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

2011-2012 ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF VISCOFAN, S.A. AND THE SENIOR MANAGEMENT OF THE VISCOFAN GROUP

This report contains the policy for the remuneration of the members of the Board of Directors of Viscofan, S.A., the Commissions and Committees derived from it and the Senior Management of the Viscofan Group.

The remuneration policy is based on the bylaws set forth in articles 27 and 30 of the Articles of Association of Viscofan, S.A. and the provisions of articles 5 and 14 of the Regulations of the Board of Directors governing the competences of the Board and the Appointments and Remuneration Committee with respect to the remuneration of the members of the board and senior management of the Viscofan Group.

Decisions on the remuneration of board members and the policy on the remuneration of senior management are matters for the exclusive knowledge of the Board of Directors, while the Appointments and Remuneration Committee is responsible for drafting the proposals for the policies on the remuneration of board members and senior management.

This Annual Report on the remuneration of the members of the Board of Directors and Senior Management has been drafted by the Appointments and Remuneration Committee and approved by the Board of Directors at a meeting held on 30 March in order to subsequently submit it to an advisory vote by the General Shareholders' Meeting of the Company in compliance with art. 61.3 of the Securities Market Act.

Principles and basic considerations

- Approval by the General Shareholders' Meeting

Pursuant to article 29 of the Board Regulations, the remuneration of board members is exclusively as provided for in the Articles of Association, and it is assigned at the proposal of the Appointments and Remuneration Committee.

- Equality

Remuneration is allocated to each member of the board in accordance with objective criteria that are applied equally to all board members, within each of the committees to which they may belong, as applicable, without distinguishing between any differentiated personal positions.

- Suitability

The remuneration of board members shall be consistent with their status, and the amount to be received shall be sufficient to guarantee the due loyalty, dedication and engagement of board members as regards the Company, while at the same time maintaining their independence.

- Transparency

The remuneration of board members and their individual allocation shall be disclosed pursuant to article 29 of the Regulations of the Board of Directors.

Criteria used:

The remuneration of board members is governed by the following criteria:

- True dedication to the Company reflected by their attendance of meetings of the Board or Committees to which they belong

- Engagement with the achievement of the targets reflected in the annual financial results, in accordance with the provisions of the Company's Articles of Association

2011 Remuneration Policy

The remuneration to be received by the Board of Directors, the Executive Committee and the Committees derived from the Board of Directors through the performance of their duties is detailed below:

The remuneration of the Board of Directors is stipulated in article 27 of the Company's Articles of Association and corresponds exclusively to 1.5% of the net profit before tax of the single company Viscofan, S.A., which in 2011 amounted to 62,030,782.42 euros, providing a total remuneration of 930,461.74 euros, which is 10.2% lower than 2010, when it amounted to 1,036,341.5 euros, while the consolidated net profit increased by 24.5%.

The individual remuneration of each member of the Board of Directors in accordance with the proposal of the Appointments and Remuneration Committee dated 22 February 2012 on the equal distribution between all members of the Board of Directors, ratified by the Board of Directors at the meeting held on 29 February 2012, is:

	Euros
Mr. José D. Ampuero Osma	102,058
Mr. Nestor Basterra Larroudé	102,058
Ms. Agatha Echevarria Canales	102,058
Mr. José C Pérez Lapazarán	102,058
Mr. Gregorio Marañón Bertrán de Lis	102,058
Mr. Alejandro Legarda Zaragüeta	102,058
Mr. Ignacio Marco-Gardoqui	102,058
Ms. Laura González Molero	102,058
Total	816,464

Fees for attending Board Meetings, at the proposal of the Appointments and Remuneration Committee, are set at 1,000 euros per session, and their individual amount in euros is as follows:

Mr. José D. Ampuero Osma	11,000
Mr. Nestor Basterra Larroudé	11,000
Ms. Agatha Echevarria Canales	11,000
Mr. José C Pérez Lapazarán	10,000
Mr. Gregorio Marañón Bertrán de Lis	10,000
Mr. Alejandro Legarda Zaragüeta	10,000
Mr. Ignacio Marco-Gardoqui	10,000
Ms. Laura González Molero	9,000
Total	82,000

The remuneration of the Executive Committee stipulated in article 30 of the Articles of Association consists exclusively of 1.5% of the net profit before tax of the single company Viscofan, S.A., which amounted to 62,030,782.42 euros, leading to a total remuneration of 930,461.74 euros, which is 10.2% lower than 2010, when it amounted to 1,036,341.5 euros, while the consolidated net profit increased by 24.5%.

The individual remuneration in euros of each member of the Executive Committee was:

Mr. José D. Ampuero Osma	299,487
Mr. Nestor Basterra Larroudé	299,487
Ms. Agatha Echevarria Canales	299,487
Total	898,461

The remuneration for attending the meetings of the Audit Committee, at the proposal of the Appointments and Remuneration Committee, consisted of a fee of 2,000 euros per session. This remuneration is provided in equal shares, respectively, by the remuneration established by the Articles of Association for the Board of Directors and the remuneration established for the Executive Committee.

The individual amount in euros received by each member of the Committee is:

Mr. José C Pérez Lapazarán	16,000
Mr. Gregorio Marañón Bertrán de Lis	16,000
Mr. Alejandro Legarda Zaragüeta	16,000
Ms. Agatha Echevarria Canales	16,000
Total	64,000

The members of the Appointments and Remuneration Committee do not receive any remuneration for their participation in this Committee.

The remuneration described is the total remuneration received by the members of the board of Viscofan, S.A. in their capacity as members of the Board of Directors, the Executive Committee, where applicable, and the various Committees derived from the Board of Directors.

Neither the Chair, who is an executive director, nor any other member of the Executive Committee or Board of Directors receives any salary or has any long- or short-term savings, pension or retirement plan whatsoever, or life assurance, or compensation agreed or paid in the event of severance, or has received any loans, advances or guarantees of any kind.

In 2011, the Chair and Vice-Chair of the Board of Directors received the sum of 439,356 euros as Chair and Vice-Chair of other Boards of Directors of other Group companies.

The individual breakdown in euros for this item is:

Mr. José D. Ampuero Osma	292,904
Mr. Nestor Basterra Larroudé	146,452
Total	439,356

The total individual remuneration in euros of the members of the Board of Directors and the Committees and Commissions derived from it was: xxx

	Executive Committee	Board	Audit Comm. Fees	Board Fees	Group Co. Boards	Total Board member
Mr. José D. Ampuero Osma	299,487	102,058		11,000	292,904	**705,449**
Mr. Nestor Basterra Larroudé	299,487	102,058		11,000	146,452	**558,997**
Ms. Agatha Echevarria Canales	299,487	102,058	16,000	11,000		**428,545**
Mr. José C Pérez Lapazarán		102,058	16,000	10,000		**128,058**
Mr. Gregorio Marañón Bertrán de Lis		102,058	16,000	10,000		**128,058**
Mr. Alejandro Legarda Zaragüeta		102,058	16,000	10,000		**128,058**
Mr. Ignacio Marco-Gardoqui		102,058		10,000		**112,058**
Ms. Laura González Molero		102,058		9,000		**111,058**
Total 2011	898,461	816,464	64,000	82,000	439,356	**2,300,281**

The total sum of 2,300,281 euros for the remuneration of the members of the Board of Directors and the Committees derived from it represents 1.76% of the consolidated net profit before tax for 2011, which amounted to 130,183,960.22 euros.

2011 Remuneration of Senior Management

The Policy on the remuneration of Senior Management was approved by the Board of Directors in 2010, at the proposal of the Appointments and Remuneration Committee, at the meetings held on 17 February 2011 and 26 January, 22 February and 29 February 2012, and ratified by the Board of Directors at its meetings held on 28 February 2011 and 29 February 2012.

This Policy concerns 25 managers overall in the Viscofan Group and establishes the total remuneration and incentive plan for this segment.

The incentive or variable remuneration plan was formalised in 2010 and is based on three principles: Group targets, the targets of the corresponding area and/or subsidiary and the personal performance targets of each of the twenty-five managers.

The weighting of these targets differs according to each manager's responsibility and position. The maximum variable remuneration allocated to each manager depends on their fixed remuneration and responsibility.

Group targets are aimed at the continuous development of the main ratios, margins and profitability of the Viscofan Group and the value of Viscofan shares. Area and/or subsidiary targets are in line with the Group's short- and medium-term strategic policy, and personal performance targets determine the individual responsibilities of each manager within the Viscofan Group.

Group targets, furthermore, allow combining the achievement of a higher share value for shareholders, by linking the variable remuneration to the main ratios of profitability and share value, with the Group synergies and policies required among the various subsidiaries.

By definition, both area and/or subsidiary targets and personal performance targets have an annual and multi-annual dimension in accordance with the Group's strategic development plans defined for each business family or in the agreed action plan. They likewise reinforce Group synergy and Group targets.

The weighting of the three targets mentioned above, together with the maximum variable remuneration according to each manager's individual remuneration, renders it

possible to design an incentive plan in accordance with the Group strategy to be and remain a global leader in the casings sector and its ongoing quest for sustained growth in its share value.

Managers are subject to an annual appraisal and self-assessment, which is supervised by General Management and the Appointments and Remuneration Committee.

The total remuneration of Senior Management in 2011 amounted to 3,681,000 euros.

The Viscofan Group has subscribed contracts with two members of its senior management that contain golden parachute clauses. The termination of these contracts under certain objective circumstances, and not attributable to the senior executive, shall entitle that person to compensation. The average total compensation to be received is twice the annual salary.

2012 Remuneration Policy

The Appointments and Remuneration Committee has submitted a proposal to the Board of Directors whereby the policy on the remuneration of the Board of Directors and the Committees and Commissions derived from it should be revised by an independent consultant and that the results of this review should be presented to the 2013 General Shareholders' Meeting.

Result of the advisory vote on the 2010 annual report on remuneration held at the General Shareholders' Meeting

The report for 2010 was submitted to an advisory vote at the General Shareholders' Meeting held on 14 April 2011, at which a total of twenty-three million six hundred and fifty-six thousand two hundred and sixty-eight (23,656,268) shares, or 66,55%, voted in favour, ten million two hundred and twenty-seven thousand six hundred and twenty-nine (10,227,629) shares, or 28.77%, voted against, and one million six hundred and sixty-four thousand two hundred and seventy-five (1,664,275) shares, or 4.68%, abstained.

This report was issued and approved unanimously by the Board of Directors of the Company at its meeting held on 30 March 2012.