VISKASE COMPANIES, INC.

ANNUAL REPORT 2012

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.

Table of Contents

		Page
Section 1.	Cautionary Statement Regarding Forward-Looking Statements	3
Section 2.	Risk Factors	4
Section 3.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Section 4.	Consolidated Financial Statements	17

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. RISK FACTORS

You should read the following risk factors related to our business carefully in connection with evaluating our business. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, performance or financial condition in the future.

We face competitors that are better capitalized than we are, and the continuous-flow nature of the casings manufacturing process forces competitors to compete based on price in order to maintain volume, which could adversely affect our revenues and results.

We face competition in the United States and internationally from competitors that may have substantially greater financial resources than we have. The cellulosic casings industry includes competitors that are larger and better capitalized than we are. Currently, our primary competitors include Viscofan, S.A., Kalle Nalo GmbH, and VT Holding Group, although new competitors could enter the market or competing products could be introduced. Although prices for small diameter cellulosic casings have experienced annual increases in recent years, and we believe that the current output in our industry is generally in balance with global demand and that levels of capacity utilization are high, the continuous-flow nature of the casings manufacturing process has historically required competitors in our industry to compete based on price in order to maintain volume, which could result in lower pricing in future years. We attempt to differentiate our products on the basis of product quality and performance, product development, service, sales and distribution, but we and competitors in our industry have used price as a competitive factor in an attempt to obtain greater volumes. If prices decline, we may not be able to achieve profitability, whereas certain of our competitors who are better capitalized may be positioned to absorb such price declines. Any of these factors could result in a material reduction of our revenue, gross profit margins and operating results.

Deteriorations of national and global general economic conditions or disruptions in credit and other financial markets could adversely affect our business.

Our results of operations are affected by many economic factors, including the strength of economic conditions and level of economic development in the markets in which we operate. Deterioration of national and global economic conditions or disruptions in credit and other financial markets could result in a number of adverse effects to our business and our results of operations, including, among other things:

- making it more difficult or costly for us to obtain financing for our operations;
- impairing the financial condition of some of our customers or suppliers, thereby increasing bad debts or non-performance;
- negatively impacting the demand for protein products, which could result in a reduction of sales, operating income and cash flows; and
- impairing the financial viability of our insurers.

We receive our raw materials from a limited number of suppliers, and problems with our suppliers could impair our ability to meet our customers' product demands.

Our principal raw materials, paper and pulp, constitute an important aspect and cost factor of our operations. We generally purchase our paper and pulp from a single source or a small number of suppliers. Any inability of our suppliers to timely deliver raw materials or any unanticipated adverse change in our suppliers could be disruptive and costly to us. Our inability to obtain raw materials from our suppliers would require us to seek alternative sources. These alternative sources may not be adequate for all of our raw material needs, nor may adequate raw material substitutes exist in a form that our processes could be modified to use. These risks could materially and adversely affect our sales volume, revenues, costs of goods sold and, ultimately, profit margins.

Our failure to efficiently respond to industry changes in casings technology could jeopardize our ability to retain our customers and maintain our market share or product volumes.

We and other participants in our industry have considered alternatives to cellulosic casings for many years. As resin technology improves or other technologies develop, alternative casings or other manufacturing methods may be developed that threaten the long-term sustainability and profitability of our cellulosic casings, which is our core product, and our fibrous casings. Our failure to anticipate, develop or efficiently and timely integrate or respond to new technologies that provide viable alternatives to cellulosic casings, including plastic and film alternatives and co-extrusion technologies, may cause us to lose customers, market share or product volumes, which, in turn, would negatively impact our revenues and operating results.

Sales of our products could be negatively affected by problems or concerns with the safety and quality of food products.

We could be adversely affected if consumers in the food markets were to lose confidence in the safety and quality of meat or poultry products, particularly with respect to processed meat or poultry products for which casings are used, such as hot dogs, deli meats and sausages. Outbreaks of, or even adverse publicity about the possibility of, diseases such as avian influenza and “mad cow disease,” food-borne pathogens such as E. coli and listeria and any other food safety problems or concerns relating to meat and poultry products may discourage consumers from buying such products. These risks could also result in additional governmental regulations, or cause production and delivery disruptions or product recalls. Each of these risks could adversely affect the demand for our products, and consequently, our sales volumes and revenues.

Changing dietary trends and consumer preferences could weaken the demand for our products.

Various medical studies detailing the health-related attributes of particular foods, including meat and poultry products, affect the purchasing patterns, dietary trends and consumption preferences of consumers. These patterns, trends and preferences are routinely changing. For example, general dietary concerns about meat products, such as the cholesterol, calorie, sodium and fat content of such products, could result in reduced demand for such products, which would, in turn, cause a reduction in the demand for our products and a decrease in our sales volume and revenue.

Our facilities are capital intensive, and we may not be able to obtain financing to fund necessary capital expenditures.

Our business is capital intensive. We operate eight manufacturing facilities, ten distribution centers and two service centers as part of our business. We are required to make substantial capital expenditures and substantial repair and maintenance expenditures to maintain, repair, upgrade and expand existing equipment and facilities to keep pace with competitive developments. In addition, we are required to invest in technological advances to maintain compliance with safety standards and environmental laws or regulations. We spent approximately $38.6 million for capital expenditures in 2012 and expect to spend approximately $20.2 million in 2013. Depending on our use of cash and other liquidity considerations, we may be required to obtain additional financing to fund future capital expenditures. If we need to obtain additional funds, we may not be able to do so on terms favorable to us, or at all, which would ultimately negatively affect our production and operating results.

Business interruptions at any of our production facilities could increase our operating costs, decrease our sales or cause us to lose customers.

The reliability of our production facilities is critical to the success of our business. In recent years, we have streamlined our production capacity to be better aligned with our sales volumes. At current operating levels, we have little or no excess production capacity for certain products. If the operations of any of our manufacturing facilities were interrupted or significantly delayed for any reason, including labor stoppages, we may be unable to shift production to another facility without incurring a significant drop in production. Such a drop in production would negatively affect our sales and our relationships with our customers.

We are subject to significant minimum contribution requirements and to market exposure with respect to our U.S. defined benefit plan, both of which could adversely affect our cash flow.

We continue to have a substantial funding liability with respect to our U.S. defined benefit pension plan. As of December 31, 2012, our aggregate minimum funding contribution requirement for our U.S. defined benefit plan from 2013 through 2017 is approximately $29.3 million and our unfunded pension liability was $59.0 million. These amounts could increase or decrease due to market factors, including actual and expected returns on plan assets, and the discount rate used to measure the liability.

Our international sales and operations expose us to political and economic risks in foreign countries, as well as to risks related to currency fluctuations, all of which could impair our ability to do business at the international level.

We currently have manufacturing or sales and distribution centers in eight foreign countries: Brazil, Canada, France, Germany, Italy, Mexico, Philippines and Poland. Our international sales and operations may be subject to various political and economic risks including, but not limited to: possible unfavorable exchange rate fluctuations or hyperinflation; changes in a country's or region's political or economic conditions; governmental regulations, including import and export controls; tariffs; limits on the repatriation of funds; and taxes. Our sales to customers located outside the United States generally are subject to taxes on the repatriation of funds. In addition, international operations in certain parts of the world may be subject to international balance of payments difficulties that may raise the possibility of delay or loss in the collection of accounts receivable from sales to customers in those countries. Net sales to customers located outside the United States represented approximately 70% of our total net sales in 2012 and approximately 71% of our total net sales in 2011.

Should any of these risks occur, it could impair our ability to export our products or conduct sales to customers located outside of the United States and result in a loss of sales and profits from our international operations.

Continued consolidation of our customers and increasing competition for those customers may put pressure on our sales volumes and revenues.

In recent years, the trend among our customers has been towards consolidation within the meat processing industry. These consolidations have enhanced the purchasing power of our customers who, not being contractually obligated to purchase our products, tend to exert increased pressure with respect to pricing terms, product quality and new products. As our customer base continues to consolidate, the already high level of competition for the business of fewer customers is expected to intensify. If we do not continue to enhance the value of our product offering in a way that provides greater benefit to our customers, our sales volumes and revenues could decrease.

If we engage in strategic transactions, the terms of such transactions may not be advantageous to our business or we may be unable to effectively integrate a new business.

In connection with our business strategies and goals of growth of our operations and market share, we may seek to acquire, merge with, enter into partnerships with or enter into other similar transactions with, other companies, including companies that complement our existing products, technologies or distribution, or lower our costs, and we regularly engage in discussions with other companies or their representatives with respect to such transactions. Nonetheless, we may be unable to identify and successfully acquire, merge with, partner with or enter into other similar transactions with suitable companies under terms advantageous to our business. If we do enter into such transactions, we may be unable to efficiently and effectively integrate our business and achieve the anticipated synergies. The integration of the businesses may also result in unforeseen difficulties that require a disproportionate amount of our management's attention and other resources, which, in turn, may negatively affect our profitability.

Our intellectual property rights may be inadequate or violated, or we may be subject to claims of infringement, both of which could negatively affect our financial condition.

We rely on a combination of trademarks, patents, trade secret rights and other rights to protect our intellectual property. Our trademark or patent applications may not be approved and our trademarks or

patents may be challenged by third parties. We cannot be certain that the steps we have taken will prevent the misappropriation of our intellectual property, particularly in foreign countries where the laws may not protect our rights as fully as the laws of the United States. From time to time, it has been necessary for us to enforce our intellectual property rights against infringements by third parties, and we expect to continue to do so in the ordinary course of our business. We also may be subjected to claims by others that we have violated their intellectual property rights. Even if we prevail, third party-initiated or company-initiated claims may be time consuming and expensive to resolve, and may result in a diversion of our time and resources. The occurrence of any of these factors could diminish the value of our trademark, patent and intellectual property portfolio, increase competition within our industry and negatively impact our sales volume and revenues.

Continued compliance with environmental regulations may result in significant costs, which could negatively affect our financial condition.

Our operations are subject to extensive and increasingly stringent environmental, health and safety laws and regulations pertaining to the discharge of substances into the environment, the handling and disposition of wastes and land reclamation and remediation of hazardous substances. We are also subject to differing environmental regulations and standards due to the fact that we operate in many different countries. Present and future environmental laws and regulations applicable to our operations may require substantial capital expenditures and may have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with environmental laws and regulations can have serious consequences for us, including criminal as well as civil and administrative penalties and negative publicity. Liability under these laws and regulations involves inherent uncertainties. In addition, continued government and public emphasis on environmental issues can be expected to result in increased future investments for environmental controls at ongoing operations, which will be charged against income from future operations.

We have incurred, and will continue to incur, significant capital and operating expenditures to comply with various environmental laws and regulations. Additional environmental requirements imposed in the future, including pending legislation and regulations in the United States concerning the emission of carbon dioxide and other greenhouse gases, could require currently unanticipated investigations, assessments or expenditures and may require us to incur significant additional costs. As the nature of these potential requirements and future charges is unknown, management is not able to estimate the magnitude of future costs, and we have not accrued any reserve for any potential future costs. At this time we cannot be certain that such legislation or regulations will not have a material adverse effect on our business, financial condition or results of operations.

Some of our facilities have been in operation for many years. During that time, we and previous owners of these facilities may have generated and disposed of wastes that are or may be considered hazardous or may have polluted the soil or groundwater at our facilities, including adjacent properties. Some environmental regulations impose liability on certain categories of persons who are deemed to be responsible for the release of “hazardous substances” or other pollutants into the environment, without regard to fault or to the legality of such person’s conduct. Under certain circumstances, a party may be required to bear more than its proportional share of cleanup costs at a contaminated site for which it has liability if payments sufficient to remediate the site cannot be obtained from other responsible parties.

Our substantial level of indebtedness could adversely affect our results of operations, cash flows and ability to compete in our industry, which could, among other things, prevent us from fulfilling our obligations under our debt agreements.

We have substantial indebtedness. In addition, subject to restrictions in the indenture (the “Indenture”) governing our 9.875% Senior Secured Notes due 2018 (the “9.875% Senior Secured Notes”) and the credit agreement governing our revolving credit facility, we may incur additional indebtedness. As of December 31, 2012, we had approximately $214.7 million of total debt, exclusive of additional indebtedness that we may borrow under our revolving credit facility.

Our high level of indebtedness has important implications, including the following:

- if we fail to satisfy our obligations under our indebtedness, or fail to comply with the restrictive covenants contained in the Indenture or our revolving credit facility, it may result in an event of default, all of our indebtedness could become immediately due and payable, and our lenders could foreclose on our assets securing such indebtedness following the occurrence and during the continuance of an event of default;

- a default under either the Indenture or our revolving credit facility could trigger cross-defaults under other key agreements or leases; and

- repayment of our indebtedness may require us to dedicate a substantial portion of our cash flow from our business operations, thereby reducing the availability of cash flow to fund working capital, capital expenditures, development projects, general operational requirements and other purposes.

We expect to obtain the funds to pay our expenses and to repay our indebtedness primarily from our operations and, in the case of our indebtedness, from refinancings thereof. Our ability to meet our expenses and make these payments thus depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness, or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the Indenture and our revolving credit facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. For example, we have the ability to borrow up to $25 million under our revolving credit facility, which is secured by liens on substantially all of our personal and real property assets, with certain exceptions. We may not be able to generate the significant amount of cash needed to pay interest and principal amounts on our debt, including the 9.875% Senior Secured Notes, which could result in our inability to fulfill our obligations under our indebtedness.

A substantial portion of our business is conducted through foreign subsidiaries, and our failure to generate sufficient cash flow from these subsidiaries, or otherwise repatriate or receive cash from these subsidiaries, could result in our inability to repay our indebtedness.

Our sales to customers located outside the United States are conducted primarily through subsidiaries organized under the laws of jurisdictions outside of the United States. For the year ended December 31, 2012, our foreign restricted subsidiaries contributed approximately 52% of our consolidated revenues. As of December 31, 2012, 48% of our consolidated assets, based on carrying value, were held by foreign subsidiaries. Our ability to meet our debt service obligations with cash from foreign subsidiaries will depend upon the results of operations of these subsidiaries and may be subject to contractual or other restrictions and other business considerations. In particular, to the extent our foreign subsidiaries incur additional indebtedness to expand their operations, the ability of our foreign subsidiaries to provide us cash may be limited. In addition, dividend and interest payments to us from our foreign subsidiaries may be subject to foreign withholding taxes, which would reduce the amount of funds we receive from such foreign subsidiaries. Dividends and other distributions from our foreign subsidiaries may also be subject to fluctuations in currency exchange rates and restrictions on repatriation, which could further reduce the amount of funds we receive from such foreign subsidiaries.

The Indenture and agreements governing our other indebtedness impose significant operating and financial restrictions, which may prevent us from pursuing certain business opportunities and may hamper our operations.

The Indenture and the credit agreement governing our revolving credit facility impose significant operating and financial restrictions on us. These restrictions restrict our ability to take advantage of potential business opportunities as they arise and may adversely affect the conduct of our current business. More specifically, they restrict our ability to, among other things:

- incur additional indebtedness or issue disqualified capital stock;
- pay dividends, redeem subordinated debt or make other restricted payments;
- make certain investments or acquisitions;
- issue stock of subsidiaries;
- grant or permit certain liens on our assets;
- enter into certain transactions with affiliates;
- merge, consolidate or transfer substantially all of our assets;
- incur payment restrictions affecting certain of our subsidiaries;
- transfer, sell or acquire assets, including capital stock of our subsidiaries; and
- change the business we conduct.

The credit agreement governing our revolving credit facility also requires us to meet a number of financial ratios and tests. Compliance with these financial ratios and tests may adversely affect our ability to adequately finance our operations or capital needs in the future or to pursue attractive business opportunities that may arise in the future. Our ability to meet these ratios and tests and to comply with other provisions governing our indebtedness may be adversely affected by our operations and by changes in economic or business conditions or other events beyond our control. Our failure to comply with our debt-related obligations could result in an event of default under our indebtedness, resulting in accelerated repayment obligations and giving our secured creditors certain rights against our collateral.

The interests of our controlling stockholder may be not aligned with the interests of other stockholders or the interests of the holders of the 9.875% Senior Secured Notes.

To our knowledge, Icahn Enterprises, L.P. holds a total of approximately 71.4% of our outstanding shares of common stock. As a result, Icahn Enterprises presently has and will continue to have voting power sufficient to control the election of our board of directors and stockholder voting on decisions relating to fundamental corporate actions, including potential mergers, consolidations or sales of all or substantially all of our assets. Currently, five employees of Icahn Enterprises or affiliates of Icahn Enterprises are designated members of our board of directors, which is comprised of nine directors. In addition, Icahn Enterprises is the lender under our revolving credit facility. It is possible that the interests of Icahn Enterprises and its affiliates could conflict in certain circumstances with the interests of our other stockholders or the interests of the holders of the 9.875% Senior Secured Notes.

Our business operations could be significantly disrupted if members of our senior management team were to leave.

Our success depends to a significant degree upon the continued contributions of our senior management team. Our senior management team has extensive manufacturing, finance and engineering experience as well as longstanding contacts in the industry and with our customers, and we believe that the depth of our management team is instrumental to our continued success. While we have entered into an employment agreement with our chief executive officer, the loss of any of the members of our senior management team in the future could significantly impede our ability to successfully implement our business strategy, financial plans, new product offerings, marketing and other objectives.

SECTION 3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 70% of total net sales from customers located outside the United States. The Company has completed the construction of a shirring plant in the Philippines to serve the Asian market. The plant is operating on a limited basis and is expected to be scaled up over several years in accordance with our growth expectations for the Asian market. Capital investment for 2012, including machinery, was $7 million for the Philippines project, with total capital investment to date of $13.6 million on the project. We anticipate that an additional $2 million of equipment will be added during the period from 2013 through 2016.

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. 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.

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 experienced price increases for certain key raw materials in 2012 following similar increases in 2011. We continue to look for additional suppliers for our key materials in order to obtain the lowest prices available.

Results of Operations Fiscal Year Ended December 31, 2012 Compared to Fiscal Year Ended December 31, 2011.

The following discussion compares the results of operations for the fiscal year ended December 31, 2012 to the results of operations for the fiscal year ended December 31, 2011. We have provided the following table in order to facilitate an understanding of this discussion (dollars in millions):

	Year Ended December 31, 2012	% Change Over 2011	Year Ended December 31, 2011	% Change Over 2010	Year Ended December 31, 2010
NET SALES	$342.5	0.9%	$339.4	7.3%	$316.2
COST AND EXPENSES					
Cost of sales	261.3	0.1%	261.1	12.1%	233.0
Selling, general and administrative	45.3	6.3%	42.6	-7.0%	45.8
Amortization of intangibles	.5	0.0%	.5	0.0%	.5
Restructuring expense	.6	NM	-	NM	-
OPERATING INCOME	34.9	-0.9%	35.3	-4.7%	37.0
Interest income	-	NM	.2	-36.4%	.3
Interest expense	21.0	-1.1%	21.2	2.1%	20.8
Other (expense) income, net	(1.4)	53.6%	(.9)	NM	.1
Post retirement benefits curtailment gain	-	NM	-	NM	.6
Income tax expense	4.7	-12.6%	5.4	223.8%	1.7
NET INCOME	$7.9	-0.9%	$7.9	-49.1%	$15.6

NM = Not meaningful when comparing positive to negative numbers or to zero.

Net Sales. Our net sales for fiscal 2012 were $342.5 million, which represents a increase of $3.1 million, or 0.9%, from fiscal 2011. Net sales increased of $7.7 million due to volume and $13.2 million due to price and product mix, partially offset by an decrease of $17.8 million due to foreign currency translation.

Cost of Sales. Cost of sales for fiscal 2012 increased $0.2 million, or 0.1% over fiscal 2011. Cost of sales increased due to growth in unit volume, higher raw material costs, energy prices, depreciation and pension expense, partically offset by foreign currency translation and improved manufacturing efficiencies.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased from $42.6 million to $45.3 million for fiscal 2012. The increase in expense during fiscal 2012 is primarily from higher one-time employee costs, infrastructure spending for developing markets and

pension expense. This was partially offset by a $1.1 million decrease in legal expense related to patent litigation and by foreign currency translation.

Restructuring Expenses. Restructuring expenses of $0.6 million were recognized during fiscal 2012. The Company recognized the expense with the restructuring of its German subsidiary.

Operating Income. The operating income for fiscal 2012 decreased 0.9%, or $0.4 million, from fiscal 2011. The decrease in operating income resulted primarily from foreign currency translation, one-time employee costs, depreciation, pension expense and infrastructure spending in developing markets.

Interest Expense. Interest expense for fiscal 2012 totaled $21.0 million, which is a decrease of $0.2 million compared to fiscal 2011. The decrease is principally due to higher capitalized interest.

Other Expense. Other expense, net of other income, of approximately $1.4 million for fiscal 2012 increased $0.5 million compared to fiscal 2011. The increase is due principally to losses from foreign currency transactions.

Income Tax Provision. Income tax expense for fiscal 2012 decreased $0.7 million over fiscal 2011. The decrease was principally related to income tax expense on the results of operations of foreign subsidiaries.

Primarily as a result of the factors discussed above, net income for fiscal 2012 and fiscal 2011 was $7.9 million.

Fiscal Year Ended December 31, 2011 Compared to Fiscal Year Ended December 31, 2010

The following discussion compares the results of operations for the fiscal year ended December 31, 2011 to the results of operations for the fiscal year ended December 31, 2010.

Net Sales. Our net sales for fiscal 2011 increased 7.3%, or $23.2 million, from fiscal 2010. Net sales increased $19.3 million due to volume and $8.2 million due to foreign currency translation, partially offset by a decrease of $4.3 million due to product mix and price.

Cost of Sales. Cost of sales for fiscal 2011 increased 12.1%, or $28.1 million, over fiscal 2010. Cost of sales increased due to growth in unit volume, higher raw material costs and foreign currency translation.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $3.2 million to $42.6 for fiscal 2011, primarily as the result of a decrease in legal expense of $3.6 million in fiscal 2011 compared to fiscal 2010.

Operating Income. The operating income for fiscal 2011 decreased 4.7%, or $1.7 million, from fiscal 2010. The decrease in the operating income resulted primarily from the decreased gross margin on higher sales volume offset by lower selling, general and administrative expenses.

Interest Expense. Interest expense for fiscal 2011 totaled $21.2 million, which is an increase of $0.4 from the prior year period. The increase is principally due to higher long term borrowing for 2011 offset by increased capitalized interest.

Other (Expense) Income. Other expense, net of other income, was approximately $0.9 million for fiscal 2011 compared to other income of $0.1 million for fiscal 2010. The increase in expense for 2011 is due principally to losses on foreign currency translation compared to the gain on foreign currency translation in 2010.

Post Retirement Benefits Curtailment Gain. During fiscal 2010, an estimated curtailment gain of $0.6 million was recognized for the freeze of the defined benefit pension plan for U.S. employees covered by a collective bargaining agreement.

Income Tax Expense. During fiscal 2011, a tax provision of $5.4 million was recorded against pretax book income of $13.4 million. During fiscal 2010, a tax provision of $1.7 million was recorded against

pretax book income of $17.3 million. The tax provisions are principally relating to income tax expense on the results of operations of foreign subsidiaries.

Primarily as a result of the gross margin decrease, other expense and tax provision discussed above, net income for fiscal 2011 was $7.9 million compared to net income of $15.6 million for fiscal 2010.

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 December 31, 2012, future annual minimum purchases remaining under the agreements are $0.8 million.

Liquidity and Capital Resources

As of December 31, 2012, the Company had unrestricted cash and cash equivalents of $31.1 million and restricted cash of $1.1 million, which secures letters of credit. For the year ended December 31, 2012, cash flows provided by operating activities were $2.8 million, cash flows used in investing activities were $38.5 million, and cash flows provided by financing activities were $0.7 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. As of December 31, 2012 and December 31, 2011, cash held in foreign banks was $12,905 and $13,551, respectively.

Set forth below is a table of our material capital expenditures and research and development costs for fiscal 2011 and 2012 and projected commitments for fiscal 2013:

Project	2011 (millions)	2012 (millions)	Projected 2013 (millions)
Manufacturing growth capital expenditures	$ 25.7	$ 27.1	$ 8.5
Other capital expenditures	$ 11.6	$ 11.5	$ 11.7
Research and development costs	$ 3.7	$ 3.8	$ 4.2

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.

The following table details the contractual cash obligations for long-term debt and related interest, pension obligations, operating leases and capital leases as of December 31, 2012. (in millions of dollars):

		Payment Due by Pay Period					
Contractual Obligations	Total	Less than 1 year	Year 2	Year 3	Year 4	Year 5	More than 5 years
Long-term debt [(1)]	$216.1	-	-	-	-	-	$216.1
Cash interest obligations	116.6	21.2	21.2	21.2	21.2	21.2	10.6
Pension obligations	65.6	4.3	7.0	6.0	5.0	7.0	36.3
Operating leases	23.0	4.5	3.3	2.5	2.3	1.1	9.3
Capital leases	0.9	0.5	0.3	0.1	-	-	-
Total	$422.2	$30.5	$31.8	$29.8	$28.5	$29.3	$272.3

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

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 December 31, 2012 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 2012. The Company is using a long-term rate of return on French plan assets of 3.50% for 2012. 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 2012. The Company is using a weighted average discount rate of 3.69% on its non-U.S. pension plans for 2012.

Fair Value Measurements

Financial Accounting Standards Board ("FASB") guidance establishes a three-tiered hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB guidance are as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets.

- Quoted prices for identical or similar assets or liabilities in inactive markets.

- Inputs other than quoted prices that are observable for the assets or liabilities (including volatilities).

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs are unobservable for the asset or liability (including the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability) and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company uses fair value measurements in determing the value of its pension plan assets.

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

There have been no recent accounting pronouncements or changes in accounting pronouncements during the year ended December 31, 2012 that are of significance or potential significance to the Company.

SECTION 4. 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, 2012 and 2011

   Consolidated Statements of Income for the years ended December 31, 2012, 2011 and 2010

   Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2012, 2011 and 2010

   Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2012, 2011 and 2010

   Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010

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, 2012 and 2011, and the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to the consolidated 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, 2012 and 2011, 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.

Chicago, Illinois
April 10, 2013

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

	December 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$31,112	$65,925
Restricted cash	1,058	2,119
Receivables, net	61,664	53,101
Inventories	61,144	53,279
Other current assets	21,959	17,679
Deferred income taxes	3,846	3,632
Total current assets	180,783	195,735
Property, plant and equipment	252,542	214,286
Less accumulated depreciation	95,757	79,888
Property, plant and equipment, net	156,785	134,398
Asset held for sale	500	500
Deferred financing costs, net	5,685	6,585
Other assets, net	1,734	2,468
Deferred income taxes	774	132
Total Assets	$346,261	$339,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term portion of capital lease obligations	$382	$573
Accounts payable	27,798	29,245
Accrued liabilities	41,390	40,563
Total current liabilities	69,570	70,381
Long-term debt, net of current maturities	214,692	214,578
Capital lease obligations	396	454
Accrued employee benefits	65,646	56,239
Deferred income taxes	4,897	5,336
Stockholders’ equity:		
Common stock, $0.01 par value; 36,901,249 shares issued and 36,095,979 shares outstanding at December 31, 2012 and 36,734,748 shares issued and 35,929,478 shares outstanding at December 31, 2011	369	367
Paid in capital	32,791	32,806
Retained earnings	24,462	16,587
Less 805,270 treasury shares, at cost	(298)	(298)
Accumulated other comprehensive loss	(66,264)	(56,632)
Total stockholders' deficit	(8,940)	(7,170)
Total Liabilities and Stockholders' Deficit	$346,261	$339,818

See notes to consolidated financial statements.

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

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
NET SALES	$342,523	$339,371	$316,215
Cost of sales	261,261	261,079	232,955
GROSS MARGIN	81,262	78,292	83,260
Selling, general and administrative	45,265	42,565	45,783
Amortization of intangibles	460	460	460
Restructuring expense	600	-	-
OPERATING INCOME	34,937	35,267	37,017
Interest income	46	222	349
Interest expense	20,966	21,206	20,771
Other (expense) income, net	(1,396)	(909)	139
Post retirement benefits curtailment gain	-	-	562
INCOME BEFORE INCOME TAXES	12,621	13,374	17,296
Income tax provision	4,746	5,430	1,677
NET INCOME	$7,875	$7,944	$15,619
WEIGHTED AVERAGE COMMON SHARES			
- BASIC	36,024,298	35,868,890	35,787,071
PER SHARE AMOUNTS:			
EARNINGS PER SHARE			
- BASIC	$0.22	$0.22	$0.44
WEIGHTED AVERAGE COMMON SHARES			
- DILUTED	36,771,801	37,010,141	37,119,990
PER SHARE AMOUNTS:			
EARNINGS PER SHARE			
- DILUTED	$0.21	$0.21	$0.42

See notes to consolidated financial statements.

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

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Net income	$7,875	$7,944	$15,619
Other comprehensive (loss) income, net of tax			
Pension liability adjustment	(11,179)	(17,709)	(928)
Foreign currency translation adjustment	1,544	(2,634)	(3,982)
Other comprehensive loss, net of tax	(9,635)	(20,343)	(4,910)
Comprehensive (loss) income	($1,760)	($12,399)	$10,709

See notes to consolidated financial statements.

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

	Common stock	Paid in capital	Treasury stock	Retained earnings (Accumulated deficit)	Accumulated other comprehensive loss	Total stockholders' (deficit) equity
Balance December 31, 2009	$366	$32,474	($298)	($6,976)	($31,379)	($5,813)
Net income				15,619		15,619
Foreign currency translation adjustment					(3,982)	(3,982)
Pension liability adjustment, net of tax					(928)	(928)
Stock option expense		324				324
Balance December 31, 2010	$366	$32,798	($298)	$8,643	($36,289)	$5,220
Net income				7,944		7,944
Foreign currency translation adjustment					(2,634)	(2,634)
Pension liability adjustment, net of tax					(17,709)	(17,709)
Issuance of common stock	1	(1)				-
Stock option expense		9				9
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)

See notes to consolidated financial statements.

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

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash flow s from operating activities:			
Net income	$7,875	$7,944	$15,619
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	16,173	13,977	12,359
Stock-based compensation	1	9	324
Amortization of intangibles	460	460	460
Amortization of deferred financing fees	1,024	904	944
Deferred income taxes	(1,400)	29	1,261
Loss on disposition of assets	110	91	139
Bad debt and accounts recievable provision	(390)	448	109
Postretirement curtailment gain	-	-	(562)
Non-cash interest on notes	84	83	56
Changes in operating assets and liabilities:			
Receivables	(7,493)	(6,179)	(3,426)
Inventories	(7,308)	884	(4,354)
Other current assets	(4,169)	(863)	1,569
Accounts payable	(1,699)	4,497	2,386
Accrued liabilities	618	2	5,164
Accrued employee benefits	(1,501)	(4,921)	(1,855)
Other	405	(414)	862
Total adjustments	(5,085)	9,007	15,436
Net cash provided by operating activities	2,790	16,951	31,055
Cash flow s from investing activities:			
Capital expenditures	(38,603)	(37,269)	(19,738)
Proceeds from disposition of assets	106	67	99
Net cash used in investing activities	(38,497)	(37,202)	(19,639)
Cash flow s from financing activities:			
Deferred financing costs	(125)	(141)	(1,324)
Proceeds from revolving loan	-	-	870
Proceeds from capital lease	351	74	819
Proceeds from long-term debt	-	-	40,400
Repayment of short-term debt	-	-	(1,132)
Repayment of capital lease	(615)	(842)	(893)
Restricted cash	1,061	64	100
Net cash provided by (used in) financing activities	672	(845)	38,840
Effect of currency exchange rate changes on cash	222	(537)	(346)
Net (decrease) increase in cash and equivalents	(34,813)	(21,633)	49,910
Cash and equivalents at beginning of period	65,925	87,558	37,648
Cash and equivalents at end of period	$31,112	$65,925	$87,558
Supplemental cash flow information:			
Interest paid less capitalized interest	$20,035	$20,349	$12,040
Income taxes paid (refunded)	$6,995	$2,978	($1,568)

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 $198 and $196 of short-term investments at December 31, 2012 and December 31, 2011, 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 December 31, 2012 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 2012. The Company is using a long-term rate of return on French plan assets of 3.50% for 2012. 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 2012. The Company is using a weighted average discount rate of 3.69% on its non-U.S. pension plans for 2012.

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 2012 and 2011 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.

Accounting for Stock-Based Compensation

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. Included in net income is a non-cash compensation expense of $1 in 2012, $9 in 2011, and $324 in 2010.

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. Future annual minimum purchases remaining under the agreement are $827 for 2012. During 2012 and 2011, the Company's total purchases under the agreements were $1,246 and $1,278, respectively.

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

There have been no recent accounting pronouncements or changes in accounting pronouncements during the year ended December 31, 2012 that are of significance or potential significance to the Company.

2. Cash and cash equivalents

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$31,112	$65,925
Restricted cash	1,058	2,119
	$32,170	$68,044

As of December 31, 2012 and December 31, 2011, cash held in foreign banks was $12,905 and $13,551, respectively.

Letters of credit in the amount of $1,058 as of December 31, 2012 were outstanding under facilities with a commercial bank, and were cash collateralized in a restricted account.

3. Receivables, net

	December 31, 2012	December 31, 2011
Accounts receivable, gross	$63,718	$55,543
Less allowance for doubtful accounts	(1,970)	(1,799)
Less allowance for sales returns	(84)	(643)
	$61,664	$53,101

Receivables reserve activity:

	December 31, 2012	December 31, 2011	December 31, 2010
Beginning balance	$2,442	$2,203	$2,152
(Recoveries) provision	(390)	448	109
Write-offs	(19)	(124)	(22)
Foreign translation	21	(85)	(36)
Ending balance	$2,054	$2,442	$2,203

4. Inventory

Inventory consisted of:

	December 31, 2012	December 31, 2011
Raw materials	$11,688	$13,622
Work in process	27,071	18,627
Finished products	22,385	21,030
	$61,144	$53,279

5. Property, Plant and Equipment, Net

	December 31, 2012	December 31, 2011
Land and improvements	$2,237	$2,125
Buildings and improvements	36,084	22,359
Machinery and equipment	207,800	171,247
Construction in progress	6,421	18,555
	$252,542	$214,286

Accumulated depreciation consisted of:

	December 31, 2012	December 31, 2011
Land and improvements	$233	$209
Buildings and improvements	7,349	6,135
Machinery and equipment	88,175	73,544
	$95,757	$79,888

Capitalized interest for 2012, 2011, and 2010 totaled $1,902, $1,580, and $518, respectively. Maintenance and repairs charged to costs and expenses for 2012, 2011, and 2010 aggregated $19,428, $19,222 and $18,882, respectively.

6. Assets Held For Sale

During December 2009, the Company recognized an impairment loss on a plastic extruder in its Monterrey, Mexico plant due to a change in the mix of the Company's product line. The Company wrote down the asset to the realizable market value based on potential resale value and changed its classification to an asset held for sale in the amount of $500.

7. Other Assets

	December 31, 2012	December 31, 2011
Patents and Trademarks	$4,720	$4,598
Less: Accumulated amortization	(4,484)	(4,024)
Patents, net	236	574
Miscellaneous	1,498	1,894
	$1,734	$2,468

Amortization of patents for fiscal years 2013 and 2014 will be approximately $127 and $12, respectively.

8. Accrued Liabilities

Accrued liabilities consisted of:

	December 31, 2012	December 31, 2011
Compensation and employee benefits	$16,259	$14,482
Taxes payable	8,572	11,451
Accrued volume and sales discounts	2,435	1,402
Accrued interest	9,798	9,798
Other	4,326	3,430
	$41,390	$40,563

9. Debt Obligations

Outstanding long-term debt consisted of:

	December 31, 2012	December 31, 2011
Long-term debt:		
9.875% Senior secured notes, net of discount	$214,412	$214,328
Other	280	250
Total long-term debt	$214,692	$214,578

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 December 31, 2012.

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 December 31, 2012.

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, 2012.

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 December 31, 2012.

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	-	-	-	-	-	$1,061
	-	-	-	-	-	$216,061

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

10. 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.

	2012	2011
Building and improvements	$518	$507
Machinery and equipment	2,896	2,678
Less: Accumulated depreciation	(2,492)	(2,057)
	$922	$1,128

The following is a schedule by years of minimum future lease payments as of December 31, 2012.

Year ending December 31,	
2013	$526
2014	287
2015	82
2016	11
2017	-
Thereafter	-
Total minimum payments required	906
Less amount representing interest	(128)
Present value of net minimum lease payments	$778

11. 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, 2012, are:

2013	$4,488
2014	3,301
2015	2,496
2016	2,328
2017	1,081
Total thereafter	9,327
Total minimum lease payments	$23,021

Total rent expense during 2012, 2011 and 2010 amounted to $4,343, $3,245 and $3,262 respectively.

12. 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 and postretirement health care and life insurance benefits to their employees. Most of these benefits have been terminated, resulting in various reductions in liabilities and curtailment gains.

On September 30, 2010, employees in the U.S. covered by a collective bargaining agreement ratified a new agreement that, among other things, freezes the defined benefit pension plan as of December 31, 2010. All other participation in the plans had previously been frozen.

Included in accumulated other comprehensive income, net of tax, as of December 31, 2012 are the following amounts not yet recognized in net periodic benefit cost:

	U.S. Pension Benefits	Non U.S. Pension Benefits
Net actuarial loss	($55,083)	($1,736)
Prior service credit	$5	$11

Amounts included in other comprehensive income expected to be recognized as a component of net periodic benefit cost for the year ending December 31, 2013 are:

	U.S. Pension Benefits	Non U.S. Pension Benefits
Net actuarial loss	($4,240)	$15

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	
	2012	2011	2012	2011
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$147,023	$136,666	$8,751	$8,463
Service cost	-	-	331	316
Interest cost	6,965	7,320	434	439
Actuarial loss	17,041	10,958	1,476	96
Benefits paid	(7,873)	(7,921)	(594)	(296)
Currency translation	-	-	172	(267)
Estimated benefit obligation at end of year	$163,156	$147,023	$10,570	$8,751
Change in plan assets:				
Fair value of plan assets at beginning of year	$95,685	$98,314	$5,407	$4,683
Actual return on plan assets	11,285	(797)	178	166
Employer contribution	5,017	6,089	-	833
Benefits paid	(7,873)	(7,921)	-	(127)
Currency translation	-	-	107	(148)
Fair value of plan assets at end of year	$104,114	$95,685	$5,692	$5,407
Unfunded status of the plan	($59,042)	($51,338)	($4,878)	($3,344)

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2012	2011	2012	2011
Net amount recognized				
Amounts recognized in statement of financial position:				
Current liabilities	($82)	($62)	($166)	($127)
Noncurrent liabilities	(58,960)	(51,276)	(4,713)	(3,217)
Net amount recognized	($59,042)	($51,338)	($4,879)	($3,344)

The funded status of these pension plans as a percentage of the projected benefit obligation was 59 percent in 2012 compared to 65 percent in 2011.

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2012	2011	2012	2011
Projected benefit obligation	$163,156	$147,023	$10,570	$8,751
Accumulated benefit obligation	$163,156	$147,003	$8,387	$7,279
Fair value of plan assets	$104,114	$95,685	$5,692	$5,407

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

	U.S. Pension Benefits			Non U.S. Pension Benefits		
	2012	2011	2010	2012	2011	2010
Component of net period benefit cost						
Service cost	-	-	$303	$323	$338	$259
Interest cost	$6,965	$7,320	7,510	423	470	404
Expected return on plan assets	(7,321)	(7,742)	(7,411)	(178)	(191)	(180)
Amortization of prior service cost	(1)	-	(131)	-	-	-
Amortization of actuarial loss	3,429	1,667	1,629	12	37	77
Curtailment Income	-	-	(562)	-	-	-
	$3,072	$1,245	$1,338	$580	$654	$560

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	
	2012	2011	2012	2011
Discount rate	4.18%	4.89%	3.69%	4.99%
Expected return on plan assets	7.75%	8.00%	3.50%	3.50%
Rate of compensation increase	N/A	N/A	3.00%	3.00%

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 3.69% on its non U.S. pension plans for 2012.

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 percent of investments for long-term growth and 25 percent for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are 47 percent equity securities, 28 percent hedge funds and 25 percent 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, 2012 and 2011, by asset category are as follows:

		Fair Value Measurement at December 31, 2012		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$5,671	$5,671	$ -	$ -
Equity securities:				
U.S. companies	13,797	13,797	-	-
International companies	3,813	3,813	-	-
U.S-Small Cap Growth	-	-	-	-
U.S-Large Cap Enhanced Core	10,077	-	10,077	-
U.S-Large Cap Equity Growth	8,215	-	8,215	-
U.S-Mutual Funds	7,646	-	7,646	-
Fixed income securities:				
Government Treasuries	7,383	7,383	-	-
Mortgage-backed securities	3,315	-	3,315	-
Aggregate bond fund	10,098	-	10,098	-
High yield fund	10,200	10,200	-	-
Other types of investments:				
Hedge funds	29,520	-	-	29,520
Real Estate	71	71	-	
Total	$109,806	$40,935	$39,351	$29,520

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Combined Hedge Funds
Beginning balance at December 31, 2011	$26,568
Total realized loss	(32)
Change in unrealized depreciation	2,984
Cost of purchases	(294)
Proceeds from sales	294
Ending balance at December 31, 2012	$29,520

		Fair Value Measurement at December 31, 2011		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$2,523	$2,523	$ -	$ -
Equity securities:				
U.S. companies	10,458	10,458	-	-
International companies	3,828	3,828	-	-
U.S-Small Cap Growth	1,756	-	1,756	-
U.S-Large Cap Enhanced Core	10,664	-	10,664	-
U.S-Large Cap Equity Growth	8,262	-	8,262	-
U.S-Mutual Funds	8,397	-	8,397	-
Fixed income securities:				
Government Treasuries	6,639	6,639	-	-
Mortgage-backed securities	2,693	-	2,693	-
Aggregate bond fund	8,974	-	8,974	-
High yield fund	10,330	10,330	-	-
Other types of investments:				
Hedge funds	26,568	-	-	26,568
Total	$101,092	$33,778	$40,746	$26,568

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Combined Hedge Funds
Beginning balance at December 31, 2010	$27,582
Total realized loss	(4)
Change in unrealized depreciation	(1,004)
Cost of purchases	(299)
Proceeds from sales	293
Ending balance at December 31, 2011	$26,568

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
2013	$8,614	$619
2014	8,737	553
2015	8,870	549
2016	9,069	414
2017	9,141	561
2018-2022	47,820	3,549

The Company's expected contribution for the 2013 fiscal year is $4,125 for the U.S. and $166 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 $875, $1,049 and $961 in 2012, 2011 and 2010, 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 2012, 2011, and 2010 was $825, $864 and $1,021, 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 $1,714.

13. 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.

14. Income Taxes

Income tax provision (benefit) consisted of:

	2012	2011	2010
Current			
Domestic	$123	($136)	$295
Foreign	6,023	5,537	111
Total current	6,146	5,401	406
Deferred			
Domestic	-	-	-
Foreign	(1,400)	29	1,271
Total deferred	(1,400)	29	1,271
Total	$4,746	$5,430	$1,677

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:

Income (loss) before income taxes:	2012	2011	2010
Domestic	$5,738	($335)	$1,192
Foreign	6,886	13,709	16,104
Total	$12,624	$13,374	$17,296
Computed income tax provision	$4,292	$4,681	$6,053
State and local taxes, net of federal tax	244	(3)	127
Foreign taxes, net	1,246	344	(106)
Valuation allowance	(2,630)	528	(1,987)
Uncertain tax positions - expense (benefit)	1,317	64	(2,680)
Other, net	277	(184)	270
Total income tax expense	$4,746	$5,430	$1,677
Computed income tax provision	34.0%	35.0%	35.0%
State and local taxes, net of federal tax	1.9%	0.0%	0.7%
Foreign taxes, net	9.9%	2.6%	-0.6%
Valuation allowance	-20.8%	3.9%	-11.5%
Uncertain tax positions - expense (benefit)	10.4%	0.5%	-15.5%
Other, net	2.2%	-1.4%	1.6%
Effective income tax rate	37.6%	40.6%	9.7%

Temporary differences and net operating loss carryforwards that give rise to a significant portion of deferred tax assets and liabilities for 2012 and 2011 are as follows:

	2012	2011
Deferred tax asset		
Provisions not currently deductible	$3,942	$3,792
Inventory basis differences	3,320	3,767
Foreign exchange and other	34	11
Stock options	841	865
Pension and healthcare	22,532	19,898
Net operating loss carryforwards	36,572	36,811
Valuation allowance	(51,102)	(49,486)
Total deferred tax asset	$16,139	$15,658
Deferred tax liability		
Property, plant, and equipment	($12,737)	($12,600)
Intangible asset	(89)	(221)
Foreign exchange and other	(3,590)	(4,409)
Total deferred tax liability	($16,416)	($17,230)
	($277)	($1,572)

In the consolidated balance sheets, these deferred tax assets and liabilities are classified as either current or non-current based on the classification of the related liability or asset for financial reporting. A deferred tax asset or liability that is not related to an asset or liability for financial reporting, including deferred taxes related to carryforwards, is classified according to the expected reversal date of the temporary differences as of the end of the year.

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. A U.S. based valuation allowance of $51,005 has been recorded at December 31, 2012, as management believes that it is more likely than not that all deferred tax assets will not be fully realized based on the expectation of taxable income in future years.

There were gross U.S. federal net operating loss carryforwards at December 31, 2012 and December 31, 2011 of $96,897 and $94,749, respectively, with amounts beginning to expire in the year 2024. The Company has gross foreign net operating loss carryforwards at December 31, 2012 and December 31, 2011 of $926 and $1,092, respectively. The amount of $325 will begin to expire in 2015 and the remainder has an unlimited carryforward period for the foreign net operating losses. Viskase did not record taxes on its undistributed earnings from foreign subsidiaries since these earnings are considered to be permanently reinvested. If at some future date, these earnings cease to be permanently reinvested, Viskase may be subject to U.S. income taxes and foreign withholding taxes on such amounts. Determining the unrecognized deferred tax liability on the potential distribution of these earnings is not practicable as such liability, if any, is dependent on circumstances existing when remittance occurs.

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, 2012 totaled $7,770. The following table summarizes the activity related to the unrecognized tax benefits.

(in thousands)	December 31, 2012
Unrecognized tax benefits as of January 1, 2012	$9,555
Increases in positions taken in a prior period	539
Decreases in positions taken in a prior period	(2,780)
Increases in positions taken in a current period	1,131
Decreases in positions taken in a current period	-
Decreases due to settlements	(150)
Decreases due to lapse of statute of limitations	(525)
Unrecognized tax benefits as of December 31, 2012	$7,770

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 December 31, 2012, the Company has recorded a liability for interest and potential penalties of $877.

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.

15. 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.

16. Earnings Per Share

Following are the reconciliations of the numerators and denominators of the basic and diluted EPS (in thousands, except for number of shares and per share amounts):

	December 31, 2012	December 31, 2011	December 31, 2010
NUMERATOR:			
Net income	$7,875	$7,944	$15,619
Net income for basic and diluted EPS	$7,875	$7,944	$15,619
DENOMINATOR:			
Weighted average shares outstanding for basic EPS	36,024,298	35,869,890	35,787,071
Effect of dilutive securities	747,503	1,140,251	1,332,919
Weighted average shares outstanding for diluted EPS	36,771,801	37,010,141	37,119,990

Common stock equivalents, consisting of warrants and granted employee stock options are dilutive and the effect of these dilutive securities has been included in weighted average shares for diluted EPS using the treasury method for the Company.

17. 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. Included in net income is a non-cash compensation expense of $1 for the year ended December 31, 2012, $9 for the year ended December 31, 2011 and $324 for the year ended December 31, 2010.

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:

Estimate Fair Values

	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		Weighted Average Remaining Contractual Life	Weighted Average Grant-Date Fair Value	
Outstanding, December 31, 2010	2,055,000	$	1.85	93 months	$	0.61
Vested and exercisable at Dec. 31, 2010	*1,855,000*	$	1.86	*80 months*	*$*	*0.67*
Granted	-		-	-		-
Exercised	-		-	-		-
Forfeited	-		-	-		-
Outstanding, December 31, 2011	2,055,000	$	1.85	68 months	$	0.61
Vested and exercisable at Dec. 31, 2011	*1,955,000*	$	1.86	*67 months*	*$*	*0.64*
Granted	-		-	-		-
Exercised	*350,000*	$	1.87	-		-
Forfeited	*5,000*	$	2.90	-		-
Outstanding, December 31, 2012	1,700,000	$	1.84	54 months	$	0.70
Vested and exercisable at Dec. 31, 2012	*1,700,000*	$	1.84	*54 months*	*$*	*0.70*

All stock options are vested and exercisable options as of December 31, 2012.

18. Research and Development Costs

Research and development costs are expensed as incurred and totaled $3,845, $3,718 and $3,569 for 2012, 2011, and 2010, respectively.

19. Related-Party Transactions

On January 15, 2010, Icahn Enterprises L.P. acquired approximately 71.4% of our outstanding common stock from other affiliates of Carl C. Icahn.

Icahn Sourcing, LLC ("Icahn Sourcing") 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. Viskase was a member of the buying group in 2012. Prior to December 31, 2012 Viskase did not pay Icahn Sourcing any fees or other amounts with respect to the buying group arrangement.

In December, 2012, Icahn Sourcing advised Icahn Enterprises that effective January 1, 2013 it would restructure its ownership and change its name to Insight Portfolio Group LLC (“Insight Portfolio Group”). In connection with the restructuring, Viskase acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group’s operating expenses 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 years ended December 31, 2012, December 31, 2011 and December 31, 2010, the Company purchased $60, $43 and $31, 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 $124 during each of the years ended December 31, 2010, 2011 and 2012. 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.

20. 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:

	2012	2011	2010
Net sales			
North America	$188,514	$173,680	$166,222
South America	47,059	44,750	38,356
Europe	140,891	149,200	135,651
Asia	7,122	449	-
Other and eliminations	(41,063)	(28,708)	(24,014)
	$342,523	$339,371	$316,215
Operating income			
North America	$23,532	$18,007	$18,968
South America	1,420	3,948	4,101
Europe	9,550	13,918	13,948
Asia	435	(606)	-
	$34,937	$35,267	$37,017
Identifiable assets			
North America	$177,862	$203,208	$212,894
South America	36,757	27,306	25,030
Europe	108,383	101,992	99,051
Asia	23,259	7,312	-
	$346,261	$339,818	$336,975

	2012	2011	2010
Net Sales by market			
Emerging	$158,477	$149,557	$132,775
Mature	184,046	190,174	183,440
	$342,523	$339,731	$316,215
Net Sales by country			
United States	$101,632	$99,023	$98,738
Brazil	28,115	33,068	25,619
Italy	30,996	33,667	29,461
Germany	12,318	14,482	14,134
France	13,078	13,884	12,252
Other international	156,384	145,247	136,011
	$342,523	$339,371	$316,215

21. Interest Expense, Net

Net interest expense consisted of:

	December 31, 2012	December 31, 2011	December 31, 2010
Interest expense	$22,868	$22,786	$21,289
Less Capitalized interest	(1,902)	(1,580)	(518)
Interest expense, net	$20,966	$21,206	$20,771

22. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of:

	December 31, 2012	December 31, 2011
Minimum pension liability adjustment	($57,504)	($46,360)
Foreign currency translation adjustment	(8,760)	(10,272)
Accumulated other comprehensive loss	($66,264)	($56,632)

23. Subsequent Events

Viskase evaluated its December 31, 2012 consolidated financial statements for subsequent events through April 10, 2013, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring disclosure identified.