(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

ADDITIONAL INFORMATION FROM THE BOARD OF DIRECTORS IN RESPONSE TO THE SUPPLEMENT TO THE CALL NOTICE SUBMITTED BY GOVERNANCE FOR OWNERS, LLP. AND ALTERNATIVE PROPOSAL SUBMITTED BY THE BOARD OF DIRECTORS TO ADOPT RECOMMENDATION 29 OF THE UNIFIED GOOD GOVERNANCE CODE OF LISTED COMPANIES

The Board of Directors would like to state the following with regard to the supplement to the General Shareholder's Meeting call notice submitted by Governance for Owners, LLP.:

The Board of Directors recommends **voting against** the proposals in the supplement to the General Shareholders' Meeting call notice submitted by ***Governance for Owners, LLP.*** as it considers these to be unjustified in their purpose; inadequate in their intention; harmful to the Company; and legally confused, and **voting for** the alternative proposal submitted by the Board of Directors to adopt recommendation 29 of the Unified Good Governance Code.

1) The shareholder's proposals serve its own interest and are based on a short-term approach to the business that does not square with the Viscofan Group's traditional management strategy of prudence, value creation and long-term sustainability. The success of this strategy is evident from its results: over the last three years, Viscofan has doubled its profits, shareholder remuneration and stock market capitalisation, despite being in one of the most adverse economic and financial crises in recent decades.

2) With regard to the proposal for the General Shareholders' Meeting to approve a progressive dividend policy for 2013 and 2014, the Viscofan's Board of Directors recommends that this request be ***rejected***, as the proposed distribution of profit and dividends each year is the competence of the Board of Directors, which submits the proposal to the General Shareholders' Meeting for approval each year. Any approval of a progressive dividend policy by the General Meeting would not be binding on the shareholders present or represented at the General Shareholders' Meetings approving the 2013 and 2014 financial year dividends; likewise, it would not be binding on the Board of Directors, which is responsible for preparing the dividend proposal.

3) Viscofan recommends ***rejecting*** the proposal to force the removal of half of the Board of Directors, and two-thirds of the Executive Committee, based on an exceptionally unusual interpretation of recommendation 29 of the Unified Good Governance Code of Listed Companies, and ***voting for*** the alternative proposal submitted by the Board of Directors, which is more in line with good governance practices.

Recommendation 29 states that “independent directors should not stay on as such for a continuous period of more than 12 years”, the Code even adds “the expiry of this period does not automatically mean that a director loses the status of independent.” The Board of Directors was never opposed to the restriction on the number of years during which an independent director may be classified as such, however, this restriction does not

automatically mean the removal of directors as proposed by Governance for Owners, LLP., but rather a change in the status of the director as is proposed by the Board of Directors.

The proposal submitted by Governance for Owners, LLP. does not accord with good governance practices and is inappropriate, as removing half of the Board of Directors in less than 12 months -with the resulting loss of the knowhow and experience that is so crucial in the sector in which VISCOFAN operates- would have a serious adverse impact on VISCOFAN's business, and it would demonstrate the ignorance and underestimation of Governance for Owners, LLP. regarding the results obtained by the management bodies of the Board of Directors that propose the sudden change.

The Board of Directors **proposes an alternative change that complies with recommendation 29 of the Unified Code which, unlike the proposal submitted by Governance for Owners, LLP., does not entail a serious adverse impact on VISCOFAN's business.**

4) The Board of Directors recommends ***rejecting*** the proposals to modify the remuneration structure for executive and independent directors. The highest governance body has already commissioned an independent expert (Spencer Stuart) to report on modifying its remuneration policy and adapting it to Good Governance practices. We expect this report to be submitted to the 2013 General Shareholders' Meeting, as was reported in the call notice of the General Shareholders' Meeting in the annual report on the remuneration of the Board and senior management. The current remuneration policy complies in full with current law, and there are no pressing reasons to justify urgent reform of this system that would cancel or anticipate the conclusions of the independent expert proposed by the Nominating and Compensation Committee. Furthermore, the Board of Directors considers that the remuneration criteria proposed by the shareholder are confused and arbitrary, and could give rise to inequality among directors. In 2011, total remuneration to the directors fell by 0.7%, despite the Group's consolidated profits increasing by 25%.

5) The Board of Directors recommends **rejecting** the proposal to establish the role of unpaid proprietary director, as this would lead to an imbalance between the responsibilities of the directors and their remuneration. The Board considers that the shareholder is confusing the most basic differences between the function of a proprietary director and the rights of shareholders. Director remuneration is necessary to ensure the professionalism, independence and dedication that such a position requires, as established in recommendation 37 of the Unified Good Governance Code.

The shareholder's proposal is not based on any of the recommendations in the Unified Good Governance Code, or by any Spanish or European legislation.

6) Finally, the shareholder justifies their proposals by stating that "*the Company needs to correct certain weaknesses in its corporate governance. We believe that these weaknesses are*

slowing Viscofan's progress and hampering its international expansion and ability to attract capital. We are convinced that the changes to the Bylaws we are proposing to the General Shareholders' Meeting would benefit the Company".

The Board of Directors categorically rejects this argument. International expansion has been a constant feature of the company since it was founded: this is demonstrated by 97% of its casing sales, and 89% of the consolidated Group's total sales, being outside Spain. The Board regards international development as a source of sustainable competitive advantage in the casings sector, which is highly complex, dynamic and competitive.

Moreover, there is no justification for the unsupported assertion that the current policy is making it more difficult to attract capital. The shareholder base is widely diversified, with institutional and private investors from more than 20 countries (according to the CNMV, at least 16.85% of the company's voting rights are held by foreign investors, and 76.8% of holdings in excess of 3% are resident outside Spain's national territory). This diversified shareholder structure is reinforced by open, transparent and ongoing dialogue with the financial community.

Viscofan's Board of Directors trusts that shareholders will support it at the next General Shareholders' Meeting so that we can approach an exciting future of growth in the 2012 to 2015 "Be MORE" strategic period with confidence of stability, backed by the results obtained. The Board would also like to reaffirm its commitment to continuing to create sustainable value for our shareholders, particularly those taking a long-term approach.

APPENDIX I

REPORT BY THE BOARD OF DIRECTORS OF VISCOFAN ON THE SUPPLEMENT TO THE CALL NOTICE FOR THE ORDINARY GENERAL SHAREHOLDERS' MEETING PROPOSED BY GOVERNANCE FOR OWNERS, LLP.

A) PURPOSE

The Board of Directors has prepared this report ahead of the Ordinary and Extraordinary General Shareholders' Meeting to be held on 22 May at first call and 23 May on second call, in performance of its duty to protect the interests of all VISCOFAN's institutional and minority shareholders. The report provides additional information to aid understanding of items on the Agenda as a result of the supplement proposed by Governance for Owners, LLP., as published on 4 May 2012.

We have prepared this report based on the general principles of responsibility, transparency, loyalty, professionalism and independence that underpin all of the Board's actions, in order to maximise value for all VISCOFAN's shareholders, both minority and institutional, particularly those with a long-term approach.

This report states our opinion of the proposals made by ***Governance for Owners, LLP.*** and our reasons for rejecting them:

- Any General Shareholders' Meeting resolution on a **progressive dividend policy for future years would in reality be irrelevant:** decisions about the distribution of profit and dividends in future years will effectively only be made by shareholders in those years.

- **Adopting and applying recommendation 29 of the Unified Good Governance Code for Listed Companies does not mean expelling directors**, and certainly does not justify replacing 50% of the Board of Directors and two-thirds of the Executive Committee.

- **An independent expert (Spencer Stuart) has been commissioned to report on changes to the remuneration structure for independent directors and other Board members**. Including this on the Agenda is a way of seeking to anticipate, cancel or influence the expert's conclusions, which will be presented to the General Meeting in 2013, as stated in the annual Board remuneration report, which is available to all shareholders.

- **There is no justification for the role of proprietary director being unpaid in any good governance recommendation**. This proposal confuses the most basic differences between the role of the director and the rights of shareholders, and would not provide sufficient remuneration to ensure the professionalism, independence and dedication required of directors.

- **An independent expert has been commissioned to report on changes to the remuneration structure for executive directors and other Board members**. Including this on the Agenda is a way of seeking to anticipate, cancel or influence the expert's conclusions, which will be presented to the General Meeting in 2013, as communicated in the annual Board remuneration report, which is available to all shareholders.

B) <u>THE SHAREHOLDER MAKING THE PROPOSAL</u>

Governance for Owners, LLP. is an institutional investor that disclosed to the CNMV on 12 March 2012 that it had acquired a total of 5.045% of the company's voting rights.

A shareholder must hold at least 5% of the company's share capital in order to propose a supplement to the call notice.

In exercise of this right, a month after reaching this shareholding threshold, Governance for Owners, LLP. requested publication of a supplement to the call notice, stating that "*the Company needs to correct certain weaknesses in its corporate governance. We believe that these weaknesses are slowing VISCOFAN's progress and hampering its international expansion and ability to attract capital. We are convinced that the changes to the Bylaws we are proposing to the General Shareholders' Meeting would benefit the Company*" (sic) in its report on its proposed changes to the Bylaws in its "*Supplement to the call notice for the Ordinary General Shareholder's Meeting of Viscofan S.A.*".

It is obvious from the Group's results over recent years that the supposed weaknesses identified by Governance for Owners, LLP. are actually its greatest strengths, as we will explain.

Therefore, the proposed changes to the Bylaws are unjustified and are designed for the short-term private benefit of Governance for Owners, LLP. rather than long-term value creation for all shareholders. In particular:

1. Governance for Owners, LLP. is seeking commitments on dividend distributions in 2013 and 2014 that are the exclusive competence of the shareholders present or represented at the General Meetings that approve the annual accounts for those years.
2. Governance for Owners, LLP. is seeking to weaken the Board by demanding the removal of half of its members and two thirds of the Executive Committee in a maximum of 12 months, even if this is prior to the end of their mandate, ignoring the fact that these directors have been the cornerstone of VISCOFAN's excellent results.
3. Governance for Owners, LLP. is proposing amendments to the Bylaws that, as described in the supplement to the call notice, are not based on any current regulations, EU Directive 2005/162/EC or the recommendations of the Unified Good Governance Code of Listed Companies, which Governance for Owners, LLP. has itself signed up to according public information on its website.

C) THE STRENGTHS OF VISCOFAN AND ITS GOVERNANCE BODIES COMPARED TO THE WEAKNESSES CLAIMED BY GOVERNANCE FOR OWNERS, LLP.

INTERNATIONAL EXPANSION

VISCOFAN is the world leader in the artificial casings sector.

VISCOFAN has completed its Be ONE strategy period (2009 to 2011), which resulted in significant improvements in all of its main financial, operational, strategic and good governance indicators, particularly those that are, somewhat surprisingly, used by Governance for Owners, LLP. to justify their arguments.

VISCOFAN is ready to implement its new Be MORE strategic plan (2012 to 2015), having reinforced its international leadership of the artificial casings sector with the opening of a number of new factories giving it production centres in 8 countries: Spain, Germany, Serbia, the Czech Republic, the USA, Mexico, Brazil and, more recently, China; it also has commercial offices in these countries and in the UK, Russia, Costa Rica, Canada and Thailand.

This commercial and productive structure means that we can sell our products in more than 100 counties on 6 continents, currently having the largest international presence of any casings producer in the market, and having one of the strongest international presences of any Spanish company.

ATTRACTING CAPITAL

VISCOFAN has demonstrated its ability to attract capital in all areas, even under the most unfavourable financial conditions.

VISCOFAN has a long history in the financial markets, having been listed on the Madrid, Barcelona and Bilbao stock exchanges since 1986. For example, during the Be ONE strategic plan (2009 to 2011), the share price doubled, reaching €28.66 at the end of 2011 compared to €14.06 at the end of 2008.

This growth has been mirrored by increasing dividends, with total earnings per share also doubling over this period.

The increase in stock market capitalisation and shareholder remuneration took place at the same time as accumulated investments of 158 million euros, enabling the company to continue its international development without needing to make additional calls for capital from shareholders.

Parallel to this, the liquidity of the company's shares in terms of average traded volumes increased every year from 2008 to 2011: up 34.3% compared 2008, 39.6% compared to 2009, and 37.7% compared to 2010. This is a further indicator of our ability to attract capital, particularly during a a period of contracting stock exchange trading volumes, particularly in

Spain, where equity trading volumes fell by 10.8%, increased by 15.6% and then fell by 27.8% in these three years as a result of the financial crisis.

Moreover, this alleged difficulty in attracting capital does not square with the international expansion of the company's shareholder base. According to official CNMV records, at least 16.85% of the company's voting rights are held by foreign investors -including Governance for Owners, LLP., through funds registered in the UK- and 76.8% of the shareholdings in excess of 3% disclosed to the CNMV are resident outside Spanish national territory.

Finally, as shown in the filed financial statements, VISCOFAN has obtained finance in various currencies from financial institutions in the countries where the VISCOFAN Group is active; this finance has always been at very competitive rates and with a maturity profile suitable for expected cash flows. VISCOFAN has an ample supply of finance, and credit entities have repeatedly shown their willingness to grant finance for VISCOFAN's future expansion projects in our ongoing dialogue with them. This puts the company in a very strong position to tackle the exciting growth challenges over the coming years. Therefore, it would seem that this argument does not support the proposal of Governance for Owners, LLP.

CONSISTENCY WITH SPANISH AND EUROPEAN LEGISLATION

VISCOFAN'S Board of Directors complies in full with all current legislation, both Spanish and European, and is fully committed to Good Governance practices.

The Board of Directors is continuing to improve its implementation of the Good Governance recommendations in a way that is fair and balanced, prudent basis. This involves in-depth analysis of both the short and long-term impact of such recommendations, taking into account that they are constantly under review by independent experts and governments.

This is demonstrated by changes to the Bylaws and the Regulations for the Board of Directors over recent years: as a result VISCOFAN is now compliant with over 80% of the voluntary recommendations in the Unified Good Governance Code for Listed Companies.

Furthermore, the Board of Directors has proposed the appointment of 4 new independent directors over the last three years, gradually renewing the Board of Directors without putting at risk its successful performance to date.

Within the framework of the dynamic policy of adapting the best corporate governance practices, the Board of Directors considered the possibility of incorporating recommendation 29 of the Unified Good Governance Code into the Company’s governance rules. The Board of Directors was never opposed to the restriction on the number of years during which an independent director may be classified as such, however, the imminent implementation of legislation which, among other matters, expands on the definition of “independent directors” caused the Board of Directors, in following the principle of prudence, to consider the appropriateness of delaying any change in the Company’s corporate governance rules until the enactment of this implementing legislation. However, the request to incorporate this recommendation made through the supplement justifies the early adoption of the Board of

Directors' proposal regarding the "independent director" classification prior to the implementing legislation envisaged in Spain.

In this regard, the Board of Directors proposes a new wording for article 27 bis, which stipulates that the maximum twelve-year period during which the independent director holds the position determines the impossibility of being re-elected or appointed for a new mandate as an independent director.

Far from eroding its ability to act, over recent years the VISCOFAN Group's governance practices have facilitated its progress as it has developed into the world leader in its sector over the 37 years since it started operations.

Over these years, VISCOFAN has focused on creating sustainable long-term value, incorporating operational excellence and building a business culture marked by high levels of commitment from members of the Board of Directors, senior management and the Group's 4000 plus employees. The Board of Directors would like to put on record that it is precisely this professionalism of all the people in the VISCOFAN Group, and their commitment to it, that guarantees VISCOFAN's current and future success; the Bylaw changes proposed by Governance for Owners, LLP., as described at present, would risk destabilising this.

The Board of Directors remuneration approved by the Bylaws dated 20 April 1990 and endorsed by the General Meeting of Shareholders on 14 April 2011 is in accordance with current law and has demonstrated its effectiveness through the creation of long-term value.

Furthermore, the Nominating and Compensation Committee, as part of its continuous progress in implementing best practices, proposed to the Board that the remuneration policy of the Board and its Committees should be reviewed by an external expert (Spencer Stuart), who was hired in November 2011; however, in view of the potential legislative changes in Spain within the context of the reforms announced by the central government, the Board of Directors requested that this study be adapted to the possible needs resulting from the legislative review and, therefore, that the conclusions of the study be delayed until there was greater visibility regarding the context and aim of these reforms., For this reason, the Committee proposed that the results of this assessment should be presented to the 2013 General Shareholders' Meeting, as stated in the "2011-2012 remuneration report for directors of Viscofan, S.A. and senior management of the Viscofan Group" published with the CNMV, and available to all shareholders at www.viscofan.com, on 3 April 2012, prior to receipt of the supplement to the call notice for the General Meeting.

Undue urgency in undertaking such reforms, cancelling or anticipating the potential conclusions of the report by the independent expert proposed by the Nominating and Compensation Committee, would not be consistent with an approach to investment aimed at creating long-term value, and would raise doubts about the true intentions behind the proposed changes.

The Board of Directors would like to give their thanks to Néstor Basterra Larroudé, Ágatha Echevarría Canales, José Cruz Pérez Lapazarán and Gregorio Marañón Bertrán de Lis -directors

whose removal Governance for Owners, LLP. is seeking based on an exceptionally unusual interpretation of voluntary recommendation 29 of the Unified Good Governance Code of Listed Companies in relation to Board members- for their contribution and performance.

This thanks is merited as a result of the performance of the VISCOFAN Group during the "Be ONE" strategy period (2009-2011). The consolidated Group expanded during this period with revenues increasing from 552 million euros in 2008 to 667 million euros in 2011; EBITDA up from 105 million euros to 162 million euros; net profit rising from 51 million euros to 101 million euros; and stock market capitalisation growing from 657 million euros at the end of 2008 to 1,336 million euros at the end of 2011 and in excess of 1,500 million euros at the time of writing.

Thousand €	**2008**	**2011**	**Increase**
Revenue	552	667	1.2 X
EBITDA	105	162	1.5 X
Net profit	51	101	2.0 X
Stock market capitalisation	657	1,346	2.0 X

D) VOTING RECOMMENDATIONS FOR THE PROPOSALS IN THE SUPPLEMENT TO THE CALL NOTICE

Having analysed the supplement to the call notice proposed by Governance for Owners, LLP., the Board of Directors would like to make the following recommendations, which it considers would strengthen VISCOFAN's position and help create long-term sustainable value.

i) Introduction of a progressive dividends policy:

The Board of Directors recommends **rejecting** the proposal.

The proposed distribution of profit and dividends for each year is the competence of the Board of Directors, which submits the proposal to the General Meeting of Shareholders for approval on an annual basis.

Approval of a progressive dividend policy by this Board Meeting would not be binding on current or future shareholders at the General Shareholders' Meetings that approve the annual accounts for 2013 and 2014, and nor would it be binding on the Board of Directors in proposing the dividend: therefore, this has no relevance.

ii) Adoption and application of Recommendation 29 of the Unified Good Governance Code and resulting modification to article 27 of the Bylaws

The Board of Directors recommends **rejecting** this proposal, the approach of which is not in accordance with that of recommendation 29. This would, in practice, destabilise the Board of Directors as, if adopted as proposed, it would mean the forced removal of half of the directors prior to the end of their mandates during a vital period for consolidating ***VISCOFAN's*** competitive position (start of the new Be MORE strategic plan 2012 to 2015).

Recommendation 29 of the Unified Good Governance Code of Listed Companies recommends that "independent directors should not stay on as such for a continuous period of more than 12 years". The Code interprets a prolonged presence in the company as a potential indicator of loss of independence, but not as a determining or absolute criteria. Independence is not correlated just to time on the Board; rather it is an approach that favours the general interests of all shareholders, especially minority shareholders, avoiding conflicts of interest and not favouring personal interests or interested parties.

In order to maintain an appropriate balance of independent directors over the last three years, the Board of Directors has gradually been refreshing the Board, with the proposal of 4 new independent directors; at the same time, the Board has always ensured that the knowledge and experience of the Company's specific, limited, dynamic and expanding sector is maintained.

The arguments raised about affinity of interests are not applicable in the case of the executive director, who has only been in the role for two years, and has only been a Board member since joining as an independent three years ago. The Directors have no family ties or other interests that might hamper the separation of supervision and performance required of independent and executive directors, as in the case of ***VISCOFAN***.

However, adopting recommendation 29 of the Good Governance Code does not imply the automatic removal of directors who are in excess of the time limit, as proposed by Governance for Owners, LLP.; rather, this would involve a change in their classification, if the General Meeting, which must remain sovereign in this area, considers it appropriate for them to continue performing their roles on the Board.

Therefore, the proposal of Governance for Owners, LLP. is not in line with good governance practices and is inappropriate, as it would have a serious negative impact on ***VISCOFAN***'s business activity by removing half of the Board of Directors and two thirds of the Executive Committee in less than 12 months, with the resulting loss of the crucial knowhow and experience required in the sector in which ***VISCOFAN*** operates.

In this regard, the Board of Directors would like to propose a change in the Bylaws to bring them into line with international corporate governance practices, which respect and recognise the importance of having a Board of Directors with a high degree of knowhow, commitment, long-term vision and independence. Therefore, **the following change to the Bylaws, which consists of introducing a new article into the Company's Bylaws, has been proposed for approval at the General Shareholders' Meeting:**

"Article 27 bis: An independent director may not be re-elected or appointed for a new mandate with this same classification when the position of director of the Company has been continuously held for a period of twelve (12) years from the date of his first appointment.

Any independent director that reaches the limit of twelve (12) years indicated above during his mandate in progress, may continue to hold the position and maintain the classification as an independent director until the end of their mandate.

The provisions in the two paragraphs above shall not under any circumstances limit the power of the General Shareholders' Meeting of the Company or, as the case may be, of the Board of Directors, to re-elect or appoint a certain candidate as director and will only affect, where applicable, his potential classification as an independent director".

iii) Adoption and application of Recommendation 36 of the Unified Good Governance Code and resulting modification to article 27 of the Bylaws

The Board of Directors recommends **rejecting** this proposal as it has already disclosed the Nominating and Compensation Committee's proposal for a review of the remuneration policy for the Board of Director and its committees by an external expert (Spencer Stuart), with the results of this being presented to the 2013 General Shareholders' Meeting.

This proposal is included in the annual remuneration report for the directors of Viscofan S.A. and senior management of the Viscofan Group for 2011-2012, as published in the CNMV and made available to all shareholders on the company's website, www.viscofan.com, on 3 April 2012, prior to the supplement to the call notice requested by Governance for Owners, LLP.

In the opinion of the Board of Directors, the Board remuneration criteria proposed by ***Governance for Owners, LLP.*** are confused and arbitrary, and could lead to inequality among the directors.

The current remuneration policy for the Board of Directors is fully in accordance with current Spanish and European legislation, and with the company Bylaws approved by the General Shareholders' Meeting and endorsed by it on 14 April 2011.

In 2011, total remuneration for the Board of Directors, as disclosed in the annual report on the remuneration of the directors of Viscofan S.A. and the senior management of the Viscofan Group 2011-2012, was 2,300,281 euros, compared to 2,317,483 euros in 2010 (down 0.7%), despite the consolidated profit of the ***VISCOFAN*** Group increasing by 25% year-on-year.

There are no long or short-term savings systems, pension or retirement plans of any kind, agreed or payable compensation in relation to termination of duties, or loans, advances or guarantees of any kind for any member of the Board of Directors.

This remuneration system has made it possible to combine the interests of the directors with the fundamental objective of creating sustainable value; and it has also been shown to be appropriate for rewarding the dedication, qualifications and responsibility of external directors. However, remuneration has not been so high that it might compromise independence, as stated in recommendation 37 of the Good Governance Code.

iv) Establishment of an unpaid proprietary director role and related modifications to article 22 of the Bylaws.

The Board of Directors recommends **rejecting** this proposal as it considers that it would result in an imbalance between the responsibilities of directors and their remuneration.

In making this proposal, ***Governance for Owners, LLP.*** is confusing the basic differences between the roles of proprietary directors and shareholder rights:

Whilst the Board is remunerated for its function in overseeing the successful business of the company, subject to associated duties and obligations, shareholders are remunerated through returns on their investment. The same person may play both roles -directors and shareholders- but they do not have the same functions and responsibilities, which are easy to differentiate and must not be confused.

The Board of Directors rejects unpaid directorships, irrespective of their type, as it considers that sufficient remuneration is required to ensure the professionalism, independence and dedication required of a director.

Finally, the Board of Directors would like to state that the proposal of Governance for Owners, LLP. is not normal practice and is not supported by any recommendation in the Unified Good Governance Code for Listed Companies, Spanish or European legislation or the corporate principles of the ICGN, which Governance for Owners, LLP. says in public information on its website that it has signed up to.

v) Modification of the remuneration structure for executive directors and resulting modification to article 27 of the Bylaws.

The Board of Directors recommends **rejecting** this proposal as it has already disclosed the Nominating and Compensation Committee's proposal for a review of the remuneration policy for the Board of Director and its committees by an external expert (Spencer Stuart), with the results of this being presented to the 2013 General Shareholders' Meeting.

This proposal is included in the "2011-2012 remuneration report for the directors of Viscofan S.A. and senior management of the Viscofan Group", as published in the CNMV and available to all shareholders on the company's website, www.viscofan.com, on 3 April 2012, prior to the supplement to the call notice requested by Governance for Owners, LLP.

In the opinion of the Board of Directors, the Board remuneration criteria proposed by Governance for Owners, LLP. are confused and arbitrary, and could lead to inequality among the directors.

The current remuneration policy for the Board of Directors and executive directors is fully in accordance with current Spanish and European legislation, and with the company Bylaws approved by the General Shareholders' Meeting and endorsed by it on 14 April 2011.

There are no long or short-term savings systems, pension or retirement plans of any kind, agreed or payable compensation in relation to termination of duties, or loans, advances or guarantees of any kind to the Chairman, the Executive Committee or any member of the Board of Directors.

This remuneration system has made it possible to combine the interests of the directors with the necessary objective of creating sustainable value; and it has also been shown to be appropriate for rewarding the dedication, qualifications and responsibility of external directors. However, remuneration has not been so high that it might compromise independence, as stated in recommendation 37 of the Good Governance Code.

E) CONCLUSION

The Board of Directors proposes **voting against** the proposals in the supplement to the call notice for the General Shareholders' Meeting requested by ***Governance for Owners, LLP.***, as it considers these to be unjustified in their purpose; inadequate in their intention; and legally confused, and **voting for** the alternative proposal submitted by the Board of Directors to adopt recommendation 29 of the Good Governance Code.

These proposals include removing four members of the Board of Directors in less than 12 months, prior to the end of their mandate, ignoring their contributions over their time with the company, which have led to historically high revenues, operating profits, net profit, earnings per share and stock market capitalisation, whilst maintaining an appropriate balance between investment and debt.

We consider the purpose of this proposal of Governance for Owners, LLP. to be to maximise its own short-term returns. It would lead to an irreversible erosion of VISCOFAN's knowhow and competence, and would weaken its Board of Directors at the start of a key strategic period for its future, which includes significant international expansion of both production and markets.

The Board of Directors is fully committed to good governance practices, and is adopting such recommendations transparently, fairly and in a balanced way. It has carried out in-depth analysis of their short and long-term impact in order to protect sustainable long-term value creation for shareholders, whilst taking into account that these recommendations are constantly under review by independent experts and governments.

In this regard, the Board of Directors would like to point out that it was never opposed to the restriction on the number of years during which an independent director may be classified as such, however, it would like to propose for approval at the Shareholders' Meeting a change in the Bylaws to bring them into line with international corporate governance practices, which respect and recognise the importance of having a Board of Directors with a high degree of knowhow, commitment, long-term vision and independence.

We categorically reject the arguments put by Governance for Owners, LLP. that what they claim to be supposed weaknesses in corporate governance are hampering the VISCOFAN Group's progress, or are not in accord with current legislation.

Contrary to their statements, international expansion has been a hallmark of the company since its creation, and the Board is committed to this as a source of sustainable competitive advantage in the complex, dynamic and competitive casings sector.

Moreover, there is no justification for the unsupported assertion that current policies are making it more difficult to attract capital. The shareholder base is widely diversified, with institutional and private investors from more than 20 countries, and this is reinforced by open, transparent and ongoing dialogue with the financial community.

We trust that we can rely on your support so that we can successfully embark on an exciting future of growth in the 2012 to 2015 Be MORE strategic period. We would like to reaffirm our commitment to continuing to create sustainable value for our shareholders, particularly those taking a long-term approach.

Board of Directors

Tajonar, 2 May 2012