



imagine
aspire
inspire

Tredegar Corporation is a global manufacturer of plastic films and aluminum extrusions based in Richmond, Virginia. Tredegar Film Products is dedicated to providing innovation and quality at the right price. The William L. Bonnell Company, our aluminum extrusions subsidiary, is committed to enhancing its value advantage by providing high quality products and superior service. Tredegar employs over 3,000 people at more than 20 locations throughout North America, Europe, Asia and Latin America.

Tredegar at a Glance

Major Markets/Products

Film Products

Personal and Household Care

Apertured, breathable and elastic films, apertured nonwovens and laminate materials



Packaging & Specialty and Surface Protection

Single and multi-layer films for industrial, medical and household applications

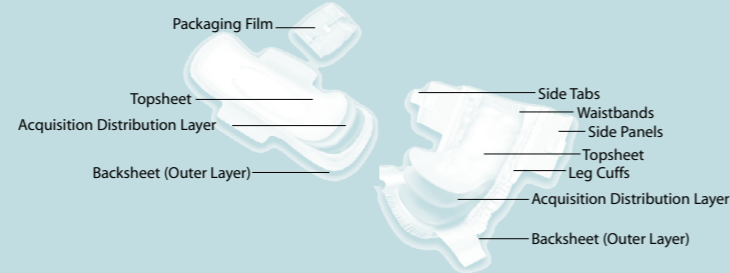


Aluminum Extrusions

Mill finish, anodized, painted and fabricated aluminum extrusions for commercial and residential building and construction, machinery and equipment, transportation, electrical, distribution and consumer durables markets

End Uses

Baby diapers, training pants, feminine hygiene and adult incontinence products



Disposable medical and protective apparel such as protective suits and facial masks, landscaping fabric, housewrap, wet and dry wipes used in furniture and floor cleaners, and cheese processing filters

Overwrap for bathroom tissue and paper towels; sealant films for food and medical laminations including retort sterilization

Diaper tapes, autowrap, labels and transfer tapes

Surface protection films

Architectural curtain walls, storefronts, shower enclosures, windows and doors, hurricane protection products, ladders, autos/light trucks, recreational vehicles, snowmobiles and industrial and agricultural machinery



Customers

All major global and most regional producers of personal care products, including Johnson & Johnson, P&G, SCA and Unicharm

Easy Gardener Products, Hygienic Fabrics & Filters, Inc. and Pacon Manufacturing

Alcan, Cello-Foil, P&G, Sonoco and Superpac

American Biltrite, Avery Dennison and ExxonMobil

Corning, GE and 3M

Algonquin Industries, Arch Aluminum, Bombardier, Central Steel & Wire Company, Coastal Industries, Eastern Metal Supply, Jeld-Wen, Peachtree Protective Covers, Sundowner Trailers and Weather Shield

Competitors

Aplix, Clopay, Nordenia, Pliant, RKW and 3M

BBA and PGI

Bemis, Copol, Pliant and Printpack

Copol and Pliant

Hitachi, Sun A. Kaken and Toray

Alcoa, Metra, CanArt, Extrudex, Hydro Aluminum, Indalex, Kaiser, Keymark and Western

Locations

Headquarters
Richmond, Virginia

Technical Centers
Richmond, Virginia
Terre Haute, Indiana
Chieti, Italy

Manufacturing Plants
Asia
Guangzhou, China
Shanghai, China

Europe
Kerkrade, The Netherlands
Rétság, Hungary
Roccamontepiano, Italy

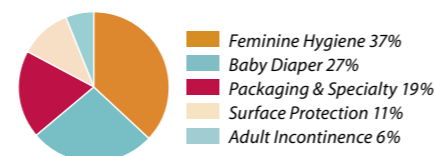
Latin America
São Paulo, Brazil

North America
Lake Zurich, Illinois
Pottsville, Pennsylvania
Red Springs, North Carolina
Terre Haute, Indiana

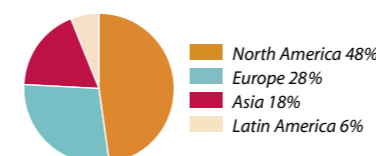
Headquarters
Newnan, Georgia

Manufacturing Plants
Carthage, Tennessee
Kentland, Indiana
Newnan, Georgia
Pickering, Ontario
Richmond Hill, Ontario
Ste-Thérèse, Quebec
Woodbridge, Ontario

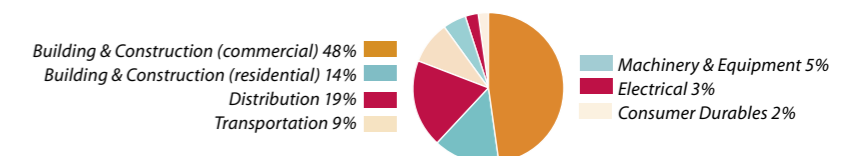
Film Products
Net Sales by Major Product Category (\$511 million in 2006)



Film Products
Net Sales by Region (\$511 million in 2006)



Aluminum Extrusions
Volume by End Market (260 million pounds in 2006)







John D. Gottwald
President and Chief Executive Officer

Shareholders expect boring annual reports that include stodgy letters from the chief executive. If you like boring, go directly to the 10-K. The footnotes provide all the detail any flat-bottomed MBA or CPA could possibly want.

If you want a stodgy letter from the CEO, here it is:

Dear Shareholders,

Tredegar improved in 2006 versus 2005. The charts on the next page summarize the key results. EPS from Manufacturing Operations, EBITDA and Pretax Return on Assets all improved. Our employees executed well on cost reductions and working capital efficiencies. Tredegar Film Products' (Films') investments in areas of growth such as surface protection and elastics paid off. The Aluminum Extrusion business' (Bonnell's) volumes in the commercial construction market were strong. Consequently, Tredegar succeeded in generating significant after tax net cash flow (see the net debt chart).

Nonfinancial highlights of 2006 include the development of thoughtful strategic plans in both business units, progress toward an organizational realignment in Films that should facilitate execution, and improved risk management, especially in Bonnell.

I stated in last year's annual report, "...I believe that our people can and will improve results for shareholders through aggressive cost reductions, well developed strategies and enhanced organizational effectiveness." Our employees have risen to the challenge. I thank them on behalf of all shareholders.

Looking forward to 2007, Tredegar must become more effective. The strategic planning work is encouraging. Now we must execute those plans in a disciplined manner.

Process improvement will be critical in all elements of strategy. Duncan Crowdis, President of Bonnell, and Nancy Taylor, President of Films, have challenged their units to achieve industry leading levels of quality. Our employees are committing themselves to reduce variation in all processes, eliminate waste, reduce rework, simplify business and shorten time cycles. The potential benefits from superior quality and reliability are as great today as ever.

As our debt drops to very low levels, a perennial question arises. Will we invest in growth or return capital to shareholders? Our first priority has always been to invest in internal capital projects, but we have been active in other ways. Since creation in 1989, Tredegar has spent approximately \$363 million on acquisitions and reduced the total number of shares outstanding by 35 percent. We will continue to consider acquisitions. However, it is worth noting that valuations are high. In August of 2006, our Board approved the purchase of as many as 5 million shares. While no shares were acquired during 2006, this alternative as well as dividends will be considered going forward.

I thank our customers and shareholders for their belief in us. I also express my appreciation to all employees for their extraordinary dedication to deliver value.

John D. Gottwald

The above letter to shareholders addresses many of the recent trends in our businesses. However, numbers and inflections on charts don't tell the whole story.

*I am not known as an artsy or athletic kind of guy. My wife calls me "a suit." In other words, I am a **Most Boring Adult**. Working Sudokus is my idea of fun. But even suits like me become excited when the best are allowed to shine. I came of age in the 1960s and '70s. Like most of my generation, I have a biased view of our cultural evolution. John Lennon and Paul McCartney led their group with a **vision** that transcended the paradigm of their day. Muhammad Ali's **aspiration** and proclamation in 1964, "I am the greatest of all time," was so bold it seemed ludicrous until he proved it. These icons spoke to me. They shaped my view of the world. To me, they are "The Greatest."*

Nearly forty years ago, four talented lads with rhythm started playing music in a few Liverpool pubs. On their own, they had potential, but

*together they were extraordinary. **Talent** is a wonderful asset. **Teamwork** helps draw it out. **Passion** makes work fun. **Vision** can be as intriguing as "tangerine trees and marmalade skies." When all four come together, greatness happens. The SYNERGISTIC INNOVATION that became known as The Beatles left a legacy of creation for all of us to enjoy.*

*At Tredegar, I see our own form of synergistic innovation emerging. This past summer a large group of managers put an extraordinary amount of energy into the strategic planning process. Since then more and more Films employees seem to be fired up about Nancy Taylor's **vision** of "innovation and quality at the right price." Films is adopting a new organization structure that is much better suited to*

optimize the exceptional abilities of our Films people and allow them to leverage our technologies. A **talented team** has come together over a vision. I can only imagine what they can achieve if their **passion** is unleashed. Let it be.

I am absolutely fascinated by the story of Muhammad Ali. It is bolder than any fiction writer would dare to conceive. He was the embodiment of courage, determination and guile. Whenever I'm feeling down, I watch the "Thrilla in Manila." Reenergized, I go out for another round.

Bonnell has experienced years of greatness and disappointment. In 2005 and 2006, body blows landed with some frequency. Natural gas and diesel prices added millions to our cost. The Canadian dollar continued to climb. Once we got those vulnerabilities covered, metal prices shot up to record levels, followed by a collapse in the housing market.

In late 2006, I saw the grit of a former champion wanting to reign again. Duncan Crowdis, Bonnell's president, and his management team demonstrated remarkable resolve. They believed in their capabilities and strategies, and met the challenges. That grit paid off.

Recently, I attended a 2007 "Kickoff Meeting" with most of the top Bonnell managers. I was impressed. Our people have the confidence and courage of a champion. They remember how to win and I have no doubt they will win.

Change can cause anxiety. For some, the 1960s and '70s were a turbulent and painful time. From my perspective, my country and I were coming of age at the same time. We learned it was okay to say no, not conform, think differently, challenge the system, expect more and value ourselves highly. The most creative change agents like The Beatles and Muhammad Ali were catalysts for innovation in all fields. They inspired us.

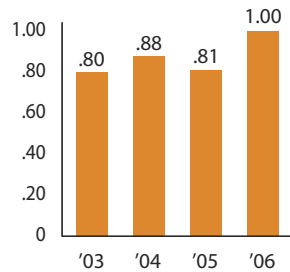
The business world can erode creativity, sap energy, and turn good people into undifferentiated, undervalued bipeds. People want more. The most noble visions go beyond self. We aspire to be part of something powerful and creative. We're inspired by courage and want to succeed. Tredegar's history is filled with a remarkable trail of innovation and value creation. Our predecessors created the polyethylene film industry. We've invented or commercialized many life-changing products. Bonnell raised the bar in terms of quality and reliability for an entire industry.

I sense Tredegar is, in its own subtle way, maturing and transforming. Visions are becoming clearer. Bold aspirations are leading to inspiring examples. Our people are thinking differently, recognizing our value and capturing our potential. Change is afoot at Tredegar. Undoubtedly there are turbulent times ahead, but I am hopeful that with the right spirit, we will find a way to continuously improve.

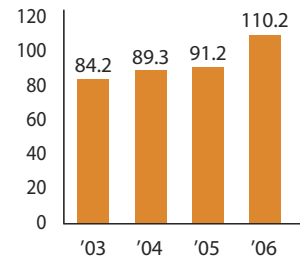
I believe in Tredegar people. There are more stories to be written.

John D. Gottwald

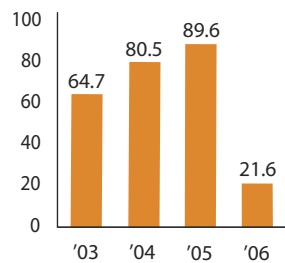
Diluted EPS¹
Manufacturing Operations
(\$)



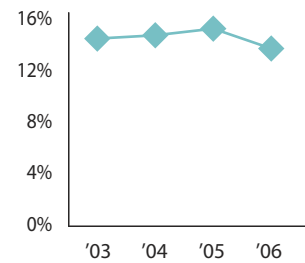
Adjusted EBITDA²
Manufacturing Operations
(\$ millions)



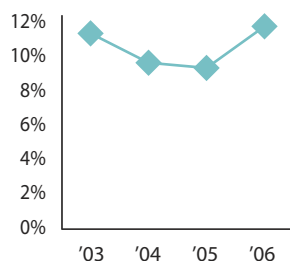
Net Debt⁴
(as of December 31)
(\$ millions)



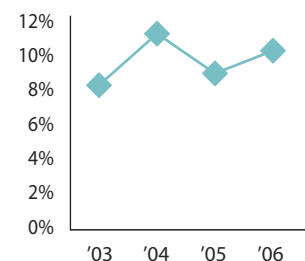
Average Primary Working Capital⁵
as a % of Net Sales
Manufacturing Operations



Film Products
Pretax Return on Identifiable Assets



Aluminum Extrusions
Pretax Return on Identifiable Assets



See appendix for footnotes.

Financial Summary

Years Ended December 31

2006 2005

(In thousands, except per-share data)

Net Income and Diluted Earnings Per Share

Net income as reported under generally accepted accounting principles (GAAP)	\$ 38,201	\$ 16,229
After-tax effects of:		
Loss associated with plant shutdowns, asset impairments and restructurings	3,335	11,909
Loss from AFBS (formerly Therics) ongoing operations	16	2,348
(Gains) losses from sale of assets, investment writedown and other items	(2,507)	874
Income from manufacturing operations¹	\$ 39,045	\$ 31,360
Diluted earnings per share as reported under GAAP	\$.98	\$.42
After-tax effects per diluted share of:		
Loss associated with plant shutdowns, asset impairments and restructurings	.08	.31
Loss from AFBS (formerly Therics) ongoing operations	—	.06
(Gains) losses from sale of assets, investment writedown and other items	(.06)	.02
Diluted earnings per share from manufacturing operations¹	\$ 1.00	\$.81

Ongoing Operations

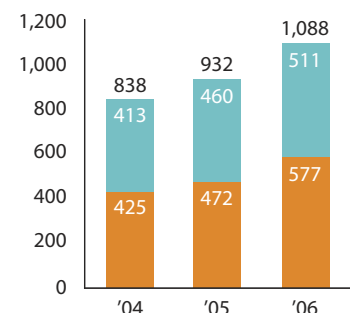
Film Products:		
Net sales ³	\$511,169	\$460,277
Ongoing operating profit	57,645	44,946
Adjusted EBITDA ²	79,624	63,776
Depreciation and amortization	31,847	26,673
Capital expenditures	33,168	50,466
Aluminum Extrusions:		
Net sales ³	577,260	471,749
Ongoing operating profit	22,031	19,302
Adjusted EBITDA ²	30,563	27,414
Depreciation and amortization	12,323	11,484
Capital expenditures	7,381	11,968

Financial Position and Other Data

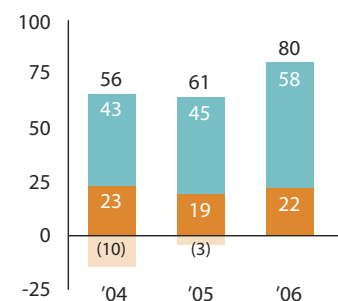
Cash and cash equivalents	40,898	23,434
Debt outstanding	62,520	113,050
Shareholders' equity	516,595	485,362
Annualized dividends per share	.16	.16
Shares outstanding at end of period	39,286	38,737
Shares used to compute diluted earnings per share	38,931	38,597
Closing Market Price Per Share		
High	\$ 23.32	\$ 20.19
Low	13.06	11.76
End of year	22.61	12.89
Total return to shareholders	76.6%	(35.4)%

See appendix for footnotes.

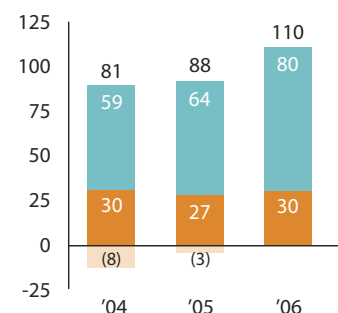
Net Sales³
(\$ millions)



Ongoing Operating Profit
(\$ millions)



Adjusted EBITDA²
(\$ millions)



Film Products
Aluminum Extrusions
AFBS (formerly Therics)

Corporate Information

Corporate Officers and Operating Company Management

John D. Gottwald
President and Chief Executive Officer

Nancy M. Taylor
*President, Tredegar Film Products
and Corporate Senior Vice President*

Duncan A. Crowdis
*President, The William L. Bonnell
Company*

D. Andrew Edwards
*Vice President, Chief Financial Officer
and Treasurer*

Larry J. Scott
Vice President, Audit

McAlister C. Marshall, II
*Vice President, General Counsel
and Corporate Secretary*

Directors

Richard L. Morrill^{3,4,5,6}
Chairman
Tredegar Corporation
Chancellor
University of Richmond

John D. Gottwald¹
President and Chief Executive Officer
Tredegar Corporation

Horst R. Adam^{3,6}
Chief Executive Officer
Light Dimensions, Inc.

Austin Brockenbrough, III^{2,4,5,6}
Managing Director and President
Lowe, Brockenbrough & Company, Inc.

Donald T. Cowles^{2,3,5,6}
Executive Director
Initiatives of Change, Inc.

William M. Gottwald¹
Vice Chairman
Tredegar Corporation
Chairman
Albemarle Corporation

Norman A. Scher¹
Vice Chairman
Tredegar Corporation

Thomas G. Slater, Jr.
Partner
Hunton & Williams LLP

R. Gregory Williams^{2,4,6}
President
CCA Financial Services, LLC

¹ Executive Committee

² Audit Committee

³ Executive Compensation Committee

⁴ Nominating and Governance Committee

⁵ Investment Policy Committee

⁶ Independent Director

Shareholder Information

Annual Meeting

The annual meeting of shareholders of Tredegar Corporation will be held on May 17, 2007, beginning at 9:00 AM EDT at Lewis Ginter Botanical Garden in Richmond, Virginia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or about March 28.

Corporate Headquarters

1100 Boulders Parkway
Richmond, Virginia 23225
Phone: 804-330-1000
Website: www.tredegar.com

Number of Employees

Approximately 3,000

Counsel

Hunton & Williams LLP
Richmond, Virginia

Independent Auditors

PricewaterhouseCoopers LLP
Richmond, Virginia

Stock Listing

New York Stock Exchange
Ticker Symbol: TG

Transfer Agent and Registrar

National City Bank
Cleveland, Ohio

Inquiries

Inquiries concerning stock transfers, dividends, dividend reinvestment, consolidating accounts, changes of address, or lost or stolen stock certificates should be directed to:

National City Bank
Dept. 5352
Corporate Trust Operations
P.O. Box 92301
Cleveland, Ohio 44101-4301
Phone: 800-622-6757
E-mail:
shareholder.inquiries@nationalcity.com

All other inquiries should be directed to:

Tredegar Corporation
Investor Relations Department
1100 Boulders Parkway
Richmond, Virginia 23225
Phone: 800-411-7441 or
804-330-1044
E-mail: invest@tredegar.com
Website: www.tredegar.com



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Richmond, Virginia 23225
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