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 March 31, 2001

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 May 11, 2001: 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 sale 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 continues to control significant financial and managerial decisions with respect to Foods Holdings. On October 30, 2000, Wise Holdings was sold by BWHLLC and as of that date, Wise Holdings' financial guarantees ceased. Accordingly, in the Condensed Combined Financial Statements, Wise is reflected as a discontinued operation in 2000 (See Note 3 to the Condensed Consolidated and Condensed Combined Financial Statements) and separate 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. The financial statements for Foods Holdings are prepared on a purchase accounting basis.

BORDEN, INC.

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PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

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

(In millions)	Three months ended March 31, 2001	2000
Net sales	$384.9	$356.0
Cost of goods sold	299.6	246.6
Gross margin	85.3	109.4
Distribution expense	19.4	19.2
Marketing expense	16.3	17.8
General & administrative expense	29.3	37.6
Net (gain) loss on sale of assets	(2.6)	0.1
Business realignment (income) expense	(4.1)	2.8
Operating income	27.0	31.9
Interest expense	13.2	14.7
Affiliated interest expense, net of affiliated interest income of $0.4 and $0.1 in 2001 and 2000	4.2	4.1
Interest income and other expense (income)	1.6	(6.6)
Income before income tax	8.0	19.7
Income tax expense	7.2	7.4
Net income	0.8	12.3
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$(17.6)	$ (6.1)
Comprehensive income (see Note 4)	$(13.3)	$ 9.9

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 March 31, 2001	2000
Basic and Diluted Per Share Data		
Net income	$ -	$ 0.06
Preferred stock dividends	(0.09)	(0.09)
Net loss applicable to common stock	$(0.09)	$(0.03)
Dividends per common share	$ 0.06	$ 0.13
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 BALANCE SHEETS (UNAUDITED)
BORDEN, INC.

(In millions)

ASSETS	March 31, 2001	December 31, 2000
CURRENT ASSETS		
Cash and equivalents	$ 26.5	$ 27.8
Accounts receivable (less allowance for doubtful accounts of $12.9 in 2001 and $13.1 in 2000)	224.5	253.1
Loan receivable from affiliate	21.7	6.1
Inventories:		
Finished and in-process goods	68.9	68.7
Raw materials and supplies	58.2	58.6
Deferred income taxes	51.5	46.6
Other current assets	19.7	15.2
	471.0	476.1
INVESTMENTS AND OTHER ASSETS		
Investments	59.5	61.9
Investment in affiliate	10.0	10.0
Deferred income taxes	90.0	84.6
Prepaid pension assets	110.3	111.5
Other assets	30.4	41.2
	301.1	309.2
PROPERTY AND EQUIPMENT		
Land	27.8	28.0
Buildings	86.5	88.0
Machinery and equipment	773.9	778.3
	888.2	894.3
Less accumulated depreciation	(323.9)	(321.1)
	564.3	573.2
INTANGIBLES	176.5	179.8
TOTAL ASSETS	$ 1,512.9	$ 1,538.3

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	March 31, 2001	December 31, 2000
CURRENT LIABILITIES		
Accounts and drafts payable	$ 178.0	$ 158.8
Debt payable within one year	19.6	43.5
Loans payable with affiliates	265.8	283.1
Other current liabilities	181.5	187.4
	644.9	672.8
OTHER LIABILITIES		
Long-term debt	530.5	530.5
Non-pension post-employment benefit obligations	153.3	156.0
Other long-term liabilities	195.0	164.7
	878.8	851.2
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	359.9	353.3
Receivable from parent	(414.9)	(414.9)
Accumulated other comprehensive income	(74.4)	(60.3)
Accumulated deficit	(497.8)	(480.2)
	(10.8)	14.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,512.9	$ 1,538.3

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Three months ended March 31, 2001	2000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income	$ 0.8	$ 12.3
Adjustments to reconcile net income to net cash from (used in) operating activities:		
(Gain) loss on the sale of assets	(2.6)	0.1
Business realignment (income) expense	(4.1)	2.8
Deferred tax (benefit) provision	(11.1)	8.6
Depreciation and amortization	16.5	14.2
Unrealized loss (gain) on interest rate swap	0.5	(2.1)
Net change in assets and liabilities:		
Trade receivables	(0.4)	(11.2)
Inventories	0.2	2.5
Trade payables	19.2	(1.4)
Income taxes	55.7	(9.5)
Other assets	(0.9)	5.1
Other liabilities	12.7	(20.9)
	61.1	0.5
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(15.0)	(19.8)
Proceeds from the sale of assets	16.3	1.0
Collection of purchased affiliate receivables	0.5	-
Investment in affiliate	-	(1.4)
	1.8	(20.2)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt (repayments) borrowings	(23.9)	3.4
Repayment of long-term debt	-	(0.2)
Affiliated (repayments/loans) borrowings/receipts	(21.9)	14.1
Interest received from parent	12.1	12.1
Common stock dividends paid	(12.1)	(25.1)
Preferred stock dividends paid	(18.4)	(18.4)
Other distributions	-	(10.3)
	(64.2)	(24.4)

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

(In millions)	Three months ended March 31, 2001	2000
Decrease in cash and equivalents	$ (1.3)	$ (44.1)
Cash and equivalents at beginning of period	27.8	195.2
Cash and equivalents at end of period	$ 26.5	$ 151.1

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 20.9	$ 21.9
Taxes, net of refunds	(45.2)	9.1
Non-cash activity:		
Accrued dividends on investment in affiliate	-	2.1
Capital contribution by parent	11.0	7.5
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, 2000	$ 614.4	$ 2.0	$ 353.3	$ (414.9)	$ (60.3)	$ (480.2)	$ 14.3
Net income						0.8	0.8
Translation adjustments					(12.1)		(12.1)
Cumulative effect of change in accounting principle (net of $1.9 tax)					(3.3)		(3.3)
Derivative activity (net of $0.9 tax)					1.3		1.3
Preferred stock dividends						(18.4)	(18.4)
Common stock dividends			(12.1)				(12.1)
Interest accrued on notes from parent (net of $4.4 tax)			7.7				7.7
Capital contribution from parent			11.0				11.0
Balance, March 31, 2001	$ 614.4	$ 2.0	$ 359.9	$ (414.9)	$ (74.4)	$ (497.8)	$ (10.8)

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 March 31, 2001	2000
Net sales	$ 534.8	$ 498.1
Cost of goods sold	373.1	318.5
Gross margin	161.7	179.6
Distribution expense	29.5	30.7
Marketing expense	82.4	83.1
General & administrative expense	44.8	53.1
Net (gain) loss on sale of assets	(2.6)	0.1
Business realignment (income) expense	(4.1)	2.8
Operating income	11.7	9.8
Interest expense	13.2	14.7
Affiliated interest expense, net of affiliated interest income of $0.4 in 2001	1.0	0.3
Interest income and other expense (income)	2.3	(6.5)
(Loss) income from continuing operations before income tax	(4.8)	1.3
Income tax expense	3.2	1.7
Loss before discontinued operations	(8.0)	(0.4)
Discontinued operations:		
Income from operations, net of tax	-	0.5
Net (loss) income	(8.0)	0.1
Affiliate's share of income	-	0.1
Preferred stock dividends	(18.4)	(18.4)
Net loss applicable to common stock	$ (26.4)	$ (18.2)
Comprehensive income (see Note 4)	$ (30.0)	$ (3.6)

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)

ASSETS	March 31, 2001	December 31, 2000
CURRENT ASSETS		
Cash and equivalents	$ 34.0	$ 43.2
Accounts receivable (less allowance for doubtful accounts of $13.7 in 2001 and $13.9 in 2000)	260.6	306.3
Loan receivable from affiliate	21.7	6.1
Inventories:		
Finished and in-process goods	118.6	115.2
Raw materials and supplies	79.2	87.2
Deferred income taxes	75.0	66.7
Other current assets	26.3	20.6
	615.4	645.3
INVESTMENTS AND OTHER ASSETS		
Investments	59.5	61.9
Investment in affiliate	10.0	10.0
Deferred income taxes	90.9	84.6
Prepaid pension assets	120.8	122.5
Other assets	30.7	31.0
	311.9	310.0
PROPERTY AND EQUIPMENT		
Land	38.1	38.4
Buildings	161.3	163.6
Machinery and equipment	1,071.0	1,076.2
	1,270.4	1,278.2
Less accumulated depreciation	(507.8)	(498.7)
	762.6	779.5
INTANGIBLES	447.2	457.7
TOTAL ASSETS	$ 2,137.1	$ 2,192.5

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	March 31, 2001	December 31, 2000
CURRENT LIABILITIES		
Accounts and drafts payable	$ 213.4	$ 198.6
Debt payable within one year	20.9	44.1
Income taxes payable	9.5	7.2
Loans payable with affiliates	56.6	79.2
Other current liabilities	219.0	226.1
	519.4	555.2
OTHER LIABILITIES		
Long-term debt	535.7	535.8
Non-pension post-employment benefit obligations	163.7	166.8
Other long-term liabilities	233.5	208.1
	932.9	910.7
COMMITMENTS AND CONTINGENCIES (See Note 6)		
SHAREHOLDERS' EQUITY		
Preferred stock	614.4	614.4
Common stock	2.0	2.0
Paid in capital	630.5	623.9
Receivable from parent	(414.9)	(414.9)
Affiliate's interest in subsidiary	66.3	66.3
Accumulated other comprehensive income	(117.5)	(95.5)
Accumulated deficit	(96.0)	(69.6)
	648.8	726.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,137.1	$2,192.5

See Notes to Condensed Consolidated and Condensed Combined Financial Statements

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

(In millions)	Three months ended March 31, 2001	2000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net (loss) income	$ (8.0)	$ 0.1
Adjustments to reconcile net (loss) income to net cash from (used in) operating activities:		
(Gain) loss on the sale of assets	(2.6)	0.1
Business realignment (income) expense	(4.1)	2.8
Deferred tax (benefit) provision	(17.7)	9.1
Depreciation and amortization	28.0	22.8
Unrealized loss (gain) on interest rate swap	0.5	(2.1)
Net change in assets and liabilities:		
Trade receivables	15.7	1.3
Inventories	3.7	5.5
Trade payables	15.7	(5.6)
Income taxes	57.2	(9.0)
Other assets	(2.7)	7.1
Other liabilities	(13.3)	(17.1)
Net assets of discontinued operations	-	(1.7)
	72.4	13.3
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(18.5)	(33.3)
Proceeds from the sale of assets	16.3	1.0
Collection of purchased affiliate receivables	0.5	-
	(1.7)	(32.3)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net short-term debt (repayments) borrowings	(23.2)	3.5
Repayment of long-term debt	(0.1)	(0.4)
Affiliated (repayments/loans) borrowings/receipts	(38.2)	7.8
Interest received from parent	12.1	12.1
Common stock dividends paid	(12.1)	(25.1)
Preferred stock dividends paid	(18.4)	(18.4)
Other distributions	-	(10.3)
	(79.9)	(30.8)

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

(In millions)	Three months ended March 31, 2001	2000
Decrease in cash and equivalents	$ (9.2)	$ (49.8)
Cash and equivalents at beginning of period	43.2	227.5
Cash and equivalents at end of period	$ 34.0	$ 177.7
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest, net	$ 17.4	$ 17.0
Taxes, net of refunds	(44.0)	2.1
Non-cash activity:		
Accrued dividends on investment in affiliate	-	2.1
Capital contribution by parent	11.0	7.5
Affiliate's share of income	-	(0.1)
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	Accumulated Deficit	Total
Balance, December 31, 2000	$ 614.4	$ 2.0	$ 623.9	$ (414.9)	$ 66.3	$ (95.5)	$ (69.6)	$ 726.6
Net loss							(8.0)	(8.0)
Translation adjustments						(20.0)		(20.0)
Cumulative effect of change in accounting principle (net of $2.0 tax)						(3.5)		(3.5)
Derivative activity (net of $1.0 tax)						1.5		1.5
Preferred stock dividends							(18.4)	(18.4)
Common stock dividends			(12.1)					(12.1)
Interest accrued on notes from parent (net of $4.4 tax)			7.7					7.7
Capital contribution from parent			11.0					11.0
Balance, March 31, 2001	$ 614.4	$ 2.0	$ 630.5	$ (414.9)	$ 66.3	$ (117.5)	$ (96.0)	$ 684.8

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. Foods Holdings provides financial guarantees to obligations under the Company's credit facility and all of the Company's outstanding publicly held debt. On October 30, 2000, Wise Holdings was sold by BWHLLC. As a result, Wise is reflected as a discontinued operation in 2000 in the Combined Financial Statements and its financial guarantees ceased. Because of the aforementioned control and guarantees, the Company has included, supplementally in this filing, Condensed Combined Financial Statements of Borden, Inc. and Affiliates (the "Combined Companies") which present the financial condition and results of operations and cash flows of the Company, Wise and Foods. The Combined Companies' financial statements do not reflect push-down accounting and therefore present financial information on a basis consistent with that upon which credit was originally extended to the Company.

The accompanying unaudited interim Condensed Consolidated and Condensed Combined Financial Statements contain all adjustments, consisting only of normal adjustments, which in the opinion of management are necessary for a fair 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.

Certain prior year amounts have been reclassified to conform with the 2001 presentation.

2. BUSINESS REALIGNMENT

In the first quarter of 2001, the Company sold the land associated with one of the forest products resins plants closed in 2000 for $11.0, which resulted in a pre-tax gain of $10.5 ($6.5 after-tax). The Company accrued additional costs of $3.7 associated with plant closures initiated in 2000 and a business process redesign project initiated in 2001 which consist primarily of asset write-offs, severance and environmental remediation costs. The Company incurred primarily duplicative facilities and environmental costs of $2.7 also related to plant closures initiated in 2000.

3. DISCONTINUED OPERATIONS

In 2000, BWHLLC sold 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 in 2000.

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

	THREE MONTHS ENDED MARCH 31, 2001	2000
Net sales	$ -	$57.4
Income before income taxes	-	0.7
Income tax expense	-	0.2
Income from discontinued operations	-	0.5

4. COMPREHENSIVE INCOME

Comprehensive income was computed as follows:

	THREE MONTHS ENDED MARCH 31, CONSOLIDATED		COMBINED	
	2001	2000	2001	2000
Net income (loss)	$ 0.8	$12.3	$ (8.0)	$ 0.1
Foreign currency translation adjustments	(12.1)	(2.4)	(20.0)	(3.7)
Cumulative effect of change in accounting principle	(3.3)	-	(3.5)	-
Derivative activity	1.3	-	1.5	-
	$(13.3)	$ 9.9	$(30.0)	$(3.6)

The consolidated foreign currency adjustments in 2001 relate primarily to Chemical businesses in Latin America, the United Kingdom and Canada. In addition to consolidated, the combined foreign currency adjustments relate primarily to Foods' Canadian operations. The foreign currency translation adjustments in 2000 relate primarily to Latin American Chemical businesses.

The cumulative effect of change in accounting principle represents the impact of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001. The Company and Combined Companies recorded a pre-tax initial transition adjustment to Other Comprehensive Income of $5.2 and $5.5 ($3.3 and $3.5 net of tax), respectively, of which, $2.2 and $2.5 before-tax ($1.3 and $1.5 after-tax), respectively, was reclassified into earnings in the first quarter of 2001. The Company and Combined Companies expect to reclassify an additional $1.3 (pre-tax) into earnings during the remainder of 2001

5. RELATED PARTY TRANSACTIONS

The Company provides services to Foods and provided services to Wise prior to its sale by BWHLLC (see Note 3). Fees received for these services are offset against the Company's general and administrative expenses and approximated $0.7 and $1.5 for the three months ended March 31, 2001 and 2000, respectively.

In the first quarter of 2001, the Company received a payment of $11.1 from Foods for its portion of the Company's net pension liability.

At March 31, 2001, Foods had $212.1 invested with the Company, BWHLLC had $51.2 invested with the Company and Combined Companies and Borden Foods Holdings, LLC, Foods' parent, had $2.3 invested with the Company and $5.2 invested with the Combined Companies. In addition, CCPC Acquisition Corp., WKI Holding Company, Inc.'s ("WKI") parent and an affiliate of the Company's parent, had $0.2 invested with the Company and Combined Companies at March 31, 2001.

In 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 either (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%, or (c) the Eurodollar rate plus 4%. At March 31, 2001, $21.7 was outstanding under this agreement. In April 2001, the agreement was extended to March 31, 2004.

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 the Company's and Combined Companies' 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 the Combined Companies have each accrued approximately $26 (including those costs related to legal proceedings) at March 31, 2001 and December 31, 2000, respectively, 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 believes 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 $20.

LEGAL MATTERS - The Company and Combined Companies have recorded $3.9 and $4.1 in liabilities at March 31, 2001 and December 31, 2000, respectively, for legal costs in amounts that management believes are probable and reasonably estimable. Actual costs are not expected to exceed these amounts. The Company may be held responsible for certain environmental liabilities incurred at Borden Chemicals and Plastics Limited Partnership ("BCP") facilities, which were previously owned by the Company. The Company believes, based upon the information it currently possesses, and taking into account its established reserves for estimated liability and its insurance coverage, that the ultimate outcome of the foregoing proceedings and actions is unlikely to have a material adverse effect on the Company's financial statements.

OTHER - A wholly owned subsidiary of the Company serves as the general partner of BCP and has certain fiduciary responsibilities to BCP and its operating subsidiary, Borden Chemicals and Plastics Operating Limited Partnership ("BCPOLP"). BCP and BCPOLP were created in November 1987 as separate and distinct entities from the Company and Combined Companies and BCP is 99% owned by the public. On April 3, 2001, BCPOLP and its subsidiary, BCP Finance Corporation, filed voluntary petitions for protection under chapter 11 of the United States Bankruptcy Code, Title 11 of the United States Code, in the United States Bankruptcy Court for the District of Delaware. The Company recorded a liability of $20.0 at December 31, 2000 for potential liabilities associated with BCPOLP. The Company believes that it is reasonably possible, based on current information and analysis, that costs associated with BCP may exceed the current liability by amounts that may prove insignificant or by amounts, in the aggregate, of up to approximately $17.

PART 1. FINANCIAL INFORMATION

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

RESULTS OF OPERATIONS BY BUSINESS UNIT:

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

	THREE MONTHS ENDED MARCH 31, CONSOLIDATED		COMBINED	
(Dollars in millions)	2001	2000	2001	2000
NET SALES:				
Foods			$149.9	$142.1
Chemical	$360.5	$322.1	360.5	322.1
Consumer Adhesives	24.4	22.3	24.4	22.3
Businesses sold or distributed (1)	-	11.6	-	11.6
	$384.9	$356.0	$534.8	$498.1
ADJUSTED OPERATING EBITDA:				
Foods			$ (3.8)	$(13.5)
Chemical	$ 39.7	$ 54.6	39.7	54.6
Consumer Adhesives	2.6	2.7	2.6	2.7
Businesses sold or distributed (1)	-	(1.6)	-	(1.6)
Corporate and other	(2.9)	(6.8)	(2.9)	(6.8)
TOTAL ADJUSTED OPERATING EBITDA (2)	39.4	48.9	35.6	35.4
Significant or unusual items (3)	4.1	(2.8)	4.1	(2.8)
Depreciation and amortization (4)	(16.5)	(14.2)	(28.0)	(22.8)
OPERATING INCOME	$ 27.0	$ 31.9	$ 11.7	$ 9.8

(1) Represents the Company's printing inks and infrastructure management services businesses.

(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 and gains and losses on the divestiture of businesses. The 2001 consolidated and combined amount represents a gain on the sale of land associated with a Chemical plant closed in 2000 of $10.5 million, offset by asset write-offs of $2.1 million which related to Chemical restructuring activities initiated in 2000, as well as severance and other employee benefit costs of $1.6 million associated with a business redesign project in the Company's forest products resins operations (see also Note 2 to the Condensed Consolidated and Condensed Combined Financial Statements). The Company also incurred primarily duplicative facilities and environmental costs in 2001 of $2.7 million related to restructuring activities initiated in 2000. The 2000 consolidated and combined amount represents Chemical restructuring costs relating primarily to plant closures in Argentina and California.

(4) The increase in consolidated depreciation and amortization is primarily due to the May 2000 Consumer Adhesives acquisition. Combined depreciation and amortization was higher due to the consolidated increase as well as higher Foods' depreciation and amortization due primarily to manufacturing line improvements placed in service in 2000.

CONSOLIDATED AND COMBINED THREE MONTHS ENDED MARCH 31, 2001 VERSUS THREE MONTHS ENDED MARCH 31, 2000

Consolidated Summary
- ---------------------
Consolidated net sales for the three months ended March 31, 2001 were $384.9 million, a $28.9 million, or approximately 8%, increase over 2000 net sales of $356.0 million for the same period. The increase is primarily due to higher Chemical selling prices, two Chemical acquisitions in the second half of 2000 and favorable product mix, partially offset by unfavorable currency exchange rates across all international businesses, the absence of sales from businesses sold or distributed in 2000 and reduced Chemical volumes. Adjusted operating EBITDA decreased $9.5 million, or approximately 19%, to $39.4 million for the three months ended March 31, 2001 compared to $48.9 million for the same period in 2000. The decrease is primarily due to significantly higher raw material and energy costs in the Chemical business.

Combined Summary
- -----------------
Combined net sales for the three months ended March 31, 2001 were $534.8 million, a $36.7 million, or approximately 7%, increase over 2000 net sales of $498.1 million for the same period. In addition to the consolidated factors above, combined net sales improved due to increased It's Pasta Anytime and sauce volumes in the Foods business. Combined adjusted operating EBITDA for the three months ended March 31, 2001 was $35.6 million, a $0.2 million increase over 2000 adjusted operating EBITDA of $35.4 million for the same period. Lower consolidated adjusted operating EBITDA was more than offset by improvement in Foods adjusted operating EBITDA of $9.7 million due primarily to reductions in production, distribution and administrative expenses primarily resulting from cost savings initiatives implemented during 2000.

Chemical
- --------
Chemical sales in 2001 were up $38.4 million, or approximately 12%, to $360.5 million for the three months ended March 31, 2001, compared to $322.1 million for the same period in 2000. The most significant items that positively impacted 2001 sales were higher selling prices across all businesses, improved volumes of higher priced specialty products, and two acquisitions in the United States in the second half of 2000. The most significant items that negatively impacted sales were an overall volume decline and unfavorable currency exchange rates for all international business units.

Overall higher selling prices had an approximate $50 million positive impact on 2001 sales. The higher selling prices primarily reflect the partial pass-through of significantly higher raw material costs in 2001. 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). First quarter 2001 selling prices, although higher, reflect only partial recovery of the higher raw material costs, as competitive pressures continue to have a negative impact on pricing.

When excluding the effect of acquisitions and divestitures, favorable product mix was more than offset by overall volume declines of approximately 6%, for a net decline of $9.4 million versus the prior year. Favorable product mix included increased volume of higher priced UV coatings and oilfield products while lower volumes primarily impacted the forest product and foundry resins businesses. The improvement in UV coatings volume is the result of both growth in demand for optical fiber and increased market share. Oilfield products volume improvement is due to increased drilling activity reflecting significantly higher natural gas and oil prices. The lower forest product resins volumes in 2001 reflect the continuation of very difficult market conditions that persisted throughout the second half of 2000 and included aggressive competitor pricing and a downturn in housing starts. Lower volumes in foundry resins reflect declines in auto production.

The acquisition of the formaldehyde and certain other assets of Borden Chemicals and Plastics Limited Partnership ("BCP") in the third quarter of 2000 and the acquisition of East Central Wax in the fourth quarter of 2000 provided incremental 2001 sales of $12.4 million.

Unfavorable currency exchange rates for all international operations had a total unfavorable impact on 2001 sales of $11.0 million, with the most significant impacts in Latin America, Canada and the United Kingdom.

Adjusted operating EBITDA of $39.7 million for the three months ended March 31, 2001, was $14.9 million, or approximately 27%, lower than prior year adjusted operating EBITDA of $54.6 million. The main reasons for the overall decline are significantly higher raw material and energy costs. Although selling prices were higher than the prior year, they were not nearly high enough to cover the significant increases in cost of methanol, phenol and urea. Higher energy costs reflect significantly higher natural gas costs in 2001.

Consumer Adhesives

Consumer Adhesives' net trade sales for the three months ended March 31, 2001 were $24.4 million, an increase of $2.1 million, or approximately 9%, compared to 2000 net trade sales for the same period of $22.3 million. The increase is primarily attributable to higher volume from the May 2000 acquisition.

Consumer Adhesives operating EBITDA for the three months ended March 31, 2001 was $2.6 million, a $0.1 million, or approximately 4%, decrease versus 2000 EBITDA of $2.7 million for the same period. The decline is due to higher raw material and distribution costs resulting primarily from higher natural gas and oil costs, partially offset by incremental volume from the May 2000 acquisition.

Foods

Foods' sales for the three months ended March 31, 2001 increased $7.8 million, or approximately 5%, to $149.9 million from $142.1 million for the three months ended March 31, 2000. The increase was primarily led by the national introduction of It's Pasta Anytime in the second quarter of 2000 resulting in increased sales of $4.7 million. In addition, Foods sales improved $3.8 million with growth in domestic and international sauce volumes due primarily to market share gains due to new product line extensions and expanded distribution.

Foods' adjusted operating EBITDA improved by $9.7 million, or approximately 72%, to a loss of $3.8 million for the three months ended March 31, 2001 from a loss of $13.5 million for the same period in 2000. This improvement was primarily due to reductions totaling $6.6 million in production, distribution and administrative expenses primarily resulting from cost savings initiatives implemented during 2000, lower advertising costs primarily due to the absence of advertising associated with new product introductions and line extensions in 2001, and higher volumes in sauce and It's Pasta Anytime. These improvements were partially offset by an increase in trade promotion support for It's Pasta Anytime and pasta.

Corporate and other

Corporate and other adjusted operating EBITDA, classified primarily as general and administrative expenses, improved $3.9 million to a loss of $2.9 million for the three months ended March 31, 2001 compared to a loss of $6.8 million for the three months ended March 31, 2000. The improvement is primarily due to gains on the sale of a portion of a common stock equity investment held by the Company of $2.6 million.

Businesses sold or distributed

The Company's printing inks and infrastructure management services businesses provided net sales of $9.9 million and $1.7 million, respectively, in 2000. The printing inks business provided adjusted operating EBITDA of $0.8 million. The infrastructure management services business adjusted operating loss of $2.4 million in 2000 consisted of general and administrative expenses of $4.1 million that more than offset net sales.

NON-OPERATING EXPENSES AND INCOME TAXES

Following is a comparison of non-operating expenses for the three months ended March 31, 2001 and 2000:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2001	2000	2001	2000
Interest expense	$13.2	$14.7	$13.2	$14.7
Affiliated interest expense, net	4.2	4.1	1.0	0.3
Interest income and other expense (income)	1.6	(6.6)	2.3	(6.5)
	$19.0	$12.2	$16.5	$ 8.5

Consolidated non-operating expenses increased $6.8 million to $19.0 million for the three months ended March 31, 2001 compared with $12.2 million for the three months ended March 31, 2000. The increase is primarily due to a reduction in interest income of $2.5 million due to lower average cash balances in 2001 compared to 2000, reduced unrealized gains on an interest rate swap which terminated in September 2000 of $2.6 million, and reduced affiliated dividend income of $2.1 million.

Combined non-operating expenses increased $8.0 million from $8.5 million for the three months ended March 31, 2000 to $16.5 million for the three months ended March 31, 2001. The increase relates primarily to the consolidated factors described above.

Following is a comparison of income taxes for the three months ended March 31, 2001 and 2000:

	THREE MONTHS ENDED MARCH 31,			
	CONSOLIDATED		COMBINED	
(Dollars in millions)	2001	2000	2001	2000
Income tax expense	$7.2	$7.4	$3.2	$1.7
Effective tax rate	90%	38%	N/M	N/M

The 2001 consolidated and combined effective tax rates reflect the impact of earnings related to the expected sale of a foreign business that are not expected to be permanently reinvested in foreign locations and the inability to utilize the foreign tax credits associated with those earnings due to usage limitations. The combined rate also reflects the impact of permanent items not deductible for tax purposes.

The 2000 consolidated and combined effective tax rates reflect the effect of lower tax rates in foreign jurisdictions. The combined rate also reflects permanent tax differences on Foods' net loss.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Consolidated operating activities provided cash of $61.1 million in the first quarter of 2001 compared to $0.5 million in the first quarter of 2000. The $60.6 million improvement is primarily due to net tax refunds of $45.2 million in 2001 compared to 2000 tax payments of $9.1 million, improvement in cash flows from trade payables of $20.6 million due to better management of payment terms and timing of payments, and improved accounts receivable cash flows of $10.8 million primarily in the Chemical and Consumer Adhesives businesses due to improved collection efforts. These increased inflows were partially offset by a decline in adjusted operating EBITDA of $9.5 million (see page 20) reduced cash flows from inventories of $2.3 million primarily due to higher raw material costs, increased payroll and other benefit related payments of $5.7 million primarily due to timing differences and Chemical payments of $4.3 million related to restructuring programs initiated in 2000.

Combined cash provided by operating activities in the first quarter of 2001 was $72.4 million, $59.1 million greater than the $13.3 million provided in the first quarter of 2000. The combined improvement is comparable to consolidated. In addition to the consolidated factors above, significant components of combined included an improvement in Foods' adjusted operating EBITDA of $9.7 million (see page 20), more than offset by additional Foods' tax payments of $8.7 million as well as other amounts.

Investing Activities

Consolidated investing activities in the first quarter of 2001 provided cash of $1.8 million versus $20.2 million cash used in the first quarter of 2000. The $22.0 million improvement primarily represents reduced capital expenditures of $4.8 million, primarily in the Chemical business due to reduced plant expansion projects in 2001, proceeds of $11.0 million from the sale of land associated with one of the Chemical plants closed in 2000 and proceeds of $5.3 million primarily from the sale of a portion of a common stock equity investment held by the Company.

Combined investing activities used cash of $1.7 million in the first quarter of 2001 compared to $32.3 million cash used in the first quarter of 2000. In addition to consolidated factors discussed above, the $30.6 million improvement includes further reductions in capital expenditures of $10.0 million primarily due to Foods new product manufacturing line spending in 2000.

Financing Activities

Consolidated financing activities used $64.2 million in the first quarter of 2001 versus $24.4 million in the first quarter of 2000. The $39.8 million increase in cash used is primarily due to 2001 net affiliated repayments and loans of $21.9 million compared to 2000 net affiliated borrowings/receipts of $14.1 million. Affiliated activity in 2001 is primarily comprised of repayments to BWHLLC of $22.3 million and an additional amount loaned to WKI Holding Company, Inc., an affiliate, of $15.6 million, partially offset by increased borrowings/receipts from Foods of $16.2 million. In addition, 2001 included net short-term debt repayments of $23.9 million compared to 2000 net borrowings of $3.4 million. These increased outflows were partially offset by lower common stock dividends paid of $13.0 million and the absence of a $10.3 million distribution of cash temporarily held by the management infrastructure services business for the benefit of its customers, to the Company's parent.

Combined financing activities used $79.9 million in the first quarter of 2001 compared to $30.8 million used in the first quarter of 2000. Excluding increases in net affiliated inflows between years related to Foods of $9.9 million which are eliminated, the increase of $49.1 million primarily represents the consolidated factors described above.

RECENT ACCOUNTING PRONOUNCEMENTS

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. Although this EITF is not effective for the Company until January 1, 2002, registrants who do not elect early adoption are subject to certain disclosure requirements. Upon adoption, approximately $4 million and $33 million for the Company and Combined Companies, respectively, for the three months ended March 31, 2001, and $3 million and $28 million for the three months ended March 31, 2000, respectively, will be reclassified from marketing expense to net sales. The Company's and Combined Companies' current policy of recognizing a liability for sales incentives at the later of the date at which the related revenue is recorded or the date at which the sales incentive is offered, complies with the consensuses reached in this issue.

In April 2001, the EITF reached a consensus on Issue No. 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products". This issue requires that consideration paid from a vendor to a purchaser be classified as a reduction of revenue in the vendor's income statement unless it can be determined that an identifiable benefit will be received by the vendor and the fair value of the benefit exceeds the consideration provided to the purchaser. In that case, the consideration should be characterized as a cost. This EITF is effective for quarters beginning after December 15, 2001. The Company and Combined Companies are in the process of determining the impact of this consensus 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, 2000. The Company is involved in various other litigation throughout the United States, which is considered to be in the ordinary course of the Company's business.

On April 3, 2001, Borden Chemicals and Plastics Operating Limited Partnership ("BCPOLP") and its subsidiary filed voluntary petitions for protection under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. A subsidiary of the Company is the General Partner of BCPOLP. See Note 6 to the Condensed Consolidated and Condensed Combined Financial Statements for a discussion of contingent liabilities related to this event.

Management believes, based upon the information it currently possesses, and taking into account its established reserves for estimated liability, that the ultimate outcome of the environmental and legal proceedings and actions is unlikely to have a material adverse effect on the financial position or results of operations of the Company.

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

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 first quarter of 2001.

SIGNATURE

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

BORDEN, INC.

Date May 11, 2001

By /s/ Deborah K. Roche

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

BORDEN FOODS HOLDINGS CORPORATION

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2001 AND 2000

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands except per share and share amounts)	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Net sales	$149,886	$ 142,070
Cost of goods sold	72,411	71,335
Gross margin	77,475	70,735
Distribution expense	10,105	11,561
Marketing expense	66,136	65,260
General & administrative expense	14,550	14,538
Operating loss	(13,316)	(20,624)
Interest expense	76	51
Interest income	(3,263)	(4,387)
Loss before income tax	(10,129)	(16,288)
Income tax benefit	(3,777)	(6,100)
Net loss	(6,352)	(10,188)
Affiliate's share of income	(5)	114
Net loss applicable to common stock	$ (6,357)	$ (10,074)
Comprehensive income (Note 6)	$ (9,566)	$ (12,041)
Basic and diluted loss per common share	$(63,570)	$(100,740)
Average number of common shares outstanding during the period	100	100

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)

ASSETS	March 31, 2001	December 31, 2000
CURRENT ASSETS		
Cash and equivalents	$ 219,612	$222,374
Accounts receivable (less allowance for doubtful accounts of $818 and $787, respectively)	34,247	51,126
Inventories:		
Finished and in-process goods	49,774	46,531
Raw materials and supplies	21,025	28,608
Deferred income taxes	6,293	9,584
Other current assets	9,287	8,243
	340,238	366,466
OTHER ASSETS		
Deferred income taxes	4,036	-
Other assets	6,507	7,461
	10,543	7,461
PROPERTY AND EQUIPMENT		
Land	9,499	9,586
Buildings	42,713	43,362
Machinery and equipment	224,035	224,937
	276,247	277,885
Less accumulated depreciation	(93,451)	(88,062)
	182,796	189,823
INTANGIBLES		
Goodwill	10,613	10,692
Trademarks and other intangibles	104,672	105,464
	115,285	116,156
TOTAL ASSETS	$ 648,862	$679,906

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	March 31, 2001	December 31, 2000
CURRENT LIABILITIES		
Accounts and drafts payable	$ 35,397	$ 39,823
Accrued customer allowances	13,396	12,093
Income tax payable	7,138	8,000
Short-term borrowings	720	-
Current maturities of long-term debt	352	369
Current obligations under capital lease	252	252
Loans due to affiliates	2,964	3,029
Other current liabilities	25,143	27,817
	85,362	91,383
OTHER LIABILITIES		
Long-term debt	2,434	2,529
Long-term obligations under capital lease	2,716	2,770
Deferred income taxes	-	6,203
Other long-term liabilities	47,504	56,609
	52,654	68,111
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
SHAREHOLDER'S EQUITY		
Common stock - $0.01 par value; 100 shares authorized, issued, and outstanding	-	-
Paid in capital	423,104	423,104
Shareholder's investment in affiliates	66,343	66,338
Retained earnings	28,113	34,470
Accumulated translation adjustments	(6,714)	(3,500)
	510,846	520,412
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$ 648,862	$679,906

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Three Months Ended March 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (6,352)	$(10,188)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,794	6,299
Deferred tax (benefit) provision	(6,948)	1,068
Net change in assets and liabilities:		
Trade receivable	16,879	13,134
Inventories	4,340	3,372
Accounts and drafts payable	(4,426)	(4,281)
Accrued customer allowances	1,303	585
Income taxes	(862)	(445)
Other current assets and liabilities	(3,471)	1,941
Other assets and liabilities	(9,135)	(624)
	122	10,861
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital expenditures	(3,485)	(11,047)
	(3,485)	(11,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net short-term debt borrowings	720	154
(Repayment) borrowings of loans due to affiliates	(65)	765
Repayment of capital lease obligations	(54)	-
	601	919
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(2,762)	733
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	222,374	266,825
CASH AND EQUIVALENTS AT END OF PERIOD	$219,612	$267,558

See accompanying Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
BORDEN FOODS HOLDINGS CORPORATION

(In thousands)	Three Months Ended March 31, 2001	2000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid:		
Interest	$ 61	$ 232
Taxes, net of (refunds)	1,209	(7,533)

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	Retained Earnings	Accumulated Translation Adjustments	Total
Balance at December 31, 2000	$ 423,104	$ 66,338	$ 34,470	$ (3,500)	$ 520,412
Net loss			(6,352)		(6,352)
Foreign currency translation adjustments				(3,214)	(3,214)
Affiliate's share of income		5	(5)		-
Balance at March 31, 2001	$ 423,104	$ 66,343	$ 28,113	$ (6,714)	$ 510,846

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 (the "Company"), 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. The Company is a leading producer and marketer of a variety of food products worldwide, including pasta, pasta sauce, bouillon, dry soups and shelf stable meals. At March 31, 2001, the Company'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

The Company 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 the Company as if it were a registrant. The Company's 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 in the United States of America 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 the Company's audited financial statements for the year ended December 31, 2000.

Certain prior year amounts have been reclassified to conform to the 2001 presentation.

3. RECENTLY ISSUED ACCOUNTING STATEMENTS

The Company adopted Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001 and recorded a pre-tax transition adjustment of $380 for marking foreign exchange forward contracts to fair value. The Company elected not to apply hedge accounting to these contracts because they are marked to market through earnings at the same time that the exposed assets and liabilities are remeasured through earnings. Due to the effectiveness of the forward contracts, there was no significant impact to earnings for the three months ended March 31, 2001.

The Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives" which address the recognition, measurement and income statement classification for sales incentives offered to customers. Although this EITF is not effective until quarters beginning after December 15, 2001, registrants who do not elect to adopt early are subject to the disclosure requirements. Upon adoption, certain promotion costs of $29,620 and $25,024 for the three months ended March 31, 2001 and 2000, respectively, will be reclassified from marketing expense to net sales. The Company will continue recognizing a liability for sales incentives and promotions at the later of the date at which the related revenue is recorded or the date at which the sales incentive or promotion is offered in compliance with the consensus reached on these Issues.

The EITF also reached consensus on Issue No. 00-25 "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." This issue requires that consideration paid from a vendor to a purchaser be classified as a reduction of revenue in the vendor's income statement unless it can be determined that an identifiable benefit will be received by the vendor and the fair value of the benefit exceeds the consideration provided to the purchaser. In that case, the consideration should be characterized as a cost. This EITF is not effective until quarters beginning after December 15, 2001. The Company is in the process of determining the impact of this consensus, but does not expect reported financial results to be affected.

4. BUSINESS DIVESTITURES AND REALIGNMENT

Divestitures

During the period from December 1997 through April 1999, the Company sold certain businesses, which were not considered to be aligned with its grain-based meal solution strategy. The Company established reserves for work-force reductions, closure of facilities, selling and legal fees, contract terminations, transition services and other costs related to the divestiture of these unaligned businesses.

During the first quarter of 2001, the Company utilized reserves of $346 primarily for the resolution of business and contractual obligations related to divested businesses. As of March 31, 2001, reserves related to the divestiture of unaligned businesses of $1,058 remained in other current liabilities and $493 remained in other long-term liabilities. Reserves for the divestiture of unaligned businesses were $1,897 as of December 31, 2000, of which $532 was in other long-term liabilities.

Business Realignment

During the second half of 2000, the Company recorded charges 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 and plant overhead costs. As of March 31, 2001 and December 31, 2000, reserves of $2,171 and $3,737 primarily for severance remained in other current liabilities.

5. SHIPPING & HANDLING COSTS

Shipping costs are incurred to physically move the Company's products from the production or storage facility to the customer. Handling costs are incurred from the point the products are removed from inventory until they are provided to the shipper and generally include costs to store, move and prepare the products for shipment.

The Company incurred shipping costs of $4,115 and $4,406 for the three months ended March 31, 2001 and 2000, respectively. Due to the nature of the Company's operations, handling costs incurred prior to shipment are not significant. These costs are classified as distribution expense in the Condensed Consolidated Statements of Operations.

6. COMPREHENSIVE INCOME

Comprehensive loss was computed as follows:

	Three months ended March 31, 2001	2000
Net loss	$ (6,352)	$ (10,188)
Foreign currency translation adjustments	(3,214)	(1,853)
	$ (9,566)	$ (12,041)

7. RELATED PARTIES

Borden provides certain administrative services, such as rental of office space, telephone support and postage, to the Company at negotiated fees. The amount owed by the Company for reimbursement of such services was $308 at March 31, 2001 and $211 at December 31, 2000.

During the first quarter of 2000, a the subsidiary of Borden provided certain administrative services, including processing of payroll, active and retiree group insurance claims, securing insurance coverage for catastrophic claims and limited information systems support. The subsidiary was sold to a third party in 2000. The third party continues to provide these services. Subsequent to the sale of the subsidiary, fees for these services were no longer considered affiliate charges.

The Company provides eligible U.S. employees pension benefits under the Borden domestic pension plan and the opportunity to participate in the Borden retirement savings plan. The Company makes contributions to Borden for these benefits, certain of which are determined by Borden's actuary. The Company's portion of these benefit liabilities is considered to be an amount due to affiliate since Borden retains the legal obligation for these benefits. The Company provided payment for its portion of the net pension liability of $11,132 during the three months ended March 31, 2001, which was recorded in other long-term liabilities.

The following summarizes the affiliate charges for the three months ended March 31, 2001 and 2000:

	Three months ended March 31, 2001	2000
Employee benefits	$ 843	$ 907
Group and general insurance	-	626
Administrative services	912	1,483
	$ 1,755	$ 3,016

The Company performs certain administrative services on behalf of other Borden affiliates. These services include customer service, purchasing and quality assurance. The Company charged affiliates $116 and $122 for such services for the three months ended March 31, 2001 and 2000, respectively. The receivable for these services was $425 at March 31, 2001 and $146 at December 31, 2000.

The Company invests cash with Borden. The Company's investment balance was $212,129 at March 31, 2001 and $206,963 at December 31, 2000. The funds are invested overnight earning a rate set by Borden that generally approximates money market rates. The Company earned interest income of $3,224 and $3,978 on these funds for the three months ended March 31, 2001 and 2000, respectively. Amounts receivable for interest were $506 and $789 as of March 31, 2001 and December 31, 2000, respectively.

The Company has borrowed funds from LLC for use in operations. At March 31, 2001 and December 31, 2000, loans due to LLC were $2,964 and $3,029 carrying a variable interest rate of approximately 5.75% and 7.25%, respectively. Interest payable to LLC was $374 and $328 at March 31, 2001 and December 31, 2000, respectively.

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

8. COMMITMENTS AND CONTINGENCIES

Legal Matters

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