

Tredegar Corporation
Condensed Consolidated Statements of Income
(In Thousands, Except Per-Share Data)
(Unaudited)

	Three Months Ended	
	March 31	
	2003	2002
Net sales	\$ 177,857	\$ 173,709
Other income (expense), net	723	50
	178,580	173,759
Cost of goods sold	149,501	137,400
Selling, R&D and general expenses	18,191	17,493
Amortization of intangibles	67	67
Interest expense	2,103	2,188
Unusual items (a)	1,152	996
	171,014	158,144
Income before income taxes	7,566	15,615
Income taxes	2,707	5,556
Income from continuing operations	4,859	10,059
Discontinued operations (b):		
Loss from venture capital investment activities (including an expected after-tax loss on the sale of the venture capital investment portfolio of \$49.2 million in 2003)	(49,516)	(7,169)
Loss from operations of Molecumetics	-	(2,307)
	\$ (44,657)	\$ 583
Net income (loss) (a) (b) (c)		
Earnings (loss) per share:		
Basic:		
Continuing operations	\$.13	\$.26
Discontinued operations	(1.30)	(.24)
Net income (loss)	\$ (1.17)	\$.02
Diluted:		
Continuing operations	\$.12	\$.26
Discontinued operations	(1.28)	(.24)
Net income (loss)	\$ (1.16)	\$.02
Shares used to compute earnings (loss) per share:		
Basic	38,179	38,167
Diluted	38,578	38,855

Tredegar Corporation
Net Sales and Operating Profit by Segment
(In Thousands)
(Unaudited)

	Three Months Ended March 31	
	2003	2002
Net Sales		
Film Products	\$ 93,384	\$ 88,909
Aluminum Extrusions	84,473	84,706
Therics	-	94
Total net sales	<u>\$ 177,857</u>	<u>\$ 173,709</u>
Operating Profit		
Film Products:		
Ongoing operations	\$ 13,928	\$ 18,092
Unusual items (a)	(85)	(800)
	<u>13,843</u>	<u>17,292</u>
Aluminum Extrusions:		
Ongoing operations	1,211	5,353
Unusual items (a)	-	(196)
	<u>1,211</u>	<u>5,157</u>
Therics:		
Ongoing operations	(3,297)	(3,693)
Unusual items (a)	(1,067)	-
	<u>(4,364)</u>	<u>(3,693)</u>
Total operating profit	10,690	18,756
Interest income	424	554
Interest expense	2,103	2,188
Corporate expenses, net	1,445	1,507
Income before income taxes	<u>7,566</u>	<u>15,615</u>
Income taxes	2,707	5,556
Income from continuing operations	<u>4,859</u>	<u>10,059</u>
Loss from discontinued operations (b)	(49,516)	(9,476)
Net income (loss) (a) (b) (c)	<u>\$ (44,657)</u>	<u>\$ 583</u>

Tredegar Corporation
Condensed Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	March 31, 2003	December 31, 2002
Assets		
Cash & cash equivalents	\$ 131,662	\$ 109,928
Accounts & notes receivable	86,662	92,892
Income taxes recoverable	6,482	12,863
Inventories	43,760	43,969
Deferred income taxes	9,392	20,976
Prepaid expenses & other	4,524	3,962
Total current assets	282,482	284,590
Property, plant & equipment, net	262,247	250,603
Net non-current assets of Therics held for sale (a)	-	10,406
Venture capital investments (b)	3,897	93,765
Income taxes recoverable related to sale of venture capital investment portfolio	54,441	-
Other assets	67,925	66,316
Goodwill & other intangibles	138,205	132,282
Total assets	\$ 809,197	\$ 837,962
Liabilities and Shareholders' Equity		
Accounts payable	\$ 40,787	\$ 35,861
Accrued expenses	43,297	42,409
Current portion of long-term debt	61,250	55,000
Total current liabilities	145,334	133,270
Long-term debt	185,385	204,280
Deferred income taxes	50,526	27,443
Other noncurrent liabilities	10,200	10,037
Shareholders' equity	417,752	462,932
Total liabilities and shareholders' equity	\$ 809,197	\$ 837,962

Tredegar Corporation
Selected Cash Flow Information
(In Millions)
(Unaudited)

	Three Months Ended March 31	
	2003	2002
Cash flows from operating activities:		
Net income (loss)	\$ (44.7)	\$.6
Adjustments for noncash items:		
Depreciation and amortization	7.9	8.5
Deferred income taxes	33.0	1.3
Accrued pension income and postretirement benefits	(1.3)	(2.3)
Loss on venture capital investments	70.3	9.8
Increase in income taxes recoverable	(48.1)	4.4
Net change in working capital and other, net	14.6	(9.0)
Net cash provided by operating activities	<u>31.7</u>	<u>13.3</u>
Cash flows from investing activities:		
Capital expenditures	(11.9)	(7.4)
Venture capital investments	(2.8)	(5.6)
Proceeds from sale of venture capital investments	21.5	5.2
Other, net	(0.7)	(1.7)
Net cash provided by (used in) investing activities	<u>6.1</u>	<u>(9.5)</u>
Cash flows from financing activities:		
Dividends paid	(1.5)	(1.5)
Net decrease in borrowings	(12.7)	(0.2)
Repurchase of Tredegar common stock	(1.9)	-
Proceeds from exercise of stock options (including related income tax benefits realized)	.1	.4
Net cash used in financing activities	<u>(16.0)</u>	<u>(1.3)</u>
Increase in cash and cash equivalents	21.8	2.5
Cash and cash equivalents at beginning of period	109.9	96.8
Cash and cash equivalents at end of period	<u>\$ 131.7</u>	<u>\$ 99.3</u>

Selected Financial Measures
(In Millions)
(Unaudited)

	For the Twelve Months Ended March 31, 2003			
	Film Products	Aluminum Extrusions	Therics	Total
Operating profit as reported	\$ 71.6	\$ 22.9	\$ (13.8)	\$ 80.7
Allocation of corporate overhead	(4.0)	(1.5)	-	(5.5)
Add back:				
Unusual items	(3.5)	.3	1.1	(2.1)
Depreciation and amortization	20.0	10.6	.5	31.1
EBITDA (d)	<u>\$ 84.1</u>	<u>\$ 32.3</u>	<u>\$ (12.2)</u>	<u>\$ 104.2</u>

Selected balance sheet and other data as of March 31, 2003:

Cash invested to date in Therics	\$ 56.5
Pro forma net debt (e)	\$ 60.5
Shares outstanding	38.2

Notes to the Financial Tables

(a) Unusual items in the first quarter of 2003 include:

- Pretax charges of \$85,000 for additional costs incurred related to previously announced plant shutdowns in Film Products; and
- A pretax charge of \$1.1 million related to an adjustment for depreciation at Therics based on Tredegar's decision to suspend divestiture efforts.

Unusual items in the first quarter of 2002 include:

- A pretax charge of \$800,000 related to the shutdown of the films plant in Carbondale, Pennsylvania; and
- A pretax charge of \$196,000 for the shutdown of the aluminum extrusions plant in El Campo, Texas

(b) On March 7, 2003, Tredegar announced that Tredegar Investments had reached definitive agreements to sell substantially all of its venture capital investment portfolio. The operating results of Tredegar Investment have been reported as discontinued operations. Discontinued operations for 2003 also include an expected loss on the divestiture of the venture capital investment portfolio of \$49.2 million after taxes.

On March 22, 2002, Tredegar announced its intent to divest its biotech operations. Operations were ceased at Molecumetics on July 2, 2002. The operating results of Molecumetics have been reported as discontinued operations.

(c) Comprehensive income (loss), defined as net income and other comprehensive income (loss), was a loss of \$41.8 million for the first quarter of 2003 and a loss of \$4.4 million for the first quarter of 2002. Other comprehensive income (loss) includes changes in: unrealized gains and losses on available-for-sale securities; foreign currency translation adjustments, unrealized gains and losses on derivative financial instrument and minimum pension liability recorded net of deferred taxes directly in shareholders' equity.

(d) EBITDA represents earnings before interest, income taxes, unusual items, depreciation and amortization and is presented net of allocated corporate expenses.

(e) Pro forma net debt is calculated as follows (in millions):

Debt	\$ 246.6
Less:	
Cash and cash equivalents	(131.7)
Income taxes recoverable related to the sale of the venture capital investment portfolio	(54.4)
Pro forma net debt	<u>\$ 60.5</u>