

TREDEGAR CORP
Form 11-K
June 28, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Mark One):

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006

OR

- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-10258

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**TREDEGAR CORPORATION
RETIREMENT SAVINGS PLAN**

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Tredegear Corporation
1100 Boulders Parkway
Richmond, Virginia 23225

REQUIRED INFORMATION

See Appendix 1.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**TREDEGAR CORPORATION
RETIREMENT SAVINGS PLAN**

By: /s/ McAlister C. Marshall, II

McAlister C. Marshall, II
Employee Savings Plan Committee

Date: June 28, 2007

*Tredegear Corporation Retirement
Savings Plan*

FINANCIAL REPORT
DECEMBER 31, 2006 AND 2005

TABLE OF CONTENTS

| | Page |
|---|------|
| <u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | 1 |
| FINANCIAL STATEMENTS | |
| <u>Statements of Net Assets Available for Benefits</u> | 2 |
| <u>Statements of Changes in Net Assets Available for Benefits</u> | 3 |
| <u>Notes to Financial Statements</u> | 4-10 |
| SUPPLEMENTARY INFORMATION | |
| <u>Schedule H, Line 4i- Schedule of Assets (Held at End of Year)-Schedule I</u> | 11 |
| EXHIBITS | |
| <u>Consent of Independent Registered Public Accounting Firm</u> | 12 |

**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

To the Plan Administrator
Tredegar Corporation Retirement Savings Plan
Richmond, Virginia

We have audited the accompanying statements of net assets available for benefits of the Tredegar Corporation Retirement Savings Plan (Plan) as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of assets held at end of year is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PKF Witt Mares, PLC

Richmond, Virginia
June 22, 2007

FINANCIAL STATEMENTS

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN
 Statements of Net Assets Available for Benefits
 December 31, 2006 and 2005

| ASSETS | <u>2006</u> | <u>2005</u> |
|--|------------------------------|-----------------------------|
| Investments: | | |
| Money market funds | \$ 407,525 | \$ 227,044 |
| Common stock | 58,133,182 | 37,631,762 |
| Actively managed commingled funds | 53,426,568 | 46,924,539 |
| Loans to participants | 1,267,729 | 1,360,095 |
| | <u>113,235,004</u> | <u>86,143,440</u> |
| Receivables: | | |
| Participants' contributions | 142,006 | — |
| Employer contribution | 55,846 | — |
| Accrued interest and dividends | 107,476 | 117,883 |
| Due from broker for securities sold | — | 94,499 |
| | <u>305,328</u> | <u>212,382</u> |
| Total assets | <u>113,540,332</u> | <u>86,355,822</u> |
| LIABILITIES | | |
| Accrued administrative fees | 2,232 | 2,183 |
| Due to broker for securities purchased | 317,838 | 87,548 |
| | <u>320,070</u> | <u>89,731</u> |
| Net assets available for benefits | <u>\$ 113,220,262</u> | <u>\$ 86,266,091</u> |

See accompanying notes.

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN
 Statements of Changes in Net Assets Available for Benefits
 Years Ended December 31, 2006 and 2005

| | 2006 | 2005 |
|--|-------------------|---------------------|
| ADDITIONS TO NET ASSETS ATTRIBUTED TO: | | |
| Investment income (loss): | | |
| Interest | \$ 99,816 | \$ 86,158 |
| Dividends | 445,405 | 473,258 |
| Net appreciation (depreciation) in fair value of investments | 32,746,996 | (19,033,542) |
| Total investment income (loss) | 33,292,217 | (18,474,126) |
| Contributions: | | |
| Employer | 2,140,778 | 2,323,581 |
| Participant | 5,234,613 | 5,544,438 |
| Rollover | 68,299 | 51,108 |
| Total contributions | 7,443,690 | 7,919,127 |
| Total additions | 40,735,907 | (10,554,999) |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO: | | |
| Administrative expenses | 40,493 | 23,119 |
| Benefits paid to participating employees | 13,741,243 | 11,048,754 |
| Total deductions | 13,781,736 | 11,071,873 |
| NET INCREASE (DECREASE) | 26,954,171 | (21,626,872) |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | 86,266,091 | 107,892,963 |
| End of year | \$ 113,220,262 | \$ 86,266,091 |

See accompanying notes.

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2006 and 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Tredegar Corporation (Tredegar), which engages directly or through subsidiaries in plastics and aluminum businesses, is a Virginia corporation. The Tredegar Corporation Retirement Savings Plan (Plan) was adopted by the Board of Directors of Tredegar on June 14, 1989 and the Plan was effective as of July 1, 1989.

The Plan is subject to Titles I, II and III and is exempt from Title IV of the Employee Retirement Income Security Act of 1974 (ERISA). Title IV of ERISA provides for federally sponsored insurance for plans that terminate with unfunded benefits. No such insurance is provided to participants in this Plan; however, because the benefits that participants are entitled to receive are always equal to the value of their account balances, the Plan is always fully funded. The value of a participant's account may change from time to time. Each participant assumes the risk of fluctuations in the value of his or her account.

The accompanying financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Security Valuation

Investments are stated at fair value determined as follows:

Money market funds - market price which is equivalent to cost

Common stock - last published sale price on the New York Stock Exchange

Actively managed commingled funds - provided in the audited annual report of the Frank Russell Trust Company

(Continued)

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2006 and 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Security Transactions and Related Investment Income

Security transactions are accounted for on the trade date and dividend income is recorded as earned on the ex-dividend date. Interest income is recorded as earned on the accrual basis. In determining the realized net gain or loss on securities sold, the cost of securities is determined on an average cost basis. The Plan presents in the statements of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the change in unrealized appreciation (depreciation) on those investments.

Payment of Benefits

Benefits are recorded when paid.

NOTE 2. DESCRIPTION OF PLAN

The Plan is a defined contribution plan. Information regarding plan benefits and vesting is provided in the Plan and related documents, which are available at Tredegar's main office at 1100 Boulders Parkway, Richmond, Virginia.

NOTE 3. CONTRIBUTIONS AND INVESTMENT OPTIONS

As of December 31, 2006 and 2005, there were 2,073 and 2,046 individuals, respectively, participating in the Plan. As of December 31, 2006 and 2005, 2,455 and 2,052 individuals, respectively, were eligible to participate in the Plan.

Participants may contribute a percentage of his or her base pay (as defined) ranging from a minimum of 1% to a maximum of 15%. The contribution paid on behalf of the participant by Tredegar is generally 50% of each nonrepresented participant's contribution up to 10%. See Note 11 for changes effective January 1, 2007. Contributions made by Tredegar are invested in the Tredegar Corporation Common Stock Fund.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers Tredegar stock and nine (9) actively managed commingled funds as investment options to participants.

TREDEGAR CORPORATION RETIREMENT SAVINGS PLANNotes to Financial Statements
December 31, 2006 and 2005**NOTE 4. INVESTMENTS**

The following table presents the fair value of investments as of December 31, 2006 and 2005.

| | 2006 (1) | 2005 (1) |
|---|----------------|---------------|
| Money market funds - Russell Trust Company Short-Term Investment Fund | \$ 407,525 | \$ 227,044 |
| Investments at fair value as determined by quoted market price: | | |
| Common stock: | | |
| Tredegear Corporation | 58,133,182 | 37,631,762 |
| Actively managed commingled funds (2): | | |
| Russell Investment Contract Fund, Class C | 6,467,091 | 5,608,578 |
| Russell Global Balanced Fund, Class C | 6,142,271 | 6,746,337 |
| Russell Equity I Fund, Class G | 11,370,067 | 10,507,694 |
| Russell Small Capitalization Fund, Class D | 6,079,167 | 5,237,763 |
| Russell Fixed Income I Fund, Class B | 2,685,040 | 3,064,013 |
| Russell Domestic Conservative Balanced Fund, Class B | 2,921,962 | 2,620,455 |
| Russell Aggressive Balanced Fund, Class B | 4,814,049 | 3,880,178 |
| Russell 1000 Index Fund, Class A | 7,281,291 | 6,071,604 |
| Russell All International Markets Fund, Class B | 5,665,630 | 3,187,917 |
| | 53,426,568 | 46,924,539 |
| Loans to participants | 1,267,729 | 1,360,095 |
| Total investments | \$ 113,235,004 | \$ 86,143,440 |

(1) Investments are carried in the statements of net assets available for benefits at fair value.

(2) Investment values are based on the audited annual report of the Frank Russell Trust Company.

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2006 and 2005

Note 4. INVESTMENTS (CONCLUDED)

During the years ended December 31, 2006 and 2005, the Plan's investment portfolio (including investments bought, sold and held during the year) appreciated (depreciated) in value by \$32,746,996 and \$(19,033,542) as follows:

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|------------------------|
| Investments at fair value as determined by quoted market price: | | |
| Common stock | \$ 26,947,433 | \$ (21,815,704) |
| Investments at fair value as determined in the audited annual report of the Frank Russell Trust Company: | | |
| Actively managed commingled funds | <u>5,799,563</u> | <u>2,782,162</u> |
| Net change in fair value | <u>\$ 32,746,996</u> | <u>\$ (19,033,542)</u> |

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2006 and 2005

NOTE 5. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets available for benefits and significant components of the changes in net assets relating to the Tredegar Corporation common stock fund is listed below. All employer contributions are nonparticipant-directed and are invested in the Tredegar Corporation common stock fund. All participant and rollover contributions are participant-directed. All other components listed below are a blend of participant-directed and nonparticipant-directed information.

| | 2006 | 2005 |
|--|--------------------------|----------------------------|
| Net assets available for benefits: | | |
| Money market funds | \$ 396,687 | \$ 210,039 |
| Common stock | 58,133,182 | 37,631,762 |
| Accrued interest and dividends | 106,743 | 117,706 |
| Accrued expenses | (2,232) | (2,183) |
| | <u>\$ 58,634,380</u> | <u>\$ 37,957,324</u> |
| Changes in net assets available for benefits: | | |
| Additions to net assets attributed to: | | |
| Investment income (loss): | | |
| Interest | \$ 36,954 | \$ 36,073 |
| Dividends | 445,405 | 473,258 |
| Net appreciation (depreciation) in fair value of investments | 26,947,433 | (21,815,704) |
| | <u>27,429,792</u> | <u>(21,306,373)</u> |
| Contributions: | | |
| Employer | 2,140,778 | 2,323,581 |
| Participants' | 867,063 | 1,133,790 |
| Rollover | — | 10,048 |
| | <u>3,007,841</u> | <u>3,467,419</u> |
| Total additions | <u>30,437,633</u> | <u>(17,838,954)</u> |
| Deductions from net assets attributed to: | | |
| Administrative expenses | 20,198 | 16,029 |
| Benefits paid to participating employees | 5,152,895 | 4,381,503 |
| Transfers to participant-directed investments | 4,587,482 | 938,848 |
| | <u>9,760,575</u> | <u>5,336,380</u> |
| Total deductions | <u>9,760,575</u> | <u>5,336,380</u> |
| Net increase (decrease) | <u>20,677,058</u> | <u>(23,175,334)</u> |
| Net assets available for benefits: | | |

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| | | |
|-------------------|----------------------|----------------------|
| Beginning of year | <u>37,957,322</u> | <u>61,132,658</u> |
| End of year | <u>\$ 58,634,380</u> | <u>\$ 37,957,324</u> |

-8-

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN

Notes to Financial Statements
December 31, 2006 and 2005

NOTE 6. FEDERAL INCOME TAXES

The Internal Revenue Service has determined and informed Tredegar by a letter dated September 7, 2001, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan's administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the plan's financial statements.

NOTE 7. ADMINISTRATIVE EXPENSES

The Plan is responsible for all trustee and investment management fees. Tredegar pays for all other administrative expenses up to an annual limit of \$75,000. Any expenses in excess of this limit are paid by the Plan.

NOTE 8. FORFEITURES

Employees who leave Tredegar before becoming fully vested in Tredegar contributions forfeit the value of the nonvested portion of the Tredegar contribution account. Forfeitures are applied against Tredegar's contributions throughout the year. Forfeitures were \$87,000 and \$42,166 for the years ended December 31, 2006 and 2005, respectively.

NOTE 9. PLAN TERMINATION

Although it has not expressed any intent to do so, Tredegar has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

NOTE 10. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Tredegar Corporation Retirement Savings Plan

Notes to Financial Statements

December 31, 2006 and 2005

NOTE 11. SUBSEQUENT EVENT

Effective January 1, 2007, participants with at least three years of service that have any existing company matching funds as of December 31, 2006 may transfer a portion of their balances in the company matching funds once per month as follows: a maximum of up to 33% of existing units can be transferred during 2007, up to 66% in 2008, and up to 100% in 2009. If the participants are age 55 with at least three years of service, they may transfer all or any part of their company matching account on a monthly basis. (One year of service is defined as 1,000 or more hours worked in a calendar year.)

Company matching contributions made after January 1, 2007 ("Post-2006 Match") will be invested in company stock, and participants may continue to keep their match in Tredegar stock. However, if participants have at least three years of service, they will be able to transfer the Post-2006 Match to other funds on a monthly basis.

Effective January 1, 2007, participants who are not subject to a collectively bargained agreement are no longer eligible to elect to contribute on an after-tax basis. Additionally, the company match contribution is \$1.00 for every \$1.00 a participant contributes. The match is calculated based upon the first 5% of a participant's contributions each payroll period. However, for calendar years 2007 and 2008, the match will be calculated based upon the first 6% a participant contributes each payroll period.

Also effective January 1, 2007 for an employee not subject to a collectively bargained agreement, if an employee works at least one hour in 2007, he or she will be fully vested in the company's matching contributions. The vesting of former employees will not be affected by this change. Employees hired on or after January 1, 2007 will automatically be enrolled in the retirement savings plan at a three percent contribution level unless they choose to contribute more or less. The default investment fund is the Russell Domestic Conservative Balanced Fund.

SUPPLEMENTARY INFORMATION

TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)-Schedule I
December 31, 2006
EIN: 54-1497771 PN: 002

| (a) | (b) Identity of issue, borrower, lessor, or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value | (d) Cost | (e) Current value |
|-----|---|--|-------------|-----------------------|
| | Russell Trust Company Short-Term Investment Fund | 407,524 units | \$ 407,525 | \$ 407,525 |
| * | Tredegear Corporation common stock | 2,571,127 shares | 19,190,388 | 58,133,182 |
| | Russell Investment Contract Fund, Class C | 454,884 units | ** | 6,467,091 |
| | Russell Global Balanced Fund, Class C | 399,107 units | ** | 6,142,271 |
| | Russell Equity I Fund, Class G | 1,077,731 units | ** | 11,370,067 |
| | Russell Small Capitalization Fund, Class D | 410,200 units | ** | 6,079,167 |
| | Russell Fixed Income I Fund, Class B | 166,876 units | ** | 2,685,040 |
| | Russell Domestic Conservative Balanced Fund, Class B | 204,906 units | ** | 2,921,962 |
| | Russell Aggressive Balanced Fund, Class B | 303,151 units | ** | 4,814,049 |
| | Russell 1000 Index Fund, Class A | 587,675 units | ** | 7,281,291 |
| | Russell All International Markets Fund, Class B | 269,535 units | ** | 5,665,630 |
| * | Participant loans | 300 loans 5.00% - 10.50% | - 0 - | 1,267,729 |
| | Total investments | | | <u>\$ 113,235,004</u> |

*party-in-interest

** cost omitted for participant-directed investments