Information to be included in the management report according to art, 116 bis of the securities market law.

The current explanatory report was prepared by the Board in its meeting held on February 28, 2011 as part of the Management Report included in the Company's Annual Report and was incorporated as part of the Management Report as established by Article 116 bis of the Securities Market Law.

A) The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached thereto and the percentage of total share capital that it represents;

Share capital stands at 13,981,104.60 euros and consists of 46,603,682 shares of 0,30 euros par value each. Share capital is fully subscribed and paid in.

All shares have the same voting and dividend rights, are renegotiated on OTC markets in Spain, and are represented by book entries.

Regarding this point, the following are the Company's bylaws:

"Article 5: Share capital stands at 13,981,104.60 euros (thirteen million nine hundred and eighty-one thousand one hundred and four euros and 60 euro cents) and consists of 46,603,682 shares (forty-six million six hundred and three thousand six hundred and eighty-two) of 0,30 euros (30 euro cents) par value each".

Share capital is fully subscribed and paid in.

"Article 6: All the shares are represented by book entries in accordance with the provisions of Royal Decree 116/1992 dated February 22, Iberclear (the Spanish clearing house) is in charge of keeping the accounting records"

"Article 8: Each share confers the status of shareholder on its lawful owner and confers, at the very least, the right to participate in the distribution of earnings and any assets if the Company were liquidated, to exercise pre-emptive subscription rights in the issuance of new shares or convertible bonds, to attend and vote at the General Shareholders' Meetings and challenge the resolutions adopted, the right to receive information, and any other right which might be recognized by Law".

B) Any restrictions on the transfer of securities;

There are no legal restrictions or restrictions under the Company's articles of association on the transfer of securities.

C) Significant direct and indirect shareholdings;

At December 31, 2010, direct or indirect shareholdings exceeding 3% of share capital that the Company was aware of are as follows:

Marathon Asset Management, LLP: 2,338,952 shares which are indirectly distributed in direct holding, all under 3%, equivalent to 5,019% of Viscofan's share capital calculated based on a total of 46,603,582 shares.

Onchena S.L.: 2,366,000 direct shares. These represent 5.077% of Viscofan's share capital, based on a total of 47,296,842 shares.

Blackrock Inc.: 1.463.530 indirect shares held via direct holdings which all represent less than 3%. Together they represent 3.140% of the share capital calculated on a total of 46,603,682 shares.

BNP Paribas, Societé Anonyme: 1,436,592 direct shares. Together they represent 3.083% of the share capital calculated on a total of 46,603,682 shares.

D) Any restrictions on voting rights;

There are no legal restrictions or restrictions in the articles of association on the exercise of voting rights, except the restrictions relating to treasury shares.

In this respect, the bylaws regulate the voting rights as expressed in Article 8 (Section A).

E) Agreements between shareholders;

The Company has no knowledge of any agreements between shareholders.

F) The rules governing the appointment and replacement of board members and the amendment of the articles of association

The abovementioned are internally regulated by the Company bylaws and the Board of Directors Regulations.

According to the bylaws, Articles 26 and 27 determine the following, among other aspects:

"The appointment of the Board of Directors shall rest with the General Meeting, in pursuance of article 137 of the Companies Act".

A Director need not be a shareholder to be appointed.

The term of office of Directors shall be six years from the date of appointment.

The appointment of board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the accounts of the preceding year has elapsed.

Directors shall step down and tender their resignation in the following cases:

a) When their circumstances render them incompatible or prohibited from serving on the board for one of the reasons specified under Spanish law.

b) Their permanence on the board places the company's interests at risk.

c) The reasons for which they were appointed cease to apply.

d) Proprietary directors should resign when the shareholders they represent dispose of a substantial portion of their ownership interest.

Article 8 of the Board of Directors' Regulations states that Directors shall be appointed by the General Meeting or by the Board itself in those events stipulated by law.

The Board shall lay before the General Meeting its nominations for appointment or re-election of Directors, within the limits set forth in the articles of association, on the basis of a proposal by the Appointments and Remuneration Committee for independent directors and a report by this committee for all other directors. Such nominations shall include a reasonable number of independent Directors and shall seek to maintain a majority of non-executive Directors.

The Directors shall discharge their duties during the term foreseen in the articles of association.

Regarding the removal of directors, article 27 of the Board regulations states:

Directors shall step down and tender their resignation in the following cases:

a) When their circumstances render them incompatible or prohibited from serving on the board for one of the reasons specified under Spanish law.

b) When their continued presence on the Board could jeopardize the interests of the Company or when the reasons for which they were appointed cease to apply.

c) Proprietary directors should resign when the shareholder they represent disposes of a substantial portion of their ownership interest.

The Board of Directors shall not propose the removal of independent directors before the end of the term for which they were appointed unless the Board considers there is just cause, based on a report from the Nomination Committee.

Directors who resign or for whatever reason give up their place on the board before their tenure expires, should state their reasons in a letter to be sent to all members of the board.

The CNMV must be informed of a director's departure as a significant event and the reason for that departure must be stated in the Corporate Governance Report for the year.

In addition, in compliance with art. 22 of the Board regulations on the duty of loyalty:

"Directors must inform the company and, if necessary, resign in cases that might affect the Company's credit or reputation. In particular, they must inform of any criminal charges brought against them and any developments in this respect. In this case, the Board shall examine each case. It shall monitor developments and decide whether the Director is to continue or not in light of these."

The Company has no specific regulations for changing its by-laws other than those set out in the applicable legislation. Article 194 of the Capital Companies Law sets out the requirements of a strengthened quorum and Title VIII of the same law establishes other regulations.

Requirements regarding the adoption of agreements set out in Article 21 of the Company bylaws and Article 18 of the Board of Directors' Regulations are the same as those stated.

G) The powers of board members and in particular the power to issue or buy back shares;

According to article 29 of the articles of association:

"The Board of Directors is vested with the broadest powers to manage, administer and represent the Company in all areas regarding its normal business including, but not limited to, the following:

To represent the Company in or out of court.

To sign or delegate the power to sign on behalf of the company.

To open and make withdrawals from current and credit accounts at any bank, including the Bank of Spain and its branches, to carry out all kinds of banking and credit transactions, including at the Bank of Spain and its branches, or any other Spanish or foreign bank.

To purchase, sell, swap, lease and assign movable goods and property, industrial or mercantile installations and businesses of any kind.

To constitute, modify and cancel real rights to these.

To participate in tenders and auctions of all kinds and enter into supply, work execution and services contracts.

To set up and cancel provisional or definitive guarantees, receive and pay any and all amounts receivable or payable by the Company, even at the central, regional or local tax authorities, payments organisms or other governmental offices.

To carry out all kinds of proceedings and enter into contracts to manage, sell, disburse, own and encumber movable goods and property, to grant all kinds of general or special, mercantile, judicial or administrative powers and, in general, to perform any duty required for the development and progress of the Company.

To acquire, via any legal means, all types of machinery, tools and equipment for: public works, constructions of all kind, industrial and commercial operations.

To lease or assign the use of this machinery or business, with or without purchase options, to any Spanish or foreign, public or private, natural or corporate person.

To intermediate in the sale or acquisition of these assets.

To import, export, promote and participate in this activity in respect of the assets mentioned in the preceding paragraphs.

To finance, in general, any transaction designed for the aforementioned purposes.

To conduct studies and prepare reports on all types of legal, economic and financial issues, as well as provide advisory on them.

To sign financial, industrial or commercial projects and, in general, all types of similar transactions, as well as participate in them.

To purchase all types of credits and bills for trading.

To provide any type of civil or mercantile guarantee to natural or corporate persons deemed appropriate and before any individuals or entities in transactions or commitments made or assumed, signing such public or private documents as may be necessary, including bills of exchange.

In addition, the latest version of the Regulations of the Board of Directors approved at the Board Meeting held on January 27, 2011 provides:

"Article 5.- Powers of exclusive knowledge,

In addition to those reserved by law, the following matters are of exclusive competence of the Board of Directors in full:

a) The Company's general policies and strategies, and in particular:
- *i) The strategic or business plan, management targets and annual budgets;*
- *ii) Investment and financing policy;*
- *iii) Design of the structure of the corporate Group;*
- *iv) Corporate governance policy;*
- *v) Corporate social responsibility policy;*
- *vi) Remuneration and evaluation of senior officers;*
- *vii) Risk control and management, and the periodic monitoring of internal information and control systems;*
- *viii) Dividend policy, as well as the policies and limits applying to treasury stock.*

b) The following decisions:

- *i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses;*
- *ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions;*
- *iii) The financial information listed companies must periodically disclose;*
- *iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;*
- *v) The creation or acquisition of shares in special purpose entities or resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group;*

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions)".

However, board authorization may not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across the-board basis to a large number of clients;
2. They go through at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

Related-party transactions should only be approved on the basis of a favorable report from the Audit Committee.

d) Setting of policies regarding information to shareholders, markets and public opinion.

e) Powers of organization of the Board of Directors and amendments to the Regulations of the Board of Directors.

f) Determining the contents of the corporate website.

g) Delegating and revoking authority to any members under the terms established by Law and the statutes.

h) Appointing a director to cover a vacancy, following the recommendations of the Nomination and Remuneration Committee, until such time as the next General Shareholders Meeting is held.

i) Accepting directors' resignations.

j) Any other duties assigned to them by applicable legislation, the prevailing by-laws or this regulation."

Finally, at the General Shareholders' Meeting of the Company held on June 1, 2010, the following resolution was adopted:

"Annul the authorization to acquire treasury shares granted to the Board of Directors at the General Shareholders' Meeting held on June 3, 2009.

To authorize the Board of Directors so that, though the individual, company or entity deemed appropriate, it may purchase and sell on the market shares of the Company itself, at the price quoted on the day of such transaction, up to the maximum number of shares permitted by Spanish Corporation Law and related provisions, at a price of no less than 100% and no more than 12500% of their nominal value.

The proposed authorization is for the legally established maximum period from the agreement date and is granted to the Board of Directors subject to the legal restrictions on the acquisition of treasury shares and, more specifically, the contents of art. 75 of the Revised Text of the Spanish Corporation Law.

Should the Board of Directors be required to make use of the authorization granted at the General Shareholders' Meeting, the treasury shares of the Company would be subject to the restrictions provided for under Article 79 of said law".

H) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

The Company is not party to any agreements of this kind.

I) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

There are agreements of this kind between the company and two managers.

Madrid, February 28, 2011