VISKASE COMPANIES, INC.

ANNUAL REPORT 2016

This report has been prepared in accordance with Section 5.04 of the Credit Agreement dated as of January 30, 2014 among Viskase Companies, Inc. (the “Company”) and UBS AG, Stamford Branch as administrative agent and as collateral agent (the “Agent”).

CONSOLIDATED FINANCIAL STATEMENTS OF VISKASE COMPANIES, INC. AND SUBSIDIARIES

1. Financial Statements:

   Report of Independent Certified Public Accountants

   Consolidated Balance Sheets as of December 31, 2016 and 2015

   Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014

   Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016, 2015 and 2014

   Consolidated Statements of Stockholders' Equity for years ended December 31, 2016, 2015 and 2014

   Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014

2. Notes to Consolidated Financial Statements

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Viskase Companies, Inc.

We have audited the accompanying consolidated financial statements of Viskase Companies, Inc. (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Viskase Companies, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

We draw attention to Note 1 to the financial statements, which describes the Company adopted new accounting guidance in 2016 related to the presentation of deferred financing costs. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Chicago, Illinois
March 31, 2017

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

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$39,129	$37,321
Restricted cash	2,063	1,364
Receivables, net	62,938	60,252
Inventories	72,279	76,788
Other current assets	28,361	24,489
Total current assets	204,770	200,214
Property, plant and equipment	308,841	294,355
Less accumulated depreciation	(153,554)	(140,727)
Property, plant and equipment, net	155,287	153,628
Other assets, net	11,666	8,860
Goodwill	329	-
Deferred income taxes	51,386	48,848
Total Assets	$423,438	$411,550
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$2,750	$3,160
Short-term portion of capital lease obligations	90	174
Accounts payable	28,582	25,472
Accrued liabilities	38,796	34,809
Total current liabilities	70,218	63,615
Long-term debt, net of current maturities	261,905	264,148
Capital lease obligations, net of current portion	61	137
Long-term liabilities	1,770	-
Accrued employee benefits	56,354	50,495
Deferred income taxes	326	-
Stockholders' equity:		
Common stock, $0.01 par value; 37,329,269 shares issued and 36,523,999 outstanding at December 31, 2016 and 36,989,711 shares issued and 36,184,441 outstanding at December 31, 2015	373	370
Paid in capital	32,472	32,861
Retained earnings	85,832	80,272
Less 805,270 treasury shares, at cost	(298)	(298)
Accumulated other comprehensive loss	(85,575)	(80,050)
Total stockholders' equity	32,804	33,155
Total Liabilities and Stockholders' Equity	$423,438	$411,550

See notes to consolidated financial statements.

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
NET SALES	$328,820	$343,583	$365,203
Cost of sales	247,570	258,893	274,267
GROSS MARGIN	81,250	84,690	90,936
Selling, general and administrative	51,934	52,589	44,643
Amortization of intangibles	18	16	18
Asset impairment charge	-	445	80
Restructuring expense	4,809	2,672	217
OPERATING INCOME	24,489	28,968	45,978
Interest income	22	31	19
Interest expense, net	12,543	12,458	14,191
Loss on early extinguishment of debt	-	-	15,739
Other (income) expense, net	(1,238)	5,358	3,179
INCOME BEFORE INCOME TAXES	13,206	11,183	12,888
Income tax provision	7,646	9,886	3,058
NET INCOME	$5,560	$1,297	$9,830
WEIGHTED AVERAGE COMMON SHARES - BASIC	36,186,302	36,184,334	36,131,795
PER SHARE AMOUNTS: EARNINGS PER SHARE - BASIC	$0.15	$0.04	$0.27
WEIGHTED AVERAGE COMMON SHARES - DILUTED	36,243,772	37,189,121	37,280,064
PER SHARE AMOUNTS: EARNINGS PER SHARE - DILUTED	$0.15	$0.03	$0.26

See notes to consolidated financial statements.

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

	Ended December 31, 2016	Ended December 31, 2015	Ended December 31, 2014
Net income	$5,560	$1,297	$9,830
Other comprehensive (loss) income, net of tax			
Pension liability adjustment	482	1,454	(16,484)
Foreign currency translation adjustment	(6,007)	(8,546)	(9,530)
Other comprehensive (loss), net of tax	(5,525)	(7,092)	(26,014)
Comprehensive income (loss)	$35	($5,795)	($16,184)

See notes to consolidated financial statements.

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

	Common stock	Paid in capital	Treasury stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity (deficit)
Balance December 31, 2013	$369	$32,839	($298)	$69,145	($46,944)	$55,111
Net income	-	-	-	9,830	-	9,830
Foreign currency translation adjustment	-	-	-	-	(9,530)	(9,530)
Pension liability adjustment, net of tax	-	-	-	-	(16,484)	(16,484)
Stock option expense	-	60	-	-	-	60
Stock option exercise	1	(98)	-	-	-	(97)
Balance December 31, 2014	$370	$32,801	($298)	$78,975	($72,958)	$38,890
Net income	-	-	-	1,297	-	1,297
Foreign currency translation adjustment	-	-	-	-	(8,546)	(8,546)
Pension liability adjustment, net of tax	-	-	-	-	1,454	1,454
Stock option expense	-	60	-	-	-	60
Balance December 31, 2015	$370	$32,861	($298)	$80,272	($80,050)	$33,155
Net income	-	-	-	5,560	-	5,560
Foreign currency translation adjustment	-	-	-	-	(6,007)	(6,007)
Pension liability adjustment, net of tax	-	-	-	-	482	482
Stock option exercise	3	(389)	-	-	-	(386)
Balance December 31, 2016	$373	$32,472	($298)	$85,832	($85,575)	$32,804

See notes to consolidated financial statements.

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

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash flows from operating activities:			
Net income	$5,560	$1,297	$9,830
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	19,051	18,843	20,101
Stock-based compensation	-	60	60
Amortization of intangibles	18	16	18
Amortization of deferred financing fees	639	589	534
Deferred income taxes	(1,279)	3,078	466
Loss on disposition of assets	244	1,375	269
Bad debt and accounts receivable provision	10	475	403
Loss on early extinguishment of debt	-	-	15,739
Non-cash interest on notes	123	90	79
Changes in operating assets and liabilities:			
Receivables	(3,191)	1,164	1,459
Inventories	3,297	(2,207)	(8,209)
Other current assets	(4,131)	1,968	2,270
Accounts payable	3,400	(1,297)	(3,941)
Accrued liabilities	4,752	2,788	(12,181)
Accrued employee benefits	5,078	347	(4,556)
Other assets	(4,086)	(2,294)	(6,242)
Other	(1,109)	(1,383)	(1,309)
Total adjustments	22,816	23,612	4,960
Net cash provided by operating activities	28,376	24,909	14,790
Cash flows from investing activities:			
Capital expenditures	(18,091)	(21,991)	(23,091)
Acquisition of businesses, net of cash acquired	(4,063)	-	-
Proceeds from disposition of assets	51	40	2
Net cash used in investing activities	(22,103)	(21,951)	(23,089)
Cash flows from financing activities:			
Issuance of common stock	3	-	1
Deferred financing costs	(245)	(120)	(3,228)
Proceeds from long-term debt	-	-	274,313
Repayment of short-term debt	(3,166)	(3,310)	(15,357)
Repayment of long-term debt	-	-	(225,617)
Repayment of capital lease	(170)	(348)	(375)
Restricted cash	(699)	-	(102)
Net cash (used in) provided by financing activities	(4,277)	(3,778)	29,635
Effect of currency exchange rate changes on cash	(188)	(1,169)	(1,105)
Net increase (decrease)in cash and equivalents	1,808	(1,989)	20,231
Cash and equivalents at beginning of period	37,321	39,310	19,079
Cash and equivalents at end of period	$39,129	$37,321	$39,310
Supplemental cash flow information:			
Interest paid less capitalized interest	$11,845	$13,761	$10,834
Income taxes paid	$6,750	$6,376	$4,889
Non cash capital expenditures	$1,760	-	-

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands)

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. We were incorporated in Delaware in 1970. The Company operates ten manufacturing facilities, six distribution centers and three service centers in North America, Europe, South America, and Asia and, as a result, is able to sell its products in nearly one hundred 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.

Reclassification

Reclassifications have been made to the prior years' financial statements to conform to the 2016 presentation.

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 $158 and $163 of short-term investments at December 31, 2016 and December 31, 2015, 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, (v) data processing – 3 to 7 years and (vi) leasehold improvements - shorter of lease or useful life.

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

Deferred Financing Costs

Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying amount of debt liability and 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, Trademarks and Goodwill

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

We evaluate the carrying value of goodwill annually and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. Goodwill impairment testing involves a two-step process. Step 1 compares the fair value of our reporting units to their carrying values. If the fair value of the reporting unit exceeds its carrying value, no further analysis is necessary. The reporting unit fair value is based upon consideration of various valuation methodologies, including guideline transaction multiples, multiples of current earnings, and projected future cash flows discounted at rates commensurate with the risk involved. If the carrying amount of the reporting unit exceeds its fair value, Step 2 must be completed to quantify the amount of impairment. Step 2 calculates the implied fair value of goodwill by deducting the fair value of all tangible and intangible assets, excluding goodwill, of the reporting unit, from the fair value of the reporting unit as determined in Step 1. The implied fair value of goodwill determined in this step is compared to the carrying value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, an impairment loss, equal to the difference, is recognized.

Long-Lived Assets

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment, trademarks 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 December 31, 2016 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 7.50% for 2016. The Company is using a long-term rate of return on French plan assets of 3.20% for 2016. 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 4.47% for 2016. The Company is using a weighted average discount rate of 1.45% on its non-U.S. pension plans for 2016.

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 (Loss)

Comprehensive income (loss) includes all other non-stockholder changes in equity. Changes in other comprehensive income (loss) in 2016 and 2015 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, customer pick up 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 assured. 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 sales.

Acquisitions of Businesses

We account for business combinations under the acquisition method of accounting (other than acquisitions of businesses under common control), which requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement.

Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. In valuing our acquisitions we estimate fair values based on industry data and trends and by reference to relevant market rates and transactions, and discounted cash flow valuation methods, among other factors. The discount rates used were commensurate with the inherent risks associated with each type of asset and the level and timing of cash flows appropriately reflect market participant assumptions. The primary items that generate goodwill include the value of the synergies between the acquired company and our existing businesses and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

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 December 31, 2016, future annual minimum purchases remaining under the agreement are $1,571.

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.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 ("ASU 2014-09), Revenue from Contracts with Customers, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.
On July 9, 2015, the FASB board voted to defer the effective date to annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019 (early adoption is permitted no earlier than the original effective date). The guidance permits the use of either a retrospective or cumulative effect transition method. The Company is currently assessing the impact that adopting this new accounting guidance will have on the Company's consolidated financial statements. We will adopt these new standards on January 1, 2018 using the modified retrospective application method.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." This update provides that an entity should measure inventory with the scope of the update at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The Company is currently assessing the impact that adopting this new accounting guidance will have on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which amends FASB ASU Subtopic 835-30, Interest - Imputation of Interest. The new standard requires that all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the debt. The standard is effective for interim and annual periods beginning after December 31, 2015 and is required to be applied on a retrospective basis. The Company's adoption of this new guidance has resulted in a reclassification of debt issuance costs on our consolidated balance sheets of $1,996 and $2,390 at December 31, 2016 and December 31, 2015, respectively.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. This new standard provides guidance on how entities measure certain equity investments and present changes in the fair value. This standard requires that entities measure certain equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. ASU 2016-01 is effective for fiscal years beginning after December 31, 2017. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a right of use asset and related lease liability for those leases classified as operating leases at the commencement date and have lease terms of more than 12 months. This topic retains the distinction between finance leases and operating leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, and must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarify the implementation guidance on principal versus agent considerations. The effective date to annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019 (early adoption is permitted no earlier than the original effective date). The Company is currently evaluating the provisions of this guidance and assessing its impact on the Company's financial statements and disclosures.

In March 2016, the FASB issued ASU No. 2016-09, Compensation-Stock Compensation-Improvements to Employee Share-Based Payment Accounting (Topic 718), which involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under the new standard, income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity should also recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits should be classified along with other income tax cash flows as an operating activity. In regards to forfeitures, the entity may make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. The Company will be early adopt this ASU for fiscal years beginning after December 15, 2016 including interim periods. Management does not expect the adoption of this guidance to have a material impact on the financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU seeks to reduce the diversity currently in practice by providing guidance on the presentation of eight specific cash flow issues in the statement of cash flows. This ASU is effective for fiscal years beginning after

December 15, 2017, and interim periods within those fiscal years. We currently evaluating the impact of this guidance on our consolidated statement of cash flows.

In October 2016, the FASB issued ASU No. 2016-16, Intra-Entity Transfers of Assets Other Than Inventory, which amends FASB ASC Topic 740, Income Taxes. This ASU requires the recognition of income tax consequences of an intraentity transfer of an asset other than inventory when the transfer occurs. Current U.S. GAAP prohibits the recognition of current and deferred incomes taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

In November 2016, the FASB issued ASU No. 2016-18, Restricted Cash, which amends FASB ASC Topic 230, Statement of Cash Flows. This ASU requires that the statement of cash flows explain the change during the period total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial position, results of operations, comprehensive income, cash flows and disclosures.

2. Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash and cash equivalents	$39,129	$37,321
Restricted cash	2,063	1,364
	$41,192	$38,685

As of December 31, 2016 and December 31, 2015, cash held in foreign banks was $27,224 and $17,407, respectively.

As of December 31, 2016 and December 31, 2015, letters of credit in the amount of $2,063 and $1,364, respectively, were outstanding under facilities with a commercial bank, and were cash collateralized in a restricted account.

3. Receivables, net

	December 31, 2016	December 31, 2015
Accounts receivable, gross	$63,795	$61,258
Less allowance for doubtful accounts	(553)	(583)
Less allowance for sales returns	(304)	(423)
	$62,938	$60,252

	December 31, 2016	December 31, 2015	December 31, 2014
Beginning balance	$1,006	$1,121	$1,264
Provision (recoveries)	10	475	403
Write-offs	(152)	(564)	(524)
Foreign translation	(7)	(26)	(22)
Ending balance	$857	$1,006	$1,121

4. Inventory

	December 31, 2016	December 31, 2015
Raw materials	$9,777	$11,612
Work in process	34,249	31,496
Finished products	28,253	33,680
	$72,279	$76,788

5. Property, Plant and Equipment, Net

	December 31, 2016	December 31, 2015
Land and improvements	$1,954	$1,888
Buildings and improvements	37,928	38,056
Machinery and equipment	261,121	246,751
Construction in progress	7,838	7,660
	$308,841	$294,355

Accumulated Depreciation

	December 31, 2016	December 31, 2015
Land and improvements	$328	$304
Buildings and improvements	12,551	10,877
Machinery and equipment	140,675	129,546
	$153,554	$140,727

6. Other Assets

	December 31, 2016	December 31, 2015
Patents and Trademarks	$4,865	$4,782
Less: Accumulated amortization	(4,662)	(4,644)
Patents and trademarks, net	203	138
Other intangibles	1,236	1,236
Less: Accumulated amortization	(1,236)	(1,236)
Other intangibles, net	-	-
Other taxes receivable	11,145	8,347
Miscellaneous	318	375
	$11,666	$8,860

7. Accrued Liabilities

Accrued liabilities were comprised of:

	December 31, 2016	December 31, 2015
Compensation and employee benefits	$14,153	$12,471
Taxes payable	14,177	14,955
Accrued volume and sales rebates	1,305	1,778
Accrued interest payable	41	8
Restructuring reserve	3,210	1,713
Other	5,910	3,884
	$38,796	$34,809

8. Debt Obligations

	December 31, 2016	December 31, 2015
Short-term debt:		
Bank term loan	$2,750	$2,750
Europe unsecured loan	-	410
Total short-term debt	2,750	3,160
Long-term debt:		
Bank term loan, net of discount	261,578	263,841
Other	327	307
Total long-term debt	261,905	264,148
Total debt	$264,655	$267,308

Revolving Credit Facility

On January 30, 2014, the Company entered into an Amendment Agreement to the $25,000 Revolving Credit Facility, together with an amended Loan Agreement, with Icahn Enterprises Holdings L.P. Drawings under the amended Revolving Credit Facility bear interest at daily three month LIBOR plus

2.0%. The amended Revolving Credit Facility also provides for an unused line fee of 0.375% per annum.

On March 1, 2016, the Company entered into the Tenth Amendment to the Loan and Security Agreement with Icahn Enterprises L.P., extending the maturity date of the Revolving Credit Facility from January 30, 2017 to January 30, 2020. The amendment included a fee of $125 for the extension.

Indebtedness under the amended Revolving Credit Facility is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) accounts, inventory, lockboxes, deposit accounts and investment property (the "ABL Priority Collateral') to be contractually senior to the liens securing the Term Loan (as hereafter defined) pursuant to an intercreditor agreement, (ii) real property, fixtures and improvements thereon, equipment and proceeds thereof (the "Fixed Asset Priority Collateral"), to be contractually subordinate to the liens securing the Term Loan pursuant to such intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Term Loan pursuant to such intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the amended Revolving Credit Agreement, and to provide security by liens on their assets as described above.

The amended Revolving Credit Facility contains various covenants which restrict the Company's ability to, among other things, incur indebtedness, create liens on our assets, make investments, enter into merger, consolidation or acquisition transactions, dispose of assets (other than in the ordinary course of business), make certain restricted payments, enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The amended Revolving Credit Facility also requires that we comply with certain financial covenants, including meeting a minimum EBITDA requirement and limitations on capital expenditures, in the event our usage of the Revolving Credit Facility exceeds 90% of the facility amount. The Company is in compliance with the Revolving Credit Facility covenants as of December 31, 2016.

The amended Revolving Credit Facility had no borrowings as of December 31, 2016 and December 31, 2015.

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 December 31, 2016.

Term Loan Facility

On January 30, 2014, the Company entered into a Credit Agreement with UBS AG, Stamford Branch ("UBS"), as Administrative Agent and Collateral Agent, and the Lenders parties thereto, providing for a $275,000 senior secured covenant lite term loan facility ("Term Loan"). The Term Loan bears interest at a LIBOR Rate plus 3.25% (with the LIBOR Rate carrying a 1.00% floor or at a Base Rate equal to the sum of (1) the greatest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50%, (c) one-month LIBOR plus 1.0%, or (d) 2.0%, plus (2) 2.25%). As of December 31, 2016, the interest rate was 4.38% on the Term Loan. The Term Loan has a 1% per annum amortization with a maturity date of January 30, 2021. The Term Loan is subject to certain additional mandatory prepayments upon asset sales, incurrence of indebtedness not otherwise permitted, and based upon a percentage of excess cash flow. Prepayments on the Term Loan may be made at any time, subject to a prepayment premium of 1% for certain prepayments during the first six months of the term.

Indebtedness under the Term Loan is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) the Fixed Asset Priority Collateral, to be contractually senior to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, (ii) the ABL Priority Collateral, to be contractually subordinate to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the Term Loan, and to provide security by liens on their assets as described above.

Debt Maturity

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

	2017	2018	2019	2020	2021	Thereafter
Term Loan Facility	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 255,750	$ -
Other	-	-	-	-	-	848
	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 255,750	$ 848

(1) The aggregate maturities of debt represent amounts to be paid at maturity and not the current carrying value of the debt.
(2) The amounts are for the remainder of the calendar year.

9. 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 building 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 as of December 31, 2016 and December 31, 2015.

	December 31, 2016	December 31, 2015
Building and improvements	$453	$406
Machinery and equipment	2,169	2,273
Less: Accumulated depreciation	(2,454)	(2,344)
	$168	$335

The following is a schedule by years of minimum future lease payments as of December 31, 2016.

Year ending December 31,	
2017	$92
2018	55
2019	13
2020	7
2021	-
Thereafter	-
Total minimum payments required	167
Less amount representing interest	(16)
Present value of net minimum lease payments	$151

10. Operating Leases

The Company has operating lease agreements for machinery, equipment and facilities. The majority of the facility leases require the Company to pay maintenance, insurance and real estate taxes. Certain of these leases contain escalation clauses and renewal options.

Future minimum lease payments for operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2016, are:

2017	$2,752
2018	3,045
2019	3,136
2020	3,248
2021	2,207
Total thereafter	10,778
Total minimum lease payments	$25,166

Total rent expense during 2016, 2015 and 2014 amounted to $2,836, $3,313 and $3,525 respectively.

11. Retirement Plans

The Company and its subsidiaries have defined contribution and defined benefit plans varying by country and subsidiary.

The Company's operations in the United States, France, Germany and Canada historically offered defined benefit retirement plans ("Plan") to their employees. Most of these benefits have been terminated, resulting in various reductions in liabilities and curtailment gains.

Included in accumulated other comprehensive loss, net of tax of $17,714 for U.S. and $1,287 non U.S. , as of December 31, 2016 are the following amounts not yet recognized in net periodic benefit cost:

	U.S. Pension Benefits	Non U.S. Pension Benefits
Net actuarial loss	($49,292)	($2,451)

Amounts included in other comprehensive loss expected to be recognized as a component of net periodic benefit cost for the year ending December 31, 2017 are:

	U.S. Pension Benefits	Non U.S. Pension Benefits
Net actuarial loss	($4,604)	($162)

The measurement date for all defined benefit plans is December 31. The year end status of the plans is as follows:

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2016	2015	2016	2015
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$156,435	$165,458	$10,023	$11,924
Service cost	-	-	394	429
Interest cost	7,092	6,894	194	218
Actuarial loss (gain)	3,918	(7,726)	639	(244)
Benefits paid	(13,458)	(8,191)	(612)	(499)
Liability (Gain)/Loss due to Curtailment	-	-	174	(572.00)
Currency translation	-	-	(318)	(1,233)
Estimated benefit obligation at end of year	$153,987	$156,435	$10,493	$10,023
Change in plan assets:				
Fair value of plan assets at beginning of year	$113,321	$122,126	$3,973	$4,949
Actual return on plan assets	7,309	(2,310)	(135)	(464)
Employer contribution	275	1,696	-	-
Benefits paid	(13,458)	(8,191)	(1,434)	-
Currency translation	-	-	(126)	(512)
Fair value of plan assets at end of year	$107,447	$113,321	$2,278	$3,973
Unfunded status of the plan	($46,540)	($43,114)	($8,215)	($6,050)

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2016	2015	2016	2015
Amounts recognized in statement of financial position:				
Current liabilities	($71)	($76)	($147)	($150)
Noncurrent liabilities	(46,469)	(43,038)	(8,068)	(5,901)
Net amount recognized	($46,540)	($43,114)	($8,215)	($6,051)

The funded status of these pension plans as a percentage of the projected benefit obligation was 67% in 2016 compared to 70% in 2015.

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2016	2015	2016	2015
Projected benefit obligation	$153,987	$156,435	$10,493	$10,023

Components of net periodic benefit cost for the years ended December 31:

	U.S. Pension Benefits			Non U.S. Pension Benefits		
	2016	2015	2014	2016	2015	2014
Component of net period benefit cost						
Service cost	$ -	$ -	$ -	$415	$441	$471
Interest cost	7,093	6,895	7,205	204	222	364
Expected return on plan assets	(8,144)	(8,953)	(9,055)	(125)	(141)	(178)
Amortization of prior service cost	-	-	-	-	-	-
Amortization of actuarial loss	4,369	4,083	863	171	176	100
	$3,318	$2,025	($987)	$665	$698	$757

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost as of December 31:

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2016	2015	2016	2015
Discount rate	4.47%	4.68%	1.45%	2.04%
Expected return on plan assets	7.50%	7.50%	3.20%	3.20%
Rate of compensation increase	N/A	N/A	2.27%	2.27%

The Company evaluates its discount rate assumption annually as of December 31 for each of its retirement-related benefit plans. The Company is using a Mercer bond model for determining its U.S. pension benefits. The Company is using a weighted average discount rate of 1.45% on its non U.S. pension plans for 2016.

The Company's expected return on plan assets is evaluated annually based upon a study which includes a review of anticipated future long-term performance of individual asset classes, and consideration of the appropriate asset allocation strategy to provide for the timing and amount of benefits included in the projected benefit obligation. While the study gives appropriate consideration to recent fund performance and historical returns, the assumption is primarily a long-term prospective rate.

The Company's overall investment strategy is to achieve growth through a mix of approximately 75% of investments for long-term growth and 25% for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are 65% equity securities, 5% hedge funds and 25% to fixed income investments. Equity securities primarily include investments in large-cap, mid-cap and small-cap companies primarily located in the United States and international developed markets. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include investments in hedge funds that follow several different strategies.

In accordance with FASB guidance, Plan management uses the following methods and significant assumptions to estimate fair value of investments.

Mutual funds - Valued at the net asset value ("NAV") of shares held by the Plan at year-end, which is obtained from an active market.

Collective trust funds - Value provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV's unit price is quoted on a private market that is not active.

Hedge funds - Value provided by the administrator of the fund. The pricing for these funds is provided monthly by the fund to determine the quoted price.

The fair values of the Company's pension plan asset allocation at December 31, 2016 and 2015, by asset category are as follows:

	Total	Fair Value Measurement at December 31, 2016 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	$4,097	$4,097	$ -	$ -
US Government and agency obligations	3,774	1,574	2,200	-
Exchange traded funds	23,389	23,389	-	-
Mutual funds	38,529	35,847	2,682	-
Common stocks	30,820	30,819	-	1
Total Assets in the fair value hierarchy	100,609	$95,726	$ 4,882	$ 1
Investments measured at NAV (a)	9,116			
Investments at fair value	$109,725			

	Total	Fair Value Measurement at December 31, 2015 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	$4,861	$4,861	$ -	$ -
US Government and agency obligations	3,696	2,115	1,581	
Exchange traded funds	23,433	23,433	-	-
Mutual funds	35,549	35,456	93	-
Common stocks	28,849	28,849	-	-
Total Assets in the fair value hierarchy	96,388	$94,714	$1,674	$ -
Investments measured at NAV (a)	20,906			
Investments at fair value	$117,294			

(a) Hedge funds are measured at fair value using the NAV per share practical expedient, and therefore have not been classified in the fair value hierarchy.

The following table provides a summary of the estimated benefit payments for the postretirement plans for the next five fiscal years individually and for the following five fiscal years in the aggregate.

	Total Estimated Benefit Payments	
	U.S.	Non U.S
2017	$9,100	$615
2018	9,287	453
2019	9,522	249
2020	9,719	396
2021	9,854	519
Thereafter	50,467	2,168

The Company's expected contribution for the 2017 fiscal year is $472 for the U.S. pension plan. There is no funding requirement for non U.S. pension plans.

Savings Plans

The Company also has defined contribution savings and similar plans for eligible employees, which vary by subsidiary. The Company's aggregate contributions to these plans are based on eligible employee contributions and certain other factors. The Company expense for these plans was $1,263, $1,212 and $1,230 in 2016, 2015 and 2014, respectively.

International Plans

The Company maintains various pension and statutory separation pay plans for its European employees. The expense, not including the French and German pension plan, in 2016, 2015, and 2014 was $475, $564 and $787, respectively. As of their most recent valuation dates, for those plans where vested benefits exceeded plan assets, the actuarially computed value of vested benefits exceeded those plans' assets by approximately $5,353.

12. Capital Stock, Treasury Stock and Paid in Capital

Authorized shares of preferred stock ($0.01 par value per share) and common stock ($0.01 par value per share) for the Company are 50,000,000 shares and 50,000,000 shares, respectively.

In 2004, the Company purchased 805,270 shares of its common stock from the underwriter for a purchase price of $298. The common stock has been accounted for as treasury stock.

13. Income Taxes

Income tax provision (benefit) consisted of:

	2016	2015	2014
Current			
Domestic	($51)	$240	$52
Foreign	8,976	6,568	2,540
Total current	8,925	6,808	2,592
Deferred			
Domestic	(75)	4,782	2,429
Foreign	(1,204)	(1,704)	(1,963)
Total deferred	(1,279)	3,078	466
Total	$7,646	$9,886	$3,058

The reconciliation of income tax provision (benefit) attributable to earnings differed from the amounts computed by applying the U.S. Federal statutory income tax rate to earnings by the following amounts:

(Loss) income before income taxes:

	2016	2015	2014
Domestic	($977)	$9,006	($1,338)
Foreign	14,183	2,177	14,226
Total	$13,206	$11,183	$12,888

	2016	2015	2014
Computed income tax provision	$4,622	$3,914	$4,508
State and local taxes, net of federal tax	(109)	440	55
Foreign taxes, net	342	940	(1,502)
Valuation allowance	277	282	286
Uncertain tax positions - (benefit) expense	1,557	1,138	(2,328)
Foreign exchange impact	(1,300)	2,475	532
Permanent Differences, net	2,018	(449)	547
Other, net	239	1,146	960
Total income tax expense	$7,646	$9,886	$3,058
Computed income tax provision	35.0%	35.0%	35.0%
State and local taxes, net of federal tax	-0.8%	3.9%	0.4%
Foreign taxes, net	2.6%	8.4%	-11.7%
Valuation allowance	2.1%	2.5%	2.2%
Uncertain tax positions - expense (benefit)	11.8%	10.2%	-18.1%
Foreign exchange impact	-9.8%	22.1%	4.1%
Permanent Differences, net	15.3%	-4.0%	4.2%
Other, net	1.8%	10.2%	7.4%
Effective income tax rate	57.9%	88.4%	23.6%
Statutory federal rate	35.0%	35.0%	35.0%

Temporary differences and net operating loss carryforwards that give rise to a significant portion of deferred tax assets and liabilities for 2016 and 2015 are as follows:

	2016	2015
Deferred tax asset		
Provisions not currently deductible	$7,800	$4,429
Inventory basis differences	4,336	4,196
Foreign exchange and other	58	123
Stock options	63	444
Pension and healthcare	18,209	16,963
Intangible asset	8	6
Net operating loss carryforwards	39,097	39,352
Valuation allowance	(595)	(504)
Total deferred tax asset	$68,976	$65,009
Deferred tax liability		
Property, plant, and equipment	($16,481)	($14,180)
Foreign exchange and other	(1,435)	(1,981)
Total deferred tax liability	($17,916)	($16,161)
	$51,060	$48,848

The net deferred tax asset (liability) is classified in the balance sheet as follows:

	2016	2015
Non-current deferred tax assets	$51,386	$48,848
Non-current deferred tax liability	(326)	-
Non-current deferred tax assets (liability), net	$51,060	$48,848

A valuation allowance is provided when it is more likely than not that some portion or all of the net deferred tax assets will not be realized. Management believes that is more likely than not that its net deferred tax assets will be realized based on the weight of positive evidence and future income except with respect to the loss in Poland and a portion of the state loss in the U.S. The Company has a valuation allowance in Poland at December 31, 2016 and December 31, 2015 of $425 and $504, respectively. The Company has gross U.S. federal net operating loss carryforwards at December 31, 2016 and December 31, 2015 of $91,477 and $92,632, respectively, with amounts beginning to expire in 2024. The Company has gross net operating loss carryforwards in Brazil at December 31, 2016 and December 31, 2015 of $12,917 and $13,601, respectively and has an unlimited carryforward period. The Company has gross net operating loss carryforwards in Poland at December 31, 2016 and December 31, 2015 of $2,236 and $2,080, respectively and has a five year carryforward period. The Company has gross net operating loss carryforwards in France at December 31, 2016 of $1,233 and has an unlimited carryforward period.

The Company joins in filing a United States consolidated Federal income tax return including all of its domestic subsidiaries.

Uncertainty in Income Taxes

The uncertain tax positions as of December 31, 2016 totaled $7,747. The following table summarizes the activity related to the unrecognized tax benefits.

(in thousands)	2016	2015
Unrecognized tax benefits as of January 1	$6,969	$5,890
Increases in positions taken in a prior period	5	-
Decreases in positions taken in a prior period	(547)	(106)
Increases in positions taken in a current period	1,325	2,682
Decreases in positions taken in a current period		-
Decreases due to settlements		(1,468)
Decreases due to lapse of statute of limitations	(5)	(29)
Unrecognized tax benefits as of December 31	$7,747	$6,969

In 2016, the Company recognized an approximate net increase of $1,325 to increase the reserves for uncertain tax positions. The majority of the increase in the reserve is due to uncertain tax positions with the foreign subsidiaries.

Approximately $7,747 of the total gross 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 substantially concluded all U.S. federal income tax matters for years through 2013. Substantially all material state and local and foreign income tax matters have been concluded for years through 2011.

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. During the years ended December 31, 2016 and 2015, the Company recorded adjustments for interest of $310 and $92, respectively, and for penalties of $122 and $(21), respectively related to these unrecognized tax benefits. In total, as of December 31, 2016 and 2015, the Company has recorded a liability of interest of $519 and $209, respectively, and $453 and $331, respectively, for potential penalties.

14. Contingencies

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.

15. 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. There was no non-cash compensation expense included in net income for the year ended December 31, 2016. Included in net income is non-cash compensation expense of $60 for the years ended December 31, 2015 and December 31, 2014.

The fair values of the options granted during 2016, 2013 and 2007 were estimated on the date of grant using the binomial option pricing model. The assumptions used and the estimated fair values are as follows:

Estimate Fair Values

	2016	2013	2007
Expected term	10 years	10 years	10 years
Expected stock volatility	4.38%	17.33%	23.04%
Risk-free interest rate	2.45%	1.75%	4.39%
Expected forfeiture rate	0.00%	0.00%	14.00%
Fair value per option	$1.12	$0.51	$0.77

In December 2016, the Company granted non-qualified stock options to its current chief executive officer for the purchase of 600,000 shares of its common stock under an employment agreement. Options were granted at the fair market value at date of grant and will vest one third each on

December 31, 2017, Decemebr 31, 2018 and December 31, 2019. The options for the chief executive officer expire on December 31, 2026.

In April 2013, the Company granted non-qualified stock options to its current chief administrative officer for the purchase of 325,000 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 administrative officer expire on April 16, 2023 through an amendment to the option agreement in 2016.

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, were fully vested, and were exercised during 2016 resulting in 339,558 shares issued in a partial cashless exercise.

The Company has no outstanding non-qualified stock options granted to other members of management.

The Company's outstanding options were:

	Shares Under Option		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life		Weighted Average Grant-Date Fair Value
Outstanding, December 31, 2014	1,835,000	$	1.71	58 months	$	0.65
Vested and exercisable at Dec. 31, 2014	*1,726,668*	$	2.23	*43 months*	*$*	*0.66*
Granted	-	$	-	-	*$*	-
Exercised	*10,000*	$	2.90	-		-
Forfeited	-	$	-	-		-
Outstanding, December 31, 2015	1,825,000	$	2.84	35 months	$	0.64
Vested and exercisable at Dec. 31, 2015	*1,726,668*	$	2.82	34 months	*$*	*0.64*
Granted	*600,000*	$	2.53	120 months		*1.12*
Exercised	*1,500,000*	$	1.70	-		-
Forfeited	-	$	-	-		-
Outstanding, December 31, 2016	925,000	$	4.45	104 months	$	0.91
Vested and exercisable at Dec. 31, 2016	*325,000*	$	8.00	76 months	$	0.51

Vested and exercisable options as of December 31, 2016 were 325,000 with a weighted average share price of $8.00.

16. Research and Development Costs

Research and development costs are expensed as incurred and totaled $4,418, $4,977 and $5,662 for 2016, 2015, and 2014, respectively.

17. Related-Party Transactions

As of December 31, 2016, Icahn Enterprises L.P. owned approximately 74.6% of our outstanding common stock. There were 737,613 shares of common stock purchased during the period ended December 31, 2016.

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 $174 in 2016 and $193 in 2015. 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 2016.

During the periods ended December 31, 2016 and December 31, 2015, the Company purchased $41 and $45, respectively, in telecommunication services from XO Communications, Inc., an affiliate of Icahn Enterprises L.P.

Icahn Enterprises L.P. was the lender on the Company's Revolving Credit Facility as of December 31, 2016. The Company paid Icahn Enterprises L.P. service, commitment fees, interest and amendment fees of $216 and $107 during each of the years ended December 31, 2016 and 2015.

18. 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:

	2016	2015	2014
Net sales			
North America	$188,346	$195,131	$199,220
South America	49,302	46,403	52,879
Europe	114,027	118,484	142,944
Asia	35,827	33,399	30,199
Other and eliminations	(58,682)	(49,834)	(60,039)
	$328,820	$343,583	$365,203
Operating income			
North America	$10,748	$23,361	$28,386
South America	4,145	3,848	2,819
Europe	3,350	743	9,001
Asia	6,246	1,016	5,772
	$24,489	$28,968	$45,978
Identifiable assets			
North America	$204,660	$215,671	$222,747
South America	65,786	54,481	55,256
Europe	111,481	101,385	113,189
Asia	41,511	42,403	37,785
	$423,438	$413,940	$428,977

	2016	2015	2014
Net Sales by market			
Emerging	$171,974	$175,008	$184,376
Mature	156,846	168,575	180,827
	$328,820	$343,583	$365,203
Net Sales by country			
United States	$97,071	$101,903	$101,979
Brazil	28,458	24,514	29,572
Italy	23,577	26,365	31,161
Germany	9,864	10,418	12,860
France	11,727	12,812	14,834
Philippines	21,809	19,531	14,341
Poland	8,416	7,144	8,827
Other international	127,898	140,896	151,629
	$328,820	$343,583	$365,203

19. Interest Expense, Net

Net interest expense consisted of:

	December 31, 2016	December 31, 2015	December 31, 2014
Interest expense	$12,667	$12,597	$14,174
Less Capitalized interest	(124)	(139)	17
Interest expense, net	$12,543	$12,458	$14,191

20. Changes in Accumulated Other Comprehensive Loss

	Accrued Employee Benefits	Translation Adjustments	Total
Balance at December 31, 2015	($52,221)	($27,829)	($80,050)
Other comprehensive income before reclassifications	(4,058)	(6,007)	(10,065)
Reclassifications from accumulated other comprehensive loss to earnings	4,540	-	4,540
Balance at December 31, 2016	($51,739)	($33,836)	($85,575)

	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Items in the Consolidation Statement of Operations and Comprehensive Loss
Accrued Employee Benefits		
Amortization of net actuarial loss	$4,540	Selling, general and administrative
	$4,540	

21. Restructuring Charges

During the first half of 2016, the Company recognized a restructuring expense of $1,858. The total costs of $4,170 recognized over 2016 and 2015 relate to a Board-approved plan of restructuring of its French subsidiary operations to safeguard the Company's competitive environment in the European market. The Company will exit its French plastics, printing, and MP coating operations, along with a targeted downsizing of its production and overhead personnel. The plan will involve the involuntary termination or relocation/reutilization of 38 employees (Corporate: 3 - Production: 30 - Support: 5) and the implementation of a social plan at an estimated expense of $2,980. The restructuring expense also includes an asset impairment of $672 and other fees of $518.

The Company recognized a cost of $665 related to the relocation of its North American finishing operations. The plan involved the involuntary termination of approximately 53 employees and will be completed in the second half of 2016. The restructuring expense includes an asset impairment of $174.

The Company recognized a cost of $2,286 related to the voluntary employee reduction of its North American headquarters during December 2016. The plan involved the voluntary termination of approximately 20 employees and will be completed throughout 2017.

The Company also incurred a restructuring expense of $360 relating to the elimination of a shift in its Brazilian operations. The plan involved the involuntary termination of 42 employees and was completed in 2015.

The following table provides details of our restructuring provisions.

	December 31, 2016	December 31, 2015	December 31, 2014
Beginning balance	$1,713	$89	$148
Provision	4,809	2,672	217
Payments/Impairments	(3,312)	(1,048)	(276)
Ending balance	$3,210	$1,713	$89

22. Acquisitions

Darmex Casing sp. z o.o.

On December 1, 2016, the Company, through its indirect subsidiary, Viskase Polska Sp. z o.o., completed the purchase of all of the shares of Darmex Casing Sp. z o.o.("Darmex") and certain assets of Supravis Group S.A., for a total of $4,196USD in cash, subject to certain adjustments. The share purchase of Darmex included acquisition of substantially all of the assets, and assumption of substantially all of the liabilities, of Darmex. The Company completed the purchase to further enhance its production capabilities and product offerings in plastic casings. The purchase was recorded using the purchase method of accounting. The allocation of the purchase price to the tangible and intangible assets acquired and liabilities assumed in connection with the acquisition was based on estimated fair values supported by third-party valuations. The Company acquired goodwill as a result of expected synergies with increased presence in the plastics market. The following summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

	December 1, 2016
Cash	$133
Accounts receivable	730
Inventories	427
Prepaid expenses	15
Property, plant and equipment	3,285
Other assets	83
Goodwill	329
Accounts payable	(280)
Accrued liabilities	(190)
Short term capital lease	(10)
Deferred tax liability	(326)
Total purchase price	$4,196

Transaction costs related to the acquisition amounted to $357 and were recorded as an expense in the statement of operations.

23. Subsequent Events

Viskase evaluated its December 31, 2016 consolidated financial statements for subsequent events through March 31, 2017, the date the consolidated financial statements were available to be issued.

CT Casings Beteiligungs GmbH

On January 10, 2017, the Company, through its indirect subsidiary, Viskase GmbH, completed the purchase of all of the shares of CT Casings Beteiligungs GmbH ("Walsroder"), certain outstanding shareholder loans to Walsroder, and certain casing assets of Poly-clip System LLC, for a total of €35,300 or $37,370 paid cash and debt, subject to certain post-closing adjustments. Due to the timing of the transaction, the evaluation of the acquisition is still in process. The share purchase of Walsroder included acquisition of substantially all of the assets, and assumption of substantially all of the liabilities, of Walsroder. The Company completed the purchase to further enhance its production capabilities and product offerings in plastic and fibrous casings.