

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

October 28, 2011 (October 24, 2011)

**Tredegar Corporation**

(Exact name of Registrant as specified in charter)

Virginia

(State or other jurisdiction of incorporation)

1-10258

(Commission file number)

54-1497771

(IRS employer identification no.)

1100 Boulders Parkway, Richmond, Virginia

(Address of principal executive offices)

23225

(Zip code)

Registrant's telephone number, including area code

(804) 330-1000

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On October 24, 2011 (the "Closing Date"), TAC Holdings, LLC, a Virginia limited liability company (the "Buyer"), and Tredegar Film Products Corporation, a Virginia corporation ("Tredegar Film Products"), which are indirect and direct, respectively, wholly-owned subsidiaries of Tredegar Corporation, a Virginia corporation (the "Company"), completed the acquisition (the "Transaction") of 100% of the outstanding equity interests of Terphane Holdings LLC, a Delaware limited liability company ("THLLC"), for an aggregate purchase price of \$188,000,000, subject to certain adjustments (the "Purchase Price"). The transaction was completed in accordance with the Membership Interest Purchase Agreement, dated as of October 14, 2011 (the "Purchase Agreement"), by and among the Buyer, Tredegar Film Products and Gaucho Holdings B.V., a Dutch *besloten vennootschap* and an indirect subsidiary of Vision Capital Partners VII LP, a Guernsey limited partnership.

THLLC, through its wholly-owned subsidiary, Terphane Acquisition Corp. II, an exempted company incorporated with limited liability under the laws of the Cayman Islands, is the holding company for Terphane Inc., a Delaware corporation ("Tinc"), and Terphane Limitada, a Brazilian limited liability company ("Limitada"). Tinc manufactures and markets thin polyester films for packaging and industrial applications in North America. Limitada manufactures and markets similar products in Latin America.

For more information on the Purchase Agreement, see the description thereof in the Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission (the "SEC") on October 19, 2011.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

To fund a portion of the Purchase Price, on October 24, 2011, the Company borrowed \$125,000,000 under its \$300,000,000, four-year, revolving, unsecured credit facility, dated as of June 21, 2010 (the "Credit Agreement"), with the lenders named therein, JPMorgan Chase Bank, N.A., as administrative agent, SunTrust Bank, as syndication agent, and Bank of America, N.A., HSBC Bank USA, National Association and U.S. Bank National Association, as co-documentation agents (collectively, the "Lenders"). Certain of the Company's material subsidiaries have guaranteed to the Lenders the obligations of the Company under the Credit Agreement pursuant to a separate guaranty agreement, dated as of June 21, 2010 (the "Guaranty").

The borrowing, which the Company contributed to the Buyer, bears interest at a rate per annum equal to one month LIBO Rate plus the applicable credit spread per the terms of the Credit Agreement (as of the Closing Date, LIBO Rate of .25 plus spread of 200 basis points).

For more information on the Credit Agreement and the Guaranty, see the description thereof contained in Item 1.01 and Item 2.03 of the Current Report on Form 8-K filed by the Company with the SEC on June 22, 2010, which description is incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

On October 26, 2011, the Company held a conference call with analysts and investors regarding the Transaction. Copies of the transcript of the call and the slides used in connection therewith, which slides are also available on the Company's website, are attached hereto as Exhibit 99.2 and Exhibit 99.3, respectively, and are incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.2 and Exhibit 99.3, that is being furnished pursuant to Item 7.01 of Form 8-K, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

On October 24, 2011, the Company issued a press release announcing the Closing. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01. Financial Statement and Exhibits.**

(a) *Financial Statements of Businesses Acquired.*

To the extent that financial statements are required by this item, such financial statements will be filed by an amendment to this Current Report on Form 8-K no later than January 3, 2012.

(b) *Pro Forma Financial Information.*

To the extent that pro forma financial information is required by this item, such pro forma financial information will be filed by an amendment to this Current Report on Form 8-K no later than January 3, 2012.

(d) *Exhibits.*

2.1 Membership Interest Purchase Agreement, dated as of October 14, 2011, by and among TAC Holdings, LLC, Gaucho Holdings B.V. and Tredegar Film Products Corporation. (Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted exhibit or schedule upon request.) (filed as Exhibit 2.1 to the Company's Current Report Form 8-K (File No. 1-10258), as filed with the SEC on October 19, 2011, and incorporated herein by reference).

99.1 Press release issued on October 24, 2011.

99.2 Transcript of October 26, 2011 analysts and investors conference call.

99.3 Slides for October 26, 2011 analysts and investors conference call.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 28, 2011

**TREDEGAR CORPORATION**

By: /s/ A. Brent King  
A. Brent King  
Vice President, General Counsel and Secretary

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
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**Tredeg**  
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FOR IMMEDIATE RELEASE

**TREDEGAR CORPORATION ANNOUNCES ACQUISITION OF TERPHANE**

RICHMOND, Va., October 24, 2011 – Tredeg Corporation (NYSE:TG) announced today that its subsidiary, Tredeg Film Products Corporation, has completed the acquisition of Terphane Holdings LLC (“Terphane”), a leading manufacturer of specialty polyester films with operations in Brazil and the United States.

The approximate purchase price of \$188 million was funded using available cash on hand and financing secured from Tredeg’s existing \$300 million credit facility. The acquisition is expected to be accretive within the first year following the acquisition. With revenues of approximately \$160 million for the last twelve months, as of June 30, 2011, Terphane is a market leading producer of thin polyester films in Latin America with a growing presence in strategic product niches in the United States.

Commenting on the acquisition, Nancy Taylor, Tredeg’s President and CEO, said, “Welcoming Terphane to the Tredeg family provides us with significant opportunities to broaden our product portfolio and end-use markets and grow in a key global region. Terphane’s high-value, differentiated products will extend our product offerings into the food and consumer packaging markets. Its strengths in films manufacturing, technology and product commercialization align well with those of Tredeg Film Products. Much like Tredeg Film Products, Terphane enjoys deep, long-term relationships with global customers in Latin America, which is one of the fastest-growing geographic markets in the world.”

Terphane will be operated within Tredeg Film Products, and the current management team at Terphane will continue to run its operations. Monica Moretti, President of Tredeg Film Products, commented, “We are thrilled to join forces with Terphane, an established, successful, and growing company in Brazil, which gives us a much larger presence in Latin America. Bringing together Tredeg Film Products and Terphane will allow us to leverage each company’s strengths and share best practices. We expect Terphane to benefit from the long-term perspective that Tredeg offers as we execute on its growth strategy.”

Tredeg’s management will host a conference call on Wednesday, October 26 at 8:30 a.m. (EDT) to discuss the acquisition. To listen to the call and view the slide presentation, go to the company’s website – [www.tredeg.com](http://www.tredeg.com) – and select the “Webcast of Shareholders Conference Call” link on the home page. Alternatively, individuals can access the call by dialing 1 (888) 771-4371. Individuals calling from outside of the U.S. should call 1 (847) 585-4405. The participant passcode is 31026845. A replay of the conference call will be available on the Tredeg website for 30 days.

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Tredegar was advised by Deloitte Corporate Finance LLC.

**About Tredegar Corporation:**

Tredegar Corporation is primarily a manufacturer of plastic films and aluminum extrusions. A global company headquartered in Richmond, Virginia, Tredegar had sales of \$740 million in 2010. With approximately 2,000 employees, the company operates manufacturing facilities in North America, South America, Europe, and Asia. Additional information regarding Tredegar Corporation is available at [www.tredegar.com](http://www.tredegar.com).

**FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This news release contains forward-looking statements regarding Tredegar Corporation's business. These forward-looking statements are not historical facts, but statements that involve risks and uncertainties. Actual results could differ materially from those included in or implied by these forward-looking statements. Accordingly, you should not place undue reliance on these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include: the ability to integrate Terphane's operations as expected and within the expected timeframe; disruptions to customer and employee relationships and business operations caused by the transaction; unforeseen liabilities and claims; and the other factors discussed in the reports Tredegar files with or furnishes to the Securities and Exchange Commission (the "SEC") from time-to-time, including the risks and important factors set forth in additional detail in "Risk Factors" in Part I, Item 1A of Tredegar's 2010 Annual Report on Form 10-K filed with the SEC. Readers are urged to review and consider carefully the disclosures Tredegar makes in its filings with the SEC. Except as required by applicable law or regulations, Tredegar does not undertake, and specifically disclaims any obligation, to update or revise any forward-looking statement.

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## THOMSON REUTERS

## Tredegar Corporation

Ms. Nancy Taylor and Mr. Kevin O'Leary

October 26, 2011 - 8:30 a.m. EDT

**Operator:** Welcome to today's Tredegar conference call. My name is Yvette [sp], and I will be your conference operator.

During today's call, all lines will be in a listen-only mode. We will be conducting a question-and-answer session after the presentation, at which time we will give instructions on how to queue for questions. Should you need assistance at any time, please select star-zero on your phone.

At this time, I would like to introduce Ms. Nancy Taylor, President and CEO of Tredegar Corporation. Ms. Taylor, you may begin.

**Ms. Nancy Taylor:** Thank you. Good morning, everyone, and welcome. I'm excited to be here today with Kevin O'Leary, Tredegar's CFO, to discuss our acquisition of Terphane. Monica Moretti, our former President, is in the Brazil meeting with our new Terphane employees, so unfortunately she will not be on the call this morning.

Although we don't normally hold shareholders conference calls, we thought that it made sense to share more about both the rationale for this acquisition and the ways that Tredegar and, ultimately, you, our shareholders, should benefit from it.

Please note that the topic today is specifically the acquisition, so I will not be discussing third quarter results or other aspects of our businesses, nor will we take questions on matters outside of the acquisition.

Before we start, I need to remind you of two important things. We can't predict the future, so if we make any comments that sound to you like we can, that is not our intent. And, two, during this presentation, certain non-GAAP financial information will be presented with reconciliations available on our website.

If you've read or heard my communications to shareholders over the last two years, I hope that you've come away with the understanding that we are very focused on manufacturing. We own and operate businesses that make things, and that is at the core of who we are.

We have specific strengths, such as excellence in manufacturing, product innovation, and leadership in our industries. We also devote time to sharing best operating practices among our businesses.

So, as we have been seeking growth and diversification opportunities through acquisition, we have focused our search on manufacturing companies. As I said at our annual meeting, our core competencies, such as strength and process, innovation and product commercialization, play well in markets with attractive growth trends in which we don't participate at all or as much as we could. We also believe market and customer diversification in areas that leverage our strengths make sense.

We went over our criteria for acquisition in the annual meeting, and here is the list again: manufacturing presence with defensible competitive advantage; growth potential; diversified customer base; good management; favorable markets relative to macro trends; global position or opportunity to globalize.

Terphane delivers on all of the acquisition criteria that I listed. First of all, it's a leader in flexible packaging, a market that has been interesting to us for some time. Terphane serves the growing food packaging industry with differentiated, high value products. It has strong management and deep, long-term relationships with sophisticated, multinational consumer product companies. Both the geographies and the markets in which it participates are fast growing.

Terphane provides a significant growth opportunity for Tredegar. It's the preeminent manufacturer of thin gauge polyester films, also known as PET films, in Brazil. Brazil has the largest population in South America, and its growing domestic economy has fueled an expanding middle class.

This growing middle class has increasing access to domestic consumer products and brands as well as those that are internationally recognized. This demand for high quality consumer products is, in turn, driving demand for sophisticated and convenient packaging. And beyond Brazil, the global market for thin PET films is expected to enjoy continued growth.

Terphane also participates in the specialty films market, which focuses on industrial applications, another adjacent market which provides growth opportunity for Tredegar.

Beyond the expansion of markets and growth opportunities that Terphane presents, the icing on the cake for this--in this acquisition is the excellent, strategic fit that Terphane provides to our existing films business.

The addition of Terphane expands our films business into adjacent markets with highly complementary products and technologies. And with these new markets comes the opportunity for additional operational and marketing benefits.

We are eager to explore the opportunities for leveraging our combined R&D and manufacturing expertise. We believe the sharing of best practices between Tredegar and Terphane will only strengthen both businesses. So, to be clear, Terphane will operate within film products.

We also want to clarify that we assessed this acquisition without taking into account any synergies. We've been really impressed by the growth strategy that Terphane's leadership team has developed and successfully pursued, and we plan to continue with that strategy. Their--the near-term success of the acquisition relies on the ability of Terphane's strong management team to execute on their growth plan.

We are also identifying ways to build on the opportunities provided by an expanded global footprint. As you know, our footprint already included a presence in Sao Paulo, Brazil, before the transaction.

With the addition of Terphane's facilities, with manufacturing in Cabo and a sales headquarters in Sao Paulo, it's--definitely enhances our ability to serve our markets and broaden our customer base in Latin America. Terphane's production facility in New York further bolsters our positioning by allowing us to participate in high value, flexible packaging niches in North America.

Although we are focused on supporting Terphane's growth strategy, we will be assessing the long-term opportunities that should arise from the combined business strength of Tredegar Films and Terphane.

So, to recap, in addition to being highly complementary to our current business, the acquisition of Terphane strengthens our geographic reach, diversifies our product portfolio and customer mix, and extends our technology expertise.

Now, I'll turn it over to Kevin O'Leary, who'll cover some of the financial highlights of the acquisition.

**Mr. Kevin O'Leary:** Thank you, Nancy, and welcome to all who are participating in the call today.

Now that we have described how the Terphane acquisition aligns with our corporate strategy, and is, we believe--excuse me, a key step in executing that strategy, let me touch on some acquisition highlights.

This is a sizable acquisition for Tredegar. With sales of approximately \$160 million over the last 12 months, ended June of this year, Terphane revenues are approximately 30 percent of our base films business over the same period, and we expect acquisitions to be--we expect the acquisition to be accretive within the first year.

We have acquired Terphane for \$188 million and have funded the acquisition with available cash and debt from our existing \$300 million credit facility. And we expect to increase capacity to participate in the impressive growth prospects for the Brazilian economy and to strengthen our competitive position in Brazil and abroad, especially in Latin America and North America.

Now, a closer look at funding for this acquisition. Let me start by saying that we entered into this transition--transaction with a strong balance sheet. As of the second quarter of 2011, Tredegar had \$93 million in cash, no debt, and an untapped \$300 million revolving credit facility.

After the transaction, based on results as of June 30<sup>th</sup>, 2011, our financial position remains strong, with a ratio of net debt to EBITDA of less than one. We remain well positioned to pursue a wide array of capital deployment options, including future acquisitions, share repurchases and dividends, should we choose to do so, and we will also be evaluating longer-term financing options in the coming months.

Here, you can see combined historical results for our expanded films division and for Tredegar Corporation for the year ended December 31<sup>st</sup>, 2010, and the last 12 months ended June of this year. Combined Tredegar results include our other operating segments, including Bonnell Aluminum and corporate overhead.

Now, this is a films acquisition, so I will focus on the impact to the expanded films division. As you can see, the addition of Terphane to our existing films business significantly increases the overall revenue and EBITDA of our films division. Over the last 12 months, ended June of this year, the combined business would have had sales of \$691 million and EBITDA of \$147 million, with Terphane representing 23 percent of revenues and 30 percent of EBITDA.

You can also see that Terphane has improved its EBITDA performance in the last 12 months, compared to 2010, with EBITDA at 44 million, versus 28 million in 2010.

We believe this is driven by the current supply/demand imbalance globally in the PET films segment, which Terphane and other vertically-integrated producers in this market have benefited from in the form of favorable product mix and profitability.

While we believe this is a market with strong, long-term growth prospects, the PET market does experience supply cycles that impact pricing and profitability, and we believe Terphane is at a peak of a cycle right now.

So, what does this mean? And how does it translate to the EBITDA multiple for this transaction? As I mentioned, we believe that we are buying this company at the top of an earnings cycle. We also believe it's important to consider EBITDA generated throughout an economic cycle.

So, in evaluating this acquisition, we would suggest that taking the average of the multiples, based on 2010 and on the last 12 months, ended June of this year, is more representative of an appropriate multiple for this transaction.

And finally, let me provide some color regarding our capacity expansions plans. I'll start with an industry view. And there really are two takeaways from this chart. First, industry projects for PET growth are strong, and new capacity is expected to come online in the next three years. And second, the capacity utilization trend suggests that the industry is near peak capacity in 2011.

As I mentioned earlier, we intend to add capacity, consistent with the capacity expansion announcement made by Terphane in December of 2010. To be clear, in this industry, adding a line is truly a step function investment. For those of you who follow our films business, PET lines are much larger, and have roughly 10 times the capacity of our typical polyethylene lines.

Based on our current assessment of growth in the Brazilian market, we anticipate capital spending for an equipment and building expansion project approaching 70 to \$80 million, spread over the next two-plus years. That's the scale of the opportunity that we see here.

Now, let me turn it back over to Nancy for some closing comments.

**Ms. Nancy Taylor:** Thank you, Kevin. So, I hope you come away from today's presentation with a strong sense of our excitement about this opportunity and a clear understanding of the strategic value that we believe this transaction provides. It meets our acquisition criteria, and it's a good, strategic fit with Films.

Additionally, we have now an expanded footprint to leverage in a high growth market. And with this, we have maintained our financial discipline and commitment to delivering long-term shareholder value.

So, that concludes our comments. Now, we'll open it up for questions. I'm going to remind you again that the topic today is the Terphane acquisition, so we will not address questions about our other businesses or any aspects of third quarter performance.

Thank you. May we have the first question?

**Operator:** Thank you. We will now begin the question-and-answer session. If you have a question, please press star, then one, on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the "hash" key. If you're using your speaker phone, you may need to pick up the handset first before pressing the numbers.

Once again, if there are any questions, please press star, then one, on your touchtone phone. We have a question from Tim Hayes [sp]. Please go ahead.

**Mr. Tim Hayes:** Hey. Good morning, everyone.

**Ms. Nancy Taylor:** Good morning.

**Mr. Kevin O'Leary:** Good morning, Tim.

**Mr. Tim Hayes:** Thanks for all that color and then some of the numbers. Just quickly, doing some math, the EBITDA--if I got that right, 143 million of EBITDA for the combined film products, is that correct? Last 12 months?

**Mr. Kevin O'Leary:** I think it was 147. Let me look at the slide again. Yeah, 147. So, it's combined the last 12 months ended June of 2011.

**Mr. Tim Hayes:** So, that would imply that I can back into Terphane that 43 million of EBITDA last 12 months? Is that correct?

**Mr. Kevin O'Leary:** Forty four, 43, yeah.

**Mr. Tim Hayes:** And that's on sales of 160--?

**Mr. Kevin O'Leary:** --That's right--.

**Mr. Tim Hayes:** --Which puts--so, the margins there, at least if I'm doing a comparison to your existing film products, I got EBITDA margins for Terphane at--call it 24 and--percent--a little higher than that, versus, like, a 19 and-a-half, just slightly under 20 percent of the--?

**Mr. Kevin O'Leary:** --Tim, I'm not specific on the margins, but in the aggregate, it's an improvement.

**Mr. Tim Hayes:** Yeah, that's good. That's what--okay. And you mentioned that you think the last 12 months is more reflective of kind of a peak in earnings for Terphane? That--suggesting that might be lower going forward?

**Mr. Kevin O'Leary:** What I really want to say, Tim, and the point I want to get across, is there's a cycle to this business--.

**Mr. Tim Hayes:** --Sure--.

**Ms. Nancy Taylor:** --And no one year is indicative of the entire cycle.

So, what I'm really trying to convey here is that we based our EBITDA on the last 12--the average of the last 12 months multiple and the 2010 multiple, and we're saying--and we are saying that we believe--that's how we evaluated this, and that's how we think about it.

**Mr. Tim Hayes:** Right. I mean, the last 12 months versus, say, 2010, that's not a--I mean, those--there's some overlap, there, so are there--was there a big change in EBITDA over those two periods? I would think there wouldn't be.

**Ms. Nancy Taylor:** There was a lot--they experienced a lot of growth in 2011 in terms of their EBITDA. And again, that really--it really does reflect the cycle and that the cycle was really peaking for them.

And so, we're trying to--again, Tim, as you well know, we don't give any kind of earnings guidance here, but what we're trying to get across is that there is a cycle for this business, and we expect that PET capacity is going to be coming on globally.

They already announced, themselves, that they're going to be adding to capacity, but there's other global capacity that's going to be coming online. And as that supply/demand ratio changes, that does have an impact, both on the mix as well as the margin. And we're just trying to signal to you all that that is the reality of this business.

As Kevin indicated, the capacity expansion that is planned we won't be seeing until some time in 2014. And so, until we get to that point, we're really going to be--we're going to be really playing in this cycle.

Once we get to that point, obviously, we believe we're going to be seeing real growth as a result of the expanded capacity.

**Mr. Tim Hayes:** Now, that's quite helpful because I think, on the surface, I would've--I would not have figured that this business would've been closer to a peak, just given the global situation, coming out of a deep recession that we did. I would've figured that, for most industries, there's probably--maybe more up side over the next year or two.

So, that's very helpful to point that out, that--of how you see profitability for Terphane playing out over the next year or couple years.

The--on the--did you assume any debt with this transaction?

**Ms. Nancy Taylor:** No, the--it was a debt-free transaction.

**Mr. Tim Hayes:** I mean, they didn't have any debt that you're--?

**Ms. Nancy Taylor:** --Yes, they did. They had--.

**Mr. Kevin O'Leary:** --Yeah--.

**Ms. Nancy Taylor:** --Debt.

**Mr. Tim Hayes:** And how much debt--?

**Ms. Nancy Taylor:** --But--I don't--.

**Mr. Tim Hayes:** --I don't recall the number--.

**Ms. Nancy Taylor:** --Know how that's really--.

**Mr. Tim Hayes:** --Not really--.

**Ms. Nancy Taylor:** --For us, that's not really relevant. I mean, it was owned by a private equity firm, so, I mean, that's their model, is [unintelligible]--.

**Mr. Tim Hayes:** --I know, but, are you on the hook for--now, the--for their debt--?

**Ms. Nancy Taylor:** --No, we bought this debt-free.

**Mr. Tim Hayes:** So, it's--.

**Ms. Nancy Taylor:** --So, the purchase price went to pay off--as you--.

**Mr. Kevin O'Leary:** --Their debt--.

**Ms. Nancy Taylor:** --Pay on the purchase price, it goes and it pays off outstanding debt before they get the net proceeds.

**Mr. Tim Hayes:** So, the--and the final was 188? Is that what--the final number that you paid?

**Mr. Kevin O'Leary:** That's right--.

**Ms. Nancy Taylor:** --Yes.

**Mr. Kevin O'Leary:** So, that retired--any debt is in that 188 to retire any debt on the Terphane side?

**Ms. Nancy Taylor:** Yes.

**Mr. Tim Hayes:** Got it. I guess--any preliminary numbers on--was there--is there some estimates on goodwill that--intangible goodwill on the balance sheet as a result of the transaction?

**Mr. Kevin O'Leary:** Tim, we don't want to go there at this point. In the next 60 days, we're required to do an 8-K filing, and certainly all of that'll be in there.

**Mr. Tim Hayes:** Sure. That's my questions, and congratulations on such a large acquisition.

**Ms. Nancy Taylor:** Thanks. Well, as we said, we're excited about it. We really are.

**Mr. Kevin O'Leary:** Thanks, Tim.

**Operator:** Our next question comes from Zahid Siddique [sp]. Please go ahead.

**Mr. Zahid Siddique:** Hi. Good morning and congratulations on the deal. Couple of questions. The first, in terms of the business, is there any business within the diverse area of feminine hygiene, adult incontinence [unintelligible] Terphane?

**Ms. Nancy Taylor:** No, this is a new market for us, the flexible packaging market. And so, again, that was part of our acquisition strategy was both market and customer diversification. And that's why this is so attractive to us.

**Mr. Zahid Siddique:** And roughly, how much would think is a product overlap between your existing films business and Terphane?

**Ms. Nancy Taylor:** There's really none. We do have a packaging component to our existing films business, and that's both PE and polypropylene film. And so, again, we view that--at some point, we think there's going to probably be some cross-selling opportunities with that, but there is absolutely no product overlap.

**Mr. Zahid Siddique:** And what is the expectation in terms of cap-x for Terphane, going forward?

**Mr. Kevin O'Leary:** Well, as I mentioned in the presentation, we do anticipate a project of 70 to \$80 million for a line in expansion, and that'll happen, we anticipate, over the next two-plus years. Maintenance capital, historically, has been three to \$5 million annually.

**Mr. Zahid Siddique:** So, some time over the next two years, we may expect 30, \$40 million a year? Or is it--do you think it might be backend loaded?

**Ms. Nancy Taylor:** No, I think that's probably a good way to look at it.

**Mr. Zahid Siddique:** And was this a stock deal? Or an asset deal?

**Ms. Nancy Taylor:** It was a stock deal.

**Mr. Zahid Siddique:** And the last question I have is on finding the deal. Did you--I assume you looked at other deals as well, in the process? And was this best available that you--I assume it was, right, that you could find?

**Ms. Nancy Taylor:** Yes, it was.

**Mr. Zahid Siddique:** I guess I answered my own question. Thank you--.

**Ms. Nancy Taylor:** --Thank you for doing that.

**Mr. Zahid Siddique:** Anything else that we should be aware of?

**Ms. Nancy Taylor:** No, I think we've tried to lay out some of the differences between what you see in our regular films business, and, again, I think the key thing is to understand that as we do add capacity, these lines are significantly larger than our typical films lines. And so, as capacity goes in, they will go in--it will be a larger slab of capital than you have typically seen with our existing films business.

**Mr. Zahid Siddique:** Thank you.

**Operator:** Once again, if you have a question, please press star, then one, on your touchtone phone.

**Ms. Nancy Taylor:** Great. Well, I think that--looks like there's no additional questions. We really appreciate you all taking the time this morning to listen in, and we thank you for your continuing interest in Tredegar.

**Operator:** This concludes our meeting--.

**Ms. Nancy Taylor:** --And with that, we will sign off. Thank you.

**Operator:** This concludes our meeting. Thank you for participating today, and you may disconnect at this time.



**Shareholder Conference Call  
Terphane Acquisition  
October 26, 2011**

**Tredegar**  
CORPORATION



**Nancy Taylor**

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# Forward-Looking Statements

These forward-looking statements are not historical facts, but statements that involve risks and uncertainties. Actual results could differ materially from those included in or implied by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include those discussed in the reports Tredegar files with or furnishes to the Securities and Exchange Commission (the “SEC”) from time-to-time, including the risks and important factors set forth in additional detail in “Risk Factors” in Tredegar’s 2010 Annual Report on Form 10-K filed with the SEC. Except as required by applicable law or regulations, Tredegar does not undertake, and specifically disclaims any obligation, to update or revise any forward-looking statement.

This presentation contains non-GAAP financial measures. A reconciliation of those numbers to U.S. GAAP financial measures is available on the company’s website at [www.tredegar.com](http://www.tredegar.com) under “Investors”.

# Our Focus is Manufacturing



# Delivering on Our Acquisition Strategy - Our Stated Objectives

- Business Development as a means for market and customer diversification
- Our stated criteria for acquisition: Manufacturing presence with:
  - Defendable competitive advantage
  - Growth potential
  - Diversified customer base
  - Good management
  - Favorable market relative to macro trends
  - Global position or opportunity to globalize



# Delivering on Our Acquisition Strategy: Terphane Meets All of Our Criteria

- A leading manufacturer of specialized polyester films (PET) in Latin American market
- Serves the growing food packaging industry with differentiated, high-value products in high growth geographic markets
- Diversified customer base
- Excellent growth opportunities



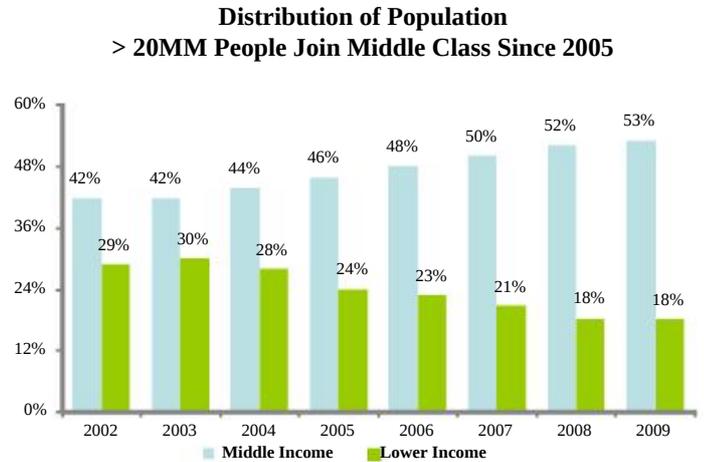
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# Delivering on Our Acquisition Strategy: Terphane Provides Growth Opportunity

- Brazil - High Growth and Sound Economy
  - Growing middle class, growing population of new consumers

- Key Growth Area for Branded Products
  - Appetite for branded food and consumer goods
  - Market demand for packaging technology



Source: Fundacao Getulio Vargas

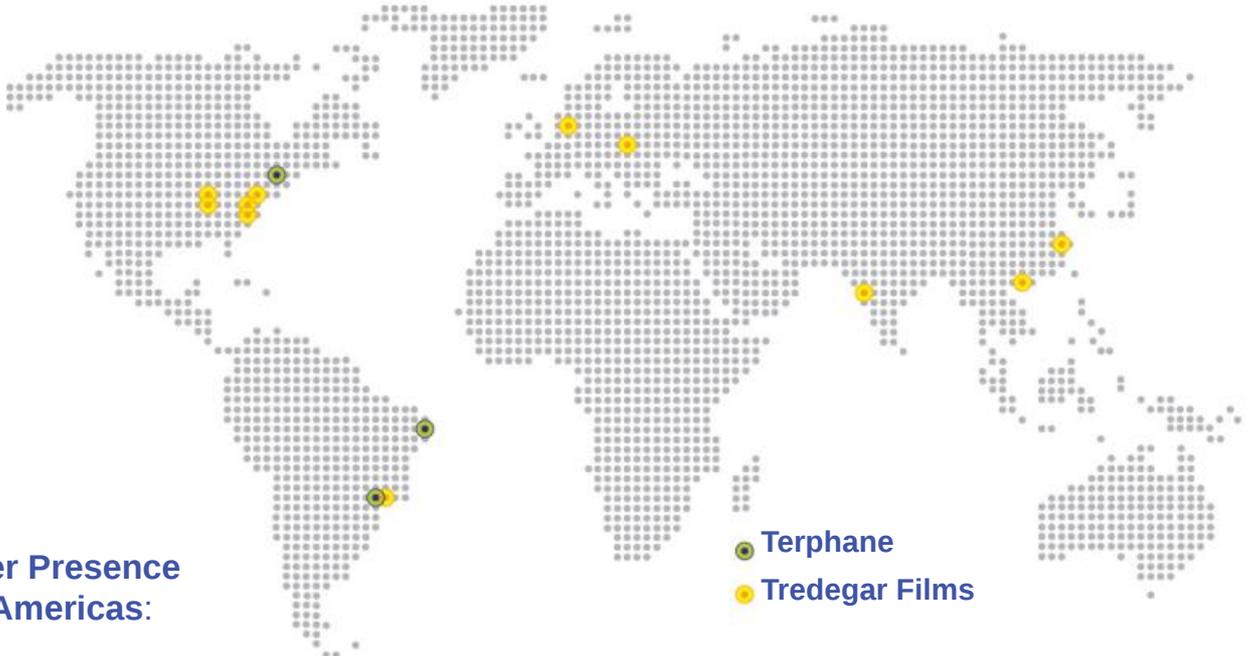
- U.S. - Niche, High-Value Products

# Delivering on Our Acquisition Strategy: Terphane Provides Strategic Fit

- Highly complementary new customers and end markets
- Complements our existing expertise in specialty films and broadens our product and technology portfolio
- Adds PET expertise to our Polypropylene (PP) capabilities
- Leverages R&D
- Share best practices - technology, process, marketing



# Tredegar Film Products: New Latin American Footprint



- **Broader Presence in the Americas:**

- Production facilities in Cabo de Santo Agostinho, Brazil and Bloomfield, NY
- Headquarters in São Paulo

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**Kevin O'Leary**

# Financial Overview

## Terphane Acquisition Highlights

- Price: \$188 million
- Funded with available cash on hand and \$125 million in debt from Tredegar's existing \$300 million revolving credit facility
- Net sales of \$160 million for the last twelve months, as of June 30, 2011
- Expected to be accretive within the next year
- Expected capacity expansion in support of strong growth projections for the Brazilian market

# Financial Overview

## Sources & Uses

*\$ in millions*

<u>Sources</u>		<u>Uses</u>	-
Cash	\$ 68	Purchase Price	\$ 188
Revolving Credit Facility	125	Transaction Costs	5
Total Sources	\$ 193	Total Uses	\$ 193

- Net Debt to Adjusted EBITDA at closing is less than 1.0 times
- Tredegar retains the financial strength to pursue strategies that drive long-term shareholder value

*Assuming June 30, 2011 cash levels and LTM historical financials plus borrowing for the transaction.*

# Financial Overview

## Combined Results for Films and Tredegar

\$ in millions

Year Ended December 31, 2010					
	Terphane <sup>1</sup>	Films	Combined Films		Combined Tredegar <sup>2</sup>
Net Sales	\$127	\$520	\$647		\$850
Adjusted EBITDA	\$ 28	\$105	\$133		\$118

Last Twelve Months Ended June 30, 2011					
	Terphane <sup>1</sup>	Films	Combined Films		Combined Tredegar <sup>2</sup>
Net Sales	\$160	\$531	\$691		\$915
Adjusted EBITDA	\$ 44	\$103	\$147		\$136

1. Historical results

2. Includes Other Operating Segments and Corporate Overhead

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# Financial Overview

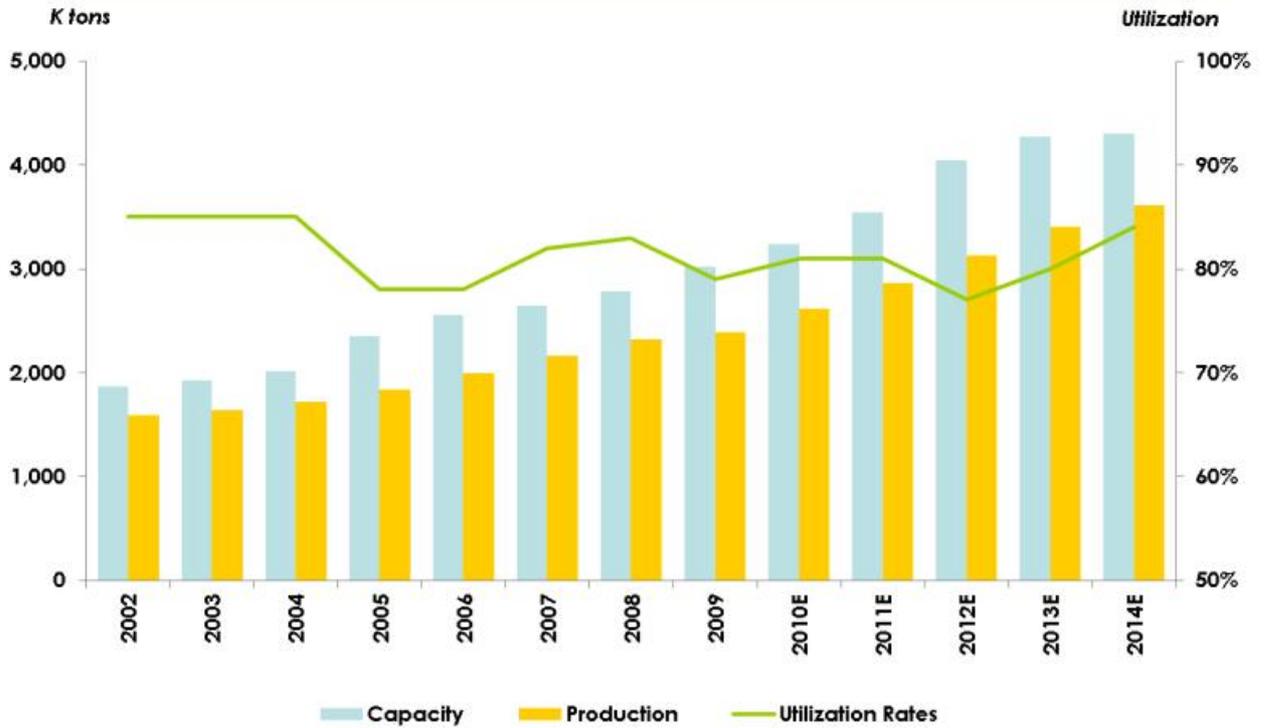
## Purchase Price Summary

<b><u>Purchase Price</u></b>	<b>\$188MM</b>
EBITDA Multiple (2010 EBITDA <sup>1</sup> )	6.7x
EBITDA Multiple (LTM EBITDA; as of June 30, 2011 <sup>1</sup> )	4.3x

1. Based on Terphane's historical financials

# Financial Overview

## Global PET Capacity Utilization Projections



Source: PCI 2010 BOPET report

# Summary

- Excited about the growth and diversification opportunity
- Meets our acquisition criteria
- Strong strategic fit with Films
- Expands our footprint
- Maintaining financial stability post-acquisition



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# Q&A

