



Appleton Reports Third Quarter 2005 Results

(Appleton, Wis., November 8, 2005) Appleton today reported its net sales for the third quarter ended October 2, 2005, were \$262.5 million, a 7 percent increase compared to the same quarter of 2004.

The Company reported net income of \$2.9 million for the third quarter of 2005 compared to net income of \$6.4 million for the same quarter of 2004. During third quarter 2005, Appleton restructured its U.S. business and eliminated 20 salaried jobs. Also during the third quarter, Appleton's U.K. subsidiary, BemroseBooth, a provider of secure and specialized print services, announced that it will exit the traditional printing and binding portions of its information products business and eliminate approximately 70 jobs by the end of 2005. As a result of the two restructurings, Appleton recorded a \$3.7 million charge.

Coated Solutions

In the third quarter 2005, sales revenue for carbonless products, which accounts for the majority of the Company's coated solutions segment, decreased 1 percent compared to the same quarter in 2004. Carbonless shipments decreased 2 percent for the third quarter of 2005 compared to the same quarter for 2004. The impact resulting from decreased shipments was partially offset by stronger pricing during third quarter 2005 compared to third quarter 2004.

Thermal and Advanced Technical Products

Revenue from thermal and advanced technical products decreased 1 percent during the third quarter 2005 compared to the same quarter of 2004. Total shipments for the quarter were 3 percent lower compared to the third quarter of 2004. Sales of the Company's thermal products used for point-of-sale transactions were negatively affected by economic disruptions resulting from the Gulf Coast hurricanes as well as competitive pricing pressures.

Security Products

Revenue from Appleton's security products rose 32 percent during the third quarter of 2005 compared to the same quarter of 2004 due to sales increases for both U.S.-based security products and for BemroseBooth.

Performance Packaging

Revenue from Appleton's performance packaging companies grew 107 percent in the third quarter of 2005 compared to the third quarter of 2004 due primarily to the January 2005 acquisition of New England Extrusion. Net sales for the third quarter of 2005, excluding the New England Extrusion acquisition, were nearly four percent higher than the same quarter in 2004.

Balance Sheet

During the nine months ended October 2, 2005, Appleton's cash decreased by \$43.8 million to \$26.1 million largely due to the acquisition of New England Extrusion. Also during the first nine months of 2005, Appleton made mandatory debt repayments of \$1.9 million, plus interest, and voluntary debt repayments of \$15.0 million, plus interest, on its senior credit facility. Also during the third quarter 2005, Appleton purchased \$8.0 million of its \$185 million outstanding 8.125% senior notes due June 15, 2011.

During the nine months ended October 2, 2005, Appleton's current assets, excluding cash, increased \$19.9 million. The most significant was the \$25.8 million increase in inventories. The scheduled inventory build of calendars and diaries at BemroseBooth in preparation for fourth quarter sales activity accounted for \$11.0 million of the increase. Appleton's January 2005 acquisition of New England Extrusion resulted in a \$4.7 million increase in inventories. Appleton's increase in inventories was partially offset by a \$6.0 reduction in receivables. Appleton's current liabilities increased \$23.9 million primarily as a result of Appleton's active management of its working capital to maximize debt repayments.

Earnings release conference call

Appleton will host a conference call to discuss its third quarter 2005 results Wednesday, November 9 at 11:00 a.m. ET. The call will be broadcast through its Web site, www.appletonideas.com/investors. A replay will be available through the end of November.

About Appleton

Appleton uses ideas that make a difference to create product solutions through its development and use of coating formulations and applications, encapsulation technology, and specialized and secure print services. The Company produces carbonless, thermal, security and performance packaging products. Appleton is headquartered in Appleton, Wisconsin, and has manufacturing operations in Wisconsin, Ohio, Pennsylvania, Massachusetts and the United Kingdom, employs approximately 3,300 people, and is 100 percent employee owned. For more information visit www.appletonideas.com.

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Notice regarding forward-looking statements

This news release contains forward-looking statements. The words "will," "believes," "anticipates," "intends," "estimates," "expects," "projects," "plans," or similar expressions are intended to identify forward-looking statements. All statements in this news release other than statements of historical fact, including statements which address our strategy, future operations, future financial position, estimated revenues, projected costs, prospects, plans and objectives of management and events or developments that Appleton expects or anticipates will occur, are forward-looking statements. All forward-looking statements speak only as of the date on which they are made. They rely on a number of assumptions concerning future events and are subject to a number of risks and uncertainties, many of which are outside of Appleton's control, that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the factors listed under the heading "Risk Factors" in Appleton's 2004 Annual Report on Form 10-K. Appleton disclaims any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Appleton Papers Inc. is a wholly owned subsidiary of Paperweight Development Corp. Paperweight Development Corp. has guaranteed Appleton's senior credit facility and senior and senior subordinated notes.

Table 1

Appleton Papers Inc.
Consolidated Statements of Operations
(dollars in thousands)

	For the Three Months Ended October 2, 2005 <u>(unaudited)</u>	For the Three Months Ended October 3, 2004 <u>(unaudited)</u>
Net sales	\$ 262,496	\$ 244,476
Cost of sales	<u>193,657</u>	<u>178,629</u>
Gross profit	68,839	65,847
Selling, general and administrative	50,410	48,047
Restructuring and other charges	<u>3,678</u>	<u>189</u>
Operating income	14,751	17,611
Interest expense	12,703	11,310
Interest income	(254)	(217)
Other (income) expense	<u>(78)</u>	<u>426</u>
Income before income taxes	2,380	6,092
Benefit for income taxes	<u>(556)</u>	<u>(269)</u>
Net income	<u>\$ 2,936</u>	<u>\$ 6,361</u>
Other Financial Data:		
Operating income	\$ 14,751	\$ 17,611
Depreciation and amortization	19,508	19,015

Table 2

Appleton Papers Inc.
Consolidated Statements of Operations
(dollars in thousands)

	For the Nine Months Ended October 2, 2005 <u>(unaudited)</u>	For the Nine Months Ended October 3, 2004 <u>(unaudited)</u>
Net sales	\$ 777,506	\$ 728,648
Cost of sales	<u>581,177</u>	<u>537,054</u>
Gross profit	196,329	191,594
Selling, general and administrative Restructuring and other charges	<u>155,021</u> <u>8,030</u>	<u>147,674</u> <u>1,018</u>
Operating income	33,278	42,902
Interest expense	37,261	37,848
Debt extinguishment expenses	-	30,779
Interest income	(671)	(1,664)
Other expense	<u>527</u>	<u>1,368</u>
Loss before income taxes	(3,839)	(25,429)
Benefit for income taxes	<u>(1,497)</u>	<u>(1,428)</u>
Net loss	<u>\$ (2,342)</u>	<u>\$ (24,001)</u>
 Other Financial Data:		
Operating income	\$ 33,278	\$ 42,902
Depreciation and amortization	60,176	58,739

Table 3

Appleton Papers Inc. Consolidated Balance Sheets

(dollars in thousands)

	October 2, 2005	January 1, 2005
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 26,134	\$ 69,938
Accounts receivable, less allowance for doubtful accounts of \$2,447 and \$3,437, respectively	123,732	129,754
Inventories	154,702	128,914
Other current assets	14,874	14,715
Total current assets	319,442	343,321
Property, plant and equipment, net	471,709	488,667
Goodwill	77,058	52,817
Intangible assets, net	109,838	99,247
Environmental indemnification receivable	68,229	71,664
Other assets	16,895	18,723
Total assets	\$ 1,063,171	\$ 1,074,439
LIABILITIES, REDEEMABLE COMMON STOCK, ACCUMULATED DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS		
Current liabilities		
Current portion of long-term debt	\$ 2,441	\$ 2,500
Accounts payable	86,289	62,498
Restructuring reserve	7,308	5,478
Other accrued liabilities	79,921	81,577
Total current liabilities	175,959	152,053
Senior secured notes payable	229,455	246,250
Variable rate industrial development bonds	8,650	8,650
Postretirement benefits other than pension	59,357	61,128
Accrued pension	50,309	47,377
Environmental liability	92,915	95,294
Other long-term liabilities	8,043	13,185
Senior notes and senior subordinated notes payable	334,000	342,000
Commitments and contingencies (Note 12)	-	-
Redeemable common stock, \$0.01 par value, shares authorized: 30,000,000, shares issued and outstanding: 11,805,885 and 11,647,005, respectively	175,331	159,329
Accumulated deficit	(51,290)	(37,202)
Accumulated other comprehensive loss	(19,558)	(13,625)
Total liabilities, redeemable common stock, accumulated deficit and accumulated other comprehensive loss	\$ 1,063,171	\$ 1,074,439