



For: Touchstone Applied Science Associates Inc.
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NEWS RELEASE

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FOR IMMEDIATE RELEASE

TOUCHSTONE APPLIED SCIENCE ASSOCIATES EXPECTS TO POST MODEST GROWTH IN REVENUES, CONTINUED PROFIT FOR FISCAL 2005

Brewster, New York, January 13, 2006 – Touchstone Applied Science Associates, Inc. (OTCBB: TASA) said today that it currently expects to post a modest increase in net revenues for fiscal 2005 when it reports audited results later this month. The company also said it expects net income for the year to be lower compared with fiscal 2004 as a result of costs associated with changes made to strengthen its competitive position over the long-term and the financial consequences of compliance with Section 404 of the Sarbanes-Oxley Act. The company will, however, still report a substantial profit. Slowed growth in revenues for the year was primarily the result of continued softness in sales of the company's proprietary products.

"We made significant changes in our organization during fiscal 2005," said Andrew L. Simon, TASA president and chief executive officer. "These actions increased our costs during the year but were absolutely necessary for us to capitalize on growth in demand for assessment services nationwide. They should also be instrumental in helping us achieve our long-term revenue and profit objectives.

"The changes included hiring a Chief Operating Officer and a Vice President of Sales, rounding out our assessment capabilities by making two acquisitions, and expanding our custom assessment staff to ensure we have the infrastructure to manage anticipated growth.

"Our custom assessment business remained strong as individual states are increasingly turning to tests designed to measure achievement relative to each state's unique standards. The changes we made in 2005 should allow us to support the continued growth we are experiencing in that aspect of our business. With the expanded capabilities gained from acquisitions we made during the year and a more robust infrastructure to support them, we are now able to bid on larger and more varied custom assessment business as well as offer a broader array of services," Simon added.

"We also reconfigured our proprietary products business by increasing our efforts to market assessment-related services. We have developed substantial capability to efficiently print, distribute, scan and score assessment materials. There is a substantial and continuing demand for these services. Our goal is to maximize use of our existing assets by capturing a greater share of this market niche. In addition, we have expanded our focus to include performing these niche services for third parties," Simon noted.

Simon also stated that TASA continues to bear the burden of new and additional costs related to compliance with Section 404 of the Sarbanes-Oxley Act. For a relatively small company like TASA, these costs are an onerous burden and make a tremendous difference in its financial results. They are currently expected to reduce earnings for the year by approximately four cents per share. The

company is approximately halfway through the compliance process and expects costs in fiscal 2006 to be similar to those incurred in 2005, with lesser amounts in future years.

“We remain optimistic about the long-term future of TASA,” stated Simon. “Total spending on education has increased to over \$745 billion nationally. The demand continues to expand for assessment to ensure that those funds are achieving the intended results. More areas of education are being subjected to assessment. The trend toward assessment materials custom-designed for individual state standards, an area in which we have a particular strength, is continuing. Our ability to offer integrated assessment services, from test design through scoring and reporting, is a particular advantage as educators struggle with limited staff and budgets. Further, the No Child Left Behind legislation remains a driving force in the growth of assessment.

“We view many of the additional costs incurred in fiscal 2005 as investments. As a result of these actions, TASA is well-positioned to benefit from the expanding demand for assessment. We enjoy a strong reputation for excellent service. Our expanded capabilities meet specific needs with the flexibility to administer the assessments via pencil and paper or entirely electronically through the Internet. The actions we’ve taken during fiscal 2005 should lead to accelerated growth in fiscal 2006 and beyond,” Simon concluded.

About TASA

TASA, based in Brewster, N.Y., provides consulting services, including test design and development, and psychometric services to states, school districts and textbook publishers through its custom assessment units. TASA also designs, develops, calibrates, publishes, markets and sells educational assessment tests primarily to elementary and secondary schools throughout the United States. In addition, the company provides test printing, distribution, scanning, scoring and reporting services to states, schools and districts as well as to third parties. Further, TASA offers on-line testing services to schools and educational entities in the K-12 market and customized assessment engines for curriculum providers. For more information, visit the company’s website at www.tasa.com.

Statements contained in this release that are not historical facts are “forward-looking” statements as contemplated by the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are subject to risks and uncertainties, which are enumerated in the company’s reports filed with The Securities and Exchange Commission. These risks and uncertainties could cause actual results to differ materially from those projected or implied in the forward-looking statements.

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