



Appleton Reports First Quarter 2006 Results

(Appleton, Wis., May 11, 2006) Appleton's net sales for the first quarter ended April 2, 2006 increased 6.3 percent to \$268.9 million compared to net sales of \$253.0 million for the same quarter of 2005. Four of the Company's five business segments reported an increase in net sales when compared to the first quarter of 2005.

The Company reported net income of \$5.6 million for the first quarter of 2006 compared to a net loss of \$4.3 million for the same quarter of 2005. The increase in net income was the result of greater net sales, reduced selling, general and administrative expenses, and lower restructuring charges compared to the first quarter of 2005.

Coated Solutions

During first quarter 2006, coated solutions net sales decreased approximately 3 percent compared to the first quarter of 2005. Sales revenue for carbonless products, which accounts for the majority of the Company's coated solutions segment, decreased approximately 2 percent compared to the same quarter in 2005. Carbonless shipment volume decreased approximately 3 percent during the first quarter of 2006 compared to the same quarter for 2005.

Thermal Papers

Thermal net sales increased approximately 23 percent during first quarter 2006 on a 23 percent shipment volume increase compared to first quarter 2005. Increased sales to overseas markets accounted for approximately 40 percent of the volume increase.

Security Papers

Net sales from U.S.-based security products rose 13 percent during first quarter 2006 compared to the same quarter of 2005. Approximately half of the increase was the result of sales to new customers.

Specialized and Secure Print Services

BemroseBooth's net sales for first quarter 2006 increased approximately 9 percent over that of first quarter 2005. The increase in net sales occurred across all manufacturing facilities and within the transactional mailing, security papers, continuous format phone cards and UK government tax stamps product lines.

Performance Packaging

Net sales from Appleton's performance packaging companies grew approximately 25 percent in the first quarter of 2006 as compared to first quarter 2005. The first quarter of 2006 includes 10 additional days of sales from New England Extrusion Inc. (NEX), since NEX was acquired on January 11, 2005. The ongoing benefits of new business secured throughout fiscal 2005, as well as stronger pricing during first quarter 2006 compared to first quarter 2005, accounted for much of the increase.



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*Appleton Reports First Quarter 2006 Results
May 11, 2006*

page 2

Balance Sheet

During the three months ended April 2, 2006, Appleton's cash increased by \$13.3 million to \$31.7 million. During first quarter 2006, Appleton made a \$0.6 million mandatory debt payment and an additional \$5.6 million excess cash flow payment on the senior credit facility. Also during the quarter, Appleton repaid the entire \$2.0 million outstanding on the revolving line of credit.

During the three months ended April 2, 2006, Appleton's current assets, excluding cash, decreased \$4.8 million. The majority of this decrease was \$3.7 million in accounts receivable. Due to the seasonality of its business, BemroseBooth's accounts receivable decreased by \$12.1 million while all other receivables increased by \$8.4 million due to increased net sales during first quarter 2006. Appleton's current liabilities decreased \$11.4 million. Payments made on the senior credit facility accounted for over half of the decrease. There was also a \$2.4 million decrease in the restructuring reserve.

Earnings release conference call

Appleton will host a conference call to discuss its first quarter 2006 results Friday, May 12 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 June 11.

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 3,200 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 2005 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.



What Ideas Can Do™

Appleton Reports First Quarter 2006 Results
May 11, 2006

page 3

Table 1

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

	For the Three Months Ended April 2, 2006 <u>(unaudited)</u>	For the Three Months Ended April 3, 2005 <u>(unaudited)</u>
Net sales	\$ 268,927	\$ 253,008
Cost of sales	<u>202,716</u>	<u>190,849</u>
Gross profit	66,211	62,159
Selling, general and administrative	48,672	51,436
Restructuring and other charges	<u>231</u>	<u>3,481</u>
Operating income	17,308	7,242
Interest expense	12,218	12,256
Interest income	(217)	(210)
Other expense	<u>53</u>	<u>245</u>
Income (loss) before income taxes	5,254	(5,049)
Benefit for income taxes	<u>(322)</u>	<u>(766)</u>
Net income (loss)	<u>\$ 5,576</u>	<u>\$ (4,283)</u>
 Other Financial Data:		
Operating income	\$ 17,308	\$ 7,242
Depreciation and amortization	19,095	19,830



What Ideas Can Do™

Appleton Reports First Quarter 2006 Results
May 11, 2006

page 4

Table 2

Appleton Papers Inc.
Consolidated Balance Sheets
(dollars in thousands)

	April 2, 2006	December 31, 2005
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 31,734	\$ 18,422
Accounts receivable, less allowance for doubtful accounts of \$2,050 and \$1,984, respectively	120,246	123,968
Inventories	140,926	142,592
Other current assets	21,564	21,016
Total current assets	<u>314,470</u>	<u>305,998</u>
Property, plant and equipment, net	447,296	460,357
Goodwill	78,244	77,882
Intangible assets, net	103,989	106,238
Environmental indemnification receivable	54,775	57,312
Other assets	17,125	16,104
Total assets	<u>\$ 1,015,899</u>	<u>\$ 1,023,891</u>
LIABILITIES, REDEEMABLE COMMON STOCK, ACCUMULATED DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE LOSS		
Current liabilities		
Current portion of long-term debt	\$ 2,291	\$ 7,941
Accounts payable	60,803	61,150
Restructuring reserve	4,207	6,597
Other accrued liabilities	81,477	84,501
Total current liabilities	<u>148,778</u>	<u>160,189</u>
Senior secured notes payable	222,838	223,368
Revolving line of credit	-	2,000
Variable rate industrial development bonds	8,650	8,650
Postretirement benefits other than pension	58,562	58,928
Accrued pension	57,320	55,211
Environmental liability	79,775	82,312
Other long-term liabilities	6,506	6,777
Senior notes and senior subordinated notes payable	329,000	329,000
Commitments and contingencies	-	-
Redeemable common stock, \$0.01 par value, shares authorized: 30,000,000, shares issued and outstanding: 11,937,584 and 11,938,060, respectively	188,298	185,292
Accumulated deficit	(59,426)	(61,982)
Accumulated other comprehensive loss	(24,402)	(25,854)
Total liabilities, redeemable common stock, accumulated deficit and accumulated other comprehensive loss	<u>\$ 1,015,899</u>	<u>\$ 1,023,891</u>