



Growth
Excellence
Innovation
Leadership

Financial Highlights

Financial Summary

Years Ended December 31

2011

2010

(In thousands, except per-share data)

Net Income and Diluted Earnings Per Share

Net income (loss) as reported under generally accepted accounting principles (GAAP)	\$ 29,244	\$ 27,027
After-tax effects of:		
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	1,637	863
(Gains) losses from sale of assets and other	(2,294)	1,043
Income from ongoing operations ¹	\$ 28,587	\$ 28,933
Diluted earnings (loss) per share as reported under GAAP	\$.91	\$.83
After-tax effects per diluted share of:		
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	.05	.03
(Gains) losses from sale of assets and other	(.07)	.03
Diluted earnings per share from ongoing operations ¹	\$.89	\$.89

Ongoing Operations

Film Products:

Net sales ²	\$535,193	\$ 520,445
Ongoing operating profit	63,420	71,184
Adjusted EBITDA ³	99,010	104,949
Depreciation and amortization	35,590	33,765
Capital expenditures	12,895	15,664

Aluminum Extrusions:

Net sales ²	240,392	199,639
Ongoing operating profit	3,457	(4,154)
Adjusted EBITDA ³	11,790	4,900
Depreciation and amortization	8,333	9,054
Capital expenditures	2,697	4,339

Other:

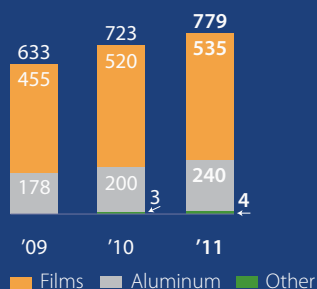
Net sales ²	3,524	2,579
Ongoing operating profit	(2,835)	(4,173)
Adjusted EBITDA ³	(2,098)	(3,478)
Depreciation and amortization	737	695
Capital expenditures	212	179

Financial Position and Other Data

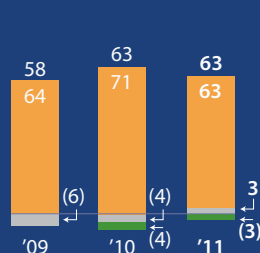
Cash and cash equivalents	68,939	73,191
Debt outstanding	125,000	450
Shareholders' equity	397,001	417,546
Annualized dividends per share	.18	.16
Shares outstanding at end of period	32,057	31,883
Shares used to compute diluted earnings (loss) per share	32,213	32,572
Closing Market Price Per Share		
High	\$ 23.00	\$ 20.19
Low	13.92	14.93
End of year	22.22	19.38
Total return to shareholders ⁴	15.6%	23.5%

See appendix for footnotes.

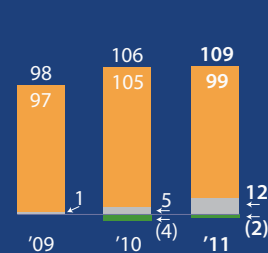
Net Sales²
(\$ Millions)



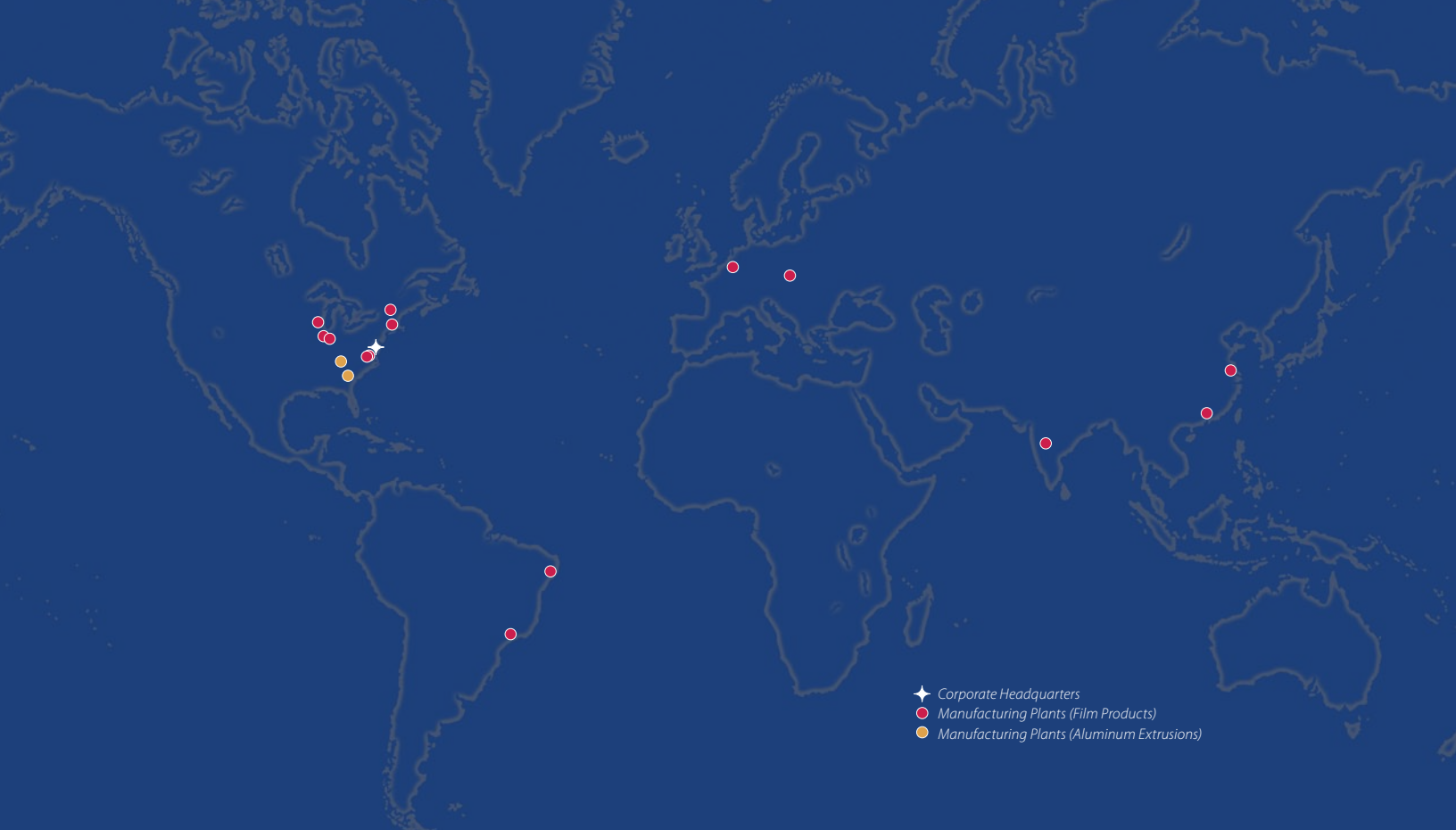
Ongoing Operating Profit
(\$ Millions)



Adjusted EBITDA³
(Excludes Corporate Overhead)
(\$ Millions)



See appendix for footnotes.



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



Reflecting Our Brand Through Our Mission

Tredegar is committed to unleashing the full potential of our employees around the world so as to create value for all of our stakeholders.

Dear Shareholders,

The end of one year and the start of another provide the impetus for reflection. What went well and what didn't? What can we do better? How were we surprised and why? What did we learn from our successes and from our mistakes? What new trends are emerging in our key markets? How can we best take advantage of those trends? Is our strategy working?

At Tredegar, these are familiar questions. And it's true, we do reflect upon these questions as the year closes, but they are not questions asked just once a year. As part of our drive for operational excellence, innovation and leadership, these are our everyday questions.

So, how should you, as a shareholder, think about these questions as you consider Tredegar's overall performance in 2011?

If you're interested in my assessment, the short answer is that 2011 was a challenging year for Tredegar, with mixed financial results, encouraging progress in executing on our strategy and vision, and plenty of valuable learning.

Tredegar's financial performance for the year varied across our businesses. Tredegar's 2011 consolidated income from ongoing operations,* including results from Terphane Holdings (acquired in late October 2011), was \$28.6 million, which was \$0.3 million lower than 2010. Cash provided by operating activities was very strong at \$72 million. The results of Bonnell Aluminum, our aluminum extrusion business, showed strong year-over-year improvement. The performance of Tredegar Film Products, our largest business, was disappointing with declines in volume and operating profit versus 2010 performance. Falling Springs, our mitigation banking business, experienced impressive year-over-year earnings growth.

One of our success stories in 2011 was Bonnell's performance. While the commercial construction industry, Bonnell's key market, continued to suffer in 2011, Bonnell experienced almost 14% volume growth fueled by the success of a number of its existing customers and its new customer generation efforts. The rigorous efforts by their employees to reduce costs and improve efficiency



augmented the operating leverage it realized with the improved volume. Bonnell's growth efforts coupled with its strong operating performance resulted in a \$7.7 million improvement in profitability, earning \$3.5 million in operating profit compared to a \$4.2 million operating loss in 2010.

Consistent with Tredegar's overall vision, Bonnell's strategy is centered on profitable growth. We recently announced our decision to close the Kentland, Indiana plant, a plant that is heavily reliant on the residential construction market. Our Kentland employees pushed themselves to overcome the significant hurdles created by the severe drop in residential construction, Kentland's key market. Unfortunately, the efforts of our employees across the Bonnell organization to return Kentland to profitability were not enough to mitigate the prolonged and severe impact of the decline in residential construction. Consequently, the difficult decision was made to shift our resources to markets that can provide Bonnell with an opportunity for profitable growth.

We faced our share of surprises in 2011. The external environment proved to be rather tough in a couple of Films' key markets. Most significantly, we experienced a substantial volume drop in our surface protection business, which had been a bright spot in 2010, due to the downturn in consumer spending on higher end LCD televisions. Overall, Film Products (excluding Terphane Holdings) experienced a 7.7% decline in volume, which translated into a 15% reduction in operating profit.

Despite the negative market dynamics, Tredegar's films business was still able to generate significant cash from operating activities. The quick actions of Film Products' leadership and the strong performance of our employees, with a keen focus on reducing costs and managing working capital, contributed substantially to their impressive cash flow.

Film Products results were also affected by delays in commercializing strategic new products slated for 2011. And, as part of our drive for continuous improvement, we have asked "Why?" The answers have translated into changes in

“AS WE HAVE ASKED OURSELVES WHAT IS WORKING WELL AND WHAT ISN'T, WE CONTINUE TO BELIEVE THAT OUR VISION, VALUES AND STRATEGIES ARE SOUND AND SUPPORT OUR DRIVE FOR OPERATIONAL EXCELLENCE, INNOVATION AND LEADERSHIP.”

Film Products' processes and organizational structure. We believe the changes will drive improved execution in this area and move us closer to becoming an organization centered on operational excellence and innovation.

Business development, both organic and through acquisition, continues to play an important role in our growth strategy. Film Products' acquisition of Terphane Holdings last October was an important step in implementing our strategy. The addition of this producer of polyester film for the flexible packaging market expands Film Products' technology and product portfolio, adds diversity to its customer and market base and strengthens its presence in Brazil and the rest of Latin America. As pleased as I am that we were successful in completing this acquisition, I'm just as delighted in the discipline and teamwork demonstrated by Tredegar's employees throughout the acquisition process. Our employees applied rigor and objectivity in evaluating the opportunity. And, throughout the process, we tapped into the skills and knowledge of Tredegar employees across businesses, functions and geographies.

The integration of Terphane is being implemented with the same degree of care and thought, balancing the sharing of best practices with the day-to-day needs of the businesses. There is a strong cultural fit and I'm impressed with how quickly and naturally the employees from the businesses are working together.

The Terphane acquisition was a visible sign of Tredegar's progress in executing its strategy. During the last year, there were other, less visible, activities as well. As part of Bonnell Aluminum's overall growth strategy, it developed key insights into several new markets. A number of these opportunities are being actively pursued by Bonnell. Also important, the knowledge gained by evaluating and ruling out certain markets is helping Bonnell to sharpen its growth strategy.

In addition to Film Products and Bonnell, our other businesses continue to pursue organic growth as well. Bright View broadened its product offerings in LED and fluorescent lighting, its key market. And the strong collaboration between Bright View's and Films Products' developers opened up

additional market opportunities (which also prompted the decision to fold Bright View into Films Products at the beginning of 2012). Falling Springs has identified and is developing new product offerings, such as nutrient credits, for the environmentally oriented mitigation banking market.

In last year's annual report, we rolled out Tredegar's new vision statement: Inspiring confidence by delivering long-term value to all of our stakeholders by growing profitably in our target markets, passionately pursuing operational excellence, innovation and leadership, promoting global citizenship, and embracing the talents of all our people.

As we have asked ourselves what is working well and what isn't, we continue to believe that our vision, values and strategies are sound and support our drive for operational excellence, innovation and leadership.

As I look ahead to 2012, I believe the external environment will continue to be challenging. I also believe that the successes and challenges of 2011 have made Tredegar's employees better prepared to respond to the difficulties and opportunities that we will face. Encouraging and supporting our employees as they ask and answer the everyday questions will continue to be an important part of unleashing their talent.

My letter is not complete without expressing my deep appreciation for our customers. Thank you for your business and thank you for continuing to challenge us to be better.

And to Tredegar's employees, thank you for your continued hard work and commitment. Your efforts ARE inspiring as you continue to transform our company into a strong global organization, creating new opportunities for us all and delivering on Tredegar's vision.

Sincerely,



Nancy M. Taylor
President and Chief Executive Officer

* See appendix for footnote 1.

Films



Terphane Acquisition

- Tredegar Film Products acquired Terphane Holdings LLC ("Terphane") in October 2011.
- Terphane is a leading manufacturer of specialty polyester films with operations in Brazil and the U.S.
- Terphane produces films primarily used in the food packaging and industrial markets.
- Polyester (PET) films are uniquely suited for the growing flexible packaging market.



Growth

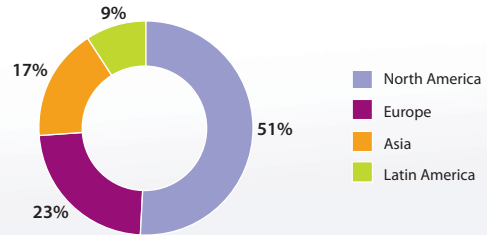
Tredegar Film Products has a wide range of capabilities in polyethylene, elastics and PET films for use in the Personal Care, Electronic Displays, Packaging, Food, Industrial, Building Materials, Healthcare, Lighting and other Specialty Films markets. With a global footprint and local supply capabilities, we are well positioned to capitalize on the demand for high performance consumer products and packaging.

Our Personal Care business is poised for growth by offering innovative products that are tailored to the needs of our customers in mature and emerging markets. Our Surface Protection business continues to provide high value-added protection films to the electronics and display industry, including the rapidly growing Tablet and Smartphone markets. Our footprint in Latin America and Asia allows us to rapidly supply and support growth in these key strategic regions.

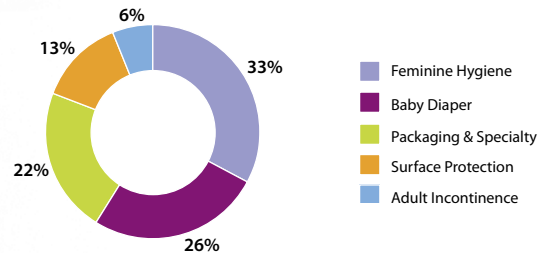
Excellence, Innovation and Leadership

Our growth strategy is driven by our commitment to continuously support our customers' innovations while embracing operational excellence. With a global R&D structure and strategically located operations, we are committed to working with our customers and suppliers on solutions tailored to meet market needs. The addition of Terphane and Bright View Technologies to Film Products will strengthen our position as a top global leader in the plastic films industry and enhance our extensive capabilities to bring exciting innovation to the markets we serve. Innovation, quality, service and long-term perspective are all key elements of delivering "Layers of Confidence."

Film Products
Net Sales by Region
(\$535 million in 2011)

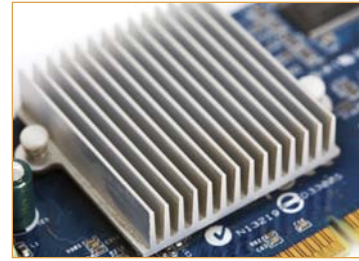


Film Products
Net Sales by Major Product Category
(\$535 million in 2011)



In addition to producing multiple components of personal care products, Film Products makes a variety of films used in packaging and specialty markets throughout the world.

Aluminum Extrusions



Experience with Confidence

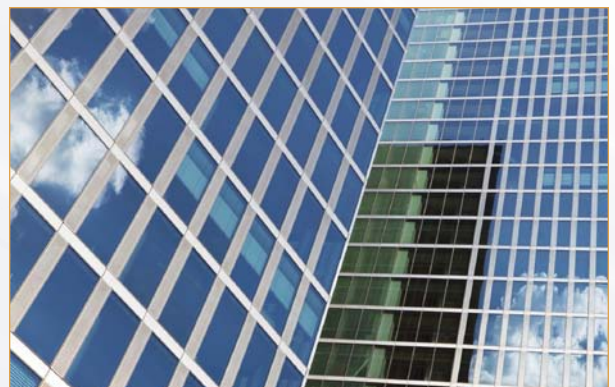
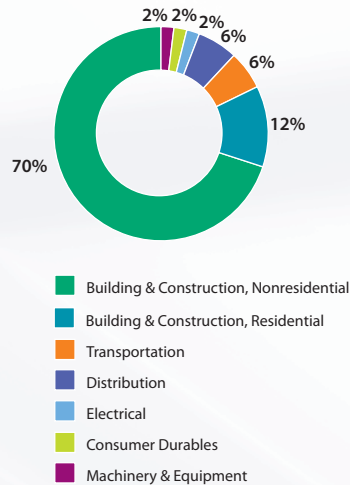
As one of North America's leading manufacturers of custom aluminum extrusions serving a variety of end-use markets, Bonnell Aluminum understands the value of being recognized for its experience and confidence in providing customers with products and services that are both innovative and competitive. While the industry is still recovering from one of the most severe economic downturns in its history, Bonnell Aluminum's strong leadership, continuous innovation, and the pursuit of operational excellence contributed to positive earnings in 2011.

Experience with Confidence™

Differentiation is key when operating in a highly competitive market environment. Bonnell Aluminum has demonstrated time and again its strong drive to overcome challenging situations—and last year was no exception! While expanding the concept of innovation into the areas of best practices, lean manufacturing, process improvements and waste reductions, Experience with Confidence™ characterizes the results achieved during a time of tumultuous economic volatility.

Aluminum Extrusions Volume by End Market

(108 million pounds in 2011)



With a reputation for customized solutions in building and construction and a variety of other end-use markets, Bonnell offers a large range of capabilities that allow its customers to set themselves apart from their competition.

Tredegar Locations

CORPORATE HEADQUARTERS

Richmond, Virginia

Division Headquarters
Richmond, Virginia

Technical Centers
Bloomfield, New York
Cabo de Santo Agostinho, Brazil
Morrisville, North Carolina
Richmond, Virginia
Terre Haute, Indiana

FILM PRODUCTS

Manufacturing Plants

Domestic
Bloomfield, New York
Lake Zurich, Illinois
Morrisville, North Carolina
Pottsville, Pennsylvania
Red Springs, North Carolina
Terre Haute, Indiana

International
Cabo de Santo Agostinho, Brazil
Guangzhou, China
Kerkrade, The Netherlands
Pune, India
Rétság, Hungary
São Paulo, Brazil
Shanghai, China

BONNELL ALUMINUM
Division Headquarters
Newnan, Georgia

Manufacturing Plants
Carthage, Tennessee
Kentland, Indiana*
Newnan, Georgia

FALLING SPRINGS
Division Headquarters
Richmond, Virginia

**scheduled to be closed in 2012*

Corporate Information

Corporate Officers and Operating Company Management

Nancy M. Taylor
President and Chief Executive Officer

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

Monica Moretti
*President, Tredegar Film Products
and Corporate Vice President*

Larry J. Scott
Vice President, Audit

A. Brent King
*Vice President, General Counsel
and Corporate Secretary*

Kevin A. O'Leary
*Vice President, Chief Financial Officer
and Treasurer*

Directors

R. Gregory Williams^{2,4,6}
*Chairman of the Board
Tredegar Corporation
President
CCA Financial Services, LLC*

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

Donald T. Cowles^{2,3,5,6}
*Retired
Reynolds Metals Company*

George C. Freeman, III^{2,6}
*President
Universal Corporation*

John D. Gottwald¹
*Retired
Tredegar Corporation*

William M. Gottwald¹
*Vice Chairman
Tredegar Corporation
Retired
Albemarle Corporation*

Richard L. Morrill^{3,4,5,6}
*President
The Teagle Foundation
Chancellor
University of Richmond*

George A. Newbill^{1,3,6}
*Retired
Albemarle Corporation*

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

Nancy M. Taylor¹
*President and Chief Executive Officer
Tredegar Corporation*

*1) Executive Committee
2) Audit Committee
3) Executive Compensation Committee
4) Nominating and Governance Committee
5) Investment Policy and Related Person
Transactions Committee
6) Independent Director*

Shareholder Information

Annual Meeting

The annual meeting of shareholders of Tredegar Corporation will be held on May 16, 2012, beginning at 9:00 AM EDT at Jepson Alumni Center, University of Richmond, in Richmond, Virginia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or about April 4.

Corporate Headquarters

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

Number of Employees

Approximately 2,200

Counsel

Hunton & Williams LLP
Richmond, Virginia

Independent Auditors

PricewaterhouseCoopers LLP
Richmond, Virginia

Stock Listing

New York Stock Exchange
Ticker Symbol: TG

Transfer Agent and Registrar

Computershare Investor Services
Canton, Massachusetts

Inquiries

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

Computershare Investor Services
250 Royall Street
Canton, Massachusetts 02021

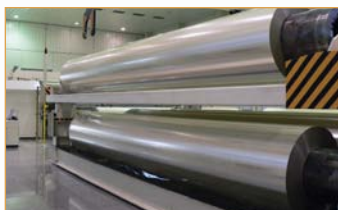
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Website:
www.computershare.com/investor

All other inquiries should be directed to:

Tredegar Corporation
Investor Relations Department
1100 Boulders Parkway
Richmond, Virginia 23225
Phone: 800-411-7441 or
804-330-1044

E-mail: invest@tredegar.com
Website: www.tredegar.com



Tredegar Film Products

Manufactures plastic films, specialty polyester films, elastics, and laminate materials primarily for the Personal Care, Electronic Displays, Packaging, Food, Industrial, Building Materials, Healthcare, Lighting, and other Specialty Films markets. Among the top global leaders in the plastic films industry, Tredegar Film Products has a global R&D structure and locations throughout North America, Europe, Asia, and South America. Tredegar provides local support and innovative solutions to accommodate our customers' needs.



Bonnell Aluminum

Manufactures custom aluminum extrusions for the North American market. As a premier extruder for more than half of a century, Bonnell's extruded aluminum profiles have been one of the prominent components in many product innovations and applications in the building and construction and industrial sectors. Through a commitment to customer excellence, Bonnell Aluminum's production facilities serve many of North America's largest and most respected manufacturing companies with design solutions and unmatched extrusion capabilities and services.



Falling Springs

Develops, owns, and operates mitigation banks for the purpose of selling compensatory mitigation credits to those who need to offset their environmental impacts required by various federal and state regulations. In short, we restore critical habitat to protect and enhance water quality and biodiversity throughout Virginia and several other states. Our work offsets the negative impacts that other land disturbance projects like roads and buildings often have in our communities. In conjunction with our partners, we oversee the entitlement, design, construction, compliance and sales of these important restoration projects.



Tredegar Corporation

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