VISKASE COMPANIES, INC.

ANNUAL REPORT 2013

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

<u>CONSOLIDATED FINANCIAL STATEMENTS OF VISKASE COMPANIES, INC. AND SUBSIDIARIES</u>

1. Financial Statements:

    Report of Independent Certified Public Accountants

    Consolidated Balance Sheets as of December 31, 2013 and 2012

    Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011

    Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2013, 2012 and 2011

    Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2013, 2012 and 2011

    Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011

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, 2013 and 2012, 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 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.

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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, 2013 and 2012, 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.

Grant Thornton LLP

Chicago, Illinois
March 7, 2014

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

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$19,079	$31,112
Restricted cash	1,262	1,058
Receivables, net	67,464	61,664
Inventories	72,139	61,144
Other current assets	30,133	21,959
Deferred income taxes	8,480	3,846
Total current assets	198,557	180,783
Property, plant and equipment	272,459	252,542
Less accumulated depreciation	113,724	95,757
Property, plant and equipment, net	158,735	156,785
Asset held for sale	-	500
Deferred financing costs, net	4,793	5,685
Other assets, net	371	1,734
Deferred income taxes	39,572	774
Total Assets	$402,028	$346,261
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	$12,690	-
Short-term portion of capital lease obligations	329	382
Accounts payable	33,516	27,798
Accrued liabilities	47,158	41,390
Total current liabilities	93,693	69,570
Long-term debt, net of current maturities	216,033	214,692
Capital lease obligations, net of current portion	412	396
Accrued employee benefits	32,819	65,646
Deferred income taxes	3,960	4,897
Stockholders' equity (deficit):		
Common stock, $0.01 par value; 36,901,249 shares issued and 36,095,979 shares outstanding at December 31, 2013 and December 31, 2012	$369	$369
Paid in capital	32,839	32,791
Retained earnings	69,145	24,462
Less 805,270 treasury shares, at cost	(298)	(298)
Accumulated other comprehensive loss	(46,944)	(66,264)
Total stockholders' equity (deficit)	55,111	(8,940)
Total Liabilities and Stockholders' Equity (Deficit)	$402,028	$346,261

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, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
NET SALES	$370,986	$342,523	$339,371
Cost of sales	283,718	261,261	261,079
GROSS MARGIN	87,268	81,262	78,292
Selling, general and administrative	46,456	45,265	42,565
Amortization of intangibles	127	460	460
Tax amnesty settlement	23,482	-	-
Restructuring expense	-	600	-
OPERATING INCOME	17,203	34,937	35,267
Interest income	51	46	222
Interest expense	22,476	20,966	21,206
Other expense, net	1,554	1,396	909
(LOSS) INCOME BEFORE INCOME TAXES	(6,776)	12,621	13,374
Income tax (benefit) provision	(51,459)	4,746	5,430
NET INCOME	$44,683	$7,875	$7,944
WEIGHTED AVERAGE COMMON SHARES - BASIC	36,095,979	36,024,298	35,868,890
PER SHARE AMOUNTS: EARNINGS PER SHARE - BASIC	$1.24	$0.22	$0.22
WEIGHTED AVERAGE COMMON SHARES - DILUTED	37,224,532	36,771,801	37,010,141
PER SHARE AMOUNTS: EARNINGS PER SHARE - DILUTED	$1.20	$0.21	$0.21

See notes to consolidated financial statements.

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

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Net income	$44,683	$7,875	$7,944
Other comprehensive income (loss), net of tax			
Pension liability adjustment	20,313	(11,179)	(17,709)
Foreign currency translation adjustment	(993)	1,547	(2,634)
Other comprehensive income (loss), net of tax	19,320	(9,632)	(20,343)
Comprehensive income (loss)	$64,003	($1,757)	($12,399)

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 other comprehensive loss	Total stockholders' equity (deficit)
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)
Net income				44,683		44,683
Foreign currency translation adjustment					(993)	(993)
Pension liability adjustment, net of tax					20,313	20,313
Stock option expense		48				48
Balance December 31, 2013	$369	$32,839	($298)	$69,145	($46,944)	$55,111

See notes to consolidated financial statements.

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

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash flow s from operating activities:			
Net income	$44,683	$7,875	$7,944
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	19,509	16,173	13,977
Stock-based compensation	48	1	9
Amortization of intangibles	127	460	460
Amortization of deferred financing fees	1,017	1,024	904
Deferred income taxes	(57,194)	(1,400)	29
Loss on disposition of assets	202	110	91
Bad debt and accounts receivable provision	177	(390)	448
Non-cash interest on notes	93	84	83
Changes in operating assets and liabilities:			
Receivables	(3,172)	(7,493)	(6,179)
Inventories	(9,326)	(7,308)	884
Other current assets	(7,779)	(4,169)	(863)
Accounts payable	4,809	(1,699)	4,497
Accrued liabilities	5,012	618	2
Accrued employee benefits	386	(1,501)	(4,921)
Other	(5,081)	405	(414)
Total adjustments	(51,172)	(5,085)	9,007
Net cash (used in) provided by operating activities	(6,489)	2,790	16,951
Cash flow s from investing activities:			
Capital expenditures	(19,119)	(38,252)	(37,195)
Proceeds from disposition of assets	146	106	67
Net cash used in investing activities	(18,973)	(38,146)	(37,128)
Cash flow s from financing activities:			
Deferred financing costs	(125)	(125)	(141)
Proceeds from revolving loan	14,011	-	-
Repayment of revolving loan	(170)	-	-
Repayment of capital lease	(434)	(615)	(842)
Restricted cash	(204)	1,061	64
Net cash provided by (used in) financing activities	13,078	321	(919)
Effect of currency exchange rate changes on cash	351	222	(537)
Net (decrease) increase in cash and equivalents	(12,033)	(34,813)	(21,633)
Cash and equivalents at beginning of period	31,112	65,925	87,558
Cash and equivalents at end of period	$19,079	$31,112	$65,925
Supplemental cash flow information:			
Interest paid less capitalized interest	$21,457	$20,035	$20,349
Income taxes paid	$3,125	$6,995	$2,978

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 nine manufacturing facilities, six distribution centers and three service centers in North America, Europe, South America, and Asia and, as a result, is able to sell its products in nearly one hundred countries throughout the world.

Principles of Consolidation

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

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 $207 and $198 of short-term investments at December 31, 2013 and December 31, 2012, respectively. Of the cash held on deposit, essentially all of the cash balance was in excess of amounts insured by the Federal Deposit Insurance Corporation or other foreign provided bank insurance. The Company performs periodic evaluations of these institutions for relative credit standing and has not experienced any losses as a result of its cash concentration. Consequently, no significant concentrations of credit risk are considered to exist.

Receivables

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

Inventories

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

Property, Plant and Equipment

The Company carries property, plant and equipment at cost less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees directly associated with the project. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in results of operations. Depreciation is computed on the straight-line method using a half year convention over the estimated useful lives of the assets ranging from (i) building and improvements - 10 to 32 years, (ii) machinery and equipment - 4 to 12 years, (iii) furniture and fixtures - 3 to 12 years, (iv) auto and trucks - 2 to 5 years, (v) data processing – 3 to 7 years and (vi) leasehold improvements - shorter of lease or useful life.

In the ordinary course of business, we lease certain equipment, consisting mainly of autos, and certain real property, 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, 2013 are as follows:

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

- Discount rate: The discount rate is used to calculate future pension and postretirement obligations. The Company is using a Mercer Bond yield curve in determining its pension obligations. The Company is using a discount rate of 5.23% for 2013. The Company is using a weighted average discount rate of 3.28% on its non-U.S. pension plans for 2013.

Income Taxes

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

Other Comprehensive Income (Loss)

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

Revenue Recognition

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

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.

Financial Instruments

The Company routinely enters into fixed price natural gas agreements which require us to purchase a portion of our natural gas each month at fixed prices. These fixed price agreements qualify for the "normal purchases" scope exception under derivative and hedging standards, therefore the natural gas purchases under these contracts were expensed as incurred and included within cost of sales. As of December 31, 2013, future annual minimum purchases remaining under the agreement are $1,341.

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and debt. 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 revolving loans approximate the carrying value due to credit risk or current market rates, which approximate the effective interest rates on those instruments. The fair value of the Company's Senior Secured Notes is estimated by discounting the future cash flow using the Company's current borrowing rates for similar types and maturities of debt.

New Accounting Pronouncements

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

In July 2013, the FASB issued ASU No. 2013-11, which amends FASB ASC Topic 740, Income Taxes. This ASU requires that unrecognized tax benefits, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, except in certain cases. This ASU is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. Earlier adoption is permitted. The adoption of this ASU will not have any impact on our consolidated financial position, results of operations or cash flows.

2. Cash and cash equivalents

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$19,079	$31,112
Restricted cash	1,262	1,058
	$20,341	$32,170

As of December 31, 2013 and December 31, 2012, cash held in foreign banks was $11,028 and $12,905, respectively.

Letters of credit in the amount of $1,262 as of December 31, 2013 were outstanding under facilities with a commercial bank, and were cash collateralized in a restricted account.

3. Receivables, net

	December 31, 2013	December 31, 2012
Accounts receivable, gross	$68,728	$63,718
Less allowance for doubtful accounts	(1,071)	(1,970)
Less allowance for sales returns	(193)	(84)
	$67,464	$61,664

Receivables reserve activity:

	December 31, 2013	December 31, 2012	December 31, 2011
Beginning balance	$2,054	$2,442	$2,203
(Recoveries) provision	177	(390)	448
Write-offs	(1,020)	(19)	(124)
Foreign translation	53	21	(85)
Ending balance	$1,264	$2,054	$2,442

4. Inventory

Inventory consisted of:

	December 31, 2013	December 31, 2012
Raw materials	$12,126	$11,688
Work in process	31,119	27,071
Finished products	28,894	22,385
	$72,139	$61,144

5. Property, Plant and Equipment, Net

	December 31, 2013	December 31, 2012
Land and improvements	$2,122	$2,237
Buildings and improvements	37,267	36,084
Machinery and equipment	227,684	207,800
Construction in progress	5,386	6,421
	$272,459	$252,542

Accumulated depreciation consisted of:

	December 31, 2013	December 31, 2012
Land and improvements	$257	$233
Buildings and improvements	9,125	7,349
Machinery and equipment	104,342	88,175
	$113,724	$95,757

Capitalized interest for 2013, 2012, and 2011 totaled $432, $1,902, and $1,580, respectively. Maintenance and repairs charged to costs and expenses for 2013, 2012, and 2011 aggregated $21,366, $19,428 and $19,222, respectively.

6. Other Assets

	December 31, 2013	December 31, 2012
Patents and Trademarks	$4,762	$4,720
Less: Accumulated amortization	(4,610)	(4,484)
Patents and trademarks, net	152	236
Miscellaneous	219	1,498
	$371	$1,734

Amortization of patents for fiscal years 2014 and 2015 will be approximately $12 and $12, respectively.

7. Accrued Liabilities

Accrued liabilities consisted of:

	December 31, 2013	December 31, 2012
Compensation and employee benefits	$18,295	$16,259
Taxes payable	13,765	8,572
Accrued volume and sales rebates	1,852	2,435
Accrued interest payable	9,825	9,798
Other	3,422	4,326
	$47,159	$41,390

8. Debt Obligations

Outstanding long-term debt consisted of:

	December 31, 2013	December 31, 2012
Short-term debt:		
Europe unsecured loan	$690	-
Revolving credit facility	12,000	-
Total short-term debt	$12,690	-
Long-term debt:		
9.875% Senior secured notes, net of discount	$214,505	$214,412
Europe unsecured loan	1,207	-
Other	321	280
Total long-term debt	$216,033	$214,692

Revolving Credit Facility

The Company is a party to a $25,000 secured revolving credit facility ("Revolving Credit Facility") with Icahn Enterprises L.P. Borrowings under the loan and security agreement governing the Revolving Credit Facility are subject to a borrowing base formula based on percentages of eligible domestic receivables and eligible domestic inventory. Under the Revolving Credit Facility, the interest rate option is LIBOR plus a margin of 2.00% currently (which margin will be subject to performance based increases up to 2.50%); provided that the minimum interest rate shall be at least equal to 3.00%. The Company is paying interest at a rate of 3.00% at December 31, 2013. 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 was $12,000 borrowed under the Revolving Credit Facility at December 31, 2013.

Indebtedness under the Revolving Credit Facility is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) inventory, accounts receivable, lockboxes, and deposit accounts (the "RCF Priority Collateral') to be contractually senior to the liens securing the 9.875% Senior Secured Notes and the related guarantees pursuant to an intercreditor agreement, (ii) real property, fixtures and improvements thereon, equipment and proceeds thereof (the "Notes Priority Collateral"), to be contractually subordinate to the liens securing the 9.875% Senior Secured Notes and such guarantees pursuant to such intercreditor agreement, and (iii) all other assets, to be contractually *pari passu* with the liens securing the 9.875% Senior Secured Notes and such guarantees pursuant to such intercreditor agreement.

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

In its foreign operations, the Company has unsecured lines of credit with various banks providing approximately $8,000 of availability. There were borrowings of $1,897 under an unsecured term loan at December 31, 2013. The borrowing has an interest rate of 3 month EUR LIBOR plus a margin of 2.16% with quarterly installments due through July 15, 2016. The Company is paying interest at a rate of 2.42% at December 31, 2013.

<u>9.875% Senior Secured Notes due 2018</u>

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. On January 15, 2014, the Company filed a notice of redemption effectively discharging the entire aggregate principal amount outstanding of its 9.875% Senior Secured Notes plus accrued interest. The 9.875% Senior Secured Notes had 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.

<u>Letter of Credit Facility</u>

Letters of credit in the amount of $1,262 were outstanding under facilities with a commercial bank, and were cash collateralized at December 31, 2013.

Debt Maturity

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

	2014	2015	2016	2017	2018	Thereafter
Revolving Credit Facility	$12,000	$ -	$ -	$ -	$ -	$ -
Europe line of credit	690	690	517	-	-	-
9.875% Senior Secured Notes	-	-	-	-	-	215,000
Other	-	-	-	-	-	1,109
	$12,690	$ 690	$ 517	$ -	$ -	$216,109

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

9. Capital Lease Obligations

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

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

	2013	2012
Building and improvements	$543	$518
Machinery and equipment	2,832	2,896
Less: Accumulated depreciation	(2,514)	(2,492)
	$861	$922

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

Year ending December 31,	
2014	$382
2015	253
2016	128
2017	66
2018	-
Thereafter	-
Total minimum payments required	829
Less amount representing interest	(88)
Present value of net minimum lease payments	$741

10. Operating Leases

The Company has operating lease agreements for machinery, equipment and facilities. The majority of the facility leases require the Company to pay maintenance, insurance and real estate taxes.

Certain of these leases contain escalation clauses and renewal options.

Future minimum lease payments for operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2013, are:

2014	$3,497
2015	3,487
2016	3,142
2017	2,448
2018	1,537
Total thereafter	10,984
Total minimum lease payments	$25,095

Total rent expense during 2013, 2012 and 2011 amounted to $4,617, $4,343 and $3,245 respectively.

11. Retirement Plans

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

The Company's operations in the United States, France, Germany and Canada historically offered defined benefit retirement plans 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.

Included in accumulated other comprehensive income, net of tax, as of December 31, 2013 are the following amounts not yet recognized in net periodic benefit cost:

	U.S. Pension Benefits	Non U.S. Pension Benefits
Net actuarial loss	($22,178)	($1,353)
Prior service credit	$5	$63

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	$1,030	$103

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	
	2013	2012	2013	2012
Change in benefit obligation:				
Projected benefit obligation at beginning of year	$163,156	$147,023	$10,570	$8,751
Service cost	-	-	430	331
Interest cost	6,625	6,965	404	434
Actuarial (gain) loss	(18,533)	17,041	422	1,476
Benefits paid	(7,953)	(7,873)	(747)	(594)
Currency translation	-	-	479	172
Estimated benefit obligation at end of year	$143,295	$163,156	$11,558	$10,570
Change in plan assets:				
Fair value of plan assets at beginning of year	$104,114	$95,685	$5,692	$5,407
Actual return on plan assets	18,008	11,285	200	$178
Employer contribution	4,206	5,017	0	$0
Benefits paid	(7,952)	(7,873)	(730)	$0
Currency translation	-	-	257	$107
Fair value of plan assets at end of year	$118,376	$104,114	$5,419	$5,692
Unfunded status of the plan	($24,919)	($59,042)	($6,138)	($4,878)

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2013	2012	2013	2012
Net amount recognized				
Amounts recognized in statement of financial position:				
Current liabilities	($82)	($82)	($175)	($166)
Noncurrent liabilities	(24,837)	(58,960)	(5,963)	(4,713)
Net amount recognized	($24,919)	($59,042)	($6,138)	($4,879)

The funded status of these pension plans as a percentage of the projected benefit obligation was 82% in 2013 compared to 59% in 2012.

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	2013	2012	2013	2012
Projected benefit obligation	$143,295	$163,156	$11,558	$10,570
Accumulated benefit obligation	$143,295	$163,156	$9,055	$8,387
Fair value of plan assets	$118,376	$104,114	$5,419	$5,692

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

	U.S. Pension Benefits			Non U.S. Pension Benefits		
	2013	2012	2011	2013	2012	2011
Component of net period benefit cost						
Service cost	$ -	$ -	$ -	$415	$323	$338
Interest cost	6,625	6,965	7,320	390	423	470
Expected return on plan assets	(7,877)	(7,321)	(7,742)	(194)	(178)	(191)
Amortization of prior service cost	-	(1)	-	-	-	-
Amortization of actuarial loss	4,240	3,429	1,667	88	12	37
	$2,988	$3,072	$1,245	$699	$580	$654

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	
	2013	2012	2013	2012
Discount rate	5.23%	4.18%	3.28%	3.69%
Expected return on plan assets	7.75%	7.75%	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 3.28% on its non U.S. pension plans for 2013.

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

The Company's overall investment strategy is to achieve growth through a mix of approximately 75% of investments for long-term growth and 25% for near-term benefit payments with a wide diversification of asset types, fund strategies, and fund managers. The target allocations for plan assets are 47% equity securities, 28% hedge funds and 25% to fixed income investments. Equity securities primarily include investments in large-cap, mid-cap and small-cap companies primarily located in the United States and international developed markets. Fixed income securities include corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries. Other types of investments include investments in hedge funds that follow several different strategies.

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

<u>Mutual funds</u> - 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, 2013 and 2012, by asset category are as follows:

		Fair Value Measurement at December 31, 2013		
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	$4,211	$4,211	$ -	$ -
Equity securities:				
U.S. companies	37,660	37,660	-	-
International companies	5,355	5,355	-	-
U.S-Large Cap Equity Growth	12,991	12,991	-	-
U.S-Mutual Funds	14,875	-	14,875	-
Fixed income securities:				-
Government Treasuries	1,763	1,763	-	-
Mortgage-backed securities	1,062	-	1,062	-
Aggregate bond fund	-	-	-	-
Corporate Bond	5,704	5,704	-	-
High yield fund	14,011	14,011	-	-
Other types of investments:				
Hedge funds	20,626	-	-	20,626
Real Estate	84	84	-	-
Preferred Stock	34	-	34	-
Total	$118,376	$81,779	$ 15,971	$ 20,626

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Combined Hedge Funds
Beginning balance at January 1, 2013	$29,520
Total realized loss	(270)
Change in unrealized depreciation	3,141
Cost of purchases	32,198
Proceeds from sales	(43,963)
Ending balance at December 31, 2013	$20,626

		Fair Value Measurement at December 31, 2012		
		Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs
Asset Category	Total	(Level 1)	(Level 2)	(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 January 1, 2012	$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

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		Total Estimated Company Contributions	
	U.S.	Non-U.S	U.S.	Non-U.S
2014	$8,725	$756	$6,116	$175
2015	8,877	499		
2016	9,095	397		
2017	9,187	492		
2018	9,306	958		
2019-2023	48,763	3,656		

The Company's expected contribution for the 2014 fiscal year is $6,116 for the U.S. and $175 for non-U.S. pension plans.

Savings Plans

The Company also has defined contribution savings and similar plans for eligible employees, which vary by subsidiary. The Company's aggregate contributions to these plans are based on eligible employee contributions and certain other factors. The Company expense for these plans was $1,120, $875 and $1,049 in 2013, 2012 and 2011, 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 2013, 2012, and 2011 was $854, $825 and $864, 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 $1,925.

12. Capital Stock, Treasury Stock and Paid in Capital

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

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

13. Income Taxes

Income tax (benefit) provision consisted of:

	2013	2012	2011
Current			
Domestic	$195	$123	($136)
Foreign	5,540	6,023	5,537
Total current	5,735	6,146	5,401
Deferred			
Domestic	(51,498)	-	-
Foreign	(5,696)	(1,400)	29
Total deferred	(57,194)	(1,400)	29
Total	($51,459)	$4,746	$5,430

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:

	2013	2012	2011
Domestic	$2,705	$5,738	($335)
Foreign	(9,481)	6,886	13,709
Total	($6,776)	$12,624	$13,374

Computed income tax provision	($2,304)	$4,292	$4,681
State and local taxes, net of federal tax	137	244	(3)
Foreign taxes, net	1,137	1,246	344
Valuation allowance	(52,675)	(2,630)	528
Uncertain tax positions - expense (benefit)	395	1,317	64
Other, net	1,851	277	(184)
Total income tax expense	($51,459)	$4,746	$5,430

Computed income tax provision	34.0%	34.0%	35.0%
State and local taxes, net of federal tax	-2.0%	1.9%	0.0%
Foreign taxes, net	-16.8%	9.9%	2.6%
Valuation allowance	777.4%	-20.8%	3.9%
Uncertain tax positions - expense (benefit)	-5.8%	10.4%	0.5%
Other, net	-27.3%	2.2%	-1.4%
Effective income tax rate	759.4%	37.6%	40.6%

Temporary differences and net operating loss carryforwards that give rise to a significant portion of deferred tax assets and liabilities for 2013 and 2012 are as follows:

	2013	2012
Deferred tax asset		
Provisions not currently deductible	$4,266	$3,942
Inventory basis differences	3,622	3,320
Foreign exchange and other	158	34
Stock options	847	841
Pension and healthcare	10,477	22,532
Net operating loss carryforwards	41,620	36,572
Valuation allowance	-	(51,102)
Total deferred tax asset	$60,990	$16,139
Deferred tax liability		
Property, plant, and equipment	($13,287)	($12,737)
Intangible asset	-	(89)
Foreign exchange and other	(3,611)	(3,590)
Total deferred tax liability	($16,898)	($16,416)
	$44,092	($277)

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 $51,000 and a foreign based valuation allowance of approxiamtley $100 have been recorded at December 31, 2012. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax-planning strategies in making this assessment. To the extent management believes the realization of future income tax assets does not meet the more likely than not realization criterion, a valuation allowance is recorded. As of December 31, 2013, management has concluded that a valuation allowance is not deemed necessary.

There were gross U.S. federal net operating loss carryforwards at December 31, 2013 and December 31, 2012 of $95,112 and $96,897, respectively, with amounts beginning to expire in the year 2024. The Company has gross foreign net operating loss carryforwards at December 31, 2013 and December 31, 2012 of $15,300 and $926, respectively and has an unlimited carryforward period. 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, 2013 totaled $7,937. The following table summarizes the activity related to the unrecognized tax benefits.

(in thousands)	2013	2012
Unrecognized tax benefits as of January 1	$7,770	$9,555
Increases in positions taken in a prior period	329	539
Decreases in positions taken in a prior period	(60)	(2,780)
Increases in positions taken in a current period	578	1,131
Decreases in positions taken in a current period	-	-
Decreases due to settlements	(200)	(150)
Decreases due to lapse of statute of limitations	(480)	(525)
Unrecognized tax benefits as of December 31	$7,937	$7,770

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. During the years ended December 31, 2013 and 2012, the Company recorded adjustments for interest of $119,000 and $41,000, respectively, and for penalties of $71,000 and $240,000 respectively related to these unrecognized tax benefits. In total, as of December 31, 2013 and 2012, the Company has recorded a liability of interest of $283,000 and $164,000, respectively, and $784,000 and $714,000, respectively, for potential penalties.

Approximately $4,100 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 substantially concluded all U.S. federal income tax matters for the years through 2010. The Company will continue 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 2009. U.S. federal income tax returns for 2011 and 2012 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 $2,100.

14. Contingencies

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

15. 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, 2013	December 31, 2012	December 31, 2011
NUMERATOR:			
Net income	$44,683	$7,875	$7,944
Net income for basic and diluted EPS	$44,683	$7,875	$7,944
DENOMINATOR:			
Weighted average shares outstanding for basic EPS	36,095,979	36,024,298	35,869,890
Effect of dilutive securities	1,128,553	747,503	1,140,251
Weighted average shares outstanding for diluted EPS	37,224,532	36,771,801	37,010,141

Common stock equivalents, consisting of 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.

16. 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 $48 for the year ended December 31, 2013, $1 for the year ended December 31, 2012 and $9 for the year ended December 31, 2011.

The fair values of the options granted during 2013, 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:

	2013	2007	2005
Expected term	5 years	10 years	10 years
Expected stock volatility	17.33%	23.04%	14.88%
Risk-free interest rate	1.75%	4.39%	4.17%
Expected forfeiture rate	0.00%	14.00%	35.00%
Fair value per share	$0.51	$0.77	$1.09

In April 2013, the Company granted non-qualified stock options to its current chief administrative officer for the purchase of 325,000 shares of its common stock under an employment agreement. Options were granted at the fair market value at date of grant and will vest one third each on December 31, 2013, December 31, 2014 and December 31, 2015. The options for the chief administrative officer expire on April 16, 2018.

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 180,000 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, 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*
Granted	*325,000*	$ 8.00	*60 months*	*$ 0.51*
Exercised	-	$ -		-
Forfeited	*20,000*	$ 2.90	-	-
Outstanding, December 31, 2013	2,005,000	$ 1.56	58 months	$ 0.59
Vested and exercisable at Dec. 31, 2013	*1,788,333*	$ 2.23	*43 months*	*$ 0.66*

17. Research and Development Costs

Research and development costs are expensed as incurred and totaled $3,856, $3,845 and $3,718 for 2013, 2012, and 2011, respectively.

18. Related-Party Transactions

As of December 31, 2013, Icahn Enterprises L.P. owns approximately 73.5% of our outstanding common stock.

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

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

During the periods ended December 31, 2013 and December 31 2012, the Company purchased $46 and $60, 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, 2013. The Company paid Icahn Enterprises L.P. service, commitment fees, interest and amendment fees of $403 and $225 during each of the periods ended December 31, 2013 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.

19. 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:

	2013	2012	2011
Net sales			
North America	$203,445	$188,514	$173,680
South America	53,189	47,059	44,750
Europe	146,682	140,891	149,200
Asia	23,475	7,122	449
Other and eliminations	(55,805)	(41,063)	(28,708)
	$370,986	$342,523	$339,371
Operating income			
North America	$23,552	$23,532	$18,007
South America	(21,664)	1,420	3,948
Europe	11,911	9,550	13,918
Asia	3,404	435	(606)
	$17,203	$34,937	$35,267
Identifiable assets			
North America	$213,278	$177,862	$203,208
South America	46,619	36,757	27,306
Europe	114,014	108,383	101,992
Asia	28,117	23,259	7,312
	$402,028	$346,261	$339,818

	2013	2012	2011
Net Sales by market			
Emerging	$191,407	$158,477	$149,557
Mature	179,579	184,046	190,174
	$370,986	$342,523	$339,731
Net Sales by country			
United States	$102,765	$101,632	$99,023
Brazil	27,805	28,115	33,068
Italy	31,211	30,996	33,667
Germany	12,661	12,318	14,482
France	14,639	13,078	13,884
Other international	181,905	156,384	145,247
	$370,986	$342,523	$339,371

20. Interest Expense, Net

Net interest expense consisted of:

	December 31, 2013	December 31, 2012	December 31, 2011
Interest expense	$22,908	$22,868	$22,786
Less Capitalized interest	(432)	(1,902)	(1,580)
Interest expense, net	$22,476	$20,966	$21,206

21. Changes in Accumulated Other Comprehensive Loss

	Accrued Employee Benefits	Translation Adjustments	Total
Balance at December 31, 2012	($57,504)	($8,760)	($66,264)
Other comprehensive loss before reclassifications	-	(993)	(993)
Reclassifications from accumulated other comprehensive loss to earnings	20,313	-	20,313
Balance at December 31, 2013	($37,191)	($9,753)	($46,944)

	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Items in the Consolidation Statement of Operations and Comprehensive Loss
Accrued Employee Benefits		
Amortization of net actuarial loss	$16,047	Cost of Sales
Amortization of net actuarial loss	4,266	S,G & A expense
	$20,313	

22. Subsequent Events

Viskase evaluated its December 31, 2013 consolidated financial statements for subsequent events through March 7, 2014, the date the consolidated financial statements were available to be issued. There were no events during the period that required recognition or disclosure, except as noted below.

On January 30, 2014, the Company completed refinancing transactions which (1) satisfied its existing indebtedness under the 9.875% Senior Secured Notes, (2) amended the Revolving Credit Facility and repaid outstanding drawings thereunder, and (3) funded cash to the Company's balance sheet for general corporate purposes. Each of the transactions is outlined below.

Amended Revolving Credit Facility

On January 30, 2014, the Company entered into an Amendment Agreement to the $25,000 Revolving Credit Facility, together with an amended Loan Agreement, with Icahn Enterprises Holdings L.P. Drawings under the amended Revolving Credit Facility bear interest at Daily Three Month LIBOR plus 2.0%. The amended Revolving Credit Facility also provides for an unused line fee of 0.375% per annum.

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

The amended Revolving Credit Facility contains various covenants which restrict the Company's ability to, among other things, incur indebtedness, create liens on our assets, make investments, enter into merger, consolidation or acquisition transactions, dispose of assets (other than in the ordinary course of business), make certain restricted payments, enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The amended Revolving Credit Facility also requires that we comply with certain financial covenants, including meeting a minimum EBITDA requirement and limitations on capital expenditures, in the event our usage of the Revolving Credit Facility exceeds 90% of the facility amount. The amended Revolving Credit Facility had no borrowings as of the January 30, 2014 closing.

Term Loan Facility

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

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