

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

	Three Months Ended March 31	
	2004	2003
Sales	\$ 195,919	\$ 182,045
Other income (expense), net	6,106	723
	<u>202,025</u>	<u>182,768</u>
Cost of goods sold	163,744	149,501
Freight	4,827	4,188
Selling, R&D and general expenses	17,944	18,191
Amortization of intangibles	67	67
Interest expense	923	2,103
Plant shutdowns, asset impairments and restructurings (a)	10,783	85
Unusual items (b)	-	1,067
	<u>198,288</u>	<u>175,202</u>
Income before income taxes	3,737	7,566
Income taxes	1,308	2,707
	<u>2,429</u>	<u>4,859</u>
Income from continuing operations	2,429	4,859
Discontinued operations (c):		
Loss from venture capital investment activities (including an after-tax loss on the sale of the venture capital investment portfolio of \$49.2 million in 2003)	-	(49,516)
	<u>\$ 2,429</u>	<u>\$ (44,657)</u>
Net income (loss) (a) (b) (c) (d)		
Earnings (loss) per share:		
Basic:		
Continuing operations	\$ .06	\$ .13
Discontinued operations	-	(1.30)
Net income (loss)	<u>\$ .06</u>	<u>\$ (1.17)</u>
Diluted:		
Continuing operations	\$ .06	\$ .12
Discontinued operations	-	(1.28)
Net income (loss)	<u>\$ .06</u>	<u>\$ (1.16)</u>
Shares used to compute earnings (loss) per share:		
Basic	38,229	38,179
Diluted	38,435	38,578

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

	Three Months Ended March 31	
	2004	2003
<b>Net Sales</b>		
Film Products	\$ 95,886	\$ 93,384
Aluminum Extrusions	95,195	84,473
Therics	11	-
Total net sales	191,092	177,857
Add back freight	4,827	4,188
Sales as shown in the Consolidated Statements of Income	<u>\$ 195,919</u>	<u>\$ 182,045</u>
<b>Operating Profit</b>		
Film Products:		
Ongoing operations	\$ 10,024	\$ 13,928
Plant shutdowns, asset impairments and restructurings (a)	(1,203)	(85)
Aluminum Extrusions:		
Ongoing operations	3,683	1,211
Plant shutdowns, asset impairments and restructurings (a)	(9,580)	-
Therics:		
Ongoing operations	(2,491)	(3,297)
Unusual items (b)	-	(1,067)
Total	433	10,690
Interest income	74	424
Interest expense	923	2,103
Gain on the sale of corporate assets (b)	6,134	-
Corporate expenses, net	1,981	1,445
Income before income taxes	3,737	7,566
Income taxes	1,308	2,707
Income from continuing operations	2,429	4,859
Income (loss) from discontinued operations (c)	-	(49,516)
Net income (loss) (a) (b) (c) (d)	<u>\$ 2,429</u>	<u>\$ (44,657)</u>

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

	March 31, 2004	December 31, 2003
<b>Assets</b>		
Cash & cash equivalents	\$ 69,401	\$ 19,943
Receivable from securities brokers	1,142	-
Accounts & notes receivable	100,712	84,110
Income taxes recoverable	2,414	61,508
Inventories	48,569	49,572
Deferred income taxes	12,069	10,998
Prepaid expenses & other	4,852	5,015
Total current assets	<u>239,159</u>	<u>231,146</u>
Property, plant & equipment, net	292,394	297,476
Other assets	80,358	83,855
Goodwill & other intangibles	140,306	140,548
Total assets	<u>\$ 752,217</u>	<u>\$ 753,025</u>
<b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 53,873	\$ 46,706
Accrued expenses	44,675	42,456
Current portion of long-term debt	10,000	8,750
Total current liabilities	<u>108,548</u>	<u>97,912</u>
Long-term debt	127,421	130,879
Deferred income taxes	61,570	66,276
Other noncurrent liabilities	9,307	10,559
Shareholders' equity	445,371	447,399
Total liabilities and shareholders' equity	<u>\$ 752,217</u>	<u>\$ 753,025</u>

**Tredegar Corporation**  
**Condensed Consolidated Statement of Cash Flows**  
**(In Thousands)**  
**(Unaudited)**

	Three Months Ended March 31	
	2004	2003
Cash flows from operating activities:		
Net income (loss)	\$ 2,429	\$ (44,657)
Adjustments for noncash items:		
Depreciation	8,202	7,824
Amortization of intangibles	67	67
Deferred income taxes	(3,860)	33,048
Accrued pension income and postretirement benefits	(980)	(1,332)
Loss on venture capital investments	-	70,256
Gain on sale of corporate assets	(6,134)	-
Loss on asset impairments and divestitures	7,796	-
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivables	(16,860)	7,401
Inventories	859	846
Income taxes recoverable	59,084	(48,043)
Prepaid expenses and other	170	(515)
Accounts payable	7,371	4,448
Accrued expenses	2,134	1,196
Other, net	(1,331)	1,203
Net cash provided by operating activities	58,947	31,742
Cash flows from investing activities:		
Capital expenditures	(11,491)	(11,929)
Venture capital investments	-	(2,807)
Proceeds from sale of venture capital investments	-	21,504
Proceeds from the sale of corporate assets and property disposals	6,040	-
Other, net	(734)	(747)
Net cash used in investing activities	(6,185)	6,021
Cash flows from financing activities:		
Dividends paid	(1,537)	(1,526)
Net decrease in borrowings	(2,208)	(12,645)
Repurchases of Tredegar common stock	-	(1,939)
Proceeds from exercise of stock options	441	81
Net cash used in financing activities	(3,304)	(16,029)
Increase in cash and cash equivalents	49,458	21,734
Cash and cash equivalents at beginning of period	19,943	109,928
Cash and cash equivalents at end of period	\$ 69,401	\$ 131,662

**Selected Financial Measures**  
**(In Millions)**  
**(Unaudited)**

	For the Twelve Months Ended March 31, 2004			
	Film	Aluminum	Therics	Total
	Products	Extrusions		
Operating profit (loss) from ongoing operations	\$ 41.8	\$ 17.6	\$ (10.8)	\$ 48.6
Allocation of corporate overhead	(5.4)	(2.5)	-	(7.9)
Add back depreciation and amortization	20.1	11.0	1.6	32.7
Adjusted EBITDA (e)	\$ 56.5	\$ 26.1	\$ (9.2)	\$ 73.4

Selected balance sheet and other data as of March 31, 2004:

Cash invested to date in Therics	\$ 67.1
Net debt (f)	\$ 66.9
Shares outstanding	38.4

Notes to the Financial Tables

(a) Plant shutdowns, asset impairments and restructurings in 2004 include:

- A pretax charge of \$9.6 million related to the planned shutdown of an aluminum extrusions facility in Aurora, Ontario, including asset impairment charges of \$7.1 million and severance and other employee-related costs of \$2.5 million;
- Pretax charges of \$666,000 related to accelerated depreciation in Film Products; and
- A pretax charge of \$537,000 related to severance and other employee-related costs associated with the shutdown of the film manufacturing facility in New Bern, North Carolina.

Plant shutdowns, asset impairments and restructurings in 2003 include pretax charges of \$85,000 for additional costs incurred related to previously announced plant shutdowns in Film Products.

(b) Unusual items in 2003 include a first-quarter pretax charge of \$1.1 million related to an adjustment for depreciation at Therics based on Tredegar's decision to suspend divestiture efforts.

Gain on the sale of corporate assets in 2004 include gains related to the sale of public equity securities. There were no public equity securities held at March 31, 2004.

(c) 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 associated with venture capital investment activities 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.

(d) Comprehensive income (loss), defined as net income and other comprehensive income (loss), was a loss of \$1 million for the first quarter of 2004 and a loss of \$41.8 million for the first quarter of 2003. 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 instruments and minimum pension liability recorded net of deferred taxes directly in shareholders' equity.

(e) Adjusted EBITDA represents income from continuing operations before interest, taxes, depreciation, amortization, unusual items and losses associated with plant shutdowns, asset impairments and restructurings and gain on sale of corporate assets. Adjusted EBITDA is not intended to represent cash flow from operations as defined by GAAP and should not be considered as either an alternative to net income (as an indicator of operating performance) or to cash flow (as a measure of liquidity). Tredegar uses Adjusted EBITDA as a measure of unlevered (debt-free) operating cash flow. We also use it when comparing relative enterprise values of manufacturing companies and when measuring debt capacity. When comparing the valuations of a peer group of manufacturing companies, we express enterprise value as a multiple of Adjusted EBITDA. We believe Adjusted EBITDA is preferable to operating profit and other GAAP measures when applying a comparable multiple approach to enterprise valuation because it excludes depreciation and amortization, unusual items and losses associated with plant shutdowns, asset impairments and restructurings, measures of which may vary among peer companies.

(f) Net debt is calculated as follows (in millions):

Debt	\$ 137.4
Less:	
Cash and cash equivalents	(69.4)
Receivable from securities brokers	(1.1)
Net debt	<u>\$ 66.9</u>