

For immediate release
Filtrona plc
3 March 2009

Filtrona plc
(“Filtrona” or the “Company”)

Proposed Disposal of Filtrona’s North American Plastic Profile and Sheet business
(“Filtrona Extrusion”)

Filtrona announces that its subsidiary Filtrona Extrusion, Inc. has entered into a conditional agreement with Extrusion LLC, a subsidiary of Saw Mill Capital Partners, L.P., (“Saw Mill”) to sell all the issued and outstanding common stock of the Filtrona Extrusion Holding Companies to Saw Mill for an aggregate maximum consideration of US\$115 million on a cash and debt free basis (the “Disposal”).

The consideration comprises (i) a cash payment of US\$77.5 million to be made at completion, (ii) a 5.25 year loan note for a total of US\$7.5 million to be delivered at completion, and (iii) an earn out payment of up to US\$30.0 million payable after two years contingent on Filtrona Extrusion’s cumulative EBITDA (“Earnings Before Interest, Tax, Depreciation and Amortisation”) in 2009 and 2010. The consideration to be delivered at completion is subject to customary adjustment for a normalised level of working capital.

The Disposal, which is conditional on, amongst other things, the approval of Filtrona’s ordinary shareholders, the receipt by Saw Mill of US\$40.0 million in debt financing from its banks and certain regulatory clearances, is expected to complete in March 2009.

Mark Harper, Chief Executive of Filtrona plc, commented:

“We are pleased to be announcing the disposal of our North American Plastic Profile and Sheet business which is an important step in pursuing our strategy to focus on Filtrona’s higher margin and higher growth potential businesses.”

Information on Filtrona Extrusion

Filtrona Extrusion is one of the largest manufacturers of proprietary and customised thermoplastic profile, tube and sheet extrusions in North America. It operates as part of Filtrona’s Plastic Profile and Sheet division within the Company’s Plastic Technologies segment. The business operates 126 extruders, 51 co-extruders and six sheet lines in over 750,000 square feet of production space in seven facilities within the United States and Mexico. Filtrona Extrusion ships more than 30 million kilograms of extruded plastic products annually that are used in a variety of market sectors including aerospace, point of purchase signs and displays, medical, traffic control, lighting and fencing.

For the year ended 31 December 2008, Filtrona Extrusion had revenue of £95.2 million and operating profit £7.8 million. At 31 December 2008, Filtrona Extrusion had net assets of £55.3 million and gross assets of £75.6 million.

Background to and Reasons for the Disposal

Filtrona's strategy is to build on its existing core competencies and strong international position through the organic development and acquisition of businesses which manufacture, source and distribute high volume, low unit cost, small but essential products for use in industrial and consumer markets. The Board believes this objective can be achieved by focusing the Company's investment resources on its higher margin, higher growth potential businesses. Filtrona has demonstrated its ability to identify and successfully exploit markets which offer significant value creation and growth opportunities by the acquisition of the business and assets of Duraco, Inc. in May 2007 and its subsequent development within Filtrona's Protection and Finishing Products division. The acquisition of the business and assets of Lendell Manufacturing, Inc. in October 2008 was also driven by the Board's view of the growth potential of the markets in which Lendell operates.

The Board believes the Disposal is consistent with Filtrona's strategic objectives and it releases management resources and capital to focus on the Group's higher margin, higher growth potential businesses. The Board also believes the consideration for the Disposal fairly reflects the prospects of the Filtrona Extrusion business.

The Board considers that Neil Shillingford, Divisional President and Dennis Fink, Senior Vice President Finance are important to the operations of Filtrona Extrusion. Both will cease to work for Filtrona on completion of the Disposal.

Use of Proceeds and Financial Effects of the Disposal on the Filtrona Group

At completion, the net cash proceeds arising from the Disposal are expected to be approximately US\$72.5 million, after estimated transaction costs of US\$5.0 million. Additionally, the Group has previously provided for deferred tax of US\$8.8 million, largely relating to Filtrona Extrusion's goodwill, which will potentially all become payable as a result of the Disposal. The actual amount payable will become known after completion.

It is intended that the net proceeds of the Disposal will be used to reduce the Group's debt. Following the Disposal, Filtrona's net debt will be reduced from £182.1 million as it was at 31 December 2008 to £131.8 million (translated at the exchange rate of US\$1.44:£ 1 being the rate used to prepare the balance sheet in Filtrona results for the year ended 31 December 2008).

Upon Completion, a loss on disposal of approximately US\$16.7 million will be included in Filtrona's 2009 results (based on the initial US\$85.0 million consideration and not taking account of the maximum US\$30.0 million that may be received in 2011 pursuant to the earn out mechanism). The Disposal is expected to be dilutive to underlying Group earnings for the financial year ending 31 December 2009. This statement does not constitute a profit forecast and should not be interpreted to mean that Filtrona's earnings per share for 2009 will necessarily match, or be greater or less than, historical published earnings per share.

Shareholder approval procedure

The Company is seeking the approval of Ordinary Shareholders to the Disposal at a General Meeting of the Company to be held at 10.00am on 19 March 2009 at the offices of JPMorgan Cazenove, 20 Moorgate, London EC2R 6DA. The Company proposes to send Ordinary Shareholders a circular giving full details of the Disposal and action to be taken by Ordinary Shareholders (the "Circular") as soon as practicable. A notice of the General Meeting and of the resolution required to complete the Disposal to be considered at the meeting will be set out at the end of the Circular.

Enquiries

Filtrona plc

Mark Harper, Chief Executive
Steve Crummett, Group Finance Director
Tel: +44 (0)1908 359 100

JPMorgan Cazenove

Robert Constant
Richard Perelman
Tel: +44 (0)20 7588 2828

Financial Dynamics

Richard Mountain
Sophie Kernon
Tel: +44 (0)20 7269 7121

JPMorgan Cazenove Limited ("JPMorgan Cazenove"), which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser, sponsor and corporate broker for Filtrona and no one else in connection with the Disposal and will not be responsible to anyone other than Filtrona for providing the protections afforded to its clients or for providing advice in relation to the Disposal or in relation to the contents of this announcement, or for any other transaction, arrangement or matters referred to in this announcement.

Certain statements in this announcement are forward-looking statements. Such statements speak only as at the date of this announcement, are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information contained in this announcement is subject to change without notice and neither Filtrona nor JPMorgan Cazenove assumes any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein.

No statement in this announcement is or is intended to be a profit forecast or to imply that the earnings of Filtrona for the current or future financial years will necessarily match or exceed the historical or published earnings of Filtrona.