FORM 8-K

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FILER

VISKASE COMPANIES INC

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Business Address
VISKASE COMPANIES INC
625 WILLOWBROOK CENTRE PKWY
WILLOWBROOK IL 60527
6307894900

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 21, 2002

VISKASE COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	0-5485	95-2677354
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(I.R.S. Employer Identification No.)

625 Willowbrook Centre Parkway, Willowbrook, Illinois	60527
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (630) 789-4900

Item 5. - Other Events

Pursuant to a Restructuring Agreement, dated as of July 15, 2002, by and among Viskase Companies, Inc. (the Company), High River Limited Partnership, Debt Strategies Fund, Inc. and Northeast Investor Trust, the Company commenced an exchange offer to acquire all of the issued and outstanding 10-1/4% Senior Notes due 2001 of the Company (Senior Notes) and a solicitation of acceptances of a prepackaged plan of reorganization. Attached hereto as Exhibits 99-1, 99-2 and

99-3 are the Restructuring Agreement, Offer to Exchange and Disclosure Statement, respectively, mailed to holders of Senior Notes in connection with the proposed exchange offer and prepackaged plan of reorganization.

Item 7. - Financial Statements and Exhibits

(c) Exhibits

EX-99-1 Restructuring Agreement dated as of July 15, 2002.

EX-99-2 Offer to Exchange, dated August 20, 2002

EX-99-3 Disclosure Statement, dated August 20, 2002

EX-99-4 Chief Executive Officer's Certification of Financial Statements

EX-99-5 Chief Financial Officer's Certification of Financial Statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISKASE COMPANIES, INC.

Registrant

By: /s/ Gordon S. Donovan

Gordon S. Donovan
Vice President, Chief Financial Officer and Treasurer

August 21, 2002

Exhibit No.	Description of Exhibits
EX-99-1	Restructuring Agreement dated as of July 15, 2002
EX-99-2	Offer to Exchange, dated August 20, 2002

EXECUTION VERSION

RESTRUCTURING AGREEMENT

dated as of July 15, 2002

by and among

HIGH RIVER LIMITED PARTNERSHIP
DEBT STRATEGIES FUND, INC.
NORTHEAST INVESTORS TRUST

and

VISKASE COMPANIES, INC.

TABLE OF CONTENTS

This Table of Contents is not part of the Agreement to which it is attached but is inserted for convenience only.

<TABLE>
<CAPTION>

GLOSSARY OF DEFINED TERMS

The following terms, when used in this Agreement, have the meanings ascribed to them in the corresponding Sections of this Agreement listed below:

"affiliate"	--	Section 8.11(a)
"Alternative Proposal"	--	Section 5.05
"Bankruptcy Law"	--	Section 8.11(b)
"beneficially"	--	Section 8.11(c)
"Board of Directors"	--	Section 1.01(a)
"business day"	--	Section 8.11(d)
"Company"	--	Preamble
"Company Common Stock"	--	Section 2.02
"Company Preferred Stock"	--	Section 2.02
"Company Rights"	--	Section 1.04(d)
"Company Rights Agreement"	--	Section 1.04(d)
"Company SEC Reports"	--	Section 8.11(e)
"Restricted Stock Plan"	--	Section 5.04
"Confidentiality Agreement"	--	Section 8.03
"Consummation Date"	--	Section 4.01
"Contracts"	--	Section 2.04(a)
"control," "controlling," "controlled by" and "under common control with"	--	Section 8.11(a)
"Converted Common Stock"	--	Section 5.03
"Custodian"	--	Section 8.11(f)
"DGCL"	--	Section 2.08
"Disclosure Schedule"	--	Section 8.11(g)
"Employment Agreements"	--	Section 5.12
"Exchange Act"	--	Section 1.01(a)
"Final Expiration Date"	--	Section 1.01(a)
"Governmental or Regulatory Authority"	--	Section 2.04(a)
"group"	--	Section 8.11(k)
"Holders"	--	Preamble
"Indemnification Agreements"	--	Section 5.12
"Independent Director"	--	Section 1.03(a)
"knowledge"	--	Section 8.11(h)
"laws"	--	Section 2.04(a)
"Lien"	--	Section 8.11(i)
"material", "material adverse effect" and "materially adverse"	--	Section 8.11(j)
"Minimum Condition"	--	Annex C
"New Notes"	--	Section 1.01(a)
"New Preferred Stock	--	Section 1.01(a)
"Offer"	--	Section 1.01(a)

"Offer Documents"	--	Section 1.01(b)
"Old Notes"	--	Preamble
"Options"	--	Section 2.02
"orders"	--	Section 2.04(a)
"Per Note Amount"	--	Section 1.01(a)
"person"	--	Section 8.11(k)
"Plan of Reorganization"	--	Section 1.01(d)
"Public Offering"	--	Section 8.11(l)
"Representatives"	--	Section 8.11(m)
"SEC"	--	Section 1.01(a)
"Significant Subsidiaries"	--	Section 8.11(n)
"Subsidiary"	--	Section 8.11(o)
"Superior Proposal"	--	Section 7.01(d)
"this Agreement"	--	Preamble
"TIA"	--	Section 1.04(f)

This RESTRUCTURING AGREEMENT dated as of July 15, 2002 ("this Agreement") is made and entered into by and among HIGH RIVER LIMITED PARTNERSHIP, a Delaware limited partnership, DEBT STRATEGIES FUND, INC., a Maryland corporation, NORTHEAST INVESTORS TRUST, a Massachusetts trust (collectively, the "Holders") and VISKASE COMPANIES, INC., a Delaware corporation (the "Company").

WHEREAS, the Holders and the Company have each determined that it is advisable and in their respective best interests to consummate, and have approved, the transaction provided for herein in which the Company would make an offer to acquire all of the issued and outstanding 10 1/4% Senior Notes due 2001, of the Company ("Old Notes") in exchange for new notes and preferred stock upon the terms and subject to the conditions of this Agreement; and

WHEREAS, the Holders and the Company desire to make certain representations, warranties and agreements in connection with the transactions contemplated by this Agreement and also to prescribe various conditions to the consummation of such transactions;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

THE OFFER

1.01 The Offer. (a) Provided that this Agreement shall not have been terminated in accordance with Section 7.01 and none of the events set forth in Annex C hereto shall have occurred and be continuing, as promptly as practicable, but in no event later than 15 business days, after the date hereof, the Company shall commence (within the meaning of applicable rules under the Securities Exchange Act of 1934, as amended (such Act and the rules and regulations promulgated thereunder being referred to herein as the "Exchange

Act")) and will in good faith pursue an exchange offer (the "Offer") to acquire all of the issued and outstanding Old Notes in exchange for $367.96271 principal amount of the Company's 8% Senior Subordinated Secured Notes Due 2008 (the "New Notes") to be issued under an indenture in the form of Annex A hereto, and 126.82448 shares of the Company's Series A Convertible Preferred Stock having the designations set forth in Annex B hereto (the "New Preferred Stock"), per $1,000 of principal amount of Old Note (such amount, or any greater amount per Old Notes paid pursuant to the Offer, the "Per Note Amount"). Subject to the Company's and the Holders' right of termination set forth in Section 7.01, the obligation of the Company to consummate the Offer and to accept for exchange Old Notes tendered pursuant to the Offer shall be subject only to the conditions set forth in Annex C hereto. The Company shall not waive any such condition or make any changes in the terms and conditions of the Offer without the consent of the Holders; provided, however, the Company may waive any condition or amend the terms and conditions of the Offer to the extent such waiver or amendment relates to matters ministerial or administrative in nature with respect to the Offer, and the Offer may be extended by the Company (1) for any period to the

extent required by law or by any rule, regulation, interpretation or position of the Securities and Exchange Commission (the "SEC") or the staff thereof applicable to the Offer, and (2) to any date not exceeding the 75th day following the date on which the Offer is commenced (the "Final Expiration Date") if (x) immediately prior to the expiration of the Offer any condition to the Offer shall not be satisfied and (y) the board of directors of the Company (the "Board of Directors") determines there is a reasonable basis to believe that such condition could be satisfied within such period; provided further that the Company shall extend the Offer pursuant to clause (2) at the request of the Holders to a date not later than the Final Expiration Date. Assuming the prior satisfaction or waiver of the conditions of the Offer and subject to the foregoing right to extend the Offer, the Company shall issue the New Notes and the New Preferred Stock, rounded down to the nearest whole dollar and whole share, respectively, in exchange for Old Notes tendered pursuant to the Offer as soon as practicable after the Consummation Date. The Offer shall be conducted in a manner that will make it exempt from registration under Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act").

(b) As soon as practicable on the date of commencement of the Offer, the Company shall take such steps as are reasonably necessary to cause an Offer to Exchange and a related Letter of Transmittal, each in a form customary for a transaction of the type contemplated hereunder, to be disseminated to the holders of Old Notes as and to the extent required by applicable federal securities laws (the Offer to Exchange, Letter of Transmittal and any related summary advertisement, together with all amendments and supplements thereto, the "Offer Documents"), which Offer Documents shall incorporate the material terms of the Restructuring Agreement and other customary terms. The Holders and the Company shall correct promptly any information provided by any of them for use in the Offer Documents which shall have become false or misleading, and the Company shall take all steps necessary to cause the Offer Documents as so corrected to be disseminated to holders of Old Notes, in each case as and to the extent required by applicable federal securities laws. The Holders and their counsel shall be given an opportunity to review and comment on the Offer Documents, and edit information solely pertaining to the Holders, prior to their being disseminated. The Company and the Holders shall cooperate with each other in the preparation of the Offer Documents.

(c) The Company shall use commercially reasonable efforts to complete the Offer in accordance with the terms hereof. Upon satisfaction of all

conditions to the Offer, the Company shall complete the Offer and accept the Old Notes for exchange of New Notes and New Preferred Stock in accordance with the terms of the Offer as soon as reasonably practical following the expiration of the Offer. The Holders shall cooperate with the Company as it reasonably requests in connection with the completion of the Offer and other transactions contemplated hereby.

(d) The Offer Documents shall include a solicitation of acceptances of the plan of reorganization attached as Annex D hereto (the "Plan of Reorganization"), in compliance with applicable requirements under the Bankruptcy Code.

(e) Simultaneously with the execution of this Agreement, the Company shall deliver to the Holders a certificate of the secretary or an assistant secretary of the Company

certifying that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby and that all such resolutions are still in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement.

1.02 Holder Actions. (a) Each Holder hereby approves and consents to the Offer. Each Holder shall tender or cause to be tendered all Old Notes beneficially owned by it or its affiliates pursuant to the Offer and shall vote or cause to be voted all such Old Notes in favor of the approval and adoption of the Plan of Reorganization, and will not vote in favor of any other plan of reorganization or any action that is intended or could reasonably be expected to adversely affect the Plan of Reorganization.

(b) In connection with the Offer, each Holder will furnish the Company with such information (which will be treated and held in confidence by the Company except as required by law) and assistance as the Company or its Representatives (as defined in Section 8.11) may reasonably request in connection with the preparation and consummation of the Offer, provided that the provision of any such information does not violate (i) any confidentiality agreement by which such Holder is bound as of the date of this Agreement and of which such Holder has advised the Company no later than the date hereof or (ii) any provision of applicable law.

1.03 Company Board Representation; Section 14(f). (a) Upon the consummation of the Offer, or the effective date of the Plan, as applicable, the Company and the Holders shall promptly use their commercially reasonable efforts to (i) cause each of the directors (except the Company's chief executive officer) to resign from the Board of Directors and (ii) take all actions necessary to cause the Board of Directors to consist of five persons, one of whom is the Company's chief executive officer and four of whom are designees of the Holders, with one of such designees being a person who would qualify as an independent director under the Marketplace Rules of the Nasdaq Stock Market excluding the financial statement knowledge requirements applicable to the composition of audit committees, who shall be independent (as defined under such rules) both with respect to the Company and with respect to each holder of more than 5% of (i) the New Preferred Stock, upon consummation of the Offer, or (ii)

the Common Stock, upon the effective date of the Plan, as the case may be (the "Independent Director"), including accepting the resignations of those incumbent directors designated by the Company or increasing the size of the Board of Directors and causing the Holders' designees to be elected.

(b) The Company's obligations to appoint the Holders' designees to the Board of Directors shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, if applicable. The Company shall promptly take all actions required pursuant to such Section and Rule in order to fulfill its obligations under this Section, and shall include in the Offering Documents, and otherwise disseminate to the holder of the Company's common stock, such information with respect to the Company and its officers and directors as is required under such Exchange Act Section and Rule to fulfill such obligations. Each Holder shall supply to the

Company and be solely responsible for any information with respect to such Holder and its officers, directors and affiliates required by such Section 14(f) and Rule 14f-1.

(c) If at any time there is no Independent Director, the other directors shall designate a person to fill such vacancy who satisfies the requirements of paragraph (a) of this Section, and such person shall be deemed to be the Independent Director for purposes of this Agreement.

1.04 Conditions to Holders' Obligations. The obligation of each Holder to tender the Old Notes owned beneficially and of record by it in the Offer is subject to the fulfillment, on or before the Consummation Date, of each of the following conditions (all or any of which may be waived in whole or in part by such Holder in its sole discretion):

(a) The representations and warranties made by the Company in this Agreement shall be true and correct in all material respects on and as of the Consummation Date as though such representation or warranty was made on and as of the Consummation Date; provided that any representation or warranty made as of a specified date earlier than the Consummation Date shall have been true and correct in all respects material to the validity and enforceability of this Agreement on and as of such earlier date.

(b) The Company shall have merged into itself its subsidiary Viskase Corporation, with the Company being the surviving corporation.

(c) The Board of Directors as of the time of the consummation of the Offer shall consist of five persons, one of whom is the Company's chief executive officer and four of whom are designees of a majority of the shares of New Preferred Stock held by the Holders, with one of such designees being a person that would qualify as an Independent Director.

(d) The Company shall have redeemed or terminated the rights (the "Company Rights") issued pursuant to, or shall have terminated, the Rights Agreement dated as of June 26, 1996, as amended, by and between the Company and Harris Trust & Savings Bank, as Rights Agent (the "Company Rights Agreement").

(e) All Old Notes, excluding all Old Notes held by the Holders and their affiliates, shall have been tendered in the Offer.

(f) The indenture under which the New Notes are to be issued shall have been qualified under the Trust Indenture Act of 1939 (the "TIA").

(g) The Company shall have delivered to each Holder a certificate, dated the Consummation Date and executed in the name and on behalf of the Company by the Chairman of the Board, the President or any Vice President of the Company, certifying to the effect that (i) each of the conditions in paragraphs (a) through (f) above have been satisfied or, if not satisfied, waived by each Holder in writing, (ii) the Company has duly performed or complied with each of the agreements, covenants and obligations required by this Agreement in all material respects and (iii) the Offer Documents do not contain any untrue statement of a material fact or omit to

state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, the Company shall make no such representation as to information concerning the Holders supplied in writing by the Holders.

(h) The Company shall have delivered to the Holders a certificate of the secretary or an assistant secretary of the Company certifying that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby and that all such resolutions are still in full force and effect and are all the resolutions adopted in connection with the transactions contemplated by this Agreement.

(i) The Company shall have adopted bylaws in the form attached to this Agreement as Annex G.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Holders:

2.01 Organization and Qualification. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets and properties, except for such failures to be so incorporated, existing and in good standing or to have such power and authority which, individually or in the aggregate, are not having and could not be reasonably expected to have a material adverse effect (as defined in Section 8.11) on the Company and its Subsidiaries taken as a whole. The Company has previously delivered to the Holders correct and complete copies of its Certificate of Incorporation and Bylaws.

2.02 Capital Stock. The authorized capital stock of the Company consists solely of 50,000,000 shares of common stock, par value $0.01 per share ("Company Common Stock"), and 25,000,000 shares of preferred stock, par value $0.01 per share ("Company Preferred Stock"). As of July 10, 2002, 15,316,062 shares (including restricted stock issued to employees of the Company but which shares have not been issued in certificated form) of Company Common

Stock were issued and outstanding; no shares were held in the treasury of the Company. Since such date, there has been no change in the number of issued and outstanding shares of Company Common Stock or shares of Company Common Stock held in treasury and 413,398 and 775,644 shares were reserved for issuance under the Company's 1993 Stock Option Plan and Parallel Non-Qualified Savings Plan, respectively. As of the date hereof, no shares of Company Preferred Stock are issued and outstanding. All of the issued and outstanding shares of Company Common Stock are, and all shares reserved for issuance (including the shares of New Preferred Stock issuable in the Offer and the shares of Company Common Stock issuable on conversion thereof) will be, upon issuance in accordance with the terms specified in the

instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid and nonassessable. Except pursuant to this Agreement and the Company Rights Agreement, and except as disclosed in the Disclosure Schedule (as defined in Section 8.11), there are no outstanding subscriptions, options, warrants, rights (including "phantom" stock rights), preemptive rights or other contracts, commitments, understandings or arrangements, including any right of conversion or exchange under any outstanding security, instrument or agreement (together, "Options"), obligating the Company or any of its Subsidiaries to issue or sell any shares of capital stock of the Company or to grant, extend or enter into any Option with respect thereto or "phantom" stock rights or otherwise provide any payment or compensation based on "phantom" stock or measured by the value of the Company's stock, assets, revenues or other similar measure.

2.03 Authority Relative to This Agreement. The Company has full corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly approved by the Board of Directors, and except as provided in Article IV and Sections 5.01 and 5.04 hereof, no other corporate proceedings on the part of the Company or its stockholders are necessary to authorize the execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.04 Non-Contravention; Approvals and Consents. (a) The execution and delivery of this Agreement by the Company do not, and the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated hereby will not, conflict with, result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, result in or give to any person any right of payment or reimbursement, termination, cancellation, modification or acceleration of, or result in the creation or imposition of any Lien upon any of the assets or properties of the Company under, any of the terms, conditions or provisions of (i) the Certificate of Incorporation or Bylaws (or other comparable charter

documents) of the Company or (ii) subject to the taking of the actions described in paragraph (b) of this Section, (x) any statute, law, rule, regulation or ordinance (together, "laws"), or any judgment, decree, order, writ, permit or license (together, "orders"), of any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision (a "Governmental or Regulatory Authority") applicable to the Company or any of its assets or properties, or (y) any note, bond, mortgage, security agreement, indenture, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind (together, "Contracts") to which the Company is a party or by which the Company or any of its assets or properties is bound, which conflict, violation, breach, default, termination, modification,

acceleration or creation and imposition of Liens would be material to a reasonable investor in light of all the circumstances known to such investor.

(b) Except for qualification of the indenture under which the New Notes are to be issued and as may be required under state securities laws and as otherwise previously disclosed in the Disclosure Schedule, no consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority or other public or private third party is necessary, or required under any of the terms, conditions or provisions of any law or order of any Governmental or Regulatory Authority or any Contract to which the Company is a party or by which the Company or any of its assets or properties is bound, for the execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder or the consummation of the transactions contemplated hereby, the failure of which consent or approval to be obtained, or action, filing or notice to be made, would be material to a reasonable investor in light of all the circumstances known to such investor.

2.05 Legal Proceedings. Except as disclosed in the Company SEC Reports filed prior to the date of this Agreement, as of the date hereof (i) there are no actions, suits, arbitrations or proceedings pending or, to the knowledge of the Company, threatened against, relating to or affecting, nor to the knowledge of the Company are there any Governmental or Regulatory Authority investigations or audits pending or threatened against, relating to or affecting, the Company or any of its assets and properties with respect to the transactions contemplated by this Agreement which would be material to a reasonable investor in light of all the circumstances known to such investor and (ii) none of the Company nor any Significant Subsidiary is subject to any order of any Governmental or Regulatory Authority with respect to the transactions contemplated by this Agreement which would be material to a reasonable investor in light of all the circumstances known to such investor.

2.06 Information Supplied. (a) The Offering Documents and any other documents to be filed by the Company with the SEC or any other Governmental or Regulatory Authority in connection with the Offer and the other transactions contemplated hereby will not, on the date of its filing or, with respect to the Offering Documents, at the date they are first published, sent or given to holders of the Old Notes, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation is made

by the Company with respect to information supplied in writing by or on behalf of any Holder expressly for inclusion therein and information incorporated by reference therein from documents filed by any Holder with the SEC. Any such other documents filed by the Company with the SEC under the Exchange Act or the TIA will comply as to form in all material respects with the requirements of the Exchange Act and/or the TIA.

(b) Neither the information supplied or to be supplied in writing by or on behalf of the Company for inclusion, nor the information incorporated by reference from documents filed by the Company with the SEC, in any documents to be filed by a Holder with the SEC or any other Governmental or Regulatory Authority in connection with the Offer and the other transactions contemplated hereby will on the date of its filing contain any untrue statement of a

material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

2.07 Company Rights Agreement. As of the date hereof and after giving effect to the execution and delivery of this Agreement, each Company Right is represented by the certificate representing the associated share of Company Common Stock and is not exercisable or transferable apart from the associated share of Company Common Stock, and the Company has (i) taken all necessary actions so that the execution and delivery of this Agreement and the consummation of the Offer and the other transactions contemplated hereby will not result in a "Distribution Date", a "Triggering Event" or a "Business Combination" (as defined in the Company Rights Agreement) and (ii) amended the Company Rights Agreement to render it inapplicable to this Agreement, the Offer and the other transactions contemplated hereby.

2.08 Section 203 of the DGCL Not Applicable. Section 203 of the General Corporation Law of the State of Delaware (the "DGCL") does not, before the termination of this Agreement, apply to this Agreement, the Offer or the other transactions contemplated hereby.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE HOLDERS

Each Holder represents and warrants to the Company with respect to such Holder as follows:

3.01 Organization and Qualification. It is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its assets and properties, except for such failures to be so organized, existing and in good standing or to have such power and authority which, individually or in the aggregate, are not having and could not be reasonably expected to have a material adverse effect on it.

3.02 Authority Relative to This Agreement. It has full power and authority to enter into this Agreement, to perform its obligations hereunder

and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by it and the consummation of the transactions contemplated hereby have been duly and validly approved by it, and no other proceedings on its part or the part of its stockholders, partners, members or other similar constituents, as the case may be, are necessary to authorize the execution, delivery and performance of this Agreement by it and the consummation by it of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by it and constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.03 Non-Contravention; Approvals and Consents. (a) The execution and delivery of this Agreement by it does not, and the performance by it of its obligations hereunder and the consummation of the transactions contemplated hereby will not, conflict with, result in a violation or breach of, constitute (with or without notice or lapse of time or both) a default under, result in or give to any person any right of payment or reimbursement, termination, cancellation, modification or acceleration of, or result in the creation or imposition of any Lien upon any of its assets or properties under, any of the terms, conditions or provisions of (i) its certificate or articles of incorporation or bylaws (or other comparable charter documents), or (ii) subject to the taking of the actions described in paragraph (b) of this Section, (x) any laws or orders of any Governmental or Regulatory Authority applicable to it or any of its assets or properties, or (y) any Contracts to which it is a party or by which it or any of its assets or properties is bound, excluding from the foregoing clauses (x) and (y) conflicts, violations, breaches, defaults, terminations, modifications, accelerations and creations and impositions of Liens which, individually or in the aggregate, could not be reasonably expected to have a material adverse effect on its ability to consummate the transactions contemplated by this Agreement.

(b) No consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority or other public or private third party is necessary or required under any of the terms, conditions or provisions of any law or order of any Governmental or Regulatory Authority or any Contract to which it is a party or by which it or any of its assets or properties is bound for its execution and delivery of this Agreement, the performance of its obligations hereunder or the consummation of the transactions contemplated hereby, other than such consents, approvals, actions, filings and notices which the failure to make or obtain, as the case may be, individually or in the aggregate, could not be reasonably expected to have a material adverse effect on its ability to consummate the transactions contemplated by this Agreement.

3.04 Legal Proceedings. There are no actions, suits, arbitrations or proceedings pending or, to the knowledge of the Holder threatened against, relating to or affecting, nor to its knowledge are there any Governmental or Regulatory Authority investigations or audits pending or threatened against, relating to or affecting, it or any of its assets and properties which, individually or in the aggregate, could be reasonably expected to have a material adverse effect on its ability to consummate the transactions contemplated by this Agreement, and such Holder is not subject to any order of

any Governmental or Regulatory Authority which, individually or in the aggregate, could be reasonably expected to have a material adverse effect on its ability to consummate the transactions contemplated by this Agreement.

3.05 Information Supplied. (a) Any documents to be filed by the Holder with the SEC or any other Governmental or Regulatory Authority in connection with the Offer and the other transactions contemplated hereby will not, on the date of its filing contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation is made with respect to information supplied in writing by or on behalf of the Company expressly for inclusion therein and information incorporated by reference therein from documents filed by the Company with the

SEC. Any such documents filed by it with the SEC under the Exchange Act will comply as to form in all material respects with the requirements of the Exchange Act.

(b) Neither the information supplied or to be supplied in writing by or on behalf of the Holder expressly for inclusion, nor the information incorporated by reference from documents filed by it with the SEC, in other documents to be filed by it or the Company with any other Governmental or Regulatory Authority in connection with the Offer and the other transactions contemplated hereby will on the date of its filing or, with respect to the Offering Documents, on the date they are first published, sent or given to holders of the Old Notes, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.06 Ownership of Old Notes. The Holders and their respective affiliates will tender all Old Notes they own, directly or indirectly, as of the Consummation Date free and clear of all Liens. Each Holder has previously disclosed to the Company in writing the principal amount of Old Notes owned by each of such Holder and its affiliates and such Holder hereby represents that such writing is true and correct.

3.07 Confidentiality Agreements. Except as disclosed on Schedule 3.07 attached hereto, such Holder is not a party to any confidentiality agreement or similar agreement which would prevent the Holder from disclosing information in connection with the preparation and consummation of the Offer.

ARTICLE IV

COVENANTS OF THE COMPANY

4.01 Merger. Immediately prior to the time when it accepts Old Notes for exchange under the Offer (the "Consummation Date"), the Company shall merge into itself its subsidiary Viskase Corporation, with the Company being the surviving corporation.

4.02 Company Rights Agreement. Prior to the Consummation Date, the Company will redeem the Company Rights in accordance with the terms of the

Company Rights Agreement or terminate the Company Rights Agreement.

4.03 Subordination Agreement. The Company shall take all commercially reasonable actions necessary to enforce, to the fullest extent permitted under applicable law, the provisions of Section 20(b) of the Security Agreement dated as of July 28, 2000 between it, certain of its Subsidiaries and other parties and General Electric Capital Corporation with respect to the New Notes, including, but not limited to, by seeking injunctions to prevent breaches of such agreement and to enforce specifically the terms and provisions thereof in any court having jurisdiction.

4.04 Plan of Reorganization. If all conditions to the Offer have not been satisfied (after extension of the Offer if applicable) and the Offer shall have terminated or expired in

accordance with its terms, no later than the third business day following the Final Expiration Date, the Company shall file the Plan of Reorganization with a bankruptcy court if the Company shall have obtained from holders of the Old Notes the requisite consents under the Bankruptcy Code. The Company shall use commercially reasonable efforts to have the Plan of Reorganization confirmed by such bankruptcy court.

4.05 Conduct of Business. Between the date hereof and the Consummation Date or the effective date of the Plan, whichever is later, the Company and its Subsidiaries shall conduct business only in the ordinary course.

4.06 Issuance of Securities. Except as provided in Section 5.04 hereof, between the date hereof and the Consummation Date or the effective date of the Plan, as applicable, the Company shall not issue or agree to issue any securities of the Company other than shares of Common Stock issued pursuant to Company stock options or similar rights outstanding as of the date hereof under the Parallel Non-Qualified Savings Plan referred to in Section 2.02 and the Company Rights Agreement.

4.07 GECC Agreements. Between the date hereof and the Consummation Date or the effective date of the Plan, as applicable, the Company and its Subsidiaries will not enter into any modification, supplement or amendment of or to any provisions of the GECC Participation Agreement, Lease, Ground Lease, Ground Sublease, Facility Support Agreement, Guaranty, Subordination Agreement or Security Agreement (true and complete copies of which, including all amendments and waivers, have been delivered by the Company to the Holders before the date of this Agreement) without the consent of the Holders, or enter into any other arrangements or agreements with GECC or any of its subsidiaries with respect to the assets, liabilities or other matters covered by the aforesaid agreements or otherwise, provided, that this provision shall not apply to such matters as (i) releases of security interests or property, (ii) waivers of defaults or duties of the Company or its Subsidiaries or rights of another party to the document, (iii) consents to sales of property or (iv) forbearances or extensions of time for performance by the Company or its Subsidiaries, in the case of clauses (i) through (iv) above where the undertakings of the Company and its Subsidiaries in connection with such modification, supplement or amendment are limited to such matters as (A) updating of representations, (B) provision of documents relating to internal corporate proceedings, (C) execution of UCC filings, (D) agreements to pay

transaction costs and (E) furnishing of opinions. Any requisite consent will be deemed given if the Holders shall not have objected in writing within five business days after receipt of written notice of the proposed modification, supplement or waiver.

ARTICLE V

ADDITIONAL AGREEMENTS

5.01 Charter Amendment. The Company shall, through the Board of Directors, duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of voting on an amendment to its certificate of incorporation to increase the number of authorized shares

of Company Common Stock to 1,000,000,000 as soon as reasonably practicable after the Consummation Date so as to permit conversion of the New Preferred Stock.

5.02 Regulatory and Other Approvals. (a) Subject to the terms and conditions of this Agreement and without limiting the provisions of Annex C, the Company will proceed diligently and in good faith to, as promptly as practicable, (i) obtain all consents, approvals or actions of, make all filings with and give all notices to Governmental or Regulatory Authorities (including state securities commissions) or any other public or private third parties required of the Company or any of its Subsidiaries to consummate the Offer and the other matters contemplated hereby, and (ii) provide such other information and communications to such Governmental or Regulatory Authorities or other public or private third parties as the other party or such Governmental or Regulatory Authorities or other public or private third parties may reasonably request in connection therewith. The Holders shall cooperate with the Company as it may reasonably request in connection with the Company's satisfaction of its obligations under this paragraph (a).

(b) Subject to the terms and conditions of this Agreement and without limiting the provisions of Annex C, each Holder will proceed diligently and in good faith to, as promptly as practicable, (i) obtain all consents, approvals or actions of, make all filings with and give all notices to Governmental or Regulatory Authorities (including state securities commissions) or any other public or private third parties required of such Holder or any of its Subsidiaries to consummate the Offer and the other matters contemplated hereby, and (ii) provide such other information and communications to such Governmental or Regulatory Authorities or other public or private third parties as the other party or such Governmental or Regulatory Authorities or other public or private third parties may reasonably request in connection therewith. The Company shall cooperate with each Holder as it may reasonably request in connection with such Holder's satisfaction of its obligations under this paragraph (b).

5.03 Transfer Restrictions; Termination of Transfer Restrictions. (a) From the date hereof until the Consummation Date or the effective date of the Plan, as the case may be, no Holder may transfer and no Holder shall permit any affiliate to transfer (other than to another Holder or to an affiliate of a Holder that agrees to be bound by the terms of this Agreement as a Holder) any Old Notes.

(b) From the date hereof until three years after the Consummation Date or the effective date of the Plan, as the case may be, no Holder may transfer (other than to another Holder or to an affiliate of a Holder that agrees to be bound by the terms of this Agreement as a Holder) any shares of New Preferred Stock or Company Common Stock into which the New Preferred Stock is converted ("Converted Common Stock"). For this purpose, "transfer" means any mode (direct or indirect, absolute or conditional, voluntary or involuntary) of disposing of or parting with property or an interest therein. Notwithstanding the foregoing, and other than transfers to another Holder or to an affiliate of another Holder that agrees to be bound by the provisions of this paragraph (b), beginning on the second anniversary of the Consummation Date, a Holder may transfer New Preferred Stock or Converted Common Stock for cash, provided that, until and including the third anniversary of the Consummation Date, (i) at least 20 business days before such transfer such Holder shall have furnished to the Company with respect

to the transferee the information that would be required in a Schedule 13D filed by the transferee with respect to the transfer and (ii) the Company shall not have notified the Holder within that period that it or a person it designates will purchase the securities to be transferred on the same terms as the proposed transferee (in which case such Holder shall transfer them to the Company or its designee on such terms). If the Company does not so notify the Holder, the Holder shall be free for a period of 90 days to transfer the securities to the proposed transferee on terms no more favorable to the transferee than the terms described to the Company, after which the transfer will again be subject to the terms of this Section. The New Preferred Stock and Converted Common Stock held by each Holder will be appropriately legended to reflect the provisions of this Section.

5.04 Restricted Stock Plan. Immediately prior to the Consummation Date, the Company shall issue 640,000 shares of New Preferred Stock to Company personnel designated by the Company's Chief Executive Officer under the plan attached to this Agreement as Annex E (the "Restricted Stock Plan"); provided, however, the Company shall have the right to issue instead of such shares options exercisable for New Preferred Stock.

As soon as practicable after the Consummation Date or the effective date of the Plan, as the case may be, the Company shall file a registration statement on Form S-8 promulgated by the SEC under the Securities Act (or any successor or other appropriate form) with respect to the New Preferred Stock (or shares subject to such options, as the case may be) and shall use its commercially reasonable efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such New Preferred Stock or options remain outstanding. With respect to those individuals who will be subject to the reporting requirements under Section 16(a) of the Exchange Act, where applicable, the Company shall administer the Restricted Stock Plan in a manner that complies with Rule 16b-3 promulgated under the Exchange Act.

5.05 No Solicitations. Prior to the Consummation Date or the effective date of the Plan, as the case may be, the Company agrees that neither it nor any of its Subsidiaries or other affiliates shall, and it shall use its best efforts to cause their respective Representatives (as defined in Section

8.11) not to, initiate or solicit, directly or indirectly, any inquiries or the making or implementation of any proposal or offer (including, without limitation, any proposal or offer to its stockholders) with respect to a merger, consolidation or other business combination including the Company or any of its Significant Subsidiaries or any acquisition or similar transaction (including, without limitation, a tender or exchange offer) involving (A) the purchase of (i) all or any significant portion of the assets of the Company and its Subsidiaries taken as a whole, (ii) 50% or more of the outstanding shares of Company Common Stock or (iii) 50% of the outstanding shares of the capital stock of any Significant Subsidiary of the Company or (B) the refinancing, replacement, defeasance or refunding of the Old Notes (any such proposal or offer being hereinafter referred to as an "Alternative Proposal"); provided, however, that prior to the Consummation Date, nothing contained in this Section 5.05 shall prohibit the Board of Directors from (i) furnishing information to or entering into discussions or negotiations with any person or group that makes an unsolicited bona fide Alternative Proposal; provided that, with the advice of counsel, the Board of Directors in good faith determines that such action is required for

the Board of Directors to comply with its fiduciary obligations; and (ii) to the extent required, complying with Rule 14e-2 promulgated under the Exchange Act with regard to an Alternative Proposal.

5.06 Expenses. Except for the reasonable out-of-pocket expenses incurred by the Holders in connection with the negotiation, execution and implementation of this Agreement, including the reasonable fees, expenses and disbursements of one counsel for Holders, which the Company agrees to reimburse to the Holders, whether or not the Offer is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense.

5.07 Brokers or Finders. Each of the Holders and the Company represents, as to itself and its affiliates, that no agent, broker, investment banker, financial advisor or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement and each of the Holders and the Company shall indemnify and hold the others harmless from and against any and all claims, liabilities or obligations with respect to any other such fee or commission or expenses related thereto asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

5.08 Notice of Developments. The Company will promptly notify the Holders of any development that is likely to result in a major effect on the business, assets, operations or financial condition of the Company and its Subsidiaries taken as a whole or the Company's ability to perform its obligations under this Agreement.

5.09 Notice and Cure. Each of the Holders and the Company will notify the other of, and will use all commercially reasonable efforts to cure, any event, transaction or circumstance, as soon as practicable after it becomes known to such party, that causes or will cause any covenant or agreement of the Holders or the Company under this Agreement to be breached or any of the conditions to the Offer not to be satisfied or that renders or will render

untrue any representation or warranty of the Holders or the Company contained in this Agreement. Each of the Holders and the Company also will notify the other in writing of, and will use all commercially reasonable efforts to cure, before the Closing, any violation or breach, as soon as practicable after it becomes known to such party, of any representation, warranty, covenant or agreement made by the Holders or the Company. No notice given pursuant to this Section shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein.

5.10 Fulfillment of Conditions. Subject to the terms and conditions of this Agreement, each of the Holders and the Company will take or cause to be taken all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each condition to the other's obligations contained in this Agreement and to consummate and make effective the transactions contemplated by this Agreement, and neither the Holders nor the Company will take or fail to take any action that could be reasonably expected to result in the nonfulfillment of any such condition.

5.11 Registration Rights Agreement. Immediately prior to consummation of the Offer, the parties hereto will execute a registration rights agreement in the form of Annex F hereto.

5.12 Employment Agreements. (a) Each Holder acknowledges and agrees that to the best of its knowledge there is no reason why (i) the Employment Agreements are not valid and binding obligations of the Company and Viskase Corporation and (ii) upon execution in accordance with the terms of this Agreement, the Indemnification Agreements (as defined in Section 5.12(b) below) will not be valid and binding obligations of the Company.

(b) For as long as this Agreement remains in effect, each Holder covenants and agrees that (y) it will, and after the Consummation Date, and for as long as such Holder or its affiliates owns any voting securities of the Company it will, take no action, and will not support the action of any of their affiliates or any other third party to or to cause the Company to breach, challenge, reject or question the validity or binding status of, including without limitation in any bankruptcy proceeding, (i) the Amended and Restated Employment Agreement dated March 27, 1996, as amended, between F. Edward Gustafson and the Company, (ii) the Employment Agreement dated August 30, 2001, as amended, and the Letter of Credit Agreement dated April 9, 2002 among F. Edward Gustafson, the Company and Viskase Corporation, (iii) the Employment Agreement dated November 29, 2001 among Gordon S. Donovan, the Company and Viskase Corporation, (iv) the Employment Agreement dated November 29, 2001 among Kimberly K. Duttlinger, the Company and Viskase Corporation (collectively, the "Employment Agreements") and (v) the indemnification agreements, each dated the date hereof, by and between the Company and each director and officer listed in Schedule 5.12 attached hereto (collectively, the "Indemnification Agreements"), or to have the Employment Agreements or the Indemnification Agreements declared invalid, and (z) it will support and not oppose the assumption by the Company of the Employment Agreements and the Indemnification Agreements in a plan of reorganization.

ARTICLE VI

6.01 Forbearance. For as long as this Agreement remains in effect, each Holder agrees that it shall (i) not commence, including the issuance or employment of process, judicial, administrative or other action or proceeding against the Company, or take any other act to collect, assess or recover any claim with respect to the Old Notes, (ii) not join or participate with any person in taking any action specified in clause (i) above and (iii) to the extent provided for in the indenture, veto any instructions to take any of the actions specified in clause (i) above given by any holder of Old Notes to the trustee under the indenture pursuant to which the Old Notes were issued.

ARTICLE VII

TERMINATION, AMENDMENT AND WAIVER

7.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) By mutual written agreement of the parties hereto;

(b) By either the Company or the Holders upon notification to the non-terminating party by the terminating party:

(i) at any time after the Final Expiration Date if neither the exchange of the Old Notes pursuant to the Offer shall have occurred nor sufficient acceptances approving the Plan of Reorganization shall have been received on or prior to such date and such failure is not caused by a breach of this Agreement by the terminating party;

(ii) at any time following January 31, 2003 if both (x) the Offer is not consummated and (y) the Plan of Reorganization, if filed by the Company, has not been confirmed by such date;

(iii) if any court of competent jurisdiction or other competent Governmental or Regulatory Authority shall have issued an order making illegal or otherwise restricting, preventing or prohibiting the Offer and such order shall have become final and non-appealable; or

(iv) if any plan of reorganization, other than the Plan of Reorganization, is approved by any bankruptcy court; provided that the terminating party is not the person that submitted such plan and does not support or endorse any such plan.

(c) By the Holders upon notification to the Company:

(i) if the Company fails to commence the Offer within 15 business days of the date hereof and such failure is not as a result of any breach of this Agreement by any Holder;

(ii) if the Company fails to use commercially reasonable efforts to complete the Offer in accordance with its terms

and (x) such failure is not as a result of any breach of this Agreement by any Holder and (y) the Company does not cure such failure within 10 business days of the date of notice to the Company;

(iii) at any time after the third business day following the Final Expiration Date if the Company has not filed the Plan of Reorganization pursuant to Section 4.04 and the Company fails to file such Plan of Reorganization within three business days of the date of notice to the Company;

(iv) in the event the Plan of Reorganization is filed with a bankruptcy court, if the Company files or supports another plan of reorganization or fails to use commercially reasonable efforts to have the Plan of Reorganization confirmed by the bankruptcy court in accordance with the terms of such plan and (x) such failure is not as a result of any breach of this Agreement by any Holder and (y) the Company does not cure such failure within 10 business days of the date of notice to the Company;

(v) prior to the consummation of the Offer or the confirmation of the Plan of Reorganization, as the case may be, if there has been a breach of the representations, warranties, covenants or agreements on the part of the Company set forth in this Agreement, which breach (x) is material in the context of the Offer and other transactions contemplated hereby and (y) is not curable or, if curable and the Company proceeds in good faith to cure the breach, has not been cured within 30 days of the date of notice of such breach to the Company;

(vi) prior to the consummation of the Offer, if the outstanding Company Rights are triggered other than by action of any Holder or affiliate and additional shares of Company Common Stock are issued or become issuable upon the exercise of the Rights; provided, however, that such termination shall not be effective for the 10 business days following notice of termination pursuant to this clause (vi) and that during such 10 business day period the Company and the Holders shall use their good faith efforts to amend and modify the terms hereof to preserve the economic result of the original transaction contemplated hereunder in light of the Company Rights being exercisable, such amendment to be mutually agreeable to the Holders and the Company; or

(vii) prior to the consummation of the Offer or the confirmation of the Plan of Reorganization, as the case may be, if F. Edward Gustafson shall have resigned from the Company at the request of the Board of Directors (other than for Cause as defined in his employment agreement with the Company) without the consent of the Holders, given as provided in Section 7.03.

(d) By the Company upon notification to the Holders:

(i) if any Holder (x) prior to the Final Expiration Date fails to tender its Old Notes and vote in favor of the approval or adoption of the Plan of Reorganization in accordance with Section 1.02

or (y) files an involuntary petition for reorganization or liquidation of the Company or similar petition under Bankruptcy Law or votes in favor of, or supports, any such filing or any other plan of reorganization other than the Plan of Reorganization;

(ii) if the Board of Directors determines in good faith, based upon the advice of outside counsel, that termination of the Agreement is required for the Board of Directors to comply with its fiduciary duties imposed by law by reason of a bona fide Superior Proposal and notifies the Holders promptly of its intention to terminate this Agreement or enter into a definitive agreement with respect to such Superior Proposal;

provided, however, that in no event shall such notice be given less than 48 hours prior to the public announcement of the Company's termination of this Agreement and the Company shall, within such 48-hour period, permit the Holders to submit a new proposal, which the Board of Directors shall consider in good faith. For purposes of this paragraph, "Superior Proposal" means any Alternative Proposal as to which (A) the Board of Directors with the advice of outside counsel determines in good faith that such action is required for the Board of Directors to comply with its fiduciary duties imposed by law, (B) the Board of Directors concludes in good faith that such Alternative Proposal is more favorable to the Company than the Offer, and (C) prior to entering into discussions or negotiations with such person or group, the Company provides written notice to the Holders to the effect that it is entering into discussions or negotiations with such person or group;

(iii) prior to the consummation of the Offer or the confirmation of the Plan of Reorganization, as the case may be, there has been a breach of the representations, warranties or agreements of a Holder set forth in this Agreement, which breach (x) is material in the context of the Offer and other transactions contemplated hereby and (y) is not curable, or if curable and the Holder proceeds in good faith to cure the breach, has not been cured within 30 day of the date of notice of such breach to the breaching Holder; or

(iv) if any Holder fails to comply with its obligations under Section 1.02(b); provided, however, such termination shall be effective only if the Company shall have delivered to the Holders a written notice of breach describing the breach and stating it is a notice of breach and the breaching Holder fails to cure such breach within 10 business days of the date such notice is received by the Company.

7.02 Effect of Termination. If this Agreement is validly terminated by either the Company or Holders pursuant to Section 7.01, this Agreement will forthwith become null and void and there will be no liability or obligation on the part of either the Company or the Holders (or any of their respective Representatives or affiliates), except that the provisions of Sections 5.06 and 5.07 and this Section 7.02 will continue to apply following any such termination.

7.03 Amendment and Waiver; Holder Requests and Consents. (a) This Agreement may be amended, supplemented or modified at any time in a written agreement signed by the Company and each of the Holders. In addition, until the completion of the Offer, or confirmation of the Plan of Reorganization, as the case may be, this Agreement (including but not limited to the Offer and Plan of Reorganization referred to herein) may be amended, supplemented or modified, and any of the covenants, agreements, or conditions contained herein may be waived, by written agreement signed by the Company and by both (i) Holders representing a majority of the aggregate principal amount of the Old Notes held by the Holders, measured as of the date of this Agreement and (ii) at least two of the Holders; except that no amendment, supplement, modification or waiver that amends or changes the terms of the New Notes, Preferred Stock or Common Stock, increases the obligations or liabilities of any of the Holders, or otherwise amends or changes the terms and conditions of the Offer in any manner adverse to any of the Holders may be effected without the unanimous written consent of all of

the Holders. No amendment, supplement, modification or waiver by any party of any term, provision, agreement or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as an amendment, supplement, modification or waiver of the same or any other term, provision, agreement or condition of this Agreement on any future occasion.

(b) In addition, any requests or consents by the Holders as contemplated in this Agreement shall be effective upon delivery to the Company of a notice thereof signed by both (i) Holders representing a majority of the aggregate principal amount of the Old Notes held by the Holders, measured as of the date of this Agreement and (ii) at least two of the Holders.

7.04 Notice of Termination by Holders. Termination of this Agreement by the Holders in accordance with provisions of Section 7.01 hereof shall be effective upon delivery to the Company of a notice thereof signed by both (i) Holders representing a majority of the aggregate principal amount of the Old Notes held by the Holders, measured as of the date of this Agreement and (ii) at least two of the Holders.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Non-Survival of Representations, Warranties, Covenants and Agreements. The representations, warranties, covenants and agreements contained in this Agreement or in any instrument delivered pursuant to this Agreement shall not survive the consummation of the Offer, except for the agreements contained in Sections 1.03(c), 4.03, 5.01, 5.03, 5.04, 5.06, 5.07, 5.08 and 5.12 and this Article VIII, which shall survive the Consummation Date.

8.02 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to the Holders, to:

High River Limited Partnership
c/o Icahn Associates Corp.
767 Fifth Avenue
New York, New York 10153
Facsimile No.: (212) 750-5815
Attn.: Vincent J. Intrieri

Debt Strategies Fund Inc.
c/o Merrill Lynch Investment Managers, L.P.
800 Scudders Mill Road
Plainsboro, New Jersey 08536
Facsimile No.: (609) 282-2756
Attn.: Michael A. Brown

Northeast Investors Trust
c/o Northeast Investors
50 Congress Street, Suite 1000
Boston, Massachusetts 02109
Facsimile No.: (617) 523-5412
Attn.: Bruce Monrad

with copies to:

Brown Rudnick Berlack Israels LLP
120 West 45th Street
New York, New York 10036
Facsimile No.: (212) 704-0196
Attn.: Steven E. Greenbaum, Esq.

If to the Company, to:

Viskase Companies, Inc.
625 Willowbrook Centre Parkway
Willowbrook, IL 60527
Facsimile No.: (630) 455-2152
Attn: President

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, NY 10005-1413
Facsimile No.: (212) 530-5219
Attn: Allan Brilliant, Esq.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section). Any party from time to time

may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

8.03 Entire Agreement; Incorporation of Exhibits. (a) Except with respect to the Confidentiality Agreement between the parties hereto (the "Confidentiality Agreement"), which the parties hereto expressly acknowledge shall continue in full force and effect following execution of this Agreement, this Agreement supersedes all prior discussions and agreements among the parties hereto with respect to the subject matter hereof and contains the sole and entire agreement among the parties hereto with respect to the subject matter hereof.

(b) Any Exhibit attached to this Agreement and referred to herein is hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

8.04 Public Announcements. Except as otherwise required by law or the rules of any applicable securities exchange or national market system, so long as this Agreement is in effect, the parties will not, and will not permit any of their respective Representatives to, issue or cause the publication of any press release or make any other public announcement with respect to the transactions contemplated by this Agreement without the consent of the other parties, which consent shall not be unreasonably withheld. The parties will cooperate with each other in the development and distribution of all press releases and other public announcements with respect to this Agreement and the transactions contemplated hereby, and will furnish the others with drafts of any such releases and announcements as far in advance as practicable.

8.05 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and except as provided in Sections 5.04 and 5.12 (which are intended to be for the benefit of the persons entitled to therein, and may be enforced by any of such persons), it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

8.06 No Assignment; Binding Effect. Except as provided in Section 5.03, neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto and any attempt to do so will be void. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

8.07 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define, modify or limit the provisions hereof.

8.08 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or order, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will

be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

8.09 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

8.10 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specified terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

8.11 Certain Definitions. As used in this Agreement:

(a) the term "affiliate," as applied to any person, shall mean any other person directly or indirectly controlling, controlled by, or under common control with, that person; for purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, by contract or otherwise;

(b) the term "Bankruptcy Law" means Title 11 of the United States Code or any similar federal or state law for the relief of debtors.

(c) a person will be deemed to "beneficially" own securities if such person would be the beneficial owner of such securities under Rule 13d-3 under the Exchange Act, including securities which such person has the right to acquire (whether such right is exercisable immediately or only after the passage of time);

(d) the term "business day" means a day other than Saturday, Sunday or any day on which banks located in the State of Illinois are authorized or obligated to close;

(e) the term "Company SEC Reports" means each form, report, schedule, registration statement, definitive proxy statement and other document (together with all amendments thereof and supplements thereto) required to be filed by the Company or any of its Subsidiaries with the SEC under Sections 13(a), 14(a), 14(c) and 15(d) of the Exchange Act (as such documents have since the time of their filing been amended or supplemented).

(f) [intentionally omitted.]

(g) the term "Disclosure Schedule" shall mean the record

delivered to the Holders by the Company herewith and dated as of the date hereof, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by the Company pursuant to this Agreement.

(h) the term "knowledge" or any similar formulation of "knowledge" shall mean, with respect to the Company, the knowledge of the Company's executive officers;

(i) the term "Lien" means a lien, claim, mortgage, charge, encumbrance, security interest, pledge or equity of any kind.

(j) any reference to any event, change or effect being "material" or "materially adverse" or having a "material adverse effect" on or with respect to an entity (or group of entities taken as a whole) means such event, change or effect is material or materially adverse, as the case may be, to the business, condition or results of operations of such entity (or of such group entities taken as a whole);

(k) the term "person" shall include individuals, corporations, partnerships, limited liability companies, trusts, other entities and groups (which term shall include a "group" as such term is defined in Section 13(d)(3) of the Exchange Act);

(l) the term "Public Offering" means an offering by the Company or its successor of securities registered pursuant to a registration statement filed with the SEC.

(m) the "Representatives" of any entity means such entity's directors, officers, employees, legal, investment banking and financial advisors, accountants and any other agents and representatives;

(n) the term "Significant Subsidiaries" means, with respect to any party, the Subsidiaries of such party which constitute "significant subsidiaries" under Rule 405 promulgated by the SEC under the Securities Act; and

(o) the term "Subsidiary" means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which more than 50% of either the equity interests in, or the voting control of, such corporation or other organization is, directly or indirectly through Subsidiaries or otherwise, beneficially owned by such party.

8.12 [intentionally omitted.]

8.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be signed by its officer thereunto duly authorized as of the date

first above written.

HIGH RIVER LIMITED PARTNERSHIP

By:_____,
as general partner

By:_____
Name:
Title:

DEBT STRATEGIES FUND, INC.

By:_____
Name:
Title:

NORTHEAST INVESTORS TRUST

By:_____
Name:
Title:

VISKASE COMPANIES, INC.

By:_____
Name:
Title:

Annex A

[Form of Indenture]

Annex B

[Certificate of Designations]

Annex C

CONDITIONS TO THE OFFER

The capitalized terms used in this Annex C shall have the

meanings ascribed to them in the Restructuring Agreement to which it is attached, except that the term "Restructuring Agreement" shall be deemed to refer to such Restructuring Agreement.

Notwithstanding any other provision of the Offer, the Company shall not be required to accept for exchange or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to the Company's obligation to pay for or return tendered Old Notes promptly after termination or withdrawal of the Offer), exchange, and may (subject to any such rule or regulation) delay the acceptance for exchange of any Old Notes, and may (except as provided in the Restructuring Agreement) amend or terminate the Offer as to any Old Notes not then exchanged, if (i) the condition that all Old Notes outstanding shall have been validly tendered and not properly withdrawn prior to the expiration of the Offer shall not have been satisfied (the "Minimum Condition"), (ii) the indenture under which the New Notes are to be issued has not been qualified under the Trust Indenture Act of 1939, (iii) the merger referred to in Section 4.01 of the Restructuring Agreement shall not have occurred (the "Merger Condition") or (iv) at any time on or after the date of the execution of the Restructuring Agreement and before the time of acceptance for any such Old Notes (whether or not any have theretofore been accepted pursuant to the Offer), any of the following events shall have occurred and remain in effect:

(a) there shall have been any law or final, non-appealable order promulgated, entered, enforced, enacted, issued or deemed applicable to the Offer by any court of competent jurisdiction or other competent Governmental or Regulatory Authority which, directly or indirectly, prohibits, restrains or makes illegal the acceptance for payment, payment for or purchase of Old Notes pursuant to the Offer;

(b) there shall be instituted or pending any action, suit or proceeding brought by a Governmental or Regulatory Authority challenging the acquisition of Old Notes or otherwise seeking to restrain or prohibit the making or consummation of the Offer;

(c) the Restructuring Agreement shall have been terminated in accordance with its terms;

(d) the Holders and the Company shall have agreed that the Company shall amend the Offer to terminate the Offer or postpone the acceptance for exchange of Old Notes for shares of New Preferred Stock and New Notes thereunder;

(e) the representations and warranties made by each Holder in the Restructuring Agreement shall not have been true and correct in all material respects, as of the date of execution of the Restructuring Agreement (or any other date as of which they are specifically made) or shall thereafter cease to be true and correct in all respects material to the validity and enforceability of this Agreement;

(f) the Holders shall not have performed or complied with each of the agreements, covenants and obligations required by this Agreement in all material respects; or

(g) the Offer Documents shall contain any untrue statement of material fact with respect to, and supplied by, the Holders or omit to state a material fact necessary in order to make the statements with

respect to the Holders therein, in light of the circumstances under which they were made, not misleading;

which in the sole judgment of the Company, in any such case, and regardless of the circumstances makes it inadvisable to proceed with the Offer or with such acceptance for exchange.

The foregoing conditions are for the sole benefit of the Company, may be asserted by the Company regardless of the circumstances giving rise to any such condition and, subject to the terms and conditions of the Restructuring Agreement and any requirements of law, may be waived by the Company (other than the Minimum Condition or the Merger Condition), in whole or in part at any time and from time to time in the sole discretion of the Company. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

Annex D

[Plan of Reorganization]

Annex E

[Restricted Stock Plan]

Annex F

[Registration Rights Agreement]

Annex G

[Amended and Restated Bylaws]

Disclosure Schedule 2.02

Outstanding Options of the Company

- 871,930 employee and non-employee stock options.
- 775, 644 shares of Company Common Stock reserved for issuance under the Parallel Non-Qualified Savings Plan.

Disclosure Schedule 2.04

Governmental / Regulatory Authority Consents

- None.

Disclosure Schedule 5.12

Indemnification Agreements

1. F. Edward Gustafson
2. Robert N. Dangremond

3. Gregory R. Page

4. Gordon S. Donovan

5. Kimberly K. Duttlinger

6. Stephen E. Foli

7. Frank R. Fryer

8. M. E. (Lon) McAllister

9. Cees M. Meijer

10. Maury J. Ryan

11. Lisa A. Constance

12. Jean-Luc Tillon

Schedule 3.07

Confidentiality Agreements

1. High River Limited Partnership - None

2. Debt Strategies Fund, Inc. - None

3. Northeast Investors Trust - None

VISKASE COMPANIES, INC.
(FORMERLY KNOWN AS ENVIRODYNE INDUSTRIES, INC.)

OFFER TO EXCHANGE

$367.96271 PRINCIPAL AMOUNT OF 8% SENIOR SUBORDINATED SECURED NOTES DUE 2008 AND
126.82448 SHARES OF 6% SERIES A CONVERTIBLE PREFERRED STOCK
FOR EACH $1,000 PRINCIPAL AMOUNT OF ITS OUTSTANDING
10 1/4% SENIOR NOTES DUE 2001

THE EXCHANGE OFFER WILL EXPIRE AT, AND TENDERED NOTES CAN BE WITHDRAWN UNTIL, 5:00 P.M., NEW YORK CITY TIME, ON SEPTEMBER 19, 2002, UNLESS EXTENDED OR EARLIER TERMINATED.

We may pay interest on the new notes in kind until 2004 or later. We may redeem the new notes at any time at their principal amount plus accrued interest. The new notes will be subordinated to up to $25,000,000 principal amount of secured working capital debt. The new notes will be secured by substantially all our assets other than assets subject to the General Electric Capital Corporation ("GECC") sale and leaseback transaction lease agreement (the "GECC Lease") and certain real estate.

The preferred stock will have a liquidation preference of $5.00 per share and will be convertible into shares of our common stock representing in the aggregate approximately 91.5% of our fully diluted common stock immediately following consummation of the exchange offer. The preferred stock will vote on an as-converted basis with our common stock.

The exchange offer is subject to conditions, including the valid tender of all old notes.

The exchange offer is being made in accordance with a restructuring agreement we have entered into with the holders of 54.1% of the old notes. These holders have agreed to tender their old notes in the exchange offer and to vote in favor of the prepackaged plan of reorganization referred to below. On consummation of the exchange offer, our board of directors will be reconstituted to consist of the chief executive officer of Viskase and four other directors designated by these holders.

SEE "RISK FACTORS" BEGINNING ON PAGE 7 FOR A DISCUSSION OF RISKS YOU SHOULD CONSIDER BEFORE TENDERING YOUR OLD NOTES.

The restructuring agreement provides that if fewer than all old notes are tendered, but at least two-thirds in principal amount of the old notes are tendered by a majority in number of the holders of all old notes, we must attempt to effect a prepackaged plan of reorganization under the Bankruptcy Code. This plan would be substantially similar in economic effect to the exchange offer. We have enclosed separate materials with this offer to exchange soliciting consents to that plan.

IMPORTANT

If you wish to tender old notes registered in your name, you should:

- complete the enclosed letter of transmittal in accordance with the accompanying instructions,

- sign the letter of transmittal and have your signature guaranteed if required by the instructions,

- deliver the letter of transmittal and any other required documents to the

exchange agent, and

- deliver the certificates representing the old notes to the exchange agent, or use the book entry procedures described below.

Alternatively, you may request your broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you. If your old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you must contact that person to tender the old notes.

If you desire to tender old notes, but cannot deliver all required documents before expiration of the exchange offer, you may tender your old notes by following the procedures for guaranteed delivery described in this document.

THE DATE OF THIS OFFER TO EXCHANGE IS AUGUST 20, 2002.

The information agent for the exchange offer is:

MORROW & CO., INC.

The exchange agent for the exchange offer is:

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION ("WELLS FARGO")

All inquiries relating to this offer to exchange and the transactions contemplated hereby should be directed to Morrow & Co., Inc., the information agent for the offer, at one of the telephone numbers or the address listed on the back cover page of this document.

Questions regarding the procedures for tendering your old notes in the offer and requests for assistance should be directed to the exchange agent at one of the telephone numbers and addresses listed on the back cover page of this offer to exchange. Requests for additional copies of this offer to exchange or the enclosed letter of transmittal and notice of guaranteed delivery may be directed to the information agent at the telephone number or one of the addresses listed on the back cover page of this offer to exchange.

We are relying on Section 3(a)(9) of the Securities Act of 1933 (the "Securities Act") to exempt the offer to exchange from the registration requirements of the Securities Act. Under current interpretations of the Securities and Exchange Commission (the "SEC"), securities obtained in a Section 3(a)(9) exchange assume the same character (i.e., restricted or unrestricted) as the securities that have been surrendered. To the extent that the old notes are unrestricted securities, the new securities to be issued in the offer will be unrestricted securities. In this event, recipients who are not "affiliates" (as that term is defined in Rule 144 under the Securities Act) will be able to resell the new securities without registration. Recipients who are affiliates may resell their securities subject to the provisions of Rule 144, absent registration or another appropriate exemption.

NEITHER THE SECURITIES OFFERED HEREBY NOR THE PREPACKAGED PLAN HAS BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY OTHER SECURITIES OR REGULATORY AUTHORITY. NEITHER THE SEC NOR ANY SUCH AUTHORITY HAS PASSED ON THE FAIRNESS OR MERITS OF THESE TRANSACTIONS OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER TO EXCHANGE OR IN THE ACCOMPANYING DISCLOSURE STATEMENT.

THIS OFFER TO EXCHANGE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES, OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. WE ARE NOT AWARE OF ANY JURISDICTION IN WHICH THE OFFER TO EXCHANGE IS NOT IN COMPLIANCE WITH APPLICABLE LAW. IF WE BECOME AWARE OF ANY JURISDICTION IN WHICH THE OFFER TO EXCHANGE WOULD NOT COMPLY WITH APPLICABLE LAW, WE WILL MAKE GOOD FAITH EFFORTS TO COMPLY WITH SUCH LAW. IF,

AFTER GOOD FAITH EFFORTS, WE CANNOT COMPLY, THE OFFER TO EXCHANGE WILL NOT BE MADE TO (NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS RESIDING IN SUCH JURISDICTION.

NEITHER THE DELIVERY OF THIS OFFER TO EXCHANGE NOR ANY DISTRIBUTION OF SECURITIES HEREUNDER WILL IMPLY THAT THE INFORMATION CONTAINED IN THIS OFFER TO EXCHANGE IS CORRECT AS OF ANY TIME AFTER ITS DATE OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION IT CONTAINS OR IN OUR AFFAIRS OR THOSE OF ANY OTHER ENTITY DESCRIBED IN THIS OFFER TO EXCHANGE SINCE THE DATE OF THIS OFFER.

WE HAVE NO ARRANGEMENT OR UNDERSTANDING WITH ANY OTHER PERSON TO SOLICIT TENDERS OF THE OLD NOTES. OUR OFFICERS, WHO WILL NOT RECEIVE ADDITIONAL COMPENSATION, MAY SOLICIT TENDERS FROM HOLDERS.

THIS OFFER TO EXCHANGE SUMMARIZES VARIOUS DOCUMENTS. THOSE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. IN MAKING A DECISION WITH RESPECT TO THE OFFER, YOU MUST RELY ON YOUR OWN EXAMINATION, INCLUDING AS TO THE MERITS AND RISKS INVOLVED. WE MAKE NO REPRESENTATION REGARDING THE LEGALITY OF AN INVESTMENT IN THESE SECURITIES UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS. THE CONTENTS OF THIS OFFER TO EXCHANGE AND THE DISCLOSURE STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH HOLDER SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS OR TAX ADVICE WITH RESPECT TO AN INVESTMENT IN THE NEW SECURITIES.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). Accordingly, we file annual, quarterly and current reports, proxy statements and other information with the SEC. We also furnish to our stockholders annual reports, which include financial statements audited by our independent certified public accountants, and other reports which the law requires us to send to our stockholders. The public may read and copy any reports, proxy statements, or other information that we file at the SEC's public reference room at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at "http://www.sec.gov".

INCORPORATION OF DOCUMENTS BY REFERENCE

We incorporate by reference in this offer to exchange the following documents previously filed with the SEC:

- Form 10-K dated April 1, 2002,
- Form 10-K/A dated April 30, 2002,
- Form 10-Q dated May 15, 2002,
- Form 10-Q dated August 14, 2002,
- Form 8-K dated June 27, 2002,
- Form 8-K dated June 28, 2002, and
- Form 8-K dated July 16, 2002.

We encourage you to review these documents.

In addition, we incorporate by reference all reports and other documents we file under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this offer to exchange and before the expiration date of the offer. Any statement contained in this offer to exchange or in a document incorporated by reference will be deemed modified or superseded to the extent that a statement contained in this offer to exchange or in any other subsequently filed document that is also incorporated by reference in this offer to exchange, modifies or supersedes such statement.

FORWARD LOOKING STATEMENTS

This offer to exchange includes "forward-looking" statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the word "estimate," "project," "intend," "expect," "believe," "may," "well," "should," "seeks," "plans," "scheduled to," "anticipates," or "intends," or the negative of these terms or other variations of these terms or comparable language, or by discussions of strategy or intentions, when used in connection with us, including our management. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. We caution investors that any forward-looking statements we make are not guarantees of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements with respect to us include the risks and uncertainties affecting our business described in the section of this offer to exchange captioned "Risk Factors," as well as elsewhere in this offer to exchange and in the disclosure statement.

SUMMARY

The following summary is provided for your convenience. It does not describe all the details of the offer and the solicitation of acceptances. We

urge you to read the more detailed information set forth or incorporated in this offer to exchange.

VISKASE

Viskase Companies, Inc. (formerly Envirodyne Industries, Inc.) is a Delaware corporation organized in 1970. Through our wholly-owned subsidiaries including Viskase Corporation, we operate in the casing product segment of the food industry. We are a major producer of cellulosic and plastic casings used in preparing and packaging processed meat products.

THE RESTRUCTURING

THE OFFER

PRINCIPAL TERMS OF THE OFFER

The offer.....	We are offering to exchange for each $1,000 principal amount of the old notes: - $367.96271 principal amount of new notes, and - 126.82448 shares of preferred stock ($5.00 liquidation preference per share). If all of the old notes are properly tendered in the offer, the aggregate consideration exchanged will be $60,000,000 in principal amount of new notes and approximately 20,680,000 shares of preferred stock with an aggregate liquidation preference of approximately $103,400,000. The preferred stock will be convertible (assuming shareholder approval of an amendment to our certificate of incorporation authorizing an increase in our authorized and unissued common stock) into approximately 517,000,000 shares of common stock.
Expiration time.....	5:00 p.m., New York City time, on September 19, 2002, unless we extend the period of time during which the offer is open.
Conditions.....	The offer is subject to conditions, including: - all the old notes having been properly tendered and not withdrawn, - our having merged our operating subsidiary, Viskase Corporation, into ourselves, and - the indenture governing the new notes having been qualified under the Trust Indenture Act of 1939.
Withdrawal rights.....	You may withdraw your tender of old notes at any time before the expiration of the offer.
Procedures for tendering old notes.....	If you wish to tender old notes, you should - complete and sign the accompanying applicable letter of transmittal (or a facsimile) in accordance with the instructions it contains,

- have your signature guaranteed (if required by Instruction 1 of the letter of transmittal), and

- send or deliver the letter of transmittal together with any other required documents, including certificates evidencing the old notes (or, in the case of old notes delivered by book-entry transfer, confirmation of the transfer of such old notes into the exchange agent's account with Depository Trust Company ("DTC")), to the exchange agent at the address and facsimile number set forth on the back cover of this offer to exchange.

Special procedures for beneficial owners.....	If you are a beneficial owner whose old notes are registered in the name of a nominee and you wish to tender, you should contact the registered holder and instruct the registered holder to tender on your behalf. An instruction letter has been delivered with the offer documents which may be used to deliver instructions to the registered holder of your old notes. A copy of the instruction letter may be obtained from your broker or other nominee or from the information agent.
Acceptance of old notes and delivery of exchange consideration.....	We will accept for exchange all old notes that are properly tendered and not withdrawn prior to the expiration time. The new notes and shares of preferred stock exchanged for the old notes will be delivered promptly after the consummation of the offer.
Exchange agent.....	We have appointed Wells Fargo as the exchange agent for the receipt of old notes and letters of transmittal. The exchange agent's address and telephone and facsimile numbers are set forth on the back cover of this offer to exchange.
Information agent.....	Questions relating to the offer and the solicitation of acceptances may be directed to, and copies of the offer documents may be obtained from, Morrow & Co. The information agent's address and telephone numbers are set forth on the back cover of this offer to exchange.
Financial advisor.....	Credit Suisse First Boston has acted as our financial advisor with respect to the restructuring plan and the prepackaged plan of reorganization.
Tax consequences.....	See "U.S. Federal Income Tax Consequences" for a discussion of certain income tax consequences associated with the offer to exchange and the ownership of new notes and preferred stock.

SOLICITATION OF ACCEPTANCES

Prepackaged plan of reorganization.....	We are soliciting acceptances of the prepackaged plan of reorganization from the holders of a beneficial interest in the old notes as of the date of this offer to exchange.
Consequences to non-accepting holders.....	Holders of old notes who have not accepted the prepackaged plan of reorganization will be bound by the prepackaged plan of reorganization if it is confirmed by the bankruptcy court.

IF THE RESTRUCTURING IS CONSUMMATED UNDER THE PREPACKAGED PLAN OF REORGANIZATION INSTEAD OF THE RESTRUCTURING AGREEMENT, YOU WILL RECEIVE CONSIDERATION SUBSTANTIALLY SIMILAR IN ECONOMIC EFFECT TO THE CONSIDERATION THAT THE TENDERING HOLDERS WOULD HAVE RECEIVED ON CONSUMMATION OF THE OFFER. HOWEVER, THIS CONSIDERATION WOULD BE RECEIVED AT A LATER DATE, WITHOUT INTEREST, EXCEPT AS PROVIDED UNDER THE NEW NOTES. THERE IS ALSO A RISK THAT THE BANKRUPTCY COURT MAY NOT CONFIRM THE PREPACKAGED PLAN OF REORGANIZATION IN THE FORM SOUGHT.

TERMS OF THE NEW NOTES

Issuer.....	Viskase Companies, Inc.
Securities offered.....	$60,000,000 aggregate principal amount of 8% Senior Subordinated Secured Notes due 2008.
Maturity date.....	December 1, 2008.
Interest.....	Interest on the new notes will accrue from December 1, 2001 at the rate of 8% per annum and will be payable: - on June 30 of 2003 and 2004 and December 31 of 2002, 2003 and 2004. We may pay this interest in kind by issuance of new notes with a principal amount equal to the interest payable, - as of December 31, 2005 (payable on March 31, 2006). We may make this payment in kind if we fail to achieve a specified minimum consolidated cash flow for 2005, - on June 15, September 15 and December 15, 2006 and March 31, 2007. We may make these payments in kind if we fail to achieve a specified minimum consolidated cash flow over the preceding four quarters, and - June 30 and December 31 of 2007 and June 30 and December 1, 2008, in cash.
Rating.....	Unrated.

Security.....	The new notes will be secured by liens granted by Viskase on substantially all of its personal property other than assets subject to the GECC Lease and certain real estate. Cash included in the collateral is subject to prior liens securing our obligation to reimburse draws under $28,400,000 of letters of credit, and will be subject to the lien securing the working capital facility referred to below.
Subordination.....	The new notes will be subordinated up to $25,000,000 principal amount of senior indebtedness in the form of a secured working capital and letter of credit facility. This indebtedness may be secured by liens on the collateral senior to the liens securing the new notes.
Listing.....	The new notes will not be listed for trading on any national securities exchange or authorized to be quoted in any inter-dealer quotation system of any national securities association.

Optional redemption.....	We may redeem new notes at any time at a redemption price equal to their principal amount plus any accrued and unpaid interest.
Covenants.....	If we sell collateral resulting in aggregate net cash proceeds in excess of $20,000,000, net of amounts reinvested in our business or applied to prepay senior debt, we must make an offer to purchase new notes at their principal amounts plus accrued interest. The new notes will not have other negative covenants.
Events of default.....	Events of default include: - payment defaults, - breaches of covenants, - events of insolvency, - acceleration of other indebtedness, and - failure to satisfy judgments.

TERMS OF THE PREFERRED STOCK

Issuer.....	Viskase Companies, Inc.
Authorized shares.....	25,000,000 shares of Series A preferred stock.
Dividends.....	Cumulative cash dividends at an annual rate of 6%. Dividends will be payable on December 1 and June 1 of each year if declared by the board of directors.
Liquidation preference.....	$5.00 per share together with all accrued and unpaid dividends.

Conversion.....	Initially convertible (assuming shareholder approval of an amendment to our certificate of incorporation authorizing an increase in our authorized and unissued common stock) at the option of the holder into common stock at a price of $0.20 of liquidation value and accrued dividends per share of common stock. This rate may be adjusted in certain circumstances. Following a public offering having gross proceeds of at least $50,000,000, on approval by the board of directors, all outstanding shares of preferred stock will be automatically converted on the same basis.
Voting rights.....	Each share of preferred stock will be entitled to a number of votes equal to the number of shares of common stock into which it is convertible. The preferred stock will vote together with the common stock as a single class on all matters submitted to a vote of stockholders except those adversely affecting the rights of the preferred stock.
Ranking.....	The preferred stock will rank junior to each other class of preferred stock. The preferred stock will rank senior to the common stock and, except as approved by a majority of the preferred stock, any other classes of our capital stock.
Listing.....	The preferred stock will not be listed for trading on any national securities exchange or authorized to be quoted in any inter-dealer quotation system of any national securities association.

RESTRUCTURING AGREEMENT

The restructuring agreement requires us to make the exchange offer, and requires the holders of old notes who are parties to the agreement (each an "Agreeing Holder") to tender their old notes in the offer and to reasonably cooperate with us in consummating the offer.

Reconstitution of board of directors.....	On consummation of the offer, our board of directors will be reconstituted to consist of five directors, one of whom will be the chief executive officer of Viskase and four of whom initially will be designated by the Agreeing Holders. Of these four, one must be an individual who is independent of us and of any holder of at least 5% of the preferred stock to be issued in the offer.
Viskase agreements.....	In connection with the offer, we have agreed to take specified actions, including: - terminating our shareholder rights plan, - merging one of our operating subsidiaries, Viskase Corporation, into ourselves,

- taking action to enforce the obligation of GECC to subordinate its rights to certain collateral to those of senior creditors, including the holders of the new notes,

- conducting our business in the ordinary course and not issuing any securities before consummation of the offer,

- paying the Agreeing Holders' reasonable legal expenses in connection with the transactions contemplated by the restructuring agreement, and

- adopting amended and restated bylaws.

The obligation of the Agreeing Holders to tender in the offer is contingent on satisfaction of these conditions and reconstitution of the board of directors as described above.

Forbearance by holders..... So long as the restructuring agreement remains in effect, the Agreeing Holders have agreed not to take or support action to collect the old notes.

Plan of reorganization..... If the offer is not consummated because one or more of the conditions have not been satisfied, but acceptances of the plan of reorganization have been obtained from the requisite majorities of holders of old notes under the Bankruptcy Code, we have agreed to file the plan of reorganization with the bankruptcy court. The plan is similar to the terms of the offer, except that

- instead of preferred stock, all holders of old notes would receive common stock of the reorganized company, and

- our existing common stock would be cancelled, with all holders of the existing common stock receiving warrants to acquire common stock of the reorganized company.

Alternative proposals..... We have agreed not to solicit proposals with respect to an alternative transaction involving our acquisition or refinancing of the old notes, but we may negotiate with persons who make proposals if our board of directors determines with the advice of

counsel that it must do so to comply with its fiduciary obligations.

Interests of insiders..... On consummation of the offer, we will issue up to 1,320,000 shares of preferred stock to certain of our officers and other employees. In addition, we will enter into agreements with our current directors and executive officers

	indemnifying them and agreeing to maintain insurance against liabilities they incur as a result of their service in these capacities. The Agreeing Holders have agreed not to challenge existing employment agreements with our chief executive officer, chief financial officer and general counsel and indemnification agreements to be entered into with those and other officers.
Transfer of holder securities.....	The Agreeing Holders have agreed not to transfer their shares of preferred stock or shares of common stock issuable on conversion of the preferred stock until two years after consummation of the offer. For a year thereafter, we will have a right of first refusal with respect to transfers of preferred stock (as well as the underlying common stock). These provisions do not apply to transfers between holders or to their affiliates.
Termination.....	The restructuring agreement can be terminated in several circumstances, including: - mutual agreement between us and the Agreeing Holders, - if the offer has not been consummated or the plan of reorganization has not been confirmed by January 31, 2003, - our board of directors determines that it must terminate to comply with its fiduciary duties because we have received a superior proposal, or - if F. Edward Gustafson has resigned at the request of our board of directors (other than for cause) without the consent of the Agreeing Holders.

RISK FACTORS

You should consider carefully the risk factors set forth below, as well as the other information appearing in this offer to exchange and the documents to which we refer you, before deciding whether or not to exchange your old notes in the exchange offer for the new securities.

THE NEW NOTES MAY BE A RISKIER SECURITY THAN THE OLD NOTES.

The old notes matured on December 1, 2001, and principal and interest on the old notes are now due and payable. By contrast, the stated maturity of the new notes is more than six years in the future. The old notes bore interest at 10 1/4% per annum, while the new notes will bear interest at 8%, and this interest will not be payable in cash for at least three years and up to five years. The indenture under which the old notes were issued imposes substantial limits on our ability to pay dividends, incur debt, sell assets (including the stock of subsidiaries) or engage in transactions with affiliates, while the indenture for the new notes will not impose these limits. Following a change in control, we are required to offer to redeem the old notes, but would not be required to offer to redeem the new notes. As a result of these and other

differences between the two indentures, an investor could incur more risk in holding the new notes than the old notes.

THE NEW NOTES MAY BE HELD AND VOTED BY INSIDERS WHO HAVE A CONFLICT OF INTEREST.

Unlike the old notes, and most debt securities issued under indentures, securities held by our affiliates may be voted on matters such as waivers and amendments of indenture provisions and instructions to the trustee with respect to remedies. Because of their holdings of junior securities like the new preferred stock, these affiliates may have a conflict of interest, and could exercise their voting rights in ways that benefit the holdings of junior securities over the holders of new notes.

THE NEW NOTES MAY BE SUBORDINATED TO A SECURED WORKING CAPITAL FACILITY.

The new notes may be subordinated in right of payment to a working capital facility of up to $25,000,000 principal amount. By reason of this subordination, in the event of the insolvency, bankruptcy or liquidation of our business, a default in payment with respect to any indebtedness or an event of default with respect to such indebtedness resulting in its acceleration, our assets will be available to pay the new notes only after all amounts due under the working capital facility have been paid in full. The collateral securing the new notes will have prior liens securing this debt as well as existing letter of credit reimbursement obligations.

THE NEW NOTES WILL BE STRUCTURALLY SUBORDINATED TO THE DEBT OF OUR SUBSIDIARIES.

The new notes will be structurally subordinated to all liabilities (including trade payables) of our subsidiaries. Our right to participate in the assets of any subsidiary (and thus the ability of holders of the new notes to benefit directly from such assets) is generally subject to the prior claims of creditors, including trade creditors, of that subsidiary except to the extent that we are recognized as a creditor of such subsidiary. The new notes, therefore, will be subordinated by operation of law to creditors, including trade creditors, of subsidiaries with respect to the assets of the subsidiaries against which such creditors have a claim. At June 30, 2002, as adjusted to give pro forma effect to the transactions contemplated by the restructuring plan and the prepackaged plan of reorganization, our subsidiaries would have had approximately $21,542,000 of trade payables and accrued liabilities.

EVEN WITH THE RESTRUCTURING WE WOULD REMAIN HIGHLY LEVERAGED. OUR LEVERAGE MAY IMPAIR OUR ABILITY TO OBTAIN FINANCING AND LIMIT CASH FLOW AVAILABLE FOR OUR OPERATIONS AND MAY LIMIT OUR COMPETITIVENESS IN THE MARKET PLACE.

Even with the restructuring we will remain highly leveraged. As of June 30, 2002 on a pro forma basis reflecting the restructuring, our consolidated indebtedness was approximately $124,406,000 excluding the capitalized undiscounted future cash flow value of the new notes, and our shareholders' deficit was

approximately $(75,714,000), including approximately $3,000,000 of patents and other intangible assets. On a pro forma basis reflecting the restructuring, earnings were inadequate to cover fixed charges by approximately $8,575,000 for the six months ended June 30, 2002 and by approximately $29,981,000 for the year ended December 31, 2001. Assuming all interest payments are made in kind for the first five years, the new notes will accrete to approximately $89,300,000 in principal amount as of October 31, 2006. It is possible that we may incur additional indebtedness under our secured working capital credit facility or through other borrowings.

Our high leverage has important consequences. Among other things:

- all or a substantial portion of our cash flow from operations must be

dedicated to the payment of principal and interest on our indebtedness, and, as a result, the free cash flow available for our operations and other purposes are and will continue to be limited,

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes is and may continue to be limited,

- we are substantially more leveraged than most of our competitors, which may place us at a competitive disadvantage,

- our results of operations could be adversely affected, particularly in the event of a downturn in general economic conditions or our business, and

- we may be vulnerable to interest rate fluctuations to the extent that our current and future indebtedness has variable interest rates.

Our ability to satisfy our interest payment and other obligations on our outstanding debt will depend largely on our future performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Demand for our products, for example, may be adversely affected by "mad cow" disease, "foot and mouth" disease, listeria, or other pathogens endemic to the food industry. There is a risk that we will not be able to generate sufficient cash flow to service our obligations under our outstanding debt, including the new notes, or that cash flows, future borrowing or equity financing will not be available for the payment or refinancing of our debt. To the extent that we are not successful in repaying or negotiating renewals of our borrowings or in arranging new financing, our business and results of operations will be materially adversely affected.

OUR ABILITY TO PAY CASH DIVIDENDS ON THE PREFERRED STOCK IS LIMITED.

Dividends on the preferred stock are payable only if declared by our board of directors. Moreover, our ability to pay cash dividends on the preferred stock is subject to applicable limitations of state law and is severely restricted by our financial condition and the terms of the GECC Lease. There is a risk that we will not be able to pay cash dividends on the preferred stock.

THE PREFERRED STOCK IS JUNIOR TO ALL OUR LIABILITIES AND IS NOT REDEEMABLE.

In the event of bankruptcy, liquidation or winding up, our assets will be available to pay obligations on the preferred stock only after all of our indebtedness and other liabilities have been paid. Because the preferred stock is junior to all of our current and future indebtedness and future series of preferred stock, it is possible that there would not be sufficient assets remaining to pay amounts due pursuant to the liquidation provisions of the preferred stock then outstanding. Unlike with respect to the old notes, we are not required to redeem the preferred stock.

THE SECURITIES TO BE DISTRIBUTED TO THE HOLDERS OF OLD NOTES WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE OR QUOTED ON ANY AUTOMATED INTER-DEALER QUOTATION SYSTEM, AND IT IS NOT ANTICIPATED THAT A MARKET WILL DEVELOP FOR THE SECURITIES.

We do not anticipate that a market will develop for the securities being offered to the holders of old notes, and the holders of these securities may be required to bear the risk of their investment for an

indefinite period of time. The new notes and preferred stock constitute new issues of securities with no established trading market and will not be listed on any securities exchange or quoted on any automated inter-dealer quotation system.

OTHER CREDITORS MAY OBJECT TO THE RESTRUCTURING.

We conduct our domestic operations mainly through two subsidiaries, one of which leases most of its equipment from a trust for the benefit of GECC. As part of the restructuring, we are required to merge that subsidiary into ourselves. We do not believe that the merger would violate the terms of the GECC Lease, but it is possible that GECC may object to the merger or seek to prevent consummation of the restructuring. In addition, the lease documents require the trust to subordinate its liens on certain collateral securing the lease obligations (which is substantially the same collateral as will secure the new notes) to the liens of senior secured financing, which we believe includes the new notes. However, it is possible that GECC will dispute the application of this requirement to the new notes. We are required under the restructuring agreement to seek to enforce the provision requiring GECC to execute the subordination agreement, but consummation of the restructuring is not conditioned on GECC executing a subordination agreement. Accordingly, it is possible that consummation of the restructuring will be delayed, or that the intended subordination of liens securing the lease obligations may ultimately be determined by a court to be without effect, which could impair the value and collectibility of the new notes.

COMMENCEMENT OF BANKRUPTCY PROCEEDINGS MAY ADVERSELY AFFECT US.

Commencement of our bankruptcy proceedings, even if only to confirm the prepackaged plan of reorganization, could adversely affect the relationships that we have with our customers, suppliers and employees. This in turn could affect adversely our cash flow and our ability to obtain confirmation of the prepackaged plan of reorganization. In addition, even if all classes of impaired creditors accept the prepackaged plan of reorganization, the prepackaged plan of reorganization may not be confirmed by the bankruptcy court. Additionally, the length of any bankruptcy proceedings we commence, including one seeking confirmation of the prepackaged plan of reorganization, would be subject to considerable uncertainty, and the completion of such proceedings could be delayed for reasons beyond our control. Finally, there is a risk that the bankruptcy court will decide that the offer to exchange and disclosure statement do not meet the disclosure requirements of the Bankruptcy Code or that the acceptances are otherwise not effective for the purpose of approving the prepackaged plan of reorganization.

FOR A DISCUSSION OF CERTAIN ADDITIONAL RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH VOTING ON THE PREPACKAGED PLAN OF REORGANIZATION, SEE THE SECTION CAPTIONED "CERTAIN FACTORS TO BE CONSIDERED" IN THE ACCOMPANYING DISCLOSURE STATEMENT.

WE MAY NOT BE ABLE TO COMPLETE THE RESTRUCTURING.

For as long as the restructuring agreement remains in effect, the Agreeing Holders have agreed not to act to recover any claim with respect to the old notes, and to veto, to the extent provided for in the indenture, any instructions to take any such action. It is possible, however, that we will not be able to complete the restructuring, which could result in the following undesirable events:

- an involuntary bankruptcy petition could be filed against us by our creditors,

- we may need to commence a bankruptcy to reorganize under applicable provisions of the Bankruptcy Code without the benefit of any pre-negotiated restructuring plan with our creditors, and

- we could lose business if our customers, or have our business interrupted if our suppliers, doubt our ability to satisfy obligations on a timely or long-term basis.

If a restructuring pursuant to the restructuring agreement or the

prepackaged plan of reorganization is not completed, we may need to reorganize and restructure under the protection of the Bankruptcy Code without the benefit of a pre-negotiated plan with our creditors. There is a risk that a bankruptcy case will

result in a liquidation rather than a reorganization, or that any reorganization would be on terms not as favorable to the holders of old notes as the terms of the restructuring pursuant to the restructuring agreement or the prepackaged plan of reorganization. If a liquidation or lengthy bankruptcy proceeding were to occur, there is a substantial risk that the holders of old notes would receive significantly less than the recovery anticipated in the restructuring.

IN CONNECTION WITH THE RESTRUCTURING, WE WILL UNDERGO A CHANGE IN CONTROL.

The restructuring agreement provides that, on the consummation of the offer, the current outside directors will be replaced by designees of the Agreeing Holders. Our current chief executive officer, Mr. Gustafson, has indicated that he plans to leave our employ following consummation of the offer. We have not begun a search for a new chief executive officer to replace Mr. Gustafson, and may not be able to replace him with someone of comparable experience in the industry. Moreover, holders of the preferred stock will control over 90% of our voting power after the restructuring plan has been consummated, and will therefore be able to elect all of our directors and direct our management without the support of any other stockholder, including taking corporate action such as amending our charter documents, issuing new securities and selling us by way of merger or the sale of all or substantially all of our assets. In addition, one holder, High River Limited Partnership ("High River"), will hold approximately 25% of our voting power and may be able to exercise a controlling influence over our management and policies.

THE INTERESTS OF MANAGEMENT, WHICH NEGOTIATED THE RESTRUCTURING, DIFFER FROM THOSE OF THE HOLDERS OF THE OLD NOTES.

The restructuring agreement was negotiated by our senior management. Management has interests which differ from those of the holders of the old notes. Members of management do not hold old notes (and will not receive new notes in the restructuring), but own in the aggregate significant amounts of our common stock. Members of management will receive shares of preferred stock in the restructuring. In connection with the restructuring, we will agree with members of management to provide indemnification and insurance during the period following consummation of the restructuring. In addition, the Agreeing Holders have agreed not to challenge the employment agreements of or indemnification agreements to be entered into with our senior management. These interests of management could be seen as having affected the outcome of the negotiations.

OUR ACTUAL RESULTS MAY DIFFER MATERIALLY FROM OUR PROJECTIONS.

The projected financial information contained in the disclosure statement necessarily is based on numerous estimates and assumptions. These estimates and assumptions are inherently subject to significant business, economic and competitive uncertainties, contingencies and risks, many of which are beyond our control. Actual results will vary from these projections, and the variations may be material. Financial projections are necessarily speculative in nature, and the assumptions underlying these projections may prove not to be valid. The projections should not be regarded as a representation that the projections will be achieved. We do not intend to update or otherwise revise the projections to reflect events or circumstances existing after the date of this offer to exchange or to reflect the occurrence of unanticipated events. Our independent public accountants have not provided any form of assurance on the projected financial information. Consequently, no other person assumes any responsibility for the projected financial information. Holders of old notes should not place undue reliance on the projected financial information contained in this offer to exchange.

WE WILL BE LIMITED IN THE USE OF OUR NET OPERATING LOSS CARRYFORWARDS IF THE FINANCIAL RESTRUCTURING OCCURS.

Completion of the offer will result in taxable income to us and may reduce or limit the use of our net operating loss carryovers. In the offer, we will realize taxable income from the discharge of indebtedness. This income will not be taxed to the extent that we are insolvent at the time of the offer. Any debt discharge income over the amount by which we are insolvent will be taxed. The amount of untaxed debt discharge income must be used to reduce our net operating loss carryovers and other tax attributes.

The offer will limit the future use of our remaining net operating loss carryovers. After consummation of the offer, our net operating losses may be used in any year only to the extent of the product of the "tax-exempt long-term interest rate" in effect at the time of the consummation of the offer multiplied by the value of our common and preferred stock at that time.

THE EXCHANGE OF OLD NOTES FOR NEW NOTES AND PREFERRED STOCK IN THE EXCHANGE OFFER COULD BE TREATED AS A TAXABLE EXCHANGE IF THE INTERNAL REVENUE SERVICE DETERMINES THAT THE OLD NOTES ARE NOT "SECURITIES" FOR FEDERAL INCOME TAX PURPOSES.

If the Internal Revenue Service determines that the old notes are not securities, the exchanges would be taxable to the participating holders, who would then generally recognize a capital gain (or loss) as a result of the exchanges. For a more detailed discussion of the potential tax consequences to exchanging holders, see "U.S. Federal Income Tax Considerations -- Consequences of old debt under the exchange offer."

WE MAY INCUR AN INCOME TAX LIABILITY AS A RESULT OF THE OFFER.

On completion of the offer, we will realize cancellation of debt income in an amount equal to the difference between the adjusted issue price of the old notes accepted for exchange and fair market value of the principal amount of the new notes and the preferred stock issued in exchange for the old notes. All or most of this cancellation of debt income may be excluded from our taxable income to the extent that, as of the time immediately before the completion of the exchange, we are considered insolvent for federal income tax purposes. In addition, to the extent this insolvency exception does not apply, we have accumulated net operating losses that should offset most or all of this cancellation of debt income. For alternative minimum tax purposes, the use of our net operating loss carryforwards could cause us to have alternative minimum taxable income. Accordingly, we may have an alternative minimum tax liability for the taxable year of the completion of the offer. See "U.S. Federal Income Tax Considerations -- Consequences to Viskase."

WE MAY NOT RECEIVE AN INTEREST DEDUCTION FOR THE NEW NOTES.

If the IRS were to classify the new notes as equity, we would not be entitled to interest deductions with respect to the new notes.

HOLDERS OF THE NEW NOTES MAY HAVE TO PAY TAX ON INTEREST INCOME NOT RECEIVED IN CASH.

The new notes will likely have a fair market value that will be less than their stated principal amount and interest on the new notes may be paid in kind ("PIK"). Accordingly, the new notes and the receipt of PIK notes would be subject to the original issue discount ("OID") rules. A holder of an instrument that is subject to the OID rules is required to take into account currently interest income prior to the receipt of any cash interest payments.

WE ARE INVOLVED IN LEGAL PROCEEDINGS; WE CANNOT PREDICT THE OUTCOME OF THESE

PROCEEDINGS, BUT IF WE WERE TO LOSE THEM, THE RESULTING JUDGMENTS COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

As our SEC filings indicate, we are the subject of a number of pending legal proceedings involving such matters as our state tax liabilities, a government investigation into possible antitrust violations as well as purported class actions alleging such violations and a governmental investigation into potential environmental contamination. An unfavorable outcome in any of these proceedings could have a material adverse effect on us.

WE HAD SIGNIFICANT LOSSES IN 1998, 1999, 2000 AND 2001, AND WE CANNOT ASSURE YOU THAT WE WILL BE ABLE TO GENERATE PROFITS FROM OPERATIONS IN THE FUTURE.

For the fiscal years ended December 31, 1998, 1999, 2000 and 2001, we had consolidated net losses of approximately $149,000,000, $31,800,000, $17,800,000 and $25,500,000, respectively. There is a risk that

we will not be able to generate profits in the future due principally to interest expenses and the competitive nature of the industry in which we operate. Our auditor's opinion for the year ended December 31, 2001, included a going concern qualification.

WE RECEIVE OUR RAW MATERIALS FROM FEW SUPPLIERS, AND PROBLEMS WITH THEIR SUPPLY COULD ADVERSELY AFFECT US.

Raw materials constitute an important aspect and cost factor of our operations. We generally purchase our raw materials from a single source or small number of domestic suppliers. Any inability of our suppliers to timely deliver raw materials or any unanticipated change in our suppliers could be disruptive and costly to us. The inability to obtain raw materials from these suppliers would require us to seek alternative sources located outside the United States. These alternative sources may not be adequate for all of our raw material needs, nor may adequate raw material substitutes exist that we could modify our processes to use. Any of these possibilities could have a material adverse effect on our future financial performance.

OUR INTERNATIONAL OPERATIONS EXPOSE US TO UNCERTAINTIES AND RISKS FROM ABROAD WHICH COULD NEGATIVELY AFFECT OUR OPERATIONS AND SALES.

We currently have sales in countries where economic growth has slowed or where economies have been unstable or hyperinflationary in recent years. The economies of other foreign countries important to our operations could also suffer slower economic growth or instability in the future. The following are among the risks that could negatively affect our operations and sales in foreign markets:

- new restrictions on access to markets,
- unfavorable exchange rate fluctuations,
- embargoes,
- new tariffs,
- further spread of "mad cow" and "foot and mouth" diseases,
- outbreaks of listeria or other pathogens endemic to the food industry,
- adverse changes in monetary and/or tax policies,
- inflation,
- political instability, and

- changes in foreign laws and regulations.

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

WE ARE SUBJECT TO SEVERAL PRODUCTION-RELATED RISKS THAT COULD JEOPARDIZE OUR ABILITY TO REALIZE SALES AND PROFITS.

To realize sales and operating profits at levels we must manufacture, source and deliver in a timely manner products of high quality. Among others, the following factors can have a negative effect on our ability to do these things:

- labor difficulties,

- scheduling and transportation difficulties,

- management dislocation,

- product quality issues, which can result in returns or allowances,

- additional outbreaks of "mad cow" and "foot and mouth" diseases or outbreaks of listeria or other pathogens endemic to the food industry,

- changes in laws and regulations (domestic and international), including changes in tax rates, accounting standards, environmental laws and occupational health and safety laws, and

- changes in the availability and cost of labor.

WE OPERATE IN A HIGHLY COMPETITIVE MARKET WHICH HAS OVER-CAPACITY AND OUR INABILITY TO COMPETE EFFECTIVELY COULD CAUSE US TO LOSE MARKET SHARE AND ADVERSELY AFFECT OUR FINANCIAL RESULTS.

We operate in an extremely competitive environment. We have several domestic and foreign competitors, and many of them are financially strong and capable of competing effectively with us. Over the past five to seven years, many competitors have been willing to reduce prices significantly and accept lower profit margins to compete. Consolidation of our customer base has contributed to the competitive price cutting environment. As a result of this competition, we could lose market share and sales and suffer losses, which could have a material adverse effect on our future financial performance.

The casing industry has over-capacity which is expected to continue until capacity is removed or demand substantially increases. Until at least one of these events occurs, pricing in the casing industry is likely to remain competitive. Our future success will significantly depend on our ability to remain competitive in the areas of price, quality, marketing, product development, manufacturing and customer service. There is a risk that we will not be able to compete effectively in these areas in the future. We do not expect to see an improvement in our operating income until prices for our products begin to increase.

THE RESTRUCTURING

BACKGROUND

During the last quarter of 2000 and the first quarter of 2001, in a continuing effort to improve our financial condition, we and our outside legal counsel held discussions with GECC concerning a possible restructuring of the

GECC Lease.

During the first quarter of 2001, we retained Credit Suisse First Boston Corporation ("CSFB") to advise us in connection with the refinancing of the old notes in light of their upcoming maturity. At that time, we were considering a buyout or renegotiation of the GECC Lease, obtaining additional revolving credit and refinancing or an exchange offer with respect to the old notes.

On May 31, 2001, the board of directors held a meeting to discuss, among other things, the status of negotiations with GECC and a possible exchange offer with respect to the old notes. It was reported to the board of directors that discussions with GECC were proceeding slowly, but would continue. Senior officers and a representative from CSFB also presented the principal terms of a possible exchange offer. The exchange offer would also include a solicitation of acceptances for approval of a prepackaged plan of reorganization if we did not receive sufficient tenders of old notes in the exchange offer. After discussions with CSFB and our outside legal advisors, the board of directors approved the continuation of negotiations with GECC and the further development of the terms of a possible exchange offer and prepackaged plan of reorganization. The board of directors approved not making the June 1, 2001 interest payment on the old notes, determining to pay it in connection with the proposed exchange offer. The board of directors further decided that, if we were unable to reach an agreement with GECC and commence an exchange offer by June 30, 2001, then we would make the June 1, 2001 interest payment no later than June 30, 2001.

Being as we did not reach agreement with GECC or commence an exchange offer by June 30, 2001, we paid the interest due on June 1, 2001 on the old notes plus past due interest.

The board of directors had further discussion regarding the GECC Lease, the proposed exchange offer and the restructuring at meetings of the board of directors on August 30, 2001, at which CSFB presented

alternatives regarding the restructuring. Based on advice from our financial and legal advisors, the board of directors determined that it would be in our best interest to establish an ad hoc committee of holders of old notes to facilitate a restructuring of the old notes prior to the December 1, 2001 maturity date. Our outside legal counsel advised the board of directors that representatives of High River, which held a significant percentage of old notes, indicated that they would be interested in participating in the process of restructuring our debt and equity. At the August 30, 2001 meeting, Mr. Gustafson informed the board of directors that we had not yet received a response from GECC on the proposed restructuring of the GECC Lease.

During September 2001, we entered into confidentiality agreements with the noteholders who wished to serve on the committee. On October 8 and November 15, 2001, we met with the committee and presented our proposal for restructuring the old notes.

During October 2001, we and GECC had further discussions concerning restructuring the GECC Lease.

At a meeting of the board of directors on November 1, 2001, the board of directors discussed whether to make the lease payment under the GECC Lease due November 1, 2001. In addition, CSFB made a presentation to the board of directors reviewing possible restructuring scenarios under which we (i) did nothing, (ii) exchanged convertible notes for the old notes, (iii) restructured the GECC Lease or (iv) repurchased the old notes. CSFB's review of the various restructuring alternatives was followed by a detailed discussion of the merits of each of the alternatives, the proposals which had been advanced by GECC and the committee, our ability to restructure and the effect on our business if we were to file for protection under Chapter 11. At the conclusion of the meeting, the board of directors determined that we would not make the lease payment under

the GECC Lease due November 1, 2001.

As a result of our not making the November 1, 2001 lease payment, on November 16, 2001, GECC drew down on its letter of credit.

In the morning of November 15, 2001, members of management, with outside counsel, met with GECC to discuss proposals for restructuring the GECC Lease. The parties were again unable to reach an agreement.

In the afternoon of November 15, 2001, members of management and outside counsel met with the committee. At the meeting, we and the committee discussed alternative structures for a restructuring. The committee proposed a restructuring of the old notes which would result in the bondholders receiving substantially all of our equity and new notes which would allow interest to be paid in kind for the first three years.

At a meeting of the board of directors on November 17, 2001, management reported on the meetings with GECC and the committee. The board of directors determined that the GECC proposal was not in our best interest. In addition, management reported that the letter of credit drawn upon by GECC would need to be replenished or we would risk GECC declaring an event of default under the GECC Lease.

At a meeting of the board of directors on November 29, 2001, the board of directors reviewed the status of negotiations with the committee and considered the various proposals made by the committee and alternative structures suggested by management and its advisors. The board of directors also considered whether we should file for bankruptcy instead of pursuing a negotiated transaction. The board of directors determined that the best course of action would be to continue negotiating a restructuring with the committee. The board of directors' decision was based on its belief and outside counsel's advice that any bankruptcy would be contentious and therefore, very expensive, and would create further instability for us for up to one year.

On December 1, 2001, the final interest payment and the principal on the old notes became due. Interest was not paid and the notes were not redeemed. Also on December 1, 2001, the board of directors held a meeting to again discuss possible alternatives for the restructuring, including filing for bankruptcy.

The board of directors instructed management to request a term sheet from the committee on its proposal for restructuring.

On December 7, 2001, the committee delivered a written non-binding term sheet to the board of directors outlining the proposed terms of an exchange offer.

On December 8, 2001, the board of directors held a meeting to discuss the committee's written proposal. At the meeting, the board of directors received oral presentations from financial and legal counsel regarding the proposal. After considering other alternatives, the board of directors concluded that negotiating a restructuring transaction with the committee was in our best interest and directed management to proceed with further negotiation of a term sheet and definitive documentation.

During December 2001, we and the committee instructed our respective legal counsel to begin drafting definitive documentation to effect an exchange offer generally on the basis of the term sheet.

On December 19, 2001, we delivered to the committee a draft of a restructuring agreement and related documents.

On December 21, 2001, we and GECC entered into an agreement pursuant to

which GECC agreed to waive certain defaults or events of default and forbear from enforcing certain rights under the GECC Lease. In connection with this agreement, the letter of credit for the benefit of GECC was replenished.

On December 27, 2001, the committee provided us with its comments to the restructuring agreement and related documents. On January 10, 2002, we and members of the committee and our respective outside counsel held a meeting via teleconference to discuss outstanding issues regarding the restructuring documents. In addition, Mr. Gustafson and representatives of the Agreeing Holders engaged in several telephone conversations to discuss various business issues relating to the proposed restructuring. Over the next several weeks, negotiations continued on the terms of the restructuring.

The board of directors held a meeting on January 31, 2002 to review the status of the negotiations with the committee regarding the exchange offer. Legal counsel reported that initial documentation had been prepared and that the committee's counsel was reviewing the drafts.

Between January 31 and May 13, 2002, we and the committee continued to negotiate the terms of the restructuring documentation. Over that period of time we prepared and exchanged with the committee drafts of the various restructuring documents.

On May 13, 2002, the board of directors held a meeting to consider the terms of the proposed restructuring. CSFB made a presentation to the board of directors of its analysis of our valuation and sustainability of our debt level following completion of the proposed restructuring. The board of directors also considered possible disadvantages of the restructuring and discussed the feasibility of alternatives. After lengthy discussion, the board of directors unanimously approved the restructuring and each of the agreements related thereto.

On July 9 and 10, 2002, the board of directors held meetings at which it unanimously approved changes to the restructuring agreement that had been negotiated since the May 13, 2002 board meeting and reaffirmed its approval of the transaction.

REASONS FOR THE RESTRUCTURING

The board of directors has unanimously approved the restructuring and the prepackaged plan of reorganization and deemed the transactions contemplated by such plans as being in our best interest. We believe that completing the restructuring through the restructuring plan or the prepackaged plan of reorganization is essential to our ability to continue to operate as a going concern. In reaching this determination, the board of directors considered a number of factors, including the following:

- we were not able to service our debt obligations and, based on management's financial projections, would not likely be able to do so in the future,

- the growing perception among our suppliers and customers of our poor financial condition and risks involved in continuing to engage in business with us and the potential impact on our business,

- the absence of other available strategic alternatives,

- the low likelihood of realizing greater value from strategic alternatives, including a bankruptcy filing not structured as a prepackaged plan or a liquidation,

- the potential negative impact on our operations of other strategic

alternatives, including a bankruptcy filing not structured as a prepackaged plan,

- the liquidation analysis we prepared with the assistance of CSFB which shows that our stockholders would likely receive nothing in a Chapter 7 liquidation and the holders of old notes would likely receive less in value than the consideration to be received in the offer, and

- the fact that the majority of holders representing approximately 54.1% of the principal amount of the old notes have committed to support the transactions by executing the restructuring agreement and the low likelihood of being able to consummate an alternative transaction without their support.

Our board of directors also considered or was aware of a number of potential disadvantages in its deliberations concerning the restructuring. The potential disadvantages included:

- the restructuring contains provisions which affect our senior management differently from the holders of old notes and the stockholders, which might be seen to have affected their negotiation of the restructuring,

- we will continue to be highly leveraged,

- holders of our outstanding common stock will be substantially diluted as a result of the issuance of preferred stock,

- we will experience a change of control,

- possible objections on the part of other creditors, and

- we are contractually prohibited from actively pursuing other transactions to effect a restructuring.

The board of directors did not believe that the disadvantages were sufficient, individually or in the aggregate, to outweigh the potential advantages of the restructuring. Specifically, the board did not believe that management's interests affected the negotiation of the restructuring agreement. Given the publicity concerning our situation, our efforts to pursue alternatives and the lengthy process we had undergone in negotiating the restructuring, the board did not believe that transactions involving less leverage or less dilution, or avoiding a change of control or the risk of creditor challenge were practicable. In addition, the board did not believe that contractual restrictions on pursuing other transactions were significant in our current situation.

The board of directors also considered alternatives to the restructuring including the following:

- alternative restructuring transactions with GECC or transactions with the noteholders that would result in lower leverage,

- bank financing,

- our sale to another company, and

- liquidation.

However, the board did not believe that bank financing or an acquisition of Viskase was likely, and felt that liquidation would result in a lesser return for our securityholders. The board had discussed the possibility of transactions resulting in lower leverage with the Agreeing Holders, but was unable to persuade them to engage in such a transaction.

The board of directors believes that its fiduciary obligations to its stockholders makes it inappropriate for the board of directors to make any recommendation to the holders of old notes with respect to the offer. Accordingly, we and the board of directors express no opinion and remain neutral with respect to the offer.

THE RESTRUCTURING AGREEMENT

We are making the offer under a restructuring agreement that we entered into with holders of approximately 54.1% of the old notes, consisting of High River, Debt Strategies Fund, Inc. and Northeast Investors Trust. The terms of this agreement are summarized below.

THE OFFER

We must use commercially reasonable efforts to complete the offer. On satisfaction of all conditions to the offer, we must accept the old notes for exchange in accordance with the terms of the offer as soon as reasonably practical. We may not waive any condition or make any changes in the terms of the offer without the consent of the Agreeing Holders. However, we may extend the offer until November 3, 2002, if immediately before the expiration of the offer any condition to the offer is not satisfied and the board of directors determines there is a reasonable basis to believe that the condition could be satisfied by that date. We must extend the offer in this manner at the request of the Agreeing Holders. The offer must be conducted in a manner that will make it exempt from registration under Section 3(a)(9) of the Securities Act.

Holder actions. Each Agreeing Holder has approved and consented to the offer. Each Agreeing Holder must tender all old notes beneficially owned by it or its affiliates in the offer and must vote all old notes in favor of the approval and adoption of the plan of reorganization. No Agreeing Holder may vote in favor of any action that could reasonably be expected to adversely affect the plan of reorganization. In connection with the offer, each Agreeing Holder must furnish us with assistance as we reasonably request in connection with the preparation and consummation of the offer.

Board representation. On the consummation of the offer or the effective date of the plan of reorganization, we and the Agreeing Holders must use commercially reasonable efforts to cause the board of directors to consist of five persons, one of whom is our chief executive officer and four of whom are designees of the holders of a majority of the shares of new preferred stock to be held by the Agreeing Holders. One designee must be a person that would qualify as an independent director under the current rules of the Nasdaq Stock Market excluding the financial statement knowledge requirements applicable to the composition of audit committees, and is independent (as defined under those rules) both with respect to us and with respect to each holder of more than 5% of the preferred stock.

Conditions to holders' obligations. The obligation of each Agreeing Holder to tender the old notes owned by it in the offer is subject to the fulfillment of each of the following conditions (which may be waived by the Agreeing Holder in its sole discretion):

- the representations and warranties we make in the agreement must be true in all material respects,
- we must have merged our operating subsidiary Viskase Corporation into ourselves,
- our board of directors as of the time of the consummation of the offer must be constituted as described above,
- we must have redeemed or terminated the rights under our shareholder rights plan,

- all old notes, excluding those held by the Agreeing Holders, must have been tendered in the offer,

- the indenture under which the new notes are to be issued must have been qualified under the Trust Indenture Act of 1939, and

- we must have adopted amended and restated bylaws.

OUR AGREEMENTS

Merger of operating subsidiary. Immediately before we accept old notes for exchange under the offer, we must merge our operating subsidiary Viskase Corporation into ourselves.

Company rights agreement. Before the consummation date of the offer, we must redeem or terminate the rights under our shareholder rights plan.

Subordination agreement. We must take all commercially reasonable actions necessary to enforce the subordination provisions of our security agreement with GECC, including by seeking injunctive relief. These provisions require GECC to subordinate its rights as lessor of our operating facilities to the rights of holders of the new notes.

Indemnification agreements. We must indemnify our current directors and executive officers and maintain insurance against liabilities they incur as a result of their service in these capacities.

Plan of reorganization. If not all conditions of the offer have been satisfied and the offer has terminated in accordance with its terms, by November 6, 2002, we must file the plan of reorganization with a bankruptcy court if we have obtained from holders of the old notes the requisite consents under the Bankruptcy Code. We must use commercially reasonable efforts to have the plan of reorganization confirmed by the bankruptcy court.

Conduct of business. Until the consummation date of the offer or the effective date of the plan of reorganization, as applicable, we must conduct business only in the ordinary course.

GECC documents. Until the consummation date of the offer or the effective date of the plan of reorganization, as applicable, we may not amend our leveraged lease agreements with GECC except in minor respects.

No issuance of securities. Until the consummation date, we may not issue any securities other than (1) common stock issued under stock options or similar rights currently outstanding or our stockholder rights plan or (2) shares of preferred stock to our employees to be designated by our chief executive officer under our restricted stock plan.

Charter amendment. As soon as reasonably practicable after the consummation date, we must hold a meeting of our stockholders to vote on an amendment to our certificate of incorporation to increase the number of authorized shares of common stock to 950,000,000 so as to permit conversion of the preferred stock.

Restricted stock plan. On the consummation date, we will issue 640,000 shares of the preferred stock to personnel designated by our chief executive officer under a new restricted stock plan. Up to an additional 680,000 shares may be issued under the plan in the future. These shares will vest over a period of four years, subject to acceleration in certain circumstances.

No solicitations. Neither we nor our affiliates may solicit inquiries or

proposals with respect to a business combination involving us or any of our significant subsidiaries, acquisitions or similar transactions involving the purchase of any significant portion of our assets or 50% or more of our common stock or the refinancing of the old notes. However, the board of directors may furnish information to or negotiate with any person that makes an unsolicited bona fide proposal for a transaction, if the board of directors in good faith determines with the advice of counsel that it must do so to comply with its fiduciary obligations.

Expenses. We must reimburse the Agreeing Holders for their reasonable out-of-pocket legal expenses in connection with the restructuring agreement, including the reasonable fees and expenses of one counsel, whether or not the offer is consummated or the plan of reorganization becomes effective. All other costs and expenses incurred in connection with the transactions contemplated by the restructuring agreement or the plan of reorganization must be paid by the party incurring them.

Registration rights. Immediately prior to consummation of the offer, the parties to the restructuring agreement will enter into a registration rights agreement under which we will register for resale under the Securities Act the preferred stock and underlying common stock to be issued to the Agreeing Holders.

AGREEMENTS OF THE AGREEING HOLDERS

Transfer restrictions. For three years after the consummation date or the effective date of the plan of reorganization, as applicable, no Agreeing Holder may transfer any shares of the preferred stock or common stock into which the preferred stock is converted. However, beginning on the second anniversary of the consummation date or the effective date of the plan of reorganization, as applicable, a holder may transfer the preferred stock or converted common stock subject to a right of first refusal in favor of us or our designee. These restrictions do not apply to transfers from an Agreeing Holder to its affiliates or from one Agreeing Holder to another.

Employment and indemnity agreements. Each Agreeing Holder must, and after the consummation date for as long as such Agreeing Holder or its affiliates owns any of our voting securities must, take no action, and must not support the action of any other person to, or to cause us to, breach, challenge, reject or question the validity or binding status of, including without limitation in any bankruptcy proceeding, the existing employment agreements with our chief executive officer, chief financial officer or general counsel, indemnification agreements to be entered into with these individuals or nine other of our employees, or the letter of credit agreement dated April 9, 2002 among F. Edward Gustafson, us and Viskase Corporation. In addition, no Agreeing Holder may oppose the assumption by us of these agreements in a plan of reorganization.

Forbearance. For as long as the restructuring agreement remains in effect, no Agreeing Holder may act to recover any claim with respect to the old notes, and, to the extent provided for in the indenture, each must veto any instructions to take any such action given by any holder of old notes to the trustee under the indenture under which the old notes were issued.

WARRANTIES

The parties have made warranties to each other concerning the following matters:

- their due organization,

- their authority with respect to the restructuring agreement,

- the restructuring agreement not breaching laws, orders or agreements applicable to them or requiring approvals or consents of third parties,

- the absence of legal proceedings against them with respect to the restructuring, and

- the accuracy of information they supply for inclusion in this offer document.

In addition, we have made warranties concerning our capital structure and the inapplicability to the restructuring of our shareholder rights plan and the anti-takeover provision of the Delaware General Corporation Law. The Agreeing Holders have warranted their respective holdings of the old notes.

TERMINATION

The restructuring agreement may be terminated:

- By either us or the Agreeing Holders if:

  - at any time after the Final Expiration Date of the offer neither the exchange of the old notes in the offer has occurred nor sufficient acceptances approving the plan of reorganization have been received, and the failure is not caused by a breach of the agreement by the terminating party,

  - at any time after January 31, 2003, neither the offer has been consummated nor the plan of reorganization has been confirmed,

  - any governmental or regulatory authority has issued an order restricting the offer, and the order has become final and non-appealable, or

  - any plan of reorganization other than the agreed plan is approved by any bankruptcy court, provided that the terminating party did not submit and does not support any such plan.

- By the Agreeing Holders if:

  - we fail to use commercially reasonable efforts to complete the offer in accordance with its terms other than as a result of a breach of the agreement by an Agreeing Holder,

  - at any time after the third business day following the Final Expiration Date of the offer we have not filed the plan of reorganization,

  - we support another plan of reorganization or fail to use commercially reasonable efforts to have the plan of reorganization confirmed other than because of any breach of the restructuring agreement by any Agreeing Holder,

  - we have materially breached the restructuring agreement,

  - our shareholder rights plan is triggered other than by action of an Agreeing Holder or affiliate and additional shares of common stock become issuable on exercise of the rights. In this case, for ten business days following notice of termination, we and the Agreeing Holders must use good faith efforts to modify the terms of the restructuring agreement in a mutually agreeable way to preserve the economic result of the original transaction in light of the rights having become exercisable, or

  - F. Edward Gustafson has resigned at the request of our board of directors (other than for cause as defined in his employment agreement)

without the consent of the Agreeing Holders.

- By us if:

  - any Agreeing Holder fails to tender its old notes and vote in favor of the plan of reorganization, or supports any plan of liquidation or reorganization other than the agreed plan of reorganization,

  - the board of directors determines in good faith, based on the advice of outside counsel, that termination of the agreement is required to comply with its fiduciary duties by reason of a bona fide superior proposal. In this case, we must allow the Agreeing Holders 48 hours to submit a new proposal, which the board of directors must consider in good faith. "Superior proposal" means any proposal for an alternative transaction of the type discussed under "No solicitations" above which the board of directors concludes in good faith is more favorable to us than the offer,

  - there has been a material breach by an Agreeing Holder under the agreement, or

  - any Agreeing Holder fails to furnish us with information and assistance as we reasonably request in connection with the preparation and consummation of the offer.

If the agreement is validly terminated, there will be no liability on the part of any party or its representatives or affiliates.

THE OFFER

TERMS OF THE OFFER; PERIOD FOR TENDERING OLD NOTES

This offer to exchange and the enclosed letter of transmittal constitute an offer to exchange $367.96271 principal amount of new notes and 126.82448 shares of preferred stock for each $1,000 principal amount of old notes, subject to the terms and conditions described in this offer to exchange. This offer is being extended to all holders of old notes. As of the date of this offer to exchange, $163,060,000 aggregate principal amount of the old notes are outstanding. This offer to exchange and the enclosed letter of transmittal are first being sent on or about August 20, 2002 to all holders of old notes known to us. Subject to the conditions listed below and the restructuring agreement, and assuming we have not previously elected to terminate the offer, we will accept for exchange all old notes which are properly tendered on or prior to the expiration of the offer and not withdrawn as permitted below. The offer will expire at 5:00 p.m., New York City time, on September 19, 2002. Subject to the restructuring agreement, we may extend the period of time during which the offer is open. Our obligation to accept old notes for exchange in the offer is subject to the conditions listed below under the caption "Conditions to the offer." The form and terms of the new notes and the preferred stock are described in this offer to exchange in the sections captioned "DESCRIPTION OF THE NEW NOTES" and "DESCRIPTION OF CAPITAL STOCK -- Series A convertible preferred stock."

We expressly reserve the right, at any time and from time to time, to extend the period of time during which the offer is open, and thereby delay acceptance for exchange of any old notes. If we elect to extend the period of time during which the offer is open, we will give oral or written notice of the extension and delay. In the case of an extension, we will issue a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration of the offer. During any extension of the offer, all old notes previously tendered and not withdrawn will remain subject to the offer and may be accepted for exchange by us. We will return to the registered holder, at our expense, any old notes not accepted for

exchange as promptly as practicable after the expiration or termination of the offer.

Subject to the terms of the restructuring agreement, we expressly reserve the right to amend or terminate the offer, and not to accept for exchange any old notes not previously accepted for exchange if any of the events described below under the caption "Conditions to the offer" should occur. We will give oral or written notice of any amendment, termination or non-acceptance as promptly as practicable.

Neither we nor any of our advisors or representatives makes any recommendations as to whether or not holders should tender their old notes and deliver their acceptances under the offer.

ACCEPTANCE OF OLD NOTES FOR EXCHANGE; DELIVERY OF NEW SECURITIES

On satisfaction or waiver of all of the conditions to the offer, and assuming we have not previously elected to terminate the offer, we will accept, promptly after the expiration of the offer, all old notes properly tendered and not withdrawn. We will issue the new securities promptly after acceptance of the old notes. For purposes of the offer, we will be deemed to have accepted properly tendered old notes for exchange when, as and if we have given oral or written notice of acceptance to the exchange agent, with written confirmation of any oral notice to be given promptly after any oral notice.

In all cases, the issuance of our new securities in exchange for old notes will be made only after the exchange agent timely receives

- either certificates for all physically tendered old notes, in proper form for transfer, or a book-entry confirmation of transfer of the old notes into the exchange agent's account at DTC,

- a properly completed and duly executed letter of transmittal, with any required signature guarantees, or, in the case of a book-entry, a confirmation, and

- all other required documents.

If for any reason we do not accept any tendered old notes, we will return the unaccepted or non-exchanged old notes without expense to the registered tendering holder. In the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC by using the book-entry procedures described below, the unaccepted or non-exchanged old notes will be credited to an account maintained by the tendering holder with DTC. Any old notes to be returned to the holder will be returned as promptly as practicable after the expiration or termination of the offer.

New notes to be issued in the offer will be issued only in whole dollar amounts rounded down to the nearest dollar. Preferred stock to be issued in the offer will be issued only in whole shares rounded down to the nearest whole share.

PREPACKAGED PLAN ACCEPTANCES

In connection with the offer, we are soliciting from each holder an acceptance of the prepackaged plan of reorganization as set forth in the disclosure statement. If the offer is not consummated, but we receive acceptances of the prepackaged plan of reorganization from holders of at least (a) two-thirds of the outstanding principal amount of old notes and (b) a majority of the Allowed Claims (as defined in the accompanying disclosure statement) with respect to the old notes, and such acceptances are not properly revoked, we intend, subject to the terms of the restructuring agreement, to file

a voluntary petition under Chapter 11 of the Bankruptcy Code and seek confirmation of the prepackaged plan of reorganization in the bankruptcy court.

PROCEDURES FOR TENDERING OLD NOTES

VALID TENDER. Except as set forth below, for a holder to validly tender old notes pursuant to the offer, a properly completed and duly executed letter of transmittal, as applicable (or a facsimile thereof), together with any signature guarantees and any other documents required by the instructions to such document, must be received by the exchange agent at one of the addresses set forth on the back cover of this offer to exchange on or prior to the expiration of the offer. In addition, either (i) certificates representing such old notes must be received by the exchange agent at such address or (ii) the old notes must be transferred pursuant to the procedures for book-entry transfer described under "Book-Entry Transfer" below and a book-entry confirmation must be received by the exchange agent, in each case on or before the expiration of the offer. A holder who desires to tender old notes and who cannot comply with the procedures set forth herein for tender on a timely basis or whose old notes are not immediately available must comply with the procedures for guaranteed delivery described under "-- Guaranteed Delivery" below.

In all cases, the exchange of new securities for old notes under the offer will be made only after timely receipt by the exchange agent of

- certificates representing the old notes or a book-entry confirmation with respect to such old notes,

- letter of transmittal (or a facsimile thereof) properly completed and duly executed, and

- any required signature guarantees and other documents required by the letter of transmittal.

Accordingly, tendering holders may be paid at different times depending on when certificates representing old notes or book-entry confirmations are actually received by the exchange agent.

TENDER OF OLD NOTES HELD THROUGH DTC. The exchange agent and DTC have confirmed that the offer is eligible for DTC's Automated Tender Offer Program ("ATOP"). DTC has authorized any DTC participant that has old notes credited to its DTC account at any time to tender old notes as if it were a holder. Accordingly, DTC participants may electronically transmit their acceptance of the offer by causing DTC to transfer old notes to the exchange agent in accordance with DTC's ATOP procedures for transfer. DTC will then send an agent's message (as defined below) to the Exchange Agent. See "-- Book Entry Transfer."

The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgement from a participant in DTC that is tendering old notes which are the subject of such book-entry confirmation, that

- such participant has received and agrees to be bound by the terms of the letter of transmittal, as applicable (or, in the case of an agent's message relating to guaranteed delivery, that such participant has received and agrees to be bound by the notice of guaranteed delivery), and

- we may enforce this agreement against the participant.

BOOK-ENTRY TRANSFER. The exchange agent will establish an account at DTC

("book entry transfer facility") for purposes of the offer promptly after the commencement date of the offer. Any financial institution that is a participant in a book-entry transfer facility's system and whose name appears on a security position listing as the record owner of old notes may make book-entry delivery of old notes by causing the facility to transfer the old notes into the exchange agent's account at the facility in accordance with the facility's procedures for such transfer. ALTHOUGH DELIVERY OF OLD NOTES MAY BE EFFECTED THROUGH BOOK-ENTRY TRANSFER INTO THE EXCHANGE AGENT'S ACCOUNT AT A BOOK-ENTRY TRANSFER FACILITY, THE LETTER OF TRANSMITTAL (OR A FACSIMILE THEREOF) PROPERLY COMPLETED AND DULY EXECUTED, ALONG WITH ANY REQUIRED SIGNATURE GUARANTEES AND ANY OTHER REQUIRED DOCUMENTS, MUST IN ANY CASE BE TRANSMITTED TO AND RECEIVED BY THE EXCHANGE AGENT ON OR BEFORE THE EXPIRATION OF THE OFFER, OR THE GUARANTEED DELIVERY PROCEDURES DESCRIBED BELOW MUST BE COMPLIED WITH. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH THE BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

SIGNATURE GUARANTEES. Signatures on a letter of transmittal need not be guaranteed if the old notes tendered thereby are tendered

- by the holder(s) (which term, for purposes of the letter of transmittal, includes any participant in a book-entry transfer facility's system whose name appears on a security position listing as the record owner of the old notes), unless the holder has completed either the box entitled "special issuance instructions" or the box entitled "special delivery instructions" in the letter of transmittal, or

- for the account of a firm that is a member of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office in the United States, a member of the stock exchange medallion program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program or certain other eligible guarantors (each, an "eligible institution").

In all other cases, all signatures on the letter of transmittal must be guaranteed by an eligible institution. See instruction 3 of the letter of transmittal.

Except as provided below under "Guaranteed delivery", unless the old notes being tendered are deposited with the exchange agent on or before the expiration of the offer (accompanied by the appropriate, properly completed and duly executed letter of transmittal and any other documents required thereunder), we may, in our sole discretion, reject the tender.

GUARANTEED DELIVERY. Holders whose certificates representing old notes are not immediately available, or who cannot deliver their certificates and other required documents to the exchange agent or complete the procedure for book-entry transfer on or before the expiration of the offer, may nevertheless tender their old notes by properly completing and duly executing a notice of guaranteed delivery if all the following conditions are satisfied:

- the tender is made by or through an eligible institution,

- a notice of guaranteed delivery substantially in the form provided herewith, properly completed and duly executed, is received by the exchange agent as provided below on or prior to the expiration of the offer, and

- the certificates representing all tendered old notes, or a book-entry confirmation with respect to all tendered old notes, together with the letter of transmittal (or a facsimile thereof), properly completed and duly executed, and any required signature guarantees and all other documents required by the letter of transmittal, are received by the

exchange agent within three New York Stock Exchange trading days after the date of delivery of the notice of guaranteed delivery.

A notice of guaranteed delivery may be delivered by hand or transmitted by facsimile transmission or mailed to the exchange agent and must include a signature guarantee by an eligible institution in the form set forth in the notice of guaranteed delivery.

THE METHOD OF DELIVERY OF CERTIFICATES REPRESENTING OLD NOTES, LETTERS OF TRANSMITTAL, ANY REQUIRED SIGNATURE GUARANTEES AND ANY OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH A BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING HOLDER AND, EXCEPT AS OTHERWISE PROVIDED IN THE LETTER OF TRANSMITTAL, DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

LOST OR MISSING CERTIFICATES. If a holder desires to tender old notes, but the certificates representing the old notes have been mutilated, lost, stolen or destroyed, the holder should contact Deutsche Bank, trustee under the indenture for the old notes, about procedures for obtaining replacement certificates representing such old notes, arranging for indemnification or about any other matter which requires handling by the trustee. Deutsche Bank can be contacted at:

Deutsche Bank Trust Company Americas
c/o OB Services New Jersey, Inc.
Corporate Trust & Agency Services
Global Debt Services
100 Plaza One, MS 0604
Jersey City, NJ 07311
Telecopier: (201) 593-6865
Attention: Stanley Burg

EFFECT OF LETTER OF TRANSMITTAL. Subject to and effective on the acceptance for exchange of the old notes tendered thereby for new securities, by executing and delivering a letter of transmittal, a tendering holder

- irrevocably sells, assigns and transfers to us, or upon our order, all right, title and interest in and to all the old notes tendered thereby, and

- irrevocably constitutes and appoints the exchange agent the true and lawful agent and attorney-in-fact of such holder (with full knowledge that the exchange agent also acts as our agent with respect to any such tendered old notes), with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to

  - deliver certificates representing the old notes, or transfer ownership of the old notes, on the account books maintained by any of the book-entry transfer facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to us or on our order,

  - present such old notes for transfer on the security register, and

  - receive all benefits or otherwise exercise all rights of beneficial ownership of such old notes.

DETERMINATION OF VALIDITY. All questions as to the validity, form, eligibility and acceptance for exchange of tendered old notes under any of the procedures described above and the form and validity of all documents will be determined by us, in our sole discretion. This determination will be final and binding. We reserve the absolute right to reject any or all tenders of old notes determined not to be in proper form or if the acceptance of or payment for such

old notes may, in the opinion of our counsel, be unlawful. We also reserve the right to waive or amend any condition to this offer to exchange that we are

legally permitted to waive or amend. Our interpretation of the terms and conditions of this offer to exchange (including the letters of transmittal and the instructions thereto) will be final and binding.

No tender will be deemed to have been validly made until all defects or irregularities have been cured or waived. None of us, the exchange agent, or any other person will be under any duty to give notification of any defects or irregularities in any tender of any old notes, or will incur any liability for failure to give any such notification.

PLEASE SEND ALL MATERIALS TO THE EXCHANGE AGENT AND NOT TO US, THE INFORMATION AGENT OR THE TRUSTEE.

WITHDRAWAL OF TENDERS. Tenders may be withdrawn at any time before the expiration of the offer. Old notes tendered on or before the expiration of the offer may not be withdrawn at any time after the expiration of the offer. In the event of a termination of the offer, the old notes will be returned to the tendering holder as promptly as practicable.

If, for any reason whatsoever, acceptance for exchange of new securities for old notes tendered pursuant to the exchange offer is delayed or we extend the offer or are unable to accept for exchange or exchange the old notes tendered in the offer, we may instruct the exchange agent to retain tendered old notes and the old notes may not be withdrawn except to the extent that the tendering holder is entitled to withdrawal rights as described below.

Any holder who has tendered old notes or who succeeds to the record ownership of old notes in respect of which such tenders have previously been given may withdraw such tenders of old notes on or before the expiration of the offer by delivery of a written notice of withdrawal. To be effective, a written or facsimile transmission notice must

- be received by the exchange agent at one of the addresses specified on the back cover of this offer to exchange before the expiration of the offer,

- specify the name of the holder,

- contain the description of the old notes to be withdrawn or to which the notice of revocation relates, the certificate numbers shown on the particular certificates representing the old notes and the aggregate principal amount represented by the old notes, and

- be signed by the holder in the same manner as the original signature on the letter of transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the trustee register the transfer of the old notes into the name of the person withdrawing such old notes. The signature(s) on the notice of withdrawal of tendered old notes must be guaranteed by an eligible institution unless the old notes have been tendered for the account of an eligible institution.

If the old notes to be withdrawn have been delivered or otherwise identified to the exchange agent, a signed notice of withdrawal is effective immediately on receipt by the exchange agent of written or facsimile transmission of the notice of withdrawal even if physical release is not yet effected.

A withdrawal of old notes can be accomplished only in accordance with the foregoing procedures.

A withdrawal of a tender of old notes may not be rescinded and any old notes properly withdrawn will not be deemed validly tendered for purposes of this offer to exchange. Withdrawn old notes may, however, be re-tendered by repeating one of the procedures described in "-- Procedures for tendering old notes and delivering acceptances" at any time on or before the expiration of the offer.

CONDITIONS TO THE OFFER

We will not be required to accept for exchange or exchange, may (subject to applicable regulation) delay the acceptance for exchange of any old notes, and may (except as provided in the restructuring agreement) amend or terminate the offer as to any old notes not then exchanged, unless

- all old notes have been validly tendered and not properly withdrawn prior to the expiration of the offer,

- the indenture under which the new notes are to be issued has been qualified under the Trust Indenture Act of 1939,

- the merger of Viskase Corporation into us required under the restructuring agreement has occurred, and

- at no time before the acceptance for any old notes (whether or not any have theretofore been accepted under the offer), none of the following events remains in effect:

  (a) there has been any law or final, non-appealable order entered, enforced, enacted, issued or deemed applicable to the offer by any court of competent jurisdiction or other competent regulatory authority which restrains the acceptance for exchange or exchange under the offer,

  (b) there has been instituted or is pending any proceeding brought by a governmental or regulatory authority seeking to restrain the making or consummation of the offer,

  (c) the restructuring agreement has been terminated in accordance with its terms,

  (d) the Agreeing Holders and we have agreed to terminate the offer or postpone the acceptance for exchange of old notes for new securities,

  (e) the representations and warranties made by each Agreeing Holder in the restructuring agreement were not true and correct in all respects material to the validity and enforceability of the restructuring agreement, as of the date of execution of the restructuring agreement (or any other date as of which they are specifically made) or have thereafter ceased to be true and correct in all such respects,

  (f) the Agreeing Holders have not complied with each of the obligations required by the restructuring agreement in all material respects, or

  (g) the offer documents contain any untrue statement of material fact with respect to, and supplied by, the Agreeing Holders, or omit to state a material fact necessary in order to make the statements with respect to the Agreeing Holders therein, in light of the circumstances under which they were made, not misleading,

which in our sole judgment and regardless of the circumstances makes it inadvisable to proceed with the offer or with such acceptance for exchange.

These conditions are for our sole benefit, may be asserted by us regardless of the circumstances giving rise to the condition and, subject to the terms and conditions of the restructuring agreement and any requirements of law, may be waived by us, in whole or in part at any time and from time to time in our sole discretion. Our failure to exercise any of these foregoing rights will not be deemed a waiver of the right, and each right will be deemed an ongoing right that may be asserted at any time and from time to time.

EXCHANGE AGENT

We have appointed Wells Fargo as the exchange agent for the exchange offer. All completed letters of transmittal and agent's messages should be directed to the exchange agent at one of the addresses set forth below. All questions regarding the procedures for tendering in the offer and requests for assistance in

tendering your old notes should also be directed to the exchange agent at one of the following telephone numbers and addresses:

Delivery to: WELLS FARGO, AS EXCHANGE AGENT

<Table>
<S> <C>

By regular mail or overnight courier:

Wells Fargo Bank Minnesota,
National Association
Corporate Trust Services
Sixth Street and Marquette Avenue
MAC N9303-120
Minneapolis, MN 55479
Attention: Jane Y. Schweiger

By facsimile:
(eligible guarantor institutions only)

(612) 667-9825

To confirm by telephone or
for information call:

(612) 667-2344

By hand:

Wells Fargo Bank Minnesota,
National Association
Corporate Trust Services
Northstar East Building -- 12th Floor
608 Second Avenue South
Minneapolis, MN 55402
Attention: Jane Y. Schweiger

By certified mail:

Wells Fargo Bank Minnesota,
National Association
Corporate Trust -- CFS
P.O. Box 2370
Minneapolis, MN 55402-0370
Attention: Jane Y. Schweiger
</Table>

DELIVERY OF A LETTER OF TRANSMITTAL OR AGENT'S MESSAGE TO AN ADDRESS OTHER THAN THE ADDRESS LISTED ABOVE OR TRANSMISSION OF INSTRUCTIONS BY FACSIMILE OTHER THAN AS SET FORTH ABOVE IS NOT VALID DELIVERY OF THE LETTER OF TRANSMITTAL OR AGENT'S MESSAGE.

You may request additional copies of this offer to exchange, the enclosed letter of transmittal or the enclosed notice of guaranteed delivery either from the exchange agent at one of the telephone numbers and addresses listed above or from the information agent at one of the telephone numbers and address listed on the back cover of this offer to exchange.

FINANCIAL ADVISOR

Credit Suisse First Boston Corporation has provided financial advisory services to us in connection with the offer. We will pay this firm reasonable and customary compensation for its services as financial advisor. In addition, we will reimburse this firm for reasonable out-of-pocket expenses incurred in

connection with the offer and will indemnify it against liabilities and expenses in connection with the offer, including liabilities under the federal securities laws.

RECOMMENDATION

NEITHER WE, CSFB NOR ANY OF OUR ADVISORS OR REPRESENTATIVES IS MAKING ANY RECOMMENDATION REGARDING WHETHER YOU SHOULD TENDER YOUR OLD NOTES IN THE OFFER. ACCORDINGLY, YOU MUST MAKE YOUR OWN DETERMINATION AS TO WHETHER TO TENDER YOUR OLD NOTES FOR EXCHANGE AND ACCEPT THE NEW SECURITIES WE PROPOSE TO GIVE YOU.

SOLICITATION

The solicitation of holders for the exchange of old notes is being made by mail by the exchange agent on our behalf. We will pay the exchange agent customary fees for its services, reimburse it for its reasonable out-of-pocket expenses incurred in connection with providing these services and pay other expenses, including fees and expenses of the trustee under the indenture, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to others soliciting acceptances of the offer. We will, however, reimburse reasonable expenses incurred by brokers and dealers in forwarding this offer to exchange and the other offer materials to holders.

Our officers, who will not receive additional compensation, may solicit additional tenders from holders.

TRANSFER TAXES

You will not have to pay any transfer taxes in connection with the tender of old notes in the offer unless you instruct us to register your new notes or preferred stock in the name of, or request that old notes not tendered or not accepted in the offer be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer tax.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain significant U.S. federal income tax consequences of the exchange offer for us and our creditors. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to us or a holder of old notes in light of our or its particular circumstances, including but not limited to the application of the alternative minimum tax or rules applicable to taxpayers in special circumstances. Special rules may apply, for instance, to creditors such as banks, financial institutions, insurance companies, S corporations, broker-dealers, tax-exempt entities, persons who hold stock or notes as part of a hedge, conversion, or constructive sale transaction, straddle, or other risk-reduction transaction, to persons that have a "functional currency" other than the U.S. dollar, or to persons subject to taxation as expatriates. This discussion applies only to U.S. holders that hold the new notes, old notes, and preferred stock as "capital assets" (generally, for investment). For this purpose, U.S. holders include individual citizens or residents of the United States and corporations (or entities treated as corporations for United States federal income tax purposes) organized under the laws of the United States or of any state thereof or the District of Columbia. Trusts are U.S. holders if they are subject to the primary supervision of a United States court and the control of one or more U.S. persons with respect to substantial trust decisions. An estate is a U.S. holder if its income is subject to United States federal income taxation regardless of the source of the income. In general, this discussion does not address the tax

consequences applicable to holders that are treated as partnerships or other pass-through entities for United States federal income tax purposes. This discussion does not address any state, local or foreign tax matters. All references to taxes are solely to U.S. federal income taxes.

The discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), proposed, temporary and final Treasury Regulations, public and private Internal Revenue Service (the "IRS") rulings and pronouncements and relevant judicial decisions, all of which are subject to change, possibly with retroactive effect. Moreover, the tax consequences of certain aspects of the prepackaged plan of reorganization are uncertain because of the lack of applicable legal precedent.

Viskase has not received an opinion of counsel or a ruling from the IRS as to the tax consequences of the exchange offer and does not intend to seek a ruling from the IRS or opinion of counsel with respect thereto. There is a risk that the treatment discussed below will not be accepted by the IRS. HOLDERS OF OLD NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES TO THEM, INCLUDING FOREIGN, STATE AND LOCAL TAXES.

CONSEQUENCES OF OLD DEBT UNDER THE EXCHANGE OFFER

The U.S. federal income tax consequences of the exchange offer will depend on whether or not the old notes and the new notes are considered stock or securities for purposes of qualifying their exchange as a recapitalization under Code section 368(a)(1)(E). The term security is not defined in the Code or the Treasury Regulations and has not been clearly defined by administrative or judicial decisions. Whether a debt instrument constitutes a security depends on an overall evaluation of the nature of the debt instrument, with its term to maturity usually regarded as the most important factor. In general, the longer the term of an instrument, the greater the likelihood that it will be considered a security. A debt instrument having an original term of ten years or more generally will be classified as a security, while an instrument having an original term of fewer than five years will not. Debt instruments having a term of at least five years but less than ten years are often treated as securities, but may not be depending on all the relevant factors. Therefore, there is uncertainty as to whether the exchange offer will be a tax-free recapitalization under Code section 368(a)(1)(E).

TAX TREATMENT IF EXCHANGE OFFER IS A TAX FREE RECAPITALIZATION

If the new notes and old notes are considered stock or securities, the exchange will qualify as a recapitalization and a holder of old notes would not recognize gain or loss on the exchange of old notes for new notes and preferred stock, subject to the discussion below concerning attributing all or part of the consideration received in the exchange offer to accrued but unpaid interest. A holder's tax basis in the new

notes and preferred stock received in the exchange offer will equal the holder's adjusted tax basis in the old notes, allocated to the new notes and preferred stock in proportion to their relative fair market values. A holder will have a holding period for the new notes and preferred stock that includes the period of time during which the holder held the old notes, provided the holder held the old notes as a capital asset.

TAX TREATMENT IF EXCHANGE OFFER IS A RECAPITALIZATION WITH BOOT

If the old notes are considered securities, but the new notes are not, a holder of old notes would recognize some portion of the gain (if any) realized on the exchange. A holder's recognition of any such gain would be limited, however, to the fair market value of the new notes received. Any loss realized on the exchange would not be recognized. A holder's basis in the preferred stock

would equal its adjusted basis in the old notes, decreased by the fair market value of the new notes received, and increased by the amount of gain recognized on the exchange. A holder would have a fair market value basis in the new notes received. The holding period for the preferred stock would include the period of time during which the holder held the old notes. The holding period for the new notes would begin on the day after the date of the exchange.

TAX TREATMENT IF THE EXCHANGE OFFER IS A TAXABLE EXCHANGE

If the old notes are not securities, the exchange offer will not qualify as a Code section 368(a)(1)(E) recapitalization and a holder of old notes would recognize taxable gain or loss on the exchange of old notes for new notes and preferred stock. A holder's gain or loss would equal the difference between (1) the amount realized in the exchange of the old notes, and (2) the holder's adjusted tax basis in the old notes surrendered. The gain or loss would generally be capital gain or loss. A holder's amount realized will equal the fair market value of the preferred stock plus the fair market value of the new notes (assuming that either the old notes were or the new notes are "traded on an established securities market" within the meaning of Code section 1273, as we believe). A holder would have a basis in the new notes and preferred stock equal to their respective fair market values on the date of exchange, and the holder's holding period for the new notes and preferred stock would begin on the day following such date.

TAX TREATMENT COMMON TO TAX-FREE RECAPITALIZATION AND TAXABLE EXCHANGE

The gain, if any, recognized on the exchange, would be taken into income as ordinary interest income, even if the exchange is a recapitalization, to the extent of any accrued market discount on the old notes that the holder has not previously included in gross income. Any accrued market discount so included in income, however, would not be included in the amount a holder realizes in determining the amount of capital gain or loss on the old notes. Though the matter is not entirely free from doubt, it appears that in the case of a recapitalization to the extent the amount of market discount that accrued prior to the exchange exceeds the gain on such exchange, such excess should be allocated to the new notes and preferred stock received in the exchange. Upon a subsequent disposition of such new notes or preferred stock, any realized gain would be treated as interest income or ordinary income, respectively, to the extent of the allocable portion of the accrued market discount not recognized at the time of the exchange.

It is unclear whether any of the consideration received in the exchange offer should be allocated to accrued and unpaid interest on the old notes. The non-recognition of gain or loss provisions relating to a Code section 368(a)(1)(E) recapitalization would not be applicable to the amount of consideration received that is allocable to accrued and unpaid interest. As a result, any amount of consideration that is allocable to accrued and unpaid interest would be interest income to a holder.

APPLICATION OF OID RULES

Assuming the new notes are debt for tax purposes (see discussion below) a holder will be subject to the original issue discount ("OID") rules. Under the OID rules, where the issue price of a debt instrument is less than its stated redemption price at maturity, the difference between issue price and the stated redemption price at maturity must be taken into income under the "economic accrual method" by a

holder over the term of the instrument. We believe that the old notes are, and the new notes will be, "traded on an established securities market". A debt instrument that is traded on an established securities market, or is issued in exchange for stock or securities that are traded on an established securities

market, has an issue price equal to the fair market value of such property. Because the fair market value of the new notes will likely be significantly less than their stated redemption price at maturity, a holder of new notes will likely be required to recognize significant OID income over the period the holder holds the new notes. Accordingly, holders will be required to include accrued OID in income each year before the receipt of cash attributable to such income, regardless of the holder's method of accounting.

There is a possibility that the IRS may treat the new notes as equity. The determination of whether an instrument is considered debt or equity for purposes of the Code is not clear and could depend on many factors. Our capital structure may cause the IRS to characterize the new notes as equity. If considered equity, the new notes would be considered stock; if the old notes are considered securities, the exchange offer would be a tax-free recapitalization, with the consequences described above. Also, if the new notes are considered equity, cash payments to holders pursuant to the terms of the new notes would not be interest but would be dividends to the extent that we then have current or accumulated earnings and profits as determined under U.S. federal income tax principles. If considered equity, new note holders that are U.S. corporations may be entitled to dividend received deductions under Code section 243.

DIVIDENDS ON STOCK

If we make a distribution in respect of preferred stock or, after conversion, a distribution in respect of common stock, such distribution will be treated as a dividend, taxable to holders as ordinary income, to the extent it is paid from our then-current or accumulated earnings and profits. If the distribution were to exceed our current and accumulated earnings and profits, such excess would be treated first as a tax-free recovery return of investment, up to each holder's basis in the stock. Any remaining excess would be treated as capital gain. Holders that are United States corporations may be able to claim a deduction equal to a portion of any dividends received.

SALE, EXCHANGE, OR REDEMPTION OF THE NEW NOTES

Holders generally will recognize capital gain or loss if they dispose of the new notes in a sale, redemption, or exchange. Each holder's gain or loss will equal the difference between the amount realized and the adjusted basis in the new notes. The portion of the amount realized attributable to accrued interest on the new notes will not be taken into account in computing capital gain or loss. Instead, that portion of the amount realized will be recognized as ordinary interest income to the extent not theretofore included in income. Any gain or loss recognized on disposition of the new notes will be long-term capital gain or loss if the holding period for the new notes was longer than one year. Long-term capital gains of individual taxpayers generally are taxed at a maximum rate of 20%, or 18% for assets acquired after the year 2000 and held for more than five years. The deductibility of capital losses is subject to limitation.

CONVERSION OR SALE OF PREFERRED STOCK

Holders generally will not recognize any income, gain, or loss on converting preferred stock into common stock (except to the extent of cash received in lieu of fractional shares). A holder's basis in common stock received on conversion would equal its adjusted basis in the preferred stock (less any basis allocable to fractional shares). The holding period for the common stock received on conversion would include the period during which the preferred stock was held.

Holders generally will recognize capital gain or loss on a sale or exchange of the preferred stock, or on a sale or exchange of any common stock that had been received on conversion. Each holder's gain or loss will equal the difference between the amount realized and the adjusted basis in the stock. Any gain or loss recognized on disposition of stock will be long-term capital gain or loss if the holding period for the stock was longer than one year. Long-term

capital gains of individual taxpayers generally are taxed at a

maximum rate of 20%, or 18% for assets acquired after the year 2000 and held for more than five years. The deductibility of capital losses is subject to limitation.

CONSEQUENCES TO VISKASE

CANCELLATION OF INDEBTEDNESS INCOME

On implementation of the exchange offer, the amount of our aggregate outstanding indebtedness will be reduced. We will realize cancellation of indebtedness income ("CODI") to the extent that the amount of the indebtedness discharged exceeds any consideration given to our creditors in exchange therefor. Under an exception to the CODI rules, an insolvent debtor is not required to recognize CODI to the extent of the amount of insolvency. Instead, Code section 108 generally provides that an insolvent debtor must reduce certain of its tax attributes (such as NOL carryforwards and current year NOLs, tax credits, capital loss carryovers, tax basis in assets, and foreign tax credit carryovers) by the amount of any CODI. Generally, as a result of the discharge of indebtedness pursuant to the exchange offer, we will recognize CODI and consequently suffer tax attribute reduction. The reduction of tax attributes is made after the determination of tax for the taxable year of the discharge.

To the extent that we are not insolvent, we will recognize CODI, which can be offset by any NOLs and NOL carryforwards that are available to us. Nevertheless, the use of NOL carryforwards to shelter CODI income might cause us to incur alternative minimum tax liability if, for example, we will have no other significant income.

ANNUAL SECTION 382 LIMITATION

Under Code section 382, a loss corporation that undergoes an "ownership change" is subject to an annual limitation (the "annual section 382 limitation") on the amount of pre-change NOLs and subsequently recognized "net built-in losses" (i.e., losses economically accrued but unrecognized as of the ownership change date in excess of a threshold amount) that may be used to offset future taxable income. In general, an ownership change occurs if and when the percentage of the loss corporation's stock owned by one or more direct or indirect "5% shareholders" (as specially defined for purposes of Code section 382) increases by more than 50 percentage points over the lowest percentage of the loss corporation's stock owned by such 5% shareholders at any time during a three-year testing period. We anticipate that the issuance of the preferred stock pursuant to the exchange offer will result in an ownership change. The amount of the annual section 382 limitation applicable to a corporation generally is equal to the product of the long-term tax-exempt rate (currently 4.91% for August 2002) and the corporation's aggregate equity value immediately before the ownership change.

APPLICABLE HIGH YIELD DISCOUNT OBLIGATIONS

Under the Code, a portion of the interest deductions otherwise available to an issuer for OID on notes may be disallowed, and the balance may be deferred until actually paid, if the notes constitute applicable high yield discount obligations ("HYDOs"). A note is treated as a HYDO if it (i) has a maturity date that is more than five years from the date of issuance, (ii) has a yield to maturity of at least the sum of five percentage points plus the applicable federal rate in effect for the month when the note is issued, and (iii) has been issued with "significant OID". A note has been issued with significant OID when the aggregate amount includible in the gross income of holders before the close of any accrual period ending after the fifth anniversary of the issuance exceeds the sum of (i) the aggregate amount of interest to be paid under the note before

such date and (ii) the product of the issue price of the note and its yield to maturity.

PAYMENTS ON NEW NOTES

If the IRS were to classify the new notes as equity, we would not be entitled to interest deductions with respect to the new notes.

INFORMATION REPORTING AND BACKUP WITHHOLDING

A holder's receipt of new notes and preferred stock under the exchange offer, dividends and interest thereon, and proceeds thereof, will generally be subject to information reporting to the IRS by us. Moreover, such reportable payments may be subject to backup withholding unless the holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to previously report all dividend and interest income.

Holders that are Non-U.S. Persons, as defined in the Code, that receive payments or distributions under the exchange offer from us, and that receives dividends, interest, or proceeds, will not be subject to backup withholding, provided that the holders furnish certification of their status as Non-U.S. Persons or are otherwise exempt from backup withholding. Generally, such certification is provided on IRS Form W-8BEN.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The unaudited pro forma statement of operations data for the six months ended June 30, 2002 and the year ended December 31, 2001 and the unaudited pro forma balance sheet data at June 30, 2002 for the restructuring plan give effect to:

- cancellation of the old notes at the balance sheet date,

- the issuance of the new notes, face value of $60,000,000, in exchange for the old notes, and

- the issuance of preferred stock in exchange for the old notes; the preferred stock has a liquidation value of $110,000,000, and a portion of the preferred stock has been reserved for management and other employees under a new restricted stock plan.

For purposes of the pro forma balance sheet data, it is assumed that the restructuring plan was completed as of the date of the balance sheet. For purposes of the pro forma consolidated statement of operations, it is assumed that the restructuring plan was completed as of January 1, 2001.

On completion of the restructuring, or were we to reorganize under a

prepackaged bankruptcy, we will reevaluate the recording of fair values of all assets and liabilities and record the appropriate fresh start accounting adjustments.

It is assumed the restructuring qualifies as a nontaxable transaction. We will realize cancellation of debt income for federal income tax purposes as a result of the restructuring plan. We anticipate that the amount of such income will not exceed the amount by which we are insolvent immediately prior to the implementation of the restructuring plus the amount of its available net operating loss carryforwards that exist prior to the restructuring. Accordingly, we do not anticipate that we will have taxable cancellation of debt income as a result of the restructuring. If, however, the IRS were to successfully challenge our quantification of insolvency, we could be required to recognize taxable cancellation of debt income as a result of the restructuring.

The unaudited pro forma consolidated financial data are not necessarily indicative of the results that we would have obtained, or may obtain in the future, had the transactions contemplated by the pro forma information occurred. Neither PricewaterhouseCoopers LLP, our independent auditors, nor any other independent accountant or financial advisor, examined or performed any procedures with respect to the unaudited pro forma consolidated financial information, and they (i) express no opinion or any other form of assurances with respect to such information and (ii) assume no responsibility for, and disclaim any association with, the pro forma consolidated financial information.

VISKASE COMPANIES INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR SIX MONTHS ENDED JUNE 30, 2002

<Table>
<Caption>

	HISTORICAL JUNE 30, 2002	RESTRUCTURING ADJUSTMENTS	PRO FORMA JUNE 30, 2002
	(DOLLARS IN THOUSANDS EXCEPT FOR SHARE AND PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
NET SALES	$ 89,678		$ 89,678
COSTS AND EXPENSE			
Cost of sales	70,999		70,999
Selling, general and administrative	20,193		20,193
Amortization of intangibles	1,000		1,000
Restructuring (Income)	(6,132)		(6,132)
OPERATING INCOME	3,618		3,618
Interest income	547		547
Interest expense	12,268	(8,785)(a)	3,483
Other (income) expense, net	(643)		(643)
(LOSS) INCOME BEFORE INCOME TAXES	(7,460)		1,325
Income tax (benefit)	(708)		(708)
NET (LOSS) INCOME	(6,752)		2,033
Preferred stock dividend		(3,300)(b)	(3,300)
NET (LOSS) AVAILABLE PER COMMON SHARE	$ (6,752)		$ (1,267)
WEIGHTED AVERAGE COMMON SHARES			
Basic	15,316,734		15,316,734
Diluted		(c)	565,316,734

PER SHARE AMOUNTS:		
EARNINGS (LOSS) PER SHARE:		
Basic and Diluted	$ (0.44)	$ (0.08)

</Table>

VISKASE COMPANIES, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2002

<Table>
<Caption>

	HISTORICAL JUNE 30, 2002	RESTRUCTURING ADJUSTMENTS NET	PRO FORMA JUNE 30, 2002
	(UNAUDITED) (DOLLARS IN THOUSANDS EXCEPT FOR SHARE AND PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
ASSETS			
Current assets:			
Cash and equivalents	$ 14,261		$ 14,261
Restricted cash	29,146		29,146
Receivables, net	28,295		28,295
Inventories	30,870		30,870
Other current assets	9,901		9,901
Total current assets	112,473		112,473
Property, plant and equipment, including those under capital lease	237,366		237,366
Less accumulated depreciation and amortization	140,060		140,060
Property, plant and equipment, net	97,306		97,306
Deferred financing costs	2,018		2,018
Other assets	7,924		7,924
Total Assets	$ 219,721		$ 219,721
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term debt including current portion of long-term debt and obligation under capital lease	$ 227,321	(207,860)(d)	$ 19,461
Accounts payable	9,310		9,310
Accrued liabilities	45,495	(18,606)(e)	26,889
Current deferred income taxes	1,597		1,597
Total current liabilities	283,723		57,257
Long-term debt including obligations under capital lease	145	147,816(f)	147,961
Accrued employee benefits	53,532		53,532
Deferred and noncurrent income taxes	25,785		25,785
Series A Convertible Preferred Stock, $.01 par value 22,000,000 shares issued and outstanding, 6% cumulative dividend; liquidation value $5.00, includes $9,900 of cumulative dividends		10,900(g)	10,900
Stockholders' deficit:			
Common stock, $.01 par value; 15,316,062 shares issued and outstanding at June 30, 2002	153		153
Paid in capital	138,010	(9,900)(h)	128,110
Accumulated (deficit)	(279,326)	77,650(i)	(201,676)

Accumulated other comprehensive (loss).....	(2,169)	(2,169)
Unearned restricted stock issued for future services.....	(132)	(132)
Total Stockholders' (deficit).....	(143,464)	(75,714)
Total Liabilities and Stockholders' Equity...	$ 219,721	$ 219,721

</Table>

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS
FOR SIX MONTHS ENDED JUNE 30, 2002
(DOLLARS IN THOUSANDS EXCEPT FOR SHARE AMOUNTS)

RESTRUCTURING ADJUSTMENTS:

<Table>

<C>	<S>	<C>	<C>
(a)	To adjust Interest Expense for the following:		
	(i)	To eliminate interest expense on the old notes.....	$ (8,785)
(b)	Series A Preferred Stock, 6% cumulative dividend.....		$ (3,300)
(c)	To reflect the dilutive effect of the Series A Preferred Stock on the common stock, these common stock equivalents are excluded from the diluted per share amounts as the result is antidilutive:		
	(i)	To convert Series A Preferred Stock to common stock equivalents.....	550,000,000
	(ii)	Weighted average common shares outstanding for the period...	15,316,734
		Diluted shares.....	565,316,734
(d)	(i)	The cancellation of the old notes, includes notes repurchased.....	$ (163,060)
	(ii)	To reclassify the long term portion of the GECC obligation under capital lease from short term to long term with the expectation that we and GECC will amend the covenants and we are in compliance.....	$ (44,800)
			$ (207,860)
(e)	(i)	To eliminate the accrued interest payable on the old notes.....	$ (18,606)
(f)	(i)	To issue the new notes ($60,000) and record the interest obligation through the term of the new notes in accordance with FAS 15 "Accounting by Debtors and Creditors for Troubled Debt Restructurings".....	$ 103,016
	(ii)	To reclassify the long term portion of the GECC obligation under capital lease from short term to long term with the expectation that we and GECC will amend the covenants and we are in compliance.....	$ 44,800
			$ 147,816
(g)	(i)	To issue the Series A Preferred at fair market value.....	$ 1,000
	(ii)	Series A Preferred Stock, 6% cumulative dividend.....	$ 9,900
			$ 10,900
(h)	(i)	Series A Preferred Stock, 6% cumulative dividend.....	$ (9,900)

(i)	We will recognize a gain in the Statement of Operations of approximately $78,000 upon completion of the restructuring, calculated as follows:	
(i)	To issue the new notes ($60,000) and record the interest obligation through the term of the new notes in accordance with FAS 15 "Accounting by Debtors and Creditors for Troubled Debt Restructurings".....	$ (103,016)
(ii)	To issue the Series A Preferred Stock at fair market value.....	$ (1,000)
(iii)	Cancellation of the old notes outstanding.....	$ 163,060
(iv)	To eliminate the accrued interest payable on the old notes.....	$ 18,606
		$ 77,650

If the Series A Preferred Stock becomes redeemable in the future, we will recognize a charge to stockholders' equity in the amount of the liquidation value.

If all the Series A Preferred Stock holders were to convert their shares into common shares, we would have to initially authorize an additional 550,000,000 common shares.

</Table>

VISKASE COMPANIES INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2001

<Table>
<Caption>

	HISTORICAL DECEMBER 31, 2001	RESTRUCTURING ADJUSTMENTS	PRO FORMA DECEMBER 31, 2001
	(DOLLARS IN THOUSANDS EXCEPT FOR SHARE AND PER SHARE AMOUNTS)		
<S>	<C>	<C>	<C>
NET SALES.....	$ 189,315		$ 189,315
COSTS AND EXPENSE			
Cost of sales.....	156,258		156,258
Selling, general and administrative.....	40,027		40,027
Amortization of intangibles.....	2,000		2,000
Asset writedown.....	4,766		4,766
OPERATING (LOSS).....	(13,736)		(13,736)
Interest income.....	2,479		2,479
Interest expense.....	25,520	(16,841)(a)	8,679
Other expense (income), net.....	3,445		3445
(LOSS) BEFORE INCOME TAXES.....	(40,222)		(23,381)
Income tax (benefit).....	(3,370)		(3,370)
NET (LOSS).....	(36,852)		(20,011)
Preferred stock dividend.....		(6,600)(b)	(6,600)
NET (LOSS) AVAILABLE PER COMMON SHARE.....	$ (36,852)		$ (26,611)
WEIGHTED AVERAGE COMMON SHARES			
Basic.....	15,309,616		15,309,616
Diluted.....		(c)	565,309,616
PER SHARE AMOUNTS:			
EARNINGS (LOSS) PER SHARE:			

Basic and Diluted.....	$ (2.41)	$ (1.74)

</Table>

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001
(DOLLARS IN THOUSANDS EXCEPT FOR SHARE AMOUNTS)

RESTRUCTURING ADJUSTMENTS:

<Table>

(a)	To adjust interest expense for the following:	
	(i) To eliminate interest expense on the old notes.....	$ (17,061)
	(ii) To amortize the deferred financing fees related to the restructuring.....	$ 220
		$ (16,841)
(b)	Series A Preferred Stock, 6% cumulative dividend.....	$ (6,600)
(c)	To reflect the dilutive effect of the Series A Preferred Stock on the common stock, these common stock equivalents are excluded from the diluted per share amounts as the result is antidilutive:	
	(i) To convert Series A Preferred Stock to common stock equivalents.....	550,000,000
	(ii) Weighted average common shares outstanding for the period...	15,309,616
	Diluted shares.....	565,309,616

</Table>

DIRECTORS

Set forth below is information concerning the individuals designated by the Agreeing Holders to become directors at or about consummation of the restructuring.

Eugene Davis, 47, has been the chief executive officer of Pirinate Consulting Group, L.L.C., a consulting firm that specializes in crisis and turn-around management, M&A and strategic planning services, since 1999. He is also the chief executive officer of RBX Industries, a manufacturer and distributor of rubber and plastic based foam products, and is or during the past five years has been the chief executive officer, chief operating officer or president of other companies including SmarTalk Teleservices, Inc., Total;-Tel USA Communications, Inc. and Emerson Radio Corp. RBX, SmarTalk and Emerson were debtors under the federal bankruptcy code. Mr. Davis is currently a director of Anchor Glass Container Corp., Elder-Beerman Stores, Inc., Coho Energy, Inc. and Murdock Communications Corp.

Thomas S. Hyland, 58, has been associated for the past five years with the Service Corps of Retired Executives, a nonprofit association that provides counseling and educational programs for small businesses.

Vincent Intrieri, 45, has served as a portfolio manager of High River Limited Partnership since 1998. From 1995 to 1998, Mr. Intrieri served as a portfolio manager for distressed investments with Elliot Associates L.P., a New York investment fund.

James C. Nelson, 53, has been Chairman and Chief Executive Officer of Orbit

Aviation, Inc., a company engaged in the acquisition and completion of Boeing 737 Business Jets for private and corporate clients, since March 1998. From 1986 until the present, Mr. Nelson has been Chairman and Chief Executive Officer of Eaglescliff Corporation, a specialty investment banking, consulting and wealth management company. From August 1995 until July 1999, he was Chief Executive Officer and Co-Chairman of Orbitex Management, Inc.

None of these individuals concurrently owns any of our stock.

DESCRIPTION OF THE NEW NOTES

GENERAL

The new notes will be issued under an indenture, to be dated as of the consummation date, between Viskase and Wells Fargo Bank Minnesota, National Association, as trustee under the indenture. For purposes of this description of the new notes, the term "Viskase" refers to Viskase Companies, Inc. and does not include its subsidiaries except for purposes of financial data determined on a consolidated basis.

The terms of the new notes include those stated in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939 as in effect on the date of the indenture. The following description summarizes certain provisions of the indenture and does not purport to be complete or describe every aspect of the new notes or the indenture. This description is subject to, and is qualified in its entirety by reference to, the provisions of the indenture. The new notes are subject to all such terms, and holders of the new notes are referred to the indenture and the Trust Indenture Act for a complete statement of such terms. Copies of the indenture are available from Viskase on request. Such summaries make use of certain terms defined in the indenture and are qualified in their entirety by express reference to the indenture. Certain terms used herein are defined below under the section "Definitions" which begins on page 48.

The new notes offered hereby will be senior subordinated secured obligations of Viskase, limited in aggregate principal amount to $60,000,000, except for the issuance of PIK notes. Other than with respect to the PIK notes, under no circumstances will the aggregate principal amount of new notes that may be issued under the indenture be increased.

BOOK ENTRY, DELIVERY AND FORM

The new notes will be issued in the form of one or more global notes on the consummation date. The global note will be deposited with, or on behalf of, Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. Beneficial interests in the global note will be represented through financial institutions acting on their behalf as direct or indirect participants in DTC.

Ownership of beneficial interests in a global note will be limited to Persons who have accounts with DTC ("Participants") or Persons who hold interests through Participants. Ownership of beneficial interests in the global note will be shown on, and the transfer of these ownership interests will be effected only through, records maintained by DTC or its nominee (with respect to interests of Participants) and the records of Participants (with respect to interests of Persons other than Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the new notes represented by such global note for all purposes under the indenture and the new notes. Except as provided below, beneficial owners of an interest in a global note will not be entitled to have

new notes registered in their names, will not receive or be entitled to receive physical delivery of new notes in definitive form and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the trustee thereunder. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with the applicable procedures of DTC.

Payments on the global note will be made to DTC or its nominee as the registered owner or holder thereof. None of Viskase, the trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Viskase expects that DTC or its nominee, on receipt of any payment in respect of the global note representing any new notes held by it or its nominee, will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such

global note for such new notes as shown on the records of DTC or its nominee. Viskase also expects that payments by Participants will be governed by standing instructions or customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such Participants.

Transfers between Participants in DTC will be effected in the ordinary way in accordance with DTC rules. The laws of some states require that certain Persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in the global note to such Persons may be limited. Because DTC can act only on behalf of Participants, who in turn act on behalf of Indirect Participants (as defined below) and certain banks, the ability of a Person having a beneficial interest in the global note to pledge such interest to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate of such interest.

DTC has advised Viskase as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its Participants deposit with DTC and facilitates the clearance and settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the SEC.

Although DTC is expected to follow the foregoing procedures to facilitate transfers of interests in the global note among Participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither Viskase nor the trustee will have any responsibility for the performance by DTC or the Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

New notes represented by certificates in definitive form registered in the names of the beneficial owners thereof or their nominees will be transferred to all beneficial owners in exchange for their beneficial interests in the global note if either (i) DTC or any successor depositary notifies Viskase that it is unwilling or unable to continue as depositary for such global note and a successor depositary is not appointed by Viskase within 90 days of such notice, (ii) an Event of Default (as defined below) has occurred and is continuing with respect to the new notes and the registrar of the new notes has received a request from the depositary to issue certificated securities in lieu of all or a portion of the global note (in which case Viskase must deliver certificated securities within 30 days of such request) or (iii) Viskase determines not to have the new notes represented by the global note.

PRINCIPAL AND INTEREST

The new notes will be limited in aggregate principal amount to $60,000,000, except for the issuance of PIK notes, and will become due on December 1, 2008. The new notes will accrue interest at the rate of 8% per annum from the most recent date on which interest has been paid or, if no interest has been paid, from December 1, 2001. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Viskase will pay interest on the dates and in the manner as follows:

- there will be an interest payment date as of June 30 in each of years 2003 and 2004, and December 31 in each of years 2002, 2003 and 2004. Viskase may pay interest on the new notes as of these dates through the issuance of PIK notes in a principal amount equal to the interest otherwise payable in cash,

- there will be interest accrued as of December 31, 2005, with interest payable on March 31, 2006. If Viskase has positive Consolidated Cash Flow for the twelve months ending December 31, 2005, it must pay interest on the new notes in cash. However, if the Consolidated Cash Flow for this period is less than the aggregate interest payments to be paid on all new notes (including PIK notes) on such interest payment date, Viskase must pay an aggregate amount in cash equal to the Consolidated Cash Flow to the holders of new notes (including PIK notes) with each holder of a new note receiving a cash interest payment equal to the Consolidated Cash Flow multiplied by a fraction the numerator of which is the principal amount of the new note held by such holder and the denominator of which is the principal amount of all new notes outstanding. Interest not paid in cash must be paid through the issuance of PIK notes in a principal amount equal to the interest not otherwise paid in cash,

- there will be interest accrued as of March 31, 2006, June 30, 2006, September 30, 2006 and December 31, 2006, with interest payable on June 15, 2006, September 15, 2006, December 15, 2006 and March 31, 2007, respectively. If Viskase has positive Consolidated Cash Flow for the twelve consecutive months ending on the relevant accrual date, it must pay such interest on the new notes in cash. However, if the relevant 12-month Consolidated Cash Flow for such interest payment date is less than the aggregate interest payments to be paid on all new notes (including PIK notes) on such interest payment date, Viskase must pay an aggregate amount in cash equal to the Consolidated Cash Flow to the holders of new notes (including PIK notes) with each holder of a new note receiving a cash interest payment equal to the Consolidated Cash Flow multiplied by a fraction the numerator of which is the principal amount of the new note held by such holder and the denominator of which is the principal amount of all new notes outstanding. Interest not paid in cash must be paid through the issuance of PIK notes in a principal amount equal to the interest not otherwise paid in cash, and

- there will be interest payment dates on June 30 and December 31 in year 2007 and on June 30, 2008, and Viskase must pay interest on the new notes in cash.

Viskase must pay interest on overdue principal at the rate of 8% per annum and interest on overdue installments of interest, to the extent lawful, at the rate of 8% per annum. If the notes are not held in global form, principal of and interest on the new notes will be payable, and the new notes may be presented for registration of transfer or exchange, at the office or agency of Viskase maintained for such purpose in the Borough of Manhattan, The City of New York. At the option of Viskase, interest may be paid by check mailed to the registered holders at their registered addresses. The new notes are issuable only in registered form without coupons and only in denominations of $1,000 and any integral multiple thereof, except for PIK notes and new notes issued in the exchange offer, which may be issued in any whole dollar amount, rounded to the nearest dollar.

SUBORDINATION

The payment of all obligations on the new notes will be subordinated in right of payment, as set forth in the indenture, to the prior payment in full in cash of all Senior Debt, whether outstanding on the date of the indenture or thereafter incurred.

On any distribution to creditors of Viskase in a liquidation or dissolution of Viskase, or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Viskase or its property, an assignment for the benefit of creditors or any marshalling of Viskase's assets and liabilities, the holders of Senior Debt will be entitled to receive payment in full in cash of all obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt, whether or not such interest is in an allowed claim under applicable law) before the holders of new notes will be entitled to receive any payment with respect to the new notes, and until all obligations with respect to Senior Debt are paid in full in cash, any distribution to which the holders of new notes would be entitled shall be made to the holders of Senior Debt (except that holders of new notes may receive (i) Permitted Junior Securities and any other Permitted Junior

Securities issued in exchange for any Permitted Junior Securities and (ii) payments made from the trust described under "Satisfaction and discharge of indenture").

Viskase also may not make any payment upon or in respect of the new notes (except in such Permitted Junior Securities, Permitted Junior Securities issued in exchange for such Permitted Junior Securities or from the trust described under "Satisfaction and discharge of indenture") if (i) a default in the payment of the principal of, or interest on Senior Debt occurs and is continuing or (ii) any other default occurs and is continuing with respect to Senior Debt that permits holders of the Senior Debt as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the holders of any Senior Debt. Payments on the new notes may and shall be resumed (a) in case of a nonpayment default, upon the date on which such default is cured or waived and (b) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived or 180 days after the date on which the applicable Payment Blockage Notice is received unless the maturity of any Senior Debt has been accelerated. No new period of payment blockage may be commenced unless and until (i) 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice and (ii) all scheduled payments of principal of, premium, if any, and interest on the new notes that have come due have been paid in full in cash. No

nonpayment default that existed or was continuing on the date of delivery of any Payment Brokerage Notice to the trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

As a result of the subordination provisions described above, in the event of a liquidation or insolvency, holders of the new notes may recover less ratably than creditors of Viskase who are holders of Senior Debt.

SECURITY

The new notes will be senior to our existing and future subordinated indebtedness, and will be junior in right of payment with respect to the Senior Debt.

Pursuant to the Security Agreement, Viskase has pledged substantially all of its personal property for the benefit of the holders of the new notes (the "Collateral"). If we sell Collateral resulting in aggregate cash proceeds in excess of $20,000,000 we must reinvest the excess in our business, or apply it to prepay Senior Debt or to make an offer to purchase new notes at their principal amounts plus accrued interest. Collateral with a value in excess of $5,000,000 may be released from the security interest with the consent from the holders of two-thirds of the aggregate principal amount of the securities then outstanding. Collateral with a value of $5,000,000 or less may be released from the security interest with the consent from the holders of a majority of the aggregate principal amount of the securities then outstanding.

OPTIONAL REDEMPTION

The new notes will be redeemable at the option of Viskase, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to their principal amount, plus accrued and unpaid interest (if any).

If less than all the new notes are to be redeemed, the trustee must allocate the total principal amount of new notes to be redeemed on a pro rata basis, by lot or by such other method as the trustee deems fair and appropriate to the holders of new notes. The trustee must make the selection not more than 60 days but not less than 30 days before each date the new notes are to be redeemed from new notes outstanding not previously called for redemption. The trustee may select for redemption portions (equal to $1,000 or any integral multiple thereof) of the principal of the outstanding new notes. Provisions of the indenture that apply to new notes called for redemption shall also apply to portions of new notes called for redemption. The trustee shall notify Viskase promptly of the new notes or portions of new notes to be called for redemption.

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

The indenture provides that Viskase will not, in a single transaction or in a series of related transactions, consolidate with or merge with or into any other Person or permit any other Person to consolidate with or merge with or into Viskase or any Subsidiary of Viskase or directly or indirectly transfer, convey, sell, lease or otherwise dispose of all or substantially all of its Property unless:

(i) either (a) Viskase is the continuing corporation in the case of a merger or (b) the surviving entity is a corporation or partnership organized under the laws of the United States, any state thereof or the District of Columbia and expressly assumes by supplemental indenture all of the obligations of Viskase under the indenture and the new notes, and

(ii) no Event of Default (or event or condition which with the lapse of time, the giving of notice, or both, would be an Event of Default) shall have occurred and be continuing immediately after giving effect to such

transaction.

Notwithstanding the foregoing paragraphs, nothing in the indenture will be construed as a prohibition of a transaction for which the sole purpose, as determined in good faith by the Board of Directors, is to change the state of incorporation of Viskase.

Upon any consolidation of Viskase with, or merger of Viskase with or into, any other Person or any conveyance, transfer, lease or disposition of all or substantially all of the Property of Viskase in accordance with the foregoing paragraphs, the surviving entity will succeed to, and be substituted for, and may exercise every right and power of, Viskase under the indenture and thereafter, except in the case of a lease, the predecessor Person will be relieved of all obligations and covenants under the indenture and the new notes.

EVENTS OF DEFAULT

Each of the following is an "Event of Default" under the indenture:

(a) Viskase defaults in the payment of interest on any new notes when the same becomes due and payable and the Default continues for a period of 30 days,

(b) Viskase defaults in the payment of the principal of any new notes when the same becomes due and payable at maturity, upon acceleration or otherwise,

(c) Viskase fails to observe or perform any other covenant, condition or agreement on the part of Viskase to be observed or performed pursuant to the terms of the indenture or the new notes, and the Default continues for a period of 30 days after written notice thereof has been given to Viskase by the trustee or to Viskase and the trustee by holders of at least 25% of the aggregate principal amount of the outstanding new notes,

(d) there shall be an event of default under the Lease Agreement, as a result of which the lessor under the Lease Agreement (by notice to the lessee under the Lease Agreement) rescinds or terminates the Lease Agreement,

(e) Viskase or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law (i) commences a voluntary case or proceeding for any other relief under any law affecting creditors' rights that is similar to a Bankruptcy Law, (ii) consents by answer or otherwise to the commencement against it of an involuntary case or proceeding, (iii) seeks or consents to the appointment of a custodian of it or for all or substantially all of its Property, (iv) makes a general assignment for the benefit of its creditors or (v) admits in writing that it generally is unable to pay its debts as the same become due,

(f) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Viskase or any Significant Subsidiary of Viskase in an involuntary case or proceeding, (ii) appoints a Custodian of Viskase or any Significant Subsidiary of Viskase or for all or substantially all of its respective Property or (iii) orders the liquidation of Viskase or any Significant

Subsidiary of Viskase; and the order or decree remains unstayed and in effect for 60 days, or any dismissal, stay, rescission or termination thereof ceases to remain in effect,

(g) one or more judgments or orders are rendered against Viskase or one or more of its Subsidiaries in an amount in excess of $10,000,000 and have not been discharged and there is any period of 60 consecutive days

during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect, or

(h) Viskase breaches any material representation, warranty or agreement set forth in the Security Agreement or the Security Agreement shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect and the default continues for the period specified in (c) above and after (i) the trustee gives notice to Viskase or (ii) the holders of at least 25% in aggregate principal amount of then outstanding securities give notice to Viskase and the trustee.

If an Event of Default (other than an Event of Default with respect to Viskase specified in paragraphs (e) and (f) above) occurs and is continuing, (i) the trustee may, by written notice given to Viskase, or (ii) the holders of new notes of at least 25% in aggregate principal amount of the then outstanding new notes may, by written notice given to Viskase and the trustee, or (iii) the trustee shall, upon the written request of holders of at least 25% in aggregate principal amount of the then outstanding new notes and by written notice given by the trustee as described in clause (i) above, declare all unpaid principal of and all accrued and unpaid interest on all the new notes then outstanding to be due and payable. Upon such declaration of acceleration, such principal and accrued interest shall be due and payable immediately in cash without any presentment, demand, protest or notice to Viskase, all of which Viskase expressly waives in the indenture.

If an Event of Default specified in paragraphs (e) and (f) above occurs with respect to Viskase, all unpaid principal and accrued and unpaid interest on the new notes then outstanding shall ipso facto become and be immediately due and payable in cash without any declaration or other act on the part of the trustee or any holder of new notes.

Before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the then outstanding new notes by written notice to the trustee may rescind an acceleration and its consequences if (i) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, (ii) all existing Defaults and Events of Default have been cured or waived except nonpayment of principal or interest on the new notes that has become due solely because of the acceleration, and (iii) overdue interest and, to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid.

Holders of not less than a majority in aggregate principal amount of the then outstanding new notes by notice to the trustee may, on behalf of the holders of all of the new notes then outstanding, waive any existing Default or Event of Default and its consequences except a continuing Default or Event of Default in the payment of principal or interest on any New Note, which requires 100% in aggregate principal amount of the then outstanding new notes. When a Default or Event of Default is so waived, it is deemed cured and it ceases to exist, but no such waiver shall extend to any subsequent Default or Event of Default or impair any right consequent thereon.

Viskase is required periodically to deliver to the trustee annually a statement regarding compliance with the indenture, and Viskase is required upon becoming aware of any Default or Event of Default to deliver to the trustee a statement describing such Default or Event of Default, its status and what action Viskase is taking or proposes to take with respect thereto.

AMENDMENT, SUPPLEMENT AND WAIVER

Viskase and the trustee may amend or supplement the indenture or the new notes for the benefit of the holders of new notes without notice to or consent

ambiguity, defect or inconsistency, (ii) to comply with the provisions of the indenture described under "Consolidation, Merger, Conveyance, Lease or Transfer," (iii) to provide for uncertificated new notes in addition to or in place of certificated new notes, (iv) to make any change that does not materially adversely affect the legal rights of any holder of new notes, (v) to comply with the requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act or (vi) to evidence the acceptance of appointment by a successor trustee.

Viskase and the trustee may amend the indenture or the new notes with the written consent of the holders of at least a majority in aggregate principal amount of the then outstanding new notes; provided, that without the written consent of each holder of new notes affected thereby (or in the case of clause (7) below, holders of two-thirds of the notes), an amendment or waiver may not (1) reduce the amount of new notes whose holders must consent to an amendment or waiver of any provision of the indenture, (2) reduce the rate of or change the time for payment or the manner of payment of interest on any new note, (3) reduce the principal of or change the fixed maturity of any new note, or change the date on which any new note may be subject to redemption or reduce the redemption price therefor, (4) make any new note payable in money other than that stated in the new note, (5) waive a Default in the payment of the Principal of, interest on or redemption payment under any new note, (6) amend the provisions of the indenture relating to waiver of defaults or the rights of holders to receive payments of principal and interest, or (7) release Collateral with a value in excess of $5,000,000.

The holders of a majority in aggregate Principal amount of the new notes outstanding, by notice to the trustee, may waive future compliance in a particular instance by Viskase with any provision of the indenture or the new notes, except a Default in the payment of the principal of or interest on any new note, or in respect of a covenant or provision which under the proviso to the prior paragraph cannot be modified or amended without the consent of a greater aggregate Principal amount of the new notes outstanding.

In determining whether the holders of the required Principal amount of new notes have concurred in any request, demand, authorization, notice, direction, amendment, supplement, waiver or consent, new notes owned of record or beneficially by Viskase or any Subsidiary of Viskase shall not be considered outstanding. However, new notes of any other Affiliates shall be deemed outstanding for all purposes under the indenture. In determining whether the trustee shall be protected in relying on any such request, demand, authorization, notice, direction, amendment, supplement, waiver or consent, only new notes owned by Viskase, its Subsidiaries or any other obligor on the new notes which the trustee knows are so owned shall not be considered outstanding. The trustee may require Viskase to deliver a certificate listing the new notes owned by Viskase and, to Viskase's knowledge, its Affiliates.

SATISFACTION AND DISCHARGE OF INDENTURE

Viskase may terminate, and shall be discharged from, all of its obligations under the new notes and the indenture when all new notes previously authenticated have been delivered to the trustee for cancellation and Viskase has paid all sums payable by it under the indenture and under the new notes.

Additionally, Viskase, at its option, will (a) be deemed to have been discharged from its obligations with respect to the new notes, or (b) cease to be under any obligation to comply with certain restrictive covenants, and the Lien on the Collateral securing the obligations under then new notes shall be released, after the irrevocable deposit by Viskase with the trustee, for the benefit of the holders of new notes, an amount either in United States Dollars, U.S. Government Obligations or a combination thereof, sufficient to pay and

discharge through maturity or redemption, as the case may be, each installment of principal of, and interest on, the outstanding new notes on the dates such installments of interest or principal are due. Such discharge will be deemed to occur only if certain conditions are satisfied, including, among other things, (i) no Event of Default has occurred and is continuing, (ii) Viskase has delivered to the trustee an Opinion of Counsel to the effect that after the passage of 90 days after the deposit, the trust funds will not be subject to the effect of any applicable Bankruptcy Laws; (iii) Viskase has paid or duly provided for the payment of all amounts which are then, or which in the reasonable judgment of the trustee may become,

due to the trustee, and (iv) Viskase has delivered to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the satisfaction and discharge of the indenture have been complied with.

THE TRUSTEE

Wells Fargo will be the trustee under the indenture and its current address is:

Wells Fargo Bank Minnesota, National Association
Corporate Trust Services
Sixth Street and Marquette Avenue
MAC N9303-120
Minneapolis, MN 55479
Attention: Jane Y. Schweiger

The holders of a majority in aggregate principal amount of the outstanding new notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, subject to certain exceptions. Except during the continuance of an Event of Default under the indenture, the trustee will perform only such duties as are specifically set forth in the indenture. The indenture provides that in case an Event of Default shall occur (which shall not be cured or waived), the trustee will be required, in the exercise of its rights and powers under the indenture, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture unless it receives indemnity satisfactory to it against any loss, liability or expense.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No past, present or future officer, director, employee or stockholder, as such, of Viskase shall have any liability for any failure by Viskase to perform any of its obligations under the indenture, the new notes or the Security Agreement.

GOVERNING LAW

The indenture and the new notes will be governed by the internal laws of the State of New York, without regard to principles of conflicts of laws.

TRANSFER AND EXCHANGE

A holder of new notes may transfer or exchange new notes in accordance with the indenture. Viskase, the registrar and the trustee may require a holder of new notes, among other things, to furnish appropriate endorsements and transfer documents and Viskase may require a holder of new notes to pay any taxes and fees required by law or permitted by the indenture.

Viskase will not be required to and, without the prior written consent of

Viskase, the registrar will not be required to, register the transfer or exchange of (i) any new notes selected for redemption and (ii) any new notes during a period commencing 15 days prior to the date of any selection of new notes for redemption and ending at the close of business on such date of selection.

DEFINITIONS

Set forth below is a summary of certain of the defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms, as well as any capitalized terms used herein for which no definition is provided.

"Affiliate" of any specified Person means any other Person which directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with such specified Person.

"Applicable Working Capital Allowance" means the lesser of (i) the Working Capital Allowance and (ii) the Preliminary Consolidated Cash Flow.

"Asset Sale" means, with respect to any Person, any sale, transfer or other disposition or series of sales or other dispositions (including, without limitation, by way of merger, consolidation or Sale and Leaseback Transaction) by such Person or any of its Subsidiaries to any Person, other than (w) the creation of any Lien not prohibited by the terms of the Indenture or the Security Agreement, (x) one of such Person's direct or indirect Wholly Owned Subsidiaries, (y) any other Person with respect to which such Person is a direct or indirect Wholly Owned Subsidiary and (z) any direct or indirect Wholly Owned Subsidiary of any such other Person specified in clause (y), of (i) all or any Capital Stock in any of its Subsidiaries, (ii) all or substantially all of the Property of a Subsidiary of such Person, (iii) all or substantially all of the Property of any division, line of business or comparable business segment of such Person or any of its Subsidiaries, or (iv) other assets of such Person or any of its Subsidiaries outside of the ordinary course of business.

"Bankruptcy Law" means Title 11 of the United States Code or any similar federal or state laws for the relief of debtors.

"Board of Directors" of any corporation means the board of directors of such corporation or any duly authorized committee of the board of directors of such corporation.

"Capital Lease Obligation" means, at any time, the amount of the liability with respect to a lease that would be required at such time to be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"Capital Stock" in any Person means any and all shares, interests, participations or other equivalents in the equity interest (however designated) in such Person and any rights (other than debt securities convertible into an equity interest), warrants or options to acquire an equity interest in such Person.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Operating Income of such Person and its Consolidated Subsidiaries for such period, decreased by (i) capital expenditures (including investments in Capital Leases and capitalized interest), (ii) payments under any Lease Back Agreement or Capital Lease Obligations (without duplication of amounts paid under the Lease Back Agreements), (iii) principal paid on any Senior Debt and on the notes, (iv) interest expense (not including interest capitalized on the notes, but including cash interest paid on the new notes), (v) cash income taxes paid, (vi) any amounts deducted as Applicable Working Capital Allowance during the period for which Consolidated Cash Flow is being

determined, and (vii) if Consolidated Cash Flow is positive after taking into account the deductions contemplated in clauses (i) through (v) above (the "Preliminary Consolidated Cash Flow"), the Applicable Working Capital Allowance, if any.

"Consolidated Net Income" of any Person means, for any period, the aggregate net income (or net loss, as the case may be) of such Person and its Consolidated Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; provided, that there shall be excluded therefrom, without duplication, (i) items classified as extraordinary or nonrecurring (other than the tax benefit of the utilization of net operating loss carryforwards), (ii) the income (or loss) of any Joint Venture, except to the extent of the amount of cash dividends or other cash distributions in respect of Capital Stock therein actually paid during such period to such Person or any of its Subsidiaries by such Joint Venture out of funds legally available therefor, (iii) except to the extent includable pursuant to clause (ii), the income (or loss) of any other Person accrued or attributable to any period prior to the date it becomes a Consolidated Subsidiary of such Person or is merged into or consolidated with such Person or any of its Consolidated Subsidiaries or such other Person's Property (or a portion thereof) is acquired by such Person or any of its Consolidated Subsidiaries, and (iv) non-cash items decreasing or increasing Consolidated Net Income arising out of currency translation effects.

"Consolidated Operating Income" means, without duplication, with respect to any Person for any period, the Consolidated Net Income of such Person and its Consolidated Subsidiaries for such period, (A) increased by the sum of (i) the interest expense of such Person for such period, other than interest

capitalized by such Person and its Consolidated Subsidiaries during such period, (ii) income tax expense of such Person and its Consolidated Subsidiaries, on a consolidated basis, for such period (other than income tax expense attributable to Asset Sales), (iii) depreciation expense of such Person and its Restricted Subsidiaries, on a consolidated basis, for such period and (iv) amortization expense of such Person and its Consolidated Subsidiaries, on a consolidated basis, for such period, and (B) decreased by any revenues accrued but not received by such Person or any of its Consolidated Subsidiaries from any other Person (other than such Person or any of its Subsidiaries) in respect of any accounts receivable or Investment for such period, all as determined in accordance with GAAP.

"Consolidated Subsidiaries" of any Person means all other Persons that would be accounted for as consolidated Persons in such Person's financial statements in accordance with GAAP.

"Control" means (except as otherwise specifically provided herein) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of Voting Securities, by agreement or otherwise; and the terms "Controlling" and "Controlled" have meanings correlative to the foregoing.

"Default" means any event, act or condition the occurrence of which is, or after notice or the passage of time or both would be, an Event of Default.

"GAAP" means, at any date, generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are applicable to the circumstances as of the date of determination; provided, however, that all calculations made for the purpose of determining compliance with the terms of the covenants set forth in the indenture shall utilize GAAP in effect at the time of preparation of, and in accordance with the GAAP used to prepare, the

historical financial statements of Viskase at and for the fiscal year ended December 31, 2001.

"guarantee" by any Person means any direct or indirect obligation, contingent or otherwise, of such Person, other than endorsements of negotiable instruments for collection or deposit in the ordinary course of business, (i) guaranteeing any obligation of any other Person, (ii) to purchase or pay (or advance or supply funds for the purchase or payment of) any obligation of another Person (whether arising by virtue of participation agreements, by agreements to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or (iii) entered into to assure, or with the practical effect of assuring, in any other manner the obligee of such obligation of the payment thereof or to protect such obligee against loss in respect thereof, either in whole or in part, provided that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Investment" means, as to any investing Person, any direct or indirect advance, loan (other than extensions of trade credit on commercially reasonable terms in the ordinary course of business that are recorded as accounts receivable on the balance sheet of such Person or any of its Subsidiaries in accordance with GAAP) or other extension of credit, guarantee or capital contribution to, or any acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of indebtedness issued by any other Person.

"Joint Venture" of a Person means any Person in which the investing Person has a joint or shared equity interest but which is not a Subsidiary of such investing Person.

"Lease Agreement" means the Lease Agreement dated as of December 18, 1990 between The Connecticut National Bank ("TCNB"), as Owner Trustee, GECC as Lessor, and Viskase Corporation, as Lessee, as amended through the date hereof and from time to time.

"Lease Back Agreements" means (i) the Lease Agreement, (ii) the Participation Agreement dated as of December 18, 1990 among Viskase Corporation, Viskase, GECC and TCNB and (iii) the related

instruments and agreements with respect thereto, in each case as the same may have heretofore been or may hereinafter be amended, modified, restated, renewed or extended or refinanced from time to time.

"Lien" means any mortgage, pledge, lien, charge, security interest, conditional sale or other title retention agreement (including, without limitation, any Capital Lease Obligations in the nature thereof) or other encumbrance of any kind or description, including, without limitation, any agreement to give or grant a Lien.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any indebtedness.

"Officers' Certificate" of any corporation means a certificate delivered to the trustee that complies with the indenture and that is signed by two officers of such corporation.

"Opinion of Counsel" means a written opinion that complies with Section 12.05 of the indenture from legal counsel who is reasonably acceptable to the trustee. Such legal counsel may be an employee of or counsel to the Company or the trustee. Legal counsel who is an employee of the Company or its Affiliates shall be deemed to be reasonably acceptable to the trustee.

"Permitted Junior Securities" means equity interests in Viskase or debt securities that are subordinated to all Senior Debt (and any debt securities issued in exchange for Senior Debt) on terms substantially as favorable to the Senior Debt as the new notes are subordinated to Senior Debt pursuant to the indenture.

"Person" means any individual, partnership, corporation, limited liability company, venture, joint venture, unincorporated organization, joint-stock company, trust or any government or agency or political subdivision thereof or other entity of any kind.

"PIK notes" means new notes issued in lieu of payment of cash interest, as permitted under the indenture.

"Preliminary Consolidated Cash Flow" has the meaning given such term in the definition of "Consolidated Cash Flow."

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, Capital Stock in any other Person.

"Sale and Leaseback Transaction" means, with respect to any Person, any direct or indirect arrangement pursuant to which Property is sold by such Person or a Subsidiary of such Person and thereafter leased back from the purchaser thereof by such Person or one of the Subsidiaries of such Person.

"SEC" means the Securities and Exchange Commission, as from time to time constituted, or any similar agency then having jurisdiction to enforce the Exchange Act and the Securities Act.

"Senior Debt" means any secured indebtedness (including all obligations with respect thereto) of the Company, not to exceed a principal amount of $25,000,000, outstanding from time to time after the date hereof, which (i) is utilized exclusively to provide working capital to the Company and (ii) does not expressly provide that it is on a parity with or subordinated in right of payment to the Securities and all Obligations with respect thereto.

"Significant Subsidiary" means a "significant subsidiary" within the meaning of Rule 405 of the Securities Act.

"Stated Maturity" when used with respect to any new note or any installment of interest thereon, means the date specified in such new note as the fixed date on which the Principal of such security or such installment of interest is due and payable, without regard to any events which might cause the acceleration of such date.

"Subsidiary" means, with respect to any Person, (i) a corporation a majority of whose Voting Securities are at the time directly or indirectly owned or Controlled by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof, or (ii) any other Person (other than a corporation) in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof has at least a majority ownership interest with respect to voting in the election of directors or trustees thereof (or such other Persons performing similar functions). For purposes of this definition, any directors' qualifying shares shall be disregarded in determining the ownership of a Subsidiary.

"U.S. Government Obligations" means (i) any direct obligation of, or obligation guaranteed by, the United States of America for the payment of which the full faith and credit of the United States of America is pledged and which

is not callable at the issuer's option, and (ii) any depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or Principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or Principal of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Securities" means, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof, under ordinary circumstances and in the absence of contingencies, to vote for members of the board of directors of such Person (or Persons performing functions equivalent to those of such members).

"Wholly Owned Subsidiary" of a Person means any Subsidiary of such Person 100% of the total Voting Securities of which, other than directors' qualifying shares, is at the time owned by such Person and/or one or more Wholly Owned Subsidiaries of such Person.

"Working Capital Allowance" means $2,000,000 less the aggregate Applicable Working Capital Allowance taken into account for the calculation of Consolidated Cash Flow for all previous periods for which Consolidated Cash Flow is calculated for purposes of the indenture.

DESCRIPTION OF OTHER INDEBTEDNESS

GECC LEASE

On December 28, 1990, our subsidiary Viskase Corporation and GECC entered into a sale and leaseback transaction. The sale and leaseback of assets included the production and finishing equipment at Viskase Corporation's domestic casing production and finishing facilities.

The principal terms of the sale and leaseback transaction include: (a) a basic lease term ending in 2005 (plus selected renewals at Viskase Corporation's option); (b) annual rent payments in advance; and (c) a fixed price purchase option at the end of the basic term and fair market purchase options at the end of the basic term and each renewal term. Further, the lease documents contain covenants requiring maintenance by Viskase Corporation of specified financial ratios and restricting Viskase Corporation's ability to pay dividends, make payments to affiliates, make investments and incur indebtedness.

Under the terms of an April 2000 amendment, Viskase Corporation agreed to maintain a letter of credit in the amount of $23,500,000 at all times, limit additional borrowings and provide a subordinated security interest in certain collateral.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock contains summaries of the material provisions of our restated certificate of incorporation and the certificate of designations of the preferred stock. This description does not restate these documents in their entirety. This description is subject to, and is qualified in its entirety by reference to, the provisions of the restated certificate of incorporation and certificate of designations. You may, on request, obtain copies of these documents from us in their entirety to understand all of the rights that holders of our capital stock are entitled to. These summaries use terms defined in the certificate of designations and are qualified in their entirety by express reference to the certificate of

designations.

AUTHORIZED STOCK

The restated certificate of incorporation authorizes the issuance of 75,000,000 shares of capital stock, consisting of 50,000,000 shares of common stock, par value $0.01 per share, and 25,000,000 shares of preferred stock, par value $0.01 per share. Of these amounts 15,316,062 shares of common stock (including restricted stock issued to employees but currently not in certificated form) and no shares of preferred stock are currently outstanding. The board of directors is authorized to provide for the issuance of preferred stock from time to time in one or more series, to establish the number of shares to be included in each series, and to fix the rights of the shares of each series.

Following consummation of the offer, we will hold a meeting of our stockholders for the purpose of voting on an amendment to our certificate of incorporation to increase the number of authorized shares of common stock to 950,000,000. The purpose is to increase the number of shares available so that enough shares will be available to permit conversion of the preferred stock to be issued in the exchange offer.

COMMON STOCK

Each share of common stock has one vote on all matters on which stockholders are entitled to vote, including the election of directors. There are no cumulative voting rights. Shares of common stock would participate ratably in any distribution of assets in a liquidation, dissolution or winding up, subject to prior distribution rights of any shares of preferred stock then outstanding. The common stock has no preemptive rights or conversion rights, nor are there any redemption or sinking fund provisions applicable to the common stock. Holders of common stock are entitled to participate in dividends as and when declared by the board of directors out of funds legally available therefore. Our ability to pay cash dividends is subject to restrictions.

The transfer agent and registrar for the common stock is State Street Bank and Trust Company.

SERIES A CONVERTIBLE PREFERRED STOCK

The board of directors will establish the preferred stock to be issued in the offer under the certificate of designations. When issued in the offer, the preferred stock will be validly issued, fully paid and non-assessable and will be designated as "Series A Convertible Preferred Stock." The preferred stock will:

- constitute a single class consisting of up to 25,000,000 shares,

- not have any preemptive rights, and

- not be subject to any sinking fund.

DIVIDENDS AND DISTRIBUTIONS. The dividends on each share of the preferred stock will accrue cumulatively at the rate of 6% per annum of the liquidation preference (as defined below) from and including the date any shares of preferred stock are first issued and including the date on which the liquidation value, plus accumulated and unpaid dividends, is paid. The dividends on preferred stock will be payable in cash on June 1 and December 1 of each year if declared by the board of directors. Dividends will accrue whether or not we have funds legally available for the payment of dividends.

If we distribute less than the total amount of dividends then accrued with

respect to the preferred stock, the payment will be distributed among the holders of the preferred stock so that an equal amount will be paid (as nearly as possible) with respect to each outstanding share of the preferred stock.

Unless all dividends on the outstanding shares of the preferred stock that have been declared and are payable as of any date have been paid in full, no distribution may be paid to holders of stock junior as to dividends and distributions (other than dividends or distributions payable in shares of junior stock), and no shares of junior stock may be purchased or redeemed.

LIQUIDATION PREFERENCE. On a liquidation, the holders of the preferred stock will be entitled to be paid for each share, before any distribution is made on any junior stock, an amount in cash equal to $5.00 per share, plus all accrued and unpaid dividends. After payment to the holders of the preferred stock of these amounts, they will not be entitled to share in any further distribution of our property or assets. If, on any liquidation, the amounts available to be distributed to the holders of the preferred stock are insufficient to permit payment of the aggregate amount which they are entitled to be paid, the holders of the preferred stock will share equally and ratably in any distribution of our property or assets in proportion to the full liquidation preference to which each is entitled.

REACQUIRED SHARES. Any shares of the preferred stock we acquire will be retired and canceled, and, if necessary to provide for the lawful purchase of the shares, the capital represented by the shares will be reduced in accordance with the applicable law. All shares will on cancellation become authorized but unissued shares of preferred stock and may be reissued as part of another series of preferred stock.

CONVERSION OF PREFERRED STOCK INTO COMMON STOCK. Each share of preferred stock may, at the option of the holder, be converted into 25 shares of common stock plus an additional share for every $.20 of accrued and unpaid dividends. If we issue securities in a registered public offering having gross proceeds of at least $50,000,000, on approval by the board of directors and without any further action on the part of the holders, each outstanding shares of preferred stock will automatically be converted into shares of common stock on this basis. The preferred stock will be convertible only to the extent we have a sufficient number of shares of common stock authorized. We currently do not have enough shares of common stock to permit conversion of all shares of preferred stock to be issued pursuant to the exchange offer.

ADJUSTMENTS TO NUMBER OF SHARES OF COMMON STOCK INTO WHICH PREFERRED STOCK IS CONVERTIBLE. The number of shares of common stock into which each share of preferred stock must be adjusted if we:

- pay a dividend or make a distribution on our common stock in shares of our common stock,

- subdivide our outstanding shares of common stock into a greater number of shares,

- combine our outstanding shares of common stock into a smaller number of shares,

- distribute any rights or warrants to all holders of our common stock entitling them for a period expiring within 45 days after the record date for the determination of stockholders entitled to receive such rights or warrants to purchase shares of common stock at a price per share less than the average market price per share of common stock (as defined in the certificate of designations) on that record date, or

- distribute to all holders of our common stock any of our assets or debt

securities or any rights or warrants to purchase our securities (however, no adjustment will be made for dividends paid out of consolidated current or retained earnings as shown on our books.)

In case we are a party to any transaction in which the outstanding common stock is exchanged for different securities of ours or securities of another person or other property, then each share of preferred stock will thereafter be convertible into the consideration that the holder of a share of preferred stock would have received in such transaction if the share of preferred stock were converted into shares of common stock at the conversion ratio in effect immediately prior to the transaction. Effective provisions must be made in the organizational documents of the surviving entity so that the provisions described above for the protection of the conversion rights of the preferred stock will remain applicable, as nearly as reasonably may be, to any such other securities and property deliverable on conversion of the preferred stock remaining outstanding or other convertible securities received by the holders. Any person issuing or delivering such securities or property must expressly assume the obligation to deliver, on conversion, these securities or property and to provide for the protection of the conversion right as above provided.

From time to time we may increase the conversion ratio by any amount for any period of time if the period is at least 20 days and if the increase is irrevocable during the period. At least 15 days before the date the increased conversion ratio takes effect, we must mail to holders of the preferred stock a notice of the increase. An increase of the conversion ratio does not change or adjust the conversion ratio of the preferred stock otherwise in effect.

VOTING RIGHTS. Each share of preferred stock will be entitled to a number of votes per share equal to the conversion ratio on the record date for the vote. Except with respect to any matters pertaining exclusively to the preferred stock where the preferred stock will vote as a separate class, or as provided by law, the preferred stock and the common stock (and any other capital stock of at the time entitled to vote with the common stock) will vote together as one class on all matters submitted to a vote of stockholders.

Except as provided above or as required by law, the holders of shares of preferred stock will have no special voting rights and their consent will not be required for the taking of any corporate action.

PROCEDURES FOR CONVERSION. Not later than the third business day following the day on which mandatory conversion has occurred, we must give written notice to each holder of shares of preferred stock so converted. Failure to give notice will not affect the conversion.

Any holder of any shares of preferred stock may exercise the right to convert on an optional conversion, or exchange certificates representing shares of preferred stock for certificates representing the shares of common stock into which the preferred stock has been converted in a mandatory conversion, by surrendering to us the certificates representing the shares of preferred stock to be converted or that were automatically converted. The certificates must be endorsed or submitted with appropriate stock powers and other documents necessary to transfer the shares. As promptly as practicable, we will deliver certificates representing the number of validly issued, fully paid and nonassessable full shares of common stock to which the holders of shares of preferred stock so converted are entitled.

RANKING. Shares of preferred stock issued in the offer will rank (i) junior to all other series of preferred stock with respect to the payment of dividends, redemptions and on liquidation and (ii) senior to common stock and, except as approved by a majority of the holders of preferred stock, to all other classes or series of our capital stock (now or hereafter authorized or issued) with respect to the payment of dividends, redemptions and on liquidation.

Facsimile copies of the letter of transmittal, properly completed and duly executed, will be accepted. The letter of transmittal, certificates for old notes and any other required documents should be sent or delivered by each holder or his broker, dealer, commercial bank or other nominee to the exchange agent at one of its addresses set forth below.

The exchange agent for the exchange offer is:

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION

By overnight courier and regular mail delivery after 4:30 p.m. on expiration date:

Wells Fargo Bank Minnesota, National Association
Corporate Trust Services
Sixth Street and Marquette Avenue
MAC N9303-120
Minneapolis, MN 55479
Attention: Jane Y. Schweiger

Telephone number: (612) 667-2344
Facsimile number: (612) 667-9825

By hand delivery to 4:30 p.m.:

Wells Fargo Bank Minnesota, National Association
Corporate Trust Services
Northstar East Building -- 12th Floor
608 Second Avenue South
Minneapolis, MN 55402
Attention: Jane Y. Schweiger

By registered or certified mail:

Wells Fargo Bank Minnesota, National Association
Corporate Trust -- CFS
P.O. Box 2370
Minneapolis, MN 55402-0370
Attention: Jane Y. Schweiger

Questions or requests for assistance or additional copies of this offer to exchange, the letter of transmittal or other offer documents may be directed to the information agent at its address and telephone numbers set forth below. Beneficial owners may also contact their broker, dealer, commercial bank or trust company for assistance concerning the offer.

The information agent for the exchange offer and the solicitation of acceptances is:

MORROW & CO., INC.

445 Park Avenue, 5th Floor
New York, NY 10022

Call Collect (212) 754-8000

Banks and Brokerage Firms, Please Call: (800) 654-2468

NOTEHOLDERS, PLEASE CALL: (800) 607-0088

THIS SOLICITATION IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF A PLAN OF REORGANIZATION PRIOR TO THE FILING OF A VOLUNTARY REORGANIZATION CASE UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (THE "BANKRUPTCY CODE"). BECAUSE NO CHAPTER 11 CASE HAS BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT (AS DEFINED) AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF ITS CHAPTER 11 CASE, VISKASE COMPANIES, INC. EXPECTS TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT (A) APPROVING THIS DISCLOSURE STATEMENT AS HAVING CONTAINED ADEQUATE INFORMATION AND THE SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE AND (B) CONFIRMING A PLAN OF REORGANIZATION.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:

VISKASE COMPANIES, INC.,

Debtor

Chapter 11

DISCLOSURE STATEMENT PURSUANT TO SECTION 1126(B) OF THE BANKRUPTCY CODE RELATING TO A PREPACKAGED PLAN OF REORGANIZATION PROPOSED BY VISKASE COMPANIES, INC. AND ITS CO-PROPONENT NON-DEBTOR SUBSIDIARIES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., NEW YORK CITY TIME, ON SEPTEMBER 19, 2002, UNLESS EXTENDED BY VISKASE COMPANIES, INC. ("VISKASE") IN ITS SOLE DISCRETION. IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION (THE "BALLOTING AGENT") BY SUCH DATE.

VISKASE HAS NOT COMMENCED A CASE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AT THIS TIME. THIS DISCLOSURE STATEMENT SOLICITS ACCEPTANCES OF THE PLAN AND CONTAINS INFORMATION RELEVANT TO A DECISION TO ACCEPT OR REJECT THE PLAN. ANY QUESTIONS SHOULD BE DIRECTED TO THE BALLOTING AGENT AT THE ADDRESS SET FORTH ON THE BACK COVER.

DISCLAIMER

NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

HOLDERS OF CLAIMS IN IMPAIRED CREDITOR CLASSES (CLASS 4 -- OLD NOTE CLAIMS) TO WHOM THIS DISCLOSURE STATEMENT IS BEING DELIVERED ARE ADVISED AND ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS) AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THIS DISCLOSURE STATEMENT. ALL CREDITORS WHO RECEIVE THIS DISCLOSURE STATEMENT SHOULD READ CAREFULLY AND CONSIDER FULLY THE "CERTAIN FACTORS TO BE CONSIDERED" SECTION HEREOF BEFORE VOTING FOR OR AGAINST THE PLAN. SEE SECTION XI. -- "CERTAIN FACTORS TO BE CONSIDERED."

WHEN CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN VISKASE, WHETHER OR NOT THEY ARE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY

DISTRIBUTIONS OR PROPERTY UNDER THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN, OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING SECURITIES OF VISKASE SHOULD NOT RELY UPON THIS DISCLOSURE STATEMENT FOR SUCH PURPOSES AND SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

NEITHER THE PLAN NOR THE SECURITIES TO BE ISSUED THEREUNDER HAVE BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE OR FOREIGN SECURITIES AUTHORITY, NOR HAS THE SEC OR ANY STATE OR FOREIGN SECURITIES AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE PLAN OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. IN EFFECTUATING THE PLAN, INCLUDING THE SOLICITATION OF ACCEPTANCES FROM HOLDERS OF OLD NOTES PURSUANT TO THIS DISCLOSURE STATEMENT, VISKASE WILL RELY ON SECTION 4(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND SIMILAR STATE LAW PROVISIONS AND, TO THE EXTENT APPLICABLE, REGULATION D PROMULGATED UNDER THE SECURITIES ACT AND OTHER EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT (INCLUDING, WITHOUT LIMITATION, SECTION 1145 OF THE BANKRUPTCY CODE).

EACH HOLDER OF OLD NOTES OF VISKASE, EACH OF WHOM IS BEING ASKED TO VOTE ON THE PLAN, SHOULD CONSULT WITH SUCH HOLDER'S LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN AND THE PREPACKAGED RESTRUCTURING CONTEMPLATED THEREBY.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES, CONTINGENCIES AND RISKS, MANY OF WHICH ARE

BEYOND VISKASE'S CONTROL. ESTIMATES, ASSUMPTIONS AND PROJECTIONS WITH RESPECT TO FUTURE BUSINESS CONDITIONS ARE LIKELY TO CHANGE. ACTUAL RESULTS WILL VARY FROM THE ESTIMATES, ASSUMPTIONS AND PROJECTIONS AND THESE VARIATIONS MAY BE MATERIAL. FINANCIAL PROJECTIONS ARE NECESSARILY SPECULATIVE IN NATURE. YOU ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT.

EXCEPT WITH RESPECT TO THE PROJECTIONS REFERENCED IN "FINANCIAL PROJECTIONS AND ASSUMPTIONS USED" (THE "PROJECTIONS"), AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF. SUCH EVENTS MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. VISKASE DOES NOT INTEND TO UPDATE THE PROJECTIONS. THE PROJECTIONS ARE QUALIFIED BY AND SUBJECT TO THE ASSUMPTIONS SET FORTH HEREIN AND THE OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH PUBLISHED GUIDELINES OF THE SEC, THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR ANY OTHER REGULATORY OR PROFESSIONAL AGENCY OR BODY, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") OR CONSISTENCY WITH THE AUDITED FINANCIAL STATEMENTS INCLUDED IN ANY OF THE SOLICITATION MATERIALS. IN ADDITION, NONE OF THE AUDITORS OR OTHER ADVISORS FOR VISKASE HAS COMPILED OR EXAMINED THE PROJECTIONS AND, ACCORDINGLY, DO NOT EXPRESS ANY OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO, ASSUME NO RESPONSIBILITY FOR AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. THE PROJECTIONS SHOULD BE READ TOGETHER WITH THE INFORMATION CONTAINED UNDER THE HEADINGS "CERTAIN FACTORS TO BE CONSIDERED," "PRO FORMA CONSOLIDATED FINANCIAL INFORMATION," AND "OPERATIONS OF VISKASE AND ITS SUBSIDIARIES" PRIOR TO CHAPTER 11 CASE. FURTHER, VISKASE DOES NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

ANY ESTIMATES OF CLAIMS AND INTERESTS SET FORTH IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL AMOUNTS OF CLAIMS OR INTERESTS ALLOWED BY THE

BANKRUPTCY COURT.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY PROCEEDING INVOLVING VISKASE OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO ANY INTERESTED PARTY.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY DISTRIBUTION OF PROPERTY PURSUANT TO THE PLAN WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF VISKASE SINCE THE DATE HEREOF.

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TABLE OF EXHIBITS

I. INTRODUCTION

A. DEFINITIONS

Unless otherwise noted, capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the prepackaged plan of reorganization (as such plan may be altered, amended, modified or supplemented as described herein, the "Plan"), a copy of which Plan is attached hereto as Exhibit A.

B. GENERAL

Viskase Companies, Inc., a Delaware Corporation ("Viskase"), has not commenced a case (a "Reorganization Case") under chapter 11 of title 11 of the United States Code, 11 U.S.C. sec.sec. 101-1330 (as amended, the "Bankruptcy Code") at this time, but is soliciting acceptances of the Plan (the "Solicitation") from holders of its 10 1/4% Senior Notes due 2001 (the "Old Notes") prior to the commencement of a Reorganization Case. This Disclosure Statement is being furnished by Viskase pursuant to Section 1126(b) of the Bankruptcy Code and Rule 3018 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") in connection with the Solicitation. Viskase intends to solicit acceptances of the Plan from holders of Equity Interests after the commencement of a Reorganization Case, if one is commenced.

Viskase anticipates that by conducting the Solicitation in advance of commencing its Reorganization Case, the pendency of the Reorganization Case, if one is commenced, will be significantly shortened and its administration will be simplified and less costly. Viskase believes that acceptance of the Plan is in the best interests of its creditors and equity holders. HOLDERS OF OLD NOTES SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN, TOGETHER WITH THE OTHER SOLICITATION MATERIALS (DEFINED BELOW), IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

ALTHOUGH CERTAIN OF VISKASE'S SUBSIDIARIES WILL BE CO-PROPONENTS OF THE PLAN, IT IS NOT CURRENTLY ANTICIPATED THAT ANY OF VISKASE'S SUBSIDIARIES WILL COMMENCE CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. VISKASE'S SUBSIDIARIES INTEND TO CONTINUE OPERATING THEIR RESPECTIVE BUSINESSES AND PAYING THEIR CREDITORS IN THE ORDINARY COURSE IN THE EVENT THAT VISKASE COMMENCES ITS REORGANIZATION CASE. AS SUCH, THE PLAN WILL NOT AFFECT THE CONTINUING AND TIMELY PAYMENT IN FULL OF THE SUBSIDIARIES' OBLIGATIONS TO THEIR CREDITORS. IN ADDITION, THE PLAN PROVIDES THAT, OTHER THAN (I) HOLDERS OF THE OLD NOTES, AND (II) HOLDERS OF EQUITY INTERESTS, ALL CREDITORS OF VISKASE INCLUDING, WITHOUT LIMITATION, TRADE CREDITORS, WILL BE PAID IN FULL IN ACCORDANCE WITH THE TERMS OF THEIR CLAIMS, AND SUCH CREDITORS WILL THEREFORE NOT BE IMPAIRED BY, AND WILL BE DEEMED TO ACCEPT, THE PLAN, AND THE VOTE OF SUCH UNIMPAIRED CREDITORS ON THE PLAN WILL NOT BE SOUGHT. AS PART OF THE RESTRUCTURING, IMMEDIATELY PRIOR TO OR ON THE EFFECTIVE DATE OF THE PLAN, VISKASE CORPORATION WILL BE MERGED WITH AND INTO VISKASE, WITH VISKASE BEING THE SURVIVING CORPORATION IN THE MERGER.

C. THE RESTRUCTURING

On December 1, 2001, the Old Notes matured and were fully payable. Viskase did not have the cash available to pay the principal amount of the Old Notes not owned by Viskase or the interest payable on the Old Notes on December 1, 2001, and such payments have not been made. Viskase is seeking to implement a financial restructuring (the "Restructuring") of its obligations in an effort to address these issues. Pursuant to a Restructuring Agreement, dated July 15, 2002, by and among Viskase and certain holders of Old Notes signatory thereto, Viskase is simultaneously proposing two alternative means of accomplishing the Restructuring: (i) without commencement of a bankruptcy case through the exchange offer (the "Exchange Offer") described below (the "Exchange Restructuring") or (ii) in a prepackaged bankruptcy pursuant to the Plan (the "Prepackaged Restructuring").

The Exchange Restructuring and the Prepackaged Restructuring are intended to have substantially the same economic impact on holders of Old Notes and Equity Interests. The terms of the New Notes (as defined below) to be issued in either the Exchange Restructuring or the Prepackaged Restructuring will be identical. Furthermore, the dilution to which holders of Equity Interests will be subject will be similar in the Exchange Restructuring and the Prepackaged Restructuring. In the Exchange Restructuring, such dilution will result from the issuance of Preferred Stock (as defined below) to holders of Old Notes. In the Prepackaged Restructuring, such dilution will result from the cancellation of Equity Interests, the issuance of over 90% of the New Common Stock to holders of the Old Notes, and the issuance of Warrants to the holders of Equity Interests.

The terms and conditions of the Exchange Offer are set forth in an Offer to Exchange dated as of the date hereof (the "Offer to Exchange"). The Offer to Exchange, this Disclosure Statement (and all exhibits hereto), the Plan, and the forms of Ballot and Master Ballot enclosed herewith are collectively referred to herein as the "Solicitation Materials."

1. EXCHANGE RESTRUCTURING

The Exchange Restructuring is designed to accomplish the Restructuring without the commencement of a prepackaged bankruptcy case. Concurrently with the Solicitation, Viskase is commencing the Exchange Offer in which it is offering to exchange its Old Notes for new 8% Senior Subordinated Secured Notes due 2008 (the "New Notes") and shares of Series A Convertible Preferred Stock (the "Preferred Stock"). The Restructuring Agreement provides that, if all of the conditions to the Exchange Offer have not been satisfied and the Exchange Offer has terminated or expired in accordance with its terms, and if Viskase has obtained the requisite votes from holders of Old Notes necessary to confirm the Plan, Viskase will commence the Reorganization Case and file and seek confirmation of the Plan.

The Exchange Restructuring can only be consummated (subject to the right of Viskase and the holders of the Old Notes signatory to the Restructuring Agreement to amend and/or waive conditions to the Exchange Offer), if holders of 100% the Old Notes validly tender (and do not properly withdraw) their Old Notes by the expiration of the Exchange Offer. If the Exchange Offer is consummated, holders of the Old Notes will exchange their Old Notes for (a) $367.96271 in principal amount of New Notes and (b) 126.82448 shares of Preferred Stock for each $1,000 principal amount of Old Notes. In the Exchange Restructuring, currently outstanding Equity Interests would remain outstanding but be subject to immediate and substantial dilution as a result of the issuance of the Preferred Stock. For additional information concerning the terms of the Exchange Restructuring, SEE "THE EXCHANGE OFFER -- TERMS OF THE EXCHANGE OFFER; PERIOD FOR TENDERING OLD NOTES" in the Offer to Exchange.

2. PREPACKAGED RESTRUCTURING

If the Exchange Offer expires or has terminated in accordance with its terms, and if the Plan has been accepted by at least a majority in number of holders of the Old Notes and two-thirds in aggregate principal amount of Old Notes that actually vote on the Plan, Viskase will commence the Reorganization Case, solicit acceptances of the Plan from holders of Equity Interests, and ask the Bankruptcy Court to confirm the Plan. If confirmed, the Plan would be binding upon all holders of the Old Notes and Equity Interests regardless of whether they voted for the Plan, and upon all other creditors of Viskase. SEE

SECTION XX. -- "VOTING AND CONFIRMATION OF THE PLAN." Although Viskase believes that if accepted by the requisite holders of the Old Notes and Equity Interests the Plan would meet all of the confirmation standards of the Bankruptcy Code, there is no assurance that the Bankruptcy Court would confirm the Plan. SEE SECTION XI.B. -- "CERTAIN FACTORS TO BE CONSIDERED -- Certain Risks of Non-Confirmation."

If the Exchange Offer expires or terminates in accordance with its terms and the requisite holders of Class 4 claims have not accepted the Plan, or if Viskase otherwise determines that it is or will be unable to complete the Prepackaged Restructuring, Viskase will consider all strategic alternatives available to it at such time, which may include the commencement of a chapter 11 case without a pre-approved plan of reorganization or the implementation of an alternative restructuring arrangement outside of bankruptcy.

D. SOLICITATION AND ACCEPTANCE OF THE PLAN

1. WHO IS ENTITLED TO VOTE

Under chapter 11 of the Bankruptcy Code, only holders of Claims or Equity Interests that are "impaired" are entitled to vote to accept or reject the Plan. To be confirmed, the Plan must be accepted by the holders of certain Classes of Claims (i.e. Claims of holders of Old Notes in Class 4) and Equity Interests (i.e. holders of Equity Interests in Class 5), and the Plan must be confirmed by the Bankruptcy Court. For a discussion of these matters, SEE SECTION XXI.A. -- "VOTING AND CONFIRMATION OF THE PLAN -- Voting Procedures and Requirements." Therefore, acceptances of the Plan are being solicited only from holders of Claims that are impaired under the Plan (i.e., Claims in Class 4 (Old Note Claims) at this time, and Claims in Class 5 (Equity Holder Claims) after commencement of the Reorganization Case). ALL OTHER CLASSES OF CLAIMS ARE UNIMPAIRED AND HOLDERS OF CLAIMS IN SUCH CLASSES ARE THEREFORE CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY CODE.

2. VOTE REQUIRED FOR ACCEPTANCE BY A CLASS

In order for the Plan to be confirmed by the Bankruptcy Court, it must meet the applicable requirements of the Bankruptcy Code. Section 1129(a) of the Bankruptcy Code requires, among other things, that, if a class of claims is impaired under a chapter 11 plan, at least one impaired class of creditors has voted to accept the plan. If a class of claims is impaired under the plan, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of claims impaired under the plan, with such class acceptance determined without including any acceptances of the plan by insiders of the debtor. SEE SECTION XX.A. -- "VOTING AND CONFIRMATION OF THE PLAN -- Voting Procedures and Requirements."

3. BALLOTS

A Ballot and a Master Ballot are enclosed for voting on the Plan. THE VOTING DEADLINE FOR ACCEPTING OR REJECTING THE PLAN IS 5:00 P.M., NEW YORK CITY TIME, SEPTEMBER 19, 2002 (THE "VOTING DEADLINE"). YOUR BALLOT IS ENCLOSED HEREWITH. IN ORDER FOR YOUR BALLOT TO BE COUNTED, IT IS IMPERATIVE THAT IT BE RECEIVED BY THE VOTING DEADLINE. PLEASE SIGN YOUR BALLOT IMMEDIATELY AND RETURN IT IN THE ENCLOSED SELF-ADDRESSED, POSTAGE-PAID ENVELOPE.

UNLESS OTHERWISE DIRECTED BY THE BANKRUPTCY COURT, ONLY VOTES CAST BY OR AT THE DIRECTION OF BENEFICIAL INTEREST HOLDERS OF OLD NOTES IN ACCORDANCE WITH THE VOTING INSTRUCTIONS WILL BE COUNTED FOR PURPOSES OF VOTING ON THE PLAN.

The Solicitation will expire at the Voting Deadline, unless the Voting Deadline is extended or waived by Viskase. After carefully reviewing this Disclosure Statement, the Plan and the other applicable Solicitation Materials, each holder of Old Notes should vote to accept or reject the Plan in accordance with the voting instructions set forth in the Ballot and Master Ballot (as applicable), and return the appropriate Ballot(s) in accordance with the instructions set forth therein so they are received prior to the Voting

Deadline. If you did not receive a Ballot and a Master Ballot in your package of Solicitation Materials and believe that you should have, please contact Wells Fargo Bank Minnesota, National Association, the Balloting Agent, at (612) 667-1102, attention: Patty Adams (email: patricia.l.adams@wellsfargo.com). For further information, SEE SECTION XX. -- "VOTING AND CONFIRMATION OF THE PLAN."

4. INQUIRIES

If you have questions about the procedures for voting your Claim, or the packet of materials that you received, please contact the Balloting Agent.

If you have questions about the amount of your Claim, please contact Viskase Companies, Inc., 625 Willowbrook Centre Parkway, Willowbrook, IL 60527, Attention: Marianne Allen, or by telephone at (630) 789-4900.

If you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to those documents, or any of the other Solicitation Materials, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), please contact the Balloting Agent.

E. PREPACKAGED PLAN OR REORGANIZATION

1. OVERVIEW OF PLAN

The following is a brief summary of certain material provisions of the Plan. For a more detailed description of the terms of the Plan, SEE SECTION X. -- "SUMMARY OF PLAN OF REORGANIZATION." These descriptions are qualified in their entirety by the provisions of the Plan.

Under the Plan:

- all Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, General Unsecured Claims, and Secured Claims of Viskase will remain unimpaired;

- the holders of Allowed Claims in Class 4 (Old Note Claims) will receive, in full satisfaction of their Class 4 Claims, for each $1,000 in principal amount of Old Notes held (i) $367.96271 principal amount of New Notes; and (ii) 3,170.612 shares of New Common Stock(1);

- the existing Equity Interests will be cancelled and the holders of Equity Interests will receive, in full and final satisfaction of their Equity Interests, a pro rata share of the Warrants; and

- certain members of Viskase management and other employees will be issued an aggregate of approximately 16,000,000 shares of restricted New Common Stock pursuant to the Restricted Stock Plan to be adopted by Viskase as of the Effective Date of the Plan.(2)

2. SUMMARY OF CLASSIFICATION OF CLAIMS

The Plan categorizes the Claims against, and Equity Interests in, Viskase into five Classes that will exist on the date Viskase files its voluntary petition for reorganization relief under chapter 11 of the Bankruptcy Code. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified. The Plan provides that (i) Allowed Administrative Expenses incurred by Viskase during the Reorganization Case will be paid in full in cash on the later of (a) the Effective Date, or (b) as soon as practicable after the date on which each such Claim becomes an Allowed Administrative Claim; and (ii) Allowed Priority Tax Claims will be paid through deferred cash payments over a period not exceeding six years from the date of assessment of the Priority Tax Claim on which such Allowed Claim is based.

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1 Share amounts and per share prices throughout this Disclosure Statement do not take into account a contemplated 100 to 1 reverse split of the Old Common

Stock that may be effected in connection with the Restructuring prior to confirmation of the Plan in order to reduce the number of shares outstanding to allow for a reasonable number of shares of New Common Stock outstanding after the Plan Effective Date.

2 An additional 17,000,000 shares of New Common Stock are to be reserved for possible future issuance under the Restricted Stock Plan.

The table below provides a summary of the classification and treatment of Classes of Claims and Equity Interests under the Plan:

<Table>

CLASS	TYPE OF CLAIM OR EQUITY INTEREST	TREATMENT	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS	ESTIMATED PERCENTAGE RECOVERY OF ALLOWED CLAIMS(3)
<C>	<S>	<C>	<C>	<C>
Class 1	Priority Non-Tax Claims and Viskase.	Unimpaired -- deemed to have accepted the Plan and not entitled to vote; paid in full in cash on the Effective Date, or such other treatment as agreed upon by a holder of an Allowed Class 1 Priority Non-Tax Claim and	$ 0	100%
Class 2	Secured Claims	Unimpaired -- deemed to have accepted the Plan; at Viskase's option, each such holder will receive on account of its Allowed Secured Claim (a) treatment as provided	$	0

	under section 1124(2) of the Bankruptcy Code, with the Cash payments required by section 1124(2) of the Bankruptcy Code being made on the Effective Date; or (b) such holder's Collateral. If the holder of an Allowed Secured Claim receives treatment as provided in (a) above, such holder will retain the Liens securing the Allowed Secured Claim until paid in full. Any deficiency amount relating to an Allowed Secured Claim will be treated		100%
Class 3	General Unimpaired -- deemed Unsecured to have accepted the Claims Plan; $	111,570	
	paid in full in		

		cash on the Effective Date, or such other treatment as agreed upon by a holder of an Allowed Class 3 General Unsecured Claim and Viskase.			100%
Class 4	Old Note Claims	Impaired -- entitled to vote; on the Effective Date, each Holder of an Allowed Class 4 Old Notes Claim will receive, for each $1,000 in principal amount of Old Notes held, (a) $367.96271 principal amount of New Notes and (b) 3,170.612 shares of New Common Stock.	$	171,416,825(4)	36%
Class 5...	Equity Interests	Impaired -- entitled to vote; on the Effective Date, each Holder of an Allowed Class 5 Equity Interest will receive a pro rata share of the	$	138,031,725	

	Warrants.			less than 1%

</Table>

For a more detailed description of the foregoing Classes of Claims and Equity Interests and the distributions thereto, SEE SECTION X.C.2. -- "SUMMARY OF THE PLAN OF REORGANIZATION -- Classification and Treatment of Claims and Interests; Treatment of Classified Claims."

<Table>
(4) Includes $8,356,825 in interest accrued through December 1, 2001.
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II. OPERATIONS OF VISKASE AND ITS SUBSIDIARIES PRIOR TO CHAPTER 11 CASE

A. GENERAL

Viskase (formerly Envirodyne Industries, Inc.) is a Delaware corporation organized in 1970. In 1989, Viskase was taken private in a leveraged buyout. In 1993, in large part due to the debt Viskase undertook as part of the leveraged buyout, Viskase filed for reorganization relief under chapter 11 of the Bankruptcy Code. On December 31, 1993, Viskase emerged from chapter 11 as a public company. As part of its plan of reorganization, Viskase issued the Old Notes to certain of its noteholders.

Viskase is a holding company whose principal asset is the stock it owns in its subsidiary corporations. Its principal subsidiary, Viskase Corporation, is a major producer of cellulosic and plastic casings used in preparing and packaging processed meat products.

In recent years, Viskase has sold certain of its operations in order to reduce indebtedness and sharpen its operational focus. As a result of these efforts, Viskase sold Sandusky Plastics, Inc., a wholly owned subsidiary, in June 1998 and Clear Shield National, Inc., a wholly owned subsidiary, in July 1998. In August 2000, Viskase sold its plastic barrier and non-barrier shrink film business ("Films Business"). These divestitures have left the cellulosic and plastics casings business as Viskase's primary operating activity.

B. DESCRIPTION OF BUSINESS

Viskase Corporation invented the basic process for producing casings from regenerated cellulose for commercial production in 1925. Casings made of regenerated cellulose were developed by Viskase Corporation to replace casings made of animal intestines. Viskase Corporation has been a leading worldwide producer of cellulosic casings since that time.

Cellulosic casings are used in the production of processed meat and poultry products, such as hot dogs, salami and bologna. To manufacture these products, meat is stuffed into a casing, which is then cooked and smoked. The casings, which are non-edible, serve to hold the shape of the product during these processes. For certain products, such as hot dogs, the casings are removed and discarded prior to retail sale.

Cellulosic casings generally afford greater uniformity, lower cost and greater reliability of supply and also provide producers with the ability to cook and smoke products in the casing. Cellulosic casings are required for the high speed production of many processed meats. The production of regenerated cellulose casings generally involves four principal steps: (i) production of a viscose slurry from wood pulp, (ii) regeneration of cellulosic fibers, (iii) extrusion of a continuous tube during the regeneration process and (iv) "shirring" of the final product. Shirring is a finishing process that involves pleating and compressing the casing in tubular form for subsequent use in

high-speed stuffing machines. The production of regenerated cellulose casings involves a complex and continuous series of chemical and manufacturing processes, and Viskase Corporation believes that its facilities and expertise in the manufacture of extruded cellulose are important factors in maintaining its product quality and operating efficiencies.

Viskase Corporation's product line includes NOJAX(R) cellulosic casings for small-diameter processed meat products, such as hot dogs, Precision(R) and Zephyr(R) for large diameter processed meats and ham products, fibrous or large-diameter casings which are paper-reinforced cellulosic casings, used in the production of large-diameter sausages, salami, hams and other processed meat products, and Visflex(TM) plastic casings used for a wide variety of processed meat, poultry and cheese applications.

DOMESTIC OPERATIONS

Viskase Corporation has three manufacturing or finishing facilities located within the continental United States: in Loudon, Tennessee; Osceola, Arkansas and Kentland, Indiana.

INTERNATIONAL OPERATIONS

Viskase Corporation has four manufacturing or finishing facilities located outside of the continental United States in Beauvais, France; Thaon, France; Guarulhos, Brazil and Caronno, Italy.

The aggregate of domestic exports and net sales of foreign operations represents approximately 56% of Viskase Corporation's total net sales during 2001.

SALES AND DISTRIBUTION

Viskase Corporation has a broad base of customers, with no single customer accounting for more than 6% of sales. Viskase Corporation sells its products in virtually every country in the world. In the United States, Viskase Corporation has a staff of technical sales teams responsible for sales to processed meat and poultry producers. Approximately 70 distributors market Viskase Corporation products to customers in Europe, Africa, the Middle East, Asia and Latin America. Its products are marketed through its own subsidiaries in France, Germany, Italy, Poland, Brazil and Canada. As of December 31, 2001 and 2000, Viskase Corporation had backlog orders of $20 million and $26 million, respectively.

Viskase Corporation maintains ten service and distribution centers worldwide. The service centers perform limited product finishing and provide sales, customer service, warehousing and distribution. Distribution centers provide only warehousing and distribution.

In North America, Viskase Corporation operates distribution centers in Atlanta, Georgia; Buffalo, New York; Fresno, California; Remington, Indiana and Lindsay, Ontario, Canada. In South America, Viskase Corporation operates a service center in Guarulhos, Brazil. In Europe, Viskase Corporation operates a service center in Caronno, Italy, and distribution centers in Pulheim, Germany and Warsaw, Poland.

COMPETITION

Viskase Corporation is one of the world's leading producers of cellulosic casings. Viskase Corporation seeks to maintain a competitive advantage by manufacturing products having outstanding quality and superior performance characteristics over competitive products, responding quickly to customer product requirements, providing technical support services to its customers for production and formulation opportunities and producing niche products to fill individual customer requirements. During the previous five years, Viskase Corporation has experienced reduced market share, reduced selling prices and reduced profits due to intense price competition.

Viskase Corporation's principal competitors in cellulosic casings are Teepak, LLC, located in the United States, with plants in the United States and Belgium, Viscofan, S.A., located in Spain, Germany, Brazil, Czech Republic and the United States, Kalle Nalo GmbH, located in Germany, Case Tech, a wholly owned subsidiary of Bayer AG, located in Germany, Oy Visko AB, located in Finland, KoSa, located in Mexico, and two Japanese manufacturers, Meatlonn and Toho. Viskase Corporation's primary competitors are larger and better capitalized than Viskase Corporation.

RESEARCH AND DEVELOPMENT

Viskase Corporation's continuing emphasis on research and development is central to its ability to maintain industry leadership. In particular, Viskase Corporation focuses on the development of new products that increase customers' operating efficiencies, assist customers in address food safety issues, such as listeria, reduce their operating costs and expand their markets. Viskase Corporation's projects include development of new processes and products to improve its manufacturing efficiencies. Viskase Corporation's research scientists, engineers and technicians are engaged in continuing product and equipment development and also provide direct technical and educational support to its customers.

Viskase Corporation believes it has achieved and maintained its position as a leading producer of cellulosic casings for packaging meats through significant expenditures on research and development. Viskase and its Subsidiaries expect to continue these research and development and food safety efforts. The

commercialization of certain of these product and process applications and related capital expenditures to achieve commercialization may require substantial financial commitments in future periods. Research and development costs from continuing operations are expensed as incurred and totaled $4.8 million, $5.5 million, and $4.2 million for 2001, 2000, and 1999, respectively.

SEASONALITY

Historically, domestic sales and profits of Viskase Corporation have been seasonal in nature, increasing in the spring and summer months. Sales outside of the United States follow a relatively stable pattern throughout the year.

RAW MATERIALS

Raw materials used by Viskase Corporation include cellulose (from wood pulp), specialty fibrous paper and various other chemicals. Viskase Corporation generally purchases its raw materials from a single source or small number of suppliers with whom it maintains good relations. Certain primary and alternative sources of supply are located outside the United States. Viskase Corporation believes, but there can be no assurance, that adequate alternative sources of supply currently exist for all of Viskase Corporation's raw materials or that raw material substitutes are available, which Viskase Corporation could modify its processes to utilize.

EMPLOYEES

Viskase and its Subsidiaries maintain good relationships with its 1,400 employees worldwide. One of Viskase Corporation's domestic plants, located in Loudon, Tennessee, is unionized, and all of its European and Brazilian plants have unions. Employees at Viskase's European plants negotiate at both local and national levels. Based on past experience and current conditions, Viskase does not expect a protracted work stoppage to occur stemming from union activities; however, national events outside of the Company's control may give rise to such risk. Unions represent a total of approximately 525 of Viskase's 1,400 employees.

TRADEMARKS AND PATENTS

Viskase Corporation holds patents on many of its major technologies, including those used in its manufacturing processes and the technology embodied

in products sold to its customers. Because it believes its ongoing market leadership depends heavily upon its technology, Viskase Corporation vigorously protects and defends its patents against infringement by competitors on an international basis. As part of its research and development program, Viskase Corporation has developed and expects to continue to develop new proprietary technology and has licensed proprietary technology from third parties. Management believes these activities will enable Viskase Corporation to maintain its competitive position. Viskase Corporation also owns numerous trademarks and registered tradenames that are used actively in marketing its products. Viskase Corporation periodically licenses its process and product patents to competitors on a royalty basis.

ENVIRONMENTAL REGULATIONS

In manufacturing its products, the Viskase Corporation employs certain hazardous chemicals and generates toxic and hazardous wastes. The use of these chemicals and the disposal of such waste are subject to stringent regulation by several governmental entities, including the United States Environmental Protection Agency ("USEPA") and similar state, local and foreign environmental control entities. Viskase Corporation is subject to various environmental, health and safety laws, rules and regulations including those of the United States Occupational Safety and Health Administration and the USEPA. These laws, rules and regulations are subject to amendment and to future changes in public policy or interpretation, which may affect the operations of Viskase. Viskase and its Subsidiaries use their reasonable best efforts to comply with promulgated laws, rules and regulations and participates in the rulemaking process.

Certain of the Viskase's Subsidiaries' facilities are or may become potentially responsible parties with respect to off-site waste disposal facilities.

New environmental and health and safety laws can impose significant compliance costs, including forthcoming rules. Under the Clean Air Act Amendments of 1990, various industries, including casings manufacturers, will be required to meet air emissions standards for certain chemicals based on use of the "maximum achievable control technology" ("MACT"). MACT Standards for new and existing cellulose casing manufacturing sources were promulgated by the USEPA on June 11, 2002. Compliance with the new rules will be required within three years of promulgation. MACT rules will apply to all casing manufacturers in the United States.

Under the Resource Conservation and Recovery Act, regulations have been proposed that, in the future, may impose design and/or operating requirements on the use of surface impoundments of wastewater. Two of Viskase Corporation's plants use surface impoundments. Viskase and its Subsidiaries do not foresee these regulations being imposed for several years.

III. COMMON STOCK OWNERSHIP

The following table sets forth the ownership of Old Common Stock (including shares subject to stock options) as of July 31, 2002 of (i) each person or group of persons known to Viskase to beneficially own more than 5% of the outstanding shares of the Old Common Stock, (ii) each director and executive officer of Viskase listed in "MANAGEMENT OF VISKASE -- OFFICERS AND DIRECTORS" and (iii) all executive officers and directors of Viskase as a group. All information is taken from or based upon ownership filings made with the SEC or upon information provided by Viskase.

<Table>
<Caption>

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED(1)	PERCENT OF CLASS(1)
<S>	<C>	<C>
Pacificor, Inc.	5,000,000	32.64%
Steven L. Gevirtz	3,495,652(2)	22.62%

Katana Fund LLC, Katana Capital Advisors, LLC		
F. Edward Gustafson	1,979,610(3)(4)(5)	12.78%
Donald P. Kelly	1,770,287(3)	11.56%
Volk Enterprises, Inc.	1,300,000	8.50%
Robert N. Dangremond	64,340(6)	*
Gordon S. Donovan	108,260(5)(7)	*
Kimberly K. Duttlinger	40,306(8)	*
Gregory R. Page	34,150(6)	*
All directors and executive officers of the Company as a group (5 persons)	2,226,666(9)	14.26%

</Table>

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* Less than 1%.

(1) Beneficial ownership is calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules promulgated thereunder. Accordingly, the "Number of Shares Beneficially Owned" and the "Percent of Class" shown for each person listed in the table are based on the assumption that stock options which are exercisable currently or within 60 days of July 31, 2002, held by such person, have been exercised. Unless otherwise indicated, the persons listed in the table have sole voting and investment power over those securities listed for such person.

(2) Katana Capital Advisors, LLC manages the Katana Fund LLC and therefore is deemed to indirectly own the shares owned by the Katana Fund LLC.

(3) The ownership indicated includes 70,287 shares owned by D.P. Kelly & Associates, L.P. ("DPK"), of which Mr. Kelly and Mr. Gustafson are principals and officers. The general partner of DPK is C&G Management Company, Inc. ("C&G Management"), which is owned by Mr. Kelly and Mr. Gustafson. The ownership indicated also includes 1,300,000 shares owned by Volk Enterprises, Inc. ("Volk"). Volk is controlled by Volk Holdings L.P., whose general partner is Wexford Partners I L.P. ("Wexford Partners"). The general partner of Wexford Partners is Wexford Corporation, which is owned by

Mr. Kelly and Mr. Gustafson. Mr. Kelly and Mr. Gustafson share voting and investment power over the shares owned by DPK and Volk. However, Mr. Kelly and Mr. Gustafson each disclaim beneficial ownership of shares owned by DPK and Volk except to the extent of their respective pecuniary interest in such entities.

(4) The ownership indicated includes 170,000 shares subject to stock options owned by Mr. Gustafson. The ownership indicated also includes 70,619 shares owned by Mr. Gustafson's spouse. Mr. Gustafson does not have or share voting or investment power over the shares owned by his spouse and disclaims beneficial ownership of such shares.

(5) The ownership indicated also includes 218,000 and 2,998 shares acquired by Messrs. Gustafson and Donovan, respectively, pursuant to the Viskase Companies, Inc. Parallel Non-Qualified Savings Plan.

(6) The ownership indicated includes 7,000 shares subject to stock options owned by each of Messrs. Dangremond and Page.

(7) The ownership indicated includes 79,000 shares subject to stock options owned by Mr. Donovan, 8,000 shares held by Mr. Donovan as trustee for the benefit of his spouse, with whom Mr. Donovan shares voting and investment power over such shares and 1,000 shares owned by Mr. Donovan's spouse. Mr. Donovan does not have or share voting power over the 1,000 shares owned by his spouse. Mr. Donovan disclaims beneficial ownership of the shares held by him as trustee and the shares owned by his spouse.

(8) The ownership indicated includes 40,000 shares subject to stock options owned by Ms. Duttlinger.

(9) See Footnotes (3), (4), (5), (6), (7) and (8).

IV. BACKGROUND OF THE RESTRUCTURING

During the last quarter of 2000 and the first quarter of 2001, in a continuing effort to improve the financial condition of the company, Viskase and its outside legal counsel held discussions with General Electric Capital Corporation ("GECC") concerning a possible restructuring of Viskase's sale and leaseback transaction lease agreement (the "GECC Lease") with GECC.

During the first quarter of 2001, Viskase retained Credit Suisse First Boston Corporation ("CSFB") to advise it in connection with the refinancing of the Old Notes in light of their upcoming maturity. At that time, Viskase was considering a buyout or renegotiation of the GECC Lease, obtaining additional revolving credit and refinancing or an exchange offer with respect to the Old Notes.

On May 31, 2001, the board of directors held a meeting to discuss, among other things, the status of negotiations with GECC and a possible exchange offer with respect to the Old Notes. It was reported to the board of directors that discussions with GECC were proceeding slowly, but would continue. Senior officers and a representative from CSFB also presented the principal terms of a possible exchange offer. The exchange offer would also include a solicitation of acceptances for approval of a prepackaged plan of reorganization if Viskase did not receive sufficient tenders of Old Notes in the exchange offer. After discussions with CSFB and its outside legal advisors, the board of directors approved the continuation of negotiations with GECC and the further development of the terms of a possible exchange offer and prepackaged plan of reorganization. The board of directors approved not making the June 1, 2001 interest payment on the Old Notes, determining to pay it in connection with the proposed exchange offer. The board of directors further decided that, if Viskase was unable to reach an agreement with GECC and commence an exchange offer by June 30, 2001, then Viskase would make the June 1, 2001 interest payment no later than June 30, 2001.

Since Viskase did not reach agreement with GECC or commence an exchange offer by June 30, 2001, Viskase paid the interest due on June 1, 2001 on the Old Notes plus past due interest.

The board of directors had further discussion regarding the GECC Lease, the proposed exchange offer and the restructuring at meetings of the board of directors on August 30, 2001, at which CSFB presented alternatives regarding the restructuring. Based on advice from its financial and legal advisors, the board of directors determined that it would be in its best interest to establish an ad hoc committee of holders of Old Notes to facilitate a restructuring of the Old Notes prior to the December 1, 2001 maturity date. Its outside

legal counsel advised the board of directors that representatives of High River Limited Partnership ("High River"), which held a significant percentage of Old Notes, indicated that they would be interested in participating in the process of restructuring its debt and equity. At the August 30, 2001 meeting, Mr. Gustafson informed the board of directors that Viskase had not yet received a response from GECC on the proposed restructuring of the GECC Lease.

During September 2001, Viskase entered into confidentiality agreements with the noteholders who wished to serve on the committee. On October 8 and November 15, 2001, Viskase met with the committee and presented its proposal for restructuring the Old Notes.

During October 2001, Viskase and GECC had further discussions concerning restructuring the GECC Lease.

At a meeting of the board of directors on November 1, 2001, the board of directors discussed whether to make the lease payment under the GECC Lease due November 1, 2001. In addition, CSFB made a presentation to the board of directors reviewing possible restructuring scenarios under which Viskase (i) did nothing, (ii) exchanged convertible notes for the Old Notes, (iii) restructured

the GECC Lease or (iv) repurchased the Old Notes. CSFB's review of the various restructuring alternatives was followed by a detailed discussion of the merits of each of the alternatives, the proposals which had been advanced by GECC and the committee, its ability to restructure and the effect on its business if Viskase was to file for protection under Chapter 11. At the conclusion of the meeting, the board of directors determined that Viskase would not make the lease payment under the GECC Lease due November 1, 2001.

As a result of its not making the November 1, 2001 lease payment, on November 16, 2001, GECC drew down on its letter of credit.

In the morning of November 15, 2001, members of management, with outside counsel, met with GECC to discuss proposals for restructuring the GECC Lease. The parties were again unable to reach an agreement.

In the afternoon of November 15, 2001, members of management and outside counsel met with the committee. At the meeting, Viskase and the committee discussed alternative structures for a restructuring. The committee proposed a restructuring of the Old Notes which would result in the bondholders receiving substantially all of Viskase's equity and new notes which would allow interest to be paid in kind for the first three years.

At a meeting of the board of directors on November 17, 2001, management reported on the meetings with GECC and the committee. The board of directors determined that the GECC proposal was not in Viskase's best interest. In addition, management reported that the letter of credit drawn upon by GECC would need to be replenished or Viskase would risk GECC declaring an event of default under the GECC Lease.

At a meeting of the board of directors on November 29, 2001, the board of directors reviewed the status of negotiations with the committee and considered the various proposals made by the committee and alternative structures suggested by management and Viskase's advisors. The board of directors also considered whether Viskase should file for bankruptcy instead of pursuing a negotiated transaction. The board of directors determined that the best course of action would be to continue negotiating a restructuring with the committee. The board of directors' decision was based on its belief and outside counsel's advice that any bankruptcy would be contentious and therefore, very expensive, and would create further instability for Viskase for up to one year.

On December 1, 2001, the final interest payment and the principal on the Old Notes became due. Interest was not paid and the notes were not redeemed. Also on December 1, 2001, the board of directors held a meeting to again discuss possible alternatives for the restructuring, including filing for bankruptcy. The board of directors instructed management to request a term sheet from the committee on its proposal for restructuring.

On December 7, 2001, the committee delivered a written non-binding term sheet to the board of directors outlining the proposed terms of an exchange offer.

On December 8, 2001, the board of directors held a meeting to discuss the committee's written proposal. At the meeting, the board of directors received oral presentations from financial and legal counsel regarding the proposal. After considering other alternatives, the board of directors concluded that negotiating a restructuring transaction with the committee was in its best interest and directed management to proceed with further negotiation of a term sheet and definitive documentation.

During December 2001, Viskase and the committee instructed its respective legal counsel to begin drafting definitive documentation to effect an exchange offer generally on the basis of the term sheet.

On December 19, 2001, Viskase delivered to the committee a draft of a restructuring agreement and related documents.

On December 21, 2001, Viskase and GECC entered into an agreement pursuant

to which GECC agreed to waive certain defaults or events of default and forbear from enforcing certain rights under the GECC Lease. In connection with this agreement, the letter of credit for the benefit of GECC was replenished.

On December 27, 2001, the committee provided it with its comments to the restructuring agreement and related documents. On January 10, 2002, Viskase and members of the committee and their respective outside counsel held a meeting via teleconference to discuss outstanding issues regarding the restructuring documents. In addition, Mr. Gustafson and representatives of the certain holders of Old Notes engaged in several telephone conversations to discuss various business issues relating to the proposed restructuring. Over the next several weeks, negotiations continued on the terms of the restructuring.

The board of directors held a meeting on January 31, 2002 to review the status of the negotiations with the committee regarding the exchange offer. Legal counsel reported that initial documentation had been prepared and that the committee's counsel was reviewing the drafts.

Between January 31 and May 13, 2002, Viskase and the committee continued to negotiate the terms of the restructuring documentation. Over that period of time Viskase prepared and exchanged with the committee drafts of the various restructuring documents.

On May 13, 2002, the board of directors held a meeting to consider the terms of the proposed restructuring. CSFB made a presentation to the board of directors of its analysis of the valuation of the Company and sustainability of the debt level of the Company following completion of the proposed restructuring. The board of directors also considered possible disadvantages of the restructuring and discussed the feasibility of alternatives. After lengthy discussion, the board of directors unanimously approved the restructuring and each of the agreements related thereto.

On July 9 and 10, 2002, the board of directors held meetings at which it unanimously approved changes to the restructuring agreement that had been negotiated since the May 13, 2002 board meeting and reaffirmed its approval of the transaction.

V. PURPOSES AND EFFECTS OF THE PLAN

The primary purpose of the Plan is to eliminate Viskase's obligations under the Old Notes, reduce Viskase's overall level of indebtedness and provide it with a capital structure better suited to its business under current economic and industry conditions. The Plan will, among other things, eliminate approximately $111,417,000 of indebtedness (including $8,356,825 in interest accrued under the Old Notes through December 1, 2001) owed by Viskase. This reduction in debt should give Viskase adequate capital to meet its operating needs, pay its future debts in the ordinary course and make necessary capital expenditures. In addition, Viskase believes that implementation of the Plan will provide additional operating and financial flexibility from its improved capital structure which will enable Viskase to take advantage of market opportunities and enhance the long-term equity value of Viskase.

The Plan also provides the holders of the Old Notes with an opportunity to maximize their recoveries under the Plan by virtue of the exchange of Old Notes for New Notes.

For other effects of the Plan on Viskase, SEE SECTION X.F. -- "SUMMARY OF THE PLAN OF REORGANIZATION -- Effects Of Plan Confirmation."

VISKASE'S SUBSIDIARIES, INCLUDING VISKASE CORPORATION AND VISKASE SALES CORPORATION, WILL NOT BE CHAPTER 11 DEBTORS UNDER THE PLAN AND SUCH SUBSIDIARIES DO NOT INTEND TO COMMENCE CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. VISKASE'S SUBSIDIARIES WILL CONTINUE TO CONDUCT THEIR RESPECTIVE BUSINESSES IN THE ORDINARY COURSE IF VISKASE COMMENCES THE REORGANIZATION CASE. IN ADDITION, THE PLAN PROVIDES FOR ALL PREPETITION UNSECURED CREDITORS OF VISKASE, INCLUDING WITHOUT LIMITATION, TRADE CREDITORS TO BE PAID IN FULL IN ACCORDANCE WITH THE TERMS OF THEIR CLAIMS, AND SUCH CREDITORS WILL NOT, THEREFORE, BE IMPAIRED BY,

AND WILL BE DEEMED TO ACCEPT, THE PLAN, AND THEIR VOTE ON THE PLAN WILL NOT BE SOUGHT. AS PART OF THE RESTRUCTURING, IMMEDIATELY PRIOR TO OR ON THE EFFECTIVE DATE OF THE PLAN, VISKASE CORPORATION WILL BE MERGED WITH AND INTO VISKASE, WITH VISKASE BEING THE SURVIVING CORPORATION IN THE MERGER.

Viskase believes that the Prepackaged Restructuring is a significantly more attractive alternative than a bankruptcy case without a pre-approved plan of reorganization. Viskase believes that acceptance of the Plan before a bankruptcy case is commenced would be more beneficial to Viskase and all of its creditors and other constituents than seeking to obtain confirmation of a plan having the same terms as the Plan after a bankruptcy case is commenced, because the Plan should minimize disputes during such case concerning the reorganization of Viskase, significantly shorten the time required to accomplish the reorganization, reduce the expenses of a case under chapter 11 of the Bankruptcy Code, minimize the disruption of Viskase's business that would result from a protracted and contested bankruptcy case, and therefore, result in a larger distribution to Viskase's creditors than would any non-prepackaged reorganization under Chapter 11 of the Bankruptcy Code or a liquidation under Chapter 7 of the Bankruptcy Code. SEE SECTION XVIII. -- "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST -- Chapter 7 Liquidation Analysis."

There can be no assurance, however, that, even if all requisite acceptances of the Plan are received and the Reorganization Case is commenced, the Prepackaged Restructuring would ever be completed, Viskase could be reorganized successfully under chapter 11 of the Bankruptcy Code, that Viskase would not suffer a disruption in its business operations as a result of filing the Reorganization Case or, even if the Prepackaged Restructuring were eventually completed, that the time period that it would take Viskase to emerge from the Reorganization Case in connection with the Plan would be significantly shorter than under a non-prepackaged chapter 11 case. If Viskase determines that it is or will be unable to complete the Prepackaged Restructuring, Viskase will consider all financial alternatives available to it at such time, which may include the commencement of a chapter 11 case without a pre-approved plan of reorganization or the implementation of an alternative restructuring arrangement outside of bankruptcy. SEE SECTION XIX. -- "ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN." There can be no assurance, however, that any alternative restructuring would result in a reorganization of Viskase rather than a liquidation, or that any such reorganization would be on terms as favorable to the holders of Claims and Equity Interests as the terms of the Prepackaged Restructuring. If a liquidation or a protracted and non-orderly reorganization were to occur, there is a risk that the ability of the holders of Claims and Equity Interests to recover their investments would be even more impaired than under the Prepackaged Restructuring and would be substantially delayed and a nonconsensual restructuring would likely have a material adverse impact on Viskase and its suppliers and customers. SEE SECTION XI. -- "CERTAIN FACTORS TO BE CONSIDERED."

VI. THE REORGANIZATION CASE

A. TIMETABLE FOR REORGANIZATION CASE

If the Plan receives the requisite acceptance from the holders of the Old Notes and Viskase commences a chapter 11 case, Viskase expects the Reorganization Case to proceed on the following estimated timetable. There can be no assurance, however, that the Reorganization Case would proceed as anticipated.

Viskase anticipates that, within the first several weeks after the commencement of the Reorganization Case, it will file with the Bankruptcy Court a separate disclosure statement (the "Equity Interest Disclosure Statement") to be used to solicit acceptances of the Plan from holders of Equity Interests. At the time that the Equity Interest Disclosure Statement is filed, Viskase will request that the Bankruptcy Court schedule hearings on the sufficiency of such disclosure statement and this Disclosure Statement (the "Disclosure Statement Hearing") and on the confirmation of the Plan. The Bankruptcy Code requires at least 25 days' notice of a hearing on the sufficiency of a disclosure statement filed after commencement of the case, and such a disclosure statement may not be

sent to creditors until it is approved by the court. The Bankruptcy Code also requires at least 25 days' notice (after the date that a disclosure statement is sent to creditors) of a hearing on the confirmation of a chapter 11 plan. Thus, Viskase expects that the Disclosure Statement Hearing would be scheduled to occur approximately 45 days after the Petition Date, and the Confirmation Hearing would be scheduled to occur between 60 and 90 days after the Petition Date. There can be no assurance, however, that the Bankruptcy Court will set a hearing during such period. Viskase anticipates the Bankruptcy Court will consider at the Disclosure Statement Hearing whether the Solicitation and this Disclosure Statement complied with Section 1126(b) of the Bankruptcy Code so as to permit the prepetition votes on the Plan to be counted at the Confirmation Hearing.

Assuming that the Plan is confirmed at the Confirmation Hearing, the Plan provides that the Effective Date will be on a Business Day, as determined by Viskase, that is no more than 10 days after the Confirmation Date and on which all conditions to the Effective Date set forth in Section 8.01 of the Plan have been satisfied.

Under the foregoing timetable, Viskase would emerge from the Reorganization Case within 90 to 120 days after the Petition Date. There can be no assurance, however, that this projected timetable will be achieved.

B. ADVISORS TO VISKASE

If Viskase commences a Reorganization Case to effectuate the Plan, Viskase currently intends to seek Bankruptcy Court authorization to retain certain professionals to represent it and assist it in connection with the Reorganization Case. These professionals may include, among others, (i) Milbank, Tweed, Hadley & McCloy LLP, as special counsel to Viskase; (ii) Jenner & Block, LLC, as special corporate counsel to Viskase; (iii) CSFB, as financial advisor to Viskase; and (iv) PricewaterhouseCoopers, as accountants to Viskase. For additional discussion of professional advisors retained by Viskase in connection with the Restructuring, SEE "THE OFFER -- Exchange Agent -- Financial Advisor" in the Offer to Exchange.

C. COMMITTEES

To facilitate negotiations and otherwise provide for a unified and efficient representation of unsecured creditors with similar rights and interests, the U.S. Trustee will generally appoint one or more statutory committees pursuant to Section 1102 of the Bankruptcy Code. Ordinarily, one committee will be appointed to represent unsecured creditors, but the U.S. Trustee may appoint additional committees to represent creditors if deemed necessary to assure adequate representation of creditors. An unsecured creditors committee will ordinarily consist of those creditors willing to serve who hold the seven largest unsecured claims against Viskase of those claims to be represented by the committee, or of the members of a prepetition committee if it was fairly chosen and is representative. The fees and expenses of such committees, including those of legal counsel and financial advisors, are paid for from Viskase's estate, subject to Bankruptcy Court approval.

Committees appointed by the U.S. Trustee would be considered parties-in-interest and would have a right to be heard on all matters concerning the chapter 11 case, including the confirmation of the plan and, additionally, would be entitled to consult with Viskase concerning the administration of the reorganization case and perform such other functions and services that would further the interests of those creditors they represent.

D. ACTIONS TO BE TAKEN UPON COMMENCEMENT OF REORGANIZATION CASE

Viskase does not expect the Reorganization Case to be protracted. To expedite its emergence from chapter 11, Viskase intends to seek the relief described below, among other relief, from the Bankruptcy Court on the Petition Date. Such relief, if granted, will facilitate the administration of the Reorganization Case, but there can be no assurance that the Bankruptcy Court will grant the relief sought.

1. APPLICATIONS TO RETAIN PROFESSIONALS

Upon commencement of the Reorganization Case, Viskase intends to file applications to retain the reorganization professionals who will assist and advise Viskase in connection with administration of the Reorganization Case. Viskase may also seek authority to retain certain other professionals to assist with the operations of Viskase's businesses in the ordinary course. Such so-called "ordinary course professionals" will not be involved in the administration of the Reorganization Case.

2. MOTION TO MAIL NOTICES AND TO PROVIDE ONLY PUBLICATION NOTICE OF MEETING OF CREDITORS TO UNIMPAIRED CREDITORS

Pursuant to the Bankruptcy Rules, the Clerk of the Bankruptcy Court, or another party that the Bankruptcy Court may direct, must provide notice of the commencement of the Reorganization Case and of the first statutory meeting of creditors held pursuant to Section 341 of the Bankruptcy Code to all creditors. In addition, at least two other notices, notice of the hearing on Confirmation of the Plan and notice of the entry of an Order Confirming the Plan, must be given to all creditors. Due to the size of the Reorganization Case, Viskase will request that Viskase, or its Balloting Agent, be authorized to mail all required notices in the Reorganization Case.

3. MOTION TO CONTINUE USING EXISTING CASH MANAGEMENT SYSTEM

Because Viskase expects the Reorganization Case to be pending for not more than three months, and because of the administrative hardship that any operating changes would impose on them, Viskase intends to seek authority to continue using its existing cash management system, bank accounts and business forms and to follow its internal investment and deposit guidelines.

VII. VALUE OF VISKASE AND ITS SUBSIDIARIES

The valuation information contained in this section with regard to Reorganized Viskase is not a prediction or guarantee of the future price of the Reorganized Viskase or the Viskase New Common Stock; such prices are subject to many unforeseeable circumstances and therefore cannot be accurately predicted. In addition, the actual amounts of Allowed Claims could materially exceed the amounts estimated by Viskase for purposes of valuing the anticipated percentage recoveries of the holders of Claims. Accordingly, no representation can be or is being made with respect to whether such percentage recoveries will actually be realized by the holders of Allowed Claims.

At the request of Viskase's management, CSFB has estimated the value of Viskase's business enterprise as reorganized pursuant to the Plan. CSFB has undertaken certain valuation analyses to arrive at an estimate of Reorganized Viskase's enterprise value, based on information available as of February 28, 2002, and financial, economic, market and other conditions as they existed and could be evaluated by CSFB on such date and CSFB assumed that the restructuring became effective on July 31, 2002. Although developments subsequent to February 28, 2002 may affect the results of CSFB's analysis, CSFB does not have any obligation to update, revise or reaffirm its analysis or its estimate of Reorganized Viskase's enterprise value.

For the purposes of CSFB's valuation analysis, enterprise value was defined as the total value of Reorganized Viskase as a going concern, excluding any non-operating and financial assets. In addition, this enterprise value excludes the value attributable to any favorable Viskase tax attributes and restricted cash ($29.1 million as of June 30, 2002), and assumes that the entire amount of unrestricted cash ($14.3 million as of June 30, 2002) is necessary to achieve the Company's financial results. CSFB's valuation analysis and the estimate of Reorganized Viskase's enterprise value indicated thereby were provided solely for the information of Viskase's board of directors in connection with its consideration of the restructuring. CSFB advised Viskase that, as of February 28, 2002, CSFB's financial analyses indicated that the estimated enterprise value of Reorganized Viskase (as defined above and subject to the exclusions,

assumptions and limitations referred to herein), after giving effect to the proposed restructuring, was between $85 million and $115 million.

In connection with performing its valuation analysis, CSFB reviewed drafts of the Plan, this Disclosure Statement, and certain related documents, as well as certain publicly available business and financial information relating to Viskase. CSFB also reviewed certain other information relating to Reorganized Viskase, including financial forecasts with respect to the future financial performance of Reorganized Viskase after giving effect to the restructuring, prepared and provided to CSFB by Viskase, and met with the management of Viskase to discuss the business and prospects of Reorganized Viskase.

CSFB also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant, including (a) discounted cash-flow analysis (which utilizes discount rates based on the public market valuation of selected companies with operations comparable to Reorganized Viskase), (b) leveraged buyout analysis (which indicates the purchase price payable in a leverage buyout transaction while maintaining certain assumed rates of return) (c) comparable public company analysis (which applies the relevant trading multiples of certain financial data of selected comparable publicly-traded companies to the respective operating figures of Viskase), and (d) comparable transaction analysis (which applies the relevant purchase price multiples of certain financial data implied by selected comparable merger and acquisition transactions to the respective operating figures for Viskase).

In connection with its review, CSFB did not assume any responsibility for independent investigation or verification of any of the information provided to or otherwise reviewed by it and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts, CSFB has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of Viskase's management as to the future financial performance of Reorganized Viskase. Also, CSFB assumed that Reorganized Viskase will be able to obtain all future required financing and complete all asset sales that will be required for liquidity purposes. CSFB also assumed that the Plan conforms with the draft reviewed by it in all respects material to CSFB's analysis. In addition, CSFB assumed that the Restructuring would be completed in accordance with the terms of the Plan without any amendments, modifications or waivers and also assumed that in the course of obtaining the necessary consents and approvals for the proposed Restructuring and related transactions, there would be no delays, modifications or restrictions imposed that would have a material adverse effect on the contemplated benefits of the proposed Restructuring. CSFB was not requested to, and did not, make an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Viskase, and was not furnished with any such evaluations or appraisals. CSFB's estimate of Reorganized Viskase's enterprise value did not address any other aspect of the proposed restructuring or any related transactions and does not constitute a recommendation to any holder of outstanding securities of Viskase as to how such security holder should vote or act on any matter relating to the Restructuring or any related transaction. In addition, neither CSFB's valuation analysis nor the estimate of Reorganized Viskase's enterprise value indicated thereby constituted an opinion as to the fairness to holders of any of the outstanding securities of Viskase from a financial point of view of the consideration to be received by such security holders pursuant to the Restructuring or an opinion as to the prices at which any securities will trade subsequent to the Restructuring or at any time.

The summary set forth above does not purport to be a complete description of the analysis performed by CSFB. The preparation of a valuation analysis is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, many of which are beyond the control of Viskase and CSFB. In performing its analysis, CSFB made numerous assumptions with respect to industry performance, business and economic conditions and other matters. Consequently, such analysis is not readily susceptible to summary description. The estimate of Viskase's enterprise value indicated by CSFB's analysis is not necessarily indicative of the prices at

which the common stock or other securities of Reorganized Viskase may be bought or sold after giving effect to the restructuring or predictive of future financial or operating results for Reorganized Viskase, which may be significantly more or less favorable than those indicated by CSFB's analysis. Certain of the financial results set forth in the financial forecasts prepared and provided to CSFB by the management of Viskase are materially better than recent historical results of operations for Viskase. To the extent that the estimate of enterprise value for Reorganized Viskase depends upon Reorganized Viskase achieving Viskase's management's forecasts, such estimate must be considered speculative. Accordingly, CSFB's analysis and estimates are inherently subject to substantial uncertainty.

Estimates of value do not purport to be appraisals or necessarily reflect the values that may be realized if assets are sold. The estimates of value represent the hypothetical going-concern value of Reorganized Viskase as the continuing owner and operator of Viskase's business and assets. Such estimates reflect computations of the estimated going-concern value of Reorganized Viskase through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The value of an operating business such as Reorganized Viskase's business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business.

AS A RESULT, THE ESTIMATE OF THE RANGE OF THE ENTERPRISE VALUE OF REORGANIZED VISKASE'S BUSINESS SET FORTH HEREIN IS NOT NECESSARILY INDICATIVE OF ACTUAL OUTCOMES, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE SET FORTH HEREIN. BECAUSE SUCH ESTIMATE IS INHERENTLY SUBJECT TO UNCERTAINTIES, NEITHER REORGANIZED VISKASE, CSFB, NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR ITS ACCURACY. IN ADDITION, THE VALUATION OF NEWLY-ISSUED SECURITIES SUCH AS THE VISKASE NEW COMMON STOCK IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT.

Many of the analytical assumptions upon which these valuations are based are beyond Viskase's control, and accordingly, there will be variations between such assumptions and the actual results. These variations may be material and New Common Stock is likely to trade at values that differ from the amount assumed herein. In the event that the estimated values of Reorganized Viskase are different from their actual value after the Effective Date, actual recoveries realized by one or more of the classes of Claims or Equity Interests may be significantly higher or lower than estimated in the Disclosure Statement. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of pre-petition creditors, some of which may prefer to liquidate their investment rather than hold it on long-term basis, and the factors that generally influence the prices of securities. It should be noted that there is presently no trading market for the Viskase New Common Stock, and there can be no assurance that such a trading market will develop.

VIII. MANAGEMENT OF VISKASE -- OFFICERS AND DIRECTORS

The following table sets forth the names, ages and positions of Viskase's current directors and executive officers.

<Table>
<Caption>

NAME	AGE	POSITION
<S>	<C>	<C>
Current Directors and Executive Officers		
F. Edward Gustafson*.....	60	Chairman of the Board, President and Chief Executive Officer
Gordon S. Donovan.....	48	Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

Kimberly K. Duttlinger.....	37	Vice President, Secretary and General Counsel
Robert N. Dangremond*.....	60	Director
Gregory R. Page*.....	51	Director

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* Each of Messrs. Gustafson, Dangremond and Page have informed Viskase that they intend to resign from their positions concurrent with the time the Plan becomes effective. Viskase has not begun a search for a new chief executive officer to replace Mr. Gustafson, and may not be able to replace him with someone of comparable experience in the industry. Holders of the New Notes will control over 90% of the voting power of Reorganized Viskase after the Plan has been consummated, and will therefore be able to elect all of Viskase's directors and direct its management. SEE "RISK FACTORS" in the Offer to Exchange.

F. Edward Gustafson has been Chairman of the Board, President and Chief Executive Officer of Viskase since March 1996, and a director of Viskase since December 1993. Mr. Gustafson has been President and Chief Executive Officer of Viskase Corporation since June 1998, and previously from February 1990 to August 1994. From May 1989 to March 1996, Mr. Gustafson served as Executive Vice President and Chief Operating Officer of Viskase. Mr. Gustafson has also served as Executive Vice President and Chief Operating Officer of DPK since November 1988.

Gordon S. Donovan has been Chief Financial Officer of Viskase since January 1997, and Vice President and Chief Financial Officer of Viskase Corporation since June 1998. Mr. Donovan has served as Treasurer and Assistant Secretary of Viskase since November 1989, and as Vice President since May 1995.

Kimberly K. Duttlinger has been Vice President, Secretary and General Counsel of Viskase since April 2000. From August 1998 through April 2000, Ms. Duttlinger served as Associate General Counsel of Viskase. From May 1997 to August 1998, Ms. Duttlinger served as Corporate Counsel of Viskase. From May 1993 to August 1996, Ms. Duttlinger served as Corporate Counsel to Alberto-Culver Company, a manufacturer and distributor of personal care and household products.

Robert N. Dangremond has been a principal with Jay Alix & Associates, a consulting and accounting firm specializing in corporate restructurings and turnaround activities, since August 1989. Mr. Dangremond also serves as a Director for the Furr's Restaurant Group. Mr. Dangremond has served as a director of Viskase since 1993

Gregory R. Page has been President and Chief Operating Officer of Cargill, Inc. ("Cargill"), a multinational trader and processor of foodstuffs and other commodities, since June 2000. From May 1998 to June 2000, Mr. Page served as Corporate Vice President and Sector President of Cargill. From August 1995 to May 1998, Mr. Page served as President of the Red Meat Group of Cargill. Mr. Page has served as a director of Viskase since 1993.

EXECUTIVE AND BOARD COMPENSATION AND BENEFITS

In 2001, each director who was not an officer of Viskase received an annual retainer of $20,000 and a fee of $1,000 for each attended meeting of the board of directors prior to September 1, 2001 and $4,000 for each attended meeting of the Board of Directors thereafter. Chairmen of committees (other than the Interested Person Transaction Committee) of the board of directors received an annual retainer of $1,500. Directors also

received a fee for each attended meeting of a committee of the board of directors (other than the Interested Person Transaction Committee) of $1,000 ($500 in the case of committee meetings occurring immediately before or after meetings of the full board of directors). Members of the Interested Person Transaction Committee did not receive a fee in 2001. Directors who are officers do not receive compensation in their capacity as directors. Pursuant to

Viskase's 1993 Stock Option Plan, as amended, on the date of each annual meeting of stockholders, non-employee directors are granted a stock option to purchase 1,000 shares of Viskase common stock at an option exercise price equal to the fair market value of the Viskase common stock on the date of grant. Viskase did not hold an annual meeting of Stockholders during 2001. Pursuant to the Non-Employee Directors' Compensation Plan, non-employee directors may elect to receive their director fees in the form of shares of Viskase common stock. The number of shares received is based on the average of the closing bid and asked price of the Viskase common stock on the business day preceding the date the Viskase common stock is issued. None of the directors currently receive their fees in the form of shares of Viskase common stock.

EMPLOYMENT AGREEMENTS AND CHANGE-IN-CONTROL ARRANGEMENTS.

Employment Agreements with F. Edward Gustafson. As used in this section of the Disclosure Statement, "the Company" includes Viskase Companies, Inc. and any of its subsidiaries over which Mr. Gustafson exercised, directly or indirectly, any supervisory, management, fiscal or operating control during the term of the Employment Agreement (as defined below).

On March 27, 1996, the Company entered into an Employment Agreement with Mr. F. Edward Gustafson. The Employment Agreement was amended and restated during 1997, amended twice during 2001 and once during 2002 (as so amended, the "Employment Agreement"). Pursuant to the Employment Agreement, Mr. Gustafson has agreed to serve as Chairman of the Board, President and Chief Executive Officer of the Company, and the Company has agreed to use its best efforts to cause Mr. Gustafson to be elected as a director of the Company, during the term of the Employment Agreement. The initial term of the Employment Agreement is three years, however, on March 26, 1997 and each subsequent anniversary thereof, the term of the Employment Agreement will be automatically extended for a period of one year unless the Company or Mr. Gustafson gives written notice to the other at least 30 days prior to the anniversary date that the term shall not be so extended.

Under the Employment Agreement, Mr. Gustafson currently receives an annual base salary of $535,000 (a base salary of $513,000 plus increase approved in accordance with the Employment Agreement) and $30,000 per year in lieu of a Company-provided automobile. Mr. Gustafson's base salary will be increased by the Compensation and Nominating Committee of the Board of Directors each year in a manner consistent with increases in base salary for other senior officers of the Company. In addition, the Employment Agreement provides that Mr. Gustafson would be eligible to receive a bonus based on a percentage of his base salary depending on the Company's performance based on EBITDA. Mr. Gustafson will be eligible to receive an annual bonus for future fiscal years of the Company based on such financial performance or other performance-related criteria as established by the Compensation and Nominating Committee after consultation with Mr. Gustafson. Mr. Gustafson is also entitled to participate in any employee benefit plans in effect for, and to receive other fringe benefits provided to, other executive officers.

Pursuant to and upon execution of the Employment Agreement, Mr. Gustafson was granted two stock options, each to purchase 35,000 shares of Viskase common stock, both of which are fully vested. In addition, Mr. Gustafson was granted a third stock option to purchase up to 75,000 shares of Viskase common stock dependent on the Company's financial performance for fiscal year 1996. The Company did not meet the financial performance targets and, therefore, no portion of this stock option became exercisable or will become exercisable in the future. Lastly, Mr. Gustafson was granted 35,000 restricted shares of Viskase common stock which could not be transferred, and were subject to forfeiture, until March 27, 1999.

If Mr. Gustafson's employment is terminated by the Company for Cause, as defined in the Employment Agreement, or by Mr. Gustafson other than for Good Reason or Disability, as defined in the Employment Agreement, Mr. Gustafson will be paid all Accrued Compensation, as defined in the Employment Agreement,

through the date of termination of employment. If Mr. Gustafson's employment

with the Company is terminated by the Company for any reason other than for Cause, death or Disability, or by Mr. Gustafson for Good Reason, (i) Mr. Gustafson will be paid all accrued compensation plus 300% of his base salary (or 200% in the event that DPK, or a company in which DPK has a substantial interest, is the beneficial owner of the Company following a Change of Control) and the prorated amount of annual bonus that would have been payable to Mr. Gustafson with respect to the fiscal year in which Mr. Gustafson's employment is terminated, provided that the performance targets have been actually achieved as of the date of termination (unless such termination of employment follows a Change in Control, as defined in the Agreement, in which case Mr. Gustafson will receive a bonus equal to 50% of his base salary regardless of the Company's performance) ("Termination Compensation"), (ii) Mr. Gustafson will continue to receive life insurance, medical, dental and hospitalization benefits for a period of 24 months following termination of employment, and (iii) all outstanding stock options and restricted shares of Common Stock will become immediately exercisable, vested and nonforfeitable.

Under the Employment Agreement, with respect to any Change in Control that occurred prior to November 1, 2001, Mr. Gustafson has until 30 days following the earlier to occur of (i) the date on which the Company has provided written notice of acceptance to the exchange offer agent with respect to the Exchange Offer (as defined in Amendment Number Three to the Employment Agreement); (ii) the effective date of the Plan (as defined in Amendment Number Three to the Employment Agreement) of the Company and Viskase Corporation under Chapter 11 of the United States Bankruptcy Code or the date on which the Company's and Viskase's bankruptcy is converted from a Chapter 11 proceeding to a Chapter 7 proceeding; or (iii) the closing date contained in any agreement related to the sale of substantially all of the assets of the Company and/or Viskase Corporation or the sale or other issuance of at least a majority of the stock of the Company or Viskase Corporation, to provide notice that he intends to terminate his employment for Good Reason because of such Change in Control. With respect to any Change in Control occurring after November 1, 2001, Mr. Gustafson has one year after such Change in Control to terminate his Employment Agreement for Good Reason based upon such Change in Control. Mr. Gustafson has indicated that he intends to terminate his Employment Agreement for Good Reason based upon a Change of Control that has occurred, and upon such termination Mr. Gustafson will be entitled to the benefits under the Employment Agreement described above.

During 2002, the Company entered into a Letter of Credit Agreement with Mr. Gustafson under which the Company is maintaining a standby letter of credit in amount equal to the accrued compensation and Termination Compensation.

Pursuant to the Employment Agreement, Mr. Gustafson is generally prohibited during the term of the Agreement, and for a period of two years thereafter, from competing with the Company, soliciting any customer of the Company or inducing or attempting to persuade any employee of the Company to terminate his or her employment with the Company in order to enter into competitive employment.

On August 30, 2001, Viskase Corporation entered into an employment agreement with Mr. Gustafson ("Viskase Employment Agreement"). The Viskase Employment Agreement was amended once during 2001 and once during 2002. The Viskase Employment Agreement is substantially similar to the Employment Agreement. Any benefits received by Mr. Gustafson under either employment agreement would be credited against benefits payable under the other employment agreement.

Employment Agreements with Gordon S. Donovan and Kimberly K. Duttlinger. As used in this section of the Disclosure Statement, "the Company" includes Viskase Companies, Inc. and any of its subsidiaries over which Mr. Donovan or Ms. Duttlinger, as the case may be, exercised, directly or indirectly, any supervisory, management, fiscal or operating control during the term of their respective Executive Employment Agreements.

On November 29, 2001, the Company and Viskase Corporation entered into employment agreements with Mr. Gordon S. Donovan and Ms. Kimberly K. Duttlinger ("Executive Employment Agreements"). Pursuant to the Executive Employment Agreement, Mr. Donovan has agreed to serve as Vice President, Chief Financial Officer and Treasurer of the Company and Viskase and Ms. Duttlinger has agreed to serve as Vice

President, Secretary and General Counsel of the Company and Viskase Corporation, during the term of the Executive Employment Agreements. The initial term of the Executive Employment Agreements is approximately three (3) years ending December 31, 2004; however, on January 1, 2003 and each subsequent anniversary thereof, the term of the Executive Employment Agreements will be automatically extended for a period of one year unless the Company or Mr. Donovan or Ms. Duttlinger gives written notice to the other at least 30 days prior to the anniversary date that the term shall not be so extended.

Under the Executive Employment Agreements, Mr. Donovan and Ms. Duttlinger receive an annual base salary of at least $186,060 and $125,340, respectively. Mr. Donovan's and Ms. Duttlinger's base salary will be increased by the President of the Company each year in a manner consistent with increases in base salary for other senior officers of the Company. In addition, the Executive Employment Agreements provide that Mr. Donovan and Ms. Duttlinger are eligible to participate in the (i) Management Incentive Plan, a bonus program calculated as a percentage of his/her base salary depending on the Company's performance based on EBITDA and his/her personal performance; (ii) Non-Qualified Parallel Plan; (iii) Executive Auto Allowance Program; and, (iv) 1993 Stock Option Plan and any replacement thereof. Mr. Donovan and Ms. Duttlinger are also entitled to participate in any employee benefit plans in effect for, and to receive other fringe benefits provided to, other executive officers.

If Mr. Donovan's or Ms. Duttlinger's employment is terminated by the Company for Cause, as defined in the Executive Employment Agreements, or by Mr. Donovan or Ms. Duttlinger other than for Good Reason or Disability, as defined in the Executive Employment Agreements, Mr. Donovan or Ms. Duttlinger will be paid all Accrued Compensation, as defined in the Employment Agreement, through the date of termination of employment. If Mr. Donovan's or Ms. Duttlinger's employment with the Company is terminated by the Company for any reason other than for Cause, death or Disability, or by Mr. Donovan or Ms. Duttlinger for Good Reason, (i) Mr. Donovan or Ms. Duttlinger will be paid all Accrued Compensation plus 200% of his/her base salary and the prorated amount of annual bonus that would have been payable to Mr. Donovan or Ms. Duttlinger with respect to the fiscal year in which his/her employment is terminated, provided that the performance targets have been actually achieved as of the date of termination (unless such termination of employment follows a Change in Control, as defined in the Agreement, in which case Mr. Donovan will receive a bonus equal to 40% of his base salary regardless of the Company's performance and Ms. Duttlinger will receive a bonus equal to 35% of her base salary regardless of the Company's performance), (ii) Mr. Donovan and Ms. Duttlinger will continue to receive life insurance, medical, dental and hospitalization benefits for a period of 24 months following termination of employment, and (iii) all outstanding stock options and restricted shares will become immediately exercisable, vested and nonforfeitable.

Pursuant to the Executive Employment Agreements, Mr. Donovan and Ms. Duttlinger are generally prohibited during the term of the Agreement, and for a period of two years thereafter, from competing with the Company, soliciting any customer of the Company or inducing or attempting to persuade any employee of the Company to terminate his or her employment with the Company in order to enter into competitive employment.

CERTAIN RELATIONSHIPS

In 2001, Viskase Corporation had sales of $689,000 made in the ordinary course of business to Cargill and its affiliates. Gregory R. Page, President and Chief Operating Officer of Cargill, is a non-employee director of Viskase.

IX. LITIGATION PROCEEDINGS

For a discussion of the litigation proceedings of Viskase, SEE "RISK FACTORS -- Risks Related To Viskase's Operations" in the Offer to Exchange.

X. SUMMARY OF PLAN OF REORGANIZATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself and its creditors and stockholders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the debtor's chapter 11 case.

Formulation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan in order for the Bankruptcy Court to confirm such plan. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan of reorganization binding upon the debtor, any issuer of securities under the plan of reorganization, any person or entity acquiring property under the plan of reorganization and any creditor or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan of reorganization or (ii) receives or retains any property under the plan of reorganization. Subject to certain limited exceptions and other than as provided in the plan of reorganization itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan of reorganization and substitutes therefor the obligations specified under the confirmed plan of reorganization and terminates all rights and interests of prepetition equity security holders.

The following is an overview of certain material provisions of the Plan. The following summary of the material provisions of the Plan do not purport to be complete and is qualified in its entirety by reference to all the provisions of the Plan, including all exhibits thereto, all documents described herein and the definitions herein of certain terms used below.

B. GENERAL INFORMATION CONCERNING TREATMENT OF CLAIMS

The Plan provides for payment in full or other reinstatement of Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and General Unsecured Claims (including trade claims).

The Plan further provides that, on the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, (a) the holders of Allowed Claims in Class 4 (Old Note Claims) will receive, in full satisfaction of their Class 4 Claims, for each $1,000 in principal amount of Old Notes held, (i) $367.96271 principal amount of New Notes; and (ii) 3,170.612 shares of New Common Stock and (b) all existing Equity Interests will be cancelled and the holders of Equity Interests will receive, in full and final satisfaction of their Equity Interests, a pro rata share of the Warrants. SEE "DESCRIPTION OF THE NEW NOTES" in the Offer to Exchange.

Viskase's management believes that the Plan provides consideration to all Classes of Claims and Equity Interests reflecting an appropriate resolution of their Claims and Equity Interests, taking into account the differing nature and priority of such Claims and Equity Interests. The Bankruptcy Court must find, however, that a number of statutory tests are met before it may confirm the Plan. Many of these tests are designed to protect the interests of holders of Claims or Equity Interests who do not vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the Bankruptcy Court.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

Section 1123 of the Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, Viskase into separate classes based upon their legal nature. In accordance with Section 1123 of the Bankruptcy Code, claims of a substantially similar legal nature are usually classified together, as are equity interests which give rise to the same legal rights; the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" or "unimpaired" by the plan. If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan (unless the plan provides for no distribution to the holders, in which case, the holders are deemed to reject the plan), and the right to receive under the chapter 11 plan no less value than the holder would receive if the debtor were liquidated under chapter 7. Under Section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case, or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights and does not otherwise alter their legal, equitable and contractual rights. Typically, this means the holder of an unimpaired claim will receive, on the later of the effective date or the date on which amounts owing are due and payable, payment in full, in cash, with postpetition interest to the extent appropriate and provided under the governing agreement (or if there is no agreement, under applicable nonbankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

The Plan divides Claims and Equity Interests into five Classes and sets forth the treatment for each Class. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified. Viskase also is required under Section 1122 of the Bankruptcy Code to classify Claims against, and Equity Interests in, Viskase into Classes that contain Claims and Equity Interests that are substantially similar to the other Claims and Equity Interests in such Classes. Viskase believes that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Section 1122, but once the Reorganization Case has been commenced, it is possible that a Holder of a Claim or Equity Interest may challenge the classification of Claims and Equity Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, Viskase intends, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of a Claim after approval of the Plan could necessitate a resolicitation of acceptances of the Plan.

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. In general, an "allowed" claim or "allowed" equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, including the amount, is in fact a valid, binding and enforceable obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely-filed claim or equity interest is automatically "allowed" unless the debtor or other party-in-interest objects. However, Section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in bankruptcy even if a proof of claim is filed. These include claims that are unenforceable under the governing agreement or applicable nonbankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, certain claims for services that exceed their reasonable value, lease and employment contract rejection damage claims in excess of specified amounts, late-filed claims, and contingent claims for contribution and reimbursement. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not

listed on the debtor's schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline, or bar date. Old Note Claims in Class 4 shall be deemed Allowed as provided below.

Except as otherwise provided in the Plan, distributions to holders of Allowed Claims will be made pursuant to Section 6.08 of the Plan.

1. TREATMENT OF UNCLASSIFIED CLAIMS

The Bankruptcy Code does not require classification of certain priority claims against a debtor. In this case, these unclassified claims include Administrative Claims and Priority Tax Claims.

a. Administrative Claims

An Administrative Claim is a claim for payment of an administrative expense or claim under Section 503 of the Bankruptcy Code that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including, without limitation, the costs and expenses of preserving Viskase's estate and operating the business of Viskase, including wages, salaries and commissions for services, compensation for legal and other services and reimbursement of expenses awarded under Sections 330(a) or 331 of the Bankruptcy Code, and all fees and charges assessed against the estate under chapter 123 of title 28 of the United States Code, 28 U.S.C. sec. 1930, rendered after the commencement of the Reorganization Case. Each holder of an Allowed Administrative Claim (except for any Allowed Secured Claim in Class 2) will receive from Reorganized Viskase cash equal to the unpaid portion of such Allowed Administrative Claim on the later of (a) the Effective Date, and (b) the date on which such Claim becomes an Allowed Administrative Claim; provided, however, that Administrative Claims that represent liabilities incurred by Viskase in the ordinary course of its business during the Reorganization Case may be assumed by Reorganized Viskase and paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto. Viskase anticipates paying administrative expenses in the ordinary course of business, including all interim applications for payment of professional fees and expenses, after notice and a hearing before the Court.

b. Priority Tax Claims

A Priority Tax Claim is an Allowed Claim entitled to priority under Sections 502(i) and 507(a)(8) of the Bankruptcy Code. Unless otherwise agreed to by the parties, each holder of a Priority Tax Claim that is an Allowed Claim will receive from Reorganized Viskase deferred cash payments over a period not exceeding six years from the date of assessment of the Priority Tax Claim on which such Allowed Claim is based. Payments will be made in annual installments, with the first payment due on the later of (a) the first anniversary of the Effective Date, and (b) the date on which such Priority Tax Claim becomes an Allowed Claim, and subsequent payments to be made on each anniversary of the first payment date, together with interest accrued from the next preceding payment date at the rate of 5% per annum, on the unpaid portion of the Allowed Claim; provided, however, that any installments remaining unpaid on the date which is six years after the date of assessment of the Claim upon which the Allowed Claim is based will be paid on the first Business Day following such date, together with any accrued or unpaid interest to that date; and provided further, that Reorganized Viskase reserves the right to pay any such Claim or any remaining balance of any such Claim, in full at any time on or after the Effective Date, at its option, without premium or penalty. If there is any dispute over the rate of interest to be paid to the holder of a Priority Tax Claim under this section, such dispute shall be resolved by the Bankruptcy Court on or prior to the Confirmation Date.

2. TREATMENT OF CLASSIFIED CLAIMS

a. Unimpaired Classes of Claims

CLASS 1 -- PRIORITY NON-TAX CLAIMS. Class 1 generally consists of all

Claims entitled to priority under Section 507(a) of the Bankruptcy Code, other than an Administrative Claim or a Priority Tax Claim against Viskase. Viskase estimates that there will not be any Allowed Priority Non-Tax Claims in Class 1. Claims in Class 1 are unimpaired by the Plan.

Unless otherwise agreed to by the parties, each holder of an Allowed Claim in Class 1 will be paid the Allowed amount of such Claim in full in cash by Reorganized Viskase on or before the later of (a) the Effective Date, and (b) the date such Claim becomes an Allowed Claim.

CLASS 2 -- SECURED CLAIMS. Class 2 consists of all Allowed Claims against Viskase, secured by security interests in or liens on property of Viskase, including, but not limited to, Claims secured by mortgages,

mechanics' or materialmen's liens, artisan's liens, or of miscellaneous personal property such as office furniture, telephone systems, copiers and mailing equipment and secured tax Claims. Each Class 2 -- Secured Claim shall be treated for all purposes of the Plan as a separate class. Class 2 -- Secured Claims are unimpaired under the Plan. As of the Effective Date, Viskase estimates that there will not be any Allowed Secured Claims in Class 2.

Under the Plan, unless otherwise agreed to by the parties, the legal, equitable and contractual rights of each holder of an Allowed Secured Claim in any subclass of Class 2 will either (a) not be altered by the Plan, or (b) at the option of Reorganized Viskase be treated in any other manner that will result in such Allowed Secured Claim being deemed unimpaired under Section 1124 of the Bankruptcy Code.

CLASS 3 -- GENERAL UNSECURED CLAIMS. Class 3 consists of all Allowed Unsecured Claims against Viskase, including but not limited to any Intercompany Claims, except for those in Classes 1 or 4. Intercompany Claims consist of all Allowed Claims by Viskase of its direct or indirect subsidiaries against Viskase. Such Claims include the non-priority portion of obligations to Viskase's employees, trade claims and prepetition claims for professional services. Viskase expects that parties may file Claims that Viskase disputes and are currently the subject of litigation. These litigation claims include Claims of the Illinois Department of Revenue and Claims of certain parties that Viskase and its subsidiaries violated certain antitrust laws. Viskase also is subject to certain contingencies in connection with the sales of its subsidiaries and business units. Viskase estimates that there will be approximately $111,570 of Allowed Unsecured Claims in Class 3. Allowed Unsecured Claims in Class 3 are unimpaired.

Under the Plan, unless otherwise agreed to by the parties, the legal, equitable and contractual rights of each Holder of an Allowed Unsecured Claim in Class 3 will either (a) not be altered by the Plan, or (b) at the option of Reorganized Viskase will be treated in any other manner that will result in such Allowed Unsecured Claim being deemed unimpaired under section 1124 of the Bankruptcy Code.

b. Impaired Classes of Claims

CLASS 4 -- OLD NOTES. Class 4 consists of all Allowed Claims that the holders and beneficial owners of the Old Notes have against Viskase arising out of or relating to the Old Notes. The aggregate principal amount outstanding under the Old Notes was $163,060,000. In addition, there was $8,356,825, in accrued but unpaid interest due and owing on the Old Notes as of December 1, 2001. For a Description of the Old Notes, SEE "DESCRIPTION OF OTHER INDEBTEDNESS -- Old Notes" in the Offer to Exchange. Allowed Old Note Claims in Class 4 are impaired under the Plan.

Under the Plan, the holders of Allowed Old Note Claims in Class 4 will receive on the Effective Date, for each $1,000 principal amount of Old Notes held by such Holder, (1) $367.96271 in principal amount of New Notes, and (2) 3,170.612 shares of New Common Stock. For a description of the New Notes, SEE "DESCRIPTION OF THE NEW NOTES" in the Offer to Exchange. An aggregate of $60 million in principal amount of New Notes will be issued under the Plan (plus

interest accrued from December 1, 2001).

CLASS 5 -- EQUITY INTERESTS. Class 5 consists of the Equity Interests of the holders and beneficial owners of Old Common Stock, Old Stock Options and Stock Rights. As of July 10, 2002, there were 15,316,062 shares of Old Common Stock outstanding. Old Stock Options were granted under the Old Stock Option Plan and, as of July 10, 2001, there were 871,930 Old Stock Options outstanding, all of which are vested(5). For a description of the Old Common Stock, SEE "DESCRIPTION OF CAPITAL STOCK" in the Offer to Exchange. Class 5 Equity Interests are impaired under the Plan.

Under the Plan, Class 5 Allowed Equity Interests will be cancelled and the holders of Equity Interests will receive their pro rata share of the Warrants. SEE SECTION X.O. -- SUMMARY OF PLAN OF REORGANIZATION -- the Warrants."

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5 The outstanding Old Stock Options have an average exercise price of $2.68 and are all, at the current market price of Old Common Stock, out of the money.

D. MEANS FOR EXECUTION OF THE PLAN

1. CERTIFICATE OF INCORPORATION AMENDMENT

On the Effective Date, Reorganized Viskase will amend its Amended and Restated Certificate of Incorporation (the "Reorganized Viskase Certificate"). The Reorganized Viskase Certificate will, among other provisions, (i) prohibit the issuance of nonvoting equity securities to the extent required by Section 1123(a)(6) of the Bankruptcy Code, and (ii) authorize such other actions as are necessary to facilitate consummation of the Plan, all without any further action by the members, stockholders or directors of Viskase or Reorganized Viskase. The Reorganized Viskase Certificate will become effective upon the Effective Date. Viskase will cancel the Rights Agreement on or before the Plan Confirmation Date.

2. ISSUANCE OF NEW NOTES

The New Notes will be issued on the Effective Date and will be distributed only in whole dollar amounts (with any fractional amounts rounded down to the nearest whole dollar). The issuance and distribution of New Notes by Reorganized Viskase will be authorized and directed without further act or action under applicable law, regulation, order or rule. The Confirmation Order will provide that the issuance of the New Notes will be exempt from the registration requirements of the Securities Act, in accordance with Section 1145 of the Bankruptcy Code. For a description of the New Notes, SEE "DESCRIPTION OF THE NEW NOTES" in the Offer to Exchange. For a discussion of the transferability of the New Notes after issuance SEE SECTION XII. -- "APPLICATION OF SECURITIES ACT."

3. CANCELLATION OF SECURITIES, OLD NOTES INDENTURES AND INSTRUMENTS

Pursuant to Section 1123(a)(5)(F) of the Bankruptcy Code, on the Effective Date, (i) the Old Notes and the Old Notes Indenture will be terminated and canceled and (ii) all existing Equity Interests will, without any further action, be cancelled, annulled and extinguished and any certificates representing such Equity Interests will be null and void.

4. RIGHTS OF OLD INDENTURE TRUSTEE UNDER OLD NOTES INDENTURE

The Plan provides that the Old Indenture Trustee will receive full compensation in cash from Reorganized Viskase on the Effective Date for services rendered prior to the Effective Date, and that upon such payment distributions of New Notes to the holders of Allowed Claims in Class 4 pursuant to Section 6.03 of the Plan will be free of any lien or claim asserted by the Old Indenture Trustee.

5. RIGHTS OF NEW INDENTURE TRUSTEE UNDER NEW NOTES INDENTURE

On the Effective Date, the New Indenture Trustee will receive compensation

on a reasonable basis for services rendered from and after the Effective Date in effectuating the distribution of New Notes as contemplated by the Plan to the holders of Allowed Claims in Class 4 and the surrender and cancellation of the Old Notes as contemplated by the Plan. The New Indenture Trustee will be indemnified by Reorganized Viskase for any loss, liability or expense incurred by it in connection with the performance of such duties to the same extent and in the same manner as provided in the New Notes Indenture.

6. ISSUANCE OF NEW COMMON STOCK AND WARRANTS

On the Effective Date, an aggregate of approximately 517,000,000 shares (or approximately 94% of the issued and outstanding shares of New Common Stock as of the Effective Date) of New Common Stock will be issued and distributed to holders of Allowed Claims in Class 4. 3,170.612 shares of New Common Stock will be issued for each $1,000 in principal amount of Old Notes held by a holder of an Allowed Class 4 Claim. For a description of the New Common Stock, SEE "DESCRIPTION OF CAPITAL STOCK" in the Offer to Exchange. The shares of New Common Stock issued and distributed to holders of Allowed Class 4 Claims and the shares of Restricted Stock issued and distributed to the members of the Management Group on the Effective Date will be subject to pro rata dilution upon the exercise of the Warrants. For a description of the Warrants, SEE SECTION X.O. -- "The Warrants."

E. CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

The Effective Date will not occur and the Plan will not be consummated unless and until each of the following conditions has been satisfied by Viskase: (i) the Confirmation Order shall have become effective under Bankruptcy Rule 7062 and shall have become a Final Order, and (ii) any and all of the necessary United States or foreign government statutory, regulatory or antitrust approvals or consents shall have been received.

F. EFFECTS OF PLAN CONFIRMATION

1. DISCHARGE OF CLAIMS; RELATED INJUNCTION

Except as otherwise expressly provided in the Plan, the Confirmation of the Plan will immediately discharge Viskase from any Claim and any "debt" (as that term is defined in Section 101(12) of the Bankruptcy Code) that arose before the Confirmation Date, and Viskase's liabilities in respect thereof will be extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of Viskase entered into or obligation of Viskase incurred before the Confirmation Date, or from any conduct of Viskase prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, whether such interest accrued before or after the date of commencement of the Reorganization Case, and from any liability of a kind specified in Sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a proof of claim is filed or deemed filed under Section 501 of the Bankruptcy Code, such claim is allowed under Section 502 of the Bankruptcy Code, or the holder of such Claim has accepted the Plan.

Except as may be provided in the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Equity Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (i) commencing or continuing in any manner, any action or other proceeding against Reorganized Viskase or its property, (ii) enforcing, attaching, collecting or recovering in any manner, any judgment, award, decree or order against Reorganized Viskase or its property, (iii) creating, perfecting or enforcing any lien or encumbrance against Reorganized Viskase or its property, (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to Reorganized Viskase or its property, and (v) commencing or continuing any action, in any manner or in any

place, that does not comply with, or is inconsistent with, the provisions of the Plan.

2. REVESTING

Except as otherwise expressly provided in the Plan, on the Effective Date, Reorganized Viskase will be vested with all of the property of its Estate, regardless of whether scheduled by Viskase, including, without limitation, all causes of action of any kind whatsoever not otherwise released pursuant to the terms of this Plan, free and clear of all claims, liens, encumbrances, charges and other interests of creditors and equity security holders and may operate its business free of any restrictions imposed by the Bankruptcy Code or by the Court.

3. RETENTION OF BANKRUPTCY COURT JURISDICTION

After confirmation, the Court will retain jurisdiction (a) to determine any Disputed Claims, (b) determine requests for payment of Claims entitled to priority under Section 507(a)(1) of the Bankruptcy Code, including compensation and reimbursement of expenses of parties entitled thereto, (c) to resolve controversies and disputes regarding interpretation and implementation of the Plan, (d) to enter orders in aid of the Plan, including, without limitation, appropriate orders (which may include contempt or other sanctions) to protect Reorganized Viskase, (e) to modify the Plan pursuant to Section 10.02 of the Plan, (f) to determine any and all applications, Claims, adversary proceedings and contested or litigated matters pending on the Effective Date, (g) to allow, disallow, estimate, liquidate or determine any Claim against Viskase and

to enter or enforce any order requiring the filing of any such Claim before a particular date, (h) to determine any and all pending applications for the rejection or disaffirmance of executory contracts or leases, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom, and (i) to enter a final decree closing the Reorganization Case.

4. RELEASES

On the Effective Date, Viskase will waive, release and forever discharge all persons and entities from any preference claims that Viskase may be entitled to bring against such parties pursuant to Section 547 of the Bankruptcy Code.

5. PAYING AGENT

The Plan provides that Wells Fargo Bank Minnesota, National Association will act as Paying Agent with respect to disbursements of Distributions and exchange of Old Notes for New Notes under the Plan. The Paying Agent will make each required Distribution by the date stated in the Plan with respect to such Distribution. Any Distribution required to be made on the Effective Date will be deemed to be made as soon as practicable after such date and, in any event, within days after such date. At the option of Reorganized Viskase, Distributions may be made in cash, by wire transfer or by a check drawn on a domestic bank. Disbursement of New Notes shall be made by the issuance and delivery of such New Notes, in global or certificated form as provided in the New Notes Indenture.

G. SURRENDER OF OLD NOTES

As a condition to participation under the Plan, the Holder of an Old Note must surrender its Old Note to the Paying Agent and execute and deliver a letter of transmittal or such other documents as are reasonably requested by the Paying Agent or Reorganized Viskase. If an Old Note is unavailable, no distribution shall be made hereunder unless and until the Claimant provides the Paying Agent with an affidavit that such note was lost and posts a bond in form and substance satisfactory to Reorganized Viskase. The Paying Agent will make Distributions of New Notes only to the holders of Old Notes who surrender their Old Notes.

H. MANAGEMENT OF REORGANIZED VISKASE

On the Effective Date, the management, control and operation of Reorganized

Viskase will become the general responsibility of the board of directors of Reorganized Viskase, who will thereafter have responsibility for the management, control and operation of Reorganized Viskase in accordance with applicable law. The initial board of directors of Reorganized Viskase will consist of five directors, such directors to be Reorganized Viskase's Chief Executive Officer and four persons to be designated by the holders of a majority in aggregate principal amount of the Old Notes. A list setting forth the identities of the five initial members of the Board of Directors of Reorganized Viskase will be filed in a submission to the Bankruptcy Court as part of the Reorganization Documents or otherwise prior to the Effective Date. Mr. Gustafson has indicated that he intends to resign from his position as Chairman of the Board and Chief Executive Officer of Viskase concurrent with the time that the Plan becomes effective. Viskase anticipates that other officers of Viskase immediately prior to the Effective Date will serve, in their respective capacities, as the initial officers of Reorganized Viskase on and after the Effective Date. For a further description of the management of Reorganized Viskase, SEE SECTION VIII. -- "MANAGEMENT OF VISKASE -- OFFICERS AND DIRECTORS."

I. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

On the Confirmation Date, all executory contracts and unexpired leases of Viskase will be assumed in accordance with the provisions of Sections 365 and 1123 of the Bankruptcy Code with such assumption to become effective on the Effective Date, except for (i) any and all executory contracts which are the subject of separate motions filed pursuant to Section 365 of the Bankruptcy Code by Viskase prior to the commencement of the hearing on Confirmation of the Plan, and (ii) any and all such contracts rejected prior to entry of the order confirming the Plan. Contracts entered into after the Petition Date will be performed by Reorganized Viskase in the ordinary course of business.

J. UNCLAIMED DISTRIBUTIONS

If any Distribution is returned as undeliverable, Reorganized Viskase will use reasonable efforts to determine the current address of such holder, but no Distribution to any such holder will be made unless and until Reorganized Viskase has determined the then current address of such holder, at which time such Distribution to such holder shall be made to such holder without interest. Amounts in respect of any undeliverable Distributions made through Reorganized Viskase will be returned to and held, in trust, by Reorganized Viskase until such Distributions are claimed. Cash, New Notes, New Common Stock, Warrants and other Distributions that are not claimed by the expiration of the later of one year from the Effective Date or one year from the date such Claim becomes an Allowed Claim will be deemed unclaimed property under Section 347(b) of the Bankruptcy Code and shall revest in Reorganized Viskase (and, shall be subject to redistribution, as appropriate, in accordance with the provisions of Articles IV and V of the Plan, as applicable). After the expiration of the one year period referenced in the two preceding sentences, the claim of any holder to such Distributions will be discharged and forever barred. Nothing contained in the Plan will require Viskase or Reorganized Viskase to attempt to locate any holder of an Allowed Claim.

K. MODIFICATION OF THE PLAN

Viskase reserves the right, in accordance with Section 1127(b) of the Bankruptcy Code and Section 10.02 of the Plan, and subject to the Restructuring Agreement, to amend or modify the Plan prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, Viskase may, upon order of the Court, amend or modify the Plan in accordance with Section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

L. REVOCATION OF THE PLAN

Viskase reserves the right, subject to the Restructuring Agreement and Section 10.03 of the Plan, to revoke and withdraw the Plan prior to entry of the Confirmation Order. If Viskase revokes or withdraws the Plan, or if Confirmation of the Plan does not occur, then, the Plan shall be deemed null and void and

nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Viskase or any other person or prejudice in any manner the rights of Viskase or any Person in any other further proceedings involving Viskase.

M. RESTRICTED STOCK PLAN

On the Effective Date, Reorganized Viskase will adopt a Restricted Stock Plan that will provide for the issuance of an aggregate of approximately 16 million shares of restricted New Common Stock ("Restricted Stock") to approximately sixty management employees based upon an allocation to be prepared by Viskase's Chief Executive Officer, and to approximately an additional 90 employees based upon the number of Old Common Shares owned by such employees in their Viskase 401(k) plan. An additional 17 million shares of New Common Stock will be reserved for future issuance under the Restricted Stock Plan. The purpose of the Restricted Stock Plan is to encourage employees to stay in the employ of Reorganized Viskase and its subsidiaries following the Confirmation Date.

The Restricted Stock awards to the members of the Management Group will be set forth in the Restricted Stock Plan, a copy of which will be included in the Reorganization Documents, and will be subject to anti-dilution adjustment upon the occurrence of certain events. The Restricted Stock granted under the Restricted Stock Plan will vest over a four year period, with 12 1/2% of the Restricted Stock award vesting on the grant date, and 17 1/2%, 20%, 20% and 30% of the Restricted Stock award vesting on each of the first, second, third and fourth anniversaries of the grant date, respectively. All shares of Restricted Stock subject to an award which have not vested to a participant at the time of termination of employment shall be forfeited upon termination of employment with the Company or one of its subsidiaries for any reason other than for Cause (as such term is defined in the Restricted Stock Plan).

N. MANAGEMENT AGREEMENTS

On the Plan Effective Date, Reorganized Viskase will assume the Management Agreements, which include existing employment agreements between Viskase and each of F. Edward Gustafson, Gordon S. Donovan and Kimberly K. Duttlinger, an employment agreement and letter of credit agreement between Viskase, Viskase Corporation and Mr. Gustafson, and each of the indemnification agreements to be entered into between Viskase and each of the twelve directors and officers listed on Schedule 5.12 to the Restructuring Agreement.

O. THE WARRANTS

Each Warrant will entitle the holder thereof to purchase one share of New Common Stock at an exercise price of $0.20 per share, subject to adjustment upon the occurrence of certain events described in the Warrant Agreement. Warrants will be issued to holders of Equity Interests at the Effective Time, which Warrants will, in the aggregate, initially entitle holders thereof to purchase up to 15,316,062 shares of New Common Stock.

XI. CERTAIN FACTORS TO BE CONSIDERED

THE NEW NOTES TO BE ISSUED PURSUANT TO THE PLAN ARE SUBJECT TO A NUMBER OF MATERIAL RISKS. HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR TO REJECT THE PLAN. FOR DISCUSSION OF ADDITIONAL RISKS ASSOCIATED WITH THE RESTRUCTURING, SEE "RISK FACTORS" IN THE OFFER TO EXCHANGE.

A. DISRUPTION OF OPERATIONS RELATING TO BANKRUPTCY FILING

Viskase's solicitation of acceptances of the Plan, or any subsequent commencement of the Reorganization Case, even in connection with the Plan, could adversely affect Viskase's or its Subsidiaries' relationships with their customers, suppliers or employees and operating results. Weakened operating results could adversely affect Viskase's ability to obtain Confirmation of the Plan or to avoid financial difficulties after consummation of the Plan. Viskase

anticipates, however, that it will have sufficient cash to service the obligations that it intends to pay during the period prior to and through the consummation of the Plan.

VISKASE'S SUBSIDIARIES ARE NOT PARTIES TO THE PLAN AND WILL THEREFORE CONTINUE TO OPERATE IN THE ORDINARY COURSE OF BUSINESS. AS SUCH, THE PLAN DOES NOT AFFECT THE CONTINUING AND TIMELY PAYMENT IN FULL OF VISKASE'S SUBSIDIARIES' OBLIGATIONS TO SUPPLIERS AND OTHER CREDITORS. IN ADDITION, THE PLAN PROVIDES FOR VISKASE'S UNSECURED CREDITORS, INCLUDING, WITHOUT LIMITATION, TRADE CREDITORS, TO BE PAID IN FULL, AND SUCH CREDITORS WILL NOT, THEREFORE, BE IMPAIRED AND WILL BE DEEMED TO ACCEPT THE PLAN. IMMEDIATELY PRIOR TO OR ON THE EFFECTIVE DATE, VISKASE CORPORATION WILL BE MERGED WITH AND INTO VISKASE, WITH VISKASE BEING THE SURVIVING CORPORATION IN THE MERGER.

B. CERTAIN RISKS OF NON-CONFIRMATION

Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court, which sits as a court of equity with substantial discretion, will confirm the Plan. A non-accepting creditor of Viskase might challenge the adequacy of the disclosure or the balloting procedures and results as not being in compliance with the Bankruptcy Code. Even if the Bankruptcy Court were to determine that the disclosure and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it were to find that any statutory conditions to Confirmation had not been met. Section 1129 of the Bankruptcy Code sets forth the requirements for Confirmation and requires, among other things, a finding by the Bankruptcy Court that the Confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and that the value of distributions to non-accepting creditors will not be less than the value of distributions such creditors would receive if Viskase were liquidated under Chapter 7 of

the Bankruptcy Code. SEE SECTION XVIII. -- "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST -- Best Interests Test -- Chapter 7 Liquidation Analysis." There can be no assurance that the Bankruptcy Court will conclude that these requirements have been met, but Viskase believes that the Bankruptcy Court should find that the Plan will not be followed by a need for further financial reorganization and that non-accepting creditors will receive distributions at least as great as would be received following a liquidation pursuant to Chapter 7 of the Bankruptcy Code. SEE SECTION XX. -- "VOTING AND CONFIRMATION OF THE PLAN."

Additionally, even if the required acceptances of Classes 4 and 5 are received, the Bankruptcy Court might find that the Solicitation did not comply with the solicitation requirements made applicable by Section 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b). In such an event, Viskase may seek to resolicit acceptances, but Confirmation of the Plan could be substantially delayed and possibly jeopardized. Viskase believes that its Solicitation of acceptances of the Plan complies with the requirements of Section 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b), that duly executed Ballots will be in compliance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and that, if sufficient acceptances are received, the Plan should be confirmed by the Bankruptcy Court. Viskase, however, expressly reserves the right not to file the Plan and to pursue other alternatives.

Should the Bankruptcy Court fail to confirm the Plan after the Reorganization Case has been filed, Viskase would then consider all strategic alternatives available to it at the time, which may include the commencement of a chapter 11 case without a pre-approved plan of reorganization or the implementation of an alternative restructuring arrangement outside of bankruptcy. Pursuit of any such alternative could result in a protracted and non-orderly reorganization with all the attendant risk of adverse consequences to Viskase's and its Subsidiaries' businesses, operations, employees, customers and supplier relations and its ultimate ability to function effectively and competitively.

Even if the Plan is confirmed by the Bankruptcy Court, there can be no

assurance that Viskase would not thereafter suffer a disruption in its business operations as a result of filing the Reorganization Case.

The consummation of the Plan also is subject to certain conditions. SEE SECTION X.E. -- "SUMMARY OF PLAN OF REORGANIZATION -- Conditions Precedent to Consummation of the Plan."

If the Plan were not to be confirmed, it is unclear whether a reorganization could be implemented and what holders of Claims and Equity Interests would ultimately receive with respect to their Claims and Equity Interests. If an alternative reorganization could not be agreed to, it is possible that Viskase would have to liquidate its assets, in which case holders of Claims and Equity Interests could receive less than they would have received pursuant to the Plan.

C. CERTAIN BANKRUPTCY CONSIDERATIONS

1. FAILURE TO FILE PLAN

If the Exchange Restructuring is not consummated, but Ballots containing votes to accept the Plan are received in sufficient amounts and numbers which are sufficient to confirm the Plan, Viskase may (but, subject to the Restructuring Agreement, expressly reserves the right not to) file a prepackaged chapter 11 case and use such Ballots to confirm the Plan. Viskase believes that obtaining sufficient acceptances before commencing a bankruptcy case would be preferable from the point of view of its creditors, stockholders and other constituents because such acceptances can reduce disputes during such a case concerning the reorganization of Viskase and should, therefore, substantially reduce the time and costs of such a case, result in a larger distribution to Viskase's creditors than would be available under a non-prepackaged reorganization under chapter 11 of the Bankruptcy Code or a liquidation under chapter 7 of the Bankruptcy Code (in the absence of other alternatives) and afford Viskase the best opportunity to accomplish the Prepackaged Restructuring in a bankruptcy case. If the Exchange Restructuring is not consummated and Viskase does not have the necessary acceptances to confirm the Plan, Viskase may seek to accomplish an alternative restructuring of its capitalization and its obligations to its creditors and obtain their consent to any such restructuring plan with or without a pre-approved plan of reorganization or otherwise. SEE SEC-

TION XIX. -- "ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN." There can, however, be no assurance that any alternative restructuring arrangement or plan would result in a reorganization of Viskase other than a liquidation, or that any such reorganization would be on terms as favorable to the holders of Claims and Equity Interests as the terms of the Plan. There is a risk that distributions to holders of Claims and Equity Interests under a liquidation or under a protracted and non-orderly reorganization would be substantially delayed and diminished.

For purposes of comparison with the anticipated distributions under the Plan, Viskase has prepared an analysis of estimated recoveries in a liquidation under chapter 7 of the Bankruptcy Code. SEE SECTION XVIII.C. -- "FEASIBILITY OF THE PLAN AND THE BEST INTEREST OF CREDITORS TEST -- Chapter 7 Liquidation Analysis." A description of procedures followed and the assumptions and qualifications in connection with this analysis is set forth in the notes thereto. SEE SECTION XVIII.B. -- "FEASIBILITY OF THE PLAN AND THE BEST INTEREST OF CREDITORS TEST -- Best Interests Tests," for a general discussion of the liquidation analysis.

2. EFFECT OF TRANSFER OF VENUE

If Viskase files a petition or relief under chapter 11 of the Bankruptcy Code, Viskase believes that Illinois is a proper and appropriate venue for the Reorganization Case and intends, if at all, to commence the Reorganization Case in the bankruptcy court located in the Northern District of Illinois. Creditors, however, may seek to transfer venue of the Reorganization Case to another jurisdiction. Notwithstanding Viskase's belief, it is not free from doubt that

the Bankruptcy Court could conclude venue should lie elsewhere. In such event, confirmation of the Plan could be substantially delayed.

D. INHERENT UNCERTAINTY OF REORGANIZED VISKASE'S FINANCIAL PROJECTIONS

The assumptions and estimates underlying the Projections set forth in Section XV. of this Disclosure Statement are inherently uncertain and, though considered reasonable by management as of the date hereof are subject to a wide variety of significant business, economic, competitive and political risks and uncertainties, the most significant of which is anticipated to be Viskase's ability to increase prices and maintain market share in a highly competitive marketplace. The Projections are not necessarily indicative of the future financial position or results of operations of Viskase, which may vary significantly from those set forth in the Projections. Consequently, the Projections contained herein should not be regarded as a representation by Viskase or any of its affiliates, advisors or any other person that the projected financial position or results of operations can or will be achieved.

XII. APPLICATION OF SECURITIES ACT

A. THE SOLICITATION

Because Viskase's offer of New Notes pursuant to the Exchange Offer is being made in reliance on Section 3(a)(9) of the Securities Act, the New Notes have not been registered under the Securities Act or any state securities laws. Unless so registered, the New Notes may not be offered or sold or otherwise transferred except pursuant to an exemption from, or in a prepackaged restructuring not subject to, the registration requirements of the Securities Act and applicable state securities laws. Based upon representations to be made by holders of Old Notes who vote in favor of the Plan in accordance with the Ballots, Viskase believes that the that the Solicitation will comply with applicable securities law registration exemptions.

B. ISSUANCE OF NEW NOTES PURSUANT TO THE PLAN

Generally, Section 1145(a)(1) of the Bankruptcy Code exempts the issuance of securities from the registration requirements of the Securities Act and equivalent state securities and "blue sky" laws if all of the following conditions are satisfied: (i) the securities are issued by a debtor (or its affiliates under a joint plan) under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or a claim for an administrative expense against, Viskase, and (iii) the securities are issued entirely in exchange for the recipient's claim against or interest in Viskase, or are issued "principally" in such exchange and "partly" for cash or property. Viskase believes that the distribution of the New Notes pursuant to the Plan would satisfy the aforementioned requirements, and Viskase intends to rely on the section 1145 exemption in respect of such issuance.

Any New Notes issued pursuant to Bankruptcy Code Section 1145 exemption may be resold by the holders thereof without restriction, unless, as more fully described below, any such holder is deemed to be an "underwriter" with respect to such New Notes, as defined in Section 1145(b)(1) of the Bankruptcy Code. Generally, Section 1145(b)(1) defines an "underwriter" as any person who (i) purchases a claim against, or interest in, a bankruptcy case, with a view towards the distribution of any security to be received in exchange for such claim or interest, (ii) offers to sell securities issued under a bankruptcy plan on behalf of the holders of such securities, (iii) offers to buy securities issued under a bankruptcy plan from persons receiving such securities, if the offer to buy is made with a view towards distribution of such securities, or (iv) is an issuer as contemplated by Section 2(11) of the Securities Act. Although the definition of the term "issuer" appears in Section 2(4) of the Securities Act, the reference contained in Section 1145(b)(1)(iv) to an issuer as contemplated by Section 2(11) of the Securities Act purports to include as "underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, directly or

indirectly, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan or reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Moreover, the legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor who owns at least 10% of the securities of a reorganized debtor may be presumed to be a "control person."

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, VISKASE MAKES NO REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE NEW NOTES TO BE DISTRIBUTED UNDER THE PLAN.

MOREOVER, SUCH NEW NOTES, OR THE DOCUMENTS THAT ESTABLISH THE TERMS AND PROVISIONS THEREOF, MAY CONTAIN TERMS AND LEGENDS THAT RESTRICT OR INDICATE THE EXISTENCE OF RESTRICTIONS ON THE TRANSFERABILITY OF SUCH SECURITIES.

VISKASE RECOMMENDS THAT RECIPIENTS OF NEW NOTES UNDER THE PLAN CONSULT WITH LEGAL COUNSEL CONCERNING THE LIMITATIONS ON THEIR ABILITY TO DISPOSE OF SUCH NEW NOTES.

There can be no assurance that an active market for any of the New Notes to be distributed under the Plan will develop and no assurance can be given as to the prices at which they might be traded.

XIII. PREPACKAGED RESTRUCTURING ACCOUNTING TREATMENT

For a discussion of pertinent accounting treatment of the Prepackaged Restructuring, SEE "UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS" in the Offer to Exchange, and SECTION XV. -- "FINANCIAL PROJECTIONS AND ASSUMPTIONS USED" in this Disclosure Statement.

XIV. DESCRIPTION OF OLD NOTES AND OTHER INDEBTEDNESS OF VISKASE

SECURED CLAIMS

The Secured Claims consist of equipment leases and installment sales contracts, to the extent that any exist. SEE SECTION X.C.2. -- "SUMMARY OF PLAN OF REORGANIZATION -- Classification and Treatment of Claims and Interests; Treatment of Classified Claims; Class 2 -- Secured Claims."

GENERAL UNSECURED CLAIMS

ILLINOIS DEPARTMENT OF REVENUE

In 1993, the Illinois Department of Revenue (the "IDR") filed a proof of claim against Viskase in its prior chapter 11 case, alleging that Viskase had improperly utilized the net operating loss carryovers ("NOLs") of its then Wisconsin Steel subsidiaries. In 1998 and 1999, the IDR stated that Viskase owed the IDR approximately $1.3 million. Viskase and its subsidiaries believe that it was entitled to utilize the NOLs for Illinois income tax purposes and objects to the IDR's claim. The United States Bankruptcy Court for the Northern District of Illinois disallowed the IDR's claim. The IDR filed an appeal of the bankruptcy court's decision with the United States District Court for the Northern District of Illinois, and on February 13, 2002, the district court affirmed the bankruptcy court's decision. The IDR has filed an appeal of the district court's decision, which appeal is currently pending.

ANTITRUST CLAIMS

In March 1997, Viskase Corporation received a subpoena from the Antitrust Division of the U.S. Department of Justice ("DOJ") relating to a grand jury investigation of the sausage casings industry. In September 1999, Viskase Corporation received a subpoena from the DOJ relating to the expansion of the grand jury investigation into the specialty films industry. Viskase Corporation is cooperating fully with the investigations.

During 1999 and 2000, Viskase and certain of its Subsidiaries and one other sausage manufacturer (the "Defendants") were named in ten virtually identical civil complaints filed in the U.S. District Court for the District of New Jersey (the "District Court") by the following plaintiffs: Smith Provision Co., Inc.; Parks LLC (d/b/a Parks Sausage Company); Real Kosher Sausage Company, Inc.; Sahlen Packing Co., Inc.; Marathon Enterprises, Inc.; Ventures East, Inc.; Keniston's, Inc.; Smithfield Foods, Inc.; Clougherty Packing Co.; and Klement Sausage Co. The District Court ordered all of these cases consolidated in Civil Action No. 99-5195-MLC (D.N.J.). Each complaint brought on behalf of a purported class of sausage casings customers allege that the Defendants unlawfully conspired to fix prices and allocate business in the sausage casings industry. Viskase and its Subsidiaries have filed answers to each of these complaints denying liability. In 2001, all of the consolidated cases were transferred to the U.S. District Court for the Northern District of Illinois, Eastern Division.

SEE SECTION X.C.2. -- "SUMMARY OF PLAN OF REORGANIZATION -- Classification and Treatment of Claims and Interests; Classified Claims -- Class 3 -- General Unsecured Claims."

OLD NOTES

For a description of the Old Notes, SEE "DESCRIPTION OF OTHER INDEBTEDNESS -- Old Notes" in the Offer to Exchange.

COMMON STOCK, STOCK OPTIONS AND STOCK RIGHTS

For a description of the Old Common Stock, Old Stock Options and Stock Rights, SEE "DESCRIPTION OF CAPITAL STOCK -- Common Stock" in the Offer to Exchange.

XV. FINANCIAL PROJECTIONS AND ASSUMPTIONS USED

The following projected consolidated balance sheets, statements of operations and statements of cash flows (the "Projections") were prepared by Viskase based on, among other things, the anticipated financial position and results of operations of Viskase after consummation of the Prepackaged Restructuring. The Projections assume the Prepackaged Restructuring will be implemented in accordance with the terms described elsewhere in this Disclosure Statement and in the Offer to Exchange, and present the anticipated effects of the consummation of the Prepackaged Restructuring and various other factors on Viskase's financial position and results of operations through the period ending December 31, 2006.

The Projections are based on numerous assumptions that are an integral part of the Projections, including Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of Reorganized Viskase, industry performance, general business and economic conditions, competition, adequate financing, continued supply and replenishment of inventory at assumed prices and other matters, many of which are beyond the control of Reorganized Viskase, and some or all of which may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the date that this Disclosure Statement is sent to holders of Old Notes may affect the actual financial results of Viskase's or Reorganized Viskase's operations. These variations may be material and may adversely affect the value of the New Notes and the ability of Reorganized Viskase to pay the obligations owing to certain holders of Claims entitled to distributions under the Plan. Because the actual results achieved throughout the periods covered by the Projections may vary from the projected results, the Projections should not be relied upon as a guaranty, representation, or other assurance of the actual results that will occur. SEE SECTION XI.D. -- CERTAIN FACTORS TO BE CONSIDERED -- Inherent Uncertainty of Reorganized Viskase's Financial Projections.

VISKASE DOES NOT GENERALLY PUBLISH ITS BUSINESS PLANS AND STRATEGIES OR MAKE EXTERNAL PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. HOWEVER, MANAGEMENT OF VISKASE HAS PREPARED THE PROJECTIONS TO PRESENT THE ANTICIPATED EFFECTS OF THE PREPACKAGED RESTRUCTURING. THE

PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES OF AICPA WITH RESPECT TO PROSPECTIVE FINANCIAL INFORMATION, NOR HAVE THEY BEEN PRESENTED IN LIEU OF PRO FORMA HISTORICAL FINANCIAL INFORMATION. HOWEVER, IN THE VIEW OF MANAGEMENT, THE PROJECTIONS WERE PREPARED ON A REASONABLE BASIS REFLECTING THE BEST CURRENTLY AVAILABLE ESTIMATES AND JUDGMENTS, AND PRESENT, TO THE BEST OF MANAGEMENT'S CURRENT KNOWLEDGE AND BELIEF, THE EXPECTED FUTURE FINANCIAL PERFORMANCE OF VISKASE ASSUMING THE CONSUMMATION OF THE EXPECTED PREPACKAGED RESTRUCTURING. AFTER THE EFFECTIVE DATE, VISKASE DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR PREPARATION DURING THE FIRST QUARTER OF 2002 OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, EVEN IF ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE SHOWN TO BE IN ERROR. FURTHERMORE, VISKASE DOES NOT INTEND TO UPDATE OR REVISE THE PROJECTIONS TO REFLECT CHANGES IN GENERAL ECONOMIC, INDUSTRY OR POLITICAL CONDITIONS.

Neither Viskase's independent auditors, nor any other independent accountants or financial advisors, have compiled, examined or performed any procedures with respect to the Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Projections.

Additional information relating to the principal assumptions used in preparing the Projections is set forth below. SEE "RISK FACTORS" in the Offer to Exchange for a discussion of various factors that could materially affect Viskase's financial position, results of operations or cash flows.

The Projections set forth below for the years 2002 through 2006 were prepared giving consideration to Viskase's estimate of the current and projected trends in its industry and the economy. The projections assume implementation of the Plan as if the Prepackaged Restructuring has been completed on January 1, 2002.

<Table>
<Caption>

	2002	2003	2004	2005	2006
<S>	<C>	<C>	<C>	<C>	<C>
NET SALES.....	$ 191,498	$ 199,920	$ 210,782	$ 216,600	$ 222,700
COSTS AND EXPENSES					
Cost of sales.....	152,175	157,378	164,569	167,200	169,800
Selling, general administrative.....	41,606	40,796	40,627	42,600	42,600
Amortization of intangibles.....	2,000	2,000	2,000	--	--
OPERATING (LOSS) INCOME....	(4,283)	(254)	3,586	6,800	10,300
Interest income.....	156	132	132	132	132
Interest expense.....	(11,308)	(9,942)	(8,413)	(6,562)	(7,252)
Other expense, net.....	(81)	(57)	(30)	(30)	(30)
(LOSS) INCOME BEFORE TAXES.....	(15,516)	(10,121)	(4,725)	340	3,150
Income tax provision (benefit).....	(249)	848	1,630	1,675	1,740
NET (LOSS) INCOME.....	$ (15,267)	$ (10,969)	$ (6,355)	$ (1,335)	$ 1,410
WEIGHTED AVERAGE COMMON SHARES.....	565,316,062	565,316,062	565,316,062	565,316,062	565,316,062
PER SHARE AMOUNTS					
Income (loss) per share basic and diluted.....	$ (0.03)	$ (0.02)	$ (0.01)	$ (0.002)	$ 0.002
Operating income.....	(4,283)	(254)	3,586	6,800	10,300
Depreciation.....	20,425	18,360	16,539	16,700	14,900
Amortization.....	2,000	2,000	2,000	--	--

EBITDA.....	$ 18,142	$ 20,106	$ 22,125	$ 23,500	$ 25,200

</Table>

XVI. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The Projections do not reflect the issuance of preferred stock that is contemplated by the Exchange Restructuring but not by the Prepackaged Restructuring. However, the pro forma financial statements in the Offer to Exchange do reflect the issuance of such preferred stock, and also show certain additional information with respect to U.S. and foreign EBITDA. SEE "UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS" in the Offer to Exchange.

XVII. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain significant U.S. federal income tax consequences of the Plan for Viskase, its creditors, and its stockholders. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to Viskase, a creditor, or a stockholder in light of its investment circumstances. This discussion does not address creditors or stockholders subject to special treatment under the U.S. federal income tax laws, such as banks, tax-exempt entities, foreign corporations or individuals who are not citizens or residents of the United States. Except as expressly stated below, this discussion does not address any state, local or foreign tax matters. All references to taxes are solely to U.S. federal income taxes.

The discussion is based on the provisions of the Internal Revenue Code of 1986, as amended, the ("Code"), proposed, temporary and final Treasury Regulations, public and private Internal Revenue Service (the "IRS") rulings and pronouncements and relevant judicial decisions, all of which are subject to change, possibly with retroactive effect. Moreover, the tax consequences of certain aspects of the Plan are uncertain because of the lack of applicable legal precedent.

Viskase has not received an opinion of counsel or a ruling from the IRS as to the consequences of the Plan and does not intend to seek a ruling from the IRS or opinion of counsel with respect thereto. There can be no assurance the treatment discussed below will be accepted by the IRS. HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES TO THEM, INCLUDING FOREIGN, STATE AND LOCAL TAXES.

CONSEQUENCES TO HOLDERS PURSUANT TO A RESTRUCTURING OF OLD DEBT UNDER THE PREPACKAGED RESTRUCTURING

The U.S. federal income tax consequences of the Prepackaged Restructuring will depend on whether or not the Old Notes and the New Notes are considered stock or securities for purposes of qualifying their exchange as a recapitalization under Code section 368(a)(1)(E). The term security is not defined in the Code or the Treasury Regulations and has not been clearly defined by administrative or judicial decisions. Therefore, there is uncertainty as to whether the Prepackaged Restructuring will be a tax-free recapitalization under Code section 368(a)(1)(E).

TAX TREATMENT IF PREPACKAGED RESTRUCTURING IS A TAX FREE RECAPITALIZATION

If the New Notes and Old Notes are considered stock or securities, the exchange will qualify as a recapitalization and a holder of Old Notes would not recognize gain or loss on the exchange of Old Notes for New Notes and New Common Stock, subject to the discussion below concerning attributing all or part of the consideration received in the Prepackaged Restructuring to accrued but unpaid interest. A holder's tax basis in the New Notes and New Common Stock received in the Prepackaged Restructuring will equal the holder's adjusted tax basis in the Old Notes, allocated to the New Notes and New Common Stock in proportion to their relative fair market values. A holder will have a holding period for the New Notes and New Common Stock that includes the period of time during which the

holder held the Old Notes.

TAX TREATMENT OF PREPACKAGED RESTRUCTURING TO HOLDERS OF EQUITY INTERESTS

The Prepackaged Restructuring provides that existing holders of Equity Interests receive warrants to acquire Viskase stock in full and final satisfaction of their Equity Interests. The Equity Interests and the warrants are both considered "stock and securities' for purposes of Code section 354. Accordingly, the exchange of Equity Interests for warrants pursuant to the Prepackaged Restructuring will be a tax free recapitalization.

TAX TREATMENT IF THE PREPACKAGED RESTRUCTURING IS A TAXABLE EXCHANGE

If the Old Notes are not securities, the Prepackaged Restructuring does not qualify as a Code Section 368(a) recapitalization and a holder of Old Notes would recognize taxable gain or loss on the exchange of Old Notes for New Notes and New Common Stock. A holder's gain or loss would equal the difference between (1) the amount realized in the exchange of the Old Notes, and (2) the holder's adjusted tax basis in the Old Notes surrendered. The gain or loss would generally be capital gain or loss. A holder's amount realized will equal the fair market value of the New Common Stock plus the fair market value of the New Notes (assuming that either the Old Notes were or the New Notes are publicly traded within the meaning of Code Section 1273, as Viskase believes).

TAX TREATMENT COMMON TO TAX-FREE RECAPITALIZATION AND TAXABLE EXCHANGE

The amount realized in the exchange, if any, attributable to accrued market discount on the Old Notes that has not been previously included in a holder's gross income would be taken into income as ordinary interest income, even if the exchange is a recapitalization, but would not be included in the amount a holder realizes in determining the amount of capital gain or loss on the Old Notes.

It is unclear whether any of the consideration received in the Prepackaged Restructuring should be allocated to accrued and unpaid interest on the Old Notes. The non-recognition of gain or loss provisions relating to a Code Section 368(a)(1)(E) recapitalization would not be applicable to the amount of consideration received that is allocable to accrued and unpaid interest. As a result, any amount of consideration that is allocable to accrued and unpaid interest would be interest income to a holder.

APPLICATION OF OID RULES

Assuming the New Notes is debt for tax purposes (see discussion below) a holder will be subject to the original issue discount ("OID") rules. Under the OID rules, where the issue price of a debt instrument is less than its stated redemption price at maturity, the difference between issue price and the stated redemption price at maturity must be taken into income under the "economic accrual method" by a holder over the term of the instrument. Viskase believes that the Old Notes are, and the New Notes will be publicly traded. The issue price for a debt instrument that is publicly traded is its fair market value determined as the first price at which the New Debt trades on an established securities market. Because the fair market value of the New Notes will likely be significantly less than their stated redemption price at maturity, a holder of New Notes will likely be required to recognize significant OID income over the period the holder holds the New Notes.

There is a possibility that the IRS may treat the New Notes as equity. The determination of whether an instrument is considered debt or equity for purposes of the Code is not clear and could depend on many factors. The capital structure of Viskase may cause the IRS to characterize the New Debt as equity. If considered equity, the New Notes would be considered stock and if the Old Notes are considered securities, the Prepackaged Restructuring would be a tax-free recapitalization, with the consequences described above. Also, if considered equity, cash payments to holders pursuant to the terms of the New Debt would not be interest but would be dividends to the extent that Viskase then has current or accumulated earnings and profits as determined under U.S. federal income tax principles. If considered equity, New Note holders that are U.S. corporations

may be entitled to a dividend received deductions under Code Section 243.

CONSEQUENCES TO VISKASE

CANCELLATION OF INDEBTEDNESS INCOME

Upon implementation of the Prepackaged Restructuring, the amount of Viskase's aggregate outstanding indebtedness will be reduced. Viskase will realize cancellation of indebtedness income ("CODI") to the extent that the amount of the indebtedness discharged exceeds any consideration given to its creditors in exchange therefor. Under an exception to the CODI rules, a debtor is not required to recognize CODI to the extent debt is discharged in a bankruptcy case pursuant to Title 11 of the Bankruptcy Code. Instead, Code Section 108 provides that a debtor in a bankruptcy case must reduce certain of its tax attributes (such as NOL

carryforwards and current year NOLs, tax credits, and tax basis in assets) by the amount of any CODI. Generally, as a result of the discharge of indebtedness pursuant to the Plan, Viskase will recognize CODI and consequently suffer tax attribute reduction.

ANNUAL SECTION 382 LIMITATION

Under Code Section 382, a loss corporation that undergoes an "ownership change" is subject to an annual limitation (the "annual Section 382 limitation") on the amount of pre-change NOLs and subsequently recognized "net built-in losses" (i.e., losses economically accrued but unrecognized as of the ownership change date in excess of a threshold amount), that may be used to offset future taxable income. In general, an ownership change occurs if and when the percentage of the loss corporation's stock owned by one or more direct or indirect "5% stockholders" (as specially defined for purposes of Code Section 382) increases by more than 50 percentage points over the lowest percentage of the loss corporation's stock owned by such 5% stockholders at any time during a three-year testing period. Viskase anticipates that the issuance of Reorganized Viskase Common Stock pursuant to the Plan will result in an ownership change.

Where an ownership change occurs pursuant to a plan of reorganization in a title 11 case, the annual Section 382 limitation generally is equal to the product of (i) the lesser of the fair market value of the loss corporation's outstanding stock immediately after the ownership change (with certain adjustments) and the fair market value of the loss corporation's gross assets immediately before the ownership change (with certain adjustments) and (ii) the "long-term tax-exempt rate" in effect for the month in which the ownership change occurs. However, if the loss corporation does not continue its historic business or use a significant portion of its business assets in a new business for two years after the ownership change, the annual section 382 limitation would be zero. Any portion of the annual section 382 limitation that is unused in a particular taxable year would be available for use by the loss corporation in subsequent taxable years.

An exception to the annual Section 382 limitation is available when existing stockholders and "qualified creditors" of the loss corporation receive at least 50% of the stock of the loss corporation pursuant to a reorganization in a title 11 case (the "reorganization exception"). For this purpose, a qualified creditor generally includes a creditor that receives its stock in exchange for (i) indebtedness of the loss corporation held by the creditor for at least 18 months prior to the filing of the title 11 case, or (ii) a claim that arose in the ordinary course of the loss corporation's business but only if the creditor has continuously held such claim since its inception. Additionally, any stock of the loss corporation that is received by a creditor who does not become a direct or indirect 5% stockholder of the reorganized loss corporation generally will be treated as received by a qualified creditor, other than in the case of a creditor whose participation in the plan of reorganization makes evident to the loss corporation that the creditor has not owned the indebtedness for the requisite period.

Under the reorganization exception, a loss corporation's pre-change NOLs

and NOL carryforwards would not be limited on an annual basis, but would be reduced by the amount of any interest deductions claimed by the loss corporation for the taxable year of the reorganization, and for the preceding three taxable years, in respect of any indebtedness that was converted into stock of the loss corporation as part of the reorganization. However, if a loss corporation takes advantage of the reorganization exception and another ownership change occurs during the two-year period following the ownership change that occurred pursuant to the bankruptcy plan, the loss corporation will be precluded from utilizing any pre-change NOLs and built in losses existing at the time of the subsequent ownership change against future taxable income. An otherwise eligible loss corporation may elect not to apply the reorganization exception.

No decision has been made as to whether Viskase will apply the reorganization exception, if available.

PAYMENTS PURSUANT TO NEW NOTE OBLIGATIONS

If the IRS were to classify the New Notes as equity, Viskase would not be entitled to interest deductions with respect to the New Notes.

INFORMATION REPORTING AND BACKUP WITHHOLDING

A holder's receipt of New Debt and New Common Stock pursuant to the Prepackaged Restructuring will generally be subject to information reporting to the IRS by Viskase. Moreover, such reportable payments may be subject to backup withholding unless the holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to previously report all dividend and interest income.

Holders that are Non-U.S. Persons, as defined in the Code, that receive payments or distributions under the Plan from Viskase will not be subject to backup withholding, provided that the holders furnish certification of their status as Non-U.S. Persons or are otherwise exempt from backup withholding. Generally, such certification is provided on IRS Form W-8BEN.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

XVIII. FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST

A. FEASIBILITY OF THE PLAN

In connection with Confirmation of the Plan, Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of Viskase. This is the so-called "feasibility" test.

To support its belief in the feasibility of the Plan, Viskase has prepared financial projections for the period from January 1, 2002 through December 31, 2006. The professionals have not performed an independent investigation of the accuracy or completeness of such financial projections and disclaim any responsibility for or liability with respect to such projections. SEE SECTION XV. -- "FINANCIAL PROJECTIONS AND ASSUMPTIONS USED."

The Projections indicate that Reorganized Viskase should have sufficient cash flow to make the payments required under the Plan on the Effective Date and to repay and service its post-Confirmation debt obligations and to maintain its operations during this period. Accordingly, Viskase believes that the Plan complies with the standard of Section 1129(a)(11) of the Bankruptcy Code. As noted in the Projections, however, Viskase cautions that no representations can be made as to the accuracy of the Projections or as to Reorganized Viskase's

ability to achieve the projected results. Many of the assumptions upon which the Projections are based are subject to uncertainties outside of the control of Viskase. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect Viskase's financial results. As discussed elsewhere in this Disclosure Statement, there are numerous circumstances that may cause actual results to vary from the projected results, and the variations may be material and adverse. SEE SECTION XI. -- "CERTAIN FACTORS TO BE CONSIDERED" for a discussion of certain risk factors that may affect financial feasibility of the Plan.

The Projections are qualified by and subject to the assumptions set forth herein and the other information contained herein. The Projections were not prepared with a view toward compliance with published guidelines of the SEC, AICPA or any other regulatory or professional agency or body, generally accepted accounting principles or consistency with the audited financial statements referenced in the Offer to Exchange. In

addition, none of the auditors or financial advisors for Viskase has compiled or examined the Projections and, accordingly, does not express any opinion or any other form of assurance with respect to, assumes no responsibility for, and disclaims any association with, the Projections. The Projections should be read together with the information contained under the headings "CERTAIN FACTORS TO BE CONSIDERED," "PRO FORMA CONSOLIDATED FINANCIAL INFORMATION," and "OPERATIONS OF VISKASE AND ITS SUBSIDIARIES PRIOR TO CHAPTER 11 CASE."

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY AICPA OR THE RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY VISKASE'S INDEPENDENT CERTIFIED ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, SOME OF WHICH HAVE NOT BEEN ACHIEVED TO DATE AND MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, LITIGATION, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF VISKASE. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY VISKASE, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

B. BEST INTERESTS TEST

Even if the Plan is accepted by Class 4 -- Old Note Claims and Class 5 -- Equity Interests, the Bankruptcy Code requires that the Bankruptcy Court find that the Plan is in the best interests of all classes of creditors and equity security holders. The "best interests" test requires that the Bankruptcy Court find either that all members of an impaired class of claims or interests have accepted the Plan or that the Plan will provide each member who has not accepted the Plan with a recovery of property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would receive or retain if Viskase were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the distribution to members of each impaired class of holders of Claims and Equity Interests if Viskase were liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from Viskase's assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a sale of Viskase's assets by a chapter 7 trustee and the cash held by Viskase at the time of the commencement of the chapter 7 case.

The amount of liquidation value generated from the liquidation of Viskase's assets and properties would be reduced by the amount of any claims secured by such assets and the costs and expenses of liquidation, as well as by other administrative expenses and costs (including any break-up or termination fees approved by the Bankruptcy Court) of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals

retained by the trustee, asset disposition expenses, all unpaid expenses incurred by Viskase in its chapter 11 case (such as compensation of attorneys, financial advisors and accountants) that are allowed in the chapter 7 case, litigation costs and claims arising from the operations of Viskase during the pendency of the chapter 11 case. The liquidation itself could trigger certain priority payments that otherwise would be due in the ordinary course of business. The priority claims which may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance would be made available to pay pre-chapter 11 priority and general claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of any executory contracts and unexpired leases and thereby create higher amounts of General Unsecured Claims.

In applying the "best interests" test, it is possible that claims and equity interests in the chapter 7 case may not be classified according to the seniority of such claims and equity interests as provided in the Plan. In

the absence of a contrary determination by the Bankruptcy Court, all pre-chapter 11 unsecured claims which have the same rights upon liquidation would be treated as one class for purposes of determining the potential distributions of the liquidation proceeds resulting from Viskase's chapter 7 case. The distributions from the liquidation proceeds would be calculated ratably according to the amount of the claim held by each creditor. Therefore, creditors who claim to be third-party beneficiaries of any contractual subordination provisions might be required to seek to enforce such contractual subordination provisions in the Bankruptcy Court or otherwise. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable in a bankruptcy case to the same extent that such subordination is enforceable under applicable non-bankruptcy law. Therefore, no class of claims that is contractually subordinated to another class would receive any payment on account of its claims, unless and until such senior class were paid in full.

Once the Bankruptcy Court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors under the Plan, then the Plan is not in the best interests of creditors and cannot be confirmed by the Bankruptcy Court. As shown in the Liquidation Analysis, Viskase currently believes that each Holder of Old Notes and Equity Interests will likely receive at least as much under the Plan as they would receive if Viskase were liquidated, and that the Plan should therefore meet the requirements of Section 1129(a)(7) of the Bankruptcy Code.

C. CHAPTER 7 LIQUIDATION ANALYSIS

In applying the "best interests" test, the Bankruptcy Court would ascertain the liquidation proceeds available to Viskase for distribution to holders of Claims against Viskase would consist of net proceeds from the disposition of its interest in its subsidiaries, augmented by other cash held and generated during the assumed holding period stated herein by Viskase and after deducting the incremental expenses of operating the businesses pending disposition. To estimate the potential returns to holders of Claims in a chapter 7 liquidation, Viskase determined the amount of liquidation proceeds that might be available for distribution and the allocation of such proceeds among the Classes of Claims based on their relative priority. Viskase considered a number of factors and data, including, among other things, Viskase's projected financial performance, the possible impact of a chapter 7 case upon Viskase, current market valuations of similar companies, information with regard to the business and its prospects and certain economic industry and company-specific information which was deemed to be appropriate and relevant.

The relative priority of distribution of liquidation proceeds with respect to any Claim depends on (i) its status as secured, priority unsecured or nonpriority unsecured, and (ii) its relative subordination. The capital structure of Viskase's subsidiaries includes substantial debt.

In general, liquidation proceeds would be allocated in the following priority, (i) first, to the Claims of secured creditors to the extent of the value of their collateral, (ii) second, to the costs, fees and expenses of the liquidation, as well as other administrative expenses of Viskase's hypothetical chapter 7 case, including tax liabilities, (iii) third, to the unpaid Administrative Claims of the Reorganization Case (if commenced), (iv) fourth, to Tax Claims and other Claims entitled to priority in payment under the Bankruptcy Code, (v) fifth, to General Unsecured Claims and the Old Note Claims, and (vi) sixth, to the holders of Old Common Stock of Viskase. Viskase's liquidation costs in a chapter 7 case would include the compensation of a bankruptcy trustee, as well as compensation of counsel and of other professionals retained by such trustee, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the operation of Viskase during the pendency of the chapter 7 case and all unpaid Administrative Claims incurred by Viskase during the Reorganization Case (if commenced) that are Allowed in the chapter 7 case. The liquidation itself might trigger certain Priority Claims. These Priority Claims would be paid in full out of the net liquidation proceeds, after payment of secured Claims, chapter 7 costs of administration and other Administrative Claims, before the balance would be made available to pay Unsecured Claims or to make any distribution in respect of Common Stock holders.

The following chapter 7 liquidation analysis is provided solely to discuss the effects of a hypothetical chapter 7 liquidation of Viskase and is subject to the assumptions set forth herein. There can be no assurance that such assumptions would be accepted by a Bankruptcy Court. The chapter 7 Liquidation Analysis has not been independently audited or verified.

THE FOLLOWING LIQUIDATION ANALYSIS ASSUMES A LIQUIDATION SALE OF VISKASE'S SUBSIDIARIES AS GOING CONCERNS. A FORCED ASSET LIQUIDATION SALE, HOWEVER, MIGHT RESULT IN THE REALIZATION OF SUBSTANTIALLY LOWER SALE PROCEEDS.

1. LIQUIDATION VALUE OF VISKASE

The table below details the computation of Viskase's liquidation value and the estimated distributions to holders of impaired Claims in a chapter 7 liquidation of Viskase. This analysis is based upon a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of Viskase. Accordingly, while the analyses that follow are necessarily presented with numerical specificity, there can be no assurance that the values assumed would be realized if Viskase were in fact liquidated, nor can there be any assurance that a Bankruptcy Court would accept this analysis or concur with such assumptions in making its determinations under Section 1129(a) of the Bankruptcy Code. ACTUAL LIQUIDATION PROCEEDS COULD BE MATERIALLY LOWER OR HIGHER THAN THE AMOUNTS SET FORTH BELOW; NO REPRESENTATION OR WARRANTY CAN BE OR IS BEING MADE WITH RESPECT TO THE ACTUAL PROCEEDS THAT COULD BE RECEIVED IN A CHAPTER 7 LIQUIDATION OF VISKASE. The liquidation valuations have been prepared solely for purposes of estimating proceeds available in a chapter 7 liquidation of the estate and do not represent values that may be appropriate for any other purpose. Nothing contained in these valuations is intended or may constitute a concession or admission of Viskase for any other purpose.

In addition to the specific assumptions described in the footnotes to the table below, the following general assumptions were used in formulating the liquidation analysis:

a. Estimated Liquidation Proceeds

While Viskase is knowledgeable and experienced in the casing product segment of the food industry and Viskase's management has engaged in several asset sales over the last several years, it is not experienced in selling or attempting to sell all or substantially all of the assets, as is contemplated in this hypothetical liquidation analysis. The following information and factors, not listed in order of importance, were, among other factors, generally considered by Viskase in estimating the proceeds which will be received from the liquidation sale:

1. Viskase's projected financial performance as reflected herein;

2. The attractiveness of Viskase to potential buyers;

3. The potential universe of buyers;

4. The potential impact of a Chapter 7 case upon Viskase, as well as possible buyers' pricing strategies;

5. The relative timing of the potential sale of Viskase;

6. Analysis of the liabilities and obligations of Viskase;

7. Current market valuations of similar companies; and

8. Certain economic, industry and company specific information which was deemed to be appropriate and relevant.

In estimating the liquidation proceeds and applying the foregoing factors and considerations to make such estimate, the general economic environment was considered. SEE SECTION II. -- "OPERATIONS OF VISKASE AND ITS SUBSIDIARIES PRIOR TO CHAPTER 11 CASE."

b. Impact on Viskase's Operations of the Conversion to a Chapter 7 Liquidation

Management believes that a conversion to a chapter 7 liquidation and the resulting pendency of a liquidation sale would adversely affect the morale of the Subsidiaries' management and employees. There can be no assurance that the conversion to a chapter 7 liquidation would not result in the departure of key employees and management of the Subsidiaries and adversely impact the salability of the Subsidiaries.

c. Nature and Timing of the Liquidation Process

Under Section 704 of the Bankruptcy Code, a chapter 7 trustee must, among other duties, collect and convert the property of Viskase's estate to cash and close the estate as expeditiously as is compatible with the best interests of the parties in interest. Solely for purposes of preparing this liquidation analysis, it is assumed that Viskase's equity interests in its subsidiaries would be sold to one buyer as a going concern in sale to occur within 360 days after the conversion to chapter 7.

d. Additional Liabilities and Reserves

Viskase believes that there would be certain actual and contingent liabilities and expenses for which provision would be required in a chapter 7 liquidation before distributions could be made to creditors in addition to the expenses that would be incurred in a chapter 11 reorganization, including Administrative Claims such as the fees of a trustee and of counsel and other professionals (including financial advisors and accountants). Management believes that there is some uncertainty in respect of Viskase's estimates of the amounts related to the foregoing that have been assumed in the liquidation analysis.

2. CONCLUSION

In summary, subject to all of the assumptions, conditions and limitations set forth above, Viskase believes that a chapter 7 liquidation of Viskase could result in a diminution in the value to be realized by the holders of Claims and, as set forth in the table below, Viskase's management estimates that there would be no proceeds available for distribution to the holders of Old Notes. If this estimate proves accurate, Equity Interests would be entitled to no distribution in the event of a chapter 7 liquidation of Viskase.

LIQUIDATION ANALYSIS -- COMPANY SOLD AS GOING CONCERN

<Table>
<Caption>

	BOOK VALUE 6/30/2002	RECOVERY % LOW	RECOVERY % HIGH	RECOVERY VALUE LOW	RECOVERY VALUE HIGH
		($ IN MILLIONS)			
<S>	<C>	<C>	<C>	<C>	<C>
CURRENT ASSETS					
Cash	$ 14.3	100.0%	100.0%	$14.3	$ 14.3
Restricted Cash	29.1	100.0%	100.0%	29.1	29.1
Accounts Receivables	28.3	70.0%	80.0%	19.8	22.6
Inventories	30.9	40.0%	60.0%	12.4	18.5
Other Current Assets	9.9	0.0%	10.0%	0.0	1.0
Total Current Assets	$112.5			$75.6	$ 85.6
NON-CURRENT ASSETS					
Net PP&E	$ 97.3	15.0%	25.0%	$14.6	$ 24.3
Other Assets	7.9	15.0%	25.0%	1.2	2.0
Total Non-Current Assets	$105.2			$15.8	$ 26.3
Total Hypothetical Liquidation Value	$217.7	42.0%	51.4%	$91.4	$111.9

</Table>

<Table>
<Caption>

	AMOUNT OF CLAIM	RECOVERY AMOUNT LOW	RECOVERY AMOUNT HIGH
<S>	<C>	<C>	<C>
Estimated Proceeds Available for Distribution		$91.4	$111.9
FEES AND EXPENSES			
Administrative, Consulting & Financial Fees	$ 2.0	$ 2.0	$ 2.0
Attorney's Fees	3.0	3.0	3.0
Liquidation Fees	2.0	2.0	2.0
Wind-down General, Payroll, and Other	8.0	8.0	8.0
Total Fees and Expenses	$ 15.0	$15.0	$ 15.0
Net Proceeds Available for Distribution		$76.4	$ 96.9
OTHER COMPANY CLAIMS			
GECC Lease(1)	$ 64.1	$64.1	$ 64.1
All other operating company claims	112.2	12.3	32.8
Old Notes	163.1	--	--
Total Claims	$339.4	$76.4	$ 96.9

</Table>

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(1) The GECC lease agreement contains a stipulated loss value of $90.8 million which amount exceeds the book value of $64.1 million.

XIX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the theoretical alternatives include, (i) continuation of the Reorganization Case and formulation of an alternative plan or plans of reorganization, or (ii) liquidation of Viskase under chapter 7 or chapter 11 of the Bankruptcy Code.

A. CONTINUATION OF THE CHAPTER 11 CASE

If Viskase were to commence the Reorganization Case and remain in chapter 11, Viskase could continue to operate its business and manage its properties as debtor-in-possession, but it would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether Viskase could survive as a going concern in a protracted chapter 11 case. Given the highly competitive nature of

the sausage casings business, Viskase could have difficulty sustaining the confidence of Viskase's and its Subsidiaries' customers, and trade vendors, if Viskase remains in chapter 11 for a protracted period.

Ultimately, Viskase (or other party-in-interest) could propose another plan or attempt to liquidate Viskase under chapter 7 or chapter 11. Such plans might involve either a reorganization and continuation of Viskase's business, sale of Viskase's business and a distribution of the proceeds to the creditors, sale of a portion of the business to a new equity investor or an orderly liquidation of its assets, or a combination of thereof.

B. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11

If the Plan is not confirmed, the Reorganization Case could be converted to a liquidation case under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be appointed to promptly liquidate the assets of Viskase.

Viskase believes that in liquidation under chapter 7, before creditors received any distribution, additional Administrative Expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustees, along with an increase in expenses associated with an increase in the number of unsecured claims that would be expected, would cause a substantial diminution in the value of the Estate. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, that would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of Viskase's operations and the failure to realize the greater going concern value of Viskase's assets.

Viskase could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, Viskase's assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case, in which a trustee must be appointed. Any distribution to the holders of Claims and Interests under a chapter 11 liquidation plan probably would be delayed substantially.

Viskase's liquidation analysis is premised upon a liquidation in a chapter 7 case. In that analysis, Viskase has taken into account the nature, status and underlying value of its assets, the ultimate realizable value of its assets and the extent to which such assets are subject to liens and security interests.

XX. VOTING AND CONFIRMATION OF THE PLAN

The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and Viskase, including, without limitation, that (i) the Plan has classified Claims in a permissible manner, (ii) the Plan complies with applicable provisions of the Bankruptcy Code, (iii) Viskase has complied with applicable provisions of the Bankruptcy Code, (iv) Viskase has proposed the Plan in good faith and not by any means forbidden by law, (v) the disclosure required by Section 1125 of the Bankruptcy Code has been made, (vi) the Plan has been accepted by the requisite votes of creditors (except to the extent that cram down is available under Section 1129(b) of the Bankruptcy Code), (vii) the Plan is feasible and Confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of Viskase, (viii) the Plan is in the "best interests" of all holders of Claims or Interests in an impaired Class by providing to such holders on account of their Claims or Interests property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain in a chapter 7 liquidation, unless each Holder of a Claim or Interest in such Class has accepted the Plan, (ix) all fees and expenses payable under 28 U.S.C. sec. 1930, as determined by the Bankruptcy Court at the hearing on Confirmation, have been paid or the Plan provides for

the payment of such fees on the Effective Date, and (x) the Plan provides for the continuation after the Effective Date of all retiree benefits, as defined in Section 1114 of the Bankruptcy Code, at the level established at any time prior to Confirmation pursuant to Section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, for the duration of the period that Viskase has obligated itself to provide such benefits.

For the Plan to be confirmed, acceptances must be received from (1) the holders of Class 4-Old Note Claims holding at least two-thirds in dollar amount of such Allowed Claims and more than one-half in number of the Allowed Class 4 -- Old Note Claims, in each case, counting only the Allowed Class 4 -- Old Note Claims actually voted and (2) the holders of at least two-thirds of the aggregate number of Equity Interests outstanding and more than one-half of holders of Equity Interests, in each case counting only Allowed Class 5 -- Equity Interests actually voted. There is no minimum level of voting participation required for Confirmation of the Plan. SEE SECTION X. -- "SUMMARY OF PLAN OF REORGANIZATION."

Holders of Class 4 Claims are not required to tender their Old Notes to vote on the Plan. It is important, however, that all such holders vote to accept or reject the Plan, because under the Bankruptcy Code, for purposes of determining whether the requisite acceptance of holders has been received with respect to an impaired Class of Claims or Interests, the vote will be tabulated based on the ratio of the number and amount of accepting holders of each Class of Claims or Interests to the number and amount of all voting holders of such Class of Claims or Interests. Only the votes of holders of Allowed Claims and Allowed Interests are counted. Abstentions, as a result of failing to submit a Ballot or submitting a Ballot that has not been properly executed and completed with respect to voting, will not be counted as votes for or against the Plan.

THE FOLLOWING VOTING PROCEDURES ARE APPLICABLE SOLELY TO VOTING TO ACCEPT THE PLAN AND DO NOT APPLY TO THE RESTRUCTURING PROPOSAL IN CONNECTION WITH THE EXCHANGE OFFER.

A. VOTING PROCEDURES AND REQUIREMENTS

Pursuant to the Bankruptcy Code, only classes of claims and interests that are "impaired," as defined in Section 1124 of the Bankruptcy Code, under a plan of reorganization are entitled to vote to accept or reject the plan. A class is impaired if the legal, equitable or contractual rights to which the claims and interests of that class entitle the holders of such claims or interests are modified, other than by curing defaults and reinstating the debt or by payment in full in cash. Classes of claims and interests that are not impaired are conclusively presumed to have accepted the plan and are not entitled to vote on the plan. Classes of claims and interests whose holders receive or retain no property under the plan are deemed to have rejected the plan and are not entitled to vote on the plan. The classification of Claims and Interests in connection with the Plan is summarized, together with notations as to whether each Class of Claims and Interests is impaired or unimpaired, in "SUMMARY OF PLAN OF REORGANIZATION -- Classification and Treatment of Claims and Interests" in this Disclosure Statement. Additional information regarding voting is contained in the instructions accompanying the Ballot.

Under Section 1126(b) of the Bankruptcy Code, a holder of a claim or interest that has accepted a plan of reorganization before the commencement of a chapter 11 case will be deemed to have accepted the plan for purposes of confirmation under chapter 11 of the Bankruptcy Code if the Bankruptcy Court determines that the solicitation of such acceptance was in compliance with any applicable nonbankruptcy law governing the adequacy of disclosure in connection with such a solicitation (or, if there is no such applicable non-bankruptcy principle, if the disclosure contained "adequate information" under the Bankruptcy Code). Solicitations of acceptances of a plan of reorganization before the commencement of a chapter 11 case shall be rejected by a Bankruptcy Court if a Bankruptcy Court finds that the solicitation was not in compliance with Section 1126(b) of the Bankruptcy Code. Viskase believes that its solicitation of acceptances of the Plan complies with the requirements of Section 1126(b) and all applicable federal and state securities laws for

purposes of solicitation of acceptances or rejections of the Plan. If the Bankruptcy Court finds such compliance, then holders casting ballots to accept or reject the Plan will be deemed by the Bankruptcy Court to have accepted or rejected the Plan. Unless the Bankruptcy Court later determines that any acceptances of the Plan may be revoked, all such acceptances will remain in full force and effect until the Bankruptcy Court determines whether such acceptances constitute acceptances or rejections for purposes of Confirmation under the Bankruptcy Code. Viskase also reserves the right to use acceptances of the Plan received in this solicitation to seek Confirmation under any other circumstances, including the filing of an involuntary bankruptcy petition against Viskase. This Disclosure Statement and the appropriate Ballots are being distributed to all holders of Class 4 Claims. Acceptances of the Plan will be solicited from holders of Equity Interests after the commencement of a Reorganization Case, if one is commenced.

B. WHO MAY VOTE

Under the Plan, the Claims and Interests against Viskase are divided into five Classes. Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are impaired and are entitled to receive a distribution under the Plan, and which are not otherwise deemed to reject the Plan, are entitled to vote on the Plan. Claims in the following Classes are impaired under the Plan and are thus entitled, under the terms and provisions of the Bankruptcy Code, to vote on the Plan:

Class 4 -- Old Note Claims
Class 5 -- Equity Interests

Only beneficial owners of Old Notes on the Record Date or their authorized signatories and holders of Equity Interests will be eligible to vote on the Plan. The Record Date for determining eligibility to vote on the Plan is August 1, 2002.

ALL OTHER CLASSES OF CLAIMS ARE UNIMPAIRED UNDER SECTION 1124 OF THE BANKRUPTCY CODE AND HOLDERS OF CLAIMS IN THESE UNIMPAIRED CLASSES ARE DEEMED TO HAVE ACCEPTED THE PLAN PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY CODE. SEE SECTION X.C. -- "SUMMARY OF PLAN OF REORGANIZATION -- CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS."

C. VOTING PROCEDURES FOR HOLDERS OF OLD NOTES

If you are a registered holder of Old Notes you will receive the Ballot relating to the securities you hold. Registered holders of Old Notes may include brokerage firms, commercial banks, trust companies or other nominees. If such entities do not hold Old Notes for their own account, they should provide copies of the Offer to Exchange, this Disclosure Statement, the Plan and Ballots to their customers and to beneficial owners. Any beneficial owner who has not received the Offer to Exchange, the Plan or a Ballot should contact their brokerage firm or nominee or the Balloting Agent.

All votes to accept or reject the Plan must be cast by using the Ballot or, in the case of a brokerage firm or other nominee holding Old Notes in its own name on behalf of a beneficial owner, the Master Ballot, enclosed with this Disclosure Statement (or original, manually executed facsimiles thereof). Brokerage firms or other nominees holding Old Notes for the account of only one beneficial owner may use a Ballot. Purported votes which are cast in any other manner will not be counted. Ballots and Master Ballots must be received by the Balloting Agent at its address set forth on the applicable Ballot no later than 5:00 p.m., New York City Time, on September 19, 2002, which may be extended at Viskase's discretion.

You may receive a Ballot relating to Old Notes that you did not beneficially own at the Record Date. You should complete only the Ballot corresponding to the Old Notes that you beneficially owned on the Record Date. Holders who purchase, or whose purchase is registered, after the Record Date, and who wish to vote on the Plan must arrange with their seller to receive a proxy from the Holder of record on such Record Date, a form of which is provided

with each Ballot and Master Ballot.

Holders of Old Notes who elect to vote on the Plan should complete and sign the Ballot in accordance with the instructions thereon being sure to check the appropriate box entitled "Accept the Plan" or "Reject the Plan." Holders of Old Notes may not split their vote on the Plan with respect to the Old Notes. A holder must vote all Old Notes beneficially owned in the same way (i.e., all "accept" or all "reject") even if such Old Notes are owned through more than one broker or bank.

Delivery of all documents must be made to the Balloting Agent at its address set forth on the applicable Ballot. The method of such delivery is at the election and risk of the Holder. If such delivery is by mail, it is recommended that holders of Old Notes use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to assure timely delivery.

YOU MAY RECEIVE MULTIPLE MAILINGS OF THIS DISCLOSURE STATEMENT, ESPECIALLY IF YOU OWN YOUR OLD NOTES THROUGH MORE THAN ONE BROKER OR BANK. IF YOU SUBMIT MORE THAN ONE BALLOT FOR OLD NOTES BECAUSE YOU BENEFICIALLY OWN SUCH SECURITIES THROUGH MORE THAN ONE BROKER OR BANK, BE SURE TO INDICATE IN ITEM 3 OF THE BALLOT(S) THE NAME OF ALL BROKER-DEALERS OR OTHER INTERMEDIATES WHO HOLD OLD NOTES FOR YOU.

D. BENEFICIAL OWNERS OF OLD NOTES

Section 1126(b) of the Bankruptcy Code has been interpreted to require that a solicitation for acceptances prior to filing a plan of reorganization must include the beneficial owners of securities, regardless of whether such beneficial owners are the holders of record. Accordingly, a beneficial owner of Old Notes on the record date is eligible to vote on the Plan, whether the Old Notes were held on the record date in such beneficial owner's name or in the name of a brokerage firm, commercial bank, trust company or other nominee.

Any beneficial owner holding Old Notes in its own name can vote by completing and signing the enclosed Ballot and returning it directly to the Balloting Agent using the enclosed pre-addressed stamped envelope.

A beneficial owner holding Old Notes in "street name" (i.e., through a brokerage firm, bank, trust company or other nominee) or a beneficial owner's authorized signatory (a broker or other intermediary having power of attorney to vote on behalf of a beneficial owner) can vote by following the instructions set forth below:

1. Review the enclosed Ballot Instructions and the certification set forth in the Instructions.

2. Sign the enclosed Ballot (unless it has already been signed by the bank, trust company or other nominee).

3. Return the Ballot to the addressee in the pre-addressed, stamped envelope enclosed with the form. If no envelope was enclosed, contact the Balloting Agent identified on the applicable Ballot Instructions.

Authorized signatories voting on behalf of more than one beneficial owner must complete a separate Ballot for each such beneficial owner. Any Ballot submitted to a brokerage firm or proxy intermediary will not be counted until such brokerage firm or proxy intermediary (i) properly executes and delivers such Ballot to the Balloting Agent, or (ii) properly completes and delivers a corresponding Master Ballot to the Balloting Agent.

By submitting a vote for or against the Plan, you are certifying that you are the beneficial owner of the Old Notes being voted or an authorized signatory for such a beneficial owner. Your submission of a Ballot also will constitute a request that you (or in the case of an authorized signatory, the beneficial owner) be treated as the record holder of such securities for purposes of voting

on the Plan.

E. BROKERAGE FIRMS, BANKS AND OTHER NOMINEES

A brokerage firm, commercial bank, trust company or other nominee that is the registered holder of Old Notes for a beneficial owner, or is a participant in a securities clearing agency and is authorized to vote in the name of such Old Notes clearing agency pursuant to an omnibus proxy (as described below) and is acting for a beneficial owner, can vote on behalf of such beneficial owner by (i) distributing a copy of this Disclosure Statement and all appropriate Ballots to such owner, (ii) collecting all such Ballots, (iii) completing a Master Ballot compiling the votes and other information from the Ballots collected, and (iv) transmitting such completed Master Ballot to the Balloting Agent. A proxy intermediary acting on behalf of a brokerage firm or bank may follow the procedures outlined in the preceding sentence to vote on behalf of such beneficial owner. A brokerage firm, commercial bank, trust company or other nominee that is the registered holder of Old Notes for only one beneficial owner also may arrange for such beneficial owner to vote by executing the appropriate Ballot and by distributing a copy of the Offer to Exchange and such executed Ballot to such beneficial owner for voting and returning such Ballot to the Balloting Agent at the address set forth on the applicable Ballot.

No fees or commissions or other remuneration will be payable to any broker, dealer, or other person for soliciting votes on the Plan. Viskase will, upon request, reimburse any broker, dealer or other person soliciting votes on the Plan for customary mailing and handling expenses incurred by them in forwarding the Ballots and other Solicitation Materials to the beneficial owners of Old Notes held by them as a nominee or in a fiduciary capacity. Viskase will also pay transfer taxes, if any, applicable to the transfer and exchange of securities pursuant to and following Confirmation of the Plan.

F. SECURITIES CLEARING AGENT

Any nominee holder of Old Notes will execute an omnibus proxy in favor of its respective participants. As a result of the omnibus proxy, each such participant will be authorized to vote the Old Notes owned by it and held in the name of such securities clearing agency.

G. INCOMPLETE BALLOTS

It is important that all holders of Class 4 and Class 5 Claims vote to accept or to reject the Plan, because under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received

from an impaired Class of Claims or Equity Interests, the vote will be tabulated based on the ratio of (i) Allowed Claims or interests with respect to which a vote to accept was received to (ii) all Allowed Claims or Interests of such impaired Class with respect to which any valid vote was received. Therefore, it is possible that the Plan could be approved with the affirmative vote of significantly less than two-thirds in amount and one-half in number of the entire Class of Old Note Claims. Failure by a Holder of an impaired Class 4 Claim to submit a properly executed Ballot or Master Ballot (as appropriate) or to indicate acceptance or rejection of the Plan in accordance with the instructions set forth in the Ballot Instructions and the procedures set forth herein, shall be deemed to constitute an abstention by such Holder with respect to a vote regarding the Plan. Abstentions as a result of failing to submit a properly executed Ballot or Master Ballot (when appropriate) or failing to indicate a vote either for acceptance or rejection of the Plan will not be counted as votes for or against the Plan. Viskase, in its sole discretion, may waive any defect in any Ballot or Master Ballot at anytime, either before or after the close of voting, and without notice. The Ballots and the Master Ballots are not letters of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan.

SUBMISSION OF CONSENT IN CONNECTION WITH THE EXCHANGE OFFER DOES NOT AND WILL NOT CONSTITUTE A VOTE IN RESPECT OF THE PLAN. A HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN MUST PROPERLY AND TIMELY COMPLETE AND RETURN A

BALLOT IN ORDER FOR SUCH HOLDER'S VOTE IN RESPECT OF THE PLAN TO BE COUNTED.

EXCEPT AS OTHERWISE ORDERED BY THE BANKRUPTCY COURT, A BALLOT OR, WHERE APPROPRIATE, MASTER BALLOT, THAT IS EITHER (I) NOT TIMELY SUBMITTED TO THE BALLOTING AGENT AT THE ADDRESS SET FORTH ON THE APPLICABLE BALLOT INSTRUCTIONS, (II) SUBMITTED TO SUCH BALLOTING AGENT WITHOUT PROPER EXECUTION OR (III) EXECUTED AND SUBMITTED TO SUCH BALLOTING AGENT WITHOUT PROPERLY INDICATING ACCEPTANCE OR REJECTION OF THE PLAN WILL CONSTITUTE AN ABSTENTION WITH RESPECT TO A VOTE ON THE PLAN UNDER SECTION 1126(B) OF THE BANKRUPTCY CODE FOR PURPOSES OF CONFIRMATION OF THE PLAN.

H. VOTING DEADLINE AND EXTENSIONS

In order to be counted for purposes of voting on the Plan, all of the information requested on the applicable Ballot must be provided by the Voting Deadline. THE VOTING DEADLINE IS SEPTEMBER 19, 2002, 5:00 P.M., NEW YORK CITY TIME, UNLESS EXTENDED. Ballots must be received by the Balloting Agent at its address set forth on the applicable Ballot. Viskase reserves the right, in its sole discretion, to extend the Voting Deadline, in which case the term "Voting Deadline" shall mean the latest date on which a Ballot will be accepted. To extend the Voting Deadline, Viskase will make an announcement thereof, prior to 9:00 p.m., New York City time, not later than the next business day immediately preceding the previously scheduled Voting Deadline. Such announcement may state that Viskase is extending the Voting Deadline for a specified period of time or on a daily basis until 5:00 p.m., New York City time, on the date on which sufficient acceptances required to seek Confirmation of the Plan have been received.

I. WITHDRAWAL OF VOTES ON THE PLAN

The solicitation of acceptances of the Plan will expire on the Voting Deadline. A properly submitted ballot may be withdrawn only with the approval of the Bankruptcy Court.

J. BALLOTING AGENT

Wells Fargo Bank Minnesota, National Association has been appointed as Balloting Agent for the Plan. Questions and requests for assistance may be directed to the Balloting Agent. Requests for additional copies of this Disclosure Statement, Ballots or the Master Ballots should also be directed to the Balloting Agent. Such requests should be made by calling the Balloting Agent at (612) 667-1102, attention: Patty Adams.

XXI. CONCLUSION

BASED ON ALL OF THE FACTS AND CIRCUMSTANCES, VISKASE CURRENTLY BELIEVES THAT THE CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF VISKASE, ITS CREDITORS, INTEREST HOLDERS AND ITS ESTATE. The Plan provides for an equitable and early distribution to creditors and preserves the going concern value of the companies. Viskase believes that alternatives to Confirmation of the Plan could result in significant delays, litigation and costs, as well as a reduction in the going concern value of the companies.

DATED: August 20, 2002

VISKASE COMPANIES, INC.

By: /s/ GORDON S. DONOVAN

Name: Gordon S. Donovan
Title: Vice President and
Chief Financial Officer

Allan S. Brilliant
Paul D. Malek
MILBANK, TWEED, HADLEY & McCLOY LLP
One Chase Manhattan Plaza

New York, New York 10005
(212) 530-5000

EXHIBIT A

UNITED STATES BANKRUPTCY COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN RE

VISKASE COMPANIES, INC.,

DEBTOR.

CHAPTER 11

DEBTOR'S PREPACKAGED PLAN OF REORGANIZATION

Viskase Companies, Inc. ("Viskase" or the "Debtor"), along with its Co-Proponents, Viskase Corporation, Viskase Holding Corporation and Viskase Sales Corporation, jointly propose the following prepackaged plan of reorganization pursuant to the provisions of Chapter 11 of the Bankruptcy Code, 11 U.S.C. sec.sec. 101 through 1330.

ARTICLE I

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in initially capitalized form in this Plan. Such meanings shall be equally applicable to both the singular and plural forms of such terms. Any term used in initial capitalized form in this Plan that is not defined herein but that is used in Title 11 of the United States Code shall have the meaning assigned to such term in the Bankruptcy Code. Share numbers and prices stated in this Plan are not adjusted for a contemplated 100 to 1 reverse split of Old Common Stock that may be implemented prior to the Effective Date.

1.01. Administrative Expense or Administrative Claim means an administrative expense or Claim under section 503 of the Bankruptcy Code that is entitled to priority under section 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual, necessary costs and expenses of preserving the Debtor's estates and operating the business of the Debtor, including wages, salaries and commissions for services, compensation for legal and other services and reimbursement of expenses awarded under section 330(a) or 331 of the Bankruptcy Code, and all fees and charges assessed against the estate under Chapter 123 of Title 28 of the United States Code, 28 U.S.C. sec. 1930, rendered after the commencement of the Reorganization Case.

1.02. Allowed means when used with respect to any Claim or Equity Interest, a Claim (a) to the extent it is not a Contested Claim, or (b) a Contested Claim, proof of which was filed with the Bankruptcy Court, and (i) as to which no objection was filed by the Objection Deadline, unless such Claim is to be determined in a forum other than the Bankruptcy Court, in which case such Claim shall not become allowed until determined by Final Order of such other forum and allowed by a Final Order of the Bankruptcy Court, or (ii) as to which an objection was filed by the Objection Deadline to the extent allowed by a Final Order.

1.03. Avoidance Action means any and all avoidance or recovery actions under sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

1.04. Bankruptcy Code means Title 11 of the United States Code, as amended.

1.05. Bankruptcy Court or Court means the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, or such other court that exercises jurisdiction over the Reorganization Case, including a United States District Court which withdraws the reference of the Reorganization Case pursuant to 28 U.S.C. sec. 157(d).

1.06. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as amended, promulgated under 28 U.S.C. sec. 2075 and the local rules of the Bankruptcy Court, as applicable from time to time, to the Reorganization Case.

1.07. Business Day means any day except Saturday, Sunday or any other day on which commercial banks in Illinois or New York are authorized by law to close.

1.08. Certificate of Merger means the certificate of merger pursuant to which Viskase Corporation will be merged with and into Reorganized Viskase on the Effective Date, which certificate of merger shall be substantially in the form set forth in the Reorganization Documents.

1.09. Claim means a claim (as defined in section 101(5) of the Bankruptcy Code) against the Debtor.

1.10. Claimant means a holder of an Allowed Claim.

1.11. Class means a category of holders of Claims or Equity Interests described in Article III hereof that are substantially similar to the other Claims or Equity Interests in such class.

1.12. Collateral means any property, or interest in property, of the Estate of Viskase subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

1.13. Confirmation or Confirmation of the Plan means the entry by the Bankruptcy Court of an Order confirming the Plan.

1.14. Confirmation Date means the date on which the Bankruptcy Court enters an order confirming the Plan.

1.15. Confirmation Hearing means the hearing which will be held before the Bankruptcy Court in which the Debtor will seek Confirmation of the Plan.

1.16. Confirmation Order means the order confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.17. Contested means when used with respect to a Claim, a Claim (i) that is listed in the Debtor's Schedules as disputed, contingent, or unliquidated, (ii) that is listed in the Debtor's Schedules as undisputed, liquidated, and not contingent and as to which a proof of claim has been filed with the Bankruptcy Court, to the extent the proof of claim exceeds the scheduled amount, (iii) that is not listed in the Debtor's Schedules, but as to which a proof of claim has been filed with the Bankruptcy Court and as to which a timely objection has been filed, or (iv) that is not listed in the Debtor's schedules and as to which no timely proof of claim has been Filed.

1.18. Co-Proponents means Viskase Corporation, Viskase Holding Corporation and Viskase Sales Corporation, in their capacity as co-proponents with the Debtor of the Plan.

1.19. Debtor means Viskase Companies, Inc.

1.20. Debtor-in-Possession means the Debtor, when acting in its capacity as representative of the Estate prior to Confirmation.

1.21. Disbursing Agent means Reorganized Viskase, which shall hold and disburse the New Secured Notes to be disbursed pursuant to the Plan.

1.22. Disclosure Statement means the disclosure statement, as it may be supplemented, amended or modified from time to time, for solicitation of ballots in connection with this Plan.

1.23. Disputed Claims means any Claim which has not become an Allowed Claim as of the Effective Date.

1.24. Disputed Claims Reserve means a reserve of cash, New Common Stock, New Secured Notes, Warrants and/or other Distributions under the Plan, established herein for, among other things, the payment

or other satisfaction of Disputed Claims that become Allowed Claims after the Effective Date, which reserve shall be held in trust for the benefit of the holders of Disputed Claims.

1.25. Distributions means the distribution to be made in accordance with the Plan of, as the case may be: (a) cash, (b) New Common Stock, (c) New Secured Notes, (d) Warrants, (e) Restricted Stock and (f) any other distributions to holders of Claims under the terms and provisions of the Plan.

1.26. D&O Releasees means all officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Debtor and the Subsidiaries, but in each case only in their capacity as such and only if serving in such capacity on the Petition Date and the Effective Date; provided that any such party serving in such capacity on the Petition Date but who is terminated without cause prior to the Effective Date shall still be considered a "D&O Releasee" hereunder.

1.27. Effective Date means a date selected by the Debtor that is no more than 10 Business Days following the date on which all conditions to consummation set forth in Section 8.01 of the Plan have been satisfied.

1.28. Equity Interest means, as of the Petition Date, any capital stock or other ownership interest in Viskase, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in Viskase, including, but not limited to, (i) the Old Capital Stock and (ii) redemption, conversion, exchange, voting, participation, dividend rights and liquidation preferences relating to such Old Capital Stock.

1.29. Estate means the estate of the Debtor created by section 541 of the Bankruptcy Code upon the commencement of the Reorganization Case.

1.30. Filed means filed with the Bankruptcy Court.

1.31. Final Order means an order entered by the Bankruptcy Court or any other court having jurisdiction over the subject matter and the parties as to which (a) no appeal or certiorari proceeding has been commenced or is still pending, and (b) the time for filing a notice of appeal or petition for certiorari shall have expired.

1.32. GECC means General Electric Capital Corporation.

1.33. GECC Lease means that certain Lease Agreement, as amended, dated as of December 18, 1990, between The Connecticut National Bank (n/k/a State Street Bank and Trust Company), as owner trustee, and Viskase Corporation, as Lessee.

1.34. GECC Sale/Leaseback Transaction means that certain transaction between Viskase Corporation and GECC whereby Viskase Corporation sold four domestic cellulosic casings production and finishing facilities to The Connecticut National Bank (n/k/a State Street Bank and Trust Company), as owner trustee for GECC, and Viskase Corporation agreed to lease the facilities from The Connecticut National Bank for a 15-year term.

1.35. GECC Sale/Leaseback Transaction Documents means all of the documents, as such documents may be amended from time to time, which reflect the GECC Sale/Leaseback Transaction, including but not limited to (a) that certain

Participation Agreement, dated as of December 18, 1990, among Viskase Corporation as lessee, Envirodyne Industries, Inc. as guarantor, GECC as owner participant and The Connecticut National Bank (n/k/a State Street Bank and Trust Company), as owner trustee, (b) that certain Lease Agreement, dated as of December 18, 1990, between The Connecticut National Bank (n/k/a State Street Bank and Trust Company), owner trustee, and Viskase Corporation, lessee, (c) that certain Ground Lease, dated as of December 18, 1990, between Viskase Corporation, ground lessor, and The Connecticut National Bank (n/k/a State Street Bank and Trust Company), ground lessee, (d) that certain Ground Sublease, dated as of December 18, 1990, between The Connecticut National Bank (n/k/a State Street Bank and Trust Company), ground sublessor, and Viskase Corporation, ground sublessee, (e) that certain Facility Support Agreement, dated as of December 18, 1990, between Viskase Corporation and The Connecticut National Bank (n/k/a State Street Bank and Trust Company), owner trustee, and (f) that certain Guaranty Agreement, dated as of December 18, 1990, between Clear Shield National, Inc., Envirodyne Industries, Inc.,

Sandusky Plastics, Inc., Sandusky Plastics of Delaware, Inc. and Viskase Sales Corporation, guarantors, and The Connecticut National Bank (n/k/a State Street Bank and Trust Company), owner trustee and GECC, owner participant.

1.36. GECC Security Agreement means that certain Security Agreement, dated as of July 28, 2000, made by Viskase Holding Corporation, Viskase Companies, Inc., Viskase Corporation, and Viskase Sale Corporation in favor of State Street Bank and Trust Company (f/k/a The Connecticut National Bank) and General Electric Capital Corporation.

1.37. GECC Subordination Agreement means the Subordination Agreement to be entered into by Reorganized Viskase and GECC, effective as of the Effective Date, pursuant to which certain obligations of Reorganized Viskase to GECC under the GECC Lease and any security interest that GECC may have under the GECC Security Agreement will be subordinated to Reorganized Viskase's obligations under the New Secured Notes and under a secured working capital credit facility in principal amount of up to $25 million.

1.38. Intercompany Claims means all Allowed Claims held by the Subsidiaries.

1.39. Lien has the meaning ascribed to such term in section 101(37) of the Bankruptcy Code (but a lien that has or may be avoided pursuant to an Avoidance Action shall not constitute a Lien).

1.40. Management Agreements means (i) the Amended and Restated Employment Agreement, dated March 27, 1996, as amended, between F. Edward Gustafson and Viskase, (ii) the Employment Agreement dated August 30, 2001, and the Letter of Credit Agreement dated April 9, 2002, among F. Edward Gustafson, Viskase and Viskase Corporation, (iii) the Employment Agreement, dated November 29, 2001, among Gordon S. Donovan, Viskase and Viskase Corporation and (iv) the Employment Agreement, dated November 29, 2001, among Kimberly K. Duttlinger, Viskase and Viskase Corporation.

1.41. Management Group means the management and other employees identified in the "Management Group List" that will be included with the Reorganization Documents.

1.42. New Common Stock means the shares of common stock, par value $0.01 per share, of Reorganized Viskase, to be authorized by Reorganized Viskase on the Effective Date.

1.43. New Indenture Trustee means Wells Fargo Bank Minnesota, National Association, the trustee under the New Secured Notes Indenture.

1.44. New Secured Notes means the $60,000,000 in aggregate principal amount of 8% Senior Secured Subordinated Notes due 2008 to be issued by Reorganized Viskase to holders of Allowed Claims in Class 5 pursuant to and in accordance with the terms set forth in Article VI of the Plan, the form of which New Secured Notes will be included with the Reorganization Documents.

1.45. New Secured Notes Indenture means the trust indenture governing the New Secured Notes to be entered into between Reorganized Viskase and the New Indenture Trustee, on the Effective Date, which indenture shall be substantially in the form set forth in the Reorganization Documents.

1.46. Objection Deadline means the first Business Day that is more than 180 days after the Effective Date.

1.47. Old Capital Stock means, collectively: (a) the Old Common Stock and (b) the Old Stock Options.

1.48. Old Common Stock means the common stock of Viskase, par value $0.01 per share, authorized and outstanding on the Petition Date, including all rights, claims and interests attendant thereto.

1.49. Old Indenture Trustee means Bankers Trust Company, the trustee under the Old Notes Indenture.

1.50. Old Notes means the 10 1/4% Senior Notes due 2001 that are currently outstanding and that were issued by Envirodyne Industries, Inc. (n/k/a Viskase Companies, Inc.) under the Old Notes Indenture.

1.51. Old Notes Indenture means the Indenture, dated as of December 31, 1993, between Viskase and Bankers Trust Company, as Trustee, relating to the Old Notes.

1.52. Old Stock Options means the stock options issued by Viskase under the Stock Option Plan and any other options, warrants or other rights to purchase Old Common Stock, whenever granted.

1.53. Order means an order of the Bankruptcy Court.

1.54. Paying Agent means Wells Fargo Bank Minnesota, National Association.

1.55. Person means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization, a government, or any political subdivision thereof, or other entity.

1.56. Petition Date means the date Viskase filed its petition for relief commencing the Reorganization Case.

1.57. Plan means this Joint Prepackaged Plan of Reorganization of the Debtor under Chapter 11 of the Bankruptcy Code, as it may be amended or modified by the Debtor from time to time in accordance with the Plan, the Bankruptcy Code and the Bankruptcy Rules.

1.58. Priority Non-Tax Claim means any Claim which, if Allowed, would be entitled to priority under section 507(a) of the Bankruptcy Code, other than an Administrative Claim or a Priority Tax Claim.

1.59. Priority Tax Claim means a Claim of a governmental unity of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.60. Record Date means the record date for determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, which shall be the Confirmation Date.

1.61. Reorganization Case means the above-captioned case in the Bankruptcy Court.

1.62. Reorganization Documents means the Certificate of Merger, the Certificate of Incorporation and Bylaws of Reorganized Viskase, the Warrant Agreement, the New Secured Notes Indenture and related security and subordination agreements, the form of New Secured Notes, the Management Group List, the Restricted Stock Plan and all other documents necessary to effectuate

this Plan, which documents shall be filed by the Debtor with the Bankruptcy Court not later than twenty (20) days before the commencement of the Confirmation Hearing.

1.63. Reorganized Viskase or Reorganized Debtor means Viskase (and any successor thereto by merger, consolidation or otherwise) on and after the occurrence of the Effective Date.

1.64. Restricted Stock Plan means the plan to be adopted by Reorganized Viskase on the Effective Date, pursuant to which approximately 16 million shares of New Common Stock(1) will be issued to the Management Group on the Effective Date, and an additional 17 million shares of New Common Stock will be reserved for issuance, subject to the restrictions on transfer, vesting provisions, and other terms and conditions set forth in such plan, which restricted stock plan shall be substantially in the form set forth in the Reorganization Documents.

1.65. Restricted Stock means the shares of New Common Stock to be issued pursuant to and subject to the restrictions set forth in the Restricted Stock Plan.

1.66. Rights Agreement means the Rights Agreement, dated as of June 26, 1996, as amended, between Envirodyne Industries, Inc. (n/k/a Viskase Companies, Inc.) and Harris Trust and Savings Bank, as Rights Agent, pursuant to which the board of directors of Viskase declared a dividend of one Stock Right for each outstanding share of Common Stock. The Stock Rights are attached to and automatically trade with the outstanding shares of the Old Common Stock.

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(1) Such shares, together with the 17 million additional shares reserved for issuance, will represent approximately 5.838% of the issued and outstanding shares of New Common Stock as of the effective date on a fully diluted basis.

1.67. Schedules means the schedules of assets and liabilities, schedules of executory contracts and the statement of financial affairs that the Debtor is required to file pursuant to section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules.

1.68. Secured Claim means a Claim that is secured by a lien on property in which the Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, subject to the provisions of section 1111(b)(2) of the Bankruptcy Code, if applicable.

1.69. Stock Option Plan means the Viskase Companies, Inc. 1993 Stock Option Plan, as amended and restated, which provides for the granting of incentive and nonqualified stock options to employees, officers and directors. Pursuant to the Stock Option Plan, all of the Old Stock Options were granted at prices at or above the fair market value on the date of grant and have vested.

1.70. Stock Rights means the rights issued by Viskase under the Rights Agreement.

1.71. Subsidiaries means each of Viskase Corporation, Viskase Holding Corporation and Viskase Sales Corporation.

1.72. Unsecured Claim means any Claim that is not an Administrative Claim, Priority Non-Tax Claim, Priority Tax Claim or Secured Claim.

1.73. Unsecured Deficiency Claim means, with reference to a Claim secured by a Lien against Collateral, an amount equal to the difference between (a) the aggregate amount of such Claim after giving effect to the operation of section 1111(b)(1)(A) of the Bankruptcy Code and (b) the amount of such Claim that is a Secured Claim; provided, however, that, in the event that the Class in which such Secured Claim is classified makes the election under section 1111(b)(2) of the Bankruptcy Code in accordance with Rule 3014 of the Bankruptcy Rules, the

Unsecured Deficiency Claim otherwise relating to such Secured Claim shall be extinguished. An Unsecured Deficiency Claim is a General Unsecured Claim.

1.74. Warrants means a number of warrants of Reorganized Viskase equal to 2.71% of the number of shares of New Common Stock to be issued and outstanding upon effectiveness of the Plan on a fully diluted basis, which entitle the holders thereof for each warrant so held to purchase one share of New Common Stock for a purchase price of $0.20 per share, which warrants are to be issued by Reorganized Viskase on the Effective Date pursuant to the Warrant Agreement and this Plan.

1.75. Warrant Agreement means that certain warrant agreement between Reorganized Viskase and a warrant agent to be determined prior to the Effective Date, to be executed as of the Effective Date, regarding the issuance of the Warrants, which warrant agreement shall be substantially in the form set forth in the Reorganization Documents.

ARTICLE II

UNCLASSIFIED CLAIMS

2.01. Administrative Claims. Each holder of an Allowed Administrative Claim, except for any Allowed Secured Claim, will receive from Reorganized Viskase cash equal to the unpaid portion of such Allowed Administrative Claim on the later of (a) the Effective Date, and (b) as soon as practicable after such Claim becomes an Allowed Administrative Claim; provided, however, that Administrative Claims that represent liabilities incurred by the Debtor in the ordinary course of its business during the Reorganization Case may be assumed by Reorganized Viskase and paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

2.02. Priority Tax Claims. Unless otherwise agreed to by the parties, each holder of an Allowed Priority Tax Claim will receive from Reorganized Viskase deferred cash payments over a period not exceeding six years from the date of assessment of such Allowed Priority Tax Claim. Payments will be made in annual installments, with the first payment due on the later of (a) the first anniversary of the Effective Date, and

(b) the date on which such Priority Tax Claim becomes an Allowed Claim, and subsequent payments to be made on each anniversary of the first payment date, together with interest accrued from the next preceding payment date at the rate of 5% per annum on the unpaid portion of the Allowed Claim; provided, however, that any installments remaining unpaid on the date which is six years after the date of assessment of the Priority Tax Claim upon which the Allowed Claim is based will be paid on the first Business Day following such date, together with any accrued or unpaid interest to that date; and provided further, that Reorganized Viskase reserves the right to pay any such Priority Tax Claim, or any remaining balance of any such Priority Tax Claim, in full at any time on or after the Effective Date, at its option, without premium or penalty. If there is any dispute over the rate of interest to be paid to the holder of a Priority Tax Claim under this section, such dispute shall be resolved by the Bankruptcy Court on or prior to the Confirmation Date.

ARTICLE III

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

3.01. Summary

For purposes of all confirmation issues, including, without limitation, voting, confirmation and distribution, except as otherwise provided herein, all Claims against Viskase (except for Administrative Claims and Priority Tax Claims) and Equity Interests in Viskase are classified as follows:

<Table>
<Caption>

CLASS	TYPE OF CLAIM OR EQUITY INTEREST	TREATMENT

<S>	<C>	<C>
Class 1	Priority Non-Tax Claims	Unimpaired -- deemed to have accepted the Plan and not entitled to vote
Class 2	Secured Claims	Unimpaired -- deemed to have accepted the Plan
Class 3	General Unsecured Claims	Unimpaired -- deemed to have accepted the Plan
Class 4	Old Note Claims	Impaired -- entitled to vote
Class 5	Equity Interests	Impaired -- entitled to vote

</Table>

3.02. Class 1 -- Priority Non-Tax Claims. Class 1 consists of all Priority Non-Tax Claims against the Debtor.

3.03. Class 2 -- Secured Claims. Class 2 consists of all Secured Claims against the Debtor, secured by security interests in or liens upon property of the Debtor, including, but not limited to, Claims secured by mortgages, mechanics' or materialmen's liens, artisan's liens, or of miscellaneous personal property such as office furniture, telephone systems, copiers and mailing equipment. Each Class 2 miscellaneous Secured Claim shall be treated for all purposes of the Plan as a separate Class.

3.04. Class 3 -- General Unsecured Claims. Class 3 consists of all Unsecured Claims against the Debtor, including but not limited to any Intercompany Claims, except for those Unsecured Claims in Classes 1 or 4.

3.05. Class 4 -- -Old Note Claims. Class 4 consists of all Claims that the holders and beneficial owners of the Old Notes have against the Debtor arising out of or relating to the Old Notes.

3.06. Class 5 -- Equity Interests. Class 5 consists of all Equity Interests in Viskase.

ARTICLE IV

TREATMENT OF CLASSES NOT IMPAIRED UNDER PLAN

4.01. Class 1 -- Priority Non-Tax Claims. Unless otherwise agreed to by the parties, each holder of an Allowed Claim in Class 1 will be paid the Allowed amount of such Claim in full in cash by Reorganized

Viskase on or before the later of (a) the Effective Date, and (b) the date such Claim becomes an Allowed Claim.

4.02. Class 2 -- Secured Claims. Each holder of an Allowed Secured Claim against Viskase will be deemed to be classified in a separate Class and will be treated as follows: Each holder of an Allowed Secured Claim against Viskase shall, at the sole option of Viskase or Reorganized Viskase, as the case may be, receive on the Effective Date on account of its Allowed Secured Claim (a) treatment as provided under section 1124(2) of the Bankruptcy Code, with any cash payments required under section 1124(2) of the Bankruptcy Code being made on the Effective Date; or (b) such holder's Collateral. If the holder of an Allowed Secured Claim receives treatment as provided in (a) above, such holder shall retain the Liens securing the Allowed Secured Claim until paid in full. Any Unsecured Deficiency Claim relating to an Allowed Secured Claim against Viskase shall be treated as a Class 3 General Unsecured Claim. Notwithstanding the foregoing, Viskase or Reorganized Viskase, as the case may be, and any holder of an Allowed Secured Claim may agree to any alternate treatment of such Secured Claim, which treatment may include preservation of such holder's Lien; provided, however, that such treatment shall not provide a return to such holder having a present value in excess of the amount of such holder's Allowed Secured Claim. Any such agreement between Viskase and the holder of such Claim shall be subject to the approval of the Bankruptcy Court.

4.03. Class 3 -- General Unsecured Claims. Unless otherwise agreed to by the parties, the legal, equitable and contractual rights of each holder of an Allowed Unsecured Claim in any subclass of Class 3 will either (a) not be

altered by the Plan, or (b) at the option of Reorganized Viskase will be treated in any other manner that will result in such Allowed Unsecured Claim being deemed unimpaired under section 1124 of the Bankruptcy Code.

4.04. Unimpaired Classes. By virtue of the foregoing provisions of this Article IV, the Claims in Classes 1, 2 and 3 are not impaired under the Plan, and each such Class is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

ARTICLE V

TREATMENT OF CLASSES IMPAIRED UNDER PLAN

5.01. Class 4 -- Old Notes. On the Effective Date, the holders of Allowed Claims in Class 4 shall receive in full satisfaction of their Class 4 Claims for each $1,000 principal amount of Old Notes: (i) $367.96271 principal amount of New Secured Notes; and (ii) 3,170.612 shares of New Common Stock.

5.02. Class 5 -- Equity Interests. On the Effective Date, the certificates evidencing any and all Equity Interests will be cancelled, and the holders of any Equity Interests shall receive, in full and final satisfaction of such Equity Interest, such holders' pro rata share of the Warrants.

5.03. Impaired Classes. By virtue of the foregoing provisions of Article V, the Claims in Classes 4 and 5 are impaired under the Plan. And each such Class is entitled to vote to accept or reject the Plan.

5.04. Non-consensual Confirmation. In the event that any of Classes 4 or 5 fail to accept the Plan, Viskase reserves its right (i) to modify the Plan in accordance with Section 10.04 of the Plan and (ii) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy code notwithstanding such lack of acceptance by finding that the Plan provides fair and equitable treatment to any impaired Class of Claims and Equity Interests voting to reject the Plan.

ARTICLE VI

MEANS FOR EXECUTION OF PLAN

6.01. Merger of Viskase Corporation and Reorganized Viskase. On the Effective Date, the Reorganized Debtor shall take all steps necessary to effect the merger of Viskase Corporation with and into Reorganized Viskase including, without limitation, the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

6.02. Amendment to Certificate of Incorporation; Rights Agreement. On the Effective Date, the Amended and Restated Certificate of Incorporation of Viskase Companies, Inc. shall be further amended and restated in the form included with the Reorganization Documents and shall provide, among other things, for the authorization of 950 million shares of New Common Stock. The Rights Agreement shall be cancelled by Viskase on or before the Confirmation Date.

6.03. New Secured Notes. On the Effective Date, Reorganized Viskase shall issue the New Secured Notes, and enter into the New Secured Notes Indenture. New Secured Notes shall be distributed only in whole dollar amounts, rounded to the nearest whole dollar. Pursuant to the GECC Subordination Agreement, the liens on the New Secured Notes shall be senior to any and all liens claims, rights, and interests of GECC under the GECC Sale/Leaseback Transaction Documents and the GECC Security Agreement.

6.04. Cancellation of Old Notes and Old Notes Indenture. On the Effective Date, the Old Notes and the Old Notes Indenture, shall be terminated and canceled. To the extent that the Old Indenture Trustee has valid liens on the distributions made with respect to the Old Notes, no provision of the Plan shall be construed as avoiding such liens, provided, however, that such liens shall not attach to the proceeds of any distribution made to the holders of the Old Notes pursuant to the Plan.

6.05. Rights of Old Indenture Trustee Under Old Notes Indenture. The Old Indenture Trustee shall receive full compensation in cash from Reorganized Viskase on the Effective Date for services rendered prior to the Effective Date. Upon payment to the Old Trustee in accordance with this paragraph, distributions to the holders of Allowed Claims in Class 4 pursuant to Section 6.03 hereof shall be free of any lien or claim asserted by the Old Indenture Trustee.

6.06. Rights of New Indenture Trustee Under New Secured Notes Indenture. On the Effective Date, the New Indenture Trustee shall receive compensation on a reasonable basis from Reorganized Viskase for services to be rendered from and after the Effective Date in effectuating the distribution of New Secured Notes as contemplated by the Plan to the holders of Allowed Claims in Class 4. The New Indenture Trustee shall be indemnified by Reorganized Viskase for any loss, liability or expense incurred by it in connection with the performance of such duties to the extent and in the manner as provided in the New Secured Notes Indenture.

6.07. Cancellation of Equity Interests and Old Stock Options. Except to the extent specifically provided otherwise in the Plan, on the Effective Date, (i) all existing Equity Interests and Old Stock Options shall, without any further action, be cancelled, annulled and extinguished and any certificates representing such Equity Interests shall be null and void and (ii) the Stock Option Plan shall be terminated.

6.08. Distributions under the Plan. On the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, Viskase or Reorganized Viskase, as the case may be, shall make, or shall make adequate reserve for, the Distributions required to be made to all holders of Claims (whether or not Allowed) under the Plan. Cash necessary to make the Distributions required under the Plan shall be provided from all excess Cash of Viskase or Reorganized Viskase (if any) or any other source. All Distributions reserved pursuant to this Section shall be held by Viskase or Reorganized Viskase, in trust, for the benefit of the holders of Claims entitled to received such Distributions. Viskase or Reorganized Viskase will place cash Distributions reserved under the Plan in a separate segregated account.

6.09. Restricted Stock Plan. On the Effective Date, the Restricted Stock Plan shall be adopted and an aggregate of approximately 16 million shares of Restricted Stock shall be distributed to the Management Group in such amounts and in accordance with the terms set forth in the Restricted Stock Plan and any agreements entered into thereunder between Reorganized Viskase and the members of the Management Group, and approximately an additional 17 million shares will be reserved for future issuance.

6.10. Officers and the Board of Directors of Reorganized Viskase. Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective date, the initial officers of Reorganized Viskase shall be the officers of Viskase immediately prior to the Effective Date. The initial board of directors of Reorganized Viskase shall consist of five (5) directors, such directors to be the company's Chief Executive Officer and four (4) persons to be designated by the holders of a majority in aggregate principal amount of Old Notes. A list setting forth the identities of the five (5) members of the board of directors for Reorganized Viskase, shall be Filed in a submission to the Bankruptcy Court as part of the Reorganization Documents or otherwise prior to the Effective Date. Each such officer and director shall serve from and after the Effective Date pursuant to the terms of the Certificate of Incorporation and Bylaws of Reorganized Viskase and applicable law.

6.11. Management Agreements. On the Effective Date, the Management Agreements shall be assumed by Reorganized Viskase.

6.12. Continuation of Business. On and after the Effective Date, Reorganized Viskase shall continue to engage in Viskase's business.

6.13. Substantial Consummation. Substantial consummation of the Plan

under section 1101(2) of the Bankruptcy Code shall not be deemed to occur, the Chapter 11 Case shall remain open and not be deemed fully administered, and no final decree closing this Chapter 11 Case shall be entered pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, until the Effective Date, at the earliest.

6.14. Securities Law Matters. It is an integral and essential element of this Plan that the issuance to holders of Allowed Claims of New Secured Notes, New Common Stock and the Warrants pursuant to this Plan, and the subsequent exercise of the Warrants by such holders or transferees to purchase the securities issuable thereunder, shall be exempt from registration under the Securities Act, pursuant to section 1145 of the Bankruptcy Code. Any such securities issued to an "affiliate" of Reorganized Viskase within the meaning of the Securities Act or any Person Reorganized Viskase reasonably determines to be an "underwriter," and which does not agree to resell such securities only in "ordinary trading transactions," within the meaning of section 1145 (b)(1) of the Bankruptcy Code shall be subject to such transfer restrictions and bear such legends as shall be appropriate to ensure compliance with the Securities Act. Subject to applicable laws and rules, it is contemplated that Rule 144 under the Securities Act shall be available to any such "affiliate" that is not otherwise such an "underwriter" for purposes of permitting resales of such securities. Nothing in the Plan is intended to preclude the Securities and Exchange Commission from exercising its police and regulatory powers relating to Viskase or any other entity.

ARTICLE VII

DISTRIBUTIONS UNDER THE PLAN

7.01. Timing of Distributions. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

7.02. Delivery of Distributions; Unclaimed Distributions. Subject to Bankruptcy Rule 9010, and except as otherwise provided herein, Distributions to holders of Allowed Claims shall be made at the address of each of such holders as set forth in the Schedules Filed with the Bankruptcy Court unless superseded by the

address set forth on proofs of Claim Filed by such holders (or at the last known address of such holders if no proof of Claim is Filed or if Viskase has been notified in writing of a change of address). If any Distribution to any holder of an Allowed Unsecured Claim is returned as undeliverable, Viskase or Reorganized Viskase shall use reasonable efforts to determine the current address of such holder, but no Distribution to any such holder shall be made unless and until Viskase or Reorganized Viskase has determined the then current address of such holder, at which time such Distribution to such holder shall be made to such holder without interest. Amounts in respect of any undeliverable Distributions made through Reorganized Viskase shall be returned to and held, in trust, by Reorganized Viskase until such Distributions are claimed. Cash, New Secured Notes, New Common Stock, Warrants and other Distributions that are not claimed by the expiration of the later of one year from the Effective Date or one year from the date such Claim becomes an Allowed Claim shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revest in Reorganized Viskase (and, shall be subject to redistribution, as appropriate, in accordance with the provisions of Articles IV and V of the Plan, as applicable). After the expiration of the one year period referenced in the two preceding sentences, the claim of any holder to such Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require Viskase or Reorganized Viskase to attempt to locate any holder of an Allowed Claim.

7.03. Special Delivery Restrictions Regarding Class 4 Claims of Holder of Old Notes. As a condition to receiving Distributions under the Plan, each holder of an Allowed Class 4 Claim must surrender its Old Note to the Paying

Agent. Any holder of an Allowed Class 4 Claim that fails either to (a) surrender such Old Note or (b) execute and deliver an affidavit of loss reasonably satisfactory to the Paying Agent before the first anniversary of the Effective Date shall be deemed to have forfeited all rights and claims with respect to the Distributions relating to such Old Note and Allowed Class 4 Claim and may not participate in any Distribution under the Plan with respect thereto.

7.04. Record Date for Distributions to Holders of Claims. Except as otherwise provided in a Final Order that is not subject to any stay, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Record Date. For each Distribution, on the close of business on the Record Date related to such Distribution, the records for transfer of the Old Notes or any other Claims shall be closed and Viskase, Reorganized Viskase and the Paying Agent shall have no obligation to recognize, and shall not recognize, any transfer of Old Notes or other Claims occurring after that date.

7.05. Time Bar to Cash Payments by Check. Checks issued by Viskase or Reorganized Viskase on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made in writing directly to Reorganized Viskase by the holder of the Allowed Claim with respect to which such check originally was issued on or before the later of the first anniversary of the Effective Date and the first anniversary of the date on which the Claim at issue became an Allowed Claim. After such dates, all Claims in respect of void checks shall be discharged and forever barred, and the proceeds of such checks shall revest in and become the property of Reorganized Viskase and subject to redistribution, as appropriate, in accordance with the provisions of Articles IV and V of the Plan.

7.06. Manner of Cash Payments Under the Plan. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by Reorganized Viskase or by wire transfer from a domestic bank, at the option of Reorganized Viskase.

7.07. Disputed Claims Reserves. On the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, and after making all Distributions required to be made on any such date under the Plan, Reorganized Viskase shall establish a separate Disputed Claims Reserve for each Class of Claims that contains Disputed Claims, each of which Disputed Claims Reserves shall be administered by Reorganized Viskase. Reorganized Viskase shall reserve the Ratable Proportion of all Cash, New Common Stock, Warrants, or other Distributions allocated for each Disputed Claim, or such amount as

may be agreed by the holder of such Disputed Claim and Reorganized Viskase (or, prior to the Effective Date, Viskase) liable on such Claim, or as may otherwise be determined by order of the Bankruptcy Court. All Cash, New Common Stock, Warrants or other Distributions, as applicable, allocable to the relevant Class hereunder shall be distributed by Reorganized Viskase to the relevant Disputed Claims Reserve on the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims. Each Disputed Claims Reserve shall be closed and extinguished by Reorganized Viskase upon its determination that all Distributions and other dispositions of Cash, Common Stock, New Warrants or other Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of a Disputed Claims Reserve, all Cash, New Common Stock, Warrants and other Distributions held in such Disputed Claims Reserve shall be subject to redistribution, as appropriate, in accordance with the provisions of Articles IV and V of the Plan.

7.08. Limitations upon Funding of Disputed Claims Reserves. Reorganized Viskase is solely responsible for the Disputed Claims Reserves relating to the Claims against Reorganized Viskase and no other entity shall have any duty to fund such Disputed Claims Reserves.

7.09. Tax Requirements for Income Generated by Disputed Claims Reserves. Reorganized Viskase shall pay, or cause to be paid, out of the funds held in any of its Disputed Claims Reserves, any tax imposed by any federal, state or local taxing authority on the income generated by the funds or property held in such Disputed Claims Reserve. Reorganized Viskase shall file, or cause to be Filed, any tax or information return related to its Disputed Claims Reserves that is required by any federal, state or local taxing authority.

7.10. Estimation of Claims. Viskase and Reorganized Viskase may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim for which Viskase is liable under the Plan, including any Claim for taxes, to the extent permitted by section 502(c) of the Bankruptcy Code regardless of whether Viskase or Reorganized Viskase have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Viskase or Reorganized Viskase may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

7.11. Distributions After Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

7.12. Fractional Shares. Notwithstanding any other provision of the Plan to the contrary, no fractional shares shall be issued pursuant to the Plan. Whenever any payment of a fraction of a share under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction down to the nearest whole share.

7.13. Fractional Cents. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

7.14. De Minimis Distributions. Notwithstanding anything to the contrary contained in the Plan, Reorganized Viskase shall not be required to distribute, and shall not distribute, Cash to the holder of an Allowed Claim if the amount of Cash to be distributed on account of such Claim is less than $100. Any holder of an Allowed Claim on account of which the amount of Cash to be distributed is less than $100 shall have

such Claim discharged and shall be forever barred from asserting any such Claim against Viskase, Reorganized Viskase or their respective property. Any Cash not distributed pursuant to this provision shall be the property of Reorganized Viskase, free of any restrictions thereon.

7.15. Interest on Claims. Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. Except as expressly provided herein, no Prepetition Claim shall be Allowed to the extent that it is for postpetition interest or other similar charges.

7.16. No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the

Allowed Amount of such Claim.

7.17. Ordinary Course Liabilities. Except as specifically provided for in the Plan, holders of Claims against Viskase (other than Claims for Professional Fees) based on Liabilities incurred after the Petition Date in the ordinary course of Viskase's business shall not be required to file any request for payment of such Claims. Such Claims shall be assumed and paid by Reorganized Viskase in the ordinary course of business of Reorganized Viskase, in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to, the transaction underlying such Claims, without any further action by the holders of such Claims.

7.18. Setoffs. Except as otherwise provided in the Plan, Viskase or Reorganized Viskase, as the case may be, may, but shall not be required to, set off against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that Viskase may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by Viskase or Reorganized Viskase of any right of setoff that either may have against the holder of such Claim.

7.19. Payment of Taxes on Distributions Received Pursuant to Plan. All Persons and Entities that receive Distributions under the Plan shall be responsible for reporting and paying, as applicable, taxes on account of such Distributions.

ARTICLE VIII

CONDITIONS PRECEDENT

8.01. Conditions to Consummation. A condition to consummation of the Plan is that: (a) the Confirmation Order shall have become effective under Bankruptcy Rule 7062 and shall not have been vacated or stayed; and (b) the Debtor shall have received any and all necessary United States or foreign government statutory, regulatory, or antitrust approvals or consents.

ARTICLE IX

EFFECTS OF PLAN CONFIRMATION

9.01. Discharge. Except as otherwise expressly provided in the Plan, the confirmation of the Plan shall immediately discharge the Debtor from any Claim and any "debt" (as that term is defined in section 101(12) of the Bankruptcy Code) that arose before the Confirmation Date, and the Debtor's liabilities in respect thereof shall be extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of the Debtor entered into or obligation of the Debtor incurred before the Confirmation Date, or from any conduct of the Debtor prior to

the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, whether such interest accrued before or after the date of commencement of the Reorganization Case, and from any liability of a kind specified in sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a proof of claim is Filed or deemed Filed under section 501 of the Bankruptcy Code, such claim is allowed under section 502 of the Bankruptcy Code, or the holder of such Claim has accepted the Plan.

9.02. Injunction. Except as may be provided in the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Equity Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan shall be permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Equity Interests or rights: (a) commencing or continuing in any

manner, any action or other proceeding against Reorganized Viskase or its property, (b) enforcing, attaching, collecting or recovering in any manner, any judgment, award, decree or order against Reorganized Viskase or its property, (c) creating, perfecting or enforcing any lien or encumbrance against Reorganized Viskase or its property, (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to Reorganized Viskase or its property, and (e) commencing or continuing any action, in any manner or in any place, that does not comply with, or is inconsistent with, the provisions of the Plan.

9.03. Revesting. Except as otherwise expressly provided in the Plan, on the Effective Date, Reorganized Viskase will be vested with all of the property of its Estate, regardless of whether scheduled by the Debtor, including, without limitation, all causes of action of any kind whatsoever not otherwise released pursuant to the terms of this Plan, free and clear of all claims, liens, encumbrances, charges and other interests of creditors and equity security holders, and may operate its business free of any restrictions imposed by the Bankruptcy Code or by the Court; provided, however, that the Debtor shall continue as debtor-in-possession under the Bankruptcy Code until the Effective Date, and, thereafter, Reorganized Viskase may operate its business free of any restrictions imposed by the Bankruptcy Code or the Court.

9.04. Retention of Jurisdiction. Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Court will retain jurisdiction (a) to determine any Disputed Claims, (b) determine requests for payment of Claims entitled to priority under section 507(a)(1) of the Bankruptcy Code, including compensation and reimbursement of expenses of parties entitled thereto, (c) to resolve controversies and disputes regarding interpretation and implementation of the Plan, (d) to enter orders in aid of the Plan, including, without limitation, appropriate orders (which may include contempt or other sanctions) to protect Reorganized Viskase, (e) to modify the Plan pursuant to Section 9.06 of the Plan, (f) to determine any and all applications, Claims, adversary proceedings and contested or litigated matters pending on the Effective Date, (g) to allow, disallow, estimate, liquidate or determine any Claim against the Debtor and to enter or enforce any order requiring the filing of any such Claim before a particular date, (h) to determine any and all pending applications for the rejection or disaffirmance of executory contracts or leases, and to hear and determine, and if need be to liquidate, any and all Claims arising therefrom, and (i) to enter a final decree closing the Reorganization Case.

9.05. Releases. On the Effective Date, the Debtor shall waive, release and forever discharge all persons and entities from any preference claims that the Debtor-in-Possession may be entitled to bring against such parties pursuant to section 547 of the Bankruptcy Code.

9.06. Limited Release by the Debtor and Reorganized Viskase. For good and valuable consideration, including the service of the D&O Releasees to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, the D&O Releasees, on and after the Effective Date, are released by the Debtor and Reorganized Viskase from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that the Debtor or any Subsidiary, or any person claiming derivatively through or on behalf of the Debtor or any Subsidiary would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any

Claim or Equity Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date.

9.07. Limited Release by Holders of Claims. For good and valuable consideration, including the service of the D&O Releasees to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date each holder of a Claim (a) who has accepted or is deemed to accept the Plan or (b)

who may be entitled to receive a distribution of property in connection with the Plan (in each case regardless of whether a proof of claim was filed, whether or not Allowed and whether or not the holder of such Claim has voted on the Plan) shall be deemed to have unconditionally released the D&O Releasees from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative claims on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of the Debtor, (x) the Debtor or Reorganized Viskase, (y) the Debtor's chapter 11 case, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents.

9.08. Paying Agent. The Paying Agent shall act as the disbursement and exchange agent under the Plan. The Paying Agent shall make each required distribution by the date stated in the Plan with respect to such disbursement. Any disbursement required to be made on the Effective Date shall be deemed to be made as soon as practicable after such date and, in any event, within thirty (30) days after such date. At the option of Reorganized Viskase, disbursements may be made in cash, by wire transfer or by a check drawn on a domestic bank. Disbursement of New Secured Notes shall be made by the issuance and delivery of such New Secured Notes, in global or certificated form as provided in the New Notes Indenture.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.01. Executory Contracts. On the Confirmation Date, all executory contracts, including, without limitation, unexpired leases of the Debtor will be assumed in accordance with the provisions of section 365 and section 1123 of the Bankruptcy Code with such assumption to become effective on the Effective Date, except for (i) any and all executory contracts which are the subject of separate motions Filed pursuant to section 365 of the Bankruptcy Code by the Debtor prior to the commencement of the hearing on confirmation of the Plan, and (ii) any and all such contracts rejected prior to entry of the order confirming the Plan. Contracts entered into after the Petition Date will be performed by Reorganized Viskase in the ordinary course of business.

10.02. Modification of Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code, to amend or modify the Plan prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, Reorganized Viskase may, upon order of the Court, amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

10.03. Revocation of Plan. The Debtor reserves the right to revoke and withdraw the Plan prior to entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, or if confirmation of the Plan does not occur, then, the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other person or prejudice in any manner the rights of the Debtor or any Person in any other further proceedings involving the Debtor.

10.04. Headings. The headings used in this Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the provisions of the Plan.

10.05. Successors and Assigns. The rights, benefits and obligations of any Person named or referred to in the Plan will be binding upon, and will inure to the benefit of, the heir, executor, administrator, successor or assign of such Person.

VISKASE COMPANIES, INC.

/s/

Name:
Title:

Dated: New York, New York
, 2002

Allan S. Brilliant
Paul D. Malek
Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, NY 10005
(212) 530-5000

THE BALLOTING AGENT IS:

Wells Fargo Bank Minnesota,
National Association
Corporate Trust Services
Sixth Street and Marquette Avenue
MAC N9303-120
Minneapolis, MN 55479
Attention: Patty Adams
Telephone Number: (612) 667-1102

EXHIBIT 99-4

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Form 8-K of Viskase Companies, Inc., I, F. Edward Gustafson, Chairman, Chief Executive Officer and President of Viskase Companies, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 8-K of Viskase Companies, Inc., fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 8-K of Viskase Companies, Inc., fairly represents, in all material respects, the financial condition and results of operations of Viskase Companies, Inc.

/s/ F. Edward Gustafson

F. Edward Gustafson
Chairman, Chief Executive Officer and President

EXHIBIT 99-5

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Form 8-K of Viskase Companies, Inc., I, Gordon S. Donovan, Vice President and Chief Financial Officer of Viskase Companies, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) such Form 8-K of Viskase Companies, Inc., fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such Form 8-K of Viskase Companies, Inc., fairly represents, in all material respects, the financial condition and results of operations of Viskase Companies, Inc.

/s/ Gordon S. Donovan

Gordon S. Donovan
Vice President and Chief Financial Officer