**VISKASE COMPANIES, INC.**

Financial report for the fiscal quarter ended March 31, 2013

This report has been prepared in accordance with Section 4.19 of the Indenture dated as of December 21, 2009 among Viskase Companies, Inc. (the "Company") and U.S. Bank National Association as trustee and as collateral agent (the "Trustee").

**VISKASE COMPANIES, INC.**

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## SECTION 1. CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements.” Forward-looking statements are those that do not relate solely to historical fact. Forward-looking statements in this report are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance and implicate known and unknown risks, uncertainties and other factors that may cause the actual results, performance or levels of activity of our business or our industry to be materially different from that expressed or implied by any such forward-looking statements and are not guarantees of future performance. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. In some cases, you can identify forward-looking statements by use of words such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “project,” “plan,” “will,” “would,” “could,” “predict,” “propose,” “potential,” “may” or words or phrases of similar meaning. Statements concerning our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, plans, references to future success and other similar matters are forward-looking statements. Although it is not possible to identify all of the factors that may affect our financial position, business strategy and measures to implement that strategy, such factors may include, among others, the following:

- our ability to meet liquidity requirements and to fund necessary capital expenditures;
- the strength of demand for our products, prices for our products and changes in overall demand;
- market and industry conditions and changes in the relative market shares of industry participants;
- consumption patterns and consumer preferences in our markets;
- the effects of competition;
- our ability to efficiently respond to industry changes with respect to technologies affecting our products;
- our ability to realize operating improvements and anticipated cost savings;
- pending or future legal proceedings and regulatory matters, or the impact of any adverse outcome of any currently pending or future litigation on the adequacy of our reserves, our financial condition or the ability to sell our products;
- general economic conditions and their effect on our business both in the United States and in global markets;
- continued expansion of the middle class and an increasing shift towards protein-rich diets in the emerging markets in which we compete;
- changes in the cost or availability of raw materials and changes in other costs;
- pricing pressures for our products;
- the cost of and compliance with environmental laws and other governmental regulations;
- our ability to engage in capital markets transactions;
- our ability to protect our intellectual property; and
- our ability to implement our strategy for the future, including capitalizing on opportunities that may be presented to and pursued by us.

SECTION 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this report. The statements in this discussion regarding market conditions and outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Cautionary Statement Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

## Company Overview

Viskase Companies, Inc. ("we" or the "Company") is a worldwide leader in the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry industry. We currently operate eight manufacturing facilities and ten distribution centers in North America, Europe, South America and Asia and we derive approximately 73% of total net sales from customers located outside the United States. In recent years, the Company has invested capital and resources in the the emerging markets of Asia, South America, Central America and Eastern Europe. The Company completed the construction of a shirring plant in the Philippines to serve the Asian market and moved its Brazilian plant into a larger facility in 2012.

We believe we are one of the two largest manufacturers of non-edible cellulosic casings for processed meats and one of the three largest manufacturers of non-edible fibrous casings. Our management believes that the factors most critical to the success of our business are:

- maintaining and building upon our reputation for providing a high level of customer and technical services;
- maintaining and building upon our long-standing customer relationships, many of which have continued for decades;
- developing additional sources of revenue through new products and services;
- penetrating new regional markets; and
- continuing to streamline our cost structure.

Our net sales are driven by consumer demand for processed meat and poultry products and the level of demand for casings by processed meat manufacturers, as well as the average selling prices of our casings and competitive activity. Specifically, demand for our casings is dependent on population growth, overall consumption of processed meat and poultry products and the types of meat and poultry products purchased by consumers. Average selling prices are dependent on overall supply and demand for casings, our product mix and competitive activity.

## Factors Affecting Operating Results and Outlook

The following is a discussion of some of the key factors that have in the past and are likely in the future to affect operating results.

*Selling price*. Selling price is the biggest driver of our operating income. Accordingly, management focuses intensely on the selling prices of our products to ensure that pricing remains competitive.

*Effect of Changes in Exchange Rates. O*ur results of operations are affected by changes in foreign exchange rates. In addition to those markets in which we price our products in U.S. dollars, we price products in certain of our foreign operations in Euros and Brazilian Reals. As a result, a decline in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a

favorable effect on our profitability, and an increase in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a negative effect on our profitability.

*Labor costs*. In recent years, we have taken many actions to reduce our labor costs to the minimum sustainable level. We have made our defined contribution plan payments variable to financial performance targets. We have moved manufacturing facilities to lower cost countries. We have increased medical care deductibles and other employee costs, and we have cut our workforce levels. We believe that our labor costs as a percentage of sales will be maintained for the foreseeable future.

*Raw material and energy costs*. While labor is the highest cost component of our product, materials and energy are nearly as important. We have maintained pricing for certain key raw materials in 2013 after absorbing increases in 2012 and 2011. We continue to look for additional suppliers for our key materials in order to obtain the lowest prices available.

Fiscal Quarter Ended March 31, 2013 Compared to Fiscal Quarter Ended March 31, 2012.

The following discussion compares the results of operations for the fiscal quarter ended March 31, 2013 to the results of operations for the fiscal quarter ended March 31, 2012. We have provided the following table in order to facilitate an understanding of this discussion (dollars in millions):

| | Three Months Ended March 31, 2013 | Three Months Ended March 31, 2012 | % Change Over 2012 |
|---|---|---|---|
| NET SALES | $87.6 | $82.5 | 6.2% |
| COST AND EXPENSES | | | |
| Cost of sales | 66.7 | 62.8 | 6.2% |
| Selling, general and administrative | 11.1 | 12.7 | -12.7% |
| Amortization of intangibles | 0.1 | 0.1 | 0.0% |
| OPERATING INCOME | 9.8 | 6.9 | 40.8% |
| Interest income | - | - | NA |
| Interest expense | 5.4 | 5.0 | 9.4% |
| Other (income) expense, net | (0.6) | 0.2 | NA |
| Income tax provision | 1.9 | 0.7 | 148.0% |
| NET INCOME | $3.1 | $1.0 | 201.0% |

*Net Sales.* Our net sales for the first quarter 2013 were $87.6 million, which represents an increase of $5.1 million, or 6.2%, from the first quarter 2012. Net sales increased by $1.0 million due to price and product mix and $5.0 million due to volume, partially offset by a decrease of $0.9 million due to foreign currency translation.

*Cost of Sales.* Cost of sales for the first quarter 2013 increased 6.2%, or $3.9 million over the first quarter of 2012. Cost of sales increased due to growth in unit volume, slightly higher raw material costs and energy prices, partially offset by exchange rates and improved manufacturing efficiencies. Gross margin as a percent of net sales was 24% for the three months ended March 31, 2012 which was unchanged when compared to the three months ended March 31, 2012.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses for the first quarter 2013 decreased 12.7%, or $1.6 million from the first quarter of 2012. The decrease in expense is primarily from higher one-time costs during the first quarter of 2012 related to the reorganization of operations and foreign currency translation.

*Operating Income.* Operating income for the first quarter 2013 increased 40.8%, or $2.9 million, from the first quarter 2012. The increase in the operating income resulted primarily from the increase in gross profit and the decrease in selling, general and administrative expense.

*Operational EBITDA.* Operational EBITDA, EBITDA excluding pension expenses and restructure costs, for the first quarter 2013 increased 19.9 %, or $2.4 million, from the first quarter 2012. The increase in the operational EBITDA resulted primarily from the increase in gross profit and the decrease in selling, general and administrative expense.

*Interest Expense.* Interest expense for the first quarter 2013 totaled $5.4 million, which is an increase of $0.4 million compared to the prior year period. The increase is principally due to lower capitalized interest compared to the first quarter of 2012.

*Other (Income) Expense.* Other income, net of other expense, of approximately $0.6 million for the first quarter 2013 increased $0.8 million compared to the first quarter of 2012.

*Income Tax Expense.* During the first quarter 2013, a tax provision of $1.9 million was recognized, principally relating to income tax expense on the results of operations of foreign subsidiaries including $0.5 million in interests and penalties from a foreign tax audit. The tax provision of $0.7 million during the first quarter of 2012 resulted from the income tax expense on the results of operations of foreign subsidiaries.

Primarily as a result of the factors discussed above, net income for the first quarter of 2013 was $3.1 million compared to net income of $1.0 million for the first quarter of 2012.

## Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements, financing, or other relations with unconsolidated entities or other persons, except for operating leases included in the contractual obligations table set forth below under “Liquidity and Capital Resources”.

## Contingencies

During 2005, Viskase Brasil Embalagens Ltda. (“Viskase Brazil”) received three tax assessments by São Paulo tax authorities with respect to Viskase Brazil’s alleged failure to pay Value Added and Sales and Services Tax (“ICMS”) levied on the importation of raw materials, and sales of goods in and out of the State of São Paulo, and alleged improper credits taken, from 2000 through 2005. In late December 2012, São Paulo issued a Decree announcing a Special Installment Program (“PEP Program”) for eligible companies that wish to settle alleged ICMS liabilities arising prior to July 31, 2012. The PEP Program offers significant reductions in interest and penalties to companies that choose to participate. Viskase Brazil is currently reviewing the terms of the PEP Program. Viskase Brazil has vigorously defended against these assessments in administrative and/or judicial proceedings since receipt, and continues to do so.

In addition, the Company from time to time is involved in various other legal proceedings, none of which are expected to have a material adverse effect upon results of operations, cash flows or financial condition.

## Effect of Changes in Exchange Rates

In general, our results of operations are affected by changes in foreign exchange rates. In addition to those markets in which we price our products in U.S. dollars, we price products in certain of our foreign operations in Euros and Brazilian Reals. As a result, a decline in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a favorable effect on our profitability, and an increase in the value of the U.S. dollar relative to the local currencies of profitable foreign subsidiaries can have a negative effect on our profitability.

## Financial Instruments

The Company routinely enters into fixed price natural gas agreements which require us to purchase a portion of our natural gas each month at fixed prices. These fixed price agreements qualify for the

"normal purchases" scope exception under derivative and hedging standards, and therefore the natural gas purchases under these contracts are expensed as incurred and included within cost of sales. As of March 31, 2013, future annual minimum purchases remaining under the agreements are $0.7 million.

Liquidity and Capital Resources

As of March 31, 2013, the Company had unrestricted cash and cash equivalents of $17.8 million and restricted cash of $1.1 million, which secures letters of credit. For the period ended March 31, 2013, cash flows used in operating activities were $7.9 million, cash flows used in investing activities were $5.3 million, and cash flows used in financing activities were $0.1 million. Cash flows used in operating activities were principally attributable to the changes in operating assets of the Company. Cash flows used in investing activities were principally attributable to capital expenditures.

Management believes that the existing resources available to the Company will be adequate to satisfy current and planned operations for at least the next twelve months.

Critical Accounting Policies

The preparation of financial statements includes the use of estimates and assumptions that affect a number of amounts included in the Company's financial statements, including, among other things, pensions and other postretirement benefits and related disclosures, reserves for excess and obsolete inventory, allowance for doubtful accounts, and income taxes. Management bases its estimates on historical experience and other assumptions that it believes are reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between the Company's estimates and actual amounts in any year have not had a significant effect on the Company's consolidated financial statements.

Revenue Recognition

Revenues are recognized at the time products are shipped to the customer, under F.O.B shipping point or F.O.B port terms, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assumed.  Revenues are net of discounts, rebates and allowances.  Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of goods sold.

Allowance for Doubtful Accounts Receivable

Accounts receivable have been reduced by an allowance for amounts that may become uncollectible in the future. This estimated allowance is primarily based upon our evaluation of the financial condition of each customer, each customer's ability to pay and historical write-offs.

Allowance for Obsolete and Slow Moving Inventories

Inventories are valued at the lower of cost or market. The inventories have been reduced by an allowance for slow moving and obsolete inventories. The estimated allowance is based upon management's estimate of specifically identified items, the age of the inventory and historical write-offs of obsolete and excess inventories.

Income Taxes

Deferred tax assets and liabilities are measured using enacted tax laws and tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more likely than not basis. Interest and penalties related to unrecognized tax benefits are included as a component of tax expense.

Pension Plans and Other Postretirement Benefit Plans

Using appropriate actuarial methods and assumptions, the Company's defined benefit pension plans and non-pension postretirement benefits are accounted for in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods. Therefore, assumptions used to calculate benefit obligations as of the end of a fiscal year directly impact the expense to be recognized in future periods. The primary assumptions affecting the Company's accounting for employee benefits under GAAP as March 31, 2013 are as follows:

- Long-term rate of return on plan assets: The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The Company uses long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop an assumption of the expected long-term rate of return on plan assets. The expected long-term rate of return is used to calculate net periodic pension cost. In determining its pension obligations, the Company is using a long-term rate of return on U.S. plan assets of 7.75% for 2013. The Company is using a long-term rate of return on French plan assets of 3.50% for 2013. The German pension plan has no assets.

- Discount rate: The discount rate is used to calculate future pension and postretirement obligations. The Company is using a Mercer Bond yield curve in determining its pension obligations. The Company is using a discount rate of 4.18% for 2013. The Company is using a weighted average discount rate of 3.69% on its non-U.S. pension plans for 2013.

Property, Plant and Equipment

The Company carries property, plant and equipment at cost less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees directly associated with the project. Depreciation is computed on the straight-line method using a half year convention over the estimated useful lives of the assets ranging from (i) building and improvements - 10 to 32 years, (ii) machinery and equipment - 4 to 12 years, (iii) furniture and fixtures - 3 to 12 years, (iv) auto and trucks - 2 to 5 years and (v) leasehold improvements - shorter of lease or useful life. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in results of operations.

In the ordinary course of business, we lease certain equipment, and certain real property, consisting of manufacturing and distribution facilities and office facilities. Most of such leases as of December 31, 2012 were operating leases, with the majority of those leases requiring us to pay maintenance, insurance and real estate taxes.

Long-Lived Assets

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment and patents. Impairments are recognized when the expected undiscounted future operating cash flows derived from long-lived assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the asset's fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

New Accounting Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income. This ASU requires an entity to

provide information about amounts reclassified out of accumulated other comprehensive income by component. The guidance is effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted these additional disclosure requirements effective January 1, 2013. See Note14, "Changes in Accumulated Other Comprehensive Loss," for additional information.

SECTION 3. CONSOLIDATED FINANCIAL STATEMENTS OF VISKASE COMPANIES, INC. AND SUBSIDIARIES

1. Financial Statements:

Report of Independent Certified Public Accountants

Consolidated Balance Sheets as of March 31, 2013 (unaudited) and December 31, 2012

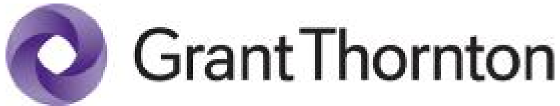
Consolidated Statements of Income for the three months ended March 31, 2013 and March 31, 2012 (unaudited)

Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and March 31, 2012 (unaudited)

Consolidated Statements of Stockholders' Deficit for the three months ended March 31, 2013 (unaudited) and the year ended December 31, 2012

Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and March 31, 2012 (unaudited)

2. Notes to Consolidated Financial Statements (unaudited)



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# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Viskase Companies, Inc.

We have reviewed the accompanying consolidated interim financial statements of Viskase Companies, Inc. (a Delaware corporation) and Subsidiaries (the Company), which comprise the consolidated balance sheet as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in stockholders' deficit, and cash flows for the three-month period ended March 31, 2013 and 2012, and the related notes to the interim financial statements.

## Management's responsibility

The Company's management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

## Auditor's responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion.

## Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton

Report on consolidated balance sheet as of December 31, 2012

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2012, and the related consolidated statements of income, comprehensive (loss) income, changes in stockholders' equity (deficit), and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 10, 2013. In our opinion, the accompanying consolidated balance sheet of the Company as of December 31, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Chicago, Illinois
May 8, 2013

## VISKASE COMPANIES, INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
## (In Thousands, Except for Number of Shares)

| | March 31, 2013 | December 31, 2012 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $17,809 | $31,112 |
| Restricted cash | 1,058 | 1,058 |
| Receivables, net | 65,847 | 61,664 |
| Inventories | 66,436 | 61,144 |
| Other current assets | 24,855 | 21,959 |
| Deferred income taxes | 3,798 | 3,846 |
| Total current assets | 179,803 | 180,783 |
| Property, plant and equipment | 256,429 | 252,542 |
| Less accumulated depreciation | 100,021 | 95,757 |
| Property, plant and equipment, net | 156,408 | 156,785 |
| Asset held for sale | 500 | 500 |
| Deferred financing costs, net | 5,440 | 5,685 |
| Other assets, net | 1,444 | 1,734 |
| Deferred income taxes | 810 | 774 |
| Total Assets | $344,405 | $346,261 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Short-term portion of capital lease obligations | $370 | $382 |
| Accounts payable | 27,993 | 27,798 |
| Accrued liabilities | 38,423 | 41,390 |
| Total current liabilities | 66,786 | 69,570 |
| Long-term debt, net of current maturities | 214,709 | 214,692 |
| Capital lease obligations | 332 | 396 |
| Accrued employee benefits | 64,587 | 65,646 |
| Deferred income taxes | 4,803 | 4,897 |
| Stockholders' deficit: | | |
| Common stock, $0.01 par value; 36,901,249 shares issued and 36,095,979 shares outstanding at March 31, 2013 and December 31, 2012 | 369 | 369 |
| Paid in capital | 32,791 | 32,791 |
| Retained earnings | 27,590 | 24,462 |
| Less 805,270 treasury shares, at cost | (298) | (298) |
| Accumulated other comprehensive loss | (67,264) | (66,264) |
| Total stockholders' deficit | (6,812) | (8,940) |
| Total Liabilities and Stockholders' Deficit | $344,405 | $346,261 |

*See notes to consolidated financial statements.*

**VISKASE COMPANIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**
**(In Thousands,Except for Per Share Amounts)**

| | (Unaudited) 3 Months Ended March 31, 2013 | (Unaudited) 3 Months Ended March 31, 2012 |
|---|---|---|
| NET SALES | $87,645 | $82,535 |
| Cost of sales | 66,655 | 62,764 |
| GROSS MARGIN | 20,990 | 19,771 |
| Selling, general and administrative | 11,102 | 12,715 |
| Amortization of intangibles | 118 | 115 |
| OPERATING INCOME | 9,770 | 6,941 |
| Interest income | 10 | 10 |
| Interest expense | 5,436 | 4,967 |
| Other (income) expense, net | (634) | 192 |
| INCOME BEFORE INCOME TAXES | 4,978 | 1,792 |
| Income tax provision | 1,850 | 746 |
| NET INCOME | $3,128 | $1,046 |

*See notes to consolidated financial statements.*

**VISKASE COMPANIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(In Thousands)**

| | (Unaudited) 3 Months Ended March 31, 2013 | (Unaudited) 3 Months Ended March 31, 2012 |
|---|---|---|
| Net income | $3,128 | $1,046 |
| Other comprehensive (loss) income, net of tax | | |
| Pension liability adjustment | 1,082 | 850 |
| Foreign currency translation adjustment | (2,082) | 1,652 |
| Other comprehensive (loss) income, net of tax | (1,000) | 2,502 |
| Comprehensive income | $2,128 | $3,548 |

*See notes to consolidated financial statements.*

**VISKASE COMPANIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT)**
**(In Thousands)**
**(Unaudited)**

| | Common stock | Paid in capital | Treasury stock | Retained earnings | Accumulated other comprehensive loss | Total stockholders' deficit |
|---|---|---|---|---|---|---|
| Balance December 31, 2011 | $367 | $32,806 | ($298) | $16,587 | ($56,632) | ($7,170) |
| Net income | | | | 7,875 | | 7,875 |
| Foreign currency translation adjustment | | | | | 1,547 | 1,547 |
| Pension liability adjustment, net of tax | | | | | (11,179) | (11,179) |
| Issuance of common stock | 2 | (15) | | | | (13) |
| Balance December 31, 2012 | $369 | $32,791 | ($298) | $24,462 | ($66,264) | ($8,940) |
| Net income | | | | 3,128 | | 3,128 |
| Foreign currency translation adjustment | | | | | (2,082) | (2,082) |
| Pension liability adjustment, net of tax | | | | | 1,082 | 1,082 |
| Balance March 31, 2013 | $369 | $32,791 | ($298) | $27,590 | ($67,264) | ($6,812) |

*See notes to consolidated financial statements.*

**VISKASE COMPANIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In Thousands)**

| | 3 Months Ended March 31, 2013 | 3 Months Ended March 31, 2012 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $3,128 | $1,046 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 4,830 | 3,985 |
| Stock-based compensation | - | 1 |
| Amortization of intangibles | 118 | 115 |
| Amortization of deferred financing fees | 245 | 235 |
| Increase in deferred tax | 4 | - |
| Loss (gain) on disposition of assets | 12 | (44) |
| Bad debt provision (recoveries) | 61 | (63) |
| Non-cash interest on notes | 22 | 20 |
| Changes in operating assets and liabilities: | | |
| Receivables | (4,002) | (4,302) |
| Inventories | (5,251) | (3,874) |
| Other current assets | (2,898) | (1,167) |
| Other assets | 181 | (39) |
| Accounts payable | 176 | (2,145) |
| Accrued liabilities | (3,013) | (3,011) |
| Other | (1,543) | (197) |
| Total adjustments | (11,058) | (10,486) |
| Net cash used in operating activities | (7,930) | (9,440) |
| Cash flows from investing activities: | | |
| Capital expenditures | (5,275) | (11,215) |
| Proceeds from disposition of assets | 1 | 78 |
| Net cash used in investing activities | (5,274) | (11,137) |
| Cash flows from financing activities: | | |
| Deferred financing costs | - | (125) |
| Proceeds from capital lease | 58 | 327 |
| Repayment of capital lease | (131) | (190) |
| Net cash (used in) provided by financing activities | (73) | 12 |
| Effect of currency exchange rate changes on cash | (26) | 386 |
| Net decrease in cash and equivalents | (13,303) | (20,179) |
| Cash and equivalents at beginning of period | 31,112 | 65,925 |
| Cash and equivalents at end of period | $17,809 | $45,746 |
| Supplemental cash flow information: | | |
| Interest paid less capitalized interest | $10,489 | $10,057 |
| Income taxes paid | $245 | $402 |

*See notes to consolidated financial statements.*

## 1. Summary of Significant Accounting Policy

### Nature of Operations

Viskase Companies, Inc. together with its subsidiaries ("we" or the "Company") is a producer of non-edible cellulosic, fibrous and plastic casings used to prepare and package processed meat products, and provides value-added support services relating to these products, for some of the largest global consumer products companies. The Company operates eight manufacturing facilities and ten distribution centers in North America, Europe, South America,and Asia and, as a result, is able to sell its products in most countries throughout the world.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation.

### Use of Estimates in the Preparation of Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and include the use of estimates and assumptions that affect a number of amounts included in the Company's financial statements, including, among other things, pensions and other postretirement benefits and related disclosures, reserves for excess and obsolete inventory, allowance for doubtful accounts, and income taxes. Management bases its estimates on historical experience and other assumptions that we believe are reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between the Company's estimates and actual amounts in any year have not had a significant effect on the Company's consolidated financial statements.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers cash equivalents to consist of all highly liquid debt investments purchased with an initial maturity of approximately three months or less. Due to the short-term nature of these instruments, the carrying values approximate the fair market value. Cash equivalents include $307 and $198 of short-term investments at March 31, 2013 and December 31, 2012, respectively. Of the cash held on deposit, essentially all of the cash balance was in excess of amounts insured by the Federal Deposit Insurance Corporation or other foreign provided bank insurance. The Company performs periodic evaluations of these institutions for relative credit standing and has not experienced any losses as a result of its cash concentration. Consequently, no significant concentrations of credit risk are considered to exist.

### Receivables

Trade accounts receivable are classified as current assets and are reported net of allowance for doubtful accounts and a reserve for returns. This estimated allowance is primarily based upon our evaluation of the financial condition of each customer, each customer's ability to pay and historical write-offs.

### Inventories

Inventories are valued at the lower of first-in, first-out ("FIFO") cost or market.

### Property, Plant and Equipment

The Company carries property, plant and equipment at cost less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees directly associated with the project. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and

any gain or loss is included in results of operations. Depreciation is computed on the straight-line method using a half year convention over the estimated useful lives of the assets ranging from (i) building and improvements - 10 to 32 years, (ii) machinery and equipment - 4 to 12 years, (iii) furniture and fixtures - 3 to 12 years, (iv) auto and trucks - 2 to 5 years, and (v) leasehold improvements - shorter of lease or useful life.

In the ordinary course of business, we lease certain equipment, and certain real property, consisting of manufacturing and distribution facilities and office facilities.

**Deferred Financing Costs**

Deferred financing costs are amortized as expense using the effective interest rate method over the expected term of the related debt agreement. Amortization of deferred financing costs is classified as interest expense.

**Patents and Trademarks**

Patents and trademarks are amortized on the straight-line method over an estimated average useful life of 10 years.

**Long-Lived Assets**

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment and patents. Impairments are recognized when the expected undiscounted future operating cash flows derived from long-lived assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the asset's fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

**Shipping and Handling**

The Company periodically bills customers for shipping charges. These amounts are included in net revenue, with the associated costs included in cost of sales.

**Pensions and Other Postretirement Benefits**

The Company uses appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans and non-pension postretirement benefits.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods. Therefore, assumptions used to calculate benefit obligations as of the end of a fiscal year directly impact the expense to be recognized in future periods. The primary assumptions affecting the Company's accounting for employee benefits as of March 31, 2013 are as follows:

- Long-term rate of return on plan assets: The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The Company uses long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop an assumption of the expected long-term rate of return on plan assets. The expected long-term rate of return is used to calculate net periodic pension cost. In determining its pension obligations, the Company is using a long-term rate of return on U.S. plan assets of 7.75% for 2013. The Company is using a long-term rate of return on French plan assets of 3.50% for 2013. The German pension plan has no assets.

- Discount rate: The discount rate is used to calculate future pension and postretirement obligations. The Company is using a Mercer Bond yield curve in determining its pension

obligations. The Company is using a discount rate of 4.18% for 2013. The Company is using a weighted average discount rate of 3.69% on its non-U.S. pension plans for 2013.

**Income Taxes**

Deferred tax assets and liabilities are measured using enacted tax laws and tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more likely than not basis. Interest and penalties related to unrecognized tax benefits are included as a component of tax expense.

**Other Comprehensive Income**

Comprehensive income includes all other non-stockholder changes in equity. Changes in other comprehensive income in 2013 and 2012 resulted from changes in foreign currency translation and minimum pension liability.

**Revenue Recognition**

Revenues are recognized at the time products are shipped to the customer, under F.O.B shipping point or F.O.B port terms, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assumed. Revenues are net of discounts, rebates and allowances. Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of goods sold.

**Financial Instruments**

The Company routinely enters into fixed price natural gas agreements which require us to purchase a portion of our natural gas each month at fixed prices. These fixed price agreements qualify for the "normal purchases" scope exception under derivative and hedging standards, therefore the natural gas purchases under these contracts were expensed as incurred and included within cost of sales. As of March 31, 2013, future annual minimum purchases remaining under the agreement are $675.

The Company's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these financial assets and liabilities approximate fair value due to the short maturities of these instruments. The fair value of the Company's Senior Secured Notes is estimated by discounting the future cash flow using the Company's current borrowing rates for similar types and maturities of debt.

**New Accounting Pronouncements**

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income. This ASU requires an entity to provide information about amounts reclassified out of accumulated other comprehensive income by component. The guidance is effective prospectively for interim and annual periods beginning after December 15, 2012. We adopted these additional disclosure requirements effective January 1, 2013.

## 2. Cash and cash equivalents

| | March 31, 2013 | December 31, 2012 |
|---|---|---|
| Cash and cash equivalents | $17,809 | $31,112 |
| Restricted cash | 1,058 | 1,058 |
| | $18,867 | $32,170 |

As of March 31, 2013 and December 31, 2012, cash held in foreign banks was $9,847 and $12.905, respectively.

Letters of credit in the amount of $1,058 as of March 31, 2013 were outstanding under facilities with a commercial bank, and were cash collateralized in a restricted account.

## 3. Inventory

Inventory consisted of:

| | March 31, 2013 | December 31, 2012 |
|---|---|---|
| Raw materials | $12,792 | $11,688 |
| Work in process | 27,318 | 27,071 |
| Finished products | 26,326 | 22,385 |
| | $66,436 | $61,144 |

## 4. Debt Obligations

Outstanding long-term debt consisted of:

| | March 31, 2013 | December 31, 2012 |
|---|---|---|
| Long-term debt: | | |
| 9.875% Senior secured notes, net of discount | $214,434 | $214,412 |
| Other | 275 | 280 |
| Total long-term debt | $214,709 | $214,692 |

Revolving Credit Facility

The Company is a party to a $25,000 secured revolving credit facility ("Revolving Credit Facility") with Icahn Enterprises L.P. Borrowings under the loan and security agreement governing the Revolving Credit Facility are subject to a borrowing base formula based on percentages of eligible domestic receivables and eligible domestic inventory. Under the Revolving Credit Facility, the interest rate option is LIBOR plus a margin of 2.00% currently (which margin will be subject to performance based increases up to 2.50%); provided that the minimum interest rate shall be at least equal to 3.00%. The Revolving Credit Facility also provides for an unused line fee of 0.375% per annum. On April 8, 2013, the Company entered into the Seventh Amendment to Loan and Security Agreement with Icahn Enterprises L.P., extending the maturity date of the Revolving Credit Facility from January 31, 2014 to July 31, 2015. The amendment included a fee of $125 for the extension.

There were no borrowings under the Revolving Credit Facility at March 31, 2013.

Indebtedness under the Revolving Credit Facility is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) inventory, accounts receivable, lockboxes, and deposit accounts (the "RCF Priority Collateral') to be contractually senior to the liens securing the 9.875% Senior Secured Notes and the related guarantees pursuant to an intercreditor agreement, (ii)

real property, fixtures and improvements thereon, equipment and proceeds thereof (the "Notes Priority Collateral"), to be contractually subordinate to the liens securing the 9.875% Senior Secured Notes and such guarantees pursuant to such intercreditor agreement, and (iii) all other assets, to be contractually *pari passu* with the liens securing the 9.875% Senior Secured Notes and such guarantees pursuant to such intercreditor agreement.

The Revolving Credit Facility contains various covenants which restrict the Company's ability to, among other things, incur indebtedness, enter into mergers or consolidation transactions, dispose of assets (other than in the ordinary course of business), acquire assets, make certain restricted payments, create liens on our assets, make investments, create guarantee obligations and enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The Revolving Credit Facility also requires that we comply with various financial covenants, including meeting a minimum EBITDA requirement and limitations on capital expenditures in the event our usage of the Revolving Credit Facility exceeds 30% of the facility amount. The Company is in compliance with the Revolving Credit Facility covenants as of March 31, 2013.

In its foreign operations, the Company has unsecured lines of credit with various banks providing approximately $8,000 of availability. There were no borrowings under the lines of credit at March 31, 2013.

9.875% Senior Secured Notes due 2018

The Company has $215,000 principal amount of 9.875% Senior Secured Notes due 2018 ("9.875% Senior Secured Notes") outstanding. The 9.875% Senior Secured Notes bear interest at a rate of 9.875% per annum, payable semi-annually in cash on January 15 and July 15. The 9.875% Senior Secured Notes have a maturity date of January 15, 2018.

The 9.875% Senior Secured Notes and related guarantees by any of our future domestic restricted subsidiaries will be secured by substantially all of our and those domestic restricted subsidiaries' current and future tangible and intangible assets, including all or a portion of the stock of our and their subsidiaries (except that no more than 65% of the voting stock of any foreign subsidiary will constitute collateral). The liens on our assets and the assets of those domestic restricted subsidiaries that secure the 9.875% Senior Secured Notes and any such guarantees will (i) in the case of the RCF Priority Collateral be contractually subordinated, pursuant to an intercreditor agreement, to the liens thereon securing the Revolving Credit Facility, (ii) in the case of Notes Priority Collateral be contractually senior, pursuant to such intercreditor agreement, to the liens thereon securing the Revolving Credit Facility, (iii) in the case of all other assets, be contractually *pari passu*, pursuant to such intercreditor agreement, with the liens securing the Revolving Credit Facility, and (iv) in each such case, be subject to certain prior liens. The indenture governing the 9.875% Senior Secured Notes permits us to incur other senior secured indebtedness and to grant liens on our assets under certain circumstances.

Prior to January 15, 2014, we may redeem, at our option, up to 35% of the aggregate principal amount of the 9.875% Senior Secured Notes issued under the indenture with the net proceeds of any equity offering, at 109.875% of their principal amount, plus accrued and unpaid interest to the date of redemption, provided that at least 65% of the aggregate principal amount of the 9.875% Senior Secured Notes issued under the indenture agreement governing the 9.875% Senior Secured Notes remains outstanding immediately following the redemption.

Letter of Credit Facility

Letters of credit in the amount of $1,058 were outstanding under facilities with a commercial bank, and were cash collateralized at March 31, 2013.

Debt Maturity

The aggregate maturities of debt [1] for each of the next five years are:

| | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter |
|---|---|---|---|---|---|---|
| 9.875% Senior Secured Notes | - | - | - | - | - | $215,000 |
| Other | - | - | - | - | - | $1,041 |
| | - | - | - | - | - | $216,041 |

(1) The aggregate maturities of debt represent amounts to be paid at maturity and not the current carrying value of the debt.

## 5. Capital Lease Obligations

The Company has entered into capital lease obligations to acquire certain equipment and building improvements for its manufacturing facilities. The equipment leases have a term of 3 to 5 years and the bu ilding improvement lease has a term of 5 years. The Company has determined that automobiles leased by the Company are capital leases with an average term of 4 years. The depreciation of capital leases is included in depreciation expense.

The following is an analysis of leased property under capital leases by major classes.

| | 2013 | 2012 |
|---|---|---|
| Building and improvements | $508 | $518 |
| Machinery and equipment | 2,927 | 2,896 |
| Less: Accumulated depreciation | (2,666) | (2,492) |
| | $769 | $922 |

The following is a schedule by years of minimum future lease payments as of March 31, 2013.

| Year ending December 31, | |
|---|---|
| 2013 | $381 |
| 2014 | 316 |
| 2015 | 103 |
| 2016 | 43 |
| 2017 | 3 |
| Thereafter | - |
| Total minimum payments required | 846 |
| Less amount representing interest | (144) |
| Present value of net minimum lease payments | $702 |

## 6. Accrued Liabilities

Accrued liabilities consisted of:

| | March 31, 2013 | December 31, 2012 |
|---|---|---|
| Compensation and employee benefits | $16,290 | $16,259 |
| Taxes payable | 12,102 | 8,572 |
| Accrued volume and sales rebates | 1,536 | 2,435 |
| Accrued interest payable | 4,490 | 9,798 |
| Other | 4,005 | 4,326 |
| | $38,423 | $41,390 |

## 7. Income Taxes

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company recorded adjustments for interest and potential penalties related to these unrecognized tax benefits, and in total, as of March 31, 2013, the Company has recorded a liability for interest and potential penalties of $1,344.

Approximately $3,800 of the total unrecognized tax benefits represents the amount that, if recognized, would affect the effective income tax rate in future periods. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company has been audited by the IRS through 2010 which resulted in no tax liability. The Company will contine to utilize net operating loss carryforwards from periods prior to 2010. Substantially all material state and local and foreign income tax matters have been concluded for years through 2008. U.S. federal income tax returns for 2011 are currently open for examination. Based on the expiration of the statute of limitations for certain jurisdictions, it is reasonably possible that the unrecognized tax benefits will decrease in the next twelve months by approximately $112.

For the period ended March 31, 2013, the Company recognized $467 of income tax expense related to penalties and interest from a foreign subsidiary tax audit.

## 8. Pension and Postretirement

The Company paid $713 toward pension benefits in the U.S. during the three months ended March 31, 2013, and expects to contribute an additional $3,412 during the remainder of the year.

| | U.S. Pension Benefits | | Non U.S. Pension Benefits | |
|---|---|---|---|---|
| | 3 Months Ended March 31, 2013 | 3 Months Ended March 31, 2012 | 3 Months Ended March 31, 2013 | 3 Months Ended March 31, 2013 |
| Component of net period benefit cost | | | | |
| Service cost | $ - | $ - | $102 | $82 |
| Interest cost | 1,656 | 1,725 | 96 | 107 |
| Expected return on plan assets | (1,969) | (1,825) | (48) | (47) |
| Amortization of prior service cost | - | - | - | - |
| Amortization of actuarial loss | 1,060 | 850 | 22 | 3 |
| | $747 | $750 | $172 | $145 |

## 9. Contingencies

During 2005, Viskase Brasil Embalagens Ltda. (“Viskase Brazil”) received three tax assessments by São Paulo tax authorities with respect to Viskase Brazil’s alleged failure to pay Value Added and Sales and Services Tax (“ICMS”) levied on the importation of raw materials, and sales of goods in and out of the State of São Paulo, and alleged improper credits taken, from 2000 through 2005. In late December 2012, São Paulo issued a Decree announcing a Special Installment Program (“PEP Program”) for eligible companies that wish to settle alleged ICMS liabilities arising prior to July 31, 2012. The PEP Program offers significant reductions in interest and penalties to companies that choose to participate. Viskase Brazil is currently reviewing the terms of the PEP Program. Viskase Brazil has vigorously defended against these assessments in administrative and/or judicial proceedings since receipt, and continues to do so.

In addition, the Company from time to time is involved in various other legal proceedings, none of which are expected to have a material adverse effect upon results of operations, cash flows or financial condition.

## 10. Stock-Based Compensation (Dollars in Thousands, Except Per Share Amounts)

Stock-based compensation cost is measured at the grant date based on fair value of the award and is recognized as an expense on a straight-line basis over the requisite service period, which is the vesting period. All stock-based compensation is fully vested as of January 31, 2012. Included in net income is a non-cash compensation expense of $0 for the period ended March 31, 2013 and $1 for the period ended March 31, 2012.

The fair values of the options granted during 2009, 2007 and 2005 were estimated on the date of grant using the binomial option pricing model. The assumptions used and the estimated fair values are as follows:

| | 2009 | 2007 | 2005 |
|---|---|---|---|
| Expected term | 10 years | 10 years | 10 years |
| Expected stock volatility | 35.10% | 23.04% | 14.88% |
| Risk-free interest rate | 2.87% | 4.39% | 4.17% |
| Expected forfeiture rate | 0.00% | 14.00% | 35.00% |
| Fair value per share | $0.09 | $0.77 | $1.09 |

In February 2009, the Company granted non-qualified stock options to its former chief financial officer for the purchase of 300,000 shares of its common stock. Options were granted at the fair market value at date of grant and are fully vested. The options were exercised during the second quarter of 2012.

In October 2007, the Company granted non-qualified stock options to its current chief executive officer for the purchase of 1,500,000 shares of its common stock under an employment agreement. Options were granted at the fair market value at date of grant and are fully vested. The options for the chief executive officer expire on October 29, 2017.

The Company has outstanding non-qualified stock options granted to other members of management for the purchase of 255,000 shares of its common stock. Options were granted at, or above, the fair market value at date of grant and are fully vested. The options granted to other members of management expire ten years from the date of grant.

The Company's outstanding options were:

| | Shares Under Option | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, December 31, 2012 | 1,700,000 | $1.84 |
| Granted | - | - |
| Exercised | - | - |
| Forfeited | - | - |
| Outstanding, March 31, 2013 | 1,700,000 | $1.84 |

All stock options are vested and exercisable options as of March 31, 2013.

## 11. Related-Party Transactions

On January 15, 2010, Icahn Enterprises L.P. acquired approximately 70.8% of our outstanding common stock from other affiliates of Carl C. Icahn.

Insight Portfolio Group LLC (“Insight Portfolio Group”) is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates.

On January 1, 2013, Viskase acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group’s operating expenses, which is approximately $189 in 2013. A number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group’s operating expenses in 2013.

During the periods ended March 31, 2013 and March 31, 2012, the Company purchased $8 and $13, respectively, in telecommunication services in the ordinary course of business from XO Communications, Inc., an affiliate of Icahn Enterprises L.P. The Company believes that the purchase of the telecommunications services were on terms at least as favorable as those that the Company would expect to negotiate with an unaffiliated party.

Icahn Enterprises L.P. was the lender on the Company’s Revolving Credit Facility as of December 31, 2012. The Company paid Icahn Enterprises L.P. service and unused commitment fees of $31 during each of the periods ended March 31, 2012 and 2013. The Company believes that the terms of the Revolving Credit Facility are at least as favorable as those that the Company would expect to negotiate with an unaffiliated party. On April 8, 2013, the Company entered into the Seventh Amendment to Loan and Security Agreement with Icahn Enterprises L.P., extending the maturity date of the Viskase Revolving Credit Facility from January 31, 2014 to July 31, 2015. The amendment included a fee of $125 for the extension.

## 12. Business Segment Information and Geographic Area Information

The Company primarily manufactures and sells cellulosic food casings. The Company’s operations are primarily in North America, South America, Europe and Asia. Intercompany sales and charges (including royalties) have been reflected as appropriate in the following information. Certain items

are maintained at the Company's corporate headquarters and are not allocated geographically. They include most of the Company's debt and related interest expense and income tax benefits.

Reporting Segment Information:

| | 3 Months Ended March 31, 2013 | 3 Months Ended March 31, 2012 |
|---|---|---|
| Net sales by region | | |
| North America | $48,844 | $44,206 |
| South America | 11,771 | 11,549 |
| Europe | 37,364 | 34,597 |
| Asia | 4,629 | 766 |
| Other and eliminations | (14,963) | (8,583) |
| | $87,645 | $82,535 |
| Operating income | | |
| North America | $5,933 | $4,446 |
| South America | 378 | 973 |
| Europe | 2,878 | 1,570 |
| Asia | 581 | (48) |
| | $9,770 | $6,941 |
| Identifiable assets | | |
| North America | $170,479 | $188,860 |
| South America | 41,754 | 28,963 |
| Europe | 105,190 | 108,321 |
| Asia | 26,982 | 12,190 |
| | $344,405 | $338,334 |
| Net Sales by market | | |
| Emerging | $43,534 | $38,724 |
| Mature | 44,111 | 43,811 |
| | $87,645 | $82,535 |
| Net Sales from operations by country | | |
| United States | $24,078 | $23,836 |
| Brazil | 6,364 | 8,014 |
| Italy | 7,663 | 7,624 |
| Germany | 3,005 | 3,194 |
| France | 3,834 | 3,582 |
| Other international | 42,701 | 36,285 |
| | $87,645 | $82,535 |

## 13. Total Comprehensive Income

| | 3 Months Ended March 31, 2013 | 3 Months Ended March 31, 2012 |
|---|---|---|
| Net income | $3,128 | $1,046 |
| Foreign currency translation adjustment | (2,082) | 1,652 |
| Pension liability adjustment | 1,082 | 850 |
| Comprehensive income | $2,128 | $3,548 |

## 14. Changes in Accumulated Other Comprehensive Loss

| | Accrued Employee Benefits | Translation Adjustments | Total |
|---|---|---|---|
| Balance at December 31, 2012 | ($57,504) | ($8,760) | ($66,264) |
| Reclassifications from accumulated other comprehensive loss to earnings | 1,082 | (2,082) | (1,000) |
| Balance at March 31, 2013 | ($56,422) | ($10,842) | ($67,264) |

## 15. Subsequent Events

Viskase evaluated its March 31, 2013 consolidated financial statements for subsequent events through May 8, 2013, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring disclosure identified.