UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

[X]
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1997

OR

[ ]
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

COMMISSION FILE NUMBER: 1-4219

ZAPATA CORPORATION
(Exact name of Registrant as specified in its charter)

STATE OF DELAWARE (State or other jurisdiction of incorporation or organization)	C-74-1339132 (I.R.S. Employer Identification No.)
1717 ST. JAMES PLACE, SUITE 550 Houston, Texas (Address of principal executive offices)	77056 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 940-6100

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.25 par value.........................	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

None.

On December 17, 1997, there were outstanding 22,909,870 shares of the Company's Common Stock, $0.25 par value. The aggregate market value of the Company's voting and non-voting common equity held by nonaffiliates of the Company is $86,010,664, based on the closing price in consolidated trading on December 17, 1997, for the Company's Common Stock.

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES [X] NO [ ]

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [X]

DOCUMENTS INCORPORATED BY REFERENCE: NONE.

Zapata Corporation hereby amends Item 14 of its annual report on Form 10-K for the fiscal year ended September 30, 1997. Item 14, as so amended, is as follows: The financial statements of Envirodyne Industries, Inc. and subsidiaries, as referenced in Item 14, are also filed herewith.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) LIST OF DOCUMENTS FILED.

All schedules have been omitted since the information required to be submitted has been included in the financial statements or notes or has been omitted as not applicable or not required. Page numbers that are referenced above, except for the "F" pages, refer to the page numbers contained in the Company's Form 10-K for the fiscal year ended September 30, 1997.

(2) Exhibits.

The exhibits indicated by an asterisk (*) are incorporated by reference.

EXHIBIT NO.		DESCRIPTION OF EXHIBITS
3(a)*	--	Restated Certificate of Incorporation of Zapata filed with Secretary of State of Delaware May 3, 1994 (Exhibit 3(a) to Current Report on Form 8-K dated April 27, 1994 (File No. 1-4219)).
3(b)*	--	Certificate of Designation, Preferences and Rights of $1 Preference Stock (Exhibit 3(c) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).
3(c)*	--	Certificate of Designation, Preferences and Rights of $100 Preference Stock (Exhibit 3(d) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1- 4219)).
3(d)*	--	By-laws of Zapata, as amended effective November 11, 1996, are incorporated herein by reference to Exhibit 3(b) to Zapata's report on Form 10-K for the fiscal year ended September 30, 1996.
		Certain instruments respecting long-term debt of Zapata and its subsidiaries have been omitted pursuant to Regulation S-K, Item 601. Zapata hereby agrees to furnish a copy of any such instrument to the Commission upon request.
10(a)*+	--	Zapata 1990 Stock Option Plan (Exhibit 10(b) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1990 (File No. 1-4219)).
10(b)*+	--	First Amendment to Zapata 1990 Stock Option Plan (Exhibit 10(c) to Zapata's Registration Statement on Form S-1 (Registration No. 33-40286)).
10(c)*+	--	Zapata Special Incentive Plan, as amended and restated effective February 6, 1992 (Exhibit 10(a) to Zapata's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 1- 4219)).
10(d)*+	--	Zapata 1981 Stock Incentive Plan, as amended and restated effective February 12, 1986 (Exhibit 19(a) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1986 (File No. 1-4219)).
10(e)*+	--	Zapata Supplemental Pension Plan effective as of April 1, 1992 (Exhibit 10(b) to Zapata's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 1-4219)).
10(f)*+	--	Zapata Annual Incentive Plan effective January 1, 1991 (Exhibit 10(h) to Zapata's Registration Statement on Form S-1 (Registration No. 33-40286)).
10(g)*+	--	Employment Agreement between Lamar C. McIntyre and Zapata dated as of October 1, 1994 (Exhibit 10(v) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 1-4219)).
10(h)*	--	Stock Purchase Agreement dated as of August 7, 1995 between Zapata Corporation and Malcolm I. Glazer (Exhibit 10(o) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-4219)).
10(i)*	--	Purchase and Sale Agreement dated March 26, 1996 by and among Cimarron Gas Holding Company, Conoco Inc. and Enogex Products Corporation (Exhibit 2.1 to Zapata's Current Report on Form 8-K dated April 9, 1996 (File No. 1-4219)).
10(j)*	--	Amendment and Clarification of Purchase and Sale Agreement, Waiver and Closing Agreement dated April 9, 1996 (Exhibit 2.2 to Zapata's Current Report on Form 8-K dated April 9, 1996 (File No. 1-4219)).
10(k)*	--	Agreement and Plan of Merger dated as of June 4, 1996 among Zapata, Zapata Acquisition Corp. and Houlihan's (Exhibit 2.1 to Zapata's Registration Statement on Form S-4 (Reg. No. 333- 06729)).
10(l)*	--	Standstill Agreement dated April 30, 1996 between Zapata and Malcolm I. Glazer (Exhibit 10.18 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).

10(m)*	--	Irrevocable proxy dated June 4, 1996 granted by Malcolm I. Glazer to members of a Special Committee of the Board of Directors of Zapata (Exhibit 10.19 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(n)*	--	Supplemental Agreement dated June 4, 1996 between Malcolm I. Glazer and Zapata (Exhibit 10.20 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(o)*+	--	1996 Long-Term Incentive Plan of Zapata (Exhibit 10.21 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(p)*+	--	Employment Agreement between Joseph L. von Rosenberg III and Zapata effective as of June 1, 1996.
10(q)*	--	Shareholders' Agreement dated May 30, 1997 by Malcolm I. Glazer and the Malcolm I. Glazer Family Limited Partnership in favor of Zapata (Exhibit 10(z) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1997 (File No. 1-4219)).
21*++	--	Subsidiaries of the Registrant.
23(a)*++	--	Consent of Coopers & Lybrand L.L.P.
23(b)	--	Consent of Coopers & Lybrand L.L.P. with respect to the consolidated financial statements of Envirodyne Industries, Inc.
24*++	--	Powers of attorney.
27*++	--	Financial Data Schedule.

\+ Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to the requirements of Item 14(c) of Form 10-K.

++ Exhibits filed with the Company's Form 10-K for fiscal year ended September 30, 1997.

(B) REPORTS ON FORM 8-K.

Current Report on Form 8-K dated July 11, 1997 reporting (Items 2 and 7) that Zapata had completed the sale of its Bolivian oil and gas interests for $18.8 million.

(C) FINANCIAL STATEMENT SCHEDULE.

Filed herewith as a financial statement schedule is the schedule supporting Zapata's consolidated financial statements listed under paragraph (a) of this Item, and the Independent Accountants' Report with respect thereto.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) 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.

ZAPATA CORPORATION
(Registrant)

By: /s/ Eric T. Furey

(Eric T. Furey
Vice President, General Counsel and
Corporate Secretary)

April 8, 1998

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Envirodyne Industries, Inc.

We have audited the consolidated financial statements and the financial statement schedules of Envirodyne Industries, Inc. and Subsidiaries listed in Part IV, Item 14(a) 1 and (a) 2 of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Envirodyne Industries, Inc. and Subsidiaries as of December 25, 1997 and December 26, 1996, and the consolidated results of their operations and their cash flows for the periods December 27, 1996 to December 25, 1997, December 29, 1995 to December 26, 1996 and December 30, 1994 to December 28, 1995, in conformity with generally accepted accounting principles. In addition, in our opinion the schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Coopers & Lybrand L.L.P.

Chicago, Illinois
March 20, 1998

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 25, 1997	December 26, 1996
	(in thousands)	
ASSETS		
Current assets:		
Cash and equivalents	$ 24,407	$ 41,794
Receivables, net	75,039	79,174
Inventories	97,802	95,012
Other current assets	25,286	22,141
Total current assets	222,534	238,121
Property, plant and equipment, including those under capital leases	580,981	578,704
Less accumulated depreciation and amortization	145,855	116,896
Property, plant and equipment, net	435,126	461,808
Deferred financing costs, net	4,574	5,902
Other assets	39,193	42,809
Excess reorganization value, net	112,426	125,107
Total Assets	$813,853	$873,747
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt including current portion of long-term debt and obligations under capital leases	$ 12,880	$ 11,291
Accounts payable	41,734	37,015
Accrued liabilities	71,589	82,109
Current deferred income taxes	10,516	10,324
Total current liabilities	136,719	140,739
Long-term debt including obligations under capital leases	511,183	521,179
Accrued employee benefits	48,521	53,697
Deferred and noncurrent income taxes	26,510	54,487
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; none outstanding		
Common stock, $.01 par value; 14,753,442 shares issued and outstanding at December 25, 1997 and 14,545,107 shares at December 26, 1996	148	145
Paid in capital	136,183	135,100
Accumulated (deficit)	(48,458)	(38,813)
Cumulative foreign currency translation adjustments	3,098	7,305
Unearned restricted stock issued for future service	(51)	(92)
Total stockholders' equity	90,920	103,645
Total Liabilities and Stockholders' Equity	$813,853	$873,747

The accompanying notes are an integral part of the consolidated financial statements.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	52 weeks December 27, 1996 to December 25, 1997	52 weeks December 29, 1995 to December 26, 1996	52 weeks December 30, 1994 to December 28, 1995
	(in thousands, except for number of shares and per share amounts)		
NET SALES	$612,868	$651,356	$650,212
COSTS AND EXPENSES			
Cost of sales	459,178	488,244	485,048
Selling, general and administrative	108,141	107,088	111,230
Amortization of intangibles and excess reorganization value	15,936	16,334	15,799
Restructuring charges	3,500		
OPERATING INCOME	26,113	39,690	38,135
Interest income	1,416	1,568	670
Interest expense	55,719	58,565	57,336
Other expense, net	3,755	3,075	1,710
(LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	(31,945)	(20,382)	(20,241)
Income tax (benefit)	(22,300)	(6,700)	(2,918)
(LOSS) BEFORE EXTRAORDINARY ITEM	(9,645)	(13,682)	(17,323)
Extraordinary (loss), net of tax			(4,196)
NET (LOSS)	$(9,645)	$(13,682)	$(21,519)
WEIGHTED AVERAGE COMMON SHARES	14,617,540	14,325,595	13,516,771
PER SHARE AMOUNTS:			
(LOSS) BEFORE EXTRAORDINARY ITEM - BASIC AND DILUTED EARNINGS PER SHARE	$(.66)	$(.96)	$(1.28)
NET (LOSS) - BASIC AND DILUTED EARNINGS PER SHARE	$(.66)	$(.96)	$(1.59)

The accompanying notes are an integral part of the consolidated financial statements.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Paid in Capital	Accumulated (Deficit)	Cumulative Foreign Currency Translation Adjustments	Unearned Restricted Stock Issued For Future Service	Total Stockholders' Equity
			(in thousands)			
Balance December 29, 1994	$135	$134,865	$ (3,612)	$ 3,961		$135,349
Net (loss)			(21,519)			(21,519)
Issuance of Common Stock	1	(1)				
Translation adjustments				3,266		3,266
Balance December 28, 1995	136	134,864	(25,131)	7,227		117,096
Net (loss)			(13,682)			(13,682)
Issuance of Common Stock	9	236			$ (92)	153
Translation Adjustment				78		78
Balance December 26, 1996	145	135,100	(38,813)	7,305	(92)	103,645
Net (loss)			(9,645)			(9,645)
Issuance of Common Stock	3	1,083			41	1,127
Translation adjustment				(4,207)		(4,207)
Balance December 25, 1997	$148	$136,183	$(48,458)	$3,098	$(51)	$90,920

The accompanying notes are an integral part of the consolidated financial statements.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
		(in thousands)	
Cash flows from operating activities:			
(Loss) before extraordinary item	$ (9,645)	$(13,682)	$ (17,323)
Extraordinary (loss)			(4,196)
Net (loss)	(9,645)	(13,682)	(21,519)
Adjustments to reconcile net (loss) to net cash provided by operating activities:			
Depreciation and amortization under capital leases	43,373	42,086	40,262
Amortization of intangibles and excess reorganization value	15,936	16,334	15,799
Amortization of deferred financing fees and discount	1,770	2,272	2,196
Deferred and noncurrent income taxes	(24,893)	(11,065)	(6,450)
Loss on debt extinguishment			6,778
Foreign currency transaction loss (gain)	135	(810)	(1,233)
(Gain) loss on disposition of assets	(64)	165	73
Changes in operating assets and liabilities:			
Accounts receivable	1,299	10,180	(839)
Inventories	(12,187)	4,383	12,741
Other current assets	(3,916)	(788)	(1,837)
Accounts payable and accrued liabilities	(2,283)	12,463	(1,670)
Other	(3,879)	(5,214)	(5,334)
Total adjustments	15,291	70,006	60,486
Total net cash provided by operating activities	5,646	56,324	38,967
Cash flows from investing activities:			
Capital expenditures	(57,879)	(37,073)	(34,465)
Proceeds from disposition of assets	41,867	2,356	86
Net cash (used in) investing activities	(16,012)	(34,717)	(34,379)
Cash flows from financing activities:			
Issuance of common stock	1,127	153	
Proceeds from revolving loan and long-term borrowings	2,814	2,186	207,922
Deferred financing costs	(523)	(142)	(7,887)
Repayment of revolving loan, long-term borrowings and capital lease obligations	(9,490)	(11,705)	(181,375)
Net cash (used in) provided by financing activities	(6,072)	(9,508)	18,660
Effect of currency exchange rate changes on cash	(949)	(630)	(212)
Net (decrease) increase in cash and equivalents	(17,387)	11,469	23,036
Cash and equivalents at beginning of period	41,794	30,325	7,289
Cash and equivalents at end of period	$24,407	$ 41,794	$ 30,325

Supplemental cash flow information and noncash investing and financing activities:			
Interest paid	$ 54,937	$ 55,798	$ 55,030
Income taxes paid	$ 5,291	$ 1,647	$ 4,895
Capital lease obligations (machinery and equipment)	$ 2,814	$ 2,186	$ 2,081

The accompanying notes are an integral part of the consolidated financial statements.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CHAPTER 11 REORGANIZATION PROCEEDINGS (dollars in thousands)

On January 6, 1993, a group of bondholders filed an involuntary petition for reorganization of Envirodyne Industries, Inc. under Chapter 11 of the United States Bankruptcy Code. On January 7, 1993 Viskase Corporation, Viskase Sales Corporation, Viskase Holding Corporation, Clear Shield National, Inc., Sandusky Plastics of Delaware, Inc., Sandusky Plastics, Inc. and Envirodyne Finance Company each filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the Bankruptcy Court). On December 17, 1993, the Bankruptcy Court confirmed the First Amended Joint Plan of Reorganization as twice modified (Plan of Reorganization) with respect to Envirodyne Industries, Inc. (Envirodyne) and certain of its subsidiaries. The Plan of Reorganization was consummated and Envirodyne and certain of its subsidiaries emerged from Chapter 11 on December 31, 1993. For accounting purposes, the Plan of Reorganization was deemed to be effective as of December 31, 1993.

2. NATURE OF BUSINESS

Envirodyne manufactures food packaging products and foodservice supplies through three primary operating subsidiaries - Viskase, Sandusky and Clear Shield. The operations of these subsidiaries are primarily in North and South America and Europe. Viskase is a leading producer of cellulosic casings used in preparing and packaging processed meat products and is a major producer of heat shrinkable plastic bags and specialty films for packaging and preserving fresh and processed meat products, poultry and cheeses. Through Sandusky, the Company is a producer of thermoformed promotional and vending cups, plastic containers used in the packaging of cultured dairy and delicatessen products, and of horticultural trays and inserts. Through Clear Shield, the Company is a major domestic producer of disposable plastic cutlery, drinking straws, custom dining kits and related products.

International Operations

Viskase has six manufacturing facilities located outside the continental United States, in Beauvais, France; Thaon, France; Lindsay, Ontario, Canada; Newton Aycliffe, England (Great Britain); Swansea, Wales (Great Britain) and Guarulhos, Brazil.

The aggregate of domestic exports and net sales of foreign operations represents approximately 55% of Viskase's total net sales.

International sales and operations may be subject to various risks including, but not limited to, possible unfavorable exchange rate fluctuations, political instability, governmental regulations (including import and export controls), restrictions on currency repatriation, embargoes, labor relations laws and the possibility of governmental expropriation. Viskase's foreign operations generally are subject to taxes on the repatriation of funds.

International operations in certain parts of the world may be subject to international balance of payments difficulties which may raise the possibility of delay or loss in the collection of accounts receivable from sales to customers in those countries. Viskase believes that its allowance for doubtful accounts makes adequate provision for the collectibility of its receivables. Management believes that growth potential exists for many of Viskase's products outside the United States and that Viskase is well positioned to participate in these markets.

All of Sandusky's and Clear Shield's operations are located in the United States.

Sales and Distribution

Viskase sells its products in virtually every country in the world with principal markets in North America, Europe, Latin America and Asia Pacific. In the United States, Viskase has a staff of technical sales teams responsible for sales to fresh meat, processed meat and poultry producers. Approximately 100 distributors market Viskase products to customers in Europe, Africa, Asia, and Latin America. Its products are marketed through its own subsidiaries in the United Kingdom, Germany, France, Italy, Russia, Brazil, Mexico, Australia, Argentina, China and Chile.

In the United States, Viskase operates distribution centers in Atlanta, Georgia, and Bensalem, Pennsylvania, as well as centers within the Chicago, Illinois, and Pauls Valley, Oklahoma, plants. In Latin America, Viskase operates a service center within the Guarulhos, Brazil, plant and distribution centers in Buenos Aires, Argentina, Santiago, Chile and Monterrey, Mexico. In the Asia-Pacific region, Viskase operates a service center in Brisbane, Australia and distribution centers in Beijing, China and Hong Kong, China. In Europe, Viskase operates service centers in Milan, Italy and Pulheim, Germany and distribution centers in Dublin, Ireland, Warsaw, Poland and Moscow, Russia.

Sandusky's and Clear Shield's sales are predominantly in the United States.

Competition

Viskase is one of the world's leading producers of cellulosic casings and a major producer of specialty plastic films. From time to time, Viskase experiences reduced market share or reduced profits due to price competition; however, management believes that such market conditions will not result in any long-term material loss of business.

The dairy and delicatessen containers industry is highly fragmented. Sandusky competes in the manufacture and sale of dairy and delicatessen containers with several domestic manufacturers of thermoformed and injection molded plastic containers. Major competitive factors in the dairy and delicatessen container business are price, quality and customer service. Major competitive factors in the specialized thermoformed container business are price and technical and customer service capabilities.

Clear Shield's primary competitors include several major corporations, some of which are larger and better capitalized than Clear Shield and, in some cases, offer a wider product line than Clear Shield. Clear Shield's competitors periodically engage in aggressive price discounting to gain business. Clear Shield management believes, however, that such market conditions will not result in any long-term material loss of business for Clear Shield, although its profit margins may be affected from time to time.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of presentation

Effective in 1990 Envirodyne adopted a 52/53 week fiscal year ending on the last Thursday of December.

(B) Principles of consolidation

The consolidated financial statements include the accounts of Envirodyne Industries, Inc. and its subsidiaries (the Company). Intercompany accounts and transactions have been eliminated in consolidation.

(C) Reclassification

Reclassifications have been made to the prior years' financial statements to conform to the 1997 presentation.

(D) Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(E) Cash equivalents (dollars in thousands)

For purposes of the statement of cash flows, the Company considers cash equivalents to consist of all highly liquid debt investments purchased with an initial maturity of approximately three months or less. Due to the short-term nature of these instruments, the carrying values approximate the fair market value. Cash equivalents include $18,612 and $26,338 of short-term investments at December 25, 1997 and December 26, 1996, respectively.

(F) Inventories

Domestic inventories are valued primarily at the lower of last-in, first-out (LIFO) cost or market. Remaining amounts, primarily foreign, are valued at the lower of first-in, first-out (FIFO) cost or market.

(G) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees who are directly associated with the project. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 32 years. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in results of operations.

(H) Deferred financing costs

Deferred financing costs are amortized on a straight-line basis over the expected term of the related debt agreement. Amortization of deferred financing costs is classified as interest expense.

(I) Patents

Patents are amortized on the straight-line method over an estimated average useful life of ten years.

(J) Excess reorganization value, net

Excess reorganization value is amortized on the straight-line method over 15 years. Accumulated amortization of excess reorganization value totaled $41 million and $31 million at December 25, 1997, and December 26, 1996, respectively.

(K) Long-lived assets

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment, patents and excess reorganization. Impairments are recognized when the expected undiscounted future operating cash flows derived from long-lived assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the asset's fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed at least once a year.

(L) Pensions

The North American operations of Viskase and the Company's operations in Europe have defined benefit retirement plans covering substantially all salaried and full time hourly employees. Pension cost is computed using the projected unit credit method.

The Company's funding policy is consistent with funding requirements of the applicable federal and foreign laws and regulations.

(M) Postretirement benefits other than pensions

The North American operations of Viskase have postretirement health care and life insurance benefits. Effective January 1, 1993, postretirement benefits other than pensions are accounted for in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions."

(N) Income taxes

Income taxes are accounted for in accordance with SFAS No. 109. Tax provisions and benefits are recorded at statutory rates for taxable items included in the consolidated statements of operations regardless of the period for which such items are reported for tax purposes. Deferred income taxes are recognized for temporary differences between financial statement and income tax bases of assets and liabilities.

(O) Net (loss) per share

Net (loss) per share of common stock is based upon the weighted average number of shares of common stock outstanding during the year. No effect has been given to options outstanding under the Company's stock option plans and warrants issued pursuant to the Plan of Reorganization as their effect is anti-dilutive.

(P) Revenue recognition

Sales to customers are recorded at the time of shipment net of discounts and allowances.

(Q) Foreign currency contracts

The Company uses foreign exchange forward contracts to hedge some of its non-functional currency receivables and payables which are denominated in major currencies that can be traded on open markets. This strategy is used to reduce the overall exposure to the effects of currency fluctuations on cash flows. The Company's policy is not to speculate in financial instruments.

Receivables and payables which are denominated in non-functional currencies are translated to the functional currency at month end and the resulting gain or loss is taken to other income and expense on the statement of operations. Gains and losses on hedges of receivables and payables are marked to market. The result is recognized in other income and expense on the statement of operations.

(R) Stock-based compensation

Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" encourages, but does not require, companies to recognize compensation expense for grants of stock, stock options and other equity instruments to employees based on new fair value accounting rules. Although expense recognition for employee stock-based compensation is not mandatory, SFAS 123 requires companies that choose not to adopt the new fair value accounting to disclose pro forma net income and earnings per share under the new method. The Company has not adopted fair value accounting, and, accordingly, no compensation cost has been recognized for employee stock-based compensation. The Company has complied with the disclosure requirements of SFAS 123 (refer to Note 18).

(S) Other

The Company will implement the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130), which will be effective for periods beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Management believes that adoption of SFAS No. 130 will not have a material effect on the Company.

The Company will implement the provisions of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131), which will be effective for periods beginning after December 15, 1997. SFAS No. 131 specifies revised guidelines for determining an entity's operating segments and the type and level of financial information to be disclosed. Management believes that adoption of SFAS No. 131 will not have a material effect on the Company.

The Company will implement the provisions of Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS No. 132), which will be effective for fiscal years beginning after December 15, 1997. SFAS No. 132 standardizes the disclosure requirements for pensions and other postretirement benefits, requires additional information on changes in the benefit obligation and fair values of plan assets and eliminates certain disclosures that are no longer useful. Management believes the adoption of SFAS No. 132 will not have a material effect on the Company.

4. RECEIVABLES (dollars in thousands)

Receivables consisted primarily of trade accounts receivable and were net of allowances for doubtful accounts of $1,275 and $2,051 at December 25, 1997, and at December 26, 1996, respectively.

Envirodyne has a broad base of customers, with no single customer accounting for more than 5% of sales.

5. INVENTORIES (dollars in thousands)

Inventories consisted of:

	December 25, 1997	December 26, 1996
Raw materials	$16,847	$14,960
Work in process	29,297	29,057
Finished products	51,658	50,995
	$97,802	$95,012

Approximately 59% and 55% of the Company's inventories at December 25, 1997, and December 26, 1996, respectively, were valued at LIFO. These LIFO values exceeded current manufacturing cost by approximately $6,500 and $4,000 at December 25, 1997, and December 26, 1996, respectively. Inventories were net of reserves for obsolete and slow moving inventory of $4,470 and $4,397 at December 25, 1997, and December 26, 1996, respectively.

Raw materials used by Viskase include cellulose (from wood pulp), fibrous paper, petroleum based resins, plasticizers and various other chemicals. Viskase generally purchases its raw materials from a single 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 believes, but there can be no assurance, that adequate alternative sources of supply currently exist for all of Viskase's raw materials or raw material substitutes that Viskase could modify its processes to utilize.

The principal raw materials used by Sandusky and Clear Shield are thermoplastic resins, which are readily available from several domestic sources.

6. PROPERTY, PLANT AND EQUIPMENT (dollars in thousands)

	December 25, 1997	December 26, 1996
Property, plant and equipment:		
Land and improvements	$ 10,669	$ 15,644
Buildings and improvements	75,359	84,778
Machinery and equipment	312,475	312,185
Construction in progress	42,785	25,889
Capital leases:		
Machinery and equipment	139,693	140,208
	$580,981	$578,704

Capitalized interest in 1997 and 1996 is $2,110 and $873, respectively. Maintenance and repairs charged to costs and expenses for 1997, 1996, and 1995 aggregated $32,584, $34,887 and $33,227, respectively. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 32 years.

7. OTHER ASSETS (dollars in thousands)

Other assets were comprised of:

	December 25, 1997	December 26, 1996
Patents	$50,050	$50,000
Less accumulated amortization	20,000	15,000
Patents, net	30,050	35,000
Other	9,143	7,809
	$39,193	$42,809

Patents are amortized on the straight-line method over an estimated average useful life of ten years.

8. ACCRUED LIABILITIES (dollars in thousands)

Accrued liabilities were comprised of:

	December 25, 1997	December 26, 1996
Compensation and employee benefits	$32,778	$38,122
Taxes	7,830	11,103
Accrued volume and sales discounts	14,315	14,959
Other	16,666	17,925
	$71,589	$82,109

9. DEBT OBLIGATIONS (dollars in thousands)

On June 20, 1995, Envirodyne completed the sale of $160,000 aggregate principal amount of senior secured notes (Senior Secured Notes) to certain institutional investors in a private placement. The senior secured notes were issued pursuant to an indenture dated June 20, 1995 (Indenture) and consist of (i) $151,500 of 12% Senior Secured Notes due 2000 and (ii) $8,500 of Floating Rate Senior Secured Notes due 2000 (collectively, the Senior Secured Notes). Envirodyne used the net proceeds of the offering primarily to (i) repay the Company's $86,125 domestic term loan, (ii) repay the $68,316 of obligations under the Company's domestic and foreign revolving loans and (iii) pay transaction fees and expenses. Concurrently with the June 20, 1995 placement, Envirodyne entered into a new $20,000 domestic revolving credit facility (Revolving Credit Facility) and a new $28,000 letter of credit facility (Letter of Credit Facility). The Senior Secured Notes and the obligations under the Revolving Credit Facility and the Letter of Credit Facility are guaranteed by Envirodyne's significant domestic subsidiaries and collateralized by a collateral pool (Collateral Pool) comprised of: (i) all domestic accounts receivable (including intercompany receivables) and inventory; (ii) all patents, trademarks and other intellectual property (subject to non-exclusive licensing agreements); (iii) substantially all domestic fixed assets (other than assets subject to a lease agreement with General Electric Capital Corporation); and (iv) a senior pledge of 100% of the capital stock of Envirodyne's significant domestic subsidiaries and 65% of the capital stock of Viskase Europe Limited. Such guarantees and security are shared by the holders of the Senior Secured Notes and the holders of the obligations under the Revolving Credit Facility on a pari passu basis pursuant to an intercreditor agreement. Pursuant to such intercreditor agreement, the security interest of the holders of the obligations under the Letter of Credit Facility has priority over all other liens in the Collateral Pool.

The Company finances its working capital needs through a combination of cash generated through operations and borrowings under the Revolving Credit Facility. The availability of funds under the Revolving Credit Facility is subject to the Company's compliance with certain covenants (which are substantially similar to those included in the Indenture), borrowing base limitations measured by accounts receivable and inventory of the Company and reserves which may be established at the discretion of the lenders. Currently, there are no drawings under the Revolving Credit Facility. The available borrowing capacity under the Revolving Credit Facility was $20 million at December 25, 1997.

The Company recognized an extraordinary loss of $6,778 representing the write-off of deferred financing fees related to the June 20, 1995 debt refinancing. The extraordinary loss, net of applicable income taxes of $2,582, was included in the Company's Statement of Operations for the quarter ended June 29, 1995.

The $151,500 tranche of Senior Secured Notes bears interest at a rate of 12% per annum and the $8,500 tranche bears interest at a rate equal to the six month London Interbank Offered Rate (LIBOR) plus 575 basis points. The current interest rate on the floating rate tranche is approximately 11.7%. The interest rate on the floating rate tranche is reset semi-annually on June 15 and December 15. Interest on the Senior Secured Notes is payable each June 15 and December 15.

On June 15, 1999, $80,000 of the aggregate principal amount of the Senior Secured Notes is subject to a mandatory redemption. The remaining principal amount outstanding will mature on June 15, 2000.

In the event the Company has Excess Cash Flow (as defined) in excess of $5,000 in any fiscal year, Envirodyne will be required to make an offer to purchase Senior Secured Notes together with any borrowed money obligations outstanding under the Revolving Credit Facility, on a pro rata basis, in an amount equal to the Excess Cash Flow at a purchase price of 100% plus any accrued interest to the date of purchase. There was no Excess Cash Flow for fiscal 1997.

The Senior Secured Notes are redeemable, in whole or from time to time in part, at Envirodyne's option, at the greater of (i) the outstanding principal amount or (ii) the present value of the expected future cash flows from the Senior Secured Notes discounted at a rate equal to the Treasury Note yield corresponding closest to the remaining average life of the Senior Secured Notes at the time of prepayment plus 100 basis points; plus accrued interest thereon to the date of purchase.

Upon the occurrence of a Change of Control (which includes the acquisition by any person of more than 50% of Envirodyne's Common Stock), each holder of the Senior Secured Notes has the right to require the Company to repurchase such holder's Senior Secured Notes at a price equal to the greater of (i) the outstanding principal amount or (ii) the present value of the expected cash flows from the Senior Secured Notes discounted at a rate equal to the Treasury Note yield corresponding closest to the remaining average life of the Senior Secured Notes at the time of prepayment plus 100 basis points; plus accrued interest thereon to the date of purchase.

The Indenture contains covenants with respect to Envirodyne and its subsidiaries limiting (subject to a number of important qualifications), among other things, (i) the ability to pay dividends or redeem or repurchase common stock, (ii) the incurrence of indebtedness, (iii) the creation of liens, (iv) certain affiliate transactions and (v) the ability to consolidate with or merge into another entity and to dispose of assets.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to the three month London Interbank Offered Rate (LIBOR) on the first day of each calendar quarter plus 300 basis points. The Revolving Credit Facility expires on June 20, 1998.

The Letter of Credit Facility expires on June 20, 1998. Fees on the outstanding amount of letters of credit are 2.0% per annum, with an issuance fee of 0.5% on the face amount of the letter of credit. There is a commitment fee of 0.5% per annum on the unused portion of the Letter of Credit Facility.

The $219,262 principal amount of 10-1/4% Notes were issued pursuant to an Indenture dated as of December 31, 1993 (10-1/4% Note Indenture) between Envirodyne and Bankers Trust Company, as Trustee. The 10-1/4% Notes are the unsecured senior obligations of Envirodyne, bear interest at the rate of 10-1/4% per annum, payable on each June 1 and December 1, and mature on December 1, 2001. The 10-1/4% Notes are redeemable, in whole or from time to time in part, at the option of Envirodyne, at the percentages of principal amount specified below plus accrued and unpaid interest to the redemption date, if the 10-1/4% Notes are redeemed during the twelve-month period commencing on January 1 of the following years:

Year	Percentage
1998	102%
1999	101%
2000 and thereafter	100%

The 10-1/4% Note Indenture contains covenants with respect to Envirodyne and its subsidiaries limiting (subject to a number of important qualifications), among other things, (i) the ability to pay dividends on or redeem or repurchase capital stock, (ii) the incurrence of indebtedness, (iii) certain affiliate transactions and (iv) the ability of the Company to consolidate with or merge with or into another entity or to dispose of substantially all its assets.

Outstanding short-term and long-term debt consisted of:

	December 25, 1997	December 26, 1996
Short-term debt, current maturity of long-term debt and capital lease obligations:		
Current maturity of Viskase Capital Lease Obligation	$ 9,675	$ 6,633
Current maturity of Viskase Limited Term Loan (3.2%)	1,629	1,876
Other	1,576	2,782
Total short-term debt	$12,880	$11,291
Long-term debt:		
12% Senior Secured Notes due 2000	$160,000	$160,000
10.25% Senior Notes due 2001	219,262	219,262
Viskase Capital Lease Obligation	124,873	134,549
Viskase Limited Term Loan (3.2%)	2,443	4,690
Other	4,605	2,678
Total long-term debt	$511,183	$521,179

The fair value of the Company's debt obligation (excluding capital lease obligations) is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for the debt of the same remaining maturities. At December 25, 1997, the carrying amount and estimated fair value of debt obligations (excluding capital lease obligations) were $383,852 and $391,763, respectively.

The average interest rate on short-term borrowing during 1997 was 8.7%.

On December 28, 1990, Viskase and GECC entered into a sale and leaseback transaction. The sale and leaseback of assets included the production and finishing equipment at Viskase's four domestic casing production and finishing facilities. The facilities are located in Chicago, Illinois; Loudon, Tennessee; Osceola, Arkansas and Kentland, Indiana. Viskase, as the Lessee under the relevant agreements, will continue to operate all of the facilities. Sales proceeds on the sale-leaseback transaction were $171.5 million; proceeds were used to repay approximately $154 million of bank debt and a $15 million convertible note outstanding at the time. The lease has been accounted for as a capital lease.

The principal terms of the sale and leaseback transaction include: (a) a 15-year basic lease term (plus selected renewals at Viskase's option); (b) annual rent payments in advance beginning in February 1991; and (c) a fixed price purchase option at the end of the basic 15-year 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 the Company of certain financial ratios and restricting the Company's ability to pay dividends, make payments to affiliates, make investments and incur indebtedness.

Annual rental payments under the Lease were approximately $19.2 million through 1997, and will be $21.4 million in 1998 and $23.5 million through the end of the basic 15-year term. Viskase is required to provide credit support consisting of a standby letter of credit in an amount up to one year's rent through at least 1997. This credit support can be reduced up to $4 million currently if the Company achieves and maintains certain financial ratios. As of December 25, 1997, the Company had met the required financial ratios and the letter of credit has been reduced by $2 million. The letter can be further reduced in 1998 or eliminated after 1999 if the Company achieves and maintains certain financial ratios. Envirodyne and its other principal subsidiaries guaranteed the obligations of Viskase under the Lease.

The 1998 GECC lease payment of $21.4 million was paid on March 2, 1998. Principal payments under the capital lease obligations for the years ended 1998 through 2002 range from approximately $9.7 million to $17.5 million.

The following is a schedule of minimum future lease payments under all capital lease obligations together with the present value of the net minimum lease payments as of December 25, 1997:

Year ending December

1998	$ 21,782
1999	23,901
2000	23,913
2001	23,926
2002	23,940
Thereafter	70,574

Net minimum lease payments	188,036
Less: Amount representing interest	(51,423)

	$136,613
	========

Aggregate maturities of remaining long-term debt for each of the next five fiscal years are:

	Total
1998	$ 12,880
1999	96,235
2000	96,484
2001	235,969
2002	18,089

10. OPERATING LEASES (dollars in thousands)

The Company has operating lease agreements for machinery, equipment and facilities. The majority of the facilities leases require the Company to pay maintenance, insurance and real estate taxes.

Future minimum lease payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 25, 1997, are:

1998	$2,740
1999	2,020
2000	1,274
2001	666
2002	87
Total thereafter	-

Total minimum lease payments	$6,787

Total rent expense during 1997, 1996 and 1995 amounted to $4,506, $5,026, and $6,749, respectively.

11. RETIREMENT PLANS

The Company and its subsidiaries have defined contribution and defined benefit plans varying by country and subsidiary.

At December 25, 1997, the North American operations of Viskase maintained several non-contributory defined benefit retirement plans. The Viskase plans cover substantially all salaried and full-time hourly employees, and benefits are based on final average compensation and years of credited service. The Company's policy is to fund the minimum actuarially computed annual contribution required under the Employee Retirement Income Security Act of 1974 (ERISA).

As of the Viskase acquisition date, the former owner assumed the liability for the accumulated benefit obligation under its plans. The effect of expected future compensation increases on benefits accrued is recorded as a liability on the Company's consolidated balance sheet.

PENSIONS -- NORTH AMERICA (dollars in thousands):

Net pension cost for the Viskase North American plans consisted of:

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Service cost -- benefits earned during the year	$3,783	$3,301	$3,238
Interest cost on projected benefit obligation	6,043	5,121	4,794
Actual (gain) loss on plan assets	(9,537)	(4,712)	(7,012)
Net amortization and deferral	4,840	1,061	4,086
Net pension cost	$5,129	$4,771	$5,106

During 1997 the Company sold its PVC business and instituted early retirement and workforce reduction programs resulting in a curtailment gain of $.7 million.

The amounts included in the consolidated balance sheet for the North American plans of Viskase were:

	December 25, 1997	December 26, 1996
Actuarial present value of benefit obligation:		
Vested benefits	$65,040	$48,058
Nonvested benefits	4,948	4,112
Accumulated benefit obligation	69,988	52,170
Effect of projected future compensation increases	18,951	22,840
Projected benefit obligation	88,939	75,010
Plan assets at fair value, primarily listed stocks and investment grade corporate bonds	65,671	51,896
Amount underfunded	23,268	23,114
Unrecognized gain	1,788	5,975
Unrecognized prior service costs	47	55
Accrued liability included in consolidated balance sheet	$25,103	$29,144
Assumed discount rate	7.25%	7.5%
Assumed long-term compensation factor	4.25%	5.0%
Assumed long-term return on plan assets	9.00%	8.5%

SAVINGS PLANS (dollars in thousands):

The Company also has defined contribution savings and similar plans, which vary by subsidiary, and, accordingly, are available to substantially all full-time United States employees not covered by collective bargaining agreements. The Company's aggregate contributions to these plans are based on eligible employee contributions and certain other factors. The Company expense for these plans was $2,304, $2,207, and $2,134 in 1997, 1996, and 1995, respectively.

INTERNATIONAL PLANS (dollars in thousands):

The Company maintains various pension and statutory separation pay plans for its European employees. The expense for these plans in 1997, 1996 and 1995 was $1,216, $1,972, and $1,383, respectively. As of their most recent valuation dates, in plans where vested benefits exceeded plan assets, the actuarially computed value of vested benefits exceeded those plans' assets by approximately $2,225; conversely, plan assets exceeded the vested benefits in certain other plans by approximately $2,503.

OTHER POSTRETIREMENT BENEFITS (dollars in thousands):

The Company provides postretirement health care and life insurance benefits to Viskase's North American employees. The Company does not fund postretirement health care and life benefits in advance, and has the right to modify these plans in the future.

Effective January 1, 1993, the company adopted the provisions of SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires that the expected cost of these benefits must be charged to expense during the years that the employee renders service. In connection with the 1989 acquisition of the Company, an accrual of $15,000 had been recorded for the estimated postretirement benefits liability at the acquisition date. On January 1, 1993, an additional liability and transition obligation was recorded on a prospective basis for $6,500. The transaction obligation was to be amortized over 20 years. Subsequently, Fresh Start Reporting resulted in the write-off of the transition obligation and statement of the liability for postretirement health care and life insurance benefits at fair value. Net periodic postretirement benefit cost for 1997 and 1996 includes the following components:

	Medical 1997	Medical 1996	Medical 1995	Life 1997	Life 1996	Life 1995	Total 1997	Total 1996	Total 1995
Components of net periodic postretirement benefit cost:									
Service cost -- benefits earned during the current year	$ 606	$ 515	$ 413	$ 127	$ 163	$ 162	$ 733	$ 678	$ 575
Interest cost -- on accumulated post-retirement benefit obligation	1,641	1,404	1,182	412	499	472	2,053	1,903	1,654
Amortization of unrecognized net loss or (net gain)	42	15	(71)	(143)	(10)	(16)	(101)	5	(87)
Amortization of prior service cost	72	73	(2)	5	5	(1)	77	78	(3)
Net periodic benefit cost	$2,361	$2,007	$1,522	$ 401	$ 657	$ 617	$2,762	$ 2,664	$ 2,139
Accumulated postretirement benefit obligations:									
Retirees	$11,826	$ 9,565		$2,993	$3,402		$14,819	$12,967	
Fully eligible active participants	2,512	2,043		1,811	2,173		4,323	4,216	
Other active participants	9,601	8,422		1,215	1,712		10,816	10,134	
Total	23,939	20,030		6,019	7,287		29,958	27,317	
Unrecognized gains or (losses)	(2,606)	(322)		2,118	702		(488)	380	
Unrecognized prior service costs	(519)	(616)		(38)	(45)		(557)	(661)	
Accrued postretirement benefit cost included in consolidated balance sheet	$20,814	$19,092		$8,099	$7,944		$28,913	$27,036	

Assumed discount rate	7.25%
Assumed medical trend rate	10.00% in 1997 decreasing to 6.50% in 2004
Assumed long-term compensation factor	4.25%

The postretirement benefit obligation was determined by application of the terms of the various plans, together with relevant actuarial assumptions. The effect of a 1% annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation at December 25, 1997 and December 26, 1996 by $375 and $322, respectively, and the service and interest cost components for 1997 and 1996 by a total of $61 and $69, respectively.

EMPLOYEE RELATIONS

The Company generally maintains productive and amicable relationships with its 4,550 employees worldwide. One of Viskase's domestic plants, located in Loudon, Tennessee, is unionized, and all of its Canadian and European plants have unions. Employees at the Company's European plants are unionized with negotiations occurring at both local and national levels. Based on past experience and current conditions, the Company 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. From time to time union organization efforts have occurred at other individual plant locations.

Unions represent a total of approximately 750 of Viskase's 3,650 employees. None of Clear Shield's employees are represented by unions. Certain of Sandusky's hourly production personnel are members of a union. As of December 25, 1997, approximately 700 of the Company's employees are covered by collective bargaining agreements that will expire within one year.

12. RESTRUCTURING CHARGES

During the third quarter of 1997, the Company's Viskase subsidiary committed to a plan of restructuring whereby it will adjust its operations from a segregated regional focus to a more congruent global focus. These actions are directly related to lowering Viskase's fixed costs. Restructuring actions identified resulted in charges to continuing operations of $3.5 million before tax and included costs associated with voluntary and involuntary severance expense and the consolidation of a finishing plant. For the year ended December 25, 1997, $1.8 million was incurred and charged against the reserve.

13. INCOME TAXES (dollars in thousands)

The provision (benefit) for income taxes consisted of:

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Current:			
Federal	-	-	-
Foreign	$ 2,593	$ 4,365	$ 950
State and local	-	-	-
	$ 2,593	$ 4,365	$ 950
Deferred:			
Federal	(22,057)	(9,911)	(7,219)
Foreign	(1,307)	393	2,098
State and local	(1,529)	(1,547)	(1,329)
	(24,893)	(11,065)	(6,450)
	$(22,300)	$(6,700)	$(5,500)

The income tax benefit for the 1995 period was allocated between loss before extraordinary loss for $2,918 and to the extraordinary loss for $2,582.

A reconciliation from the statutory federal tax rate to the consolidated effective tax rate follows:

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Statutory federal tax rate	(35.0)%	(35.0)%	(35.0)%
Increase (decrease) in tax rate due to:			
State and local taxes net of related federal tax benefit	(3.1)	(4.9)	(3.2)
Net effect of taxes relating to foreign operations	1.5	6.3	.8
Intangibles amortization	8.9	12.5	9.4
Valuation allowance decrease and other	(42.1)	(11.8)	7.6
Consolidated effective tax rate	(69.8)%	(32.9)%	(20.4)%

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities for 1997 and 1996 are as follows:

Year 1997

	Temporary Difference		Tax Effected	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation basis differences		$272,482		$104,188
Inventory basis differences		29,563		11,530
Intangible basis differences		30,000		11,700
Lease transaction	$134,548		$52,474	
Pension and healthcare	53,296		20,834	
Employee benefits accruals	13,355		5,208	
Loss and other carryforwards	114,488		44,650	
Other accruals and reserves	6,409		2,256	
Foreign exchange and other		41,535		16,199
Valuation allowance		48,286		18,831
	$322,096	$421,866	$125,422	$162,448

Year 1996

	Temporary Difference		Tax Effected	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation basis differences		$286,750		$109,383
Inventory basis differences		30,096		11,775
Intangible basis differences		34,916		13,617
Lease transaction	$141,182		$55,061	
Pension and healthcare	55,235		21,593	
Employee benefits accruals	15,119		5,896	
Valuation allowances	3,721		1,451	
Other accruals and reserves	2,569		921	
Foreign exchange and other		38,354		14,958
	$217,826	$390,116	$84,922	$149,733

At December 25, 1997, the Company had $19,173 of undistributed earnings of foreign subsidiaries considered permanently invested for which deferred taxes have not been provided.

At December 25, 1997, the Company had federal income tax net operating loss carryforwards of approximately $114 million, which have been substantially offset by a valuation allowance. Such losses will expire beginning in 2008 and running through 2012, if not previously utilized. In addition the Company has alternative minimum tax credit carryforwards of $3.5 million. Alternative minimum tax credits have an indefinite carryforward period. Significant limitations on the utilization of the net operating loss carryforwards and the alternative minimum tax credit carryforwards exist under federal income tax rules.

Domestic (losses) after extraordinary loss and before income taxes were approximately $(34,275), $(30,323) and $(30,138) in 1997, 1996 and 1995, respectively. Foreign earnings or (losses) before income taxes were approximately $2,330, $9,942 and $3,118 in 1997, 1996 and 1995, respectively.

The Company joins in filing a United States consolidated federal income tax return including all of its domestic subsidiaries.

14. COMMITMENTS

As of December 25, 1997, the Company had capital expediture commitments outstanding of approximately $3.4 million.

15. CONTINGENCIES

In late 1993, Viskase commenced a legal action against American National Can Company (ANC) in Federal District Court for the Northern District of Illinois, Eastern Division, 93C7651. Viskase claimed that ANC's use of two different very low density polyethylene plastic resins in the manufacture of ANC's multi-layer barrier shrink film products was infringing various Viskase patents relating to multi-layer barrier plastic films used for fresh red meat, processed meat and poultry product applications. In November 1996, after a three-week trial, a jury found that ANC had willfully infringed Viskase's patents and awarded Viskase $102.4 million in compensatory damages. The Court also entered an order permanently enjoining ANC from making or selling infringing products after December 23, 1996.

On September 29, 1997, the Court set aside the jury verdict in part and ordered a retrial on certain issues. The Court upheld the jury finding on the validity of all of Viskase's patents and the jury finding that ANC had willfully infringed Viskase's patents by ANC's use of Dow Chemical Company's "Attane" brand polyethylene plastic resin in ANC's products. However, the Court ordered a new trial on the issue of whether ANC's use of Dow Chemical Company's "Affinity" brand polyethylene plastic resin infringed Viskase's patents and whether such conduct was willful. Because the jury rendered one general damage verdict, the Court ordered a retrial of all damage issues. By operation of the Court's order, the injunction in respect of ANC's future use of the "Affinity" brand resin was removed. No new trial date has been set. The Company expects ANC to vigorously contest this matter and to appeal any final judgment. No part of the pending claims have been recorded in the Company's financial statements. Through December 25, 1997, $4,140 in patent defense costs had been accrued and capitalized.

In March 1997 Viskase Corporation received a subpoena from the Antitrust Division of the United States Department of Justice relating to a grand jury investigation of the sausage casings industry. Viskase Corporation is cooperating fully with the investigation.

The Company and its subsidiaries are involved in various legal proceedings arising out of their business and other environmental matters, none of which is expected to have a material adverse effect upon results of operations, cash flows or financial position.

16. CAPITAL STOCK, PAID IN CAPITAL, AND WARRANTS

Authorized shares of preferred stock ($.01 par value per share) and common stock ($.01 par value per share) for the reorganized Envirodyne are 25,000,000 shares and 50,000,000 shares, respectively. 14,753,442 shares of common stock were issued and outstanding as of December 25, 1997. A total of 208,335 shares were issued in 1997 for options exercised and directors' compensation. In accordance with the Plan of Reorganization, a total of 900,261, and 64,460 additional shares of common stock were issued to the general unsecured creditors of Envirodyne during 1996 and 1995, respectively.

Envirodyne issued 1,500,000 warrants pursuant to the Plan of Reorganization, exercisable at any time until December 31, 1998. Each warrant was initially exercisable for one share of common stock at an initial exercise price of $17.25 per share. The exercise price and the number of shares of common stock for which a warrant is exercisable were adjusted as a result of the issuance of certain shares of Envirodyne after the consummation of the Plan of Reorganization, including the issuance of shares in settlement of a class action lawsuit by former employees of the Company's former steel and mining division. Under terms of the warrant agreement, the exercise price has been adjusted from $17.25 to $16.08 per share and the number of common shares for which each warrant is exercisable has been adjusted from 1.000 share to 1.073 shares.

On June 26, 1996, the Board of Directors adopted a Stockholder Rights Plan (Plan). Under the Plan, the Board declared a dividend of one Common Stock Purchase Right (Right) for each outstanding common share of the Company. Rights were issued to the stockholders of record on June 26, 1996. The Rights are attached to and automatically trade with the outstanding shares of the Company's common stock.

The Rights will only become exercisable ten days after a public announcement that a person or group has acquired or obtained the right to acquire 41% or more of the Company's Common Stock or ten business days after a person or group commences a tender or offer that would result in such person or group owning 41% or more of the outstanding shares (even if no purchases actually occur).

When the Rights first become exercisable, each Right will entitle the holder thereof to buy from the Company one share of Common Stock for $20.00, subject to adjustment. If any person acquires 41% or more of the Company's Common Stock, other than pursuant to a tender or exchange offer for all outstanding shares of the Company approved by a majority of the independent directors not affiliated with a 40%-or-more stockholder, after receiving advice from one or more investment banking firms, each Right not owned by a 41%-or-more stockholder would become exercisable for shares of the Company having a market value of two times the exercise price of the Right. If the Company is involved in a merger or other business combination, or sells 50% or more of its assets or earning power to another person, at any time after the Rights become exercisable, the Rights will entitle the holder thereof to buy shares of common stock of the acquiring company having a market value of twice the exercise price of each Right.

Rights may be redeemed at a price of $0.001 per Right at any time prior to their expiration on June 26, 2006.

17. EARNINGS PER SHARE (dollars in thousands)

In February 1997 the Financial Accounting Standards Board issued Statement No. 128, "Earnings Per Share," which became effective for both interim and annual financial statement periods ending after December 15, 1997. As required by this Statement, the Company adopted the new standards for computing and presenting earnings per share (EPS) for 1997, and for all period earnings per share data presented. Following are the reconciliations of the numerators and denominators of the basic and diluted EPS.

	52 weeks December 27, 1996 to December 25, 1997	52 weeks December 29, 1995 to December 26, 1996	52 weeks December 30, 1994 to December 28, 1995
Numerator:			
Loss available to common stockholders before extraordinary item	$(9,645)	$(13,682)	$(17,323)
Extraordinary (loss)			(4,196)
Net loss available to common stockholders for basic and diluted EPS	$(9,645)	$(13,682)	$(21,519)
Denominator:			
Weighted average shares outstanding for basic EPS	14,617,540	14,325,595	13,516,771
Effect of dilutive securities	0	0	0
Weighted average shares outstanding for diluted EPS	14,617,540	14,325,595	13,516,771

The exercise of options and warrants is not assumed as the result would be antidilutive, since the numerators in 1997, 1996 and 1995 are losses.

18. STOCK-BASED COMPENSATION (dollars in thousands)

The Company maintains several stock option plans and agreements. The plans provide for the granting of incentive and nonqualified stock options to employees, officers, and directors. Stock options have been granted at prices at or above the fair market value on the date of grant. Options generally vest in three equal installments beginning one year from the grant date and expire ten years from the grant date. Non-employee director options, however, vest on the date of grant. The options are subject to acceleration upon the occurrence of certain events; such acceleration event occurred in both November 1994 and August 1995.

The Company accounts for these plans under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Accordingly, compensation expense is recognized using the intrinsic value-based method for options granted under the plans. The Company has adopted only the disclosure provisions required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" (SFAS 123).

A summary of the Company's stock option activity during the fiscal years ended as of December 25, 1997, December 26, 1996 and December 28, 1995 is presented below:

	1997		1996		1995	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	898,830	$4.60	424,230	$5.05	388,920	$5.06
Granted	65,000	6.46	536,500	4.26	97,200	5.02
Exercised	(177,839)	4.89				
Forfeited	(50,967)	4.38	(61,900)	4.79	(61,890)	5.06
Outstanding at year end	735,024	4.71	898,830	4.60	424,230	5.05
Options exercisable at year end	368,884	4.84	392,730	5.04	424,230	5.05
Future option grants available at year end	637,137		651,170		225,770	

As of December 25, 1997, total stock options outstanding have a weighted-average remaining contractual life of 7.91 years. The exercise price of options outstanding as of December 25, 1997 ranged from $3.50 to $7.25. The weighted average grant date fair value of options granted during fiscals 1997, 1996 and 1995 was $2.07, $2.20 and $1.81, respectively.

Compensation expense associated with these plans has not been recognized to date in accordance with APB 25.

Had the Company elected to apply the provisions of SFAS 123 regarding recognition of compensation expense to the extent of the calculated fair value of compensatory options, reported net income and earnings per share would have been reduced to the following amounts (only options granted in years 1995 and forward are included in the calculation of pro forma net income and earnings per share):

	1997	1996	1995
(Loss) before extraordinary item	$(9,645)	$(13,682)	$(17,323)
Pro forma (loss) before extraordinary item	(9,909)	(13,826)	(17,356)
Net (loss)	(9,645)	(13,682)	(21,519)
Pro forma net (loss)	(9,909)	(13,826)	(21,552)
PER SHARE AMOUNTS:			
(Loss) before extraordinary item - basic and diluted EPS	$(.66)	$(.96)	$(1.28)
Pro forma (loss) before extraordinary item - basic and diluted EPS	(.68)	(.97)	(1.28)
Net (loss) - basic and diluted EPS	(.66)	(.96)	(1.59)
Pro forma net (loss) - basic and diluted EPS	(.68)	(.97)	(1.59)

The effects of applying SFAS 123 in the above pro forma disclosure are not likely to be representative of the effects disclosed in future years as SFAS 123 does not apply to grants prior to 1995.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: (1) expected volatility of 36.39% in 1997 and 40.04% for both 1996 and 1995, (2) risk-free interest rate equaling the 5-year treasury yield on the grant date, which ranged from 5.77% to 6.50% in 1997, 6.11% to 6.52% in 1996 and 5.97% to 7.06% in 1995, and (3) the expected life of 5 years in 1997, 1996 and 1995. The Company has never declared dividends, nor does it currently expect to declare dividends in the foreseeable future.

Pursuant to the employment agreement between the Company and its chief executive officer, the Company issued 35,000 shares of common stock to its chief executive officer. These shares carry voting and dividend rights; however sale of the shares is restricted prior to vesting. Subject to continued employment, vesting occurs on March 27, 1999. The shares issued under the employment agreement have been recorded at fair market value on the date of grant with a corresponding charge to stockholders' equity for the unearned portion of the award. The fair market value per share was $3.50. The unearned portion is being amortized as compensation expense on a straight-line basis over the related vesting period. Compensation expense related to the plan totaled $41 and $31 during fiscals 1997 and 1996, respectively.

The Company also has a stock compensation plan for the non-employee directors of the Company that was approved during fiscal 1996. These directors may elect to receive directors fees in the form of common stock of the Company based upon the average market price of the Company's common stock on the grant date. Under this plan, during 1997 and 1996, 30,496 shares of stock were issued at $7.12 per share and 30,386 shares of common stock were issued at $4.03 per share, respectively.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS (dollars in thousands)

The following table presents the carrying value and estimated fair value as of December 25, 1997 of the Company's financial instruments. (Refer to Notes 3 and 9.)

	Carrying Value	Estimated Fair Value
Assets:		
Cash and equivalents	$ 24,407	$ 24,407
Foreign currency contracts	10,575	10,146
Liabilities:		
Long-term debt (excluding capital lease obligations)	383,852	391,763

20. RESEARCH AND DEVELOPMENT COSTS (dollars in thousands)

Research and development costs are expensed as incurred and totaled $7,173, $6,841 and $11,034 for 1997, 1996, and 1995, respectively.

21. RELATED PARTY TRANSACTIONS (dollars in thousands)

During fiscal 1997 there were no payments to an affiliate of DPK for the use of a jet aircraft. During fiscal 1996 and 1995, the Company made payments of approximately $18 and $156, respectively, to an affiliate of DPK for the use of a jet aircraft on an as-needed basis.

During fiscal 1997, 1996 and 1995, the Company purchased product and services from affiliates of DPK in the amounts of approximately $187, $904 and $1,537, respectively. During fiscal 1997, 1996 and 1995, the Company sublet office space from DPK for which it paid approximately $133, $139, and $151, respectively, in rent. During fiscal 1997, 1996 and 1995, the Company reimbursed a non-affiliated medical and benefit plan in the aggregate amount of $34, $41 and $79 for medical claims and benefits of certain officers.

During fiscal 1997, 1996 and 1995, the Company advanced funds to and made payments on behalf of DPK and Donald P. Kelly in the amounts of $27, $1 and $52, respectively, for legal fees related to litigation for the period when Mr. Kelly was an executive officer of the Company.

During fiscal years 1997, 1996 and 1995, Viskase Corporation, a wholly owned subsidiary of the Company, had sales of $21,825, $19,795 and $18,035, respectively, to Cargill, Inc. and its affiliates. Such sales were made in the ordinary course of business. During 1997 Cargill Financial Services Corporation had beneficial ownership of less than 5% of the Company's outstanding Common Stock, and Gregory R. Page, President of the Red Meat Group of Cargill, Inc., is a director of the Company.

During fiscal 1996, the Company sold two autos to an affiliate of DPK. The total sum received was $135 and was based on the fair market value of the autos. A gain on the sale of $117 was recognized by the Company.

In March 1996, the Company terminated its management agreement with D.P. Kelly and Associates, L.P. (DPK). Upon termination of the agreement, the Company was required to pay the amount of $2,000 to DPK pursuant to provisions in the agreement. In addition to the above amount, the Company paid management fees to DPK during 1996 totaling $193. During 1995 the Company paid DPK $770 for management services.

22. BUSINESS SEGMENT INFORMATION AND GEOGRAPHIC AREA INFORMATION (dollars in thousands)

Envirodyne primarily manufactures and sells cellulosic food casings and plastic packaging films and containers (food packaging products) and disposable foodservice supplies. The Company's operations are primarily in North, South America and Europe. Intercompany sales and charges (including royalties) have been reflected as appropriate in the following information. Other expense for 1997, 1996, and 1995 includes net foreign exchange transaction gains (losses) of approximately $(2,117), $687, and $(61), respectively.

Business Segment Information

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Net sales:			
Food packaging products	$526,952	$572,653	$574,266
Disposable foodservice supplies	85,916	78,865	76,138
Other and eliminations		(162)	(192)
	$612,868	$651,356	$650,212
Earnings before income taxes:			
Operating income:			
Food packaging products	$27,012	$37,310	$39,183
Disposable foodservice supplies	7,701	7,342	4,959
Unallocated expenses, net -- corporate	(8,600)	(4,962)	(6,007)
	26,113	39,690	38,135
Interest expense, net	54,303	56,997	56,666
Other expense, net	3,755	3,075	1,710
	$(31,945)	$(20,382)	$(20,241)
Identifiable assets:			
Food packaging products	$706,537	$762,233	$796,655
Disposable foodservice supplies	83,348	69,725	69,812
Corporate and other, primarily cash equivalents	23,968	41,789	33,100
	$813,853	$873,747	$899,567
Depreciation and amortization under capital lease and amortization of intangibles expense:			
Food packaging products	$53,984	$53,413	$51,404
Disposable foodservice supplies	5,301	4,949	4,581
Corporate and other	24	58	76
	$59,309	$58,420	$56,061
Capital expenditures:			
Food packaging products	$46,552	$32,934	$30,744
Disposable foodservice supplies	11,315	4,135	3,687
Corporate and other	12	4	34
	$57,879	$37,073	$34,465

Geographic Area Information

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Net sales:			
North America	$417,673	$423,092	$417,408
South America	40,169	40,498	31,381
Europe	174,008	201,926	213,618
Other and eliminations	(18,982)	(14,160)	(12,195)
	$612,868	$651,356	$650,212
Operating profit:			
North America	$17,154	$22,425	$22,504
South America	2,108	1,883	524
Europe	10,817	15,445	15,373
Other and eliminations	(3,966)	(63)	(266)
	$26,113	$39,690	$38,135
Identifiable assets:			
North America	$592,790	$633,201	$645,504
South America	33,389	33,007	31,873
Europe	184,659	205,446	219,802
Other and eliminations	3,015	2,093	2,388
	$813,853	$873,747	$899,567

United States export sales:			
(reported in North America sales above)			
Asia	$25,282	$28,300	$22,509
South and Central America	14,191	17,056	18,691
Other International	305	259	219
	$39,778	$45,615	$41,419

The total assets and net assets of foreign businesses were approximately $238,385 and $122,867 at December 25, 1997.

23. QUARTERLY DATA (unaudited)

Quarterly financial information for 1997 and 1996 is as follows (in thousands, except for per share amounts):

Fiscal 1997	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Net Sales	$154,539	$156,529	$155,004	$146,796	$612,868
Operating Income	7,414	7,629	2,670	8,400	26,113
Net income (loss)	(2,553)	(4,505)	(3,753)	1,166	(9,645)
Net income (loss) per share - basic and diluted	(.18)	(.31)	(.26)	.08	(.66)

Fiscal 1996	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
Net Sales	$159,736	$165,747	$163,825	$162,048	$651,356
Operating Income	9,294	9,275	8,708	12,413	39,690
Net income (loss)	(5,927)	(4,165)	(3,924)	334	(13,682)
Net income (loss) per share - basic and diluted	(.43)	(.29)	(.27)	.02	(.96)

Net income (loss) per share amounts are computed independently for each of the quarters presented using weighted average shares outstanding during each quarter. The sum of the quarterly per share amounts in 1997 and 1996 do not equal the total for the year because of rounding and stock issuances, as shown on the Consolidated Statement of Stockholders' Equity.

24. SUBSIDIARY GUARANTORS

Envirodyne's payment obligations under the Senior Secured Notes are fully and unconditionally guaranteed on a joint and several basis (collectively, Subsidiary Guarantees) by Viskase Corporation, Viskase Holding Corporation, Viskase Sales Corporation, Clear Shield National, Inc., Sandusky Plastics, Inc. and Sandusky Plastics of Delaware, Inc., each a direct or indirect wholly-owned subsidiary of Envirodyne and each a "Guarantor." These subsidiaries represent substantially all of the operations of Envirodyne conducted in the United States. The remaining subsidiaries of Envirodyne generally are foreign subsidiaries or otherwise relate to foreign operations.

The obligations of each Guarantor under its Subsidiary Guarantee are the senior obligation of such Guarantor, and are collateralized, subject to certain permitted liens, by substantially all of the domestic assets of the Guarantor and, in the case of Viskase Holding Corporation, by a pledge of 65% of the capital stock of Viskase Europe Limited. The Subsidiary Guarantees and security are shared with the lenders under the Revolving Credit Agreement on a pari passu basis and are subject to the priority interest of the holders of obligations under the Letter of Credit Facility, each pursuant to an intercreditor agreement.

The following consolidating condensed financial data illustrate the composition of the combined Guarantors. No single Guarantor has any significant legal restrictions on the ability of investors or creditors to obtain access to its assets in the event of default on the Subsidiary Guarantee other than its subordination to senior indebtedness described above. Separate financial statements of the Guarantors are not presented because management has determined that these would not be material to investors. Based on the book value and the market value of the pledged securities of Viskase Corporation, Viskase Sales Corporation, Clear Shield National, Inc., Sandusky Plastics, Inc. and Sandusky Plastics of Delaware, Inc., these Subsidiary Guarantors do not constitute a substantial portion of the collateral and, therefore, the separate financial statements of these subsidiaries have not been provided. Separate audited financial statements of Viskase Holding Corporation are being filed within.

Investments in subsidiaries are accounted for by the parent and Subsidiary Guarantors on the equity method for purposes of the supplemental consolidating presentation. Earnings of subsidiaries are therefore reflected in the parent's and Subsidiary Guarantors' investment accounts and earnings. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
DECEMBER 25, 1997

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations (1)	Consolidated Total
			(in thousands)		
ASSETS					
Current assets:					
Cash and equivalents	$ 19,004	$ 865	$ 4,538		$ 24,407
Receivables and advances, net	59,223	58,201	44,221	$ (86,606)	75,039
Inventories		63,967	35,029	(1,194)	97,802
Other current assets	1,746	12,612	10,928		25,286
Total current assets	79,973	135,645	94,716	(87,800)	222,534
Property, plant and equipment including those under capital lease	145	442,506	138,330		580,981
Less accumulated depreciation and amortization	119	113,672	32,064		145,855
Property, plant and equipment, net	26	328,834	106,266		435,126
Deferred financing costs	4,100		474		4,574
Other assets		36,779	2,414		39,193
Investment in subsidiaries	53,619	120,824		(174,443)	
Excess reorganization value		79,595	32,831		112,426
	$137,718	$701,677	$236,701	$(262,243)	$813,853
LIABILITIES & STOCKHOLDERS' EQUITY					
Current liabilities:					
Short-term debt including current portion of long-term debt and obligation under capital lease		$ 10,233	$ 2,647		$ 12,880
Accounts payable and advances	$ 121	86,514	41,706	$ (86,607)	41,734
Accrued liabilities	5,836	46,595	19,158		71,589
Current deferred taxes		10,581	(65)		10,516
Total current liabilities	5,957	153,923	63,446	(86,607)	136,719
Long-term debt including obligation under capital lease	379,262	126,830	5,091		511,183
Accrued employee benefits		46,018	2,503		48,521
Deferred and noncurrent income taxes	13,084	(7,396)	20,822		26,510
Intercompany loans (1)	(351,505)	339,995	11,510		
Commitments and contingencies					
Stockholders' equity:					
Preferred stock, $.01 par value; none outstanding					
Common stock, $.01 par value; 14,753,442 shares issued and outstanding	148	3	32,738	(32,741)	148
Paid in capital	136,183	88,816	88,280	(177,096)	136,183
Accumulated earnings (deficit)	(48,458)	(49,550)	9,273	40,277	(48,458)
Cumulative foreign currency translation adjustments	3,098	3,038	3,038	(6,076)	3,098
Unearned restricted stock issued for future services	(51)				(51)
Total stockholders' equity	90,920	42,307	133,329	(175,636)	90,920
	$137,718	$701,677	$236,701	$(262,243)	$813,853

(1) Elimination of intercompany receivables, payables and investment accounts.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
DECEMBER 26, 1996

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations (1)	Consolidated Total
			(in thousands)		
ASSETS					
Current assets:					
Cash and equivalents	$ 25,785	$ (162)	$ 16,171		$ 41,794
Receivables and advances, net	61,960	70,258	46,032	$ (99,076)	79,174
Inventories		59,730	36,509	(1,227)	95,012
Other current assets	187	11,730	10,224		22,141
Total current assets	87,932	141,556	108,936	(100,303)	238,121
Property, plant and equipment including those under capital lease	133	420,396	158,175		578,704
Less accumulated depreciation and amortization	95	86,715	30,086		116,896
Property, plant and equipment, net	38	333,681	128,089		461,808
Deferred financing costs	5,144		758		5,902
Other assets		40,784	2,025		42,809
Investment in subsidiaries	64,433	123,236		(187,669)	
Excess reorganization value		87,702	37,405		125,107
	$157,547	$726,959	$277,213	$(287,972)	$873,747
LIABILITIES & STOCKHOLDERS' EQUITY					
Current liabilities:					
Short-term debt including current portion of long-term debt and obligation under capital lease		$ 7,182	$ 4,109		$ 11,291
Accounts payable and advances	$ 35	85,156	50,900	$ (99,076)	37,015
Accrued liabilities	6,197	44,235	31,677		82,109
Current deferred taxes		9,966	358		10,324
Total current liabilities	6,232	146,539	87,044	(99,076)	140,739
Long-term debt including obligation under capital lease	379,262	137,063	4,854		521,179
Accrued employee benefits		49,366	4,331		53,697
Deferred and noncurrent income taxes	29,088	858	24,541		54,487
Intercompany loans	(360,680)	340,000	20,681	(1)	
Commitments and contingencies					
Stockholders' equity:					
Preferred stock, $.01 par value; none outstanding					
Common stock, $.01 par value; 14,545,107 shares issued and outstanding	145	3	32,738	(32,741)	145
Paid in capital	135,100	87,899	87,871	(175,770)	135,100
Accumulated earnings (deficit)	(38,813)	(42,050)	7,872	34,178	(38,813)
Cumulative foreign currency translation adjustments	7,305	7,281	7,281	(14,562)	7,305
Unearned restricted stock issued for future services	(92)				(92)
Total stockholders' equity	103,645	53,133	135,762	(188,895)	103,645
	$157,547	$726,959	$277,213	$(287,972)	$873,747

(1) Elimination of intercompany receivables, payables and investment accounts.

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 25, 1997

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries (in thousands)	Eliminations	Consolidated Total
NET SALES		$413,567	$241,701	$(42,400)	$612,868
COSTS AND EXPENSES					
Cost of sales		317,329	184,255	(42,406)	459,178
Selling, general and administrative	$ 5,280	60,752	42,109		108,141
Amortization of intangibles and excess reorganization value		12,731	3,205		15,936
Restructuring charge		3,500			3,500
OPERATING INCOME (LOSS)	(5,280)	19,255	12,132	6	26,113
Interest income	729		687		1,416
Interest expense	43,270	10,940	1,509		55,719
Intercompany interest expense (income)	(40,402)	37,384	3,018		
Management fees (income)	(4,692)	3,489	1,203		
Other expense (income), net	793	(1,444)	4,400	6	3,755
Equity loss (income) in subsidiary	7,500	(1,403)		(6,097)	
INCOME (LOSS) BEFORE INCOME TAXES	(11,020)	(29,711)	2,689	6,097	(31,945)
Income tax provision (benefit)	(1,375)	(22,211)	1,286		(22,300)
NET INCOME (LOSS)	$(9,645)	$ (7,500)	$ 1,403	$ 6,097	$ (9,645)

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING CASH FLOWS
FOR THE YEAR ENDED DECEMBER 25, 1997

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries (in thousands)	Eliminations	Consolidated Total
Net cash provided by (used in) operating activities	$(16,544)	$ 30,954	$(8,764)		$ 5,646
Cash flows from investing activities:					
Capital expenditures	(12)	(40,434)	(17,433)		(57,879)
Proceeds from disposition of assets		17,689	24,178		41,867
Net cash provided by (used in) investing activities	(12)	(22,745)	6,745		(16,012)
Cash flows from financing activities:					
Issuance of common stock	1,127				1,127
Proceeds from revolving loan and long term borrowings			2,814		2,814
Deferred financing costs	(523)				(523)
Repayment of revolving loan, long-term borrowings and capital lease obligations		(7,182)	(2,308)		(9,490)
Increase (decrease) in Envirodyne loan and advances	9,171		(9,171)		
Net cash provided by (used in) financing activities	9,775	(7,182)	(8,665)		(6,072)
Effect of currency exchange rate changes on cash			(949)		(949)
Net increase (decrease) in cash and equivalents	(6,781)	1,027	(11,633)		(17,387)
Cash and equivalents at beginning of period	25,785	(162)	16,171		41,794
Cash and equivalents at end of period	$ 19,004	$ 865	$ 4,538		$24,407

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 26, 1996

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
			(in thousands)		
NET SALES		$418,732	$273,435	$(40,811)	$651,356
COSTS AND EXPENSES					
Cost of sales		322,422	207,520	(41,698)	488,244
Selling, general and administrative	$4,973	57,927	44,188		107,088
Amortization of intangibles and excess reorganization value		12,947	3,387		16,334
OPERATING INCOME (LOSS)	(4,973)	25,436	18,340	887	39,690
Interest income	1,061		507		1,568
Interest expense	43,504	12,813	2,248		58,565
Intercompany interest expense (income)	(40,596)	37,394	3,202		
Management fees (income)	(7,226)	5,704	1,522		
Other expense (income), net	850	646	1,579		3,075
Equity loss (income) in subsidiary	13,411	(5,538)		(7,873)	
INCOME (LOSS) BEFORE INCOME TAXES	(13,855)	(25,583)	10,296	8,760	(20,382)
Income tax provision (benefit)	(173)	(11,285)	4,758		(6,700)
NET INCOME (LOSS)	$(13,682)	$(14,298)	$ 5,538	$ 8,760	$(13,682)

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING CASH FLOWS
FOR THE YEAR ENDED DECEMBER 26, 1996

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
			(in thousands)		
Net cash provided by (used in) operating activities	$(14,896)	$ 30,440	$ 40,780		$ 56,324
Cash flows from investing activities:					
Capital expenditures	(4)	(27,496)	(9,573)		(37,073)
Proceeds from sales of property, plant and equipment	136	1,767	453		2,356
Net cash provided by (used in) investing activities	132	(25,729)	(9,120)		(34,717)
Cash flows from financing activities:					
Issuance of common stock	153				153
Proceeds from revolving loan and long term borrowings		1,130	1,056		2,186
Deferred financing costs	(142)				(142)
Repayment of revolving loan, long-term borrowings and capital lease obligations		(6,489)	(5,216)		(11,705)
Increase (decrease) in Envirodyne loan and advances	22,525		(22,525)		
Net cash provided by (used in) financing activities	22,536	(5,359)	(26,685)		(9,508)
Effect of currency exchange rate changes on cash			(630)		(630)
Net increase (decrease) in cash and equivalents	7,772	(648)	4,345		11,469
Cash and equivalents at beginning of period	18,013	486	11,826		30,325
Cash and equivalents at end of period	$ 25,785	$ (162)	$ 16,171		$ 41,794

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 28, 1995

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
			(in thousands)		
NET SALES		$417,756	$267,212	$(34,756)	$650,212
COSTS AND EXPENSES					
Cost of sales		312,419	207,232	(34,603)	485,048
Selling, general and administrative	$ 6,004	65,318	39,908		111,230
Amortization of intangibles and excess reorganization value		12,466	3,333		15,799
OPERATING INCOME (LOSS)	(6,004)	27,553	16,739	(153)	38,135
Interest income	203	12	455		670
Interest expense	40,081	13,902	3,353		57,336
Intercompany interest expense (income)	(38,218)	34,007	4,211		
Management fees (income)	(8,086)	6,377	1,709		
Other expense (income), net	(2,400)	52	4,058		1,710
Equity loss (income) in subsidiary	19,571	216		(19,787)	
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	(16,749)	(26,989)	3,863	19,634	(20,241)
Income tax provision (benefit)	1,264	(7,570)	3,388		(2,918)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(18,013)	(19,419)	475	19,634	(17,323)
Extraordinary loss, net of tax	3,506		690		4,196
NET (LOSS)	$(21,519)	$(19,419)	$ (215)	$ 19,634	$(21,519)

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATING CASH FLOWS
FOR THE YEAR ENDED DECEMBER 28, 1995

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
			(in thousands)		
Net cash provided by (used in) operating activities	$(13,276)	$ 32,242	$ 20,001		$ 38,967
Cash flows from investing activities:					
Capital expenditures	(34)	(27,842)	(6,589)		(34,465)
Proceeds from sale of property, plant and equipment		39	47		86
Net cash (used in) investing activities	(34)	(27,803)	(6,542)		(34,379)
Cash flows from financing activities:					
Proceeds from revolving loan and long term borrowings	164,000	1,706	42,216		207,922
Deferred financing costs	(6,721)		(1,166)		(7,887)
Repayment of revolving loan, long-term borrowings and capital lease obligations	(123,275)	(7,512)	(50,588)		(181,375)
Increase (decrease) in Envirodyne loan and advances	(3,236)		3,236		
Net cash provided by (used in) financing activities	30,768	(5,806)	(6,302)		18,660
Effect of currency exchange rate changes on cash			(212)		(212)
Net increase (decrease) in cash and equivalents	17,458	(1,367)	6,945		23,036
Cash and equivalents at beginning of period	555	1,853	4,881		7,289
Cash and equivalents at end of period	$ 18,013	$ 486	$ 11,826		$ 30,325

Financial statement schedules required by Regulation S-X

VISKASE HOLDING CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements:

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Viskase Holding Corporation

We have audited the consolidated financial statements of Viskase Holding Corporation and Subsidiaries as referenced in the Index of Financial Statements required by Regulation S-X, Viskase Holding Corporation and Subsidiaries. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Viskase Holding Corporation and Subsidiaries as of December 25, 1997 and December 27, 1996, and the consolidated results of their operations and their cash flows for the period December 27, 1996 to December 25, 1997, December 29, 1995 to December 26, 1996 and December 30, 1994 to December 28, 1995, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Chicago, Illinois
March 20, 1998

VISKASE HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 25, 1997	December 26, 1996
	(in thousands)	
ASSETS		
Current assets:		
Cash and equivalents	$ 4,538	$ 16,171
Receivables, net	38,081	43,634
Receivables, affiliates	51,796	51,269
Inventories	35,029	36,509
Other current assets	10,928	10,224
Total current assets	140,372	157,807
Property, plant and equipment	138,330	158,175
Less accumulated depreciation	32,064	30,086
Property, plant and equipment, net	106,266	128,089
Deferred financing costs	474	758
Other assets	2,414	2,025
Excess reorganization value	32,831	37,405
Total Assets	$282,357	$326,084
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt including current portion of long-term debt	$ 2,647	$ 4,109
Accounts payable	15,438	13,736
Accounts payable and advances, affiliates	34,210	51,891
Accrued liabilities	19,158	31,677
Current deferred income taxes	(65)	358
Total current liabilities	71,388	101,771
Long-term debt	5,091	4,854
Accrued employee benefits	2,503	4,331
Deferred and noncurrent income taxes	20,822	24,541
Intercompany loans	49,520	58,691
Commitments and contingencies		
Stockholders' equity:		
Common stock, $1.00 par value, 1,000 shares authorized; 100 shares issued and outstanding		
Paid in capital	103,463	103,463
Retained earnings	26,496	21,152
Cumulative foreign currency translation adjustments	3,074	7,281
Total stockholders' equity	133,033	131,896
Total Liabilities and Stockholders' Equity	$282,357	$326,084

The accompanying notes are an integral part of the consolidated financial statements.

VISKASE HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	52 weeks December 27, 1996 to December 25, 1997	52 weeks December 29, 1995 to December 26, 1996	52 weeks December 30, 1994 to December 28, 1995
	(in thousands, except for number of shares and per share amounts)		
NET SALES	$241,701	$273,435	$267,212
COSTS AND EXPENSES			
Cost of sales	184,255	207,520	207,232
Selling, general and administrative	36,604	38,386	36,288
Amortization of intangibles and excess reorganization value	3,205	3,387	3,333
OPERATING INCOME	17,637	24,142	20,359
Interest income	687	507	455
Interest expense	1,509	2,248	3,353
Intercompany interest expense	3,018	3,202	4,199
Management fees	1,203	1,522	1,709
Other expense, net	3,400	1,579	3,754
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	9,194	16,098	7,799
Income tax provision	3,850	7,046	4,947
INCOME BEFORE EXTRAORDINARY ITEM	5,344	9,052	2,852
Extraordinary loss, net of tax			690
NET INCOME	$ 5,344	$ 9,052	$ 2,162

The accompanying notes are an integral part of the consolidated financial statements.

VISKASE HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

(in thousands)

	Common Stock	Paid in Capital	Retained Earnings	Cumulative Foreign Currency Translation Adjustments	Total Stockholder's Equity
Balance December 29, 1994	-	$103,463	$ 9,938	$3,912	$117,313
Net income			2,162		2,162
Translation adjustments				3,267	3,267
Balance December 28, 1995	-	103,463	12,100	7,179	122,742
Net income			9,052		9,052
Translation adjustments				102	102
Balance December 26, 1996	-	103,463	21,152	7,281	131,896
Net income			5,344		5,344
Translation adjustments				(4,207)	(4,207)
Balance December 25, 1997	-	$103,463	$26,496	$3,074	$133,033

The accompanying notes are an integral part of the consolidated financial statements.

VISKASE HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
		(in thousands)	
Cash flows from operating activities:			
Income before extraordinary item	$ 5,344	$ 9,052	$ 2,852
Extraordinary loss			690
Net income	5,344	9,052	2,162
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	10,286	10,687	11,202
Amortization of intangibles and excess reorganization value	3,205	3,387	3,333
Amortization of deferred financing fees and discount	201	227	208
Increase in deferred and noncurrent income taxes	(1,307)	393	2,098
Loss on debt extinguishment			1,030
Foreign currency transaction loss			159
Loss (gain) on disposition of assets	(372)	(39)	30
Changes in operating assets and liabilities:			
Accounts receivable	2,717	11,078	(4,441)
Accounts receivable, affiliates	(4,270)	(1,802)	(2,847)
Inventories	(6,177)	(743)	7,224
Other current assets	(1,757)	(1,787)	(2,144)
Accounts payable and accrued liabilities	(2,364)	9,681	(6,926)
Accounts payable, affiliates	(14,861)	860	8,383
Other	(409)	(214)	(790)
Total adjustments	(15,108)	31,728	16,519
Net cash provided by operating activities	(9,764)	40,780	18,681
Cash flows from investing activities:			
Capital expenditures	(17,433)	(9,573)	(6,589)
Proceeds from disposition of assets	25,178	453	47
Net cash (used in) investing activities	7,745	(9,120)	(6,542)
Cash flows from financing activities:			
Proceeds from revolving loan and long-term borrowings	2,814	1,056	42,216
Deferred financing costs			(1,166)
Repayment of revolving loan and long-term borrowings	(2,308)	(5,216)	(50,588)
Increase (decrease) in Envirodyne loan and advances	(9,171)	(22,525)	3,236
Net cash provided by (used in) financing activities	(8,665)	(26,685)	(6,302)
Effect of currency exchange rate changes on cash	(949)	(630)	(212)
Net increase in cash and equivalents	(11,633)	4,345	5,625
Cash and equivalents at beginning of period	16,171	11,826	6,201
Cash and equivalents at end of period	$ 4,538	$16,171	$ 11,826

Supplemental cash flow information:			
Interest paid	$212	$791	$1,919
Income taxes paid	$4,882	$1,209	$4,255

Supplemental schedule of noncash investing and financing activities:

Fiscal 1995

Viskase Corporation transferred equipment totaling $497 thousand to Viskase S.A.
Viskase Holding Corporation contributed capital consisting of $250 thousand of equipment to Viskase de Mexico S.A. de C.V.

Fiscal 1996

Viskase Corporation transferred equipment totaling $441 thousand to Viskase de Mexico S.A. de C.V.

Fiscal 1997

Viskase Corporation transferred equipment totaling $536 to Viskase S.A.
Viskase de Mexico S.A. de C.V. transferred equipment totaling $213 to Viskase Corporation.

The accompanying notes are an integral part of the consolidated financial statements.

1. GENERAL

Viskase Holding Corporation is a wholly owned subsidiary of Viskase Corporation. Viskase Corporation, in turn, is a wholly owned subsidiary of Envirodyne Industries, Inc. Viskase Holding Corporation serves as the direct or indirect parent company for the majority of Viskase Corporation's non-domestic operations. These subsidiaries are as follows:

Name of Subsidiary	Parent of Subsidiary	Country of Business
Viskase Argentina S.A.	Viskase Holding Corporation	Argentina
Viskase (China) Limited	Viskase Holding Corporation	China
Viskase (Chile) Embalagens Ltda.	Viskase Holding Corporation	Chile
Viskase Australia Limited	Viskase Holding Corporation	Australia
Viskase Brasil Embalagens Ltda.	Viskase Holding Corporation	Brazil
Viskase Europe Limited	Viskase Holding Corporation	United Kingdom
Viskase de Mexico S.A. de C.V.	Viskase Holding Corporation	Mexico
Viskase S.A.	Viskase Europe Limited	France
Viskase Gmbh	Viskase S.A.	Germany
Viskase SPA	Viskase S.A.	Italy
Viskase Canada Inc.	Viskase S.A.	Canada
Viskase ZAO	Viskase S.A.	Russia
Viskase Holdings Limited	Viskase S.A.	United Kingdom
Filmco International Limited	Viskase Holdings Limited	United Kingdom
Viskase Limited	Viskase Holdings Limited	United Kingdom
Viskase (UK) Limited	Viskase Limited	United Kingdom
Viskase Ireland	Viskase Limited	Ireland
Envirodyne S.A.R.L.	Viskase (UK) Limited	France

Viskase Holding Corporation conducts its operations through its subsidiaries and, for the most part, has no assets or liabilities other than its investments, accounts receivable and payable with affiliates, and intercompany loan and advances.

On January 6, 1993, a group of bondholders filed an involuntary petition for reorganization of Envirodyne Industries, Inc. under Chapter 11 of the United States Bankruptcy Code. On January 7, 1993, several of the subsidiaries of Envirodyne Industries, Inc., including Viskase Holding Corporation, each filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the Bankruptcy Court). None of the subsidiaries of Viskase Holding Corporation entered into Chapter 11. On December 17, 1993, the Bankruptcy Court confirmed the First Amended Joint Plan of Reorganization as twice modified (Plan of Reorganization) with respect to Envirodyne Industries, Inc. (Envirodyne) and certain of its subsidiaries, including Viskase Holding Corporation. The Plan of Reorganization was consummated and Envirodyne and certain of its subsidiaries emerged from Chapter 11 on December 31, 1993. For accounting purposes, the Plan of Reorganization was deemed to be effective as of December 31, 1993.

The Chapter 11 filing was related only to the Company's domestic operations and did not include the foreign subsidiaries and various inactive domestic subsidiaries.

2. NATURE OF BUSINESS

Viskase Holding Corporation's subsidiaries manufacture food packaging products. The operations of these subsidiaries are primarily in Europe and South and North America. Through its subsidiaries, the Company is a leading producer of cellulosic casings used in preparing and packaging processed meat products and is a major producer of heat shrinkable plastic bags and specialty films for packaging and preserving fresh and processed meat products, poultry and cheeses.

International Operations

Viskase Holding Corporation's subsidiaries have six manufacturing facilities located outside the continental United States, in Beauvais, France; Thaon, France; Lindsay, Ontario, Canada; Newton Aycliffe, England (Great Britain); Swansea, Wales (Great Britain); and Guarulhos, Brazil.

International sales and operations may be subject to various risks including, but not limited to, possible unfavorable exchange rate fluctuations, political instability, governmental regulations (including import and export controls), restrictions on currency repatriation, embargoes, labor relations laws and the possibility of governmental expropriation. Viskase Holding Corporation's foreign operations generally are subject to taxes on the repatriation of funds.

International operations in certain parts of the world may be subject to international balance of payments difficulties which may raise the possibility of delay or loss in the collection of accounts receivable from sales to customers in those countries. Viskase Holding Corporation believes that its subsidiaries' allowance for doubtful accounts makes adequate provision for the collectibility of its receivables. Management believes that growth potential exists for many of Viskase's products outside the United States and that Viskase is well positioned to participate in these markets.

Sales and Distribution

Viskase Holding Corporation's subsidiaries' principal markets are in Europe, Latin America, North America and Asia Pacific.

In Europe, Viskase Holding Corporation's subsidiaries operate casings service centers in Milan, Italy, and Pulheim, Germany. The Company also operates a service center in Guarulhos, Brazil and Brisbane, Australia. These service centers provide finishing, inventory and delivery services to customers. Viskase Holding Corporation operates distribution centers in Buenos Aires, Argentina; Santiago, Chile; Beijing, China; Hong Kong, China; Dublin, Ireland; Monterrey, Mexico; Warsaw, Poland and Moscow, Russia. The subsidiaries also use outside distributors to market their products to customers in Europe, Africa, Asia and Latin America.

Competition

From time to time, Viskase Holding Corporation's subsidiaries experience reduced market share or reduced profits due to price competition; however, management believes that such market conditions will not result in any long-term material loss of business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of presentation

Effective in 1990 Envirodyne Industries, Inc. adopted a 52/53 week fiscal year ending on the last Thursday of December. Viskase Holding Corporation's 1993 financial statements include December 31, 1993 in order to present the effect of the consummation of the Plan of Reorganization.

(B) Principles of consolidation

The consolidated financial statements reflect the accounts of Viskase Holding Corporation and its subsidiaries. All significant intercompany transactions and balances between and among Viskase Holding Corporation and its subsidiaries have been eliminated in the consolidation.

Reclassifications have been made to the prior years' financial statements to conform to the 1997 presentation.

(C) Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(D) Cash equivalents (dollars in thousands)

For purposes of the statement of cash flows, the Company considers cash equivalents to consist of all highly liquid debt investments purchased with an initial maturity of approximately three months or less. Due to the short-term nature of these instruments, the carrying values approximate the fair market value. Cash equivalents include $37 and $4,074 of short-term investments at December 25, 1997 and December 26, 1996, respectively.

(E) Inventories

Inventories, primarily foreign, are valued at the lower of first-in, first-out (FIFO) cost or market.

(F) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 32 years. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in other income/expense. Effective December 31, 1993 and in conjunction with the Fresh Start Reporting, property, plant and equipment was reported at the estimated fair value.

(G) Deferred financing costs

Deferred financing costs are amortized on a straight-line basis over the expected term of the related debt agreement. Amortization of deferred financing costs is classified as interest expense.

(H) Excess reorganization value and excess investment over net assets acquired, net

Excess reorganization value is amortized on the straight-line method over 15 years.

(I) Long-lived assets

The Company continues to evaluate the recoverability of property, plant and equipment and excess reorganization value based on operating performance and undiscounted cash flows of the operating business units. Impairment will be recognized when the expected undiscounted future operating cash flows derived from such assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the assets' fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed at least once a year.

(J) Pensions

The Company's operations in Europe have defined benefit retirement plans covering substantially all salaried and full time hourly employees. Pension cost is computed using the projected unit credit method.

The Company's funding policy is consistent with funding requirements of the applicable foreign laws and regulations.

(K) Income taxes

Income taxes are accounted for in accordance with SFAS No. 109. Tax provisions and benefits are recorded at statutory rates for taxable items included in the consolidated statements of operations regardless of the period for which such items are reported for tax purposes. Deferred income taxes are recognized for temporary differences between financial statement and income tax bases of assets and liabilities.

(L) Revenue recognition

Sales to customers are recorded at the time of shipment net of discounts and allowances.

(M) Foreign currency contracts

The Company uses foreign exchange forward contracts to hedge some of its non-functional currency receivables and payables which are denominated in major currencies that can be traded on open markets. This strategy is used to reduce the overall exposure to the effects of currency fluctuations on cash flows. The Company's policy is not to speculate in financial instruments.

Receivables and payables which are denominated in non-functional currencies are translated to the functional currency at month end and the resulting gain or loss is taken to other income/expense on the income statement. Gains and losses on hedges of receivables and payables are marked to market. The result is recognized in other income and expense on the income statement.

(N) Other

The Company will implement the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS No. 130), which will be effective for periods beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Management believes that adoption of SFAS No. 130 will not have a material effect on the Company.

The Company will implement the provisions of Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS No. 132), which will be effective for fiscal years beginning after December 15, 1997. SFAS No. 132 standardizes the disclosure requirements for pensions and other postretirement benefits, requires additional information on changes in the benefit obligation and fair values of plan assets and eliminates certain disclosures that are no longer useful. Management believes the adoption of SFAS No. 132 will not have a material effect on the Company.

4. RECEIVABLES (dollars in thousands)

Receivables consisted primarily of trade accounts receivable and were net of allowances for doubtful accounts of $851 and $1,404 at December 25, 1997, and at December 26, 1996, respectively.

5. INVENTORIES (dollars in thousands)

Inventories consisted of:

	December 25, 1997	December 26, 1996
Raw materials	$ 4,418	$ 3,728
Work in process	10,511	11,395
Finished products	20,100	21,386
	$35,029	$36,509

Inventories were net of reserves for obsolete and slow moving inventory of $1,583 and $1,283 at December 25, 1997 and December 26, 1996, respectively.

6. PROPERTY, PLANT AND EQUIPMENT (dollars in thousands)

	December 25, 1997	December 26, 1996
Property, plant and equipment:		
Land and improvements	$ 3,372	$ 5,394
Buildings and improvements	24,124	30,349
Machinery and equipment	102,893	117,312
Construction in progress	7,834	4,916
Capital Leases:		
Machinery and equipment	107	204
	$138,330	$158,175

Maintenance and repairs charged to costs and expenses for 1997, 1996, and 1995 aggregated $7,139, $8,374 and $10,288, respectively. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 32 years.

7. ACCRUED LIABILITIES (dollars in thousands)

Accrued liabilities were comprised of:

	December 25, 1997	December 26, 1996
Compensation and employee benefits	$ 9,225	$10,287
Taxes	2,527	6,073
Accrued volume and sales discounts	3,281	5,101
Inventory received not billed	604	2,805
Other	3,521	7,411
	$19,158	$31,677

8. DEBT OBLIGATIONS (dollars in thousands)

As described in Note 1, Chapter ll Reorganization Proceedings, Envirodyne and certain of its domestic Subsidiaries (including Viskase Holding Corporation) emerged from Chapter 11 on December 31, 1993.

On June 20, 1995, Envirodyne completed the sale of $160,000 aggregate principal amount of senior secured notes to certain institutional investors in a private placement. The senior secured notes were issued pursuant to an indenture dated June 20, 1995 (Indenture) and consist of (i) $151,500 of 12% Senior Secured Notes due 2000 and (ii) $8,500 of Floating Rate Senior Secured Notes due 2000 (collectively, the Senior Secured Notes). Envirodyne used the net proceeds of the offering primarily to (i) repay Envirodyne's $86,125 domestic term loan, (ii) repay the $68,316 of obligations under Envirodyne's domestic and foreign revolving loans and (iii) pay transaction fees and expenses. Concurrently with the June 20, 1995 placement, Envirodyne entered into a new $20,000 domestic revolving credit facility (Revolving Credit Facility) and a new $28,000 letter of credit facility (Letter of Credit Facility). The Senior Secured Notes and the obligations under the Revolving Credit Facility and the Letter of Credit Facility are guaranteed by Envirodyne's significant domestic subsidiaries and collateralized by a collateral pool (Collateral Pool) comprised of: (i) all domestic accounts receivable (including intercompany receivables) and inventory; (ii) all patents, trademarks and other intellectual property (subject to non-exclusive licensing agreements); (iii) substantially all domestic fixed assets (other than assets subject to a lease agreement with General Electric Capital Corporation); and (iv) a senior pledge of 100% of the capital stock of Envirodyne's significant domestic subsidiaries and 65% of the capital stock of Viskase Europe Limited. Such guarantees and security are shared by the holders of the Senior Secured Notes and the holders of the obligations under the Revolving Credit Facility on a pari passu basis pursuant to an intercreditor agreement. Pursuant to such intercreditor agreement, the security interest of the holders of the obligations under the Letter of Credit Facility has priority over all other liens on the Collateral Pool. The $160,000 aggregate principle amount of senior secured notes to certain institutional investors are still outstanding at December 25, 1997.

The Company finances its working capital needs through a combination of cash generated through operations, unsecured credit facilities and intercompany loans.

The Company recognized an extraordinary loss of $1,030 representing the write-off of deferred financing fees related to the June 20, 1995 debt refinancing. The extraordinary loss, net of income tax benefits of $340, was included in Envirodyne's Statement of Operations for the quarter ended June 29, 1995.

The Viskase Limited term facility is with a foreign financial institution. The term facility, which is collateralized by substantially all of the assets of Viskase Limited, bears a variable interest rate and is payable in semiannual installments through June 2000.

Outstanding short-term and long-term debt consisted of:

	December 25, 1997	December 26, 1996
Short-term debt and current maturity of long-term debt:		
Current maturity of Viskase Limited Term Loan (3.2%)	$1,629	$1,876
Other	1,018	2,233
Total short-term debt	$2,647	$4,109
Long-term debt:		
Viskase Limited Term Loan (3.2%)	$2,443	$4,690
Other	2,648	164
Total long-term debt	$5,091	$4,854

The fair value of the Company's debt obligation is estimated based upon the quoted market prices for the same or similar issues or on the current rates offered to the Company for the debt of the same remaining maturities. The fair values of debt obligations approximate their carrying values.

Aggregate maturities of remaining long-term debt for each of the next five fiscal years are:

	Total
1998	$2,647
1999	2,628
2000	1,671
2001	419
2002	149

9. OPERATING LEASES (dollars in thousands)

The Company has operating lease agreements for machinery, equipment and facilities. The majority of the facilities leases require the Company to pay maintenance, insurance and real estate taxes.

Future minimum lease payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 25, 1997, are:

1998	$1,415
1999	1,222
2000	887
2001	460
2002	47
Total thereafter	
Total minimum lease payments	$4,031

Total rent expense during 1997, 1996 and 1995 amounted to $2,549, $2,905 and $3,750, respectively.

10. RETIREMENT PLANS (dollars in thousands)

The Company maintains various pension and statutory separation pay plans for its European employees. The expense for these plans in 1997, 1996 and 1995 was $1,216, $1,972 and $1,383, respectively. As of their most recent valuation dates, in plans where vested benefits exceeded plan assets, the actuarially computed value of vested benefits exceeded those plans' assets by approximately $2,225; conversely, plan assets exceeded the vested benefits in certain other plans by approximately $2,503.

The Company's postretirement benefits are not material.

11. CONTINGENCIES (dollars in thousands)

In late 1993, Viskase commenced a legal action against American National Can Company (ANC) in Federal District Court for the Northern District of Illinois, Eastern Division, 93C7651. Viskase claimed that ANC's use of two different very low density polyethylene plastic resins in the manufacture of ANC's multi-layer barrier shrink film products was infringing various Viskase patents relating to multi-layer barrier plastic films used for fresh red meat, processed meat and poultry product applications. In November 1996, after a three-week trial, a jury found that ANC had willfully infringed Viskase's patents and awarded Viskase $102.4 million in compensatory damages. The Court also entered an order permanently enjoining ANC from making or selling infringing products after December 23, 1996.

On September 29, 1997, the Court set aside the jury verdict in part and ordered a retrial on certain issues. The Court upheld the jury finding on the validity of all of Viskase's patents and the jury finding that ANC had willfully infringed Viskase's patents by ANC's use of Dow Chemical Company's "Attane" brand polyethylene plastic resin in ANC's products. However, the Court ordered a new trial on the issue of whether ANC's use of Dow Chemical Company's "Affinity" brand polyethylene plastic resin infringed Viskase's patents and whether such conduct was willful. Because the jury rendered one general damage verdict, the Court ordered a retrial of all damage issues. By operation of the Court's order, the injunction in respect of ANC's future use of the "Affinity" brand resin was removed. No new trial date has been set. The Company expects ANC to vigorously contest this matter and to appeal any final judgment. No part of the pending claims have been recorded in the Company's financial statements.

In March 1997 Viskase Corporation received a subpoena from the Antitrust Division of the United States Department of Justice relating to a grand jury investigation of the sausage casings industry. Viskase Corporation is cooperating fully with the investigation.

The Company and its subsidiaries are involved in various legal proceedings arising out of its business and other environmental matters, none of which is expected to have a material adverse effect upon its results of operations, cash flows or financial position.

12. RESTRUCTURING CHARGES

During the third quarter of 1997, the Company's Viskase subsidiary committed to a plan of restructuring whereby it will adjust its operations from a segregated regional focus to a more congruent global focus. These actions are directly related to lowering Viskase's fixed costs. Restructuring actions identified resulted in charges to continuing operations of $1.5 million before tax and included costs associated with voluntary and involuntary severance expense and the consolidation of a finishing plant. For the year 1997, $1.1 million was incurred and charged against the reserve.

13. INCOME TAXES (dollars in thousands)

The provision (benefit) for income taxes consisted of:

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Current:			
Federal	$2,159	$1,909	$1,316
Foreign	2,593	4,365	950
State and local	405	379	243
	5,157	6,653	2,509
Deferred:			
Federal	-	-	-
Foreign	(1,307)	393	2,098
State and local	-	-	-
	(1,307)	393	2,098
	$ 3,850	$7,046	$4,607

A reconciliation from the statutory federal tax rate to the consolidated effective tax rate follows:

	December 27, 1996 to December 25, 1997	December 29, 1995 to December 26, 1996	December 30, 1994 to December 28, 1995
Statutory federal tax rate	35.0%	35.0%	35.0%
Increase (decrease) in tax rate due to:			
State and local taxes net of related federal tax benefit	2.9	1.5	2.3
Net effect of taxes relating to foreign operations	3.8	7.9	30.4
Other	.2	(.6)	.4
Consolidated effective tax rate	41.9%	43.8%	68.1%

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities for 1997 and 1996 are as follows:

	1997			
	Temporary Difference		Tax Effected	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation basis differences		$63,853		$22,823
Pension and healthcare		1,537		551
Other accruals, reserves, and other	$7,776	441	$2,844	227
	$7,776	$65,831	$2,844	$23,601

At December 25, 1997, the Company had $19,173 of undistributed earnings of foreign subsidiaries considered permanently invested for which deferred taxes have not been provided.

	1996			
	Temporary Difference		Tax Effected	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation basis differences		$70,911		$25,206
Pension and healthcare		1,684		605
Other accruals, reserves, and other	$6,457	3,813	$2,363	1,451
	$6,457	$76,408	$2,363	$27,262

At December 26, 1996, the Company had $16,393 of undistributed earnings of foreign subsidiaries considered permanently invested for which deferred taxes have not been provided.

Domestic earnings after extraordinary gain or loss and before income taxes were approximately $6,505, $6,156 and $3,937 in 1997, 1996 and 1995, respectively. Foreign earnings before income taxes were approximately $2,689, $9,942 and $2,832 in 1997, 1996 and 1995, respectively.

14. RESEARCH AND DEVELOPMENT COSTS (dollars in thousands)

Research and development costs are expensed as incurred and totaled $1,368, $1,282 and $1,106, for 1997, 1996, and 1995, respectively.

15. RELATED PARTY TRANSACTIONS (dollars in thousands)

Intercompany loans and advances:

	December 25, 1997	December 26, 1996
Viskase S.A. 12% promissory note due to Envirodyne		$ 7,000
Viskase Europe Limited 12% promissory note due to Envirodyne	$11,510	13,681
Advances:		
Viskase Corporation to Viskase Holding Corporation	38,010	38,010
	$49,520	$58,691

The Viskase S.A. 12% promissory note due to Envirodyne is payable upon demand. The note was repaid in Fiscal 1997.

The Viskase Europe Limited 12% promissory note due to Envirodyne is payable on demand. Interest is payable semiannually on June 30 and December 31.

The Viskase Corporation advance to Viskase Holding Corporation is payable on demand.

License Agreements

Viskase Holding Corporation has been granted the right to license Viskase Corporation's patents and technology pursuant to a license agreement between Viskase Corporation and Viskase Holding Corporation.

Intercompany transactions:

In 1997, 1996 and 1995, the Company was charged $703, $999 and $1,022, respectively, by Viskase Corporation for management services. In 1997, 1996 and 1995, the Company was charged $500, $520 and $687, respectively, by Envirodyne for management services.

During 1997, 1996 and 1995, the Company purchased semi-finished and finished inventory from Viskase Sales Corporation in the amount of $35,149, $32,489 and $26,953, respectively. In addition, during 1997, 1996 and 1995, the Company had sales of inventory to Viskase Sales Corporation in the amount of $6,524, $7,842 and $7,329, respectively.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying value and estimated fair value as of December 25, 1997 of the Company's financial instruments. (Refer to Notes 3 and 8.)

	Carrying Value	Estimated Fair Value
Assets:		
Cash and equivalents	$ 4,538	$ 4,538
Foreign currency contracts	10,575	10,148
Liabilities:		
Long-term debt excluding capital lease obligations	4,226	4,226

ENVIRODYNE INDUSTRIES, INC. AND SUBSIDIARIES SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

	Description	Balance at Beginning of Period	Provision Charged to Expense	Write-offs	Recoveries	Other(1)	Balance at End of Period
1997	for the year ended December 25 Allowance for doubtful accounts	$2,051	$ 665	$(1,452)	$ 13	$ (2)	$1,275
1996	for the year ended December 26 Allowance for doubtful accounts	3,224	659	(2,293)	469	(8)	2,051
1995	for the year ended December 28 Allowance for doubtful accounts	2,136	1,403	(472)	6	151	3,224
1997	for the year ended December 25 Reserve for obsolete and slow moving inventory	4,397	1,944	(1,865)		(6)	4,470
1996	for the year ended December 26 Reserve for obsolete and slow moving inventory	3,818	1,805	(1,210)		(16)	4,397
1995	for the year ended December 28 Reserve for obsolete and slow moving inventory	5,353	1,264	(2,868)		69	3,818

(1) Foreign currency translation.

EXHIBIT INDEX

EXHIBIT NO.		DESCRIPTION OF EXHIBITS
3(a)*	--	Restated Certificate of Incorporation of Zapata filed with Secretary of State of Delaware May 3, 1994 (Exhibit 3(a) to Current Report on Form 8-K dated April 27, 1994 (File No. 1-4219)).
3(b)*	--	Certificate of Designation, Preferences and Rights of $1 Preference Stock (Exhibit 3(c) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).
3(c)*	--	Certificate of Designation, Preferences and Rights of $100 Preference Stock (Exhibit 3(d) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1- 4219)).
3(d)*	--	By-laws of Zapata, as amended effective November 11, 1996, are incorporated herein by reference to Exhibit 3(b) to Zapata's report on Form 10-K for the fiscal year ended September 30, 1996.
		Certain instruments respecting long-term debt of Zapata and its subsidiaries have been omitted pursuant to Regulation S-K, Item 601. Zapata hereby agrees to furnish a copy of any such instrument to the Commission upon request.
10(a)*+	--	Zapata 1990 Stock Option Plan (Exhibit 10(b) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1990 (File No. 1-4219)).
10(b)*+	--	First Amendment to Zapata 1990 Stock Option Plan (Exhibit 10(c) to Zapata's Registration Statement on Form S-1 (Registration No. 33-40286)).
10(c)*+	--	Zapata Special Incentive Plan, as amended and restated effective February 6, 1992 (Exhibit 10(a) to Zapata's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 1- 4219)).
10(d)*+	--	Zapata 1981 Stock Incentive Plan, as amended and restated effective February 12, 1986 (Exhibit 19(a) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1986 (File No. 1-4219)).
10(e)*+	--	Zapata Supplemental Pension Plan effective as of April 1, 1992 (Exhibit 10(b) to Zapata's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992 (File No. 1-4219)).
10(f)*+	--	Zapata Annual Incentive Plan effective January 1, 1991 (Exhibit 10(h) to Zapata's Registration Statement on Form S-1 (Registration No. 33-40286)).
10(g)*+	--	Employment Agreement between Lamar C. McIntyre and Zapata dated as of October 1, 1994 (Exhibit 10(v) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 1-4219)).
10(h)*	--	Stock Purchase Agreement dated as of August 7, 1995 between Zapata Corporation and Malcolm I. Glazer (Exhibit 10(o) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1995 (File No. 1-4219)).
10(i)*	--	Purchase and Sale Agreement dated March 26, 1996 by and among Cimarron Gas Holding Company, Conoco Inc. and Enogex Products Corporation (Exhibit 2.1 to Zapata's Current Report on Form 8-K dated April 9, 1996 (File No. 1-4219)).
10(j)*	--	Amendment and Clarification of Purchase and Sale Agreement, Waiver and Closing Agreement dated April 9, 1996 (Exhibit 2.2 to Zapata's Current Report on Form 8-K dated April 9, 1996 (File No. 1-4219)).
10(k)*	--	Agreement and Plan of Merger dated as of June 4, 1996 among Zapata, Zapata Acquisition Corp. and Houlihan's (Exhibit 2.1 to Zapata's Registration Statement on Form S-4 (Reg. No. 333- 06729)).
10(l)*	--	Standstill Agreement dated April 30, 1996 between Zapata and Malcolm I. Glazer (Exhibit 10.18 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).

10(m)*	--	Irrevocable proxy dated June 4, 1996 granted by Malcolm I. Glazer to members of a Special Committee of the Board of Directors of Zapata (Exhibit 10.19 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(n)*	--	Supplemental Agreement dated June 4, 1996 between Malcolm I. Glazer and Zapata (Exhibit 10.20 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(o)*+	--	1996 Long-Term Incentive Plan of Zapata (Exhibit 10.21 to Zapata's Registration Statement on Form S-4 (Reg. No. 333-06729)).
10(p)*+	--	Employment Agreement between Joseph L. von Rosenberg III and Zapata effective as of June 1, 1996.
10(q)*	--	Shareholders' Agreement dated May 30, 1997 by Malcolm I. Glazer and the Malcolm I. Glazer Family Limited Partnership in favor of Zapata (Exhibit 10(z) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1997 (File No. 1-4219)).
21*++	--	Subsidiaries of the Registrant.
23(a)*++	--	Consent of Coopers & Lybrand L.L.P.
23(b)	--	Consent of Coopers & Lybrand L.L.P. with respect to the consolidated financial statements of Envirodyne Industries, Inc.
24*++	--	Powers of attorney.
27*++	--	Financial Data Schedule.

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to the requirements of Item 14(c) of Form 10-K.

++ Exhibits filed with the Company's Form 10-K for fiscal year ended September 30, 1997.

EXHIBIT 23(b)

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statements of Zapata Corporation on Form S-3 (File 33-68034) and on Form S-8 (File Nos. 33-19085, 33-45251 and 333-43223) of our reports dated March 20, 1998, on our audits of (a) the consolidated financial statements and financial statement schedules of Envirodyne Industries, Inc. and Subsidiaries as of December 25, 1997 and December 26, 1996 and for the period December 27, 1996 to December 25, 1997 and December 29, 1995 to December 26, 1996, and December 30, 1994 to December 28, 1995 and (b) the consolidated financial statements and financial statement schedules of Viskase Holding Corporation and Subsidiaries as of December 25, 1997 and December 26, 1996 and for the period December 27, 1996 to December 25, 1997, December 29, 1995 to December 26, 1996, and December 30, 1994 to December 28, 1995, which reports are included in this Form 10-K/A.

COOPERS & LYBRAND L.L.P.

Chicago, Illinois
April 7, 1998