accrued customer allowances	15,926	17,781
Debt payable within one year	900	346
Loans due to affiliates	3,222	2,513
Income tax payable	11,584	20,594
Other current liabilities	43,001	51,385
	118,604	139,477
OTHER LIABILITIES		
Long-term debt	2,875	3,033
Deferred income taxes	12,773	34,585
Other long-term liabilities	24,350	22,820
	39,998	60,438
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares authorized, issued, and outstanding	-	-
Paid in capital	427,202	405,817
Shareholder's investment in affiliates	66,162	66,272
Accumulated translation adjustments	(5,188)	(3,128)
Retained earnings	39,570	65,324

	527,746	534,285
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$686,348	$734,200

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Nine Months Ended September 30,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$(25,864)	$ 11,090
Adjustments to reconcile net (loss) income to net cash from (used in) operating activities:		
Depreciation and amortization	21,630	14,913
Deferred tax provision	4,404	15,886
Gain on divestiture of businesses	(3,101)	(44,080)
Business realignment	4,747	-
Net change in assets and liabilities:		
Accounts receivable	12,662	(1,997)
Other receivables	1,492	(202)
Inventories	7,483	(1,096)
Accounts and drafts payable	(2,887)	(14,302)
Accrued customer allowances	(1,855)	(3,966)
Income taxes	(9,010)	22,327
Other amounts due to/from affiliates	1,165	(3,467)
Other current assets and liabilities	(7,826)	(5,783)
Other assets and liabilities	3,590	(6,744)
Net cash provided by (used in) operating activities	6,630	(17,421)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(37,158)	(34,941)
Proceeds from the sale of fixed assets	-	4,466
Proceeds from the sale of businesses	-	23,571
Net cash used in investing activities	(37,158)	(6,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short-term debt borrowings (payments)	554	(6,057)
Proceeds from loans payable to affiliate	709	2,884
Net cash provided by (used in) financing activities	1,263	(3,173)

DECREASE IN CASH AND EQUIVALENTS	(29,265)	(27,498)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	266,825	300,104
CASH AND EQUIVALENTS AT END OF PERIOD	$237,560	$272,606

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

	Nine Months Ended September 30,	
	2000	1999
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid (received):		
Interest	$ 33	$ 424
Taxes, net of refunds	(7,409)	(14,952)

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

	Paid in Capital	Shareholder's Investment in Affiliate	Accumulated Translation Adjustments	Retained Earnings	Total
Balance at December 31, 1999	$405,817	$66,272	$(3,128)	$65,324	$534,285
Net loss				(25,864)	(25,864)
Foreign currency translation adjustments			(2,060)		(2,060)
Affiliate's share of income		(110)		110	-
Increase in tax basis related to finalization of purchase price allocation	21,385				21,385
Balance at September 30, 2000	$427,202	$66,162	$(5,188)	$39,570	$527,746

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

1. NATURE OF OPERATIONS

Borden Foods Holdings Corporation ("Foods Holdings"), a wholly owned subsidiary of Borden Foods Holdings, LLC ("LLC"), owns approximately 98% of Borden Foods Corporation ("BFC"). The remaining interest in BFC is owned directly by LLC. BFC is a manufacturer and distributor of a variety of food products worldwide, including pasta, pasta sauce, bouillon, dry soups, and shelf stable meals. At September 30, 2000, BFC's operations included 8 production facilities, 4 of which are located in the United States. The remaining facilities are located in Canada and Italy.

2. BASIS OF PRESENTATION

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

The accompanying unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) which management believes to be necessary for the fair presentation of operating results for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The results for the interim period are subject to seasonal variations and are not necessarily indicative of results for the full year. The interim financial statements should be read in conjunction with Foods Holdings' audited financial statements for the year ended December 31, 1999.

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

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

In July 2000, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives", which addresses the recognition, measurement and income statement classification for sales incentives offered to customers. In September 2000, the EITF reached a consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs", which addresses the income statement classification for shipping and handling fees and costs. All provisions of the EITF's are required to be reflected no later than the fourth quarter of 2000. BFC is in the process of accumulating and evaluating the information required to comply with these EITF issues, but does not expect reported financial results to be significantly impacted.

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

3. DIVESTED BUSINESSES

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

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

During the third quarter of 1999, BFC sold the chocolate milk business located in Denmark. The sale generated proceeds of $6,692 and a pre-tax gain of $1,667. BFC also reduced current liabilities by $29,767 for the resolution of divestiture related severance and lower than expected exit costs.

During the third quarter of 2000, BFC reduced current liabilities by $3,101 due to lower than expected exit costs.

Activities related to the divestiture reserves during the three and nine months ended September 30, 2000, which were recorded in other current liabilities, were as follows:

	Work-Force Reductions(1)	Business & Contractual Obligations(2)	Selling, Legal & Other(3)	TOTAL
Balance at December 31, 1999	$1,351	$8,270	$1,337	$10,958
Utilized	(1,298)	(712)	(420)	(2,430)
Balance at June 30, 2000	$53	$7,558	$917	$8,528
Utilized	(46)	(124)	(243)	(413)
Other (4)	-	(2,470)	(631)	(3,101)
Balance at September 30, 2000	$7	$4,964	$43	$5,014

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

4. BUSINESS REALIGNMENT

During the third quarter of 2000, BFC recorded charges of $4,747 to implement a workforce reduction plan. The workforce reduction plan was put into place to take advantage of the efficiencies generated from the implementation of enterprise-wide information technology systems in 1999 and work process redesign. The plan is expected to reduce ongoing general and administrative expenses. As of September 30, 2000, reserves primarily for severance were $4,108.

5. AFFILIATE'S SHARE OF INCOME

In accordance with BFC Investment LP's limited partnership agreement with BFC and LLC, LLC was allocated an affiliate's share of (loss) income (see accompanying condensed consolidated statements of operations) of ($110) and $827 during the first nine months of 2000 and 1999, respectively.

6. COMPREHENSIVE INCOME

Comprehensive (loss) income was computed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Net (loss) income	$(5,762)	$16,813	$(25,864)	$11,090
Foreign currency translation adjustments	(311)	393	(2,060)	(1,322)
Reclassification adjustment	-	(282)	-	(282)
	$(6,073)	$16,924	$(27,924)	$ 9,486

The reclassification adjustment in 1999 represents the accumulated translation adjustment recognized on the sale of the chocolate milk business located in Denmark.

7. RELATED PARTIES

Borden and a subsidiary of Borden provide certain administrative services to BFC at negotiated fees. These services include processing of payroll, active and retiree group insurance claims, securing insurance coverage for catastrophic claims, and information systems support. BFC also reimburses the Borden subsidiary for payments for general disbursements and post-employment benefit claims. The amount owed by BFC for reimbursement of payments, services, and other liabilities was $249 at September 30, 2000 and $777 at December 31, 1999.

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

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

The following summarizes the affiliate charges for the three and nine months ended September 30, 2000 and 1999.

	Three months ended September 30, 2000	1999	Nine months ended September 30, 2000	1999
Employee benefits	$ 975	$ 739	$2,997	$ 2,102
Group and general insurance	-	1,133	626	3,224
Administrative services	284	3,259	2,789	10,666
	$1,259	$5,131	$6,412	$15,992

BFC performs certain administrative services on behalf of other Borden affiliates. These services include customer service, purchasing and quality assurance. BFC charged affiliates $205 and $128 for such services for the three months ended September 30, 2000 and 1999, respectively, and $577 and $533 for such services for the nine months ended September 30, 2000 and 1999, respectively. The receivable for these services was $280 at September 30, 2000 and $972 at December 31, 1999.

BFC invests cash not used in operations with Borden. BFC's investment balance was $208,646 at September 30, 2000 and $234,550 at December 31, 1999. The funds are invested overnight earning a rate set by Borden that generally approximates money market rates. BFC earned interest income of $3,621 and $3,421 on these funds for the three months ended September 30, 2000 and 1999, respectively, and $11,613 and $10,080 for the nine months ended September 30, 2000 and 1999, respectively. Amounts receivable for interest were $336 and $1,861 at September 30, 2000 and December 31, 1999, respectively.

Borden continues to provide executive, financial and strategic management to BFC for which it charges a quarterly fee of $250. The fee is paid at the end of each quarter.

Foods 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. In connection with this guarantee, Foods Holdings charges Borden an annual fee of $1,050. The receivable for the guarantee was $788 at September 30, 2000. The fee is paid at the end of each calendar year.

BFC has borrowed funds from LLC for use in operations at a variable interest rate of approximately 7.25%. Loan balance and interest payable to LLC were $3,222 and $276, respectively, as of September 30, 2000 and $2,513 and $789, respectively, as of December 31, 1999.

8. UNIT INCENTIVE PLAN

During the first quarter of 2000, LLC sold 99,492 Class D units to certain BFC management employees. The Class D units are generally restricted as to transfer and allow for LLC, at its discretion, to repurchase the units, upon certain conditions including termination of the unitholders' employment, prior to full vesting after five years.

Under the Unit Incentive Plan, BFC issued four UAR's with an exercise price of $8.50 per unit for each Class D unit purchased. The UAR entitles the unitholder to receive an amount in cash equal to the excess of the market price (as defined in the UAR agreement) of the unit over the exercise price of the UAR. The UAR's vest ratably over five years and expire upon certain events, including termination of the unitholders' employment, but in no case to exceed ten years.

9. COMMITMENTS AND CONTINGENCIES

Commitments

BFC has entered into a long-term production agreement through 2005, subject to renewal thereafter, for the production and packaging of sauce. Under a financing arrangement, the contracted party must install a glass packaging machinery line at its facility. BFC has agreed to provide payments based on unit production until the equipment costs are fully recovered. Upon expiration or termination of this agreement for any cause other than for special reasons, BFC shall pay for any unrecovered costs of equipment at such time. Total obligations under this financing arrangement are $5,800.

In conjunction with the production agreement, BFC has entered into a long-term supply agreement through 2004 with the same party, subject to renewal thereafter, for diced tomatoes and tomato concentrates. The supply agreement requires BFC to purchase, at prices determined by formulas, 100% of its requirements for diced tomatoes and a minimum of 20 million pounds of tomato concentrate per crop year. Based on the pricing formula, the minimum purchase commitment for tomato concentrate is approximately $5,400 per crop year.

Legal Matters

BFC is involved in certain legal proceedings arising through the normal course of business. Management is of the opinion that the final outcomes of such proceedings should not have a material impact on BFC's results of operations or financial position.

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DEC-31-2000
JUL-01-2000
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