

TREDEGAR CORP  
Form DEF 14A  
March 28, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**TREDEGAR CORPORATION**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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1100 Boulders Parkway  
Richmond, Virginia 23225

**Annual Meeting of Shareholders**

March 28, 2007

To Our Shareholders:

We invite you to attend the Annual Meeting of Shareholders to be held at **Lewis Ginter Botanical Garden, 1800 Lakeside Avenue, Richmond, Virginia, 23228, on Thursday, May 17, 2007, at 9:00 a.m., Eastern Daylight Time.** A formal notice of the meeting, a proxy statement and a proxy form are enclosed. You are being asked to elect directors and ratify the appointment of Tredegar's independent registered public accounting firm for the coming year and conduct any other business properly raised at the meeting.

Please complete, sign, date and return the enclosed proxy form promptly, regardless of whether you plan to attend the meeting, using the enclosed self-addressed, stamped envelope. You may still vote in person at the meeting, even if you return the proxy.

On behalf of our Board of Directors, management and employees of Tredegar Corporation, I thank you for your continued support and confidence in our company.

Sincerely yours,

Richard L. Morrill  
*Chairman of the Board*

**Your vote is important. Please sign and date the enclosed proxy card and return it promptly in the envelope provided to ensure that your shares will be represented at the annual meeting. Holders of a majority of the outstanding shares entitled to vote must be present either in person or by proxy for the meeting to be held. If you attend the meeting and vote your shares, any previous proxies will be revoked.**

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**TREDEGAR CORPORATION**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

- TIME:** Thursday, May 17, 2007, at 9:00 a.m.
- PLACE:** Lewis Ginter Botanical Garden  
1800 Lakeside Avenue  
Richmond, Virginia 23228  
*(see directions on reverse)*
- ITEMS OF BUSINESS:**
1. To elect three directors to serve until the 2010 annual meeting and until their successors are elected;
  2. To ratify the appointment of PricewaterhouseCoopers LLP as Tredegar's independent registered public accounting firm for the fiscal year ending December 31, 2007; and
  3. To conduct any other business properly raised at the annual meeting or any adjournments of the annual meeting.
- WHO MAY VOTE:** You may vote if you were a shareholder of record on March 12, 2007.
- DATE OF MAILING:** This notice and the proxy statement are first being mailed to shareholders on or about March 28, 2007.

By Order of the Board of Directors

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

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**Directions to  
Lewis Ginter Botanical Garden**

**From I-95 North**

From I-95 North, take the Lakeside Avenue exit (Exit 80). Keep to the right and turn right at the first stoplight onto Lakeside Avenue. Follow Lakeside Avenue to the Garden entrance just after you cross the intersection at Lakeside Avenue and Hilliard Road.

**From I-95 South**

From I-95 South, take the Parham Road West exit (Exit 83B). On Parham Road, quickly get into the far left lane. At the second stoplight, take a left onto Brook Road (also known as Route 1 South). At the third stoplight, take a right onto Lakeside Avenue. The Garden entrance will be on your right as you go down Lakeside Avenue.

**From I-64 East**

From I-64 East, get onto I-95 North to Washington, D.C. and follow directions above from I-95 North.

**From I-64 West**

From I-64 West, get onto I-95 North to Richmond and follow directions above from I-95 North.



**PROXY STATEMENT**

**for**

**ANNUAL MEETING OF SHAREHOLDERS  
TREDEGAR CORPORATION**

To be held May 17, 2007

Approximate date of mailing March 28, 2007

**VOTING INFORMATION**

**The Board of Directors (or Board) of Tredegar Corporation, a Virginia corporation (Tredegar, we, our or us), is soliciting your proxy for the annual meeting of shareholders to be held on Thursday, May 17, 2007. This proxy statement and proxy form contain information about the items you will be voting on at the annual meeting.**

***Who may vote?***

You may vote if you owned shares of Tredegar common stock on March 12, 2007, the date our Board established for determining shareholders entitled to vote at the annual meeting. On that date, there were 39,469,263 outstanding shares of Tredegar common stock. You are entitled to one vote for each share of Tredegar common stock you own.

***What are the proposals shareholders will be voting on at the annual meeting?***

You will be voting on the following:

The election of three directors;

The ratification of the appointment of PricewaterhouseCoopers LLP (or PwC) as Tredegar's independent registered public accounting firm for the fiscal year ending December 31, 2007; and

Any other business properly raised at the annual meeting or any adjournments of the annual meeting.

***How do I vote my shares?***

You may vote your shares as follows:

You may vote in person at the annual meeting. Even if you plan to attend the annual meeting, we encourage you to vote your shares by proxy.

You may vote by mail by completing, signing, dating and returning the enclosed proxy in the self-addressed, stamped envelope provided.

***What constitutes a quorum for the annual meeting?***

A quorum is a majority of the outstanding shares of Tredegar common stock, present in person or represented by proxy at the annual meeting. Abstentions, withheld votes and shares held of record by a broker or its nominee that are voted on any matter at the annual meeting are included in determining the number of shares present. Shares held of record by a broker or its nominee that are not voted on any matter at the annual meeting will not be included in determining whether a quorum is present. A quorum is necessary to conduct business at the annual meeting.

***What are my voting choices when voting on the director nominees?***

In the vote on the election of our director nominees, you may:

- vote for all nominees;
- withhold votes as to all nominees; or
- withhold a vote as to one or more specific nominees.

A nominee is elected to our Board if a plurality of votes cast in the election of directors is cast for the nominee. Signing and returning your proxy card will constitute a vote for all of the nominees unless your proxy specifies that you are withholding authority to vote for any of the nominees. Any votes withheld will not be counted in determining the number of votes cast. In the event that any nominee for director is unavailable for election, our Board may either reduce the number of directors or choose a substitute nominee. If our Board chooses a substitute nominee, the shares represented by a proxy will be voted for the substitute nominee, unless other instructions are given in the proxy.

**Our Board recommends that you vote FOR all of the nominees.**

***What are my voting choices when voting on the ratification of the appointment of PwC as our independent registered public accounting firm?***

In voting on the ratification of the appointment of PwC as our independent registered public accounting firm for the fiscal year ending December 31, 2007, you may:

- vote for the ratification of the appointment of PwC;
- vote against the ratification of the appointment of PwC; or
- abstain from voting on the ratification of the appointment of PwC.

The ratification of the appointment of PwC as our independent registered public accounting firm requires that the number of votes cast for the ratification exceeds the number of votes cast against the ratification.

**Our Board recommends that you vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as Tredegar's independent registered public accounting firm for the fiscal year ending December 31, 2007.**



***Will my shares be voted if I do not return my proxy?***

If you are a Tredegar shareholder whose stock is registered directly in your name with National City Bank, our transfer agent, National City Bank will only vote your shares if it receives specific voting instructions from you.

If you are a Tredegar shareholder whose stock is held in street name with a brokerage firm, your broker may or may not vote your shares in its discretion if you have not provided voting instructions to the broker. Whether the broker may vote your shares depends on the proposals before the meeting. Under the rules of the New York Stock Exchange, your broker may vote your shares in its discretion on routine matters. We believe that the election of directors and the ratification of the appointment of the independent registered public accounting firm are routine matters on which brokers are permitted to vote on behalf of their clients if their clients do not furnish voting instructions.

The rules of the New York Stock Exchange, however, do not permit your broker to vote your shares on proposals that are not considered routine. When a proposal is not a routine matter and your broker has not received your voting instructions with respect to that proposal, your broker cannot vote your shares on that proposal. This is called a broker non-vote.

***Can I change or revoke my vote?***

You may change or revoke your proxy at any time before it is voted. You can change or revoke your proxy by (1) voting in person at the annual meeting, (2) delivering another later dated proxy or (3) notifying Tredegar's Corporate Secretary in writing that you want to change or revoke your proxy. Attendance at the annual meeting will not itself revoke a proxy. All signed proxies that have not been revoked will be voted at the annual meeting. If your proxy contains any specific instructions, they will be followed.

***What does it mean if I receive more than one proxy card?***

If you receive more than one proxy card, it means you have multiple accounts with our transfer agent, National City Bank, or with one or more brokerage firms. To vote all your shares, you will need to sign and return all proxy cards. We encourage you to consolidate your accounts with the same name and address with National City Bank in a single account whenever possible. For additional information, please contact our transfer agent at 1-800-622-6757.

***Who pays for the solicitation of proxies?***

We will pay the cost of soliciting proxies and may use employees to solicit proxies by mail, in person or by telephone. We have engaged The Altman Group, Inc. to solicit proxies from brokers, nominees, fiduciaries and other custodians. We will pay Altman \$5,000 for its services and will reimburse Altman for its out-of-pocket expenses, including mailing, copying, phone calls, faxes and other matters, and will indemnify Altman against any losses arising out of that firm's proxy soliciting services on our behalf.

***How do I communicate with the Board of Directors?***

Our Board unanimously has approved a process for shareholders to send communications to our Board and individual directors. Shareholders can communicate in writing to our Board and, if applicable, any Board Committee or specified individual directors by either mailing communications c/o Tredegar Corporation, 1100 Boulders Parkway, Richmond, Virginia, 23225, Attention: Corporate Secretary, or by sending an e-mail to the following address: [directors@tredegar.com](mailto:directors@tredegar.com). As noted elsewhere in this proxy, you may use these same means to communicate with non-management directors, individually or as a group. We will forward communications to the intended recipient(s), although we screen mail for security purposes.

*Where can I find Tredegar's corporate governance materials?*

Our Governance Guidelines, Code of Conduct and the charters of our Audit Committee, Executive Compensation Committee, and Nominating and Governance Committee are available on our website at [www.tredegar.com](http://www.tredegar.com), and are available in print to any shareholder upon request by contacting our investor relations department as described in *How may I obtain Tredegar's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and other financial information?* below.

*How may I obtain Tredegar's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and other financial information?*

We have enclosed a copy of our 2006 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

**Shareholders may request additional copies of the 2006 Form 10-K (including the financial statements and financial statement schedules), without charge, from:**

**Tredegar Corporation  
Attention: Investor Relations  
1100 Boulders Parkway  
Richmond, Virginia 23225  
1-800-411-7441  
[invest@tredegar.com](mailto:invest@tredegar.com)**

We will deliver a list of exhibits to the 2006 Form 10-K, showing the cost of each, with the copy of the 2006 Form 10-K. We will provide any of the exhibits upon payment of the charge noted on the list. Exhibits to the 2006 Form 10-K are also available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

Current and prospective investors can also access the 2006 Form 10-K on Tredegar's website at [www.tredegar.com](http://www.tredegar.com).

*May shareholders ask questions at the annual meeting?*

Yes. At the end of the annual meeting, we will give shareholders attending the meeting the opportunity to ask questions.

*Will Tredegar's directors be present at the annual meeting?*

Yes. It is our policy that our directors attend the annual meeting of shareholders.

*Is it possible to receive future mailings electronically?*

Yes. If you are interested in receiving future shareholder communications electronically rather than receiving paper copies, please check the appropriate box and provide your e-mail address on your proxy card. When future shareholder communications become available, you will receive an e-mail letting you know that you may access and download documents from Tredegar's website at [www.tredegar.com](http://www.tredegar.com).

***What if I have questions for Tredegar's transfer agent?***

You can contact our transfer agent directly with questions concerning stock certificates, dividend checks, transfer of ownership, our dividend reinvestment and stock purchase plan or other matters relevant to your Tredegar shareholder account at:

National City Bank  
Corporate Trust Operations  
P.O. Box 92301 (Locator 5352)  
Cleveland, OH 44193-0900  
Telephone: 1-800-622-6757  
Fax: 1-216-257-8508  
E-mail: [shareholder.inquiries@nationalcity.com](mailto:shareholder.inquiries@nationalcity.com)

***Can I access my Tredegar account online?***

Yes. If you are a shareholder of record, you can access your Tredegar shareholder account online via StockAccess at [www.ncstockaccess.com](http://www.ncstockaccess.com), a service provided by our transfer agent, National City Bank. This service makes it easy and convenient to get current information on your shareholder account, such as:

- |                             |   |
|-----------------------------|---|
| Review share balances       | Review dividend payment history           |
| Review certificate history  | Enroll in our dividend reinvestment plan  |
| Review 1099 tax information | Request direct deposit of dividends       |
| Change mailing address      | Obtain shareholder forms and instructions |

You may also access this site by visiting our website at [www.tredegar.com](http://www.tredegar.com) and selecting Shareholder Services under Investor Relations. If you have any questions or need assistance (including obtaining a new personal identification (PIN) number), please contact National City Bank's Shareholder Services Group at 1-800-622-6757.

**ELECTION OF DIRECTORS**

Our Board is divided into three classes of directors. Each class of directors serves for three years. The term for each class is staggered so that one class is elected at each annual meeting. Certain circumstances could cause the terms of our directors to vary and the classes of directors to change if a director is elected for less than a three-year term.

The terms of three of our present directors, Messrs. Donald T. Cowles, John D. Gottwald and Thomas G. Slater, Jr., will expire at the 2007 annual meeting. Upon the recommendation of our Nominating and Governance Committee, our Board has nominated each of these directors for re-election at the 2007 annual meeting for terms expiring at the 2010 annual meeting.

Should all the nominees be elected to our Board, the director classes after the 2007 annual meeting will be as follows:

<i>Class I</i>	<i>Class II</i>	<i>Class III</i>
Terms expiring at 2008 annual meeting	Terms expiring at 2009 annual meeting	Terms expiring at 2010 annual meeting
Horst R. Adam Norman A. Scher R. Gregory Williams	Austin Brockenbrough, III William M. Gottwald Richard L. Morrill	Donald T. Cowles John D. Gottwald Thomas G. Slater, Jr.

**Our Board recommends that you vote FOR all of the nominees.**

**TREDEGAR S BOARD OF DIRECTORS**

Following is certain information concerning the nominees and the directors whose terms of office will continue after the annual meeting:

**Horst R. Adam, 63**

[Picture]

President and Chief Executive Officer and Director, Light Dimensions, Inc., a developer and marketer of restorative consumer products, since August 2005, having served previously as President and Chief Executive Officer of XoftmicroTube, Inc., a developer of micro-miniature x-ray tubes, from December 2002 until June 2005, and as President and Chief Executive Officer of EndoVasix, Inc., a developer of intra-vascular, catheter-based, laser-induced shock wave instrumentation, from November 1996 until December 2002. Director since 2005. Term expires 2008.

**Austin Brockenbrough, III, 70**

[Picture]

Managing Director and President of Lowe, Brockenbrough & Company, Inc., a private investment counseling firm, since 1970. Other directorship: Trustee of The Williamsburg Investment Trust, a registered investment management company. Director since 1993. Term expires 2009.

**Donald T. Cowles, 60**

[Picture]

Executive Director, Initiatives of Change, Inc., a not-for-profit network working for a more inclusive American society, since January 2006. Has also served as a consultant since 2001. Director since 2003. Term expires 2007.

**John D. Gottwald, 52**

[Picture]

President and Chief Executive Officer of Tredegar since March 1, 2006, having served previously as Chairman of the Board of Tredegar from September 10, 2001 until March 1, 2006. Other directorship: Albemarle Corporation, a specialty chemicals company. Director since 1989. Term expires 2007.

**William M. Gottwald, 59**

[Picture]

Vice Chairman of the Board of Tredegar, and Chairman of the Board of Directors of Albemarle since March 28, 2001. Other directorship: Albemarle Corporation. Director since 1997. Term expires 2009.

**Richard L. Morrill, 67**

[Picture]

Chairman of the Board of Tredegar since March 1, 2006, and Chancellor of the University of Richmond since June 1, 2004, having served previously as Chancellor of the University of Richmond and Distinguished University Professor of Ethics and Democratic Values, University of Richmond, from July 1, 1998 until June 1, 2004. Other directorships: Albemarle Corporation and Trustee of The Williamsburg Investment Trust. Director since 1997. Term expires 2009.

**Norman A. Scher, 69**

[Picture]

Vice Chairman of the Board of Tredegar since March 1, 2006, having served previously as President and Chief Executive Officer of Tredegar from September 10, 2001 until March 1, 2006. Other directorship: Alliance One International, Inc., an international leaf tobacco merchant. Director since 1989. Term expires 2008.

**Thomas G. Slater, Jr., 63**

[Picture]

Partner of Hunton & Williams LLP, a law firm, since 1976. Director since 1998. Term expires 2007.

**R. Gregory Williams, 55**

[Picture]

President of CCA Financial Services, LLC, a technology equipment leasing company, since 1984. Director since 2002. Term expires 2008.

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Messrs. John D. Gottwald and William M. Gottwald are brothers. In addition, Mr. Thomas G. Slater, Jr., is married to Mr. John D. Gottwald's sister-in-law and is a partner of the law firm of Hunton & Williams LLP, which provides legal services to us on a variety of matters.

Our Board has affirmatively determined that the following members of our Board are independent, as that term is defined under the general independence standards of the New York Stock Exchange listing standards and our Governance Guidelines:

Horst R. Adam  
Austin Brockenbrough, III  
Donald T. Cowles  
Richard L. Morrill  
R. Gregory Williams

Our Board has adopted, as part of our Governance Guidelines, categorical standards to assist it in making these independence determinations. All of the directors and the nominees identified as independent in this proxy statement meet these categorical standards, which are attached to this proxy statement as Annex A.

### BOARD COMMITTEES

The following table provides an overview of the membership, responsibilities and number of meetings held in 2006 of all of the committees of our Board. Each of the Audit Committee, Executive Compensation Committee and Nominating and Governance Committee of our Board operates under a charter approved by our Board. The Committee charters are available on our website and are also available in print to any shareholder upon request. See *Voting Information Where can I find Tredegar's corporate governance materials?* on page 4 of this proxy statement. Each of the committees periodically reviews its respective committee charter and, if appropriate, recommends revisions thereto to our Board.

Committee and Members	Functions*	Number of Meetings
<b>AUDIT:</b> Austin Brockenbrough, III Donald T. Cowles R. Gregory Williams**	Reviews and oversees financial reporting, policies, procedures and internal controls  Retains independent registered public accounting firm  Oversees activities of independent registered public accounting firm  Oversees internal audit function  Oversees legal and regulatory compliance and adherence to our Code of Conduct  Reviews related-person transactions  Receives from and discusses with independent registered public accounting firm written disclosures as to independence  Prepares the Audit Committee report for inclusion in the annual proxy statement  Establishes procedures for complaints received regarding our accounting, internal accounting controls and auditing matters	5

\* We recommend that shareholders review the charters for our Audit Committee, Executive Compensation Committee and Nominating and Governance Committee for a full description of the respective committee's responsibilities.

\*\* Committee Chairperson



Committee and Members	Functions*	Number of Meetings
<b>EXECUTIVE COMPENSATION:</b> Horst R. Adam Donald T. Cowles Richard L. Morrill**	<p>Approves corporate goals and objectives relevant to Chief Executive Officer compensation and evaluates our Chief Executive Officer's performance in light of those goals and objectives</p> <p>Determines and approves Chief Executive Officer compensation, including base salary and incentive awards</p> <p>Approves the salaries and incentive awards of executive officers</p> <p>Grants awards under our equity incentive plans (other than the Tredegar Corporation Directors' Stock Plan)</p> <p>Reviews and discusses with our management the Compensation Discussion and Analysis</p> <p>Based on such review and discussion, determines whether to recommend to our Board that the Compensation Discussion and Analysis be included in the annual proxy statement</p> <p>Prepares the Executive Compensation Committee report for inclusion in the annual proxy statement</p>	3
<b>EXECUTIVE:</b> John D. Gottwald** William M. Gottwald Norman A. Scher	<p>Acts on our Board's behalf in accordance with our By-laws, except as limited by the Virginia Stock Corporation Act and except with respect to the compensation of executive officers</p>	3
<b>INVESTMENT POLICY:</b> Austin Brockenbrough, III** Donald T. Cowles Richard L. Morrill	<p>Administers our Investment Conflict of Interest Policy</p> <p>Reviews and acts upon requests by our directors, officers, and employees to (1) co-invest in investments we are considering or (2) dispose of any such co-investment. Our Investment Policy Committee received no such requests during 2006.</p>	0

\* We recommend that shareholders review the charters for our Audit Committee, Executive Compensation Committee and Nominating and Governance Committee for a full description of the respective committee's responsibilities.

\*\* Committee Chairperson

Committee and Members	Functions*	Number of Meetings
<b>NOMINATING AND GOVERNANCE:</b> <b>Austin Brockenbrough, III**</b> <b>Richard L. Morrill</b> <b>R. Gregory Williams</b>	<p>Reviews the size and composition of our Board to ensure a balance of appropriate skills and characteristics</p> <p>Develops criteria for director nominees</p> <p>Recruits new directors, considers director nominees recommended by shareholders and others and recommends nominees for election as directors, all in accordance with the director selection criteria</p> <p>Makes recommendations regarding term of office and classification and approves compensation of directors, including the compensation of our Chairman and any Vice Chairman</p> <p>Reviews our Code of Conduct, Governance Guidelines and other governance matters, and makes sure policies are properly communicated and consistently enforced</p> <p>Makes recommendations regarding composition of our Board committees</p> <p>Recommends actions to increase our Board's effectiveness</p> <p>Oversees the evaluation of our Board and management</p>	2

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\* We recommend that shareholders review the charters for our Audit Committee, Executive Compensation Committee and Nominating and Governance Committee for a full description of the respective Committee's responsibilities.

\*\* Committee Chairperson

**COMPENSATION OF DIRECTORS**

**Director Compensation Table**

The following table presents information relating to total compensation of our non-employee directors for the fiscal year ended December 31, 2006.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (1) (\$)	Option Awards (2) (\$)	Total (\$)
Horst R. Adam	25,500	7,108	-0-	32,608
Austin Brockenbrough, III	35,250	7,108	-0-	42,358
Donald T. Cowles	33,750	7,108	-0-	40,858
William M. Gottwald	27,750	7,108	-0-	34,858
Richard L. Morrill	43,689	7,108	-0-	50,797
Thomas G. Slater, Jr.	25,500	7,108	-0-	32,608
R. Gregory Williams	38,000	7,108	-0-	45,108

(1) As part of their 2006 annual retainer, non-employee directors received quarterly grants of 100 shares of Tredegar common stock. The amounts set forth above represent the dollar amount we recognized for financial reporting purposes with respect to the fiscal year ended December 31, 2006 computed in accordance with FAS 123R for the shares of Tredegar common stock awarded to each non-employee director under the terms of the Tredegar Corporation Directors' Stock Plan (or the Directors Plan), based on the closing price of Tredegar common stock as reported on the New York Stock Exchange composite tape on March 31, 2006, June 30, 2006, September 29, 2006 and December 29, 2006, the date of grant. For a discussion of the Directors Plan, see *Tredegar Corporation Directors' Stock Plan* on page 16 of this proxy statement.

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The following table presents (a) the grant date fair value computed in accordance with FAS 123R of each grant of shares of Tredegar common stock awarded to each non-employee director under the terms of the Directors Plan during the fiscal year ended December 31, 2006 and (b) the aggregate number of stock awards held by each non-employee director as of December 31, 2006:

Name	Grant Date	Grant Date Fair Value (\$)	Total Stock Awards Held (#)
Mr. Adam	March 31, 2006	1,591	700
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. Brockenbrough	March 31, 2006	1,591	2,200
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. Cowles	March 31, 2006	1,591	1,500
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. William M. Gottwald	March 31, 2006	1,591	2,200
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. Morrill	March 31, 2006	1,591	2,200
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. Slater	March 31, 2006	1,591	2,200
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	
Mr. Williams	March 31, 2006	1,591	1,800
	June 30, 2006	1,582	
	September 29, 2006	1,674	
	December 29, 2006	2,261	

(2) The following table sets forth the total number of option awards held by each non-employee director as of December 31, 2006:

Name	Option Awards Held (#)
Mr. Adam	-0-
Mr. Brockenbrough	900
Mr. Cowles	-0-
Mr. William M. Gottwald	900
Mr. Morrill	900
Mr. Slater	900
Mr. Williams	-0-
All Non-Employee Directors as a Group (seven persons)	3,600

### Compensation of Directors

Our Nominating and Governance Committee determines and approves director compensation, including retainers and meeting fees as well as salaries and other compensation for directors who are employees of Tredegar (except for a director who is also our Chief Executive Officer, whose compensation is determined solely by our Executive Compensation Committee). Under its charter, our Nominating and Governance Committee may delegate these responsibilities to a subcommittee of the Committee created and approved by our Nominating and Governance Committee. In addition, the subcommittee must be composed entirely of independent directors and operate under a written charter. In determining and approving director compensation, our Nominating and Governance Committee reviews the compensation structure and levels provided by management.

We paid each member of our Board who was not an employee of Tredegar or any of our subsidiaries \$1,500 for attendance at each Board meeting held in 2006. Our Chairman of the Board received an additional \$500 for attendance at each Board meeting during 2006 for which he served in that capacity. Each director who is a member of our Audit Committee, Executive Committee (non-employee directors only), Executive Compensation Committee and Nominating and Governance Committee, including the chairperson of each such Committee, received \$1,250 for attendance at each meeting of each Committee on which that director serves. We paid any director who participated in a Board or Committee meeting by telephone \$500 for each meeting in 2006, with the exception of any Committee chairperson whom we paid \$750 for telephonic participation.

In addition to individual meeting fees, the non-employee directors and chairpersons of the Committees received the following annual retainers for 2006, payable in equal quarterly installments:

Board of Directors*	\$ 23,108
Chairman of the Board of Directors	8,000
Audit Committee Chairperson	5,000
Executive Compensation Committee Chairperson	2,000
Nominating and Governance Committee Chairperson	2,000

\* Includes quarterly payments of \$4,000 plus 100 shares of Tredegar common stock (aggregate value of equity compensation was \$7,108 in 2006).

Effective March 1, 2006, our Board elected Mr. John D. Gottwald as our President and Chief Executive Officer and Mr. Richard L. Morrill as successor to Mr. Gottwald as our Chairman of the Board. In light of the fact that we have a non-executive/non-employee Chairman of the Board, effective March 1, 2006, our Nominating and Governance Committee established an additional annual retainer for our Chairman of the Board in the amount of \$8,000 (payable quarterly) plus additional meeting fees for our Chairman of the Board in the amount of \$500 per Board meeting. For the compensation paid to Mr. Gottwald for his services as our Chairman of the Board from January 1, 2006 through February 28, 2006, please refer to the Summary Compensation Table on page 31 of this proxy statement.

Retainers for our Chairman of the Board and Committee chairpersons commence after our Board elects members to these positions.

#### ***Outside Director Stock Ownership Guidelines***

Under Tredegar's Outside Director Stock Ownership Guidelines, which our Board adopted on March 1, 2006, all our non-employee directors are to achieve ownership of Tredegar common stock in an amount equal to at least three times that director's base annual cash retainer. Directors have three years to satisfy 50% of the requirement and six years to satisfy the full requirement.

#### ***Tredegar Corporation Directors' Stock Plan***

We maintain the Tredegar Corporation Directors' Stock Plan (or the Directors Plan), which our shareholders approved. The objectives of the Directors Plan are to assist in recruiting and retaining directors with ability and initiative and to align the interests of directors with those of Tredegar and our shareholders.

The Executive Committee of our Board administers the Directors Plan, except that our Board must approve all awards under the Directors Plan. Our Executive Committee has the authority to grant stock options and make stock awards upon such terms (not inconsistent with the terms of the Directors Plan) as it considers appropriate, subject to the approval of our Board. Any director who is not an employee of Tredegar (or any subsidiary) is eligible to participate in the Directors Plan if our Executive Committee, with the approval of our Board, determines that the director has contributed significantly or can be expected to contribute significantly to our profits or growth.

Under the Directors Plan, a maximum of 45,000 shares of Tredegar common stock may be issued upon the exercise of stock options and the grant of stock awards over a ten-year period. Our Board may adjust that limitation, as it determines is appropriate, in the event of a change in the number of outstanding shares of Tredegar common stock by reason of a stock dividend, stock split, combination, reclassification, recapitalization or other similar event. Our Board will adjust the terms of outstanding awards to reflect such changes. No option or stock may be awarded under the Directors Plan after February 25, 2008. After this date, the Board may continue to receive equity awards under the shareholder approved 2004 Equity Incentive Plan.

A stock option entitles the director to purchase shares of Tredegar common stock from us at the option price. Our Executive Committee fixes and our Board approves the option price at the time of granting the option, but the price cannot be less than the fair market value of Tredegar common stock on the day the option is granted. The determination of fair market value of Tredegar common stock is based on the closing price as reported on the New York Stock Exchange composite tape on such date or, in the absence of reported sales on such date, then on the next preceding day that the shares of Tredegar common stock are traded. Stock options may be exercised at the times and subject to any conditions as the option agreement governing the stock options may prescribe. The maximum period in which an option may be exercised will be fixed at the time the option is granted but cannot exceed ten years.

The Directors Plan also permits the award of shares of Tredegar common stock. A stock award may be nontransferable or subject to forfeiture or both until any conditions imposed by the stock award agreement are satisfied. These conditions may include, for example, a requirement that the director complete a specified period of service on our Board.

Under the Directors Plan, outstanding awards that are not vested vest immediately upon the director's death, the termination of the director's employment due to disability, the director's retirement (provided that the director has reached 65 years of age) or a change of control of Tredegar. The Directors Plan generally provides that a change in control occurs if (1) a person (or a group of persons) becomes the owner of 50% or more of our voting securities, (2) there is a substantial change in the composition of our Board, (3) there is a business combination in which our shareholders own 80% or less of the surviving entity or (4) our shareholders approve a liquidation or dissolution of Tredegar or the sale of all or substantially all of Tredegar's assets.

For 2006, our Nominating and Governance Committee and our Executive Committee recommended, and our Board approved, quarterly stock awards of 100 shares of Tredegar common stock to each non-employee director. Each quarterly stock award became fully vested and transferable immediately upon the date of grant.

#### **BOARD MEETINGS, MEETINGS OF NON-MANAGEMENT DIRECTORS AND BOARD COMMITTEES**

Our Board held seven meetings in 2006. Each director attended all seven Board meetings, except Mr. William M. Gottwald, who was unable to attend one meeting. Each director attended all meetings held in 2006 of Board committees of which the director was a member, except for Mr. Horst R. Adam, who was unable to attend one meeting of our Executive Compensation Committee, and Mr. R. Gregory Williams, who was unable to attend one meeting of our Nominating and Governance Committee.

The non-management directors of our Board meet regularly in private session. Our Board has determined that our Chairman of the Board should chair all meetings of non-management directors, as provided in our Governance Guidelines. During these meetings, the chairperson has the power to lead the meeting, set the agenda and determine the information to be provided, but all non-management directors are encouraged to and do suggest topics for discussion and identify materials and other information for review. In addition, our independent members also meet as a group from time to time. The chairperson of our Nominating and Governance Committee chairs the meetings of independent directors.

Shareholders and other interested persons may contact the non-management directors (as a group) or the chairman (individually) in writing through one of the means described under *Voting Instructions - How do I communicate with the Board of Directors?* on page 3 of this proxy statement.

#### **Executive Compensation Committee Matters**

As noted above, our Executive Compensation Committee currently consists of Messrs. Richard L. Morrill (Chairman), Horst R. Adam and Donald T. Cowles. The functions of our Executive Compensation Committee are more fully described under *Compensation Discussion and Analysis* beginning on page 24 of this proxy statement and in the Executive Compensation Committee Charter, which is available on our website and is also available in print to any shareholder upon request. See *Voting Information - Where can I find Tredegar's corporate governance materials?* on page 4 of this proxy statement.

All of the members of our Executive Compensation Committee are non-employee directors (within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934), outside directors (within the

meaning of Section 162(m) of the Internal Revenue Code) and independent directors (within the meaning of the current New York Stock Exchange listing standards and Tredegar's Governance Guidelines). No Committee member is a current or former employee of Tredegar or any of our subsidiaries.

#### **Executive Compensation Committee Interlocks and Insider Participation**

No member of our Executive Compensation Committee was at any time an officer or employee of Tredegar, or is related to any other member of our Executive Compensation Committee, any other member of our Board or any executive officer of Tredegar.

#### **Audit Committee Matters**

As noted above, our Audit Committee currently consists of Messrs. R. Gregory Williams (Chairman), Austin Brockenbrough, III, and Donald T. Cowles. The functions of our Audit Committee are more fully described under *Report of the Audit Committee* beginning on page 46 of this proxy statement and in the Audit Committee Charter, which is available on our website and is also available in print to any shareholder upon request. See *Voting Information Where can I find Tredegar's corporate governance materials?* on page 4 of this proxy statement.

Upon the recommendation of our Nominating and Governance Committee, our Board has determined that each member of our Audit Committee is independent of management and free of any relationships that, in the opinion of our Board, would interfere with the exercise of independent judgment and is independent, as that term is defined under the enhanced independence standards for audit committee members in the Exchange Act and rules thereunder, as incorporated into the listing standards of the New York Stock Exchange and in accordance with the Audit Committee Charter.

Our Board has determined that Mr. R. Gregory Williams is an audit committee financial expert, as that term is defined in the rules promulgated by the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002. Our Board has further determined that each of the members of our Audit Committee is financially literate and that, as required by the New York Stock Exchange listing standards, at least one member of the Committee has accounting or related financial management expertise, as such terms are interpreted by our Board in its business judgment.

Our Audit Committee has adopted procedures for pre-approving certain audit and permissible non-audit services provided by our independent registered public accounting firm. These procedures include reviewing a budget for audit and permissible non-audit services. The budget includes a description of, and a budgeted amount for, particular categories of audit and permissible non-audit services that are recurring in nature and therefore anticipated at the time the budget is submitted. Audit Committee approval is required to exceed the budget amount for a particular category of audit and permissible non-audit services and to engage the independent registered public accounting firm for any audit and permissible non-audit services not included in the budget. For both types of pre-approval, our Audit Committee considers whether such services are consistent with the Securities and Exchange Commission rules on auditor independence. Our Audit Committee may delegate pre-approval authority to the Chairperson of our Audit Committee. Our Audit Committee periodically monitors the services rendered and actual fees paid to the independent registered public accounting firm to ensure that such services are within the parameters approved by our Audit Committee.

#### **Nominating and Governance Committee Matters**

As noted above, our Nominating and Governance Committee currently consists of Messrs. Austin Brockenbrough, III (Chairman), Richard L. Morrill and R. Gregory Williams. The functions of our Nominating and Governance Committee include identifying, recruiting and recommending director



candidates for nomination by our Board and determining and approving director compensation (except for a director who is also our Chief Executive Officer, whose compensation is determined solely by our Executive Compensation Committee). Our Nominating and Governance Committee's functions are more fully described in the Nominating and Governance Committee Charter, which is available on our website and is also available in print to any shareholder upon request. See *Voting Information Where can I find Tredegar's corporate governance materials?* on page 4 of this proxy statement.

All members of our Nominating and Governance Committee are independent, as defined under the general independence standards of the New York Stock Exchange listing standards. Furthermore, the Governance Guidelines require that all members of our Nominating and Governance Committee be independent.

## CORPORATE GOVERNANCE

### Board of Directors

Our Board is currently composed of nine directors, five of whom our Board has determined are independent under the corporate governance listing standards of the New York Stock Exchange and our Governance Guidelines (see *Tredegar's Board of Directors* beginning on page 6 of this proxy statement). The primary mission of our Board is to represent and protect the interests of our shareholders by overseeing management and acting in the best interest of Tredegar and our shareholders. Our Board has a non-executive Chairman whose duties and responsibilities are separate and distinct from those of our Chief Executive Officer. The responsibilities of the standing committees of our Board are addressed separately in this proxy statement.

In addition to charters for each of the standing committees of our Board, our corporate governance structure is enhanced with a set of Governance Guidelines and a comprehensive Code of Conduct, each as described below.

### Code of Conduct

Our Code of Conduct applies to our officers, employees and directors, including our Chief Executive Officer and our Chief Financial Officer (who also serves the functions of Chief Accounting Officer and Controller). We have always conducted our business in accordance with the highest standards of conduct. Full compliance with the letter and spirit of the laws applicable to our businesses is fundamental to us. Equally important are honesty, integrity and fairness in our business operations and in our dealings with others. Diligently applying these standards makes good business sense and allows us to earn the trust and respect of our shareholders, employees, customers, suppliers, regulators and the communities in which we operate. We have provided employees, customers and suppliers with a number of avenues for the reporting of ethics violations or similar concerns, including an anonymous telephone hotline provided by a third-party vendor. Our Code of Conduct reflects the foregoing principles.

### Governance Guidelines

Our Board has also adopted a set of Governance Guidelines that reflect our governance principles and its long-standing commitment to maintaining high corporate governance standards. Our Governance Guidelines are available on our website and are also available in print to any shareholder upon request. See *Voting Information Where can I find Tredegar's corporate governance materials?* on page 4 of this proxy statement.

Our Nominating and Governance Committee is responsible for periodically reviewing the Governance Guidelines and the Code of Conduct and for considering and, as necessary, making recommendations on governance issues that should be addressed by our Board.

**Director Attendance at Annual Meeting of Shareholders**

Our policy is that directors attend the annual meeting of shareholders. All of our directors attended the 2006 annual meeting of shareholders.

**Director Continuing Education**

We support the attendance of our directors at director education programs sponsored by third parties. Typically, director education programs focus on issues and current trends affecting directors of publicly-held companies. We reimburse our directors for tuition and expenses associated with attending these programs. In addition, we sponsor internal educational programs for our Board on topics developed in consultation with our directors.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Messrs. John D. Gottwald, a director and our President and Chief Executive Officer, and William M. Gottwald, a director and a Vice Chairman of the Board, are brothers. In addition, Mr. Thomas A. Slater, Jr., is married to Mr. John D. Gottwald's sister-in-law and is a partner of the law firm of Hunton & Williams LLP, which provides legal services to us on a variety of matters. Messrs. John D. Gottwald, William M. Gottwald and their father, Mr. Floyd D. Gottwald, Jr. (or the Gottwalds), together with members of their immediate families, may be deemed to be a group for purposes of Section 13(d)(3) of the Exchange Act, although there is no agreement among them with respect to the acquisition, retention, disposition or voting of Tredegar common stock. In addition, because members of the Gottwald family are directors and our largest shareholders, they may be considered to be control persons of Tredegar and have the ability to control the recommendations of our Board.

Our Audit Committee is primarily responsible for approving related person transactions, as defined in the applicable rules of the Securities and Exchange Commission. Our Audit Committee operates under a written charter, the relevant provisions of which require the Committee to review related person transactions for potential conflicts of interest situations. In addition, pursuant to our Investment Conflict of Interest Policy, our Investment Policy Committee is responsible for approving any transactions by our employees, officers or directors involving investments in non-marketable securities in which we are also invested. Our Investment Policy Committee is composed entirely of independent directors.

## STOCK OWNERSHIP

Below is information on the beneficial ownership of Tredegar common stock as of January 31, 2007 by each director and each executive officer named in the Summary Compensation Table on page 31 of this proxy statement. The table also shows the beneficial ownership of all directors and executive officers of Tredegar as a group as of January 31, 2007.

### Security Ownership of Management

	<u>Number of Shares with Sole Voting and Investment Power</u>		<u>Number of Shares with Shared Voting and Investment Power</u>	<u>Total Number of Shares</u>	<u>Percent of Class(a)</u>
	<u>Outstanding</u>	<u>Options</u>			
<b>Directors, Nominees and Certain Executive Officers (b)</b>					
Horst R. Adam	6,700			6,700	
Austin Brockenbrough, III	56,200	900	7,160	64,260(c)	
Donald T. Cowles	2,500			2,500	
Tammy H. Cummings					
D. Andrew Edwards	17,217	32,000		49,217	
John D. Gottwald	1,969,421	66,000	1,032,684	3,068,105(d)	7.76%
William M. Gottwald	6,716	900	1,023,545	1,031,161(e)	2.61%
McAlister C. Marshall, II	2,230			2,230	
Richard L. Morrill	6,200	900		7,100	
Norman A. Scher	168,284	83,000	180	251,464	
Larry J. Scott	30,239	10,000		40,239	
Thomas G. Slater, Jr.	4,200	900	3,200	8,300(f)	
W. Hildebrandt Surgner, Jr.	300		100	400	
Nancy M. Taylor	59,666	44,000	30	103,696	
R. Gregory Williams	6,700		1,100	7,800(g)	
<b>Management</b>					
All directors, nominees and executive officers as a group (15)(h)(i)	2,336,573	238,600	2,067,999	4,629,666	11.66%

(a) Unless a specific percentage is noted in this column, each person owns less than 1% of the outstanding shares of Tredegar common stock.

(b) Some of the shares may be considered to be beneficially owned by more than one person or group listed and are included in the table for each.

(c) Austin Brockenbrough, III, disclaims beneficial ownership of 7,160 shares of Tredegar common stock.

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(d) John D. Gottwald disclaims beneficial ownership of 187,146 shares of Tredegar common stock. See also Note (a) to the *Security Ownership of Certain Beneficial Owners* table that follows.

(e) William M. Gottwald disclaims beneficial ownership of 178,007 shares of Tredegar common stock.

(f) Thomas G. Slater, Jr., disclaims beneficial ownership of 3,200 shares of Tredegar common stock.

(g) R. Gregory Williams disclaims beneficial ownership of 1,100 shares of Tredegar common stock.

(h) The directors and executive officers have sole voting and investment power over their shares, except for those listed under the heading *Number of Shares with Shared Voting and Investment Power*, which are held by or jointly with spouses, by children or in partnerships or trusts. Any shares of Tredegar common stock held under our benefit plans for any director or executive officer are included in the number of shares over which that person has sole voting or investment power. Shares held by the trustees of those plans for other employees are not included. See Note (d) to the *Security Ownership of Certain Beneficial Owners* table that follows.

(i) Two directors, Messrs. John D. Gottwald and William M. Gottwald, share voting and investment power for 13,506 shares. This overlap in beneficial ownership has been eliminated in calculating the total number of shares and the percentage of class owned by management as a group.

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The table below lists any person (including any group as defined in Section 13(d)(3) of the Exchange Act) known to us that beneficially owned more than 5% of the shares of Tredegar common stock as of January 31, 2007.

### Security Ownership of Certain Beneficial Owners

Names and Addresses of Beneficial Owners	Number of Shares of Common Stock	Percent of Class
Floyd D. Gottwald, Jr., John D. Gottwald and William M. Gottwald(a) 330 South Fourth Street Richmond, VA 23219	8,014,283(b)(c)	20.27%
Frank Russell Trust Company, as Trustee for the Tredegar Corporation Retirement Savings Plan 909 A Street Tacoma, WA 98402	2,479,527(d)	6.28%
Dimensional Fund Advisors Inc. 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	3,290,986	8.34%

(a) The Gottwalds, together with members of their immediate families, may be deemed to be a group for purposes of Section 13(d)(3) of the Exchange Act, although there is no agreement among them with respect to the acquisition, retention, disposition or voting of Tredegar common stock.

(b) The Gottwalds, individually or together, have sole voting and investment power over all of the shares of Tredegar common stock disclosed except for 2,888,260 shares held by their respective wives and children, and in trusts, some of which might be deemed to be beneficially owned by the Gottwalds under the rules and regulations of the Securities and Exchange Commission, but as to which the Gottwalds disclaim beneficial ownership. Shares owned by the adult children of Floyd D. Gottwald, Jr., other than John D. Gottwald and William M. Gottwald, are not included in the group holdings of the Gottwalds.

(c) This amount includes 249,594 shares of Tredegar common stock owned of record by Frank Russell Trust Company, Tacoma, Washington, as trustee of the Tredegar Corporation Retirement Savings Plan (or the Savings Plan), for the benefit of John D. Gottwald. This amount does not include shares held by the trustee of the Tredegar Savings Plan for the benefit of other employees.

(d) This amount includes 249,594 shares of Tredegar common stock owned of record by the trustee of the Savings Plan for the benefit of John D. Gottwald. The trustee votes shares of Tredegar common stock held under the Savings Plan according to instructions obtained from employees participating in the plan. If a participating employee does not give the trustee voting instructions, the trustee votes the employee's shares according to our Board's recommendations to the shareholders (as long as doing so is consistent with the trustee's fiduciary duties). Because members of the Gottwald family are directors and our largest shareholders, they may be considered to be control persons of Tredegar and have the ability to control the recommendations of our Board.

**COMPENSATION DISCUSSION AND ANALYSIS**

**Compensation Philosophy**

We have two primary operating businesses Film Products and Aluminum Extrusions. Both businesses are in highly competitive industries that require technological innovation and manufacturing efficiency. To lead and manage these businesses, we require high-caliber executive talent with strong vision and operational skills.

The objectives of our executive compensation plans are to attract, motivate and retain highly qualified executive officers. To accomplish these objectives, we rely on a pay strategy that emphasizes performance-based compensation through annual and long-term incentives over fixed base salary. This pay strategy aligns with our business strategy of generating strong operating results and shareholder value creation while controlling fixed costs. In this manner, our executive compensation program supports and reinforces our business objectives and creates a strong link between pay and performance.

Allocations between short-term and long-term compensation opportunities and between cash and equity awards take into account market data, but may vary over time and among executives. This variance is desirable to maintain alignment between executive rewards and business priorities and necessary to reflect both company-specific and individual facts and circumstances relevant to pay decisions.

**Process and Procedure for Determining Compensation of Executive Officers**

The primary role of our Executive Compensation Committee (or, for purposes of this discussion, the Committee) is to develop and oversee the implementation of our philosophy with respect to the compensation of our executive officers, including the executive officers listed in the Summary Compensation Table on page 31 of this proxy statement (or the named executive officers). The Committee has the overall responsibility of evaluating the performance of and determining the compensation of our Chief Executive Officer and approving the compensation structure for our other executive officers. Our Chief Executive Officer makes specific recommendations to the Committee regarding the compensation of the other executive officers based on the compensation structure approved by the Committee. After review and discussion, the Committee gives its final approval. The Committee reports regularly to our Board on matters relating to the Committee's responsibilities.

Under its charter, the Committee has the authority to engage compensation consultants to report on comparative benchmark executive officer compensation data based on credible survey sources and position matches and to advise generally on the design and administration of our compensation programs. In determining the compensation of our Chief Executive Officer and approving the compensation structure for our other executive officers, the Committee considers relevant market benchmarking data. For 2006, the Committee examined data on compensation compiled by Clear Management Human Resources Consulting for executive officers other than our Chief Executive Officer and by Mercer Human Resources Consulting for our Chief Executive Officer. The Committee provides instructions to the consultants pertaining to the scope of work to be performed but does not direct how the work is performed. In addition, the Committee reviewed a tally sheet showing all elements of compensation and total compensation payable to the named executive officers.

**Executive Officer Compensation Program**

The core elements of the compensation program for our executive officers are described below:

<b>Element</b>	<b>Description</b>	<b>Objective</b>
Base salary and bonus	Fixed compensation	Reflects competitive market compensation, individual performance, experience and level of responsibility
	Discretionary cash bonus for exemplary service to Tredegar	Rewards exemplary service to Tredegar
Annual incentives	Short-term variable compensation via the 2006 annual incentive plan	Rewards achievement of financial performance goals and individual performance objectives
Long-term incentives	Long-term variable compensation via the 2004 Equity Incentive Plan	Rewards achievement of long-term performance goals and shareholder value creation
Health and Welfare Benefits	401(k) Plan, Insurance and Savings Plan Benefit Restoration Plan	Provides competitive benefits and savings opportunities for retirement
Pension	Retirement Income Plan and Supplemental Retirement Benefit Restoration Plan	Provides retirement security

**Elements of Compensation**

**Base Salaries, Bonuses and Annual Incentives**

*Base Salaries*

We provide our executive officers with base salaries that are targeted at competitive market levels and reflect the executive's level of experience and responsibility. We determine base salaries using survey data provided by compensation consultants to identify an appropriate range around the median salary for comparable executive positions. We generally try to set our officers' salaries within this range based on individual performance, experience and level of responsibility. We determine annual salary increases based on a variety of factors including individual performance, competitiveness of the officer's salary, our financial condition, operating results and other variable components of compensation.

Effective March 1, 2006, our Board elected Mr. John D. Gottwald as our President and Chief Executive Officer and, at his request, the Committee approved a 2006 base salary for him of \$285,000. Mr. Gottwald's 2006 base salary and short-term compensation (for example, annual incentives under our annual cash incentive compensation plan) are well below market levels for comparable positions.

In 2006, the Committee awarded base salary increases of 2.5% for the named executive officers, other than Messrs. Gottwald, Scher and Marshall. The Committee determined such increases to be appropriate based on Tredegar's and individual performance. These increases moved us toward our objective of maintaining salaries at or near the 50% percentile for executives in comparable positions. Base salaries and short-term compensation (for example, annual incentives under our annual cash incentive compensation

plan) for the other named executive officers were targeted at market median. The Committee believes setting salaries and short-term compensation at this level allows us to attract, motivate and retain highly qualified executive officers while maintaining an appropriate cost structure.

Effective March 1, 2006, Mr. Scher resigned as our President and Chief Executive Officer and our Nominating and Governance Committee, which generally determines and approves director compensation, including retainers and meeting fees as well as salaries and other compensation for directors who are employees of Tredegar (other than our Chief Executive Officer), established an annual base salary for Mr. Scher of \$150,000 to reflect his role as a Vice Chairman of the Board and his reduced responsibilities as a non-executive employee of Tredegar.

Effective October 1, 2006, our Board elected, and we hired, Mr. Marshall as our Vice President, General Counsel and Corporate Secretary. Mr. Marshall received an annual base salary of \$250,000 and a cash signing bonus of \$20,000, which he will repay to us if he voluntarily terminates his employment with us before October 3, 2007. This signing bonus was in lieu of Mr. Marshall participating in our 2006 Cash Incentive Plan.

### ***Bonuses***

From time to time, we provide our executive officers with cash bonuses, which are intended to reward exemplary service to Tredegar. Mr. Gottwald recommended, and our Nominating and Governance Committee approved, a cash bonus for Mr. Scher of \$75,000 based upon his performance with respect to numerous special projects and Tredegar's significant progress in achieving certain strategic business goals in 2006. In addition, Mr. Gottwald also recommended, and the Executive Compensation Committee approved, a cash bonus for Ms. Taylor of \$32,000 based upon her successful leadership and performance achieved by the Film Products segment in 2006 and a cash bonus for Mr. Marshall of \$10,000 based upon his contributions to Tredegar in the fourth quarter of 2006.

### ***Annual Incentives***

Annual incentive opportunities serve to link executive rewards to our financial performance and the achievement of individual objectives. Each year, we adopt an annual incentive compensation plan that establishes specifically identified payout opportunities dependent upon achieving pre-determined financial performance targets and personal performance objectives.

For 2006, we adopted an annual incentive compensation plan (payable in early 2007) for executive officers and certain other key employees of Tredegar and our subsidiaries (the 2006 Cash Incentive Plan). Under the 2006 Cash Incentive Plan, each executive officer (including our Chief Executive Officer and the other named executive officers, other than Messrs. Scher and Marshall) was eligible for a cash performance incentive payment payable in 2007 if 2006 financial performance and individual performance goals were satisfied. For the executive officers participating in the 2006 Cash Incentive Plan, other than Ms. Taylor, company performance represented 50% of the individual's threshold, target and maximum amounts, with individual goals representing the other 50%. For Ms. Taylor, division performance goals represented 70% of her threshold, target and maximum amounts, whereas individual goals represented 30%. The Committee believes this allocation correctly reflected Ms. Taylor's enhanced opportunity to affect division performance in contrast to the other executives' shared responsibility for company performance. Payment amounts were to fall within the ranges set forth below; placement within the range depended on the extent to which applicable company financial performance and individual performance goals were satisfied.



Mr. Gottwald	0% and 150% of his base salary
Ms. Taylor	0% and 60% of her base salary
Other named executive officers, other than Messrs. Scher and Marshall	0% and 52.5% of such executive s base salary

The minimum 2006 performance goals, which are the triggers for payments under the 2006 Cash Incentive Plan, are based on the attainment of financial goals established in our 2006 business plan. If performance was below plan with respect to the goals set, no incentive plan payment would be made. As the minimum, or threshold, level of performance is also the target level of performance, the amounts set forth in the Grants of Plan-Based Awards table on page 34 for Threshold and Target payouts are the same. In the event the minimum 2006 performance goals were met, the applicable payments would equate to 50% of base salary in the case of our Chief Executive Officer, 20% of Ms. Taylor s salary and 17.5% of respective salaries of the other named executive officers, other than Messrs. Scher and Marshall (for purposes of incentive calculations, base salary means the base salary in effect on December 31, 2006).

Under the 2006 Plan, the financial component for corporate level executive officers, including our Chief Executive Officer and the other named executive officers (other than Ms. Taylor and Messrs. Scher and Marshall) and certain other key corporate level employees was tied to consolidated earnings before interest and taxes (or EBIT) from manufacturing operations. For Ms. Taylor and key employees in Film Products the financial component was tied to division or segment operating profit reported by Film Products (depending on position). For key employees in Aluminum Extrusions the financial component was tied to economic profit added reported by Aluminum Extrusions. Economic profit added is generally defined by Tredegar as adjusted operating profit after taxes less a charge for the cost of capital. The Committee reviewed and approved the financial goals used for the 2006 cash incentive plan, and believed that the degree of stretch performance required for the threshold and maximum payouts appropriately aligned pay and performance.

In addition to these financial performance goals, the Committee included individual performance goals in determining an executive s ability to earn incentive payments under the 2006 Cash Incentive Plan.

Individual performance categories for our Chief Executive Officer included: (1) the development, implementation and execution of strategies at both the corporate and operating company levels and (2) company financial and operational results. With respect to the other executive officers, individual performance metrics were drawn from the following categories: budgets, compliance objectives, successor development objectives, risk management objectives, strategic investment objectives, operating profit, cost reductions, development of strategic plans, process improvement and organizational effectiveness.

Overall, 2006 financial and individual performance resulted in incentive payments at the maximum payout levels.

For 2007, we adopted the 2007 Incentive Plan for Executive Officers. The Plan has essentially the same terms as the 2006 Plan, except that the financial component being used for the corporate level executive officers other than Ms. Taylor is overall economic profit added for Tredegar s manufacturing operations and for Ms. Taylor the financial component being used is economic profit added for Film Products.

**Long-Term Incentives**

Long-term incentives, primarily equity-based awards, are an important element of our compensation program. The 2004 Plan allows for the granting of stock options, restricted stock, stock appreciation rights

and other equity awards based on Tredegar common stock, as well as performance-based long-term incentive cash awards. We believe long-term incentives, such as those permitted by the 2004 Plan, promote our success by focusing employee efforts on achieving those performance goals that lead to long-term growth of shareholder value.

The 2004 Plan reserved 2,000,000 shares for use by the Committee in providing equity-based long-term incentive awards to executive officers, employees, and other individuals providing valuable services to Tredegar or our subsidiaries. In addition, to recognize the different economic impact of certain option awards and non-option awards, no more than an aggregate of 600,000 shares (30% of the shares reserved) may be granted under the 2004 Plan in the form of non-option awards. For a further discussion of the 2004 Plan, see *Compensation of Executive Officers Tredegar Corporation 2004 Equity Incentive Plan* beginning on page 35 of this proxy statement.

The Committee routinely approves stock option awards following receipt of advice that we are not in possession of material non-public information. We do not time or plan to time our release of material non-public information for the purpose of affecting the value of executive compensation.

In 2006, the Committee recommended awards of stock options to the named executive officers. In light of our financial results for the fiscal year ended December 31, 2005 and consistent with our pay-for-performance culture, the Committee believed that awards of stock options, as opposed to other forms of equity compensation, would better motivate the named executive officers to achieve long-term success and enhance shareholder value. In making the 2006 stock option awards, the Committee considered the total compensation of each named executive officer receiving a stock option award and relevant market data, in addition to our 2005 financial results.

On March 7, 2006, we granted stock options under the 2004 Plan to the named executive officers, other than Messrs. Gottwald, Scher and Marshall. The stock options become exercisable on March 7, 2008 and will expire on March 7, 2013. The stock options vest immediately upon the named executive officer's death, the termination of the named executive officer's employment due to disability, retirement (provided that the named executive officer has reached 65 years of age) or a change of control of Tredegar.

In connection with his hiring, Mr. Marshall received stock options to purchase 10,000 shares of Tredegar common stock, which will become exercisable on October 2, 2008 and will expire on October 2, 2013 and 2,000 restricted shares of Tredegar common stock, which will vest on October 2, 2009. The stock options and restricted shares vest immediately upon Mr. Marshall's death, the termination of his employment due to disability, his retirement (provided that he has reached 65 years of age) or a change of control of Tredegar.

At Mr. Gottwald's request, the Committee deferred its decision to make a long-term incentive award to Mr. Gottwald until after the fiscal year ended December 31, 2006. At our February, 2007 meeting we approved a grant of performance units under the 2004 Plan to Mr. Gottwald. The Committee established a corporate-wide 2007 financial performance target based on economic profit added for Tredegar's manufacturing operations with respect to his performance units. Mr. Gottwald is eligible to receive up to 36,000 shares of Tredegar common stock. If the performance criteria for 2007 are satisfied, 50% of the shares awarded to Mr. Gottwald will vest in 2008, with the remaining 50% to vest in 2009.

**Other Benefits for Chief Executive Officer and Executive Officers**

In addition to the cash and equity compensation discussed above, we provide our Chief Executive Officer and other named executives with the same benefit package available to all of our salaried employees. The package includes:

Health and dental insurance (portion of costs)

Basic life insurance

Long-term disability insurance

Savings Plan and Savings Plan Benefit Restoration Plan (401(k) plan)

Tredegar Corporation Retirement Income Plan (defined benefit pension plan) (or the Pension Plan)

We have also historically provided to a limited number of key executives, including Messrs. Gottwald and Scher, a supplemental executive retirement program, or SERP, known as the Tredegar Corporation Retirement Benefit Restoration Plan. See *Pension Benefits* beginning on page 39 of this proxy statement for additional information. Effective December 31, 2005, however, we terminated further participation in our SERP and froze benefit accruals for existing participants as part of our efforts to maintain an appropriate cost structure.

We have recently redesigned our retirement programs to better meet the needs of today's mobile workforce, permit more individual involvement in retirement planning and be more affordable, predictable and controllable in terms of cost. While the Savings Plan generally met these objectives, we determined that the unpredictability of the cost under the defined benefit pension plan was undesirable. Therefore, we made the decision to shift our focus from the defined benefit pension plan to the defined contribution plan for all salaried employees and hourly employees at Lake Zurich and Red Springs. In making these changes, we paid particular attention to minimizing the potential negative impact the changes may have on the longer service employees who were closer to retirement.

Effective January 1, 2007, we implemented the following changes to our retirement programs:

We closed the Pension Plan to new employees and froze the pay for active employees used to compute benefits as of December 31, 2007. Participants will, however, continue to earn benefit credit for each year of service after 2007.

We began making matching contributions to the Savings Plan of \$1.00 for every \$1.00 the participant contributes, up from the prior contribution of 50 cents for each \$1.00 the participant contributed. The maximum matching contribution will be up to 6% of an employee's base pay for 2007 and 2008 and up to 5% of base pay thereafter.

We adopted immediate vesting for active employees of past matching contributions to the Savings Plan as well as future matching contributions as opposed to the five-year incremental vesting scale that was in place, and we began enrolling newly hired employees automatically at 3% of base pay, unless they elect to enroll at a different level.

We do *not* provide executives with additional perquisites that many companies have used as additional compensation, such as:

Executive employment contracts upon entering into employment with the company

Company cars or vehicle allowances

Personal use of corporate assets

Company-funded deferred compensation programs

We do not believe that these types of programs are currently needed to attract, motivate and retain highly qualified executive officers.

### **Corporate Tax and Accounting Considerations**

The Internal Revenue Code disallows corporate tax deductions for executive compensation in excess of \$1 million for any of our Chief Executive Officer or the next four most highly-compensated officers of Tredegar. Internal Revenue Code Section 162(m) allows certain exemptions to the deduction cap, including pay programs that depend on formulas and, therefore, are performance-based.

The Committee considers the deductibility of compensation when reviewing and approving pay levels and pay programs, but reserves the right to award compensation that is not deductible under 162(m) if it is determined to be in the best interests of Tredegar and our shareholders. At the present time, we are not at risk of losing a deduction under 162(m) because no individual covered by the law receives compensation in excess of \$1 million.

As noted above, we attempt to operate in a manner that maintains an appropriate cost structure. As part of our efforts, we regularly review the accounting treatment of different forms of compensation, including the forms of awards available under the 2004 Plan, to determine which forms of awards, if any, (1) serve to motivate appropriately our executive officers to enhance shareholder value and (2) enable us to operate within an appropriate cost structure.

### **EXECUTIVE COMPENSATION COMMITTEE REPORT**

The Executive Compensation Committee has the overall responsibility of evaluating the performance and determining the compensation of the Chief Executive Officer and approving the compensation structure for Tredegar's other executive officers. In fulfilling its responsibilities, the Executive Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management. Based on such review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis section be included in this proxy statement.

*Executive Compensation Committee:*

Richard L. Morrill, Chairman

Horst R. Adam

Donald T. Cowles

February 9, 2007

**COMPENSATION OF EXECUTIVE OFFICERS**

This table shows information with respect to the total compensation of our Chief Executive Officer and the four other highest compensated executive officers for their services to Tredegar for the fiscal year ended December 31, 2006. This table also includes information for the same years for two individuals (Mr. Surgner and Ms. Cummings) who would have been included in this table had they been executive officers as of December 31, 2006 (see Notes (10) and (11) to this table).

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non- qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
John D. Gottwald President and Chief Executive Officer <sup>(2)</sup>	2006	245,833 <sup>(3)</sup>	-0-	-0-	-0-	427,500	67,483 <sup>(4)</sup> 35,901 <sup>(5)</sup>	13,963 <sup>(6)</sup>	790,680
Norman A. Scher Vice Chairman <sup>(7)</sup>	2006	198,199	75,000	-0-	-0-	-0-	12,976 <sup>(4)</sup> -0 <sup>(5)</sup>	13,888 <sup>(6)</sup>	300,063
Nancy M. Taylor Senior Vice President and President, Tredegar Film Products	2006	278,636	32,000	-0-	57,313	167,864	35,368 <sup>(4)</sup>	15,492 <sup>(6)</sup>	586,673
D. Andrew Edwards Vice President, Chief Financial Officer and Treasurer	2006	262,276	-0-	-0-	38,209	138,257	36,205 <sup>(4)</sup>	14,670 <sup>(6)</sup>	489,617
Larry J. Scott Vice President, Audit	2006	175,067	-0-	-0-	38,209	92,285	64,106 <sup>(4)</sup>	10,165 <sup>(6)</sup>	379,832
McAlister C. Marshall, II Vice President, General Counsel and Secretary <sup>(8)</sup>	2006	62,500	30,000 <sup>(8)</sup>	2,681 <sup>(8)</sup>	8,174 <sup>(8)</sup>	-0-	-0 <sup>(9)</sup>	2,500 <sup>(6)</sup>	105,855
W. Hildebrandt Surgner, Jr. Vice President, General Counsel and Secretary <sup>(10)</sup>	2006	185,037	-0-	-0-	22,618	-0-	-0-	9,727 <sup>(6)</sup>	217,382
Tammy H. Cummings Vice President, Human Resources <sup>(11)</sup>	2006	73,709	-0-	-0-	7,412	-0-	-0-	3,220 <sup>(6)</sup>	84,341

(1) Represents the dollar amount we recognized for financial reporting purposes for the fiscal year ended December 31, 2006 computed in accordance with FAS 123R. For purposes of calculating these amounts, we have used the same assumptions used for financial reporting purposes under generally accepted accounting principles in the United States, or GAAP. For a description of the assumptions we used, see Note 1 to our financial statements, which is included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement. For a discussion of the terms of these stock options, see *Grants of Plan-Based Awards* on page 34 of this proxy statement. The actual value a named executive officer may receive depends on market prices and there can be no assurance that the amounts reflected in the Option Awards column will actually be realized. No gain to a named executive officer is possible without an appreciation in stock value.

Mr. Surgner was hired on December 16, 2002 and resigned effective August 31, 2006. Ms. Cummings was hired on June 1, 2002 and resigned effective May 4, 2006. In connection with their respective resignations, Mr. Surgner and Ms. Cummings each forfeited 15,000 stock options. This amount represents all unvested stock options held by each of Mr. Surgner and Ms. Cummings as of their respective resignations.

(2) Mr. Gottwald was elected President and Chief Executive Officer of Tredegar effective March 1, 2006. He previously served as Chairman of the Board.

(3) Mr. Gottwald's salary for 2006 included \$8,333 for January and February when he served as Chairman of the Board. The remaining \$237,500 was his salary for the period March through December when he served, as he continues to serve, as President and Chief Executive Officer.

(4) This amount represents the change in actuarial present value in the Tredegar Corporation Retirement Income Plan (or the Pension Plan), from December 31, 2005 to December 31, 2006. For purposes of computing the actuarial present value of the accrued benefit payable to the named executive officers, we have used the same assumptions used for financial reporting purposes under GAAP, except that the retirement age assumption has been reduced from age 65 (the normal retirement age) to age 60 (the earliest unreduced benefit retirement age). Other assumptions under GAAP include (a) a 5.75% discount rate for the measurement period ended December 31, 2006, (b) the named executive officer will remain in our employ until he or she reaches the earliest unreduced benefit retirement age and (c) payments will be made monthly as a single life annuity with five years of benefits guaranteed. For a description of the assumptions we used, see Note 11 to our financial statements and the discussion in *Management's Discussion and Analysis of Financial Condition and Results of Operations Pension Benefits* both of which are included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement.

(5) The actuarial present value of Mr. Gottwald's benefit under the Tredegar Corporation Retirement Benefit Restoration Plan (or the Restoration Plan), increased by \$35,901 from December 31, 2005 to December 31, 2006. The actuarial present value of Mr. Scher's benefit under the Restoration Plan decreased by \$15,568 from December 31, 2005 to December 31, 2006. Messrs. Gottwald and Scher are the only named executive officers that participate in the Restoration Plan. For purposes of computing the actuarial present value of the accrued benefit payable to Messrs. Gottwald and Scher, we have used the same assumptions used for financial reporting purposes under GAAP, except that the retirement age assumption has been reduced from age 65 (the normal retirement age) to age 60 (the earliest unreduced benefit retirement age). Other assumptions under GAAP include (a) a 5.75% discount rate for the measurement period ended December 31, 2006, (b) the named executive officer will remain in our employ until he or she reaches the earliest unreduced benefit retirement age, (c) payments will be made monthly as a single life annuity with five years of benefits guaranteed and (d) benefit accruals under the Restoration Plan are frozen as of December 31, 2005. For a description of the assumptions we used, see Note 11 to our financial statements and the discussion in *Management's Discussion and Analysis of Financial Condition and Results of Operations Pension Benefits* both of which are included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement. We froze the benefit available under the Restoration Plan on December 31, 2005.

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(6) These amounts include the following:

Name	Matching Contributions under the Tredegar Corporation Retirement Savings Plan(\$)	Matching Contributions under the Tredegar Corporation Savings Plan Benefit Restoration Plan(\$)	Dividend On Shares In the Tredegar Corporation Savings Plan Benefit Restoration Plan(\$)	Dividends on Shares of Restricted Stock(\$)	Total(\$)
John D. Gottwald	10,950	1,342	1,671	-0-	13,963
Norman A. Scher	9,235	675	1,738	2,240	13,888
Nancy M. Taylor	10,950	2,982	280	1,280	15,492
D. Andrew Edwards	10,950	2,164	277	1,280	14,670
Larry J. Scott	7,971	782	132	1,280	10,165
McAlister C. Marshall, II	2,500	-0-	-0-	-0-	2,500
W. Hildebrandt Surgner, Jr.	8,744	-0-	23	960	9,727
Tammy H. Cummings	2,575	-0-	6	640	3,220

(7) Mr. Scher served as Chief Executive Officer of Tredegar until March 1, 2006, at which point he resigned from this position and began service as Vice Chairman of Tredegar's Board.

(8) Effective as of October 1, 2006, our Board elected, and we hired, Mr. Marshall as our Vice President, General Counsel and Corporate Secretary, with an annual base salary of \$250,000. In connection with his hiring, Mr. Marshall received stock options to purchase 10,000 shares of Tredegar common stock, which will become exercisable on October 2, 2008, at an exercise price of \$16.31 per share and will expire on October 2, 2013; 2,000 restricted shares of Tredegar common stock (\$16.31 per share on the date of grant), which will vest on October 2, 2009; and a cash signing bonus of \$20,000, which he must repay to us if he voluntarily terminates his employment with us before October 3, 2007. This signing bonus was in lieu of Mr. Marshall participating in our 2006 Cash Incentive Plan. In addition, Mr. Marshall received a bonus of \$10,000 for his contributions to Tredegar in the fourth quarter of 2006.

The value set forth under Stock Awards represents the aggregate dollar amount we recognized for financial reporting purposes for the fiscal year ended December 31, 2006 computed in accordance with FAS 123R of the shares of Tredegar common stock awarded to Mr. Marshall in connection with his hiring. For purposes of calculating these amounts, we have used the same assumptions used for financial reporting purposes under GAAP. For a description of the assumptions we used, see Note 1 to the financial statements, which is included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement.

(9) We hired Mr. Marshall effective October 1, 2006. He became a participant in the Pension Plan on January 1, 2007.

(10) We hired Mr. Surgner on December 16, 2002, and he resigned effective August 31, 2006. He neither attained normal retirement age nor had five years of vesting service and therefore had no benefit under the Pension Plan.

(11) We hired Ms. Cummings on June 1, 2002 and she resigned effective May 4, 2006. She neither attained normal retirement age nor had five years of vesting service and therefore had no benefit under the Pension Plan.

**Employment Agreements**

We do not have any employment agreements in place for any of our named executive officers or directors.

**Grants of Plan-Based Awards**

The following table presents information regarding grants of plan-based awards to the named executive officers during the fiscal year ended December 31, 2006.

Name	Grant Date(1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards(2)	Grant Date Fair Value of Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)	(#)	(#)	(\$/Sh)	(\$)
John D. Gottwald		142,500	142,500	427,500	-0-	-0-	-0-	-0-
Norman A. Scher(3)		-0-	-0-	-0-	-0-	-0-	-0-	-0-
Nancy M. Taylor	3/7/2006	55,955	55,955	167,864	-0-	22,500	15.11	139,928
D. Andrew Edwards	3/7/2006	46,086	46,086	138,257	-0-	15,000	15.11	93,285
Larry J. Scott	3/7/2006	30,762	30,762	92,285	-0-	15,000	15.11	93,285
McAlister C. Marshall, II(4)	10/2/2006	-0-	-0-	-0-		10,000	16.31	66,300
	10/2/2006				2,000			32,620
W. Hildebrandt Surgner, Jr.(5)	3/7/2006	-0-	-0-	-0-	-0-	15,000	15.11	93,285
Tammy H. Cummings(6)	3/7/2006	-0-	-0-	-0-	-0-	15,000	15.11	93,285

(1) We made the grants of stock options and shares of restricted Tredegar common stock under the 2004 Plan.

(2) In accordance with the 2004 Plan, the per share exercise price for the stock options was not less than the fair market value of the shares of Tredegar common stock on the date of the grant of the option, as determined by the closing price as reported on the New York Stock Exchange composite tape on that date.

(3) Mr. Scher was not eligible to participate in any non-equity incentive plan in 2006.

(4) We hired Mr. Marshall effective October 1, 2006, and he did not participate in any non-equity incentive plan in 2006.

(5) Mr. Surgner resigned his employment with us effective August 31, 2006, and he is therefore not eligible for payment. Mr. Surgner also forfeited all unvested stock options.

(6) Ms. Cummings resigned her employment with us effective May 4, 2006, and she is therefore not eligible for payment. Ms. Cummings also forfeited all unvested stock options.



### Tredegear Corporation 2004 Equity Incentive Plan

We maintain the Tredegear Corporation 2004 Equity Incentive Plan (or the 2004 Plan), which our shareholders approved. The purposes of the 2004 Plan are to assist in recruiting and retaining the services of individuals with high ability and initiative, provide greater incentives for employees and other individuals who provide valuable services to us and our subsidiaries and associate the interests of those persons with those of Tredegear and our shareholders.

*Eligibility.* Our Executive Compensation Committee administers the 2004 Plan and is authorized to select the individuals who will participate in the 2004 Plan and to grant stock options, stock appreciation rights, stock and stock unit awards and incentive awards upon such terms as our Executive Compensation Committee considers appropriate. Any employee of Tredegear, including any named executive officer and any member of our Board, is eligible to participate in the 2004 Plan if our Executive Compensation Committee determines that the individual has contributed significantly, or can be expected to contribute significantly, to the profits or growth of Tredegear or one of our affiliates.

*Limits.* A maximum of 2,000,000 shares of Tredegear common stock may be issued under the 2004 Plan, but no more than 600,000 shares of Tredegear common stock may be issued as stock awards or in settlement of stock units. The 2004 Plan provides that the aggregate share authorization will be increased by shares of Tredegear common stock subject to awards and awards granted under our prior plans that are terminated, forfeited or otherwise expire without the issuance of the full number of shares subject to the awards. The 2004 Plan also provides that no participant:

may be granted stock options or stock appreciation rights in any calendar year for more than 450,000 shares of Tredegear common stock;

may receive stock awards or stock units in any calendar year covering more than 75,000 shares of Tredegear common stock; or

may receive an incentive award payment in any calendar year that exceeds the lesser of (1) 75% of the participant's base salary (prior to any salary reduction or deferral election) as of the date of grant of the incentive award or (2) \$250,000.

The Executive Compensation Committee may not grant awards under the 2004 Plan after February 19, 2014.

*Stock Options.* The per share exercise price of any stock option granted under the 2004 Plan may not be less than the fair market value of the shares of Tredegear common stock on the date of the grant of the option. The determination of fair market value of Tredegear common stock is based on the closing price as reported on the New York Stock Exchange composite tape on such date or, in the absence of reported sales on such date, then on the next preceding day that the shares of Tredegear common stock were traded. The Executive Compensation Committee establishes the duration of stock options granted under the 2004 Plan, but that duration may not exceed ten years (five years in the case of an option granted to a Plan participant who owns 10% or more of the total combined voting power of all classes of stock of Tredegear). The Executive Compensation Committee may provide that an option is exercisable in whole or in part immediately upon the grant or at such times and in compliance with such requirements as the Executive Compensation Committee determines.

*Stock Appreciation Rights.* A stock appreciation right entitles the holder to receive a payment, with respect to each share of Tredegear common stock encompassed by the stock appreciation right, of an amount the Executive Compensation Committee determines. In the absence of such a determination, the payment will be equal to the excess, if any, of the fair market value of Tredegear common stock on the date of exercise over the fair market value of Tredegear common stock on the date of grant. The determination of fair market

value of Tredegar common stock is based on the closing price as reported on the New York Stock Exchange composite tape on such date or, in the absence of reported sales on such date, then on the next preceding day that the shares of Tredegar common stock were traded. The maximum term of a stock appreciation right is ten years. Stock appreciation rights may be granted alone or in conjunction with an option (in which case, the exercise of the option reduces the number of shares of Tredegar common stock that remain subject to the stock appreciation right and, correspondingly, the exercise of a stock appreciation right reduces the number of shares of Tredegar common stock subject to the option).

*Stock Awards.* A stock award is an award of Tredegar common stock. A stock unit is an award that allows the participant to earn a benefit based on any increase in the fair market value of a share of Tredegar common stock. The determination of fair market value of Tredegar common stock is based on the closing price as reported on the New York Stock Exchange composite tape on such date or, in the absence of reported sales on such date, then on the next preceding day that the shares of Tredegar common stock were traded. Stock awards and stock units may be nontransferable or subject to forfeiture or both unless and until conditions the Executive Compensation Committee prescribed are satisfied. The conditions may include, for example, a requirement that the participant complete a stated period of service or that certain performance objectives be achieved. The objectives may be based on performance goals that are stated with reference to the performance criteria described below. A stock award or stock unit that is not immediately vested and transferable will be restricted for a period of at least three years (or one year if the award is subject to objectives stated with reference to the performance criteria described below).

*Incentive Awards.* An incentive award is an opportunity to earn a cash payment upon the achievement of stated performance objectives. The performance objectives are stated with reference to the performance criteria described below.

The Executive Compensation Committee may prescribe that stock awards and stock units will vest only upon the satisfaction of performance objectives. The 2004 Plan provides that the performance objectives may be stated with reference to the fair market value of Tredegar common stock or on Tredegar's, a subsidiary's or an operating unit's economic profit added, return on equity, earnings per share, total earnings, earnings growth, return on capital or return on assets.

The 2004 Plan provides that all outstanding stock options and stock appreciation rights will be exercisable and all outstanding stock awards, stock units and incentive awards will be earned if there is a change in control of Tredegar.

## **2006 Grants**

On March 7, 2006, we granted stock options under the 2004 Plan to the named executive officers, other than Messrs. Gottwald, Scher and Marshall. The stock options become exercisable on March 7, 2008 and will expire on March 7, 2013. The stock options vest immediately upon the grantee's death, the termination of the grantee's employment due to disability, the grantee's retirement (provided that the grantee has reached 65 years of age) or a change of control of Tredegar.

In connection with his hiring, Mr. Marshall received stock options to purchase 10,000 shares of Tredegar common stock, which will become exercisable on October 2, 2008 and will expire on October 2, 2013 and 2,000 restricted shares of Tredegar common stock, which will vest on October 2, 2009. The stock options and restricted stock vest immediately upon Mr. Marshall's death, the termination of his employment due to disability, his retirement (provided that he has reached 65 years of age) or a change of control of Tredegar. Dividends will be paid on the shares of restricted Tredegar common stock we granted to Mr. Marshall at the same rate as dividends on shares of unrestricted Tredegar common stock.

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For a further discussion of the stock options and shares of restricted stock granted to the named executive officers in 2006, see *Compensation Discussion and Analysis Elements of Compensation Long-Term Incentives* beginning on page 27 of this proxy statement.

We adopted an annual incentive compensation plan for 2006 (payable in early 2007) for executive officers and certain other key employees of Tredegar and our subsidiaries (or the 2006 Cash Incentive Plan). For a further discussion of the 2006 Cash Incentive Plan, including the estimated future payouts that were established dependent upon pre-determined financial performance targets and personal performance metrics, see *Compensation Discussion and Analysis Elements of Compensation Base Salaries and Annual Incentives - Annual Incentives* beginning on page 26 of this proxy statement.

### Outstanding Equity Awards At Fiscal Year-End

The following table presents information regarding the number and value of stock option awards and stock awards for the named executive officers outstanding as of the fiscal year ended December 31, 2006.

Name	Option Awards		Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price(3) (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
John D. Gottwald	33,000	-0-	16.55	5/19/2007	-0-	-0-
	33,000	-0-	21.00	5/19/2007		
	22,000	-0-	19.75	1/5/2007		
	22,000	-0-	22.72	1/5/2007		
Norman A. Scher	24,000	-0-	16.55	5/19/2007	14,000(4)	316,540
	24,000	-0-	21.00	5/19/2007		
	16,000	-0-	22.72	1/5/2007		
	35,000	-0-	18.90	1/2/2009		
Nancy M. Taylor	12,000	-0-	16.55	5/19/2007	8,000(4)	180,880
	12,000	-0-	21.00	5/19/2007		
	9,000	-0-	22.72	1/5/2007		
	20,000	-0-	18.90	1/2/2009		
	-0-	22,500(1)	15.11	3/7/2013		
D. Andrew Edwards	12,000	-0-	21.00	5/19/2007	8,000(4)	180,880
	9,000	-0-	22.72	1/5/2007		
	20,000	-0-	18.90	1/2/2009		
	-0-	15,000(1)	15.11	3/7/2013		
Larry J. Scott	4,000	-0-	22.72	1/5/2007	8,000(4)	180,880
	10,000	-0-	18.90	1/2/2009		
	-0-	15,000(1)	15.11	3/7/2013		
McAlister C. Marshall, II	-0-	10,000(2)	16.31	10/2/2013	2,000(5)	45,220
W. Hildebrandt Surgner, Jr.(6)	-0-	-0-	N/A	N/A	-0-	-0-
Tammy H. Cummings(7)	-0-	-0-	N/A	N/A	-0-	-0-

(1) The stock options become exercisable on March 7, 2008 and will expire on March 7, 2013.



(2) The stock options become exercisable on October 2, 2008 and will expire on October 2, 2013.

(3) In accordance with the stock option plans under which the shares indicated in the table were granted, the per share exercise price for the stock options was not less than the fair market value of the shares of Tredegar common stock on the date of the grant of the option, as determined by the closing price as reported on the New York Stock Exchange composite tape on that date.

(4) The shares of restricted Tredegar common stock will vest on March 18, 2009.

(5) The shares of restricted Tredegar common stock will vest on October 2, 2009.

(6) Mr. Surgner resigned his employment with us effective August 31, 2006 and forfeited all unvested stock options.

(7) Ms. Cummings resigned her employment with us effective May 4, 2006 and forfeited all unvested stock options.

### Option Exercises and Stock Vested

The following table presents information concerning the exercise of stock options for the named executive officers during the fiscal year ended December 31, 2006. There were no other exercises of options, SARs or similar instruments or vesting of stock (including restricted stock, restricted stock units or other similar instruments) for the named executive officers during the fiscal year ended December 31, 2006.

#### Option Exercises

##### Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
John D. Gottwald	32,250	174,473
Norman A. Scher	16,000	11,476
Nancy M. Taylor	9,000	17,280
D. Andrew Edwards	21,000	43,341
Larry J. Scott	13,000	51,546
McAlister C. Marshall, II	-0-	-0-
W. Hildebrandt Surgner, Jr.	20,000	28,863
Tammy H. Cummings	-0-	-0-

**Pension Benefits**

The following table presents information as of December 31, 2006 concerning each of our defined benefit plans that provide for payments or other benefits to the named executive officers at, following or in connection with retirement.

Name	Plan Name	Number of Years Benefit Service (#)	Present Value of Accumulated Benefit <sup>(1)</sup> (\$)
John D. Gottwald	Pension Plan	28	691,141
	Restoration Plan	27	660,260 <sup>(2)</sup>
Norman A. Scher	Pension Plan	17	488,329
	Restoration Plan	16	527,039 <sup>(2)</sup>
Nancy M. Taylor	Pension Plan	15	243,381
D. Andrew Edwards	Pension Plan	14	241,716
Larry J. Scott	Pension Plan	26	602,466
McAlister C. Marshall, II <sup>(3)</sup>	Not Eligible	-0-	-0-
W. Hildebrandt Surgner, Jr. <sup>(4)</sup>	Pension Plan	3.76	-0-
Tammy H. Cummings <sup>(5)</sup>	Pension Plan	3.43	-0-

(1) For purposes of computing the actuarial present value of the accrued benefit payable to the named executive officers, Tredegar has used the same assumptions used for financial reporting purposes under GAAP, except that the retirement age assumption has been reduced from age 65 (the normal retirement age) to age 60 (the earliest unreduced benefit retirement age). Other assumptions under GAAP include (a) a 5.75% discount rate for the measurement period ended December 31, 2006, (b) the named executive officer will remain in Tredegar's employ until he or she reaches the earliest unreduced benefit retirement age, (c) monthly payments will be made based upon a single life annuity with five years of benefits guaranteed as adjusted for the actual payment option selected and (d) benefit accruals under the Restoration Plan are frozen as of December 31, 2005. For a description of the assumptions we used, see Note 11 to our financial statements and the discussion in *Management's Discussion and Analysis of Financial Condition and Results of Operations - Pension Benefits* both of which are included in our annual report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference into this proxy statement.

(2) We froze Messrs. Gottwald and Scher's benefits under this plan on December 31, 2005.

(3) We hired Mr. Marshall on October 1, 2006. He became a participant in the Pension Plan on January 1, 2007.

(4) We hired Mr. Surgner on December 16, 2002, and he resigned as of August 31, 2006. He neither attained normal retirement age nor had five years of vesting service and therefore had no benefit under the Pension Plan.

(5) We hired Ms. Cummings on June 1, 2002, and she resigned as of May 4, 2006. She neither attained normal retirement age nor had five years of vesting service and therefore had no benefit under the Pension Plan.

**Pension Plan**

The Tredegar Corporation Retirement Income Plan (or the Pension Plan) is a defined benefit pension plan applicable generally to salaried, full-time employees who are not covered by a collective bargaining agreement. All of the named executive officers participate in the Pension Plan. Also, although Mr. Surgner and Ms. Cummings were participants in the Pension Plan, they both terminated their employment before satisfying either the age or service requirement for receiving benefits under the Pension Plan.

The Pension Plan assumes a normal retirement age of 65 and does not impose a vested service requirement as a condition to paying benefits to a participant who retires upon reaching that age. In most other cases involving a separation of service from Tredegar before age 65, a participant must have accrued at least five years of pension vesting service, as defined in the Pension Plan, in order to be entitled to receive any benefits under the Pension Plan. As of December 31, 2006, our named executives had accrued the following number of pension vesting service years under the Pension Plan for their service through December 31, 2006:

Name	Vesting
John D. Gottwald	29
Norman A. Scher	18
Nancy M. Taylor	15
D. Andrew Edwards	14
McAlister C. Marshall, II	-0-
Larry J. Scott	27
W. Hildebrandt Surgner, Jr.	4
Tammy H. Cummings	4

A participant who retires at age 65 or later, with certain exceptions, is entitled to a monthly benefit paid as a single life annuity with five years of guaranteed payments. The monthly payment equals 1/12th of the sum of:

1.1% of his or her final average pay (determined by averaging the participant's base salary plus 50% of incentive bonuses for his or her three consecutive highest paid years in the ten-year period preceding his or her departure from Tredegar) multiplied by the number of years of pension benefit service he or she has accrued; and

0.4% of his or her final average pay in excess of social security covered compensation, multiplied by his or her years of pension benefit service.

Mr. Scher, who is 69 years old, is currently eligible to retire.

Unless he or she elects otherwise, a participant in the Pension Plan who is married as of the date he or she is eligible to begin receiving payments under the Pension Plan will receive his or her payments as a qualified joint and survivor annuity, which is the actuarial equivalent of the single life annuity with five years guaranteed. This form of annuity provides a reduced monthly retirement benefit payable to the participant for life followed by monthly payments to his or her spouse in an amount equal to 50% of the amount the

participant received during life. Under the contingent annuity option of the Pension Plan, an unmarried participant may also elect to receive reduced monthly payments for life followed by monthly payments to a named contingent annuity in an amount equal to 100% or 50% of amount payable to the participant during his or her lifetime.

In accordance with the provision in the Pension Plan allowing us to amend, modify or terminate it at any time, effective January 1, 2007, we closed the Pension Plan to new participants and froze the pay used to compute benefits for existing participants as of December 31, 2007. Existing participants in the Pension Plan will, however, continue to earn benefit credit for each year of service after 2007.

***Retirement Benefit Restoration Plan***

The Internal Revenue Code limits (a) the annual retirement benefit that may be paid under a tax qualified pension plan, such as the Pension Plan, and (b) the earnings that may be used in computing a benefit. The maximum benefit and earnings limitations are adjusted each year to reflect changes in the cost of living. For 2006, the maximum benefit limitation was \$170,068 (based on a five-year certain and life annuity payable at age 65) and the earnings limitation was \$220,000.

Because of these limitations, we adopted the Tredegar Corporation Retirement Benefit Restoration Plan (or the Restoration Plan) to restore those benefits that cannot be paid under the Pension Plan due to the Internal Revenue Code maximum benefit limitation, the earnings limitation, or both. The Executive Compensation Committee has discretion over which highly-compensated employees can participate in the Restoration Plan. The Executive Compensation Committee can amend, modify or terminate the Restoration Plan at any time and is entitled to revoke or rescind an executive's designation as a participant in the Restoration Plan.

Messrs. Gottwald and Scher are the only named executive officers who currently participate in the Restoration Plan. The benefit to which they are entitled upon retirement is the amount actually payable under the Pension Plan subtracted from the amount that would have been payable under the Pension Plan if not for the Internal Revenue Code limitations.

In accordance with the provision in the Restoration Plan allowing us to amend, modify or terminate it at any time, effective December 31, 2005, we closed the Restoration Plan to new participants and froze benefit accruals for existing participants.

**Nonqualified Deferred Compensation**

The following table presents information concerning the Savings Plan Benefit Restoration Plan for Employees of Tredegar Corporation (or the SPBR Plan), which is a defined contribution plan that provides for the deferral of compensation of the named executive officers on a basis that is not tax qualified.



Name	Registrant Contributions in Last FY(1) (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
John D. Gottwald	3,013	101,825	-0-	238,940
Norman A. Scher	2,413	106,255	-0-	248,628
Nancy M. Taylor	3,262	17,599	-0-	43,600
D. Andrew Edwards	2,440	17,196	-0-	42,105
Larry J. Scott	914	8,015	-0-	19,487
McAlister C. Marshall, II	-0-	-0-	-0-	-0-
W. Hildebrandt Surgner, Jr.(2)	23	669	401	2,289
Tammy H. Cummings(3)	6	30	716	-0-

(1) These amounts represent the sum of the amounts included in Note (6) to the Summary Compensation Table on page 31 of this proxy statement under the columns Matching Contributions under the Tredegar Corporation Savings Plan Benefit Restoration Plan and Dividend on Shares in the Tredegar Corporation Savings Plan Benefit Restoration Plan.

(2) Mr. Surgner forfeited 20% of the amount credited to his account under the SPBR Plan because he was not fully vested at the time he resigned his employment with us.

(3) Ms. Cummings forfeited 20% of the amount credited to her account under the SPBR Plan because she was not fully vested at the time she resigned her employment with us.

Because of Internal Revenue Code limitations on the matching contributions we are entitled to make on behalf of highly-compensated employees to Tredegar's Savings Plan, we adopted the SPBR Plan under which we credit the matching contribution we would have been able to make to the Savings Plan, but for the Internal Revenue Code limitations, to an account representing the employee's interest in the SPBR Plan for each payroll period. Every employee who qualifies as highly-compensated becomes a member of the SPBR Plan as of the date his or her contributions to the Savings Plan are limited by IRS regulations.

Our contributions to the SPBR Plan are converted to phantom shares of Tredegar common stock based on the fair market value at the end of the month in which the contributions are credited. Contributions to the SPBR Plan either match those that could not be made to the Savings Plan because of Internal Revenue Code limitations or are dividends on shares of stock already credited to the participant.

The value of an account at any given time is based upon the fair market value of Tredegar common stock. The fair market value of Tredegar common stock was \$12.89 on December 31, 2005 and was \$22.61 on December 31, 2006. All named executives, except for Mr. Marshall, participated in the SPBR Plan in 2006. We reserve the right to terminate or amend the SPBR Plan at any time.

A participant in the SPBR Plan becomes 100% vested in his or her benefit under the Plan if he or she retires at or after age 65, dies or separates from employment with us due to a disability. Otherwise, a member's interest vests incrementally over five years as follows:

Years of Service	Vested Percentage
Less than 2	0%
2 but less than 3	20%
3 but less than 4	60%
4 but less than 5	80%
5 and over	100%

If a participant retires at age 65, dies or separates from employment due to death or a disability, he or she receives a distribution of the total value of his or her benefit under the SPBR Plan on the last day of the month following distribution of benefits under the Savings Plan, subject to Internal Revenue Code Section 409A. A participant who otherwise separates from service receives the value of his or her vested benefit in the SPBR Plan as of the last day of the month during which he or she receives the distribution of his or her vested benefit in the Savings Plan, subject to Internal Revenue Code Section 409A.

**Other Potential Payments Upon Termination or a Change in Control**

***Equity Incentive Plans***

*2006 Grants Under the 2004 Equity Incentive Plan.* On March 7, 2006, we granted stock options under the 2004 Plan to the named executive officers, other than Messrs. Gottwald, Scher and Marshall. In addition, in connection with his hiring, Mr. Marshall received stock options and shares of restricted Tredegar common stock under the 2004 Plan. The stock options and shares of restricted Tredegar common stock vest immediately upon the named executive officer's death, termination of employment due to disability, retirement (provided that the named executive officer has reached 65 years of age) or a change of control of Tredegar.

The 2004 Plan generally provides that a change in control occurs if (1) a person (or a group of persons) becomes the owner of 50% or more of our voting securities, (2) there is a substantial change in the composition of our Board, (3) there is a business combination in which our shareholders own 80% or less of the surviving entity or (4) our shareholders approve a liquidation or dissolution of Tredegar or the sale of all or substantially all of Tredegar's assets.

The table included below assumes a change in control occurred on December 31, 2006 and provides the value that each named executive officer could have realized from the equity awards he or she held as of December 31, 2006 based on the closing price of shares of Tredegar common stock on the New York Stock Exchange composite tape on that date.

Name	2006 Grants(#)	Exercise Price(\$/Sh)	Value upon Change of Control(\$)
John D. Gottwald	-0-	-0-	-0-
Norman A. Scher	-0-	-0-	-0-
Nancy M. Taylor	22,500	15.11	168,750
D. Andrew Edwards	15,000	15.11	112,500
Larry J. Scott	15,000	15.11	112,500
McAlister C. Marshall, II	10,000	16.31	63,000
	2,000		45,220
W. Hildebrandt Surgner, Jr.(1)	-0-	-0-	-0-
Tammy H. Cummings(2)	-0-	-0-	-0-

(1) Mr. Surgner resigned his employment with us effective August 31, 2006 and forfeited all unvested stock options.

(2) Ms. Cummings resigned her employment with us effective May 4, 2006 and forfeited all unvested stock options.

#### **Restoration Plan**

Our Executive Compensation Committee amended the Restoration Plan as of December 31, 2005. As of that date, no new employees may participate in the plan and benefit accruals were stopped for any participant in the Restoration Plan who was not entitled to receive a benefit payment as of December 31, 2005. This change affected Messrs. Gottwald and Scher.

*Retirement.* Upon retirement, a named executive officer participating in the Restoration Plan will be entitled to a monthly benefit under the Restoration Plan equivalent to the difference between the monthly benefit he or she would have received under the Pension Plan but for the application of the limitations set forth in Internal Revenue Code Sections 415 and 401(a)(17) and the monthly benefit to which he or she is actually entitled under the Pension Plan. We will determine the monthly benefit and begin paying the monthly benefit on the date the named executive officer is scheduled to begin receiving benefits under the Pension Plan, subject to Internal Revenue Code Section 409A. The named executive officer will receive the monthly benefit under the Restoration Plan as a single life annuity with five years of benefits guaranteed if the executive is not married on the date benefits are scheduled to begin. Benefits will be paid in the form of a 50% qualified joint and survivor annuity with five years of benefits at the unreduced level guaranteed if the executive is married on the date benefits are scheduled to begin.

*Termination (including Termination upon a Change in Control or due to total disability).* Mr. Scher is vested in his accrued benefit. When his employment ends, he will be eligible to begin his monthly benefit under the Restoration Plan. Mr. Gottwald will vest in his accrued benefit in the Restoration Plan at the earliest of age 65, termination of employment, total disability or death, provided our Executive Compensation Committee has not removed him from the list of eligible employees.

*Death.* If Mr. Gottwald or Mr. Scher dies before retirement, his surviving spouse will receive a benefit paid as a 50% qualified joint and survivor annuity, with five years of payments at the unreduced level guaranteed. If Mr. Gottwald or Mr. Scher dies after his benefits commence under the Restoration Plan, his

surviving spouse will receive a benefit paid as a 50% qualified joint and survivor annuity. If the executive has not received five years of payments at the unreduced level at his death, his spouse will receive the remaining guaranteed payments before the benefit is reduced to the 50% level.

The table included below provides information with respect to the monthly benefits we would have had to pay to Messrs. Gottwald and Scher, assuming any of the events described above had occurred on December 31, 2006. Payments under the Restoration Plan will commence on the date of (1) six months after the executive separates from service (the first payment will include any postponed benefits) or (2) the executive's retirement date under the Pension Plan.

Name	Single Life Annuity with Five-Year Guaranteed Payment on Retirement(\$)	Payment on Termination(\$)	Payment on Termination Due to a Change in Control(\$)	Payment on Disability(\$)	Payment on Death(\$)
John D. Gottwald	6,924	-0-	-0-	-0-	6,924
Norman A. Scher	4,621	-0-	-0-	-0-	4,621

**SPBR Plan**

*Retirement.* In the event a named executive officer retires from Tredegar, he or she will be entitled to receive the total value of his or her interest in the SPBR Plan as of the last business day of the month in which his or her benefit under the Savings Plan is distributed, subject to Internal Revenue Code Section 409A.

*Termination.* If the named executive officer's employment with us ends due to termination, he or she will be entitled to receive the value of his or her vested benefit in the SPBR Plan as of the last business day of the month in which he or she receives his or her vested benefit under the Savings Plan, subject to Internal Revenue Code Section 409A.

*Disability.* If the named executive officer separates from service due to a disability, he or she will be entitled to receive the total value of his or her interest in the SPBR Plan as of the last business day of the month in which his or her benefit under the Savings Plan is distributed, subject to Internal Revenue Code Section 409A.

*Death.* If the named executive officer dies while under our employment, his or her beneficiary will be entitled to receive the total value of his or her interest in the SPBR Plan as of the last business day of the month in which the named executive officer's benefit under the Savings Plan is distributed, subject to Internal Revenue Code Section 409A.

The table included below provides information with respect to the benefits we would have had to pay to the named executive officers assuming any of the events described above had occurred on December 31, 2006.

Name	Payment on Retirement(\$)	Payment on Termination(\$)	Payment on Death(\$)
John D. Gottwald(1)	238,940	238,940	238,940
Norman A. Scher(1)	248,628	248,628	248,628
Nancy M. Taylor(1)	43,600	43,600	43,600
D. Andrew Edwards(1)	42,105	42,105	42,105
Larry J. Scott(1)	19,487	19,487	19,487
McAlister C. Marshall, II(1)	-0-	-0-	-0-
W. Hildebrandt Surgner, Jr.(2)	2,289	401	2,289
Tammy H. Cummings(3)	-0-	716	-0-

(1) Under the terms of the SPBR Plan, in the event that any of these events occurred on December 31, 2006, the earliest payment date would be January 31, 2007 and the amount payable would be based on the closing price of Tredegar common stock on the New York Stock Exchange composite tape on January 31, 2007, the date of payment. In addition, the SPBR Plan provides that payment for a portion of the shares of Tredegar common stock held in a participant's account would be withheld for six months and the payment would be based on the closing price of Tredegar common stock on the New York Stock Exchange composite tape on the date of payment. The amounts set forth above assume that the total payment was made on December 31, 2006 based on the closing price of Tredegar common stock on the New York Stock Exchange composite tape on that date.

(2) Mr. Surgner resigned his employment with us effective August 31, 2006. Under the terms of the SPBR Plan, we provided Mr. Surgner with a payment of \$401 for a portion of the shares of Tredegar common stock held in his account. As of December 31, 2006, Mr. Surgner had not received the payment for the remaining shares of Tredegar common stock held in his account. The amounts set forth above assume we made the payment for the remaining shares on December 31, 2006 based on the closing price of Tredegar common stock on the New York Stock Exchange composite tape on that date.

(3) Ms. Cummings resigned her employment with Tredegar effective May 4, 2006. The amount set forth above represents the actual total payment we made to Ms. Cummings under the SPBR Plan.

#### REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the quality and integrity of Tredegar's financial reporting processes and its systems of internal accounting controls. Management is responsible for Tredegar's financial statements, including its system of internal accounting controls, and the independent registered public accounting firm is responsible for performing an independent audit of those financial statements and Tredegar's internal control over financial reporting. The Audit Committee operates under a written charter that has been adopted by Tredegar's Board.

The Audit Committee has met and held discussions with management and PricewaterhouseCoopers LLP (or PwC), Tredegar's independent registered public accounting firm, regarding Tredegar's audited 2006 consolidated financial statements. Management represented to the Audit Committee that Tredegar's consolidated financial statements were prepared in accordance with generally accepted accounting principles.

and the Audit Committee has reviewed and discussed the consolidated financial statements with management and PwC.

The Audit Committee has discussed with PwC the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards), as amended. In addition, the Audit Committee has received the written disclosures and the letter from PwC relating to the independence of that firm as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) as may be modified or supplemented, and has discussed with PwC that firm's independence from Tredegar.

In reliance upon the Audit Committee's discussions with management and PwC, and the Audit Committee's review of the representation of management and the report of PwC to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements in Tredegar's Annual Report on Form 10-K for the year ended December 31, 2006 to be filed with the Securities and Exchange Commission.

*Audit Committee:*

R. Gregory Williams, Chairman  
 Austin Brockenbrough, III  
 Donald T. Cowles

March 1, 2007

**AUDIT FEES**

The following table lists fees our independent registered public accounting firm, PwC, billed to us for services rendered in fiscal years 2005 and 2006.

	<u>2005</u>	<u>2006</u>
Audit Fees	\$ 1,021,320	\$ 1,156,132
Audit-Related Fees	-0-	-0-
Tax Fees	-0-	31,968
All Other Fees	1,500	7,544
<b>Total Fees</b>	<b>\$ 1,022,820</b>	<b>\$ 1,195,644</b>

Audit Fees include fees PwC billed for services it performed to comply with the standards of the Public Company Accounting Oversight Board, including the recurring audit of our consolidated financial statements and of our internal control over financial reporting. This category also includes fees for audits PwC provided in connection with statutory filings or services that generally only the principal auditor reasonably can provide and assistance with and review of documents filed with the Securities and Exchange Commission.

Audit-Related Fees include fees associated with audit services not required by statute or regulation.

Tax Fees primarily include fees associated with tax audits and tax compliance, tax consulting, and preparation of tax returns for expatriate employees, as well as domestic and international tax planning and assistance.

All Other Fees include software licensing for online accounting research.

Our Audit Committee has concluded that the provision of the non-audit services listed above as All Other Fees is compatible with maintaining the auditor's independence.

#### **RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has appointed PwC as our independent registered public accounting firm for the fiscal year ending December 31, 2007, and has further directed that management submit such appointment of PwC for ratification by the shareholders at the annual meeting. We expect representatives of PwC to be present at the meeting, and they will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Shareholder ratification of our Audit Committee's appointment of PwC as our independent registered public accounting firm is not required by our By-laws or otherwise. If our shareholders fail to ratify the appointment, our Audit Committee will take such failure into consideration in future years. If our shareholders ratify the appointment, our Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it is determined that such a change would be in the best interests of Tredegar.

**Our Board recommends that you vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as Tredegar's independent registered public accounting firm for the fiscal year ending December 31, 2007.**

#### **DIRECTOR NOMINATING PROCESS AND SHAREHOLDER PROPOSALS**

##### **Nominating and Governance Committee Process for Identifying and Evaluating Director Candidates**

Our Nominating and Governance Committee evaluates all director candidates in accordance with the director qualification standards described in the Governance Guidelines. Our Nominating and Governance Committee evaluates all candidates' qualifications to serve as members of our Board based on the skills and characteristics of individual Board members as well as the composition of our Board as a whole. In addition, our Nominating and Governance Committee will evaluate a candidate's independence, diversity, age, skills and experience in the context of our Board's needs.

##### **Director Candidate Recommendations and Nominations by Shareholders**

Our Nominating and Governance Committee's Charter provides that our Nominating and Governance Committee will consider director candidate recommendations by our shareholders. Shareholders should submit any such recommendations for our Nominating and Governance Committee through one of the methods described under *Voting Instructions How do I communicate with the Board of Directors?* on page 3 of this proxy statement. There are no differences in the manner in which our Nominating and Governance Committee evaluates director candidates based on whether shareholders recommend the candidates.

In addition to candidate recommendations, any shareholder of record entitled to vote for the election of directors at the applicable meeting of shareholders may nominate persons for election to the Board *so long as* that shareholder complies with the requirements set forth in the applicable provisions of our amended and restated By-laws and summarized in *Shareholders' Proposals* below.

Our Nominating and Governance Committee did not receive any recommendations of director candidates from any shareholder or group of shareholders during 2006; nor were there any shareholder nominations of any person for election as a director.

*Sources for New Nominees*

Messrs. Donald T. Cowles, John D. Gottwald and Thomas G. Slater, Jr., are current directors standing for reelection. We did not use any third party search firms to assist in identifying potential director candidates during 2006.

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**SHAREHOLDERS PROPOSALS**

The regulations of the Securities and Exchange Commission require any shareholder wishing to make a proposal to be acted upon at the 2008 annual meeting of shareholders to present the proposal to Tredegar at our principal office in Richmond, Virginia, no later than November 29, 2007. We will consider written proposals received by that date for inclusion in our proxy statement in accordance with regulations governing the solicitation of proxies.

Article I, Section 10 of our amended and restated By-laws also require any shareholder wishing to make a proposal to be acted on at an annual meeting to give written notice to our Corporate Secretary not later than 90 days in advance of an annual meeting. The notice must contain:

a brief description of the business to be brought before the annual meeting (including the specific proposal to be presented) and the reasons for addressing it at the annual meeting,

the name, record address, and class and number of shares beneficially owned by the shareholder proposing such business, and

any material interest of the shareholder in such business.

In addition, Article II, Section 5 of our amended and restated By-laws allows any shareholder entitled to vote in the election of directors generally to nominate one or more persons for election as directors at a meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to our Corporate Secretary not later than:

90 days in advance of an annual meeting, or

with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of a special meeting of shareholders is first given to shareholders.

Each notice shall set forth:

As to the shareholder giving the notice:

the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated,



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a representation that the shareholder is a holder of record of Tredegar stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, and

a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) under which the nomination or nominations are to be made by the shareholder.

As to each person whom the shareholder proposes to nominate for election as a director:

the name and address of the person or persons to be nominated,

such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed under the Securities and Exchange Commission's proxy rules, had the nominee been nominated, or intended to be nominated, by the Board, and

the consent of each nominee to serve as a director if so elected.

In order for a shareholder to bring other business before a shareholders meeting, we must receive timely notice within the time limits described above. Such notice must include:

the information described above with respect to the shareholder proposing such business,

a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting, and

any material interest of such shareholder in such business.

These requirements are separate from the requirements of the Securities and Exchange Commission that a shareholder must meet to have a proposal included in our proxy statement.

The amended and restated By-laws are available on our website at [www.tredegar.com](http://www.tredegar.com) and on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). We will also furnish any shareholder a copy of our amended and restated By-laws without charge upon written request to our Corporate Secretary. See *Voting Instructions - How do I communicate with the Board of Directors?* on page 3 of this proxy statement.

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS**

Based solely on our review of the copies of the forms prescribed by Section 16(a) of the Exchange Act we received, or written representations from certain reporting persons that no Forms 5 were required for those persons, we believe that all of our Section 16 reporting persons complied with the filing requirements of Section 16(a) as of December 31, 2006.

**BENEFICIAL OWNERS**

Institutions that hold shares in street name for two or more beneficial owners with the same address are permitted to deliver a single proxy statement and annual report to that address. Any such beneficial owner may request a separate copy of this proxy statement or the 2006 Annual Report on Form 10-K by contacting our Corporate Secretary in writing at 1100 Boulders Parkway, Richmond, Virginia, 23225 or by telephone at 1-804-330-1144. Beneficial owners with the same address who receive more than one proxy statement and 2006 Annual Report on Form 10-K may request delivery of a single proxy statement and 2006 Annual Report on Form 10-K by contacting our Corporate Secretary as provided in the preceding sentence.

**OTHER MATTERS**

Our Board is not aware of any matters to be presented for action at the annual meeting of shareholders other than as described in this proxy statement. **However, if any other matters are properly raised at the annual meeting or in any adjournment of the annual meeting, the person or persons voting the proxies will vote them in accordance with their best judgment.**

By Order of the Board of Directors

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

**TREDEGAR CORPORATION**  
**Independence Determination Guidelines**

A director shall not be independent if he or she satisfies any one or more of the following criteria:

1. A director who is, or who has been within the last three years, an employee of Tredegar, or whose immediate family member is, or has been within the last three years, an executive officer, of Tredegar (excluding past service as an interim Chairman, CEO or other executive officer).
2. A director who has received or who has an immediate family member, serving as an executive officer, who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from Tredegar (excluding (A) director and committee fees and pension/other forms of deferred compensation for prior service that is not contingent in any way on continued service and (B) compensation for past service as an interim Chairman, CEO or other executive officer).
3. (A) A director who is or whose immediate family member is a current partner of a firm that is Tredegar's internal or external auditor; (B) a director who is a current employee of such a firm; (C) a director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a director who was or whose immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Tredegar's audit within that time.
4. A director who is or has been within the last three years, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Tredegar's present executives at the same time serves or served on that company's compensation committee.
5. A director who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Tredegar for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues (as reported for the last completed fiscal year).

The Board shall also consider a director's charitable relationships. A director who is an officer, director, or trustee of a charitable or non-profit organization shall not be considered to have a material relationship with Tredegar that impairs the director's independence so long as Tredegar's contributions to the entity in any of the last three fiscal years (excluding amounts contributed by Tredegar under its employee matching gift program) are less than \$1 million or 2% of such entity's consolidated gross revenues as reported for the last completed fiscal year (whichever is greater).

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c/o National City Bank  
Shareholder Services Operations  
Locator 5352  
P. O. Box 94509  
Cleveland, OH 44101-4509

**YOUR VOTE IS IMPORTANT**

REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING OF SHAREHOLDERS,  
YOU CAN BE SURE YOUR SHARES ARE REPRESENTED AT THE MEETING BY PROMPTLY  
RETURNING YOUR VOTING INSTRUCTION CARD IN THE ENCLOSED ENVELOPE.

**Proxy must be signed and dated below.**

ê **Please fold and detach card at perforation before mailing.** ê

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**TREDEGAR CORPORATION  
RETIREMENT SAVINGS PLAN**

TO: Frank Russell Trust Company, Savings Plan Trustee

I hereby appoint Frank Russell Trust Company as proxy, with full power of substitution, to vote my proportionate shares of Tredegar Corporation common stock held by it for my savings plan account at the Annual Meeting of Shareholders to be held on May 17, 2007, and at any and all adjournments and postponements thereof as indicated on the reverse side.

Signature of Shareholder

Dated: \_\_\_\_\_, 2007

**PLEASE COMPLETE, SIGN, DATE AND RETURN PROMPTLY USING THE ENCLOSED ENVELOPE.**

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**VOTING INSTRUCTION FORM  
TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

A notice and proxy statement regarding the Tredegar Corporation ( Tredegar ) 2007 Annual Meeting of Shareholders is enclosed. A copy of Tredegar s annual report has been provided to you. As a participant in Tredegar s savings plan, you may instruct the savings plan trustee how to vote your proportionate shares of Tredegar common stock held by the trustee in connection with the Annual Meeting. The number of shares of Tredegar common stock represented by your savings plan account is shown on the reverse side. If you wish to instruct the savings plan trustee how to vote your shares, complete this form and send it to National City Bank in the enclosed postage-paid envelope so it is received by **May 11, 2007**. If no instructions are received by the savings plan trustee, it will vote your savings plan shares **FOR** proposals 1 and 2 as contained in the proxy statement and as shown below.

Savings Plan Committee

ê **Please fold and detach card at perforation before mailing.** ê

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**TREDEGAR CORPORATION**

**PROXY**

This Proxy, when properly executed, will be voted in the manner directed in this Proxy by the undersigned shareholder. **If no direction is made, this Proxy will be voted FOR all nominees listed in Proposal 1 and FOR Proposal 2.**

1. Election of Directors

Nominees: Donald T. Cowles John D. Gottwald Thomas G. Slater, Jr.

**FOR** all nominees listed above

**WITHHOLD** authority

to vote for all nominees listed above

**To withhold authority to vote for any of such nominees, write the nominee s name on the line provided below.**

2. Ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for Tredegar for the fiscal year ending December 31, 2007.

**FOR**

**AGAINST**

**ABSTAIN**

In its discretion, the proxy is authorized to vote on such other business and matters incident to the conduct of the meeting as may properly come before the meeting.

**(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)**

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c/o National City Bank  
Shareholder Services Operations  
Locator 5352  
P. O. Box 94509  
Cleveland, OH 44101-4509

**YOUR VOTE IS IMPORTANT**

REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING OF SHAREHOLDERS, YOU CAN BE SURE YOUR SHARES ARE REPRESENTED AT THE MEETING BY PROMPTLY RETURNING YOUR PROXY CARD IN THE ENCLOSED ENVELOPE.

**Proxy must be signed and dated below.**

ê **Please fold and detach card at perforation before mailing.** ê

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**TREDEGAR CORPORATION**  
Richmond, Virginia

**PROXY FOR ANNUAL MEETING OF SHAREHOLDERS**

**This proxy is solicited on behalf of the Board of Directors for the Annual Meeting of Shareholders to be held on May 17, 2007.**

The undersigned hereby appoints D. Andrew Edwards, McAlister C. Marshall, II and Norman A. Scher, or any of them, with full power of substitution in each, proxies (and if the undersigned is a proxy, substitute proxies) to vote all shares of common stock of Tredegar Corporation that the undersigned is entitled to vote at the Annual Meeting of Shareholders to be held on May 17, 2007, and at any and all adjournments and postponements of the meeting.

Signature

Signature

Dated: \_\_\_\_\_, 2007

NOTE: Please sign name exactly as it appears on the stock certificate. Only one of several joint owners need sign. Fiduciaries should give full title.

**PLEASE COMPLETE, SIGN, DATE AND RETURN PROMPTLY USING THE ENCLOSED ENVELOPE.**

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ê Please fold and detach card at perforation before mailing. ê

TREDEGAR CORPORATION

PROXY

This Proxy, when properly executed, will be voted in the manner directed in this Proxy by the undersigned shareholder. **If no direction is made, this Proxy will be voted FOR all nominees listed in Proposal 1 and FOR Proposal 2.**

1. Election of Directors

Nominees: Donald T. Cowles John D. Gottwald Thomas G. Slater, Jr.

**FOR** all nominees listed above

**WITHHOLD** authority

to vote for all nominees listed above

**To withhold authority to vote for any of such nominees, write the nominee s name on the line provided below.**

2. Ratification of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for Tredegar for the fiscal year ending December 31, 2007.

**FOR**

**AGAINST**

**ABSTAIN**

In their discretion, the proxies are authorized to vote on such other business and matters incident to the conduct of the meeting as may properly come before the meeting.

Until contrary notice to the Corporation, I consent to access all future proxy statements and annual reports issued by the Corporation over the Internet. E-Mail Address: \_\_\_\_\_

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)