



2016 Second-Quarter Financial Results

August 2, 2016

Forward-Looking Statements

Certain statements contained in this presentation are forward-looking statements. Pursuant to federal securities regulations, we have set forth cautionary statements relating to those forward-looking statements in our Annual Report on Form 10-K for the year ended December 31, 2015, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, and other filings with the Securities and Exchange Commission. We urge readers to review and carefully consider these cautionary statements and the other disclosures we make in our filings with the SEC.

This presentation contains non-GAAP financial measures that are not determined in accordance with United States GAAP. These non-GAAP financial measures should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with United States GAAP. A reconciliation of those financial measures to United States GAAP financial measures is included under “Supplemental Information” in this presentation and is available on the company’s website at www.tredegar.com under “Investors.”


The report speaks as of the date thereof. Tredegar is not, and should not be deemed to be, updating or reaffirming any information contained therein. We do not undertake, and expressly disclaim any duty, to update any forward-looking statements made in this presentation to reflect any change in management’s expectations or any change in conditions, assumptions or circumstances on which such statements are based.

Tredegar Corporation

2016 Second Quarter Financial Results



(\$ in millions, except EPS)

	2Q 2016	2Q 2015	
Net Sales ¹	\$201.5	\$213.5	(6)%
Net Income from Ongoing Operations ²	\$4.4	\$3.2	38%
Diluted EPS from Ongoing Operations ²	\$0.13	\$0.10	30%

¹ See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

² See Note 3 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

“Second quarter results, while better than the second quarter of 2015, were disappointing. In PE Films, profits were down largely due to lower surface protection volume from a slowdown in the market for products with flat screen displays, which we expect to continue to the end of this year. In addition, previously disclosed business lost and product transitions in our personal care business continue to affect comparisons to prior periods. As I discussed at the annual meeting in May, our efforts to improve sales and profits in PE Films are focused on customer relations, new product launches and R&D.”

“Terphane losses improved over last year, and results will continue to be volatile until the business environment improves.”

Mr. Gottwald added, “Finally, I would like to express my appreciation to the Bonnell team for their admirable response to the Newnan incident, as well as their continued focus on performing at a very high level.”

John Gottwald, CEO and President (excerpt from second quarter 2016 earnings release)

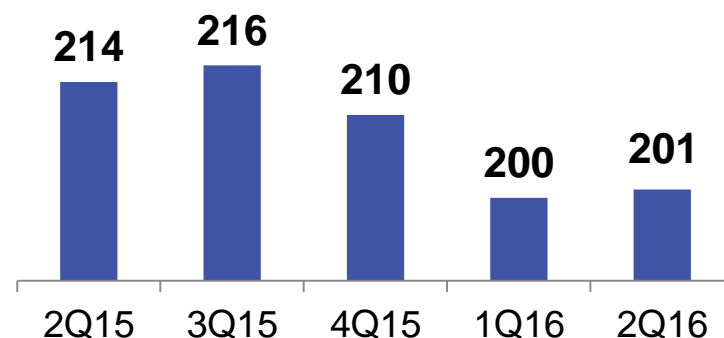
Tredegar Corporation

Second Quarter Net Sales and Net Income

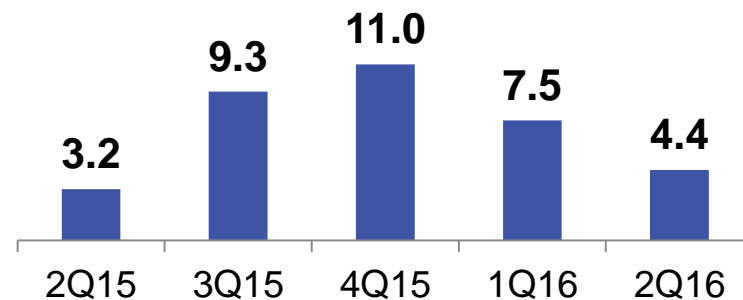
Financial Highlights

- Combined segment operating profit from ongoing operations³ of \$14.2M
 - PE Films operating profit of \$4.3M (down \$5.0M Y-O-Y and \$5.9M sequentially)
 - Flexible Packaging (Terphane) operating loss of \$0.9M (up \$2.2M Y-O-Y and down \$2.9M sequentially)
 - Bonnell Aluminum operating profit of \$10.9M (up \$2.6M Y-O-Y and \$3.4M sequentially)
- Non-cash pension expense of \$2.8M in 2Q 2016, \$0.3M favorable to prior year

Net Sales¹
(\$ in millions)



Net Income from Ongoing Operations²
(\$ in millions)



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³ See Note 6 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

PE Films (includes Personal Care, Surface Protection & Films for Other Markets)

2016 Second Quarter Results




2nd Quarter Performance

(in millions)	2Q 16	2Q 15	
Volume (lbs.)	34.6	38.8	(11)% 
Net Sales ¹	\$80.8	\$92.0	(12)%
Operating Profit ²	\$4.3	\$9.3	(53)%
Pro forma Op. Profit ⁴	\$4.6	\$7.9	(42)%
Adj. EBITDA ³	\$7.4	\$13.2	(44)%
Pro forma Adj. EBITDA ⁴	\$7.3	\$11.1	(34)%

Financial Highlights

- Lower operating profit versus last year primarily as a result of:
 - Lower volume, sales mix and productivity for surface protection films (\$2.8M)
 - Lost business related to various product transitions in personal care materials (\$1.6M) and lower volume in remainder of personal care (\$0.7M)
 - Favorable lag in the passthrough of average resin costs (\$1.0M)
 - Higher R&D spending to support new product opportunities partially offset by lower SG&A (\$0.8M)

YTD Performance

(in millions)	2016	2015	
Volume (lbs.)	72.5	81.8	(12)% 
Net Sales ¹	\$169.3	\$198.3	(15)%
Operating Profit ²	\$14.6	\$26.1	(44)%
Pro forma Op. Profit ²	\$14.5	\$21.1	(31)%
Adj. EBITDA ³	\$21.0	\$34.0	(38)%
Pro forma Adj. EBITDA ³	\$20.2	\$27.8	(27)%

Other Highlights

- Pro forma estimates reflect operating profit assuming sales from lost business and product transitions for personal care that have been eliminated³
- Additional product transitions in personal care expected to occur after 2018 would result in additional annual adverse profit impact of \$10M
- Possible future customer product transitions to less costly alternative processes or materials in surface protection could result in annual adverse profit impact of up to \$5 - \$10M; timing and ultimate amount of transitions is unclear
- Efforts to consolidate domestic manufacturing facilities commenced during the 3rd quarter of 2015 (see Management Discussion in Form 10-Q, starting on pg. 22, for additional information)

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³ See Note 2 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

⁴ See Note 7 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

Flexible Packaging Films (Terphane)

2016 Second Quarter Results



2nd Quarter Performance

(in millions)	2Q 16	2Q 15	▲
Volume (lbs.)	22.4	17.8	26%
Net Sales ¹	\$27.2	\$23.3	17%
Operating Profit ²	\$(0.9)	\$(3.1)	NM
Adj. EBITDA ³	\$1.4	\$(0.5)	NM

YTD Performance

(in millions)	2016	2015	▲
Volume (lbs.)	43.0	37.5	15%
Net Sales ¹	\$53.6	\$50.2	7%
Operating Profit ²	\$1.1	\$(2.3)	NM
Adj. EBITDA ³	\$5.6	\$2.9	93%

Financial Highlights

- Lower operating loss versus last year primarily as a result of:
 - Higher volumes (\$1.9M)
 - Operating efficiencies (\$0.3M)
 - Favorable lag in the pass-through of resin costs (\$0.2M) and lower other costs and expenses (\$0.5M)
- Competitive pricing pressures continued to reduce margins
- Foreign currency (FX) transaction losses on USD denominated exports sales from Brazil of \$1.6M in 2Q 2016 versus \$0.4M in 2Q 2015

Other Highlights

- Unfavorable economic conditions in Brazil and ongoing excess global capacity in market expected to continue
- Terphane's future operating results are expected to be volatile until its business environment improves
- Capital expenditures of \$5M are projected for 2016

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Aluminum Extrusions (Bonnell Aluminum)

2016 Second Quarter Results



2nd Quarter Performance

(in millions)	2Q 16	2Q 15	▲
Volume (lbs.)	44.9	42.9	5%
Net Sales ¹	\$93.4	\$98.2	(5)%
Operating Profit ²	\$10.9	\$8.3	31%
Adj. EBITDA ³	\$13.1	\$10.7	22%

YTD Performance

(in millions)	2016	2015	▲
Volume (lbs.)	86.3	82.4	5%
Net Sales ¹	\$178.9	\$191.8	(7)%
Operating Profit ²	\$18.4	\$13.6	35%
Adj. EBITDA ³	\$22.9	\$18.4	24%

Financial Highlights

- Higher operating profit versus last year due:
 - Higher volume in nonresidential B&C and automotive markets (\$0.8M)
 - Higher average selling prices (excluding the effect of lower metal prices) of \$1.1M
 - Lower freight and utilities driven by decline in energy prices (\$0.7M) and operational efficiencies (\$0.3M), partially offset by inflationary cost increase to supplies and wages (\$0.5M)

Other Highlights

- Industry volume growth projected in all major markets in 2016
- Average capacity utilization at approximately 90%
- Newnan plant incurred an explosion which injured five employees and caused significant damage to cast house. Casting line will not be operational for several months – extrusion and finishing lines were not affected (see Management Discussion in Form 10-Q, starting on pg. 22, for additional information)
- Capital expenditures of \$22M are projected in 2016, including \$14M for new capacity project in Niles (\$18M project with planned start-up in 2Q 2017, which adds ~16 million pounds of capacity on annualized basis)

6 ¹ See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.
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Tredegar Corporation

Year-to-Date 2016 Financial Highlights (as of 6/30/2016)

\$ in millions

Cash Flows from Operations	\$18.1
Capital Expenditures	\$19.0
Dividends Paid (quarterly dividend \$.11/share)	\$7.2
Net Debt¹	\$66.5
Total Debt to Adjusted EBITDA² (LTM as of 6/30/2016)	1.2x

¹ As of 6/30/2016. See Note 4 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

² As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q for the quarter ended June 30, 2016 (page 34) for more information on this non-GAAP financial measure.



Appendix

Tredegar At A Glance

Major Product Groups	Primary End Markets	Customers	Competitors
<p>PE Films:</p> <p>Personal Care: Apertured, breathable, elastic and embossed films and laminate materials for personal care markets</p> <p>Surface Protection: Single and multilayer surface protection films for high technology applications during the manufacturing and transportation process</p> <p>Engineered Polymer Solutions: Films combining multiple technology platforms for application-specific functionality, including optical management</p>	<p>Feminine hygiene products, baby diapers and adult incontinence products</p> <p>High-value components of flat panel displays, including liquid crystal display ("LCD") televisions, monitors, notebooks, smartphones, tablets, e-readers and digital signage</p> <p>Lighting, signage, durable goods, automotive and construction applications</p>	<p>Global and regional consumer care producers</p> <p>Major manufacturers of flat panel display components</p> <p>Global and regional leaders in LED lighting</p>	<p>Clopay, Nordenia, Aplix, Pantex, RKW</p> <p>Toray, Sekesui, Hitachi</p> <p>Luminit, Fusion Optix, DuPont</p>
<p>Flexible Packaging Films: Specialized polyester ("PET") films for use in packaging applications</p>	<p>Perishable and non-perishable food packaging; non-food packaging and industrial applications</p>	<p>Major food packaging converters and producers</p>	<p>DuPont Teijin Films, Toray Plastics America, Mitsubishi</p>
<p>Aluminum Extrusions: Custom aluminum extrusion profiles supplied in various finishing and value-added service options including mill (unfinished), anodized, painted, fabricated, machined, cut-to-length, assembled, custom packed and labeled for:</p> <ul style="list-style-type: none"> • Building and Construction • Automotive • Specialty Markets, inclusive of consumer durables, machinery and equipment, electrical, distribution 	<p>Building and Construction: Doors, windows, pre-engineered structures, wall panels, partitions and interior enclosures, ducts, louvers and vents, curtain wall (commercial/architectural/monumental), store fronts and entrances, walkway covers, shower and tub enclosures, storm shutters</p> <p>Automotive: Automobile/light truck structural components, recreational vehicles, trim parts, after-market accessories</p> <p>Specialty Markets:</p> <p>Consumer Durables: Furniture, pleasure boats, refrigerators and freezers, appliances, sporting goods</p> <p>Machinery and Equipment: Conveyors and conveying systems, industrial modular assemblies, medical equipment, industrial fans, automation systems</p> <p>Electrical: Lighting fixtures, solar panels, electronic apparatus, rigid and flexible conduits</p> <p>Distribution: Various custom and standard profiles</p>	<p>Glazing contractors and fabricators</p> <p>Tier suppliers to Automotive OEMs</p> <p>Consumer durables, machinery and equipment, and electrical OEMs</p> <p>Metal service centers</p>	<p>Sapa North America, Kaiser Aluminum, Western Extrusions Corp., Keymark Aluminum Corp.</p>

Tredegar at a Glance

Business Strengths

PE Films

- Broad capabilities in high-performance plastic films, elastics, and laminate material technologies
- Global footprint, producing to the highest quality standards, with local supply and service capabilities
- Positive market dynamics and growth trends in multiple end-use markets

Flexible Packaging Films

- Industry-leading position in Brazilian flexible packaging market with strong long-term relationships with diverse customer base
- Market-focused manufacturing operations in Brazil and U.S. with short lead-times and strong customer service; in Brazil, sole domestic supplier of innovative value-added products
- High-value specialty PET (polyethylene terephthalate) film offers technical advantages, such as temperature resistance, high dimensional stability and barrier properties

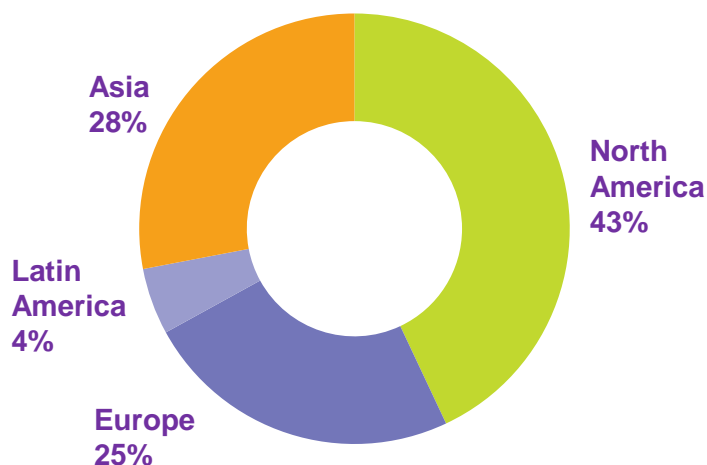
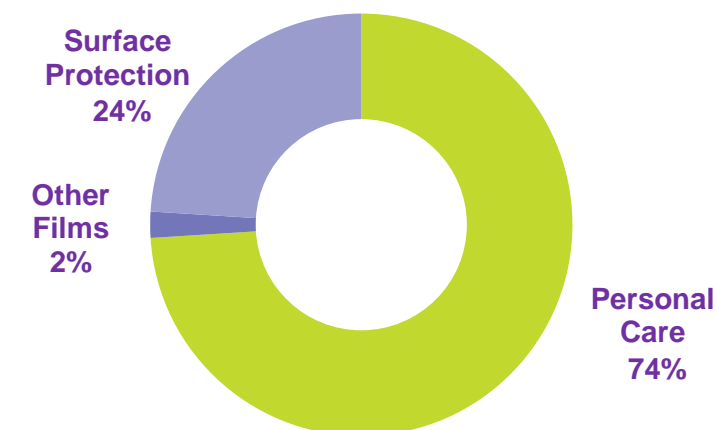
Aluminum Extrusions

- Industry-leading position in nonresidential building and construction sector of North American extrusions market with four U.S. manufacturing locations
- Market-focused manufacturing operations and world-class capabilities in extrusion and finishing services – fabrication, painting and anodizing
- Positive dynamics and growth trends in building and construction and automotive markets are driving demand

PE Films

Business Profile

(\$357million Net Sales¹ LTM)



Key Growth Drivers

- Electronics and display market expanding
- Aging baby boomers in developed markets
- Growth of middle class in emerging markets
- Strong growth in LED lighting market

Customers

- Global and regional consumer care producers
- Major manufacturers of flat panel display components
- Global and regional leaders in LED lighting

Primary End Use Markets

- Personal care products – feminine hygiene, baby diapers and adult incontinence products
- High-value components of flat panel displays, including LCD televisions, monitors, notebooks, smartphones, tablets and digital signage
- LED and fluorescent lighting

¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

PE Films

Key Market Drivers

Key Drivers for Surface Protection Films

- New technologies for high-end TVs, tablets, notebooks and smartphones are driving growth
 - Expanded use of touch screen technology, automotive displays and wearables
 - Screens getting larger (1" per year); flat panel display area projected to grow 4-6% through 2020.¹
 - Unit growth in TVs expected as consumers upgrade (ex. 4KUHD and QDEF color technology)
- Increasing quality demands to meet high-performance specifications – Surface Protection films improve customer process yields and minimize quality rejects during in-process and shipment applications

Key Drivers for Personal Care Films

- Positive global market growth trends for absorbent products expected through 2021, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
 - Global market growth of ~ 3.7% per year, driven by emerging market growth²
 - Baby diapers expected to grow ~ 3.7%²
 - Feminine hygiene expected to grow ~ 3.0%²
 - Adult incontinence products expected to grow ~ 8.3%²
- Rapid growth in adult incontinence driven by aging populations and product improvements

¹ IHS April 2016

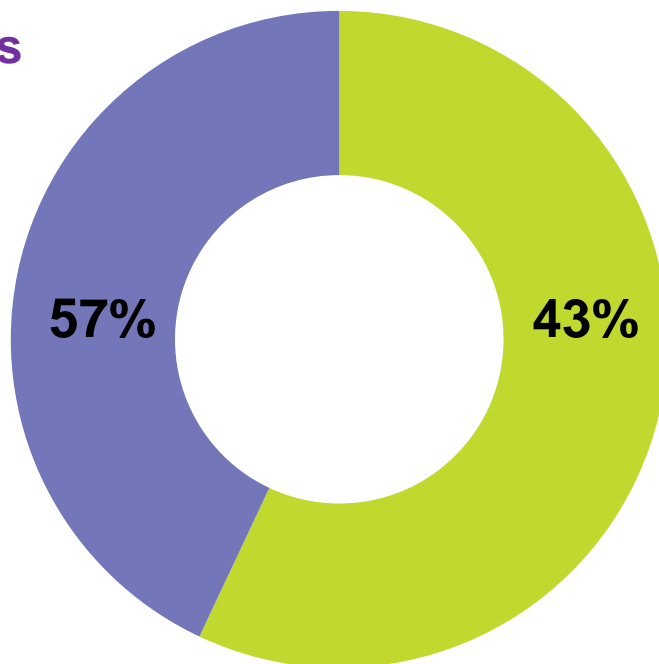
² Price Hanna Consultants, June 2016

PE Films

Personal Care Customer Base

(PE Films Net Sales¹ \$386 million in 2015)

Other Global and
Regional
Customers



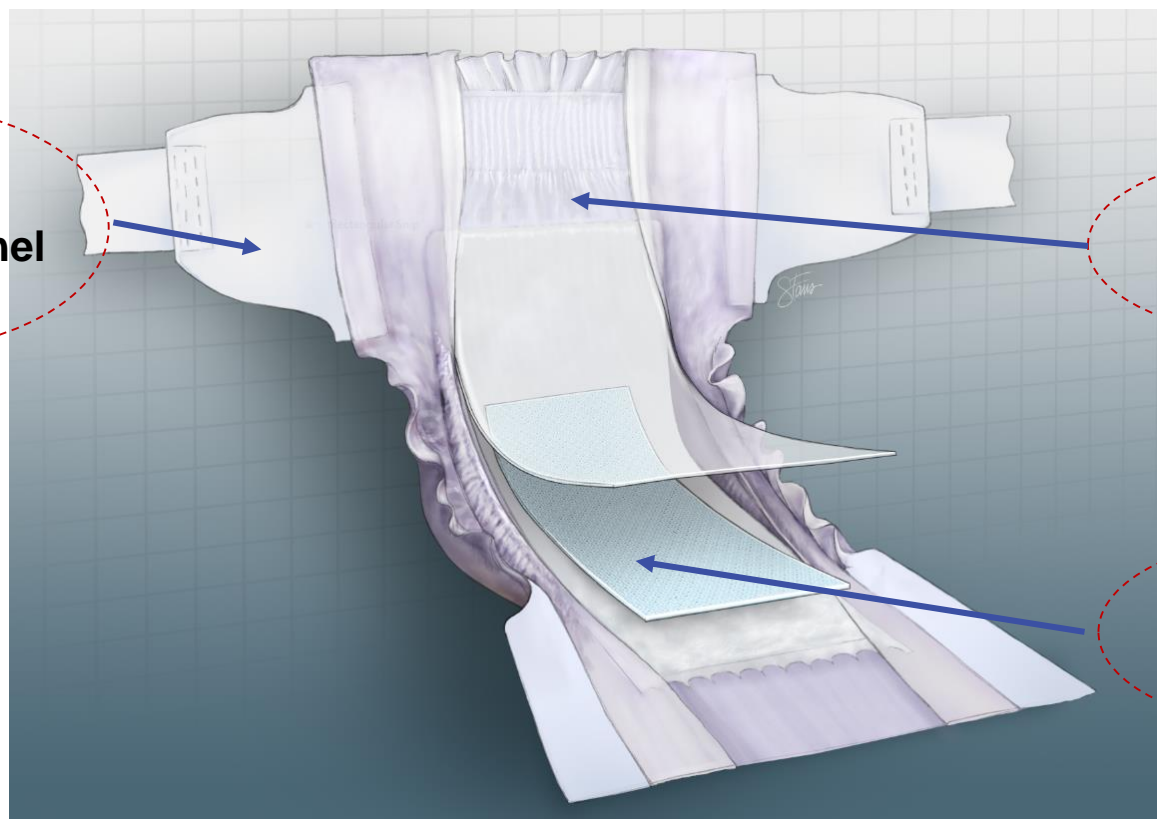
Procter & Gamble

P&G

PE Films

Personal Care Product Development

Baby Diaper and Adult Incontinence Areas of Development



**Elastic Ear
(elastic side panel
on pants)**

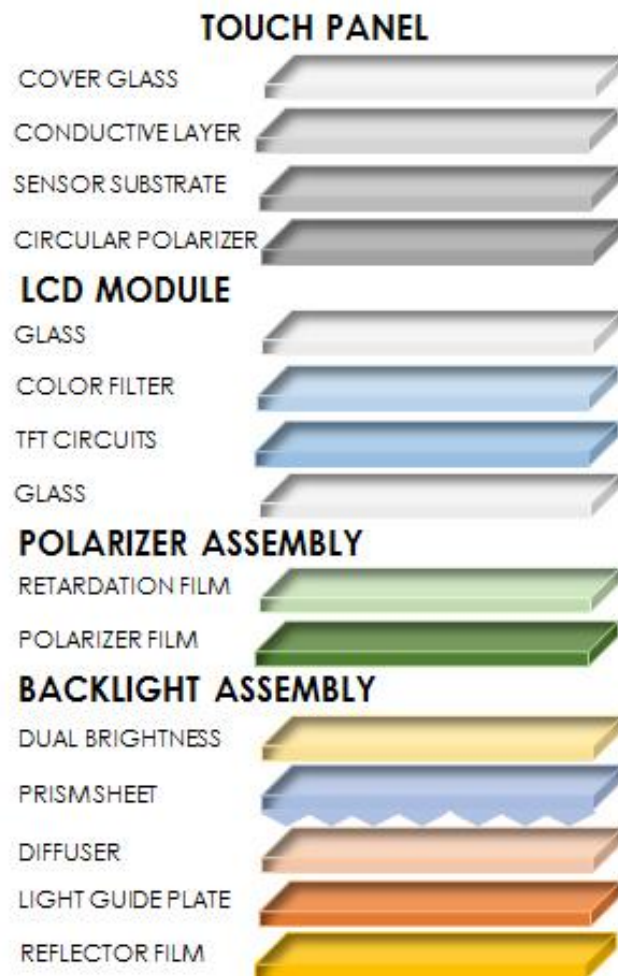
**Elastic
Waistband**

**Acquisition
Distribution
Layer**

PE Films

Surface Protection Overview

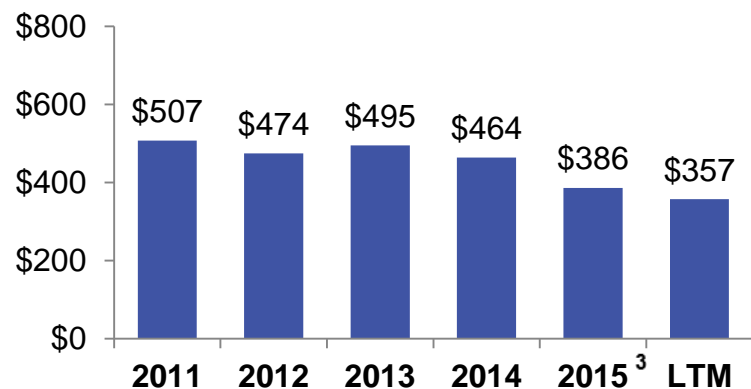
Typical LCD Optical Stack (examples: TVs, Smartphones)



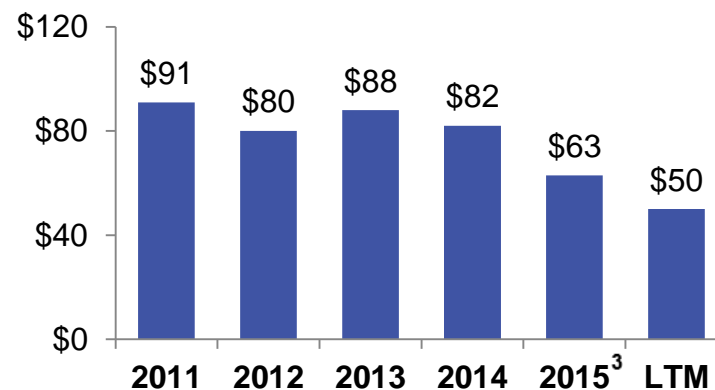
PE Films

Annual Historical Financials

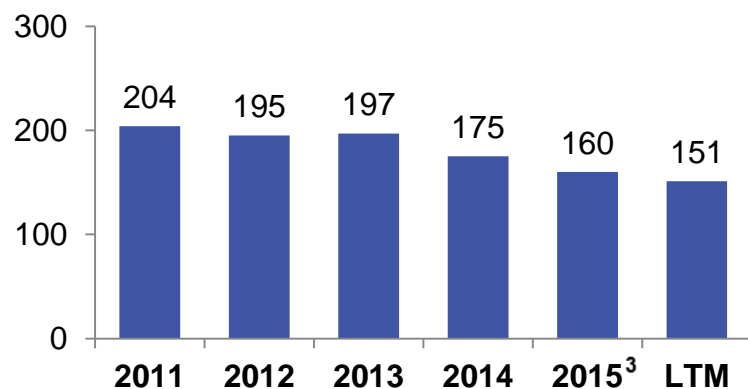
Net Sales¹ (\$ in millions)



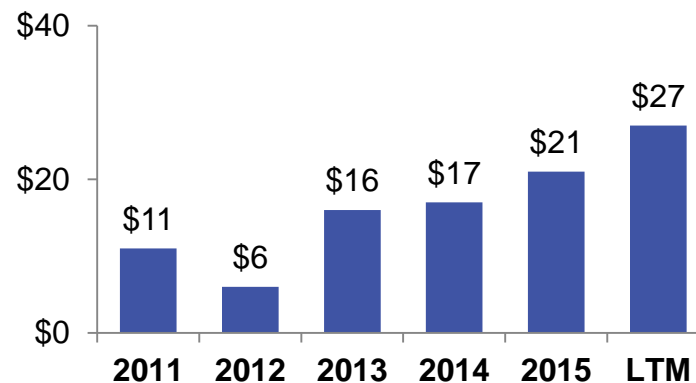
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



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² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

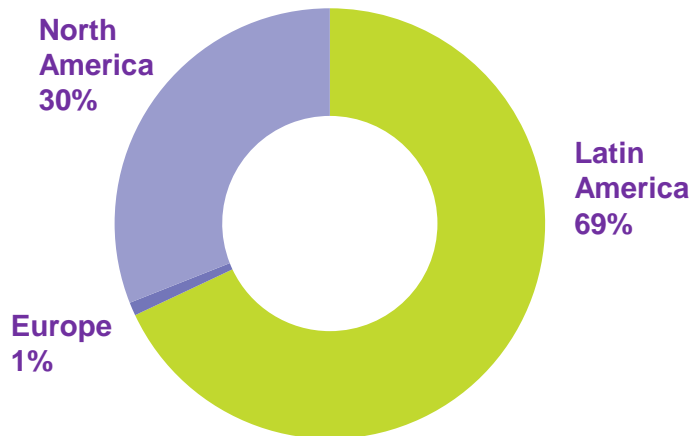
³ Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. See Note 7 in GAAP to Non-GAAP Reconciliations for more information on these non-GAAP measures.

Flexible Packaging (PET) Films

Business Profile



(\$109 million Net Sales¹ LTM)



Key Growth Drivers

- Growing end-user demand for convenience foods, lighter packaging and branded consumer products
- Packaging innovation driving demand for flexible packaging

Customers

- Global and regional food packaging producers and converters

Primary End Use Markets

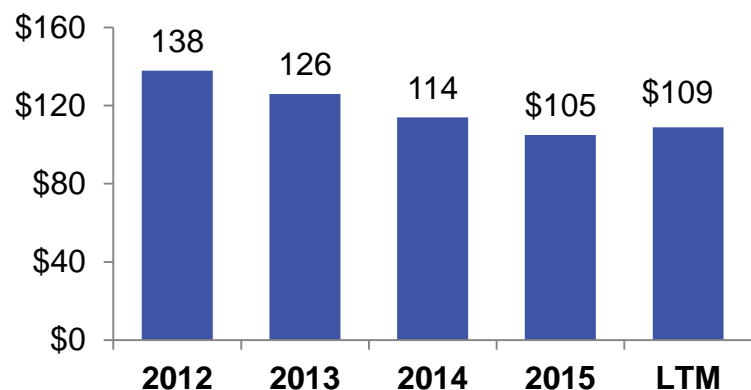
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

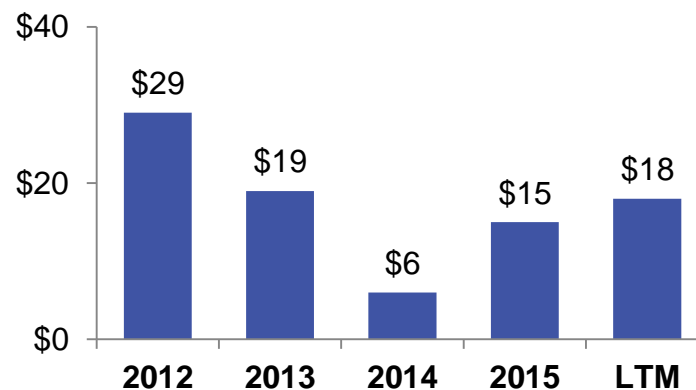
Flexible Packaging (PET) Films

Annual Historical Financials

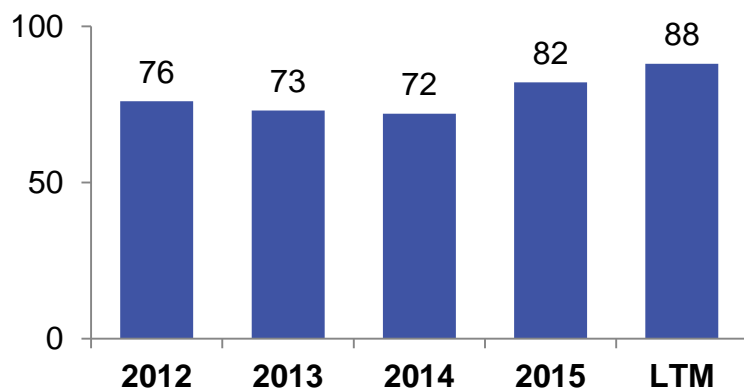
Net Sales¹ (\$ in millions)



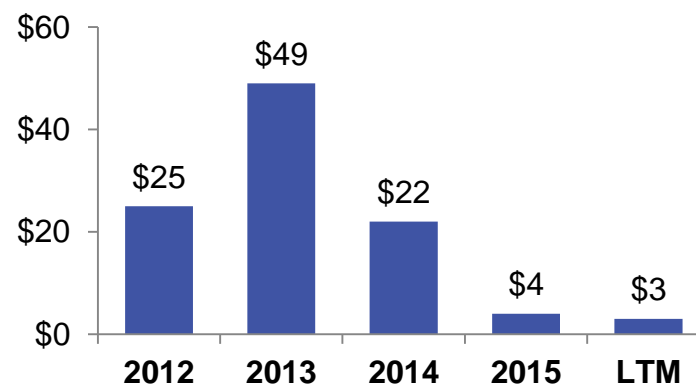
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



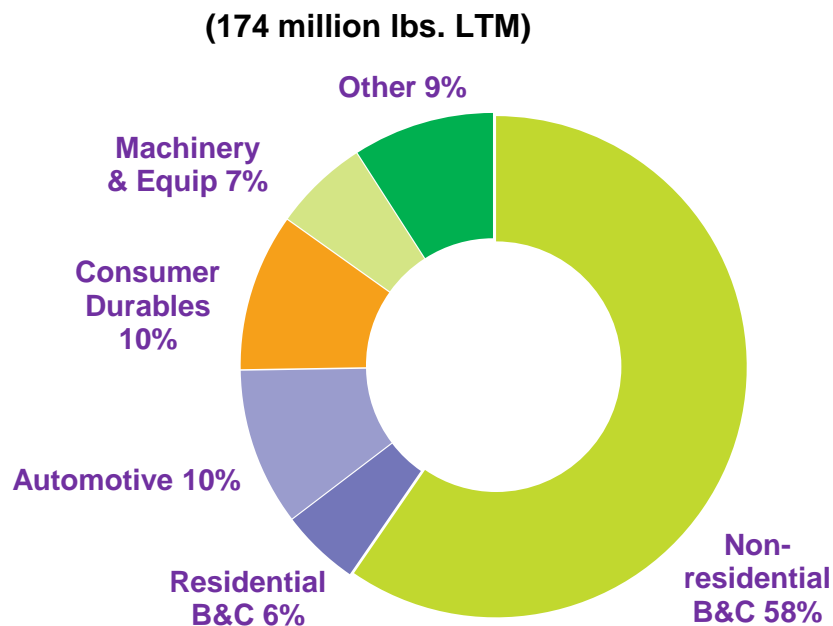
Reflects acquisition of Terphane subsequent to acquisition date of 10/24/11.

¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

Bonnell Aluminum

Business Profile



Key Market Drivers

- Nonresidential building and construction recovery with industry growth projected through 2019
- Strong demand for finished products, including anodized and painted products and fabricated components
- Growing aluminum content in vehicles, driven by CAFE (corporate average fuel economy) standards

Customers

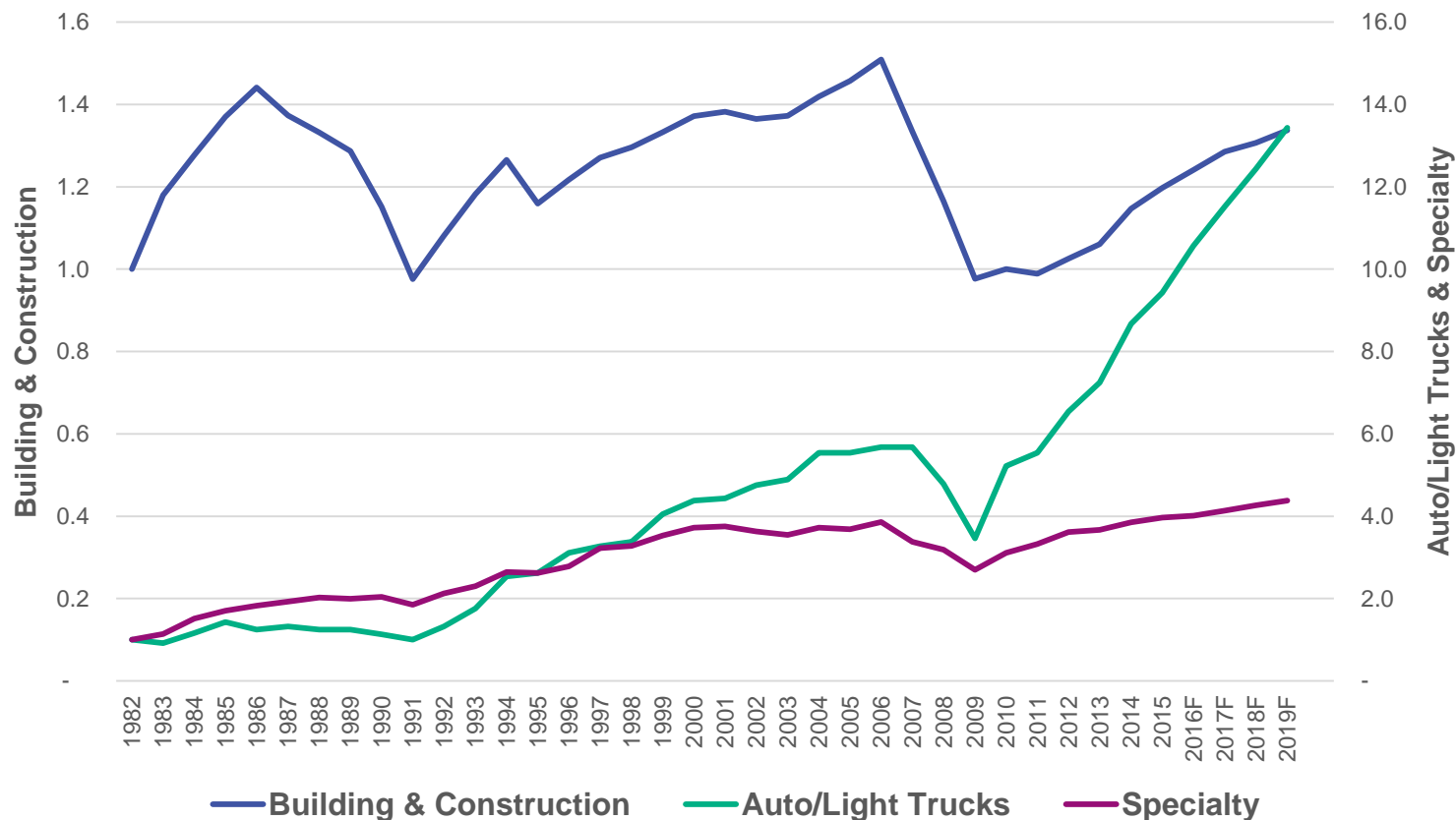
- Glazing contractors and fabricators
- Tier I and II suppliers to automotive OEMs
- Consumer durables, machinery and equipment, and electrical OEMs

Primary End Use Markets

- Curtain wall, store fronts and entrances, doors, windows, wall panels and other building components
- Automobile and light truck structural components
- Consumer durables such as major appliances, pleasure boats and recreational watercraft, office and institutional furniture
- Material handling equipment, linear motion and conveying systems, modular framing

Bonnell Aluminum

Key Markets

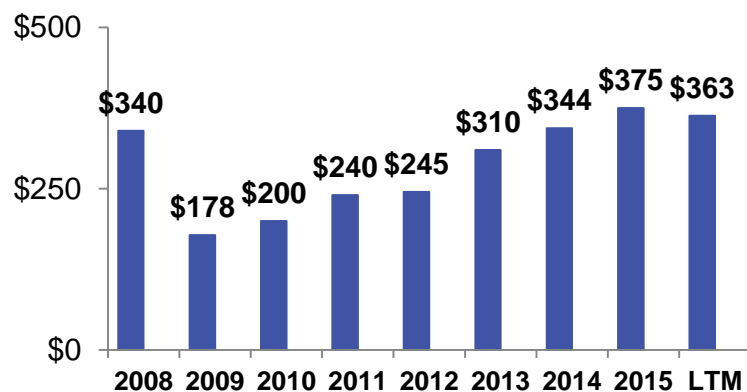


Note: Index computations based on Aluminum Association data (2015) and Lawrence Capital Quarterly Downstream Aluminum Outlook, June 2016. Specialty includes aluminum extrusions sold to consumer durables, electrical and machinery markets. Actual results could be materially different from forecasted results shown.

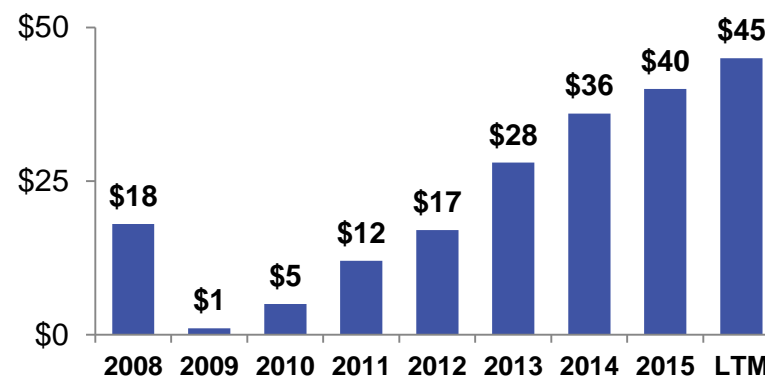
Bonnell Aluminum

Annual Historical Financials

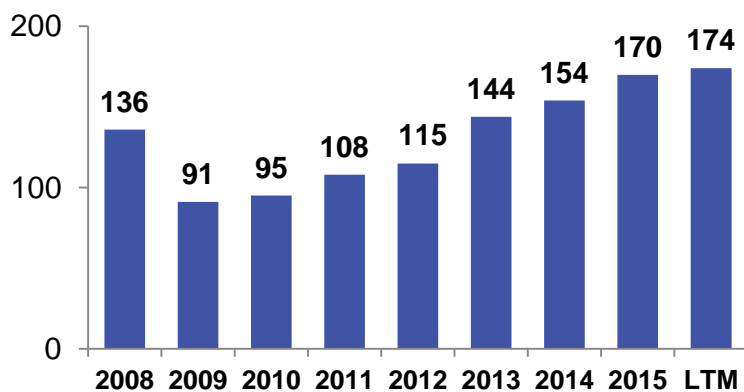
Net Sales¹ (\$ in millions)



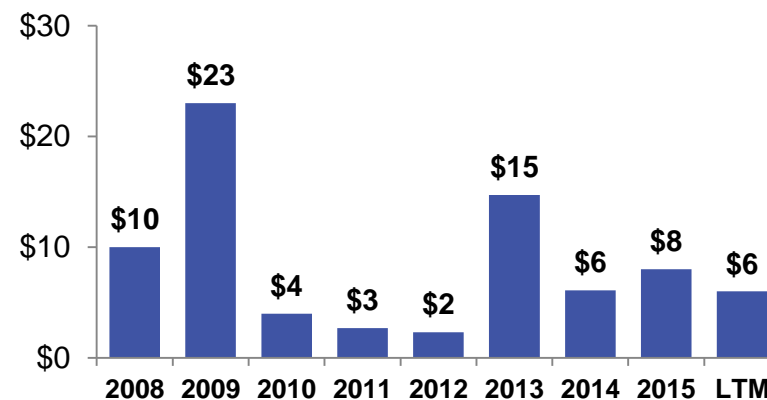
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



Reflects inclusion of AACOA subsequent to acquisition date of 10/1/12.

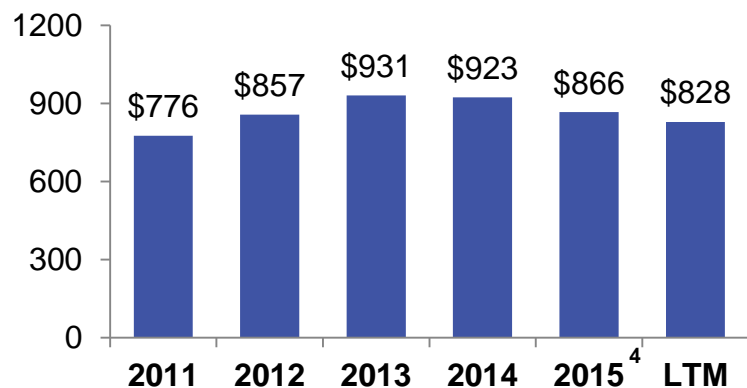
¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

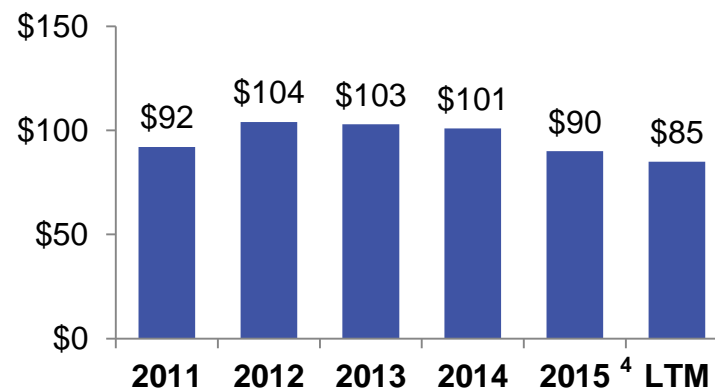
Tredegar Corporation

Annual Historical Financials

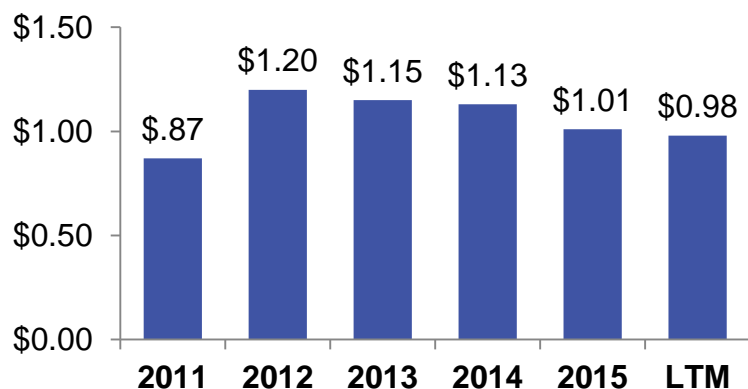
Net Sales¹ (\$ in millions)



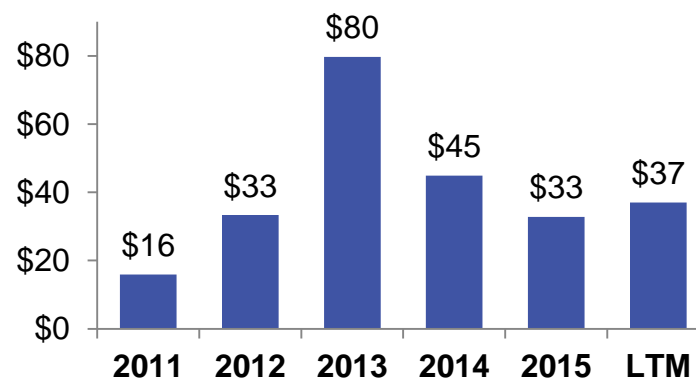
Adjusted EBITDA² (\$ in millions)



Earnings Per Share from Ongoing Ops³



Capital Expenditures (\$ in millions)



Reflects inclusion of acquisitions of Terphane (subsequent to the acquisition date of 10/24/11) and ACOA (subsequent to the acquisition date of 10/1/12).

¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

³ Diluted earnings per share from ongoing operations. See Note 3 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

⁴ See PE Films Annual Historical Financials (pg. 16) and Flexible Packaging Films Annual Historical Financials (pg. 18) for additional information on impacts to adj. EBITDA and net sales.

Tredegar Corporation

Capital Expenditures History



(\$ in millions)						
Capital Expenditures	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	2016 Projection²
PE Films	10.8	6.0	15.6	17.0	21.2	30.0
Flexible Packaging	2.3	24.5	49.3	21.8	3.5	5.0
Aluminum Extrusions	2.7	2.3	14.7	6.1	8.1	22.0
Corporate	0.1	0.5	0.1	-	-	
Total	15.9	33.3	79.7	44.9	32.8	57.0
<i>% Net Sales¹</i>	2.0%	3.9%	8.6%	4.9%	3.8%	

2016 capital expenditures are projected to include:

- For PE Films, expansion of elastics in Europe, expansion of surface protection in China, North American facility consolidation, and added capacity for production of a new topsheet for feminine hygiene products
- Added capacity in Niles, MI for Aluminum Extrusions (no capex assumed for Newnan cast house beyond insurance replacement value)
- Routine capital expenditures of approximately \$10M for PE Films, \$3M for Flexible Packaging Films and \$5M for Aluminum Extrusions

¹ Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

² Represents management's current expectation, which is subject to change.

Tredegar Corporation

Cash Flow

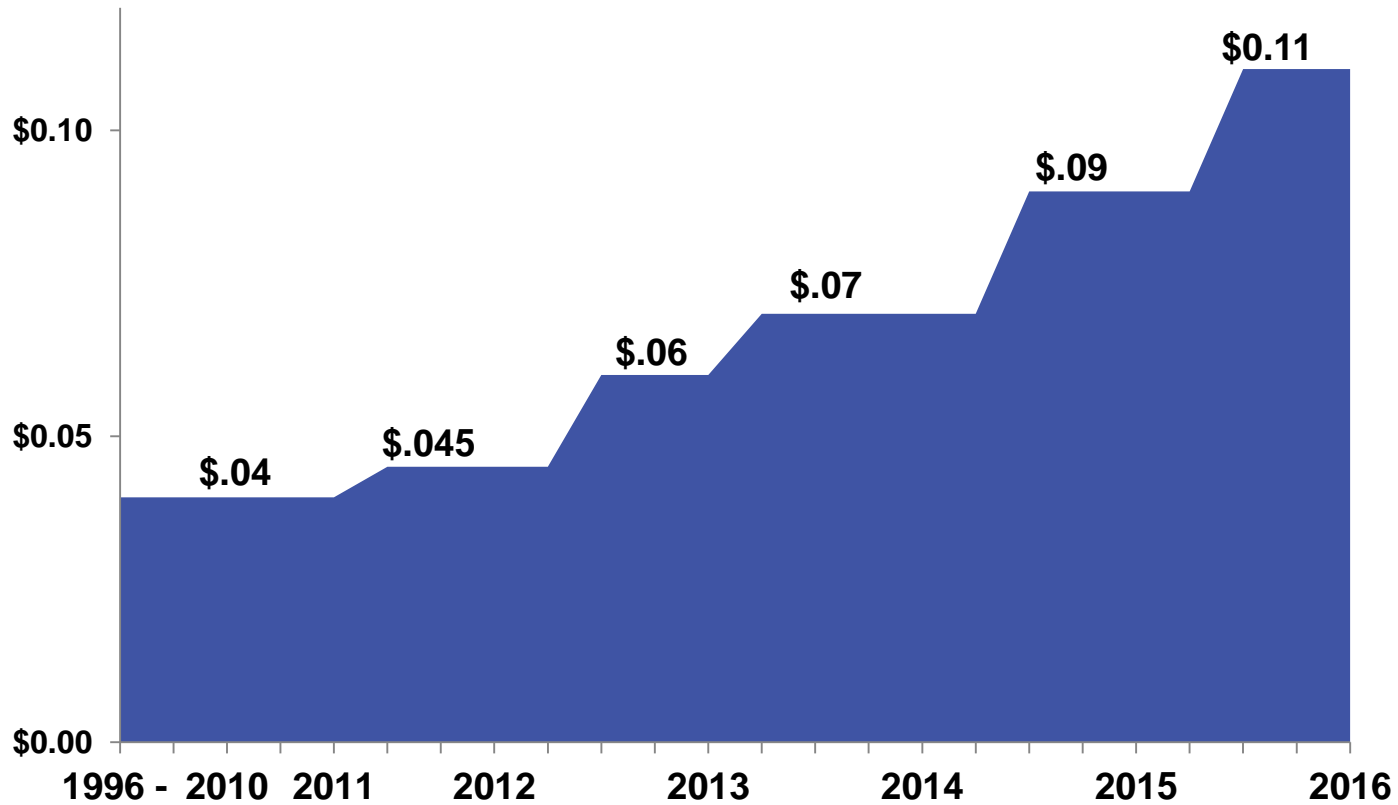


(\$ in millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash Flows from Operations	\$46	\$72	\$83	\$77	\$51	\$74
Capital Expenditures	20	16	33	80	45	33
Free Cash Flow¹	26	56	50	(3)	6	41
Dividends	5	6	31	9	11	14
Acquisitions	6	181	58	0	0	0
Share Repurchases	35	0	0	0	0	0

¹ Free cash flow represents cash flows from operations less capital expenditures.

Tredegar Corporation

Quarterly Cash Dividend History



- A special dividend of \$.75 per share was paid in 2012



GAAP to Non-GAAP Reconciliations

GAAP to Non-GAAP Reconciliations

PE Films includes personal care materials, surface protection films, polyethylene overwrap films and films for other markets. Flexible Packaging Films is comprised of our polyester films business, Terphane Holdings LLC. Bonnell Aluminum results include the acquisition of AACOA, Inc. on October 1, 2012.

Notes:

- Net sales represent sales less freight. Net sales is a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and it is not intended to represent sales as defined by U.S. GAAP. Net sales is a key measure used by the chief operating decision maker of each segment for purposes of assessing performance. A reconciliation of net sales to sales is shown below:

(In millions)	QTD Q1 2015	QTD Q2 2015	QTD Q3 2015	QTD Q4 2015	QTD Q1 2016	QTD Q2 2016
PE Films	\$106.4	\$92.0	\$93.9	\$93.3	\$88.5	\$80.8
Flexible Packaging Films	26.8	23.3	27.2	28	26.4	27.2
Aluminum Extrusions	93.6	98.2	94.8	88.8	85.4	93.4
Total net sales	226.8	213.5	215.9	210.1	200.3	201.5
Add back freight	7.3	7.7	7.9	6.9	7.0	7.1
Sales as shown in consolidated statements of income	\$234.2	\$221.2	\$223.8	\$217.0	\$207.3	\$208.5

(In millions)	2011	2012	2013	2014	2015	LTM Q2 2016
PE Films	\$507.3	\$473.9	\$495.4	\$464.3	\$385.6	\$356.5
Flexible Packaging Films	28.2	138.0	125.8	114.3	105.3	108.8
Aluminum Extrusions	240.4	245.5	309.5	344.3	375.5	362.4
Total net sales	775.9	857.4	930.7	923.0	866.3	827.8
Add back freight	18.5	24.8	28.6	28.8	29.8	28.9
Sales as shown in consolidated statements of income	\$794.4	\$882.2	\$959.3	\$951.8	\$896.1	\$856.6

- Adjusted EBITDA represents net income (loss) from continuing operations before interest, taxes, depreciation, amortization, unusual items, goodwill impairments, gains or losses associated with plant shutdowns, asset impairments and restructurings, gains or losses from the sale of assets, investment write-downs or write-ups, charges related to stock option awards accounted for under the fair value-based method, goodwill impairment charges and other items. Adjusted EBITDA is a non-GAAP financial measure that is not intended to represent net income (loss) or cash flow from operations as defined by U.S. GAAP and should not be considered as either an alternative to net income (loss) (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 the items noted above, measures of which may vary among peer companies.

A reconciliation of ongoing operating profit (loss) from continuing operations to Adjusted EBITDA is shown on the next page. Amounts relating to corporate overhead for the prior years have been reclassified to conform with the current year's presentation. Adjusted EBITDA in the first and second quarters of 2016 and the full year 2015 include adjustments of \$0.1 million, \$0.1 million and \$0.4 million, respectively, for accelerated depreciation associated with the consolidation of PE Films manufacturing facilities in North America. Adjusted EBITDA for Aluminum Extrusions in 2012 includes an adjustment of \$2.4 million for accelerated depreciation associated with the shutdown of its manufacturing facility in Kentland, IN. Accelerated depreciation associated with the shutdown of the Kentland manufacturing facility was excluded from operating profit from ongoing operations. This amount has therefore been subtracted from the amount of depreciation expense added back in calculating Adjusted EBITDA.

GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
2015				
Operating profit (loss) from ongoing operations	\$ 48.3	\$ 5.5	\$ 30.4	\$ 84.2
Add back depreciation & amortization	15.5	9.7	9.7	34.9
Less accelerated depreciation associated with plant consolidation	(0.4)			(0.4)
Adjusted EBITDA before corporate overhead (a)	63.4	15.2	40.1	118.7
Corporate overhead	-		-	(28.6)
Adjusted EBITDA (c)	\$ 63.4	\$ 15.2	\$ 40.1	\$ 90.1
Net sales (b)	\$ 385.6	\$ 105.3	\$ 375.5	\$ 866.4
Adjusted EBITDA margin [(a) / (b)]	16.4%	14.4%	10.7%	13.7%
Capital expenditures (d)	\$ 212	\$ 3.5	\$ 8.1	\$ 32.8
Adjusted EBITDA less capital expenditures [(c) - (d)]	42.2	11.7	32.0	57.3
2014				
Operating profit (loss) from ongoing operations	\$ 610	\$ (2.9)	\$ 25.7	\$ 83.8
Add back depreciation & amortization	214	9.3	9.9	40.6
Adjusted EBITDA before corporate overhead (a)	82.4	6.4	35.6	124.4
Corporate overhead	-		-	(23.5)
Adjusted EBITDA (c)	\$ 82.4	\$ 6.4	\$ 35.6	\$ 100.9
Net sales (b)	\$ 464.3	\$ 114.3	\$ 344.3	\$ 922.9
Adjusted EBITDA margin [(a) / (b)]	17.7%	5.6%	10.3%	13.5%
Capital expenditures (d)	\$ 17.0	\$ 218	\$ 6.1	\$ 44.9
Adjusted EBITDA less capital expenditures [(c) - (d)]	65.4	(15.4)	29.5	56.0
2013				
Operating profit (loss) from ongoing operations	\$ 619	\$ 9.1	\$ 18.3	\$ 89.3
Add back depreciation & amortization	25.6	9.7	9.2	44.5
Adjusted EBITDA before corporate overhead (a)	87.5	18.8	27.5	133.8
Corporate overhead	-		-	(31.3)
Adjusted EBITDA (c)	\$ 87.5	\$ 18.8	\$ 27.5	\$ 102.5
Net sales (b)	\$ 495.4	\$ 125.6	\$ 309.5	\$ 930.5
Adjusted EBITDA margin [(a) / (b)]	17.7%	15.0%	8.9%	14.4%
Capital expenditures (d)	\$ 15.6	\$ 49.3	\$ 14.7	\$ 79.6
Adjusted EBITDA less capital expenditures [(c) - (d)]	71.9	(30.5)	12.8	22.9
2012				
Operating profit (loss) from ongoing operations	\$ 50.8	\$ 19.2	\$ 9.0	\$ 79.0
Add back depreciation & amortization	29.0	10.2	10.0	49.2
Less accelerated depreciation associated with plant shutdown	-		(2.4)	(2.4)
Adjusted EBITDA before corporate overhead (a)	79.8	29.4	16.6	125.8
Corporate overhead	-		-	(22.3)
Adjusted EBITDA (c)	\$ 79.8	\$ 29.4	\$ 16.6	\$ 103.5
Net sales (b)	\$ 473.8	\$ 138.0	\$ 245.5	\$ 857.3
Adjusted EBITDA margin [(a) / (b)]	16.8%	21.3%	6.8%	14.7%
Capital expenditures (d)	\$ 6.0	\$ 24.5	\$ 2.3	\$ 32.8
Adjusted EBITDA less capital expenditures [(c) - (d)]	73.8	4.9	14.3	70.7
2011				
Operating profit (loss) from ongoing operations	\$ 56.5	\$ 3.0	\$ 3.5	\$ 63.0
Add back depreciation & amortization	34.2	2.1	8.3	44.6
Adjusted EBITDA before corporate overhead (a)	90.7	5.1	11.8	107.6
Corporate overhead	-		-	(15.5)
Adjusted EBITDA (c)	\$ 90.7	\$ 5.1	\$ 11.8	\$ 92.1
Net sales (b)	\$ 507.3	\$ 28.3	\$ 240.4	\$ 776.0
Adjusted EBITDA margin [(a) / (b)]	17.9%	18.0%	4.9%	13.9%
Capital expenditures (d)	\$ 10.8	\$ 2.3	\$ 2.7	\$ 15.8
Adjusted EBITDA less capital expenditures [(c) - (d)]	79.9	2.8	9.1	76.3

GAAP to Non-GAAP Reconciliations

Notes (continued): (In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
Quarter Ended June 30, 2016				
Operating profit (loss) from ongoing operations	\$ 4.3	\$ (0.9)	\$ 10.9	\$ 14.2
Add back depreciation & amortization	3.2	2.3	2.3	7.9
Less accelerated depreciation associated with plant consolidation	(0.1)	-	-	(0.1)
Adjusted EBITDA before corporate overhead (a)	7.4	14	13.1	22.0
Corporate overhead	-	-	-	(7.0)
Adjusted EBITDA (c)	\$ 7.4	\$ 14	\$ 13.1	\$ 15.0
Net sales (b)	\$ 80.8	\$ 27.2	\$ 93.4	\$ 201.5
Adjusted EBITDA margin [(a) / (b)]	9.2%	5.1%	14.1%	10.9%
Capital expenditures (d)	\$ 7.6	\$ 0.5	\$ 2.7	\$ 11.0
Adjusted EBITDA less capital expenditures [(c) - (d)]	(0.2)	0.9	10.5	4.0
Quarter Ended June 30, 2015				
Operating profit (loss) from ongoing operations	\$ 9.3	\$ (3.1)	\$ 8.3	\$ 14.5
Add back depreciation & amortization	3.9	2.5	2.4	8.8
Adjusted EBITDA before corporate overhead (a)	13.2	(0.5)	10.7	23.2
Corporate overhead	-	-	-	(7.7)
Adjusted EBITDA (c)	\$ 13.2	\$ (0.5)	\$ 10.7	\$ 15.5
Net sales (b)	\$ 92.0	\$ 23.3	\$ 98.2	\$ 213.5
Adjusted EBITDA margin [(a) / (b)]	14.3%	-2.3%	10.9%	10.9%
Capital expenditures (d)	\$ 3.3	\$ 0.7	\$ 2.5	\$ 6.5
Adjusted EBITDA less capital expenditures [(c) - (d)]	9.9	(1.3)	8.2	9.0
Six Months Ended June 30, 2016				
Operating profit (loss) from ongoing operations	\$ 14.6	\$ 1.1	\$ 18.4	\$ 34.0
Add back depreciation & amortization	6.7	4.5	4.6	15.7
Less accelerated depreciation associated with plant consolidation	(0.2)	-	-	(0.2)
Adjusted EBITDA before corporate overhead (a)	21.0	5.6	22.9	49.5
Corporate overhead	-	-	-	(14.5)
Adjusted EBITDA (c)	\$ 21.0	\$ 5.6	\$ 22.9	\$ 35.1
Net sales (b)	\$ 169.3	\$ 53.6	\$ 178.9	\$ 401.8
Adjusted EBITDA margin [(a) / (b)]	12.4%	10.5%	12.8%	12.3%
Capital expenditures (d)	\$ 13.9	\$ 1.2	\$ 3.6	\$ 19.0
Adjusted EBITDA less capital expenditures [(c) - (d)]	7.1	4.4	19.4	16.0
Six Months Ended June 30, 2015				
Operating profit (loss) from ongoing operations	\$ 26.1	\$ (2.3)	\$ 13.6	\$ 37.4
Add back depreciation & amortization	7.9	5.2	4.8	17.9
Adjusted EBITDA before corporate overhead (a)	34.0	2.9	18.4	55.3
Corporate overhead	-	-	-	(14.9)
Adjusted EBITDA (c)	\$ 34.0	\$ 2.9	\$ 18.4	\$ 40.4
Net sales (b)	\$ 198.3	\$ 50.2	\$ 191.8	\$ 440.3
Adjusted EBITDA margin [(a) / (b)]	17.1%	5.8%	9.6%	12.6%
Capital expenditures (d)	\$ 7.7	\$ 1.4	\$ 5.3	\$ 14.4
Adjusted EBITDA less capital expenditures [(c) - (d)]	26.3	1.5	13.1	26.0
Last Twelve Months Ended June 30, 2016				
Operating profit (loss) from ongoing operations	\$ 36.7	\$ 8.9	\$ 35.2	\$ 80.8
Add back depreciation & amortization	14.3	9.0	9.4	32.7
Less accelerated depreciation associated with plant consolidation	(0.6)	-	-	(0.6)
Adjusted EBITDA before corporate overhead (a)	50.4	17.9	44.6	112.9
Corporate overhead	-	-	-	(28.2)
Adjusted EBITDA (c)	\$ 50.4	\$ 17.9	\$ 44.6	\$ 84.7
Net sales (b)	\$ 356.6	\$ 108.7	\$ 362.6	\$ 827.9
Adjusted EBITDA margin [(a) / (b)]	14.1%	16.5%	12.3%	13.6%
Capital expenditures (d)	\$ 27.5	\$ 3.3	\$ 6.3	\$ 37.5
Adjusted EBITDA less capital expenditures [(c) - (d)]	23.0	14.6	38.3	47.3

GAAP to Non-GAAP Reconciliations

Notes (continued):

3. The after-tax effects of losses associated with plant shutdowns, asset impairments and restructurings and gains or losses from the sale of assets and other items (which includes unrealized gains and losses for an investment accounted for under the fair value method) have been presented separately and removed from income (loss) and earnings (loss) per share from continuing operations as reported under U.S. GAAP to determine Tredegar's presentation of net income and earnings per share from ongoing operations. Net income and earnings per share from ongoing operations are key financial and analytical measures used by Tredegar to gauge the operating performance of its ongoing operations. They are not intended to represent the stand-alone results for Tredegar's ongoing operations under GAAP and should not be considered as an alternative to net income or earnings per share from continuing operations as defined by U.S. GAAP. They exclude items that we believe do not relate to Tredegar's ongoing operations. A reconciliation is shown below:

(in millions, except per share data)

	2011	2012	2013	2014	2015	LTM Q2 2016
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 28.5	\$ 43.2	\$ 35.9	\$ 36.0	\$ (32.1)	\$ (31.9)
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	1.2	3.2	0.9	2.0	3.0	4.5
(Gains) losses from sale of assets and other	(1.8)	(7.9)	0.5	(1.2)	17.7	15.1
Goodwill impairment charge	-	-	-	-	44.5	44.5
Net income from ongoing operations	\$ 27.9	\$ 38.5	\$ 37.3	\$ 36.8	\$ 33.1	\$ 32.2
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.89	\$ 1.34	\$ 1.10	\$ 1.11	\$ (0.99)	\$ (0.99)
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.04	0.10	0.03	0.06	0.09	0.14
(Gains) losses from sale of assets and other	(0.06)	(0.24)	0.02	(0.04)	0.54	0.47
Goodwill impairment charge	-	-	-	-	1.37	1.36
Earnings per share from ongoing operations (diluted)	\$ 0.87	\$ 1.20	\$ 1.15	\$ 1.13	\$ 1.01	\$ 0.98

(in millions, except per share data)

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 0.6	\$ (36.7)	\$ (5.9)	\$ 7.3	\$ 3.4
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.2	1.5	1.4	0.7	0.9
(Gains) losses from sale of assets and other	2.4	-	15.5	(0.5)	0.1
Goodwill impairment charge	-	44.5	-	-	-
Net income from ongoing operations	\$ 3.2	\$ 9.3	\$ 11.0	\$ 7.5	\$ 4.4
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.02	\$ (1.13)	\$ (0.18)	\$ 0.22	\$ 0.10
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.01	0.05	0.04	0.02	0.03
(Gains) losses from sale of assets and other	0.07	-	0.48	(0.01)	-
Goodwill impairment charge	-	1.36	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.10	\$ 0.28	\$ 0.34	\$ 0.23	\$ 0.13

GAAP to Non-GAAP Reconciliations

Notes (continued):

4. Net debt is a non-GAAP financial measure that is not intended to represent debt as defined by GAAP, but is utilized by management in evaluating financial leverage and equity valuation. A calculation of net debt is shown below :

(In millions)	June 30, 2016
Debt	\$ 94.0
Less: Cash and cash equivalents	(27.5)
Net debt	<u>\$ 66.5</u>

5. Net debt-to-capitalization is a non-GAAP financial measure that is used by management in evaluating financial leverage and equity valuation. The calculation is Net Debt divided by Total Capitalization. A reconciliation of net debt-to-capitalization is shown below :

(In millions except percentages)	June 30, 2016
Net debt (see note 4) (a)	\$ 66.5
Shareholders' equity (b)	305.7
Net debt-to-capitalization [(a) / (a+b)]	<u>17.9%</u>

GAAP to Non-GAAP Reconciliations

Notes (continued):

6. Operating profit from ongoing operations is used by management to assess profitability. A reconciliation of operating profit from ongoing operations to net income is show below :

Operating profit (loss): (in thousands)	2011	2012	2013	2014	2015	Q2 2015	Q2 2016	Q2 YTD 2015	Q2 YTD 2016
PE Films:									
Ongoing operations	\$ 56,521	\$ 50,814	\$ 61,866	\$ 60,971	\$ 48,275	\$ 9,272	\$ 4,318	\$ 26,104	\$ 14,553
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(901)	1,011	(671)	(12,238)	(4,180)	(8)	(1,356)	(7)	(2,491)
Flexible Packaging Films:									
Ongoing operations	2,972	19,136	9,100	(2,917)	5,453	(3,094)	(942)	(2,309)	1,090
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(5,906)	(1,120)	-	(589)	(185)	(251)	-	(185)	-
Goodwill Impairment charge					(44,465)				
Aluminum Extrusions:									
Ongoing operations	3,457	9,037	18,291	25,664	30,432	8,299	10,859	13,591	18,359
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	58	(5,427)	(2,748)	(976)	(708)	(18)	(558)	(33)	(565)
Total	56,201	73,451	85,838	69,915	34,622	14,200	12,321	37,161	30,946
Interest income	1,023	418	594	588	294	82	51	171	88
Interest expense	1,926	3,590	2,870	2,713	3,502	893	947	1,778	2,032
Gain on sale of investment property	-	-	-	1,208					
Unrealized loss on investment property	-	-	(1,018)	-					
Gain (loss) from an investment accounted for under the fair value method	1,600	16,100	3,400	2,000	(20,500)	-	300	-	1,100
Stock option-based compensation costs	1,940	1,432	1,155	1,272	483	198	31	498	(7)
Corporate expenses, net	16,169	23,443	31,857	24,310	33,638	11,694	6,969	18,910	14,886
Income (loss) from continuing operations before income taxes	38,789	61,504	52,932	45,416	(23,207)	1,497	4,725	16,146	15,223
Income taxes	10,244	18,319	16,995	9,387	8,928	903	1,317	5,682	4,533
Income (loss) from continuing operations	28,545	43,185	35,937	36,029	(32,135)	594	3,408	10,464	10,690
Income (loss) from discontinued operations, net of tax	(3,690)	(14,934)	(13,990)	850		-	-	-	-
Net income (loss)	\$ 24,855	\$ 28,251	\$ 21,947	\$ 36,879	\$ (32,135)	\$ 594	\$ 3,408	\$ 10,464	\$ 10,690

GAAP to Non-GAAP Reconciliations

Notes (continued):

7. Sales volumes in 2016 have declined as a result of the wind down of shipments for certain personal care materials due to various known product transitions and business lost, primarily with PE Films' largest customer. In addition, efforts to consolidate domestic manufacturing facilities commenced in the third quarter of 2015. This restructuring project is not expected to be completed until the middle of 2017, and once complete, annual pre-tax cash cost savings are expected to be \$5-6 million. The tables below summarize the pro forma sales volume, net sales and operating profit from ongoing operations for the quarters ended June 30, 2016 and 2015 and the twelve month period ended June 30, 2016 had the impact of these events noted above been fully realized:

	Quarter Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	LTM June 30,
	2016	2015	2016	2015	2015	2016
Volume (lbs)	34,574	38,797	72,460	81,843	160,283	150,900
Volume associated with known product transitions & other losses (lbs)	771	2,848	2,119	6,973	10,742	5,888
Pro forma volume (lbs)	33,803	35,949	70,341	74,870	149,541	145,012
Net Sales	\$ 80,813	\$ 91,959	\$ 169,295	\$ 198,316	\$ 385,550	\$ 356,529
Net sales associated with known product transitions & other losses	2,892	9,313	7,620	23,651	38,542	22,511
Pro forma net sales	\$ 77,921	\$ 82,646	\$ 161,675	\$ 174,665	\$ 347,008	\$ 334,018
Operating profit from ongoing operations, as reported	\$ 4,318	\$ 9,272	\$ 14,552	\$ 26,104	\$ 48,275	\$ 36,723
Contributions to operation profit from ongoing operations associated with known product transitions & other losses before restructurings & fixed cost reduction	1,065	2,658	2,607	7,610	13,349	8,346
Operating profit from ongoing operations, net of the impact of business that will be fully eliminated in future periods	3,253	6,614	11,945	18,494	34,926	28,377
Estimated future benefit of North American facility consolidation	1,300	1,300	2,600	2,600	5,200	5,200
Pro forma estimated operating profit from ongoing operations	\$ 4,553	\$ 7,914	\$ 14,545	\$ 21,094	\$ 40,126	\$ 33,577
Add: Depreciation & amortization expense*	3,114	3,780	6,433	7,895	15,124	13,662
Less: Depreciation & amortization associated with future benefit of North American facility consolidation	(353)	(549)	(763)	(1,210)	(2,207)	(1,760)
Pro forma Adjusted EBITDA	\$ 7,314	\$ 11,145	\$ 20,215	\$ 27,779	\$ 53,043	\$ 45,479

*Excludes accelerated depreciation recorded in Maverick restructuring