



A time for reflection

2007 Annual Report

Corporate Profile

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 2,600 people at more than 15 locations throughout North America, Europe, Asia and Latin America.



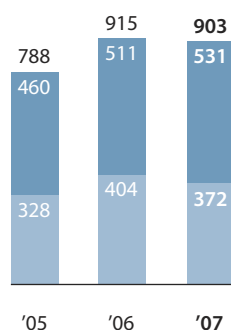
We provide a broad spectrum of products in both stretch and acquisition materials that service the needs for both premium and economy applications. We are the world's leading provider of film-based feminine hygiene topsheets.

We produce soft-alloy aluminum extrusions, primarily for the building and construction market. In fact, more than 4 million pounds of our extrusions will be used in the MGM Mirage's CityCenter in Las Vegas, Nevada, a mixed-use development to be built on a 76 acre site along The Strip that is expected to open in late 2009.

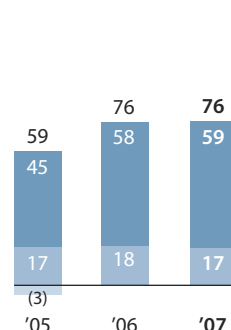


Years Ended December 31	2007	2006
<i>(In thousands, except per-share data)</i>		
Net Income and Diluted Earnings Per Share		
Income from continuing operations as reported under generally accepted accounting principles (GAAP)	\$ 34,930	\$ 35,317
After-tax effects of:		
Loss associated with plant shutdowns, asset impairments and restructurings	5,188	3,335
(Gains) losses from sale of assets, investment writedowns & other items	(1,737)	(2,491)
Income from continuing manufacturing operations ¹	\$ 38,381	\$ 36,161
Diluted earnings per share from continuing operations as reported under GAAP	\$.90	\$.91
After-tax effects per diluted share of:		
Loss associated with plant shutdowns, asset impairments and restructurings	.13	.08
(Gains) losses from sale of assets, investment writedowns & other items	(.04)	(.06)
Diluted earnings per share from continuing manufacturing operations ¹	\$.99	\$.93
Ongoing Operations		
Film Products:		
Net sales ²	\$530,972	\$511,169
Ongoing operating profit	59,423	57,645
Adjusted EBITDA ³	85,150	79,624
Depreciation and amortization	34,092	31,847
Capital expenditures	15,304	33,168
Aluminum Extrusions (Continuing Operations):		
Net sales ²	371,803	403,790
Ongoing operating profit	16,516	18,302
Adjusted EBITDA ³	22,752	22,889
Depreciation and amortization	8,472	8,378
Capital expenditures	4,391	6,609
Financial Position and Other Data		
Cash and cash equivalents	48,217	40,898
Debt outstanding	82,056	62,520
Shareholders' equity	491,328	516,595
Annualized dividends per share	.16	.16
Shares outstanding at end of period	34,765	39,286
Shares used to compute diluted earnings per share	38,688	38,931
Closing Market Price Per Share		
High	\$ 24.45	\$ 23.32
Low	13.33	13.06
End of year	16.08	22.61
Total return to shareholders	(28.2)%	76.6%

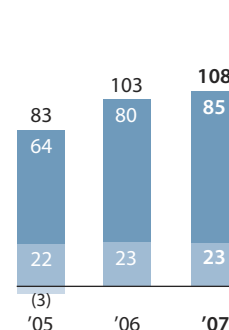
Net Sales²
(\$ millions)



Ongoing Operating Profit
(\$ millions)



Adjusted EBITDA³
(\$ millions)



■ Film Products ■ Aluminum Extrusions (Continuing Operations) ■ AFBS (formerly Therics)

See appendix for footnotes.



Dear Shareholders,

"Everything has its time."

I have struggled over the years with the task of writing the annual report's letter to shareholders. This year is no different. Earnings were okay, but far from great. Strategic progress was achieved. Cash generation was very strong. The stock price fell (a lot), substantially offsetting its appreciation in 2006. I've had some difficulty coming up with a theme that fits such a mixed bag of performance.

There is a time to be boring.

Tradition suggests the CEO should comment on financial performance and strategic milestones. To some extent, this boils down to a summation of the detailed schedules included in the 10-K and a review of press releases. Since I am a traditionalist, I'll do that, but as succinctly as possible.

The most significant strategic event since last year's report actually occurred in 2008. For the last several years our aluminum extrusion business (Bonnell) has struggled with the profitability of its Canadian operations (BonL Canada). Between January of 2003 and year-end 2007 the Canadian dollar appreciated approximately 57 percent versus the U.S. dollar. Since most of BonL Canada's sales were in U.S. dollars and our costs were in the stronger currency, profits were continuously squeezed. The recession that is continuing in the North American aluminum extrusion industry made matters worse. We concluded that continuation in this market would not be rewarding. On February 12, 2008, Tredegar closed on the sale of this business. Transactions such as this challenge an organization. The Bonnell and Corporate teams responded magnificently. We wish our Canadian brethren well and thank them for their significant efforts over the years.

The after tax cash proceeds from the sale of BonL Canada are expected to be approximately \$35 million. This cash will more than pay for the planned expansion of our Carthage, Tennessee facility, which is focused on

servicing the commercial construction market. Bonnell's greatest strength resides in this segment.

The 2007 financial statements reflect continuing operations (i.e., BonL Canada has been eliminated). Despite a nearly 16 percent decline in aluminum extrusion volume and an approximately 20 percent increase in average global polyethylene resin prices since the fourth quarter of 2006, earnings per share from continuing manufacturing operations increased 6.5 percent. Our employees executed admirably on strategic initiatives and cost reductions. In addition, Film Products' profits from abroad benefited from currency appreciation, and Tredegar had a \$4.5 million favorable pretax swing in pension income.

I find it difficult to conceive of a bad time to generate cash.

For those who are inclined to study financial measures, I commend to you an analysis of our cash flow statement on page 43 in the 10-K. 2007 was an extraordinary year for cash generation. To summarize, Tredegar's modest net debt increased by only \$12 million after spending \$74 million on stock repurchases (acquiring approximately 12 percent of shares outstanding) and investing \$23 million outside of manufacturing. This kind of cash generation beats the heck out of a sharp stick in the eye. Our employees' focus on all components of cash was rewarding.

There is a time to be grateful.

The most difficult challenge in writing an annual letter is balancing the message to a diverse audience. Most employees care about the financial health of the company, but they expect, need and deserve clarity of vision, inspiration and a sense of how they fit into the company's aspirations. This was a focal point in last year's letter.

In 2007, our leaders responded to our chairman's call to "integrate the company's narrative with that of the individual's." Numbers often do not speak to an organization's alignment or commitment, but it is worth considering the human effort required to limit the erosion of operating profits to less than \$2 million when volumes fall off a cliff like they did for Bonnell. Duncan Crowdis, president of Bonnell, and his team have instilled a prideful energy into the entire organization. Toughness, resiliency, and responsiveness are part of the fabric of the Bonnell story. I am very proud of the manner in which all Bonnell employees

have responded to the challenges of 2007, particularly in controlling costs. Their character is Bonnell.

Nancy Taylor, president of Tredegar Film Products, and her team reinforce the vision of "innovation and quality at the right price." This team implemented a new organizational structure in 2007, which clarifies everyone's role in realizing that vision. The board, shareholders and I look to Films for a continuation of the growth we have seen since 2004. The combination of a slowing economy, increased competitive activity and rapidly rising raw material costs represent challenges in 2008. I am optimistic that our people will rise to the challenge of reducing costs while seizing opportunities. I am most encouraged by the energy behind the drive to innovate, provide solutions for our customers and develop new products and technology platforms.

Shareholders own and boards direct. Advice is offered. Strategies are challenged. Performance is reviewed. Some boards and owners are directly involved with shaping the vision and thus become part of the story.

Employees live the story. They dedicate their energy to make the vision a reality. Strategy and execution matter most to them. Their commitment goes beyond a meeting, a decimal point on a personal financial statement or consideration of a buy or sell order. To all employees, I am grateful for your efforts in 2007 and welcome you to the continuing story of leadership and excellence at Tredegar.

There is a time for sober reflection.

If earnings from continuing operations were up, cash generation was excellent, and the organization is heeding the call, then why was the stock down 29 percent in 2007? The short answer is: I don't know. Since I don't know, it doesn't make much sense to expound on my ignorance; however, I will cite a few factors to consider. Weakness in the aluminum extrusion market and the impact of higher resin prices became increasingly evident as the year progressed. The outlook for residential construction worsened throughout 2007. Concerns about commercial construction markets are increasing. The subprime credit crunch not only exacerbated the concerns about construction and the economy, but it dampened valuation multiples in our industries as private equity firms reassessed their interest in businesses up for sale. As winter approached, some economists, many politicians, and most

of the news media decided we should have a full-fledged recession. All of this boils down to growing uncertainty about the outlook for U.S. industrial firms, particularly those tied to construction and fossil fuel based raw materials.

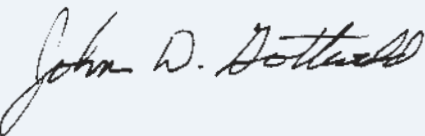
There is a time to look ahead.

Tredegar has great strengths. Our Films business has excellent technology, innovative people, a global position and enviable customer incumbencies. Bonnell is a proven leader in the U.S. aluminum extrusion business with great strengths in the commercial construction market, and an outstanding group of employees who have overcome extraordinary challenges. These businesses contribute cash to a very healthy balance sheet. While capital spending slowed in 2007, we have ample opportunities to invest and grow including the installation of a new extrusion press in Tennessee, global expansion in Films as well as broadening of technology platforms for protective film product lines.

There is a time to recognize and welcome.

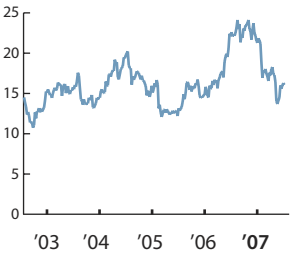
To conclude, I would like to express my appreciation for the contribution of **Horst Adam** who will retire from the board in May. In 2005, our board's Nominating and Governance Committee asked Horst if he would be willing to endure three years of transcontinental shuttles to help Tredegar focus on growth and he has filled that role admirably. He has helped the leaders of Tredegar broaden their view of opportunities. On behalf of the board, I wish Horst the very best and thank him for his contributions to our evolving story.

George A. Newbill, former Executive Vice President—Manufacturing Operations for Albemarle Corporation will, upon a favorable vote by shareholders, join Tredegar's board. George has led Albemarle to manufacturing excellence according to every measure. I have no doubt that his experience and insights will help Tredegar down the road of continuous improvement.

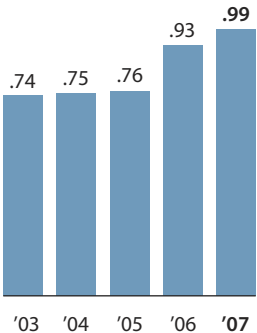


John D. Gottwald
President and Chief Executive Officer

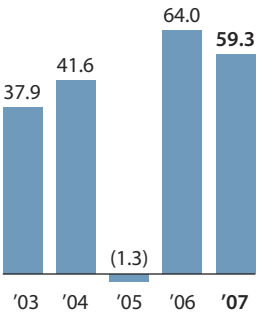
Stock Price
(\$)



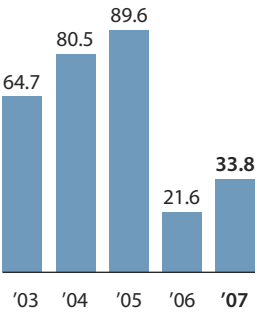
Diluted Earnings Per Share¹
Continuing Manufacturing Operations
(\$)



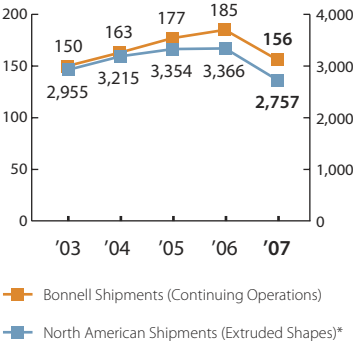
Net Cash Flows from Operating and Investing Activities⁴
(\$ millions)



Net Debt⁵
(as of December 31)
(\$ millions)

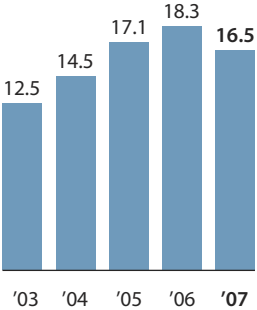


Shipments of Aluminum Extrusions Bonnell vs. Aluminum Industry
(millions of pounds)



*Source: The Aluminum Association, Inc.

Aluminum Extrusions (Bonnell)
Ongoing Operations Profit
Continuing Operations
(\$ millions)



See appendix for footnotes.

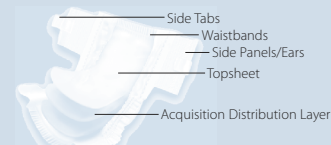
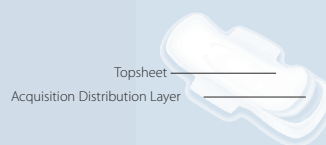


Tredegar

FILM PRODUCTS

Personal Care

Tredegar Film Products is one of the largest global suppliers of apertured, elastomeric, breathable and nonwoven film laminates for personal care markets, including feminine hygiene, baby diapers, training pants, and adult incontinence products. The world's leading consumer and private-label brands rely on the unique experience and technical excellence Tredegar provides.



Surface Protection

Our surface protection products comprise single and multi-layer films for high technology market applications. These films are used in the manufacturing processes for flat panel displays, LCD televisions, and other high technology products.



ULTRAMASK® FILM



Packaging & Specialty and Other Markets

Tredegar Film Products makes a wide variety of packaging films and specialty films for a broad range of end uses, principally overwrap for bathroom tissue and paper towels, food packaging applications, sealant films for medical laminations including retort sterilization, diaper tapes, autowrap, and labels and transfer tapes.

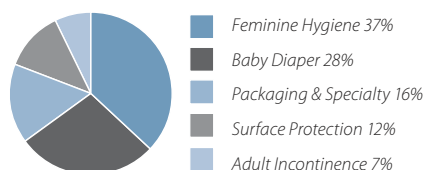
Film Products also makes apertured films, breathable barrier films and laminates for use in industrial, medical, agricultural and household markets. These films are used for disposable medical and protective apparel such as protective suits and facial masks, wet and dry disposable wipes and mops, landscaping fabric, housewrap used in residential construction, and cheese processing filters.



Bonnell Aluminum manufactures 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. Fabricators and distributors use our extrusions to produce architectural curtain walls, storefronts, shower enclosures, windows and doors, hurricane protection products, parts for autos, light trucks and recreational vehicles, and industrial and agricultural machinery.

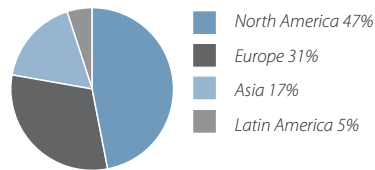
Film Products

Net Sales by Major Product Category
(\$531 million in 2007)



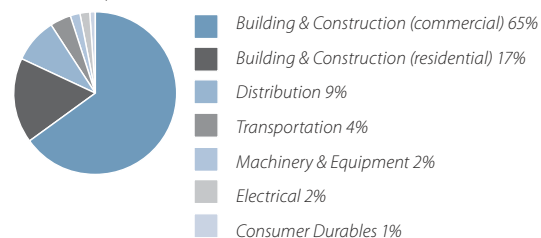
Film Products

Net Sales by Region
(\$531 million in 2007)



Aluminum Extrusions

Volume by End Market
(156 million pounds in 2007)



- ◆ Corporate Headquarters
- Manufacturing Plants (Film Products)
- Manufacturing Plants (Aluminum Extrusions)

● Tredegar Locations

Corporate Headquarters

Richmond, Virginia

Aluminum Extrusions

Division Headquarters
Newnan, Georgia

Film Products

Division Headquarters
Richmond, Virginia

Manufacturing Plants*

Domestic

Carthage, Tennessee
Kentland, Indiana
Newnan, Georgia

Technical Centers

Chieti, Italy
Richmond, Virginia
Terre Haute, Indiana

Manufacturing Plants

Domestic

Lake Zurich, Illinois
Pottsville, Pennsylvania

International

Guangzhou, China
Kerkrade, The Netherlands
Rétság, Hungary

Red Springs, North Carolina
Terre Haute, Indiana

Roccamontepiano, Italy
São Paulo, Brazil
Shanghai, China

*Aluminum Extrusions sold its operations in Canada on February 12, 2008.

Corporate Information

Corporate Officers and Operating Company Management

John D. Gottwald
President and Chief Executive Officer

Larry J. Scott
Vice President, Audit

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

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

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

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

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.

John D. Gottwald¹
President and Chief Executive Officer
Tredegar Corporation

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 8, 2008, 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 April 4.

Corporate Headquarters

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

Number of Employees

Approximately 2,600

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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