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

REPORT PREPARED BY THE BOARD OF DIRECTORS OF "VISCOFAN, SOCIEDAD ANONIMA" RELATED TO THE MODIFICATION OF THE GENERAL SHAREHOLDERS' MEETING REGULATION PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING CALLED FOR 13 AND 14 APRIL 2011.

A) PURPOSE OF THE REPORT.

The Board of Directors issues this report for the purpose of informing of a change it deems necessary in the bylaws of the company that it shall submit to the shareholders for approval.

This report is issued and approved by the Board of Directors of the Company pursuant to article 286 of the Spanish Companies Law.

The purpose of this report is to modify the bylaws to adapt them to the changes in regulations governing joint stock companies that have come into force since the last General Shareholders' Meeting of the Company held on 1st June 2010 and to introduce some changes to facilitate Company operations, particular with regard to the General Shareholders' Meeting.

B) CONTENT OF THE PROPOSED BYLAWS AMENDMENT

Royal Decree Law 1/2010, of 2 July, approved the Consolidated Spanish Companies Law, replacing and rescinding the prior regulation, while introducing certain innovations that affect the bylaws of the company.

Further, Royal Decree Law 13/2010, of 3 December, on economic organization has modified certain articles in the Consolidated Spanish Companies Law that also affect the bylaws.

As a result, the Board of Directors of the Company proposes to the General Shareholders' Meeting called for 13th and 14th April 2011 a modification of the bylaws in order to adapt all legal references to the new regulations and to incorporate some of the innovations they introduce, mainly the change in the registered office and the place of the General Meeting, publicity of the call and the right of attendance regulated in articles 3, 15, 18 and 22.

Consequently, the Board of Directors proposes to the General Meeting a modification of the following bylaws, which have been worded as follows until now:

"Art. 1: The Company shall be named "VISCOFAN, SOCIEDAD ANÓNIMA," abbreviated as "VISCOFAN, S.A." and shall be governed by the provisions of these bylaws and, in matters not provided herein, by the Spanish Public Limited Liability Companies Law and other applicable laws."

"Art. 3. The registered office shall be in Pamplona, Calle Iturrama 23, Entresuelo. The registered office may be moved within the municipality of Pamplona pursuant to a resolution by the Board of Directors.

Factories, branch offices, agencies or regional offices may be created, moved or eliminated anywhere in Spain or abroad pursuant to a resolution of the Board of Directors."

"Art. 6. All shares shall be represented by account entries, in conformity with the provisions of Royal Decree 116/1992 of 22 February. The accounting books shall be managed by the Securities Clearance and Liquidation Office."

"Art. 15. General Shareholders' Meetings may be either ordinary or extraordinary."

"Art. 18. The call for the General Meeting must be made, pursuant to the Law, by the Board of Directors in a notice published in the Official Gazette of the Mercantile Register and in one of the daily newspapers with the largest circulation in the province at least one month in advance of the date of the Meeting.

An Ordinary General Meeting shall be valid even if it has been called or held outside the established timeframe.

The notice of the call shall indicate the date of the meeting, the matters to be addressed in the same and the date, if any, of a second call, with at least twenty-four hours between the first and second calls.

Shareholders representing at least five percent of the share capital may request that a supplement to this Notice of General Shareholders' Meeting be published to include one or more items on the Agenda. The exercise of this right shall be carried out by reliable notification to be received at the corporate domicile within five days following the publication of this notice of meeting.

The supplement to the call must be published fifteen days at least advance of the scheduled date of the Meeting.

Failure to publish the supplement to the call by the legally required deadline shall be grounds for the invalidity of the Meeting."

"Article 22: Shareholders holding shares with a total par value of at least 450 Euros who at least five days before the Shareholders Meeting have them registered in the pertinent stock ledger shall have the right to attend.

The Securities Clearing and Liquidation Office or member entities of the same must provide to shareholders the pertinent certificates to allow exercise of rights inherent to the condition of shareholders.

Shareholders who do not hold the number of shares required to attend may form groups for such purpose."

"Art. 25. Shareholders right to information, challenges, procedures, approval of minutes and other matters related to General Meetings shall be governed by the provisions of the Public Limited Liability Companies Law."

"Art. 26. The representation and management of the Company shall be vested in the Board of Directors, which shall comprise a minimum of three and a maximum of nine members.

The Board shall be elected by the shareholders at the General Shareholders Meeting, in compliance with the provisions set forth in Article 137 of the Spanish Public Limited Liability Companies Law."

"Art. 27. Directors need not be shareholders. The term of office for Directors is six years from the date they are elected.

The appointment of Directors shall cease when their term of office has ended and the next General Shareholders' Meeting has been held or the period stipulated by law for holding the Shareholders Meeting to resolve on the approval of the prior year's accounts has elapsed.

The General Shareholders Meeting, or in its stead the Board of Directors itself, may appoint from among the Directors a Chairman, a First Vice Chairman, a Second Vice Chairman, a Third Vice Chairman and a Secretary (who need not be a Director) of the Board of Directors; they shall also serve as such at the General Shareholders' Meeting. The appointment of the Chairman and any of the Vice Chairmen by the Board of Directors itself shall comply with the requirements set forth in Article 141.2 of the Spanish Public Limited Liability Companies Law for purposes of Article 30 of these bylaws.

The Board's remuneration shall amount to one point five percent of the net pre-tax profit pursuant to article 130 of the Spanish Public Limited Liability Companies Law. The distribution of this percentage among the members of the Committee shall be carried out pursuant to the resolution in this respect adopted by the Committee in each case."

"Art. 30. Within the Board of Directors and by delegation of the same, at least an executive committee or commission and an auditing commission or committee shall operate.

1. The Executive Committee shall comprise a minimum of three and a maximum of five members. The following shall be members of the Executive Committee: the Chairman, the First Vice Chairman, and one to three Directors appointed by the Board itself pursuant to legal requirements.

The Executive Committee shall adopt its resolutions by majority vote and the Chairman shall have the tie-breaking vote. The Chairman of the Board shall chair the Committee. As the permanent delegation of the Board of Directors, the Executive Committee shall exercise all the powers of the Board except for the following: Sale, swap and encumbrance of properties, industrial or commercial installations and businesses of all kinds, creation and modification of real rights over said properties, installations and businesses, conveyance, disposal, dominion and encumbrance of properties, creation and modification of property mortgages, submission of matters to private arbitration and powers not delegable under the law.

Executive Committee compensation shall consist of one point five (1.5) percent of net profit before taxes, subject to the limits set forth in Article 130 of the Spanish Public Limited Liability Companies Law.

It shall be distributed among the members of the Executive Committee in accordance with the resolution individually adopted in this respect by the Executive Committee.

2. The Audit Committee shall comprise a minimum of three members appointed by the Board of Directors pursuant to legal requirements.

The members of the Committee shall automatically cease to serve on the Committee when they cease to serve as Directors or based on a decision by the Board of Directors.

The members of the Audit Committee shall elect from among their number a Chairman, who shall be replaced every four years; the Chairman may be re-elected one year after he/she ceases to serve as Chairman.

The Audit Committee shall meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members.

The Audit Committee shall have a quorum with the presence or representation of the majority of its members.

Resolutions shall be adopted by simple majority vote of the members attending the meeting and the Chairman shall have the tie-breaking vote.

Resolutions shall be recorded in the Audit Committee's Minute Book, and shall be signed by the Chairman of the Committee, as shall any certifications of resolutions adopted that may be issued.

The Audit Committee shall be empowered to request the presence of any member of the Management team or any member of the Company's staff at its meetings, as well as the presence of the Company's independent auditors or any Company advisor whose presence is deemed advisable. All of the aforementioned shall be bound to cooperate and facilitate access to the information they have.

At minimum, the mission of the Audit Committee, notwithstanding other functions assigned to it by the Board of Directors:

a) Inform the shareholders at the General Shareholders Meeting regarding matters brought forth by the shareholders with respect to matters within its competence.
b) Propose to the Board of Directors for submittal to the shareholders at the General Shareholders' Meeting the appointment of the Auditor referred to in Article 204 of the Spanish Public Limited Liability Companies Law.
c) Supervise, when appropriate, the internal audit services.
d) Become familiar with the Company's financial reporting process and its internal control systems.
e) Maintain a relationship with the Auditor to receive information on matters that may threaten the Auditor's independence and any other matters related to the process of performing the audit, as well as to receive information from and maintain with the Auditor the communications set forth in audit law and in technical audit standards.

Further, from the ranks of the Executive Committee or Executive Commission and the Audit Commission or Audit Committee, the Board of Directors may appoint other commissions or committees whose powers and obligations shall be established by the Board individually.

Notwithstanding the provisions of this article, the Board of Directors may totally or partially delegate its powers in one or more Managing Directors pursuant to the requirements and limits of the law and establish remuneration thereof."

"Art. 32. The directors of the Company are obligated to formulate, within a maximum term of three months following the closing date of the fiscal year, the annual accounts: the Balance Sheet, the Income Statement and the Annual Report, as well as the management report and the proposed application of results, all of which shall be submitted to the Ordinary Shareholders' Meeting following a report by the auditors."

"Art. 35. Dissolution of the Company shall occur for any of the causes provided in the current Spanish Public Limited Liability Companies Law.

In the event the Company is dissolved, the General Shareholders' Meeting shall appoint an odd number of liquidators."

"Art. 36. The functions and responsibilities of the liquidators and the requirements for undertaking dissolution and liquidation shall be governed by the provisions of the Spanish Public Limited Liability Companies Law."

Once the resolution has been adopted, the amended articles shall then be worded as follows:

"Art. 1. The Company shall be named "VISCOFAN, SOCIEDAD ANÓNIMA," abbreviated as "VISCOFAN, S.A." and shall be governed by the provisions of these Bylaws and, in matters not provided herein, by the Spanish Companies Law and other applicable laws."

"Art. 3. The registered office shall be in Tajonar, Navarre, calle Berroa, 15-4.º The registered office may be moved within the municipality of Pamplona pursuant to a resolution by the Board of Directors.

Factories, branch offices, agencies or regional offices may be created, moved or eliminated anywhere in Spain or abroad pursuant to a resolution of the Board of Directors."

"Art. 6. All shares shall be represented by account entries in conformity with art. 496 of the Spanish Companies Law. The accounting books shall be managed by the Securities Clearance and Liquidation Office."

"Art. 15. General Shareholders' Meetings may be either ordinary or extraordinary. General Shareholders' Meetings of the Company shall be held in the municipality of Pamplona."

"Art. 18. The call for the General Meeting must be made, pursuant to the Law, by the Board of Directors in a notice published in the Official Gazette of the Mercantile Register and in one of the daily newspapers with the largest circulation in the province at least one month in advance of the date of the Meeting.

An Ordinary General Meeting shall be valid even if it has been called or held outside the established timeframe.

The notice of the call shall indicate the date of the meeting, the matters to be addressed in the same and the date, if any, of a second call, with at least twenty-four hours between the first and second calls.

Shareholders representing at least five percent of the share capital may request that a supplement to this Notice of General Shareholders' Meeting be published to include one or more items on the Agenda. The exercise of this right shall be carried out by reliable notification to be received at the corporate domicile within five days following the publication of this notice of meeting.

The supplement to the call must be published at least fifteen days in advance of the scheduled date of the Meeting.

Failure to publish the supplement to the call by the legally required deadline shall be grounds for the invalidity of the Meeting."

"Article 22: Shareholders holding at least 1,000 shares who at least five days before the Shareholders Meeting have them registered in the pertinent stock ledger shall have the right to attend.

The Securities Clearing and Liquidation Office or member entities of the same must provide to shareholders the pertinent certificates to allow exercise of rights inherent to the condition of shareholders.

Shareholders who do not hold the number of shares required to attend may form groups for such purpose."

"Art. 25. Shareholders right to information, challenges, procedures, approval of minutes and other matters related to General Meetings shall be governed by the provisions of the Spanish Companies Law."

"Art. 26. The representation and management of the Company shall be vested in the Board of Directors, which shall comprise a minimum of three and a maximum of nine members.

The Board shall be elected by the shareholders at the General Shareholders Meeting, in compliance with the provisions set forth in Article 243 of the Spanish Companies Law."

"Art. 27. Directors need not be shareholders. The term of office for Directors is six years from the date they are elected.

The appointment of Directors shall cease when their term of office has ended and the next General Shareholders' Meeting has been held or the period stipulated by law for holding the Shareholders Meeting to resolve on the approval of the prior year's accounts has elapsed.

The General Shareholders Meeting, or in its stead the Board of Directors itself, may appoint from among the Directors a Chairman, a First Vice Chairman, a Second Vice Chairman, a Third Vice Chairman and a Secretary (who need not be a Director) of the Board of Directors; they shall also serve as such at the General Shareholders' Meeting. The appointment of the Chairman and any of the Vice Chairmen by the Board of Directors itself shall comply with the requirements set forth in Article 249.3 of the Spanish Companies Law for purposes of Article 30 of these bylaws.

The Board's remuneration shall amount to one point five (1.5) percent of the net profit before tax pursuant to articles 217 and 218 of the Spanish Companies Law. The distribution of this percentage among the members of the Committee shall be carried out pursuant to the resolution in this respect adopted by the Committee in each case."

"Art. 30. Within the Board of Directors and by delegation of the same, at least an executive committee or commission and an auditing commission or committee shall operate.

1. The Executive Committee shall comprise a minimum of three and a maximum of five members. The following shall be members of the Executive Committee: the Chairman, the First Vice Chairman, and one to three Directors appointed by the Board itself pursuant to legal requirements.

The Executive Committee shall adopt its resolutions by majority vote and the Chairman shall have the tie-breaking vote. The Chairman of the Board shall chair the Committee. As the permanent delegation of the Board of Directors, the Executive Committee shall exercise all the powers of the Board except for the following: Sale, swap and encumbrance of properties, industrial or commercial installations and businesses of all kinds, creation and modification of real rights over said properties, installations and businesses, conveyance, disposal, dominion and encumbrance of properties, creation and modification of property mortgages, submission of matters to private arbitration and powers not delegable under the law.

Executive Committee compensation shall consist of 1.5% of net profit before tax, subject to the limits set forth in Article 217 of the Spanish Companies Law.

It shall be distributed among the members of the Executive Committee in accordance with the resolution individually adopted in this respect by the Executive Committee.

2. The Audit Committee shall comprise a minimum of three members appointed by the Board of Directors pursuant to legal requirements.

The members of the Committee shall automatically cease to serve on the Committee when they cease to serve as Directors or based on a decision by the Board of Directors.

The members of the Audit Committee shall elect from among their number a Chairman, who shall be replaced every four years; the Chairman may be re-elected one year after he/she ceases to serve as Chairman.

The Audit Committee shall meet whenever convened by its Chairman, by decision of the Board of Directors, or upon the request of the majority of its members.

The Audit Committee shall have a quorum with the presence or representation of the majority of its members.

Resolutions shall be adopted by simple majority vote of the members attending the meeting and the Chairman shall have the tie-breaking vote.

Resolutions shall be recorded in the Audit Committee's Minute Book, and shall be signed by the Chairman of the Committee, as shall any certifications of resolutions adopted that may be issued.

The Audit Committee shall be empowered to request the presence of any member of the Management team or any member of the Company's staff at its meetings, as well as the presence of the Company's independent auditors or any Company advisor whose presence is deemed advisable. All of the aforementioned shall be bound to cooperate and facilitate access to the information they have.

At minimum, the mission of the Audit Committee, notwithstanding other functions assigned to it by the Board of Directors:

a) Inform the shareholders at the General Shareholders Meeting regarding matters brought forth by the shareholders with respect to matters within its competence.
b) Propose to the Board of Directors for submittal to the shareholders at the General Shareholders' Meeting the appointment of the Auditor referred to in Article 264 of the Spanish Companies Law.
c) Supervise, when appropriate, the internal audit services.
d) Become familiar with the Company's financial reporting process and its internal control systems.
e) Maintain a relationship with the Auditor to receive information on matters that may threaten the Auditor's independence and any other matters related to the process of performing the audit, as well as to receive information from and maintain with the Auditor the communications set forth in audit law and in technical audit standards.

Further, from the ranks of the Executive Committee or Executive Commission and the Audit Commission or Audit Committee, the Board of Directors may appoint other commissions or committees whose powers and obligations shall be established by the Board individually.

Notwithstanding the provisions of this article, the Board of Directors may totally or partially delegate its powers in one or more Managing Directors pursuant to the requirements and limits of the law and establish remuneration thereof."

"Art. 32. The directors of the Company are obligated to formulate, within a maximum term of three months following the closing date of the fiscal year, the annual accounts: the Balance Sheet, the Income Statement and the Annual Report, as well as the management report and the proposed application of results, all of which shall be submitted to the Ordinary Shareholders' Meeting following a report by the auditors."

"Art. 35. Dissolution of the Company shall occur for any of the causes provided in the current Spanish Companies Law.

In the event the Company is dissolved, the General Shareholders' Meeting shall appoint an odd number of liquidators."

"Art. 36. The functions and responsibilities of the liquidators and the requirements for undertaking dissolution and liquidation shall be governed by the provisions of the Spanish Companies Law."

C) APPROVAL OF THE REPORT.

This report was unanimously issued and approved by the Board of Directors of the Company at its meeting of 28 February 2011.

In Pamplona, 28 February 2011.