

TREDEGAR CORP  
Form 11-K  
June 28, 2006

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

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**FORM 11-K**

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK  
REPURCHASE SAVINGS AND SIMILAR PLAN  
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, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 33-64647

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

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**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/ W. Hildebrandt Surgner, Jr.

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W. Hildebrandt Surgner, Jr., Chairman  
Employee Savings Plan Committee

Date: June 28, 2006

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*Tredegear Corporation Retirement  
Savings Plan*

FINANCIAL REPORT

DECEMBER 31, 2005 AND 2004

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**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, 2005 and 2004, 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, 2005 and 2004, 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 23, 2006

**FINANCIAL STATEMENTS**

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**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Statements of Net Assets Available for Benefits

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Investments:		
Money market funds	\$ 227,044	\$ 10,054
Common stock	37,631,762	61,312,229
Actively managed commingled funds	46,924,539	45,541,054
Loans to participants	1,360,095	1,212,469
<b>Total investments</b>	<b>86,143,440</b>	<b>108,075,806</b>
Receivables:		
Accrued interest and dividends	117,883	122,292
Due from broker for securities sold	94,499	34
<b>Total receivables</b>	<b>212,382</b>	<b>122,326</b>
<b>Total assets</b>	<b>86,355,822</b>	<b>108,198,132</b>
<b>LIABILITIES</b>		
Accrued administrative fees	2,183	3,399
Due to broker for securities purchased	87,548	301,771
<b>Total liabilities</b>	<b>89,731</b>	<b>305,170</b>
<b>Net assets available for benefits</b>	<b>\$ 86,266,091</b>	<b>\$ 107,892,962</b>

See accompanying notes.

**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**  
 Statements of Changes in Net Assets Available for Benefits  
 Years Ended December 31, 2005 and 2004

	2005	2004
<b>ADDITIONS TO NET ASSETS ATTRIBUTED TO:</b>		
Investment income (loss):		
Interest	\$ 86,158	\$ 73,581
Dividends	473,258	501,350
Net appreciation (depreciation) in fair value of investments	(19,033,542)	18,744,905
Total investment income (loss)	(18,474,126)	19,319,836
Contributions:		
Employer	2,323,581	2,341,190
Participant	5,544,438	5,552,846
Rollover	51,108	58,762
Total contributions	7,919,127	7,952,798
Total additions	(10,554,999)	27,272,634
<b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>		
Administrative expenses	23,118	17,549
Benefits paid to participating employees	11,048,754	10,248,361
Total deductions	11,071,872	10,265,910
<b>NET INCREASE (DECREASE)</b>	<b>(21,626,871)</b>	<b>17,006,724</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
Beginning of year	107,892,962	90,886,238
End of year	\$ 86,266,091	\$ 107,892,962

See accompanying notes.



**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2005 and 2004

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Tredegear Corporation (Tredegear), which engages directly or through subsidiaries in plastics and aluminum businesses, is a Virginia corporation. The Tredegear Corporation Retirement Savings Plan (Plan) was adopted by the Board of Directors of Tredegear 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, 2005 and 2004

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**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, 2005 and 2004, there were 2,046 and 2,043 employees, respectively, participating in the Plan. As of December 31, 2005 and 2004, 2,052 and 2,059 employees, 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%. 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 PLAN**

Notes to Financial Statements

December 31, 2005 and 2004

**NOTE 4. INVESTMENTS**

The following table presents the fair value of investments as of December 31, 2005 and 2004.

	2005 <sup>(1)</sup>	2004 <sup>(1)</sup>
	<u>                    </u>	<u>                    </u>
Money market funds - Russell Trust Company Short-Term Investment Fund	\$ 227,044	\$ 10,054
	<u>                    </u>	<u>                    </u>
Investments at fair value as determined by quoted market price:		
Common stock:		
Tredegear Corporation	37,631,762	61,312,229
	<u>                    </u>	<u>                    </u>
Actively managed commingled funds <sup>(2)</sup> :		
Russell Investment Contract Fund, Class C	5,608,578	5,701,603
Russell Global Balanced Fund, Class C	6,746,337	6,702,201
Russell Equity I Fund, Class G	10,507,694	10,381,707
Russell Small Capitalization Fund, Class D	5,237,763	5,232,783
Russell Fixed Income I Fund, Class B	3,064,013	3,129,576
Russell Domestic Conservative Balanced Fund, Class B	2,620,455	2,429,964
Russell Aggressive Balanced Fund, Class B	3,880,178	3,662,030
Russell 1000 Index Fund, Class A	6,071,604	5,924,138
Russell All International Markets Fund, Class B	3,187,917	2,377,052
	<u>                    </u>	<u>                    </u>
	46,924,539	45,541,054
	<u>                    </u>	<u>                    </u>
Loans to participants	1,360,095	1,212,469
	<u>                    </u>	<u>                    </u>
Total investments	\$ 86,143,440	\$ 108,075,806
	<u>                    </u>	<u>                    </u>

(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.

(Continued)

**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2005 and 2004

**NOTE 4. INVESTMENTS (Concluded)**

During the years ended December 31, 2005 and 2004, the Plan's investment portfolio (including investments bought, sold and held during the year) appreciated (depreciated) in value by \$(19,033,542) and \$18,744,905 as follows:

	<u>2005</u>	<u>2004</u>
Investments at fair value as determined by quoted market price:		
Common stock	\$ (21,815,704)	\$ 14,780,392
Investments at fair value as determined in the audited annual report of the Frank Russell Trust Company:		
Actively managed commingled funds	<u>2,782,162</u>	<u>3,964,513</u>
Net change in fair value	<u>\$ (19,033,542)</u>	<u>\$ 18,744,905</u>

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**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2005 and 2004

**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.

	2005	2004
<b>Net assets available for benefits:</b>		
Money market funds	\$ 210,039	\$
Common stock	37,631,762	61,312,229
Accrued interest and dividends	117,706	122,200
Accrued expenses	(2,183)	
Due to broker for securities purchased		(301,771)
	\$ 37,957,324	\$ 61,132,658
<b>Changes in net assets available for benefits:</b>		
<b>Additions to net assets attributed to:</b>		
<b>Investment income (loss):</b>		
Interest	\$ 36,073	\$ 41,375
Dividends	473,258	501,350
Net appreciation (depreciation) in fair value of investments	(21,815,704)	14,780,392
	(21,306,373)	15,323,117
<b>Contributions:</b>		
Employer	2,323,581	2,341,190
Participant	1,133,790	1,204,742
Rollover	10,048	
	3,467,419	3,545,932
Total additions	(17,838,954)	18,869,049
<b>Deductions from net assets attributed to:</b>		
Administrative expenses	16,029	15,439
Benefits paid to participating employees	4,381,503	4,122,487
Transfers to participant-directed investments	938,848	4,656,998
Total deductions	5,336,380	8,794,924
Net increase (decrease)	(23,175,334)	10,074,125

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Net assets available for benefits:		
Beginning of year	<u>61,132,658</u>	<u>51,058,533</u>
End of year	<u>\$ 37,957,324</u>	<u>\$ 61,132,658</u>

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**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Notes to Financial Statements

December 31, 2005 and 2004

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**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 \$42,166 and \$62,262 for the years ended December 31, 2005 and 2004, 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 the amounts reported in the statements of net assets available for benefits.

**SUPPLEMENTARY INFORMATION**

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**TREDEGAR CORPORATION RETIREMENT SAVINGS PLAN**

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2005

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	227,044 units	\$ 227,044	\$ 227,044
*	Tredegar Corporation common stock	2,919,454 shares	21,651,212	37,631,762
	Russell Investment Contract Fund, Class C	409,714 shares	**	5,608,578
	Russell Global Balanced Fund, Class C	491,357 shares	**	6,746,337
	Russell Equity I Fund, Class G	1,131,076 shares	**	10,507,694
	Russell Small Capitalization Fund, Class D	402,595 shares	**	5,237,763
	Russell Fixed Income I Fund, Class B	198,318 shares	**	3,064,013
	Russell Domestic Conservative Balanced Fund, Class B	198,972 shares	**	2,620,455
	Russell Aggressive Balanced Fund, Class B	281,580 shares	**	3,880,178
	Russell 1000 Index Fund, Class A	564,275 shares	**	6,071,604
	Russell All International Markets Fund, Class B	190,665 shares	**	3,187,917
*	Participant loans	316 loans 5.00% - 10.50%	-0-	1,360,095
	<b>Total investments</b>			<b>\$ 86,143,440</b>

\* party-in-interest

\*\* cost omitted for participant-directed investments