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FOR IMMEDIATE RELEASE

## TREDEGAR REPORTS THIRD-QUARTER RESULTS

RICHMOND, Va., November 7, 2006 – Tredegar Corporation (NYSE:TG) reported third-quarter net income of \$9.7 million (25 cents per share) compared to \$7.6 million (20 cents per share) in 2005. Earnings from manufacturing operations in the third quarter were \$10.0 million (26 cents per share) versus \$8.8 million (23 cents per share) last year. Third-quarter sales were up to \$296.3 million from \$240.7 million in 2005. A summary of results for the third quarter and first nine months is shown below:

(In Millions, Except Per-Share Data)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2006	2005	2006	2005
Sales	\$ 296.3	\$ 240.7	\$ 846.7	\$ 717.2
Net income as reported under generally accepted accounting principles (GAAP)	\$ 9.7	\$ 7.6	\$ 27.2	\$ 15.3
After-tax effects of:				
Loss associated with plant shutdowns, asset impairments and restructurings	1.0	1.1	2.9	9.5
Loss from AFBS (formerly Therics) ongoing operations	-	.1	-	2.3
Gains from sale of assets and other items	(.7)	-	(1.6)	(1.8)
Income from manufacturing operations*	\$ 10.0	\$ 8.8	\$ 28.5	\$ 25.3
Diluted earnings per share as reported under GAAP	\$ .25	\$ .20	\$ .70	\$ .40
After-tax effects per diluted share of:				
Loss associated with plant shutdowns, asset impairments and restructurings	.03	.03	.07	.25
Loss from AFBS (formerly Therics) ongoing operations	-	-	-	.06
Gains from sale of assets and other items	(.02)	-	(.04)	(.05)
Diluted earnings per share from manufacturing operations*	\$ .26	\$ .23	\$ .73	\$ .66

\* The after-tax effects of unusual items, plant shutdowns, asset impairments and restructurings, AFBS' (formerly Therics, Inc.) ongoing operations, and gains from sale of assets and other items have been presented separately and removed from net income and earnings per share as reported under GAAP to determine Tredegar's presentation of income and earnings per share from manufacturing operations. Income and earnings per share from manufacturing operations are key financial and analytical measures used by Tredegar to gauge the operating performance of its manufacturing businesses. They are not intended to represent the stand-alone results for Tredegar's manufacturing businesses under GAAP and should not be considered as an alternative to net income or earnings per share as defined by GAAP. They exclude items that we believe do not relate to Tredegar's ongoing manufacturing operations. They also exclude AFBS. On June 30, 2005, substantially all of the assets of AFBS were sold or assigned to a newly-created limited liability company, Therics, LLC, controlled and managed by an individual not affiliated with Tredegar.

John D. Gottwald, Tredegar's president and chief executive officer, said: "Third-quarter earnings per share from manufacturing operations increased 13% compared with last year. While profits were flat in films, results include a lag in the pass-through of higher resin costs of approximately \$1.5 million. Growth in sales of higher value-added materials continues to drive improvement in performance. In aluminum, operating profit increased mainly due to higher volume. However, we have recently experienced a slow down in orders in most markets that appears to be more significant than normal seasonal factors. Consequently, we are concerned about near-term performance."

## **MANUFACTURING OPERATIONS**

### ***Film Products***

Third-quarter net sales in Film Products were \$135.0 million, up 16.0% from \$116.4 million in the third quarter of 2005 while operating profit from ongoing operations was flat at \$13.8 million. Profits were adversely affected by the lag in the pass-through of higher average resin costs (estimated negative impact of \$1.5 million in the third quarter of 2006 versus none in the third quarter of last year). The increase in sales and operating profit excluding the resin pass-through lag was primarily due to continued growth in surface protection films, elastic materials and new apertured topsheets. Volume was 64.4 million pounds compared with 66.1 million pounds in the third quarter of 2005. Volume declines were mainly due to lower sales of certain barrier films that are being discontinued in conjunction with the shutdown of the plant in LaGrange, Georgia. Net sales, operating profit and volume in the second quarter of 2006 were \$121.4 million, \$13.3 million (\$12.8 million excluding the estimated positive resin pass-through lag of \$500,000) and 61.9 million pounds, respectively.

Film Products has index-based pass-through raw material cost agreements for the majority of its business. However, under certain agreements, changes in resin prices are not passed through for an average period of 90 days. Average quarterly prices of low-density polyethylene resin (LDPE) in the U.S. increased 6-7 cents per pound in the third quarter of 2006 after decreasing 8 and 6 cents per pound in the first and second quarters of 2006, respectively. LDPE prices in the U.S. decreased in September 2006 by 2-3 cents per pound. Average LDPE prices in Europe and Asia also increased in the third quarter of 2006. Since 2002, U.S. LDPE prices have more than doubled. Resin prices in Europe, Asia and South America have also increased significantly during this time.

Net sales were \$382.7 million in the first nine months of 2006, up 11.2% versus \$344.3 million in 2005. Operating profit from ongoing operations was \$42.6 million in the first nine months of 2006,

up 15.8% compared to \$36.8 million in 2005. Year-to-date volume decreased to 190.8 million pounds from 197.8 million pounds in 2005.

Film Products continues to expand capacity to support growth in new products. Capital expenditures were \$26.1 million in the first nine months of 2006 and are expected to be \$40 million for the year versus \$50 million in 2005. Approximately half of the forecasted capital expenditures relates to expanding the production capacity for surface protection films. Other planned capital expenditures include capacity additions for elastic materials and a new information system, which is currently being rolled out in U.S. locations. Depreciation expense was \$23.5 million in the first nine months of 2006 compared with \$19.2 million in the first nine months of last year, and is projected to increase by approximately \$5 million to \$32 million for the year.

### *Aluminum Extrusions*

Third-quarter net sales in Aluminum Extrusions were \$154.0 million, up 30.4% from \$118.1 million in the third quarter of 2005 primarily due to improved volume and higher selling prices. Operating profit from ongoing operations increased to \$5.4 million, up 23% from \$4.4 million in the third quarter of 2005. The increase in operating profit was mainly due to higher volume (up 7.1%). Lower energy costs of approximately \$1 million and higher selling prices partially offset the adverse impact of appreciation of the Canadian Dollar (approximately \$1 million), charges for possible uncollectible accounts (\$800,000) and sales mix changes. Volume increased to 68.4 million pounds versus 63.9 million pounds in the third quarter of 2005. Growth in shipments continued to be driven by demand for extrusions used in commercial construction and hurricane protection products. However, the company is concerned about near-term performance based on a recent slow down in orders in most markets that appears to be more significant than normal seasonal factors.

Net sales were \$443.0 million in the first nine months of 2006, up 25.1% versus \$354.0 million in 2005. Operating profit from ongoing operations was \$15.9 million in the first nine months of 2006, up 8.9% compared to \$14.6 million in 2005. Year-to-date volume increased to 201.5 million pounds, up 8.5% compared to 185.7 million pounds in 2005. The increase in operating profit during the first nine months was primarily due to higher volume and selling prices, partially offset by appreciation of the Canadian Dollar (\$2.7 million), charges for possible uncollectible accounts (\$1.2 million), margin compression caused by rapidly increasing aluminum costs (adverse impact estimated of \$1.1 million) and higher energy costs (\$1 million).

Capital expenditures in the first nine months of 2006 were \$5.6 million and are expected to be approximately \$8 million for the year.

### **OTHER ITEMS**

Net pension expense was \$1.9 million in the first nine months of 2006, an increase of \$4.0 million (7 cents per share after taxes) from the net pension income of \$2.1 million recognized in the first nine months of 2005. Tredegar expects net pension expense of \$2.5 million in 2006, an unfavorable change of \$5.2 million (9 cents per share after taxes) versus 2005. Most of this change relates to a pension plan that is reflected in "Corporate expenses, net" in the operating profit by segment table. The company expects required contributions to its pension plans to be about \$800,000 in 2006.

On October 26, 2006, the company announced changes to its U.S. defined benefit (pension) and savings plans covering salaried and certain other employees. The changes will have no impact on the company's net income or earnings per share in 2006. The company expects that the changes relating to the pension plan will reduce its projected benefit obligation by approximately \$10 million as of December 31, 2006. In 2007, the changes to the pension plan are expected to reduce the company's service cost, interest cost and amortization of prior service cost components of pension expense by approximately \$600,000, \$600,000 and \$1.5 million, respectively, and the savings plan changes are expected to increase charges for company matching contributions by approximately \$700,000.

During the first quarter of 2006, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R, *Share-Based Payment*, which requires all stock-based compensation to be expensed and accounted for using a fair value-based method. The adoption of SFAS No. 123R and the granting of stock options in 2006 resulted in first, second and third quarter pretax charges for stock option-based compensation of \$211,000, \$282,000 and \$215,000, respectively. The company expects to recognize stock option-based compensation costs under the new standard of approximately \$1 million in 2006 (2 cents per share after taxes).

Results for the first nine months of 2006 and 2005 also include net after-tax charges of \$2.9 million (7 cents per share) and \$9.5 million (25 cents per share), respectively, for plant shutdowns, asset impairments and restructurings. In addition, results for the first nine months of 2006 and 2005 include gains from the sale of assets and other items of \$1.6 million (4 cents per share) and \$1.8 million (5 cents per share), respectively. Details regarding these items are provided in the financial tables included with this press release.

## **CAPITAL STRUCTURE**

Net debt (debt net of cash) was \$48.3 million at September 30, 2006, a decline of \$41 million since December 31, 2005, and less than one times the last twelve months adjusted EBITDA from manufacturing operations of \$102 million.

See notes to financial statements and tables for reconciliations to comparable GAAP measures.

## **FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

Some of the information contained in this press release may constitute “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. When we use the words “believe,” “hope,” “expect,” “are likely,” “project” and similar expressions, we do so to identify forward-looking statements. Such statements are based on our then current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those addressed in the forward-looking statements. It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Factors that could cause actual results to differ from expectations include, without limitation: Film Products is highly dependent on sales to one customer — The Procter & Gamble Company; growth of Film Products depends on its ability to develop and deliver new products at competitive prices, especially in the personal care market; sales volume and profitability of Aluminum Extrusions is cyclical and highly dependent on economic conditions of end-use markets in the United States and Canada, particularly in the construction, distribution and transportation industries and are also subject to seasonal slowdowns during the winter months; our substantial international operations subject us to risks of doing business in foreign countries, which could adversely affect our business, financial condition and results of operations; our future performance is influenced by costs incurred by our operating companies including, for example, the cost of energy and raw materials; and the factors discussed in the reports Tredegar files from time-to-time with the Securities and Exchange Commission, including the risks and important factors set forth in “Risk Factors” in Part II, Item 1A of our Quarterly Report on Form 10-Q for this period that will be filed with the Securities and Exchange Commission.

Tredegar does not undertake to update any forward-looking statement made in this press release to reflect any change in management's expectations or any change in conditions, assumptions or circumstances on which such statements are based.

To the extent that the financial information portion of this release contains non-GAAP financial measures, it also presents both the most directly comparable financial measures calculated and presented in accordance with GAAP and a quantitative reconciliation of the difference between any such non-GAAP measures and such comparable GAAP financial measures. Accompanying the reconciliation is management's statement concerning the reasons why management believes that presentation of non-GAAP measures provides useful information to investors concerning Tredegar's financial condition and results of operations.

Based in Richmond, Va., Tredegar Corporation is a global manufacturer of plastic films and aluminum extrusions.