

November 30, 1994

Frank J. Tasco
Director
Borden, Inc.
277 Park Avenue
New York, NY 10172

Dear Mr. Tasco:

Japonica Partners is pleased to make the definitive proposal you have requested. Under our \$2.4 billion proposal, Borden, Inc. shareholders would receive cash and securities valued at \$17.00 per share, a 19% premium over the stated value of the KKR/Lazard proposal and a 43% premium over the trading price on the day preceding the announcement of the KKR/Lazard proposal.

The greatest potential for an increase in shareholder wealth will come from unleashing the value contained within the company. Shareholders who desire to participate in Borden, Inc.'s recovery will be provided the opportunity to do so through a tax advantaged transaction in which a substantial portion of the consideration would be realized without the recognition of gain. Our proposal provides the resources for those shareholders wishing to divest their common equity investment in Borden, Inc. at \$17.00 per share (a minority in our view).

Shareholders Participate in Borden, Inc.'s Recovery

Borden, Inc. would spin off its packaged foods division ("Borden Foods") and dairy business ("Borden Nutrition") through a stock dividend consisting of one share each of Borden Foods and Borden Nutrition per share of Borden, Inc. As a result, continuing shareholders of Borden, Inc. would have shares of three independent public companies with an aggregate initial value of \$17.00 per share (see the two attached comparisons of the values in our proposal with the KKR/Lazard proposal). We believe that the value of these shares will increase to between \$22.00 and \$25.00 per share, based on our earnings projections for 1995 of \$1.41 per share and \$2.03 per share for 1996 (see attached EPS chart). We are confident that these results can be achieved through effective execution of 1990's business practices, such as best in class use of Efficient Consumer Response, a refocus of company resources towards value-added products and a movement away from the current commodity mentality.

Shareholders Desiring to Divest their Common Equity Positions

Concurrent with the spin-off, Japonica is prepared to make an initial cash investment of \$430 million to purchase common equity. This cash, together with an additional \$240 million in Borden, Inc. preferred stock, priced to trade at par, would be used to repurchase 30% of Borden, Inc.'s currently outstanding shares at \$17.00 a share.

For our \$430 million investment, Japonica would receive shares in the three public companies in varying percentages, priced on the same basis used for the valuation to Borden, Inc. shareholders (an aggregate of \$17.00 per share). The allocation of Japonica's investment will be weighted toward the units requiring the greatest turnaround. Japonica would also receive warrants to acquire 10% of Borden, Inc. at an exercise price of \$17.00 per share, i.e., an incentive comparable to that which was to be provided to RJR Nabisco in the agreement in principle relating to its proposed equity infusion which was subsequently withdrawn unilaterally by RJR/KKR.

Continued Control by Borden, Inc. Shareholders

Consistent with Japonica's philosophy of responsiveness to the interests of shareholders, Japonica's representation on the boards of Borden, Inc. and its constituent companies will be in approximate proportion to its equity ownership in each company.

Page 2
Frank J. Tasco
November 30, 1994

Recommendations for additional directors will be actively solicited from shareholders. Japonica Partners' willingness to limit the extent of its control is in response to the desire of Borden, Inc.'s shareholders to continue to possess the potential to participate in control premiums realized from a future change in control once the basic shareholder values are restored.

As should be obvious, the bulk of the \$2.4 billion comes from the recovery opportunities of the three separate public companies. Our relatively modest initial equity investment is intended to accommodate what we believe to be current shareholders' desire to share in Borden, Inc.'s recovery. While Japonica's ownership is smaller than our historical investments, it is a reflection of appropriate financing for the 1990's. Accordingly, we do not anticipate excessively leveraging our investment.

Next Steps

We wish to meet with the Board of Directors in New York on December 6th after the close of the market. We are making arrangements for appropriate facilities. At this meeting, we would be prepared to respond to questions you may have as to our proposal. In order to assure appropriate shareholder input at this meeting, we would suggest that representatives of your more substantial institutional shareholders be invited to participate.

We believe that your fiduciary duties as directors mandate that you take steps to provide Borden, Inc. shareholders with a fair opportunity to select between our proposal and the KKR/Lazard proposal. Toward that end, we would urge you to call a special meeting of Borden, Inc. shareholders. As you know, Borden, Inc. shareholders holding 10% of Borden, Inc.'s stock have the right under New Jersey law to petition a New Jersey court to call a special meeting of shareholders. The ability to call a special meeting is also held by you, individually, as Chairman of the Board, and by Ervin Shames, as Chief Executive Officer who abstained from the vote on the KKR/Lazard proposal. If the board would prefer that shareholders act independently to call a meeting, we are willing to consider providing appropriate assistance to facilitate such a meeting.

We are firmly convinced that after you have reviewed our proposal and met with us, the board may wish to withdraw its recommendation in favor of the KKR-Lazard proposal, and allow shareholders to decide between the two transactions in a non-coercive manner. We look forward to our discussions and to our role in enhancing shareholder value as a proactive white knight.

Sincerely,

JAPONICA PARTNERS

JAPONICA PARTNERS

cc: Board of Directors

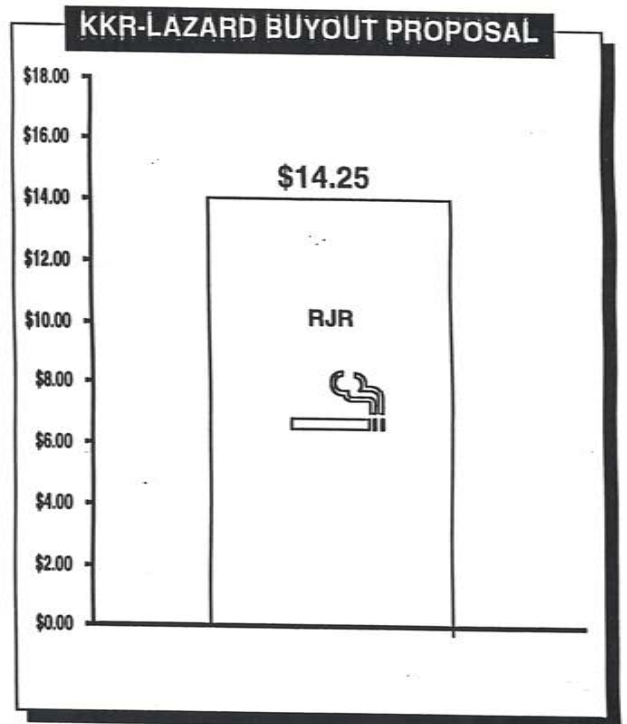
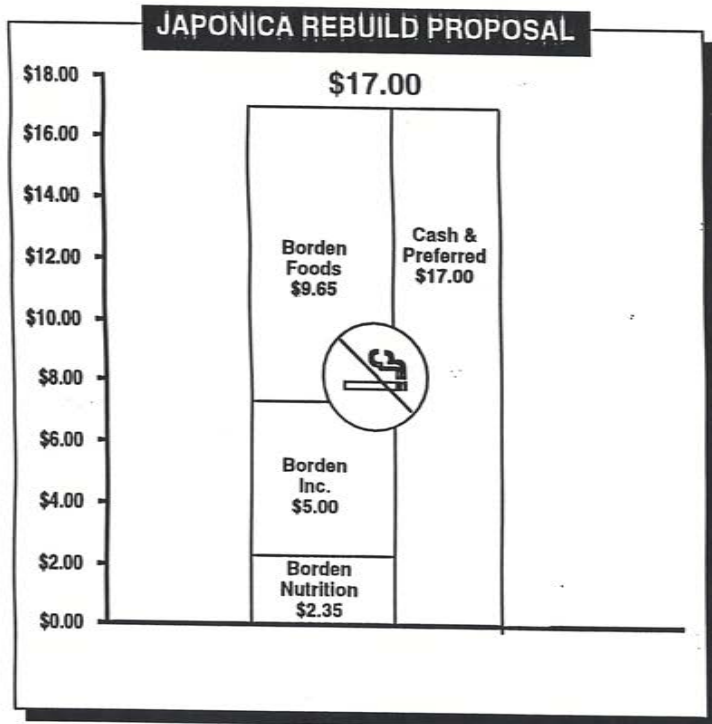
JAPONICA PARTNERS PROPOSAL TO REBUILD BORDEN

PROPOSAL COMPARISON

	JAPONICA REBUILD PROPOSAL	KKR-LAZARD BUYOUT PROPOSAL
Initial Value - Per Share	\$17.00	\$14.25 Stated Value
Total Value	\$2.4 Billion	\$2.0 Billion
Premium over KKR-Lazard	19.3%	N.A.
Strategic Plan	Major Investment & Rebuilding	"Control" in 100% Stock Swap & Reportedly Break-up
Medium of Exchange	Cash & Borden Securities	RJR Holdings Stock
Equity Ownership	3 Borden Publicly Traded Companies	RJR Holdings with 20% of Nabisco Foods Sold
Participation in Borden Recovery	Yes	None (30% Withdrawn)
Tax Treatment, Excluding Cash	Predominantly Non-Taxable	Taxable
Corporate Governance	No Change of Control	KKR Control
Cash Fees & Expenses	Nominal	Approximately \$100 to \$150 Million

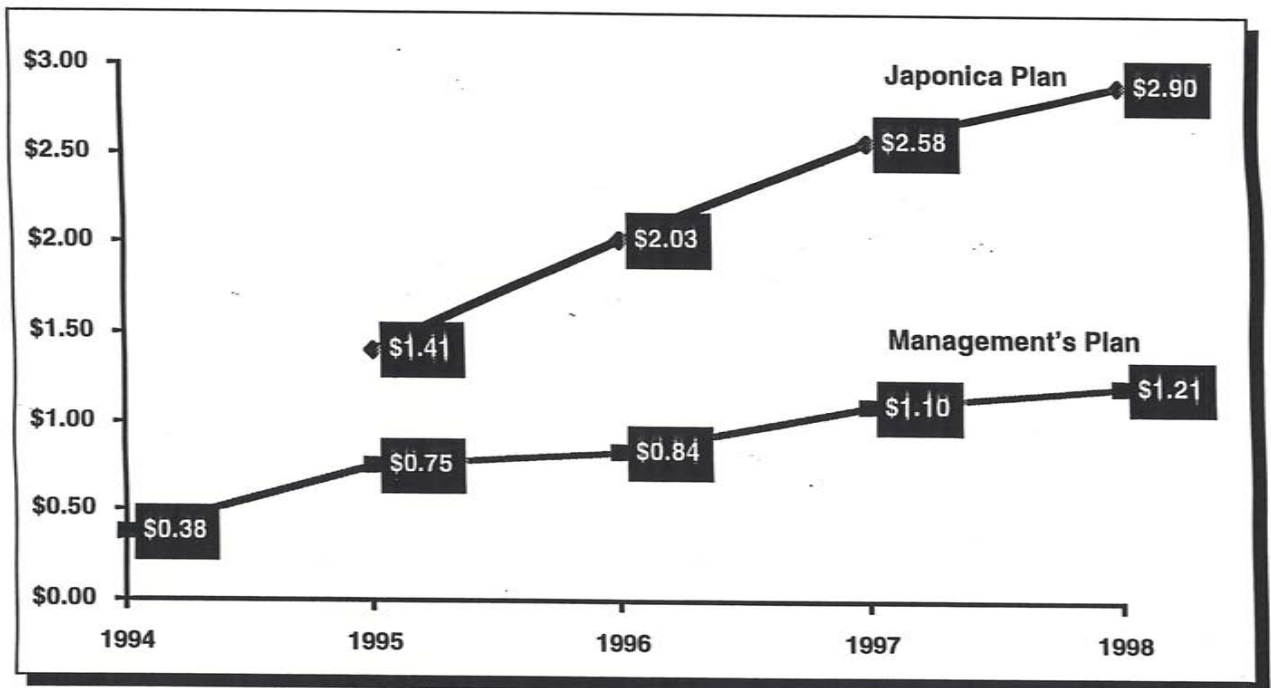
JAPONICA PARTNERS PROPOSAL TO REBUILD BORDEN

SUMMARY COMPARISON



JAPONICA PARTNERS PROPOSAL TO REBUILD BORDEN

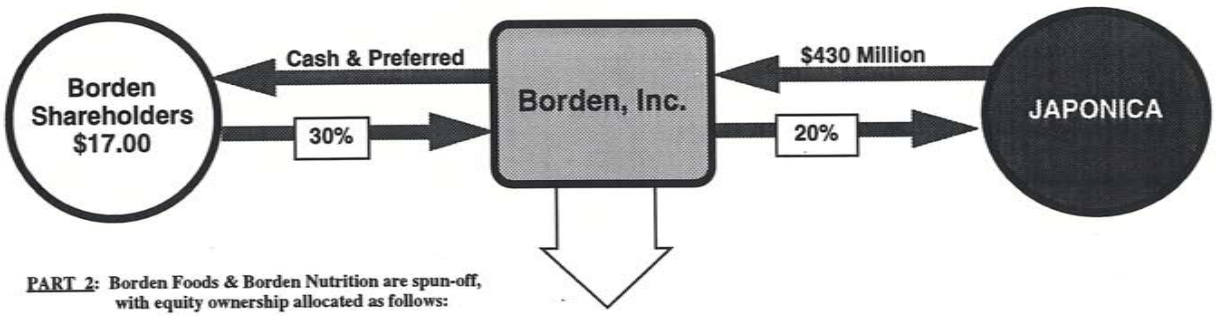
EPS Estimates - Japonica Plan vs. Management's



JAPONICA PARTNERS PROPOSAL TO REBUILD BORDEN

Investment/Buy-back & Spin-offs

PART 1: Japonica invests \$430 million for 20% of Borden's 127 million remaining outstanding shares at \$17.00 a share.
Borden repurchases 30% of its outstanding shares (10% of 141 million shares for preferred & 20% of remaining 127 million shares for cash)



PART 2: Borden Foods & Borden Nutrition are spun-off, with equity ownership allocated as follows:

