



2015 Fourth-Quarter Financial Results

February 29, 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 December 31, 2015, 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

2015 Fourth Quarter and Full Year Financial Results



(in millions, except per share data)

	4Q 2015	4Q 2014	2015	2014
Net Sales ¹	\$210.1	\$231.3	\$866.3	\$923.0
Net Income from Ongoing Operations ²	\$11.0	\$7.4	\$33.1	\$36.8
Diluted EPS from Ongoing Operations ²	\$.34	\$.23	\$1.01	\$1.13

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.

“Overall, Tredegar had a solid quarter. Bonnell and Terphane posted improved operating results with strong volume growth for the quarter and full year. Our PE Films segment continues to show volume and profit declines as we manage through lost business and product transitions in personal care materials. On the positive side, surface protection films performed well for the quarter and year. We’ve added R&D resources to PE Films to improve our chances of realizing several opportunities that we see from new products.”

“Looking forward, we will continue to be challenged over the next couple of years by product transitions in personal care materials. Meeting customer needs will be paramount to success, and our prospects improve considerably if we’re successful in our new product development initiatives.”

“In light of recently improved operating efficiencies, our challenge to profit growth at Terphane will continue to be the poor economic conditions in Brazil and tough competitive pressures, given the overcapacity in place.”

John Gottwald, CEO and President (fourth quarter 2015 earnings release)

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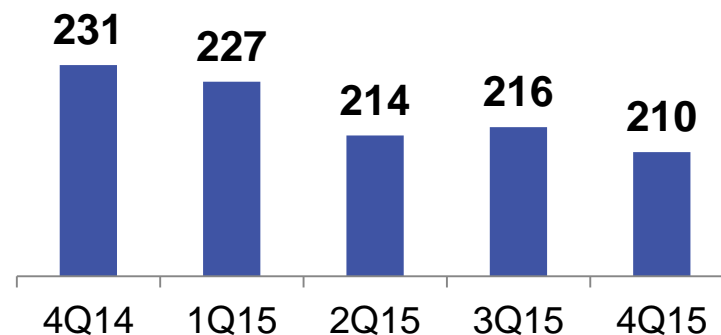
Fourth Quarter Net Sales and Net Income



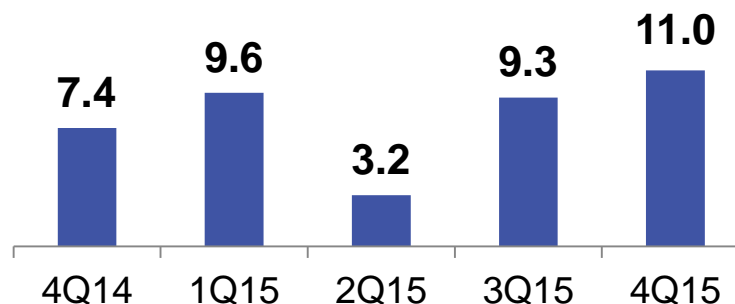
Financial Highlights

- Combined segment operating profit from ongoing operations³ of \$25.7M
 - PE Films operating profit of \$12.4M (down \$1.4M Y-O-Y and up \$2.7M sequentially)
 - Flexible Packaging (Terphane) operating profit of \$3.7M (up \$4.3M Y-O-Y and down \$0.4M sequentially)
 - 4Q includes \$1.5M of profit benefit from non-operational items (\$5.0M in 2015)
 - Bonnell Aluminum operating profit of \$9.6M (up \$2.5M Y-O-Y and \$2.3M sequentially)
- Non-cash pension expense of \$12.3M in 2015, \$5.6M unfavorable to prior year

Net Sales¹ (\$ in millions)



Net Income from Ongoing Operations² (\$ in millions)



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

2015 Fourth Quarter and Full Year Results



4th Quarter Performance

(in millions)	4Q 15	4Q 14	▲
Volume (lbs.)	38.4	41.3	(7)%
Net Sales ¹	\$93.3	\$109.4	(15)%
Operating Profit ²	\$12.4	\$13.8	(10)%
Pro Forma Op. Profit ⁴	\$11.0	\$10.2	8%
Adj. EBITDA ³	\$15.5	\$18.6	(16)%
Pro Forma Adj. EBITDA ⁴	\$13.7	\$14.4	(5)%

Financial Highlights

- Product transitions for Films' largest customer negatively impacting personal care volumes
- Higher volume and favorable mix for surface protection films for fourth quarter and full year
- Lower volumes and pricing for ongoing personal care films for fourth quarter and full year
- Higher R&D spending to support new product development in 2015

Full Year Performance

(in millions)	2015	2014	▲
Volume (lbs.)	160.3	175.2	(9)%
Net Sales ¹	\$385.6	\$464.3	(17)%
Operating Profit ²	\$48.3	\$61.0	(21)%
Pro Forma Op. Profit ²	\$40.1	\$41.4	(3)%
Adj. EBITDA ³	\$63.4	\$82.4	(23)%
Pro Forma Adj. EBITDA ³	\$53.0	\$59.5	(13)%

Other Highlights

- Pro forma estimates reflect operating profit assuming sales from lost business and product transitions have been eliminated³
- Full-year volume increased over 6% for surface protection films
- Additional product transitions after 2017 expected to result in additional adverse profit impact of \$10M
- Efforts to consolidate domestic manufacturing facilities commenced during the 3rd quarter (see Management Discussion in Form 10-K (starting on pg. 20) for additional information)
- 2015 capital spending of \$21M (2016 projection of \$30M)

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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)

2015 Fourth Quarter and Full Year Results



4th Quarter Performance

(in millions)	4Q 15	4Q 14	▲
Volume (lbs.)	22.4	21.0	6%
Net Sales ¹	\$28.0	\$31.0	(10)%
Operating Profit ²	\$3.7	\$(0.6)	-- %
Adj. EBITDA ³	\$5.9	\$2.2	168%

Full Year Performance

(in millions)	2015	2014	▲
Volume (lbs.)	82.3	72.0	14%
Net Sales ¹	\$105.3	\$114.3	(8)%
Operating Profit ²	\$5.5	\$(2.9)	-- %
Adj. EBITDA ³	\$15.2	\$6.4	136%

Financial Highlights

- Operating profit from ongoing operations improved by \$4.3M in 4th quarter:
 - Higher volumes and operating efficiencies
 - Competitive pricing pressures continued to reduce margins
 - Estimated lag in the pass-through of lower raw material costs (\$0.8M)

Other Highlights

- Unfavorable economic conditions in Brazil and ongoing excess global capacity in market
- Full-year foreign currency transaction gains associated with US \$ of \$3.5M in 2015
- Estimated lag in the pass-through of lower raw material costs of \$1.0M in 2015 (zero in 2014)
- Net refunds of \$1.6M in 2015 as result of reinstatement of GSP program vs. duties of \$1.1M in 2014

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² See Note 6 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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Aluminum Extrusions (Bonnell Aluminum)

2015 Fourth Quarter Results



4th Quarter Performance

(in millions)	4Q 15	4Q 14	▲
Volume (lbs.)	42.9	39.5	9%
Net Sales ¹	\$88.8	\$90.9	(2)%
Operating Profit ²	\$9.6	\$7.1	35%
Adj. EBITDA ³	\$12.0	\$9.5	26%

YTD Performance

(in millions)	2015	2014	▲
Volume (lbs.)	170.0	153.8	11%
Net Sales ¹	\$375.4	\$344.3	9%
Operating Profit ²	\$30.4	\$25.7	19%
Adj. EBITDA ³	\$40.1	\$35.6	13%

Financial Highlights

- Higher operating profit in fourth quarter due to higher volume, improved operating efficiencies and lower utility costs
- Higher operating profit for 2015 primarily as a result of higher volume, offset by new hire and other production inefficiencies in first three quarters of 2015

Other Highlights

- Higher volume for 2015 in all major markets
- Average capacity utilization at approximately 90%; exploring opportunities to increase capacity
- Capital expenditures of \$24M projected in 2016, including \$14M for new capacity project in Niles (\$18M project with planned start-up in 2Q 2017)

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

Other 2015 Financial Highlights (as of 12/31/2015)

\$ in millions

Cash Flows from Operations	\$74.3
Capital Expenditures	\$32.8
Dividends Paid (quarterly dividend \$.11/share)	\$13.7
Net Debt¹	\$59.8
Total Debt to Adjusted EBITDA² (LTM as of 12/31/2015)	1.18x

¹ As of 12/31/2015. 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-K for the year ended December 31, 2015 (page 32) 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

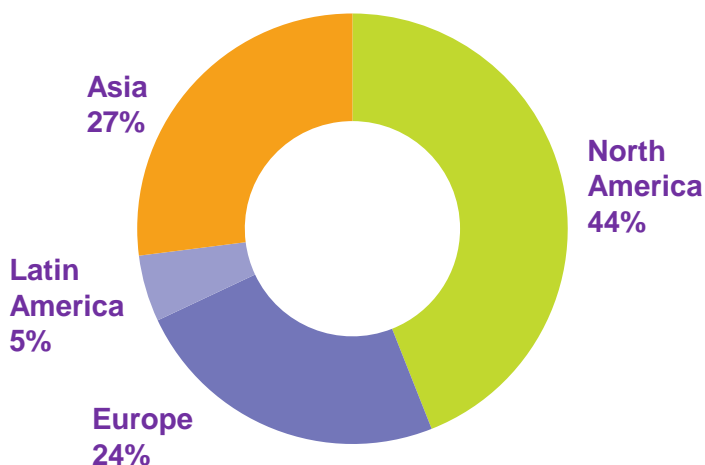
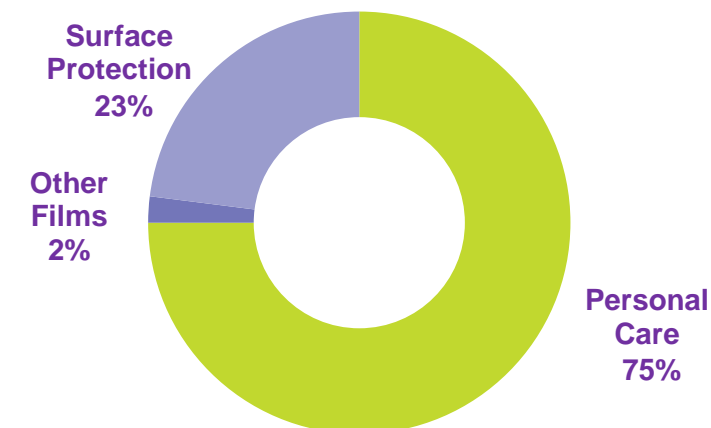
Aluminum Extrusions

- 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

(\$386 million Net Sales¹ in 2015)



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 2020, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
 - Global market growth of ~ 4% per year, driven by emerging market growth²
 - Baby diapers expected to grow ~ 4.3%²
 - Feminine hygiene expected to grow ~ 3.2%²
 - Adult incontinence products expected to grow ~ 8.6%²
- Rapid growth in adult incontinence driven by aging populations and product improvements

¹ IHS 2015

² Price Hanna Consultants, January 2016

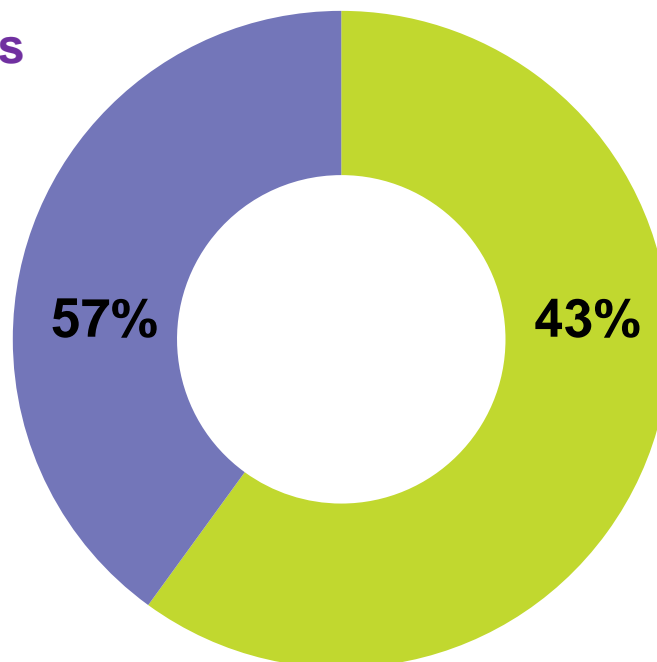
PE Films

Personal Care Customer Base

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

Other Global and
Regional
Customers

Procter & Gamble

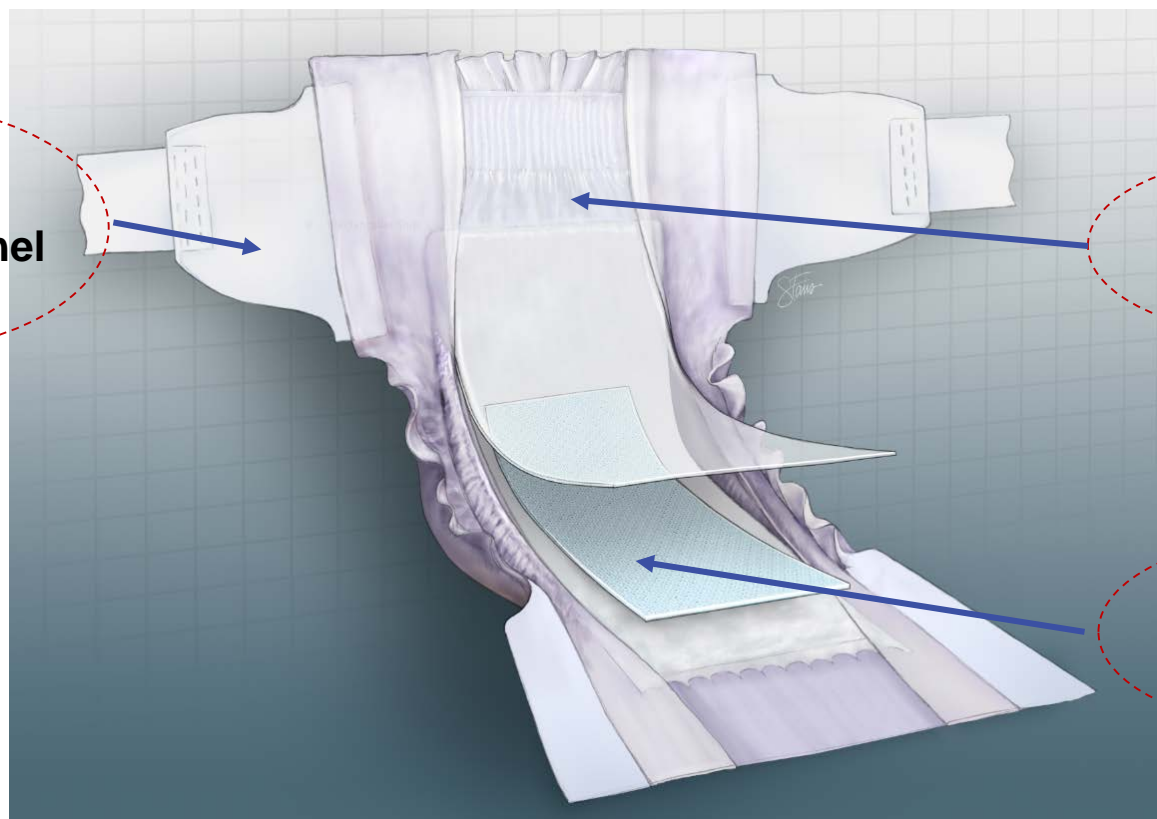


P&G

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)

Touch Panel



LCD Module



Polarizer Assembly



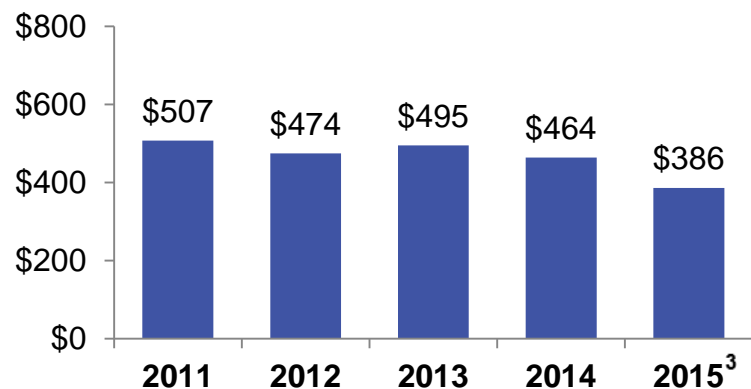
Backlight Assembly



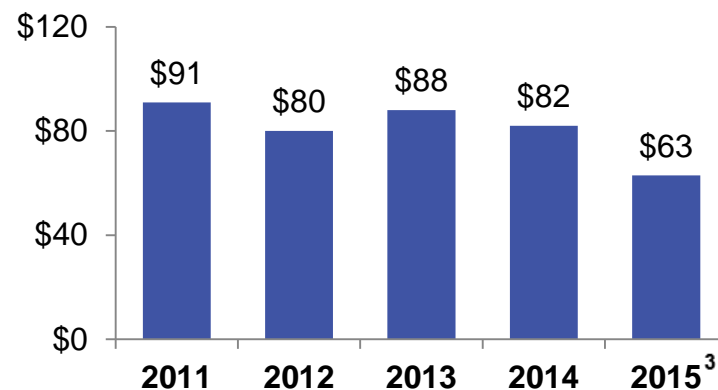
PE Films

Annual Historical Financials

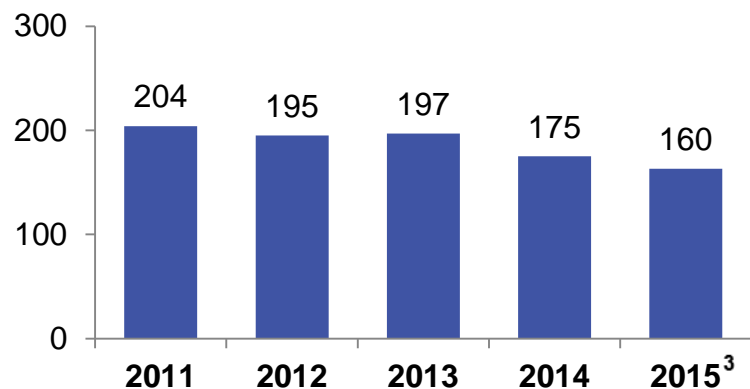
Net Sales¹ (\$ in millions)



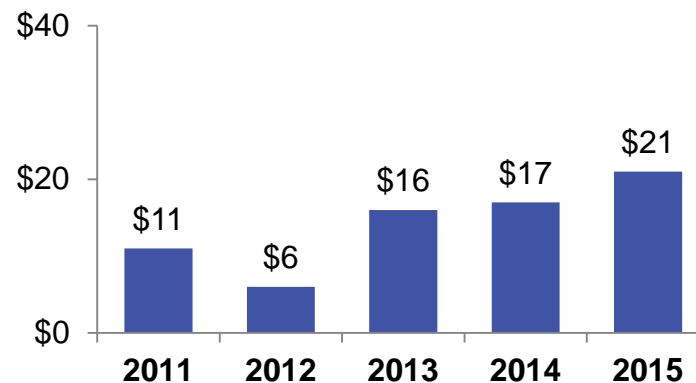
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



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.

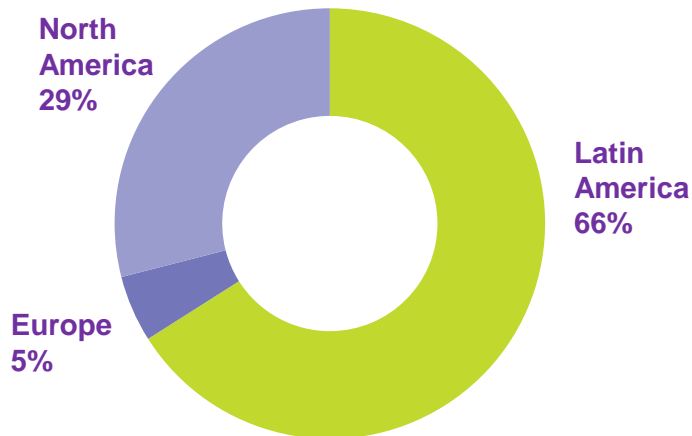
³ Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. See Note 7 in GAAP to Non-GAAP Reconciliations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

Flexible Packaging (PET) Films

Business Profile



(\$105 million Net Sales¹ in 2015)



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

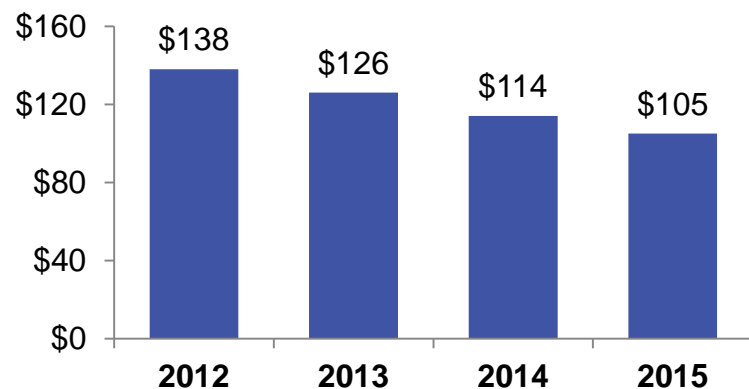
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

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.

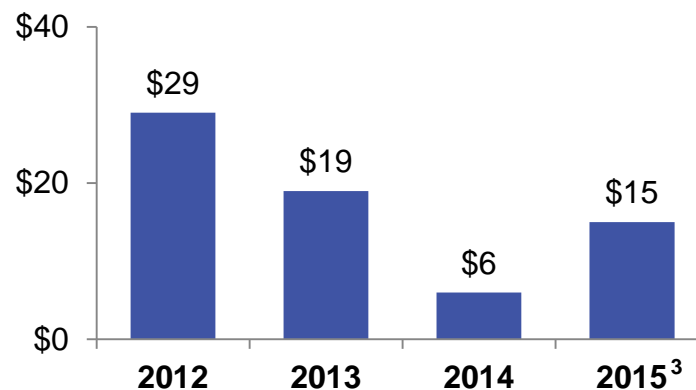
Flexible Packaging (PET) Films

Annual Historical Financials

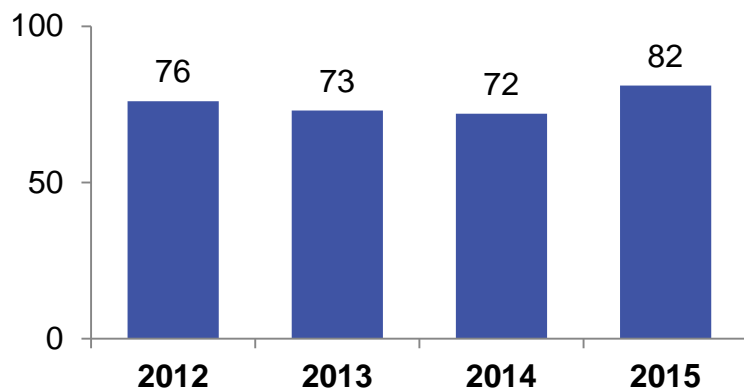
Net Sales¹ (\$ in millions)



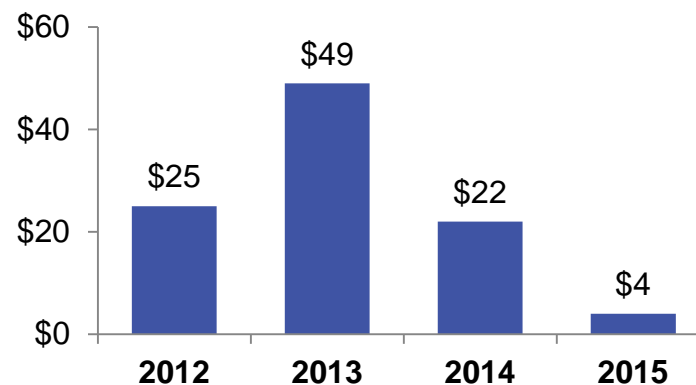
Adjusted EBITDA² (\$ in millions)



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.

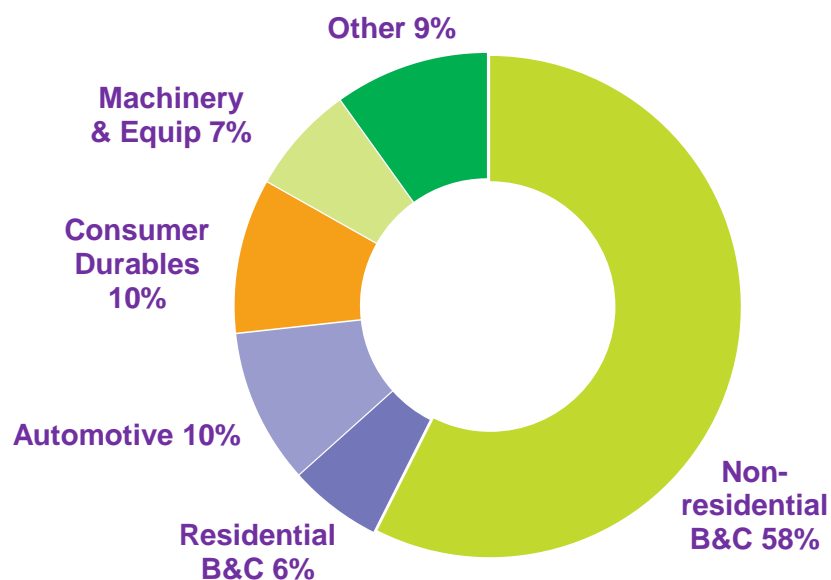
² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

³ 2015 EBITDA results include benefit from: refunds associated with duties previously applied to films imported into the United States (\$1.6M); foreign currency transaction gains associated with U.S. dollar denominated export sales from Brazil (\$3.5M); estimated lag in the pass through of lower raw material costs (\$1.0M)

Bonnell Aluminum

Business Profile

(170 million lbs. in 2015)



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

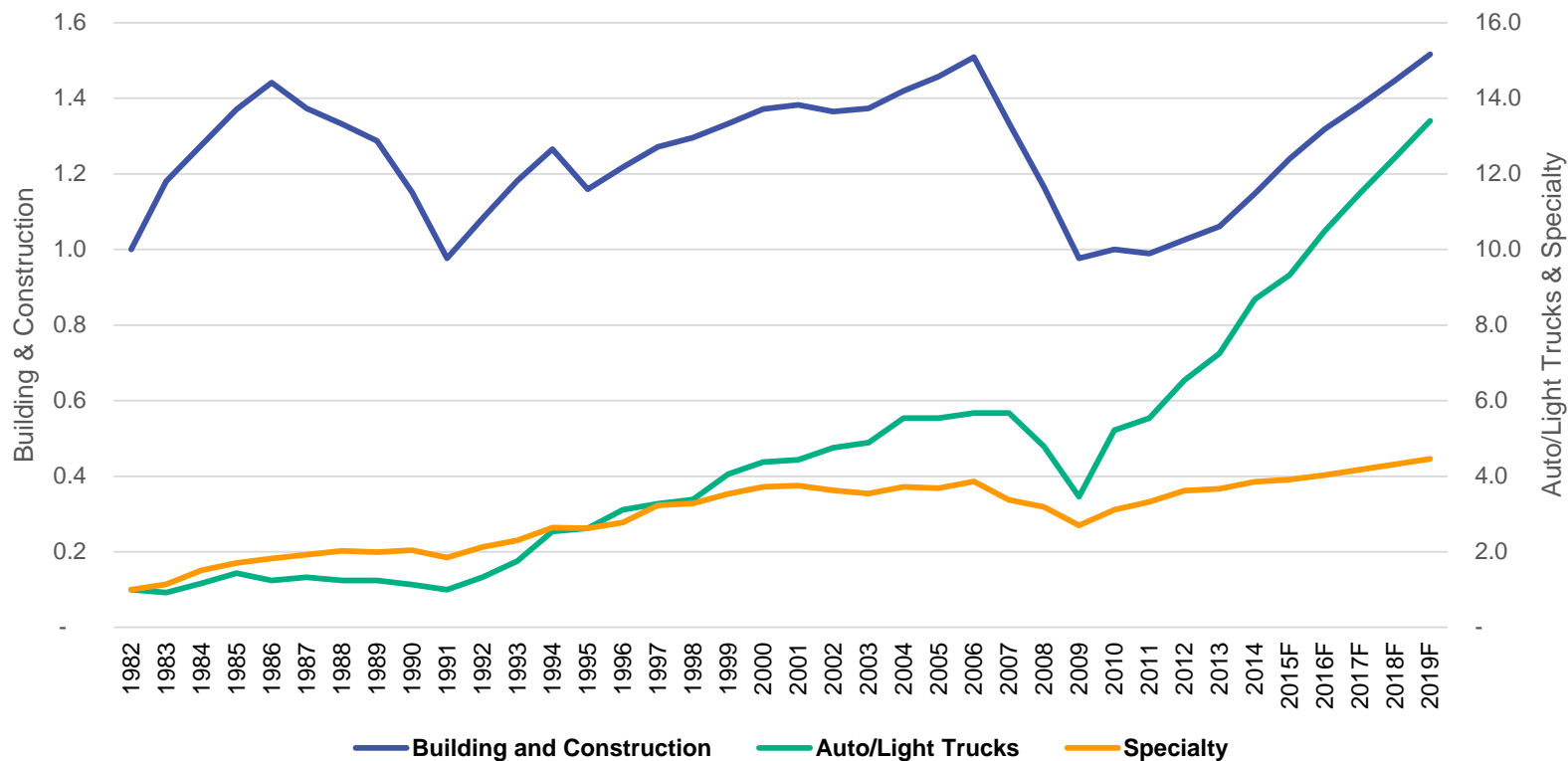
- Glazing contractors and fabricators
- Tier I and II suppliers to automotive OEMs
- Consumer durables, machinery and equipment, and electrical OEMs

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

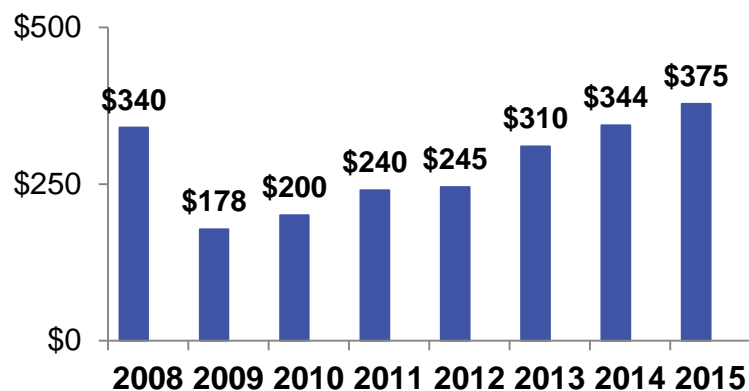


Note: Index computations based on Aluminum Association data (2015) and Lawrence Capital Quarterly Downstream Aluminum Outlook, December 2015. Specialty includes aluminum extrusions sold to the consumer durables, electrical and machinery markets. Actual results could be materially different from forecasted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

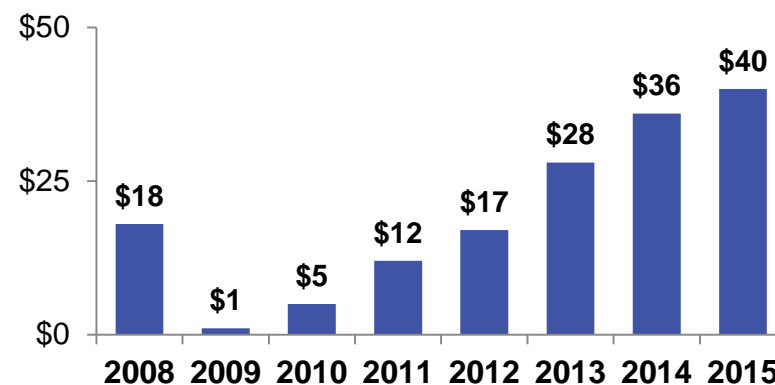
Bonnell Aluminum

Annual Historical Financials

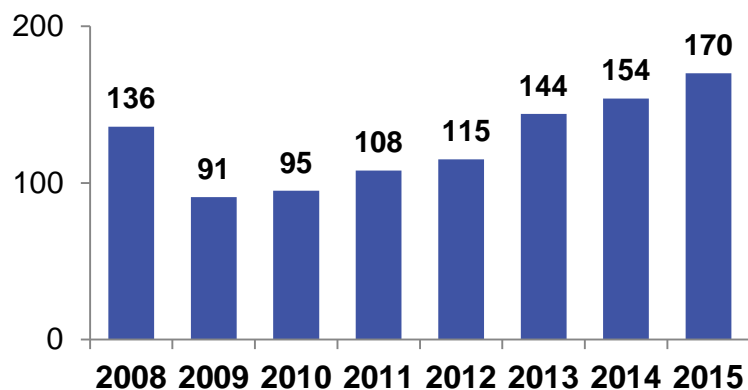
Net Sales¹ (\$ in millions)



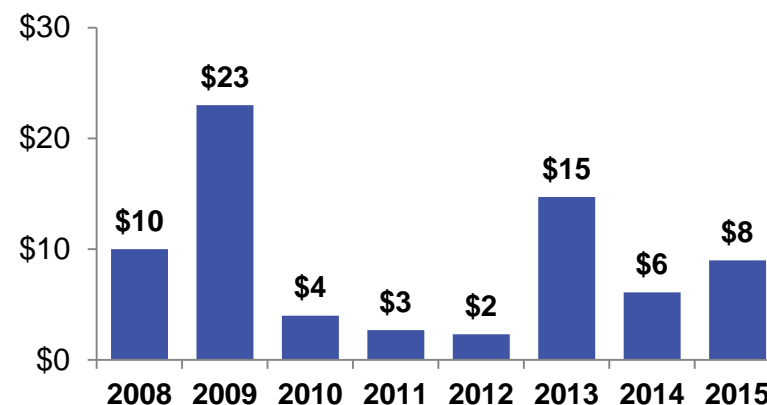
Adjusted EBITDA² (\$ in millions)



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.

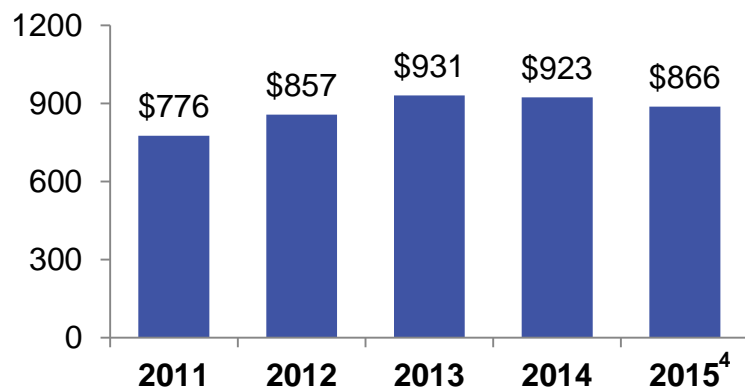
² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

Tredegar Corporation

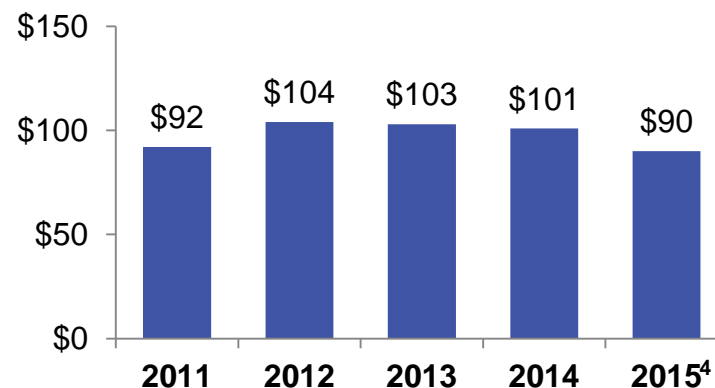
Annual Historical Financials



Net Sales¹ (\$ in millions)



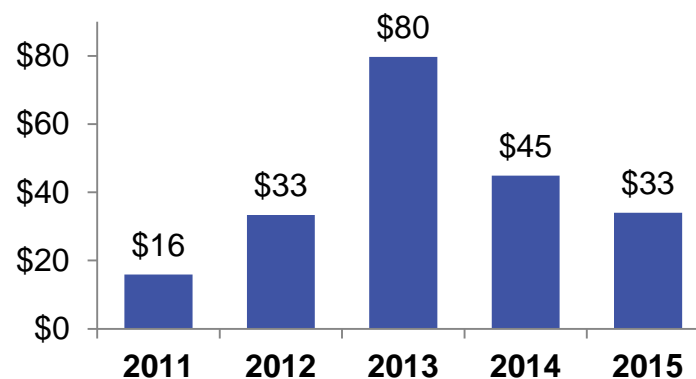
Adjusted EBITDA² (\$ in millions)



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. 19) 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>	<u>2016 Projection²</u>
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	24.0
Corporate	0.1	0.5	0.1	-	-	
Total	15.9	33.3	79.7	44.9	32.8	59.0
% Net Sales ¹	2.0%	3.9%	8.6%	4.9%	3.8%	

2016 capital expenditures are projected to include:

- Expansion of elastics in Europe, expansion of surface protection in China, and North American facility consolidation for PE Films
- Added capacity in Niles for Aluminum Extrusions
- 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

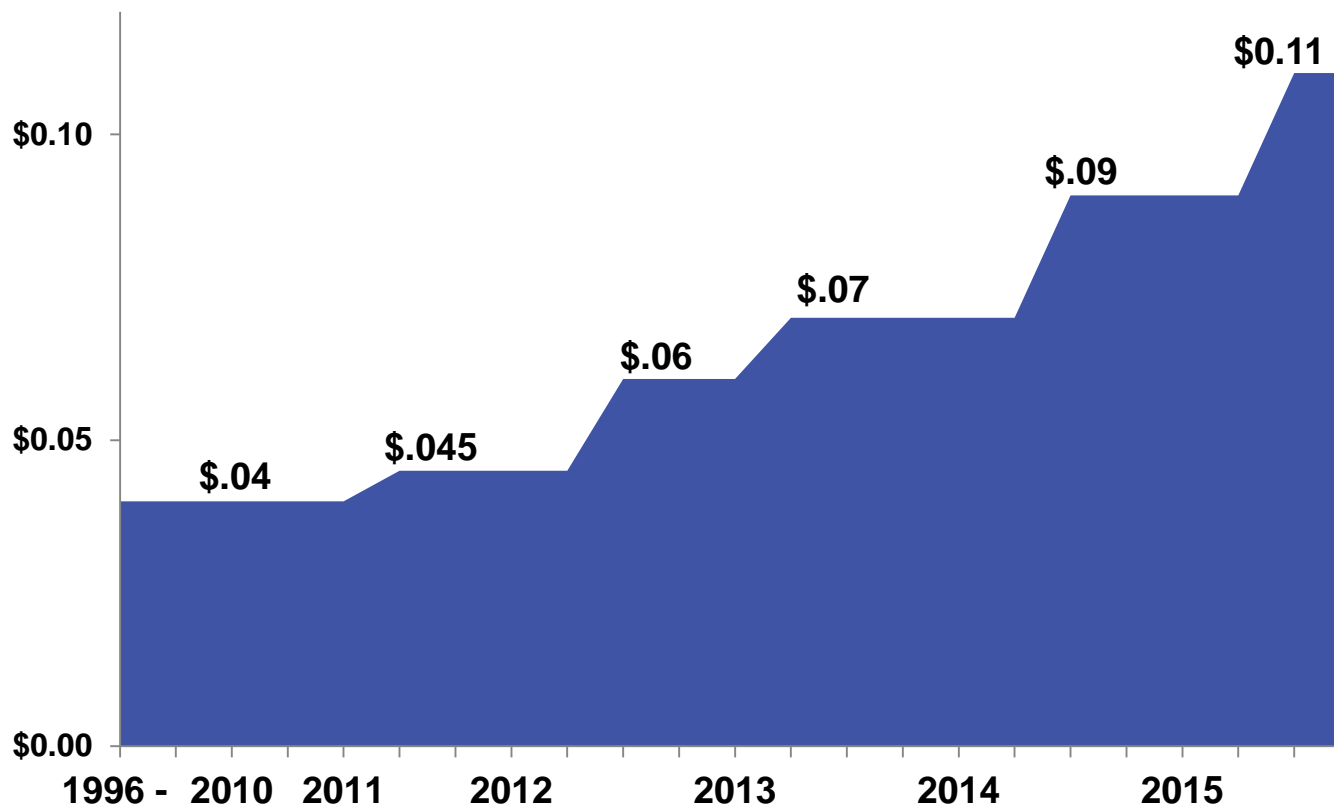


(\$ in millions)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash Flows from Operations	\$46	\$72	\$83	\$77	\$51	\$74
Capital Expenditures	20	16	33	80	45	33
Free Cash Flow¹	26	56	50	(3)	6	41
Dividends	5	6	31	9	11	14
Acquisitions	6	181	58	0	0	0
Share Repurchases	35	0	0	0	0	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	QTD	QTD	QTD	QTD
	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
PE Films	\$109.4	\$106.4	\$92.0	\$93.9	\$93.3
Flexible Packaging Films	31.0	26.8	23.3	27.2	28.0
Aluminum Extrusions	90.9	93.6	98.2	94.8	88.8
Total net sales	231.3	226.8	213.5	215.9	210.1
Add back freight	7.9	7.3	7.7	7.9	6.9
Sales as shown in consolidated statements of income	\$239.2	\$234.2	\$221.2	\$223.8	\$217.0

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

- 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 alternative to net income (loss) (as an indicator of operating performance) or to cash flow (as a measure of liquidity). Tredgar uses 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 fourth quarter and year December 31, 2015 includes an adjustment of \$0.4 million 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

	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	\$ 90.0
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)	\$ 21.2	\$ 3.5	\$ 8.1	\$ 32.8
Adjusted EBITDA less capital expenditures [(c) - (d)]	42.2	11.7	32.0	57.0
2014				
Operating profit (loss) from ongoing operations	\$ 61.0	(2.9)	\$ 25.7	\$ 83.8
Add back depreciation & amortization	21.4	9.3	9.9	40.6
Adjusted EBITDA before corporate overhead	82.4	6.4	35.6	124.4
Corporate overhead	-	-	-	(23.4)
Adjusted EBITDA (c)	\$ 82.4	\$ 6.4	\$ 35.6	\$ 100.0
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	\$ 21.8	\$ 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	\$ 61.9	\$ 9.1	\$ 18.3	\$ 89.3
Add back depreciation & amortization	25.6	9.7	9.2	44.5
Adjusted EBITDA before corporate overhead	87.5	18.8	27.5	133.8
Corporate overhead	-	-	-	(31.3)
Adjusted EBITDA (c)	\$ 87.5	\$ 18.8	\$ 27.5	\$ 102.0
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	22.0
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	79.8	29.4	16.6	125.8
Corporate overhead	-	-	-	(22.2)
Adjusted EBITDA (c)	\$ 79.8	\$ 29.4	\$ 16.6	\$ 103.0
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	70.0
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	90.7	5.1	11.8	107.6
Corporate overhead	-	-	-	(15.4)
Adjusted EBITDA (c)	\$ 90.7	\$ 5.1	\$ 11.8	\$ 92.0
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	76.0

GAAP to Non-GAAP Reconciliations

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
Quarter Ended December 31, 2015				
Operating profit (loss) from ongoing operations	\$ 12.4	\$ 3.7	\$ 9.6	\$ 25.7
Add back depreciation & amortization	3.3	2.2	2.4	7.9
Less accelerated depreciation associated with plant consolidation	(0.2)	-	-	(0.2)
Adjusted EBITDA before corporate overhead (a)	15.5	5.9	12.0	33.4
Corporate overhead	-	-	-	(8.1)
Adjusted EBITDA (c)	\$ 15.5	\$ 5.9	\$ 12.0	\$ 25.7
Net sales (b)	\$ 93.3	\$ 28.0	\$ 88.8	\$ 210.1
Adjusted EBITDA margin [(a) / (b)]	16.6%	21.1%	13.5%	15.9%
Capital expenditures (d)	\$ 7.5	\$ 1.0	\$ 1.0	\$ 9.5
Adjusted EBITDA less capital expenditures [(c) - (d)]	8.0	4.9	11.0	13.9
Quarter Ended December 31, 2014				
Operating profit (loss) from ongoing operations	\$ 13.8	\$(0.6)	\$ 7.1	\$ 20.3
Add back depreciation & amortization	4.8	2.8	2.4	10.0
Adjusted EBITDA before corporate overhead (a)	18.6	2.2	9.5	30.3
Corporate overhead	-	-	-	(7.1)
Adjusted EBITDA (c)	\$ 18.6	\$ 2.2	\$ 9.5	\$ 23.3
Net sales (b)	\$ 109.4	\$ 31.0	\$ 90.9	\$ 231.3
Adjusted EBITDA margin [(a) / (b)]	17.0%	7.1%	10.5%	13.1%
Capital expenditures (d)	\$ 6.2	\$ 5.2	\$ 0.9	\$ 12.3
Adjusted EBITDA less capital expenditures [(c) - (d)]	12.4	(3.0)	8.6	8.0

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
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 28.5	\$ 43.2	\$ 35.9	\$ 36.0	\$ (32.1)
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	1.2	3.2	0.9	2.0	3.0
(Gains) losses from sale of assets and other	(1.8)	(7.9)	0.5	(1.2)	17.7
Goodwill impairment charge	-	-	-	-	44.5
Net income from ongoing operations	\$ 27.9	\$ 38.5	\$ 37.3	\$ 36.8	\$ 33.1
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.89	\$ 1.34	\$ 1.10	\$ 1.11	\$ (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
(Gains) losses from sale of assets and other	(0.06)	(0.24)	0.02	(0.04)	0.54
Goodwill impairment charge	-	-	-	-	1.4
Earnings per share from ongoing operations (diluted)	\$ 0.87	\$ 1.20	\$ 1.15	\$ 1.13	\$ 1.01

(in millions, except per share data)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 13.1	\$ 9.9	\$ 0.6	\$ (36.7)	\$ (5.9)
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.3	(0.1)	0.2	1.5	1.4
(Gains) losses from sale of assets and other	(6.0)	(0.2)	2.4	-	15.5
Goodwill impairment charge	-	-	-	44.5	-
Net income from ongoing operations	\$ 7.4	\$ 9.6	\$ 3.2	\$ 9.3	\$ 11.0
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.40	\$ 0.30	\$ 0.02	\$ (1.13)	\$ (0.18)
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.01	-	0.01	0.05	0.04
(Gains) losses from sale of assets and other	(0.18)	(0.01)	0.07	-	0.48
Goodwill impairment charge	-	-	-	1.36	-
Earnings per share from ongoing operations (diluted)	\$ 0.23	\$ 0.29	\$ 0.10	\$ 0.28	\$ 0.34

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)	December 31, 2015
Debt	\$ 104.0
Less: Cash and cash equivalents	<u>(44.2)</u>
Net debt	<u>\$ 59.8</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)	December 31, 2015
Net debt (see note 4) (a)	\$ 59.8
Shareholders' equity (b)	<u>272.7</u>
Net debt-to-capitalization [(a) / (a+b)]	<u>18.0%</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 shown below: □

Operating profit (loss): (in thousands)	2011	2012	2013	2014	2015	Q4 2014	Q4 2015
PE Films:							
Ongoing operations	\$ 56,521	\$ 50,814	\$ 61,866	\$ 60,971	\$ 48,275	\$ 13,797	\$ 12,426
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(901)	1,011	(671)	(12,238)	(4,180)	43	(2,129)
Flexible Packaging Films:							
Ongoing operations	2,972	19,136	9,100	(2,917)	5,453	(634)	3,660
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(5,906)	(1,120)	-	(589)	(185)	(292)	-
Goodwill Impairment charge					(44,465)		
Aluminum Extrusions:							
Ongoing operations	3,457	9,037	18,291	25,664	30,432	7,101	9,569
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	58	(5,427)	(2,748)	(976)	(708)	(676)	(344)
Total	56,201	73,451	85,838	69,915	34,622	19,339	23,182
Interest income	1,023	418	594	588	294	169	47
Interest expense	1,926	3,590	2,870	2,713	3,502	962	823
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)	(900)	(20,500)
Stock option-based compensation costs	1,940	1,432	1,155	1,272	483	328	(88)
Corporate expenses, net	16,169	23,443	31,857	24,310	33,638	7,019	8,006
Income (loss) from continuing operations before income taxes	38,789	61,504	52,932	45,416	(23,207)	10,299	(6,012)
Income taxes	10,244	18,319	16,995	9,387	8,928	(2,755)	(136)
Income (loss) from continuing operations	28,545	43,185	35,937	36,029	(32,135)	13,054	(5,876)
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)	\$ 13,054	\$ (5,876)

GAAP to Non-GAAP Reconciliations

Notes (continued):

7. Sales volumes in 2015 have declined as a result of the wind down of shipments for certain personal care materials due to various 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 and years ended December 31, 2015 and 2014 as well as the year ended December 31, 2015 had the impact of these events noted above been fully realized:

	Quarter Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Volume (lbs)	38,417	41,332	160,283	175,203
Contributions to operation profit from ongoing operations associated with business lost:				
Certain baby care elastic films sold in North America	-	260	-	5,146
Product transitions & other losses before restructurings & fixed cost reduction	1,604	4,297	10,742	24,448
Pro forma volume (lbs)	36,813	36,775	149,541	145,609
Net Sales	\$ 93,291	\$ 109,448	\$ 385,550	\$ 464,339
Contributions to operation profit from ongoing operations associated with business lost:				
Certain baby care elastic films sold in North America	-	9	-	17,082
Product transitions & other losses before restructurings & fixed cost reduction	6,489	15,414	38,542	67,380
Pro forma net sales	\$ 86,802	\$ 94,025	\$ 347,008	\$ 379,877
Operating profit from ongoing operations, as reported	\$ 12,426	\$ 13,797	\$ 48,275	\$ 60,971
Contributions to operation profit from ongoing operations associated with business lost:				
Certain baby care elastic films sold in North America	-	-	-	2,106
Product transitions & other losses before restructurings & fixed cost reduction	2,712	4,940	13,349	22,686
Operating profit from ongoing operations, net of the impact of business that will be fully eliminated in future periods	9,714	8,857	34,926	36,179
Estimated future benefit of North American facility consolidation	1,300	1,300	5,200	5,200
Pro forma estimated operating profit from ongoing operations	\$ 11,014	\$ 10,157	\$ 40,126	\$ 41,379
Add: Depreciation & amortization expense	3,145	4,765	15,124	21,401
Less: Depreciation & amortization associated with certain baby care elastic films sold in North America	-	-	-	(378)
Less: Depreciation & amortization associated with future benefit of North American facility consolidation	(483)	(489)	(2,207)	(2,890)
Pro forma Adjusted EBITDA	\$ 13,676	\$ 14,433	\$ 53,043	\$ 59,512