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

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 1-10258

Tredegar Corporation

(Exact Name of Registrant as Specified in Its Charter)

Virginia	54-1497771
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1100 Boulders Parkway Richmond, Virginia	23225
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (804) 330-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ____	Accelerated filer x
Non-accelerated filer ____ (Do not check if a smaller reporting company)	Smaller reporting company ____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares of Common Stock, no par value, outstanding as of July 30, 2010: 31,834,608.

Item 1. Financial Statements.

Tredegar Corporation
Consolidated Balance Sheets
(In Thousands, Except Share Data)
(Unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 52,670	$ 90,663
Accounts and notes receivable, net of allowance for doubtful accounts and sales returns of $5,637 in 2010 and $5,299 in 2009	93,167	74,014
Income taxes recoverable	3,687	4,016
Inventories	34,187	35,522
Deferred income taxes	5,912	5,750
Prepaid expenses and other	3,346	5,335
Total current assets	192,969	215,300
Property, plant and equipment, at cost	653,174	674,286
Less accumulated depreciation	441,592	443,410
Net property, plant and equipment	211,582	230,876
Other assets and deferred charges	49,823	45,561
Goodwill and other intangibles	105,685	104,542
Total assets	$ 560,059	$ 596,279
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 60,387	$ 53,770
Accrued expenses	32,495	34,930
Current portion of long-term debt	402	451
Total current liabilities	93,284	89,151
Long-term debt	539	712
Deferred income taxes	52,997	59,052
Other noncurrent liabilities	16,662	18,292
Total liabilities	163,482	167,207
Commitments and contingencies (Notes 1 and 2)		
Shareholders' equity:		
Common stock, no par value (issued and outstanding - 31,831,708 at June 30, 2010 and 33,887,550 at December 31, 2009)	7,519	41,137
Common stock held in trust for savings restoration plan	(1,327)	(1,322)
Foreign currency translation adjustment	18,786	26,250
Gain (loss) on derivative financial instruments	(202)	758
Pension and other postretirement benefit adjustments	(58,632)	(60,028)
Retained earnings	430,433	422,277
Total shareholders' equity	396,577	429,072
Total liabilities and shareholders' equity	$ 560,059	$ 596,279

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statements of Income
(In Thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Revenues and other items:				
Sales	$ 185,031	$ 158,115	$ 360,012	$ 311,181
Other income (expense), net	166	488	222	1,357
	185,197	158,603	360,234	312,538
Costs and expenses:				
Cost of goods sold	150,326	125,615	291,698	250,873
Freight	4,747	3,870	8,692	7,099
Selling, general and administrative	17,809	14,267	33,750	29,039
Research and development	3,299	2,999	6,901	5,511
Amortization of intangibles	129	30	217	60
Interest expense	222	184	417	388
Asset impairments and costs associated with exit and disposal activities	355	(149)	411	1,482
Goodwill impairment charge	-	-	-	30,559
Total	176,887	146,816	342,086	325,011
Income (loss) before income taxes	8,310	11,787	18,148	(12,473)
Income taxes	3,350	5,300	7,406	9,857
Net income (loss)	$ 4,960	$ 6,487	$ 10,742	$ (22,330)
Earnings (loss) per share:				
Basic	$ .15	$ .19	$ .33	$ (.66)
Diluted	$ .15	$ .19	$ .33	$ (.66)
Shares used to compute earnings (loss) per share:				
Basic	32,260	33,876	32,799	33,871
Diluted	32,450	33,971	32,979	33,871
Dividends per share	$ .04	$ .04	$ .08	$ .08

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Six Months Ended June 30 2010	Six Months Ended June 30 2009
Cash flows from operating activities:		
Net income (loss)	$ 10,742	$ (22,330)
Adjustments for noncash items:		
Depreciation	21,716	19,663
Amortization of intangibles	217	60
Goodwill impairment charge	-	30,559
Deferred income taxes	(2,436)	2,160
Accrued pension and postretirement benefits	349	(1,267)
Loss on asset impairments and divestitures	355	-
Loss (gain) on sale of assets	(15)	(1,004)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivable	(21,877)	9,732
Inventories	27	8,055
Income taxes recoverable	329	5,995
Prepaid expenses and other	721	2,221
Accounts payable and accrued expenses	5,646	(522)
Other, net	421	(1,333)
Net cash provided by operating activities	16,195	51,989
Cash flows from investing activities:		
Capital expenditures (including settlement of related accounts payable of $1,709 in 2009)	(7,629)	(17,348)
Acquisition	(5,500)	-
Proceeds from the sale of assets and property disposals	120	1,118
Net cash used in investing activities	(13,009)	(16,230)
Cash flows from financing activities:		
Repurchases of Tredegar common stock	(35,138)	-
Dividends paid	(2,591)	(2,717)
Debt principal payments and financing costs	(2,325)	(21,098)
Proceeds from exercise of stock options	247	187
Net cash used in financing activities	(39,807)	(23,628)
Effect of exchange rate changes on cash	(1,372)	552
Increase (decrease) in cash and cash equivalents	(37,993)	12,683
Cash and cash equivalents at beginning of period	90,663	45,975
Cash and cash equivalents at end of period	$ 52,670	$ 58,658

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statement of Shareholders' Equity
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	Common Stock	Retained Earnings	Trust for Savings Restoration Plan	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss): Gain (Loss) on Derivative Financial Instruments	Accumulated Other Comprehensive Income (Loss): Pension & Other Post-retirement Benefit Adjust.	Total Shareholders' Equity
Balance December 31, 2009	$ 41,137	$ 422,277	$ (1,322)	$ 26,250	$ 758	$ (60,028)	$ 429,072
Comprehensive income (loss):							
Net income	-	10,742	-	-	-	-	10,742
Other comprehensive income (loss):							
Foreign currency translation adjustment (net of tax benefit of $4,021)	-	-	-	(7,464)	-	-	(7,464)
Derivative financial instruments adjustment (net of tax benefit of $585)	-	-	-	-	(960)	-	(960)
Amortization of prior service costs and net gains or losses (net of tax of $785)	-	-	-	-	-	1,396	1,396
Comprehensive income							3,714
Cash dividends declared ($.08 per share)	-	(2,591)	-	-	-	-	(2,591)
Stock-based compensation expense & other	1,282	-	-	-	-	-	1,282
Issuance of common stock upon exercise of stock options (including related income tax benefits of $9)	238	-	-	-	-	-	238
Repurchased 2,124,700 shares of Tredegar common stock	(35,138)	-	-	-	-	-	(35,138)
Tredegar common stock purchased by trust for savings restoration plan	-	5	(5)	-	-	-	-
Balance June 30, 2010	$ 7,519	$ 430,433	$ (1,327)	$ 18,786	$ (202)	$ (58,632)	$ 396,577

See accompanying notes to financial statements.

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Corporation and Subsidiaries ("Tredegar," "we," "us" or "our") contain all adjustments necessary to state fairly, in all material respects, Tredegar's consolidated financial position as of June 30, 2010, the consolidated results of operations for the three and six months ended June 30, 2010 and 2009, the consolidated cash flows for the six months ended June 30, 2010 and 2009, and the consolidated changes in shareholders' equity for the six months ended June 30, 2010. All such adjustments, unless otherwise detailed in the notes to consolidated interim financial statements, are deemed to be of a normal, recurring nature. These financial statements should be read i n conjunction with the consolidated financial statements and related notes included in Tredegar's Annual Report on Form 10-K for the year ended December 31, 2009. The results of operations for the six months ended June 30, 2010, are not necessarily indicative of the results to be expected for the full year.

2. Plant shutdowns, asset impairments, restructurings and other items in the second quarter of 2010 shown in the net sales and operating profit by segment table in Note 10 include:

- Pretax charge of $355,000 for an asset impairment in Film Products;
- Pretax gain of $120,000 on the sale of previously impaired equipment (included in "Other income (expense), net" in the consolidated statement of income) at our film products manufacturing facility in Pottsville, Pennsylvania;
- Pretax loss of $44,000 on the disposal of equipment (included in "Other income (expense), net" in the consolidated statements of income) from a previously shutdown film products manufacturing facility in LaGrange, Georgia; and
- Pretax gain of $23,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in "Cost of goods sold" in the consolidated statements of income, see Note 8 on page 10 for additional detail).

Plant shutdowns, asset impairments, restructurings and other items in the first six months of 2010 shown in the net sales and operating profit by segment table in Note 10 include:

- Pretax gains of $466,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in "Cost of goods sold" in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax charge of $355,000 for an asset impairment in Film Products;
- Pretax gain of $120,000 on the sale of previously impaired equipment (included in "Other income (expense), net" in the consolidated statement of income) at our film products manufacturing facility in Pottsville, Pennsylvania;
- Pretax losses of $105,000 on the disposal of equipment (included in "Other income (expense), net" in the consolidated statements of income) from a previously shutdown film products manufacturing facility in LaGrange, Georgia; and
- Pretax charge of $56,000 for severance and other employee-related costs in connection with restructurings in Film Products.

Plant shutdowns, asset impairments, restructurings and other items in the second quarter of 2009 shown in the net sales and operating profit by segment table in Note 10 include:

- Pretax losses of $779,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax gain of $276,000 related to the reduction of future environmental costs expected to be incurred by Aluminum Extrusions (included in “Cost of goods sold” in the consolidated statements of income);
- Pretax gain of $175,000 on the sale of a previously shutdown aluminum extrusions manufacturing facility in El Campo, Texas (included in “Other income (expense), net” in the consolidated statements of income); and
- Pretax gain of $149,000 related to the reversal to income of certain inventory impairment accruals in Film Products.

Plant shutdowns, asset impairments, restructurings and other items in the first six months of 2009 shown in the net sales and operating profit by segment table in Note 10 include:

- Pretax charges of $1.6 million for severance and other employee-related costs in connection with restructurings in Film Products ($1.1 million), Aluminum Extrusions ($369,000) and corporate headquarters ($178,000, included in “Corporate expenses, net” in the net sales and operating profit by segment table in Note 10);
- Pretax losses of $1.4 million for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax gain of $276,000 related to the reduction of future environmental costs expected to be incurred by Aluminum Extrusions (included in “Cost of goods sold” in the consolidated statements of income);
- Pretax gain of $275,000 on the sale of equipment (included in “Other income (expense), net” in the consolidated statements of income) from a previously shutdown films manufacturing facility in LaGrange, Georgia;
- Pretax gain of $175,000 on the sale of a previously shutdown aluminum extrusions manufacturing facility in El Campo, Texas (included in “Other income (expense), net” in the consolidated statements of income); and
- Pretax gain of $149,000 related to the reversal to income of certain inventory impairment accruals in Film Products.

A reconciliation of the beginning and ending balances of accrued expenses associated with asset impairments and exit and disposal activities for the six months ended June 30, 2010 is as follows:

(In Thousands)	Severance	Other (a)	Total
Balance at December 31, 2009	$ 823	$ 3,158	$ 3,981
Changes in 2010:			
Charges	56		56
Cash spent	(480)	(777)	(1,257)
Balance at June 30, 2010	$ 399	$ 2,381	$ 2,780

(a) Other includes primarily accrued losses on a sub-lease at a facility in Princeton, New Jersey.

Results for 2009 also include a pretax gain of $404,000 on the sale of corporate real estate in the first quarter. This gain is included in "Other income (expenses), net" in the consolidated statements of income.

Income taxes for the first six months of 2010 include the partial reduction of a valuation allowance of $137,000 (a reduction of the allowance of $168,000 in the first quarter and an increase of the allowance of $31,000 in the second quarter) related to expected limitations on the utilization of assumed capital losses on certain investments that was recognized in the prior years. Income taxes for the first six months of 2009 include the recognition of a valuation allowance of $3.7 million ($1.8 million in the second quarter) related to the expected limitations on the utilization of assumed capital losses on certain investments.

3. On June 21, 2010, we entered into a $300 million four-year, unsecured revolving credit facility (the "Credit Agreement"), with an option to increase that amount by an additional $75 million. The Credit Agreement replaces our previous five-year, unsecured revolving credit facility that was due to expire on December 15, 2010. There were no outstanding borrowings under the previous revolving credit facility when it was replaced.

Borrowings under the Credit Agreement bear an interest rate of LIBOR plus a credit spread and commitment fees charged on the unused amount under the Credit Agreement at various indebtedness-to-adjusted-EBITDA levels as follows:

Pricing Under Revolving Credit Agreement (Basis Points)		
Indebtedness-to-Adjusted EBITDA Ratio	Credit Spread Over LIBOR	Commitment Fee
> 2.0x but <= 3.0x	250	40
> 1.0x but <=2.0x	225	35
<= 1.0x	200	30

The most restrictive covenants in the Credit Agreement include:

- Maximum aggregate dividends over the term of the Credit Agreement of $100 million plus, beginning with the fiscal quarter ending March 31, 2010, 50% of net income;
- Minimum shareholders' equity at any point during the term of the Credit Agreement of at least $300 million increased on a cumulative basis at the end of each fiscal quarter, beginning with the fiscal quarter ending March 31, 2010, by an amount equal to 50% of net income (to the extent positive);

- Maximum indebtedness-to-adjusted EBITDA of 3.0x; and
- Minimum adjusted EBIT-to-interest expense of 2.5x.

4. We assess goodwill for impairment when events or circumstances indicate that the carrying value may not be recoverable, or, at a minimum, on an annual basis (December 1st of each year). Our reporting units include Film Products and Aluminum Extrusions, each of which have separately identifiable operating net assets (operating assets including goodwill and intangible assets net of operating liabilities). We estimate the fair value of our reporting units using discounted cash flow analysis and comparative enterprise value-to-EBITDA multiples. Based on the severity of the economic downturn in 2009 and its impact on the sales volumes of our aluminum extrusions business (a 36.8% decline in sales volume in the first quarter of 2009 compared with 2008), the resulting operating loss, possible future losses and th e uncertainty in the amount and timing of an economic recovery, we determined that impairment indicators existed. Upon completing the impairment analysis as of March 31, 2009, a goodwill impairment charge of $30.6 million ($30.6 million after tax) was recognized in Aluminum Extrusions. This impairment charge represented the entire amount of goodwill associated with the Aluminum Extrusions reporting unit.

5. The components of inventories are as follows:

(In Thousands)	June 30, 2010	December 31, 2009
Finished goods	$ 6,553	$ 6,080
Work-in-process	2,475	2,740
Raw materials	11,174	12,249
Stores, supplies and other	13,985	14,453
Total	$ 34,187	$ 35,522

6. Basic earnings (loss) per share is computed by dividing net income or loss by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed by dividing net income or loss by the weighted average common and potentially dilutive common equivalent shares outstanding, determined as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(In Thousands)	2010	2009	2010	2009
Weighted average shares outstanding used to compute basic earnings (loss) per share	32,260	33,876	32,799	33,871
Incremental dilutive shares attributable to stock options and restricted stock (a)	190	95	180	-
Shares used to compute diluted earnings (loss) per share	32,450	33,971	32,979	33,871

(a) The dilutive effect of shares attributed to stock options and restricted stock is not recognized in periods in which a net loss has occurred.

Incremental shares attributable to stock options and restricted stock are computed using the average market price during the related period. During the three and six months ended June 30, 2010 and three and six months ended June 30, 2009, 459,067, 464,317, 582,833 and 390,300, respectively, of anti-dilutive options to purchase shares were excluded from the calculation of incremental shares attributable to stock options and restricted stock.

7. Our investment in Harbinger Capital Partners Special Situations Fund, L.P. (“Harbinger Fund”) had a reported capital account value of $13.6 million at June 30, 2010, compared with $14.5

million at December 31, 2009. This investment has a carrying value in Tredegar's balance sheet (included in "Other assets and deferred charges") of $10.0 million, which represents the amount invested on April 2, 2007.

During the third quarter of 2007, we invested $6.5 million in a privately held specialty pharmaceutical company whose strategy, capabilities and execution have evolved over time from that of a drug delivery company. In the fourth quarter of 2008, we invested an additional $1.0 million as part of a new round of equity financing completed by the investee. The company is developing and commercializing state of the art drug delivery systems designed to improve patient compliance and outcomes, and our ownership interest on a fully diluted basis is approximately 21%. The investment is accounted for under the fair value method. We elected the fair value option over the equity method of accounting since our investment objectives are similar to those of v enture capitalists, which typically do not have controlling financial interests. In 2008, there was a write-up of $5.6 million based on the valuation of our ownership interest implied from a new round of equity financing completed for the investee in the fourth quarter of 2008. We recognized an additional unrealized gain of $5.1 million in the fourth quarter of 2009 for the estimated appreciation of our ownership interest upon the investee entering into an exclusive licensing agreement that included an upfront payment, additional potential milestone payments and tiered royalties on sales of any products commercialized under the license.

At June 30, 2010 and December 31, 2009, the estimated fair value of our investment (also the carrying value included in "Other assets and deferred charges" in our balance sheet) was $18.2 million. On the date of our most recent investment (December 15, 2008), we believe that the amount we would be paid for our ownership interest and liquidation preferences was based on Level 2 inputs, including investments by other investors. Subsequent to December 15, 2008, and until the next round of financing, we believe fair value estimates drop to Level 3 inputs since there is no secondary market for our ownership interest. In addition, the specialty pharmaceutical company currently has no product sales. Accordingly, after the latest financing an d until the next round of financing or other significant financial transaction, value estimates will primarily be based on assumptions relating to meeting product development and commercialization milestones, cash flow projections (projections of sales, costs, expenses, capital expenditures and working capital investment) and discounting of these factors for the high degree of risk. Adjustments to the estimated fair value of our investment will be made in the period upon which such changes can be quantified.

Had we not elected to account for our investment under the fair value method, we would have been required to use the equity method of accounting. For the three and six months ended June 30, 2010, net income recorded by the specialty pharmaceutical company, as reported to us by the investee, was $9.5 million and $11.1 million, respectively, compared to net losses of $1.1 million and $3.4 million for the first three and six months of 2009, respectively. Operating results for the second quarter and first half of 2010 included $18.3 million and $22.4 million, respectively, in licensing revenues (none in the prior year quarter or year-to-date periods). Total assets (which included cash and cash equivalents of $37.3 million at June 30, 2010 and $22.8 million at December 31, 2009) were $33.2 million and $28.2 m illion at June 30, 2010 and December 31, 2009, respectively.

8. We use derivative financial instruments for the purpose of hedging margin exposure from fixed-price forward sales contracts in Aluminum Extrusions and currency exchange rate exposures that exist due to specific transactions. Our derivative financial instruments are designated as and qualify as cash flow hedges and are recognized in the consolidated balance sheet at fair value. A change in the fair value of derivatives that are highly effective as and that are designated and qualify as cash flow hedges are recorded in other comprehensive income (loss). Gains and losses accumulated in other comprehensive income (loss) are reclassified to earnings in the periods in

which earnings are affected by the variability of cash flows of the hedged transaction. Such gains and losses are reported on the same line as the underlying hedged item. Any hedge ineffectiveness (which represents the amount by which the changes in the fair value of the derivative exceed the variability in the cash flows of the forecasted transaction) is recorded in current period earnings. The amount of gains and losses recognized for hedge ineffectiveness was not material to the three and six month periods ended June 30, 2010 and 2009.

The fair value of derivative instruments recorded on the consolidated balance sheets are based upon Level 2 inputs. If individual derivative instruments with the same counterparty can be settled on a net basis, we record the corresponding derivative fair values as a net asset or net liability.

In the normal course of business, we enter into fixed-price forward sales contracts with certain customers for the future sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge our margin exposure created from the fixing of future sales prices relative to volatile raw material (aluminum) costs, we enter into a combination of forward purchase commitments and futures contracts to acquire or hedge aluminum, based on the scheduled purchases for the firm sales commitments. The fixed-price firm sales commitments and related hedging instruments generally have durations of not more than 12 months, and the notional amount of aluminum futures contracts that hedged future purchases of aluminum to meet fixed-price forward sales contract obligations was $9.3 million (9.8 million pounds of alum inum) at June 30, 2010 and $6.9 million (7.8 million pounds of aluminum) at December 31, 2009.

The table below summarizes the location and gross amounts of aluminum futures contract fair values in the consolidated balance sheets as of June 30, 2010 and December 31, 2009:

	June 30, 2010		December 31, 2009	
(In Thousands)	Balance Sheet Account	Fair Value	Balance Sheet Account	Fair Value
Derivatives Designated as Hedging Instruments				
Asset derivatives:				
Aluminum futures contracts	Accrued expenses	$ 196	Prepaid expenses and other	$ 1,184
Liability derivatives:				
Aluminum futures contracts	Accrued expenses	$ 586		$ -
Derivatives Not Designated as Hedging Instruments				
Asset derivatives:				
Aluminum futures contracts	Accrued expenses	$ 145	Prepaid expenses and other	$ 614
Liability derivatives:				
Aluminum futures contracts	Accrued expenses	$ 145	Prepaid expenses and other	$ 614

In the event that a counterparty to an aluminum fixed-price forward sale contract chooses not to take delivery of its aluminum extrusions, the customer is contractually obligated to compensate us for any losses on the related aluminum futures and/or forward purchase contracts through the date of cancellation. The offsetting asset and liability positions included in the table above are associated with the unwinding of aluminum futures contracts that relate to such cancellations.

Gains associated with the aluminum extrusions business of $23,000 and $466,000 were recognized during the three and six month periods ending June 30, 2010, respectively, for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from delayed fulfillment by customers of fixed-price forward purchase commitments. Losses of $779,000 and $1.4 million were recognized during the three and six month periods ending June 30, 2009, respectively, for such timing differences. The amounts are included in "Plant shutdowns, asset impairments, restructurings and other" in the net sales and operating profit by segment table in Note 10.

We had future fixed Euro-denominated contractual payments for equipment being purchased as part of our expansion of the Carthage, Tennessee aluminum extrusion manufacturing facility. We used a fixed rate Euro forward contract with various settlement dates to hedge exchange rate exposure on these obligations. The notional amount of this foreign currency forward was $1.6 million at December 31, 2009. There were no foreign currency forward contracts outstanding at June 30, 2010.

The table below summarizes the location and gross amounts of foreign currency forward contract fair values in the consolidated balance sheets as of December 31, 2009 (none at June 30, 2010):

	June 30, 2010		December 31, 2009	
(In Thousands)	Balance Sheet Account	Fair Value	Balance Sheet Account	Fair Value
Derivatives Designated as Hedging Instruments				
Asset derivatives:				
Foreign currency forward contracts		$ -	Prepaid expenses and other	$ 35
Derivatives Not Designated as Hedging Instruments				
Liability derivatives:				
Foreign currency forward contracts		$ -	Accrued expenses	$ 41

We receive Euro-based royalty payments relating to our operations in Europe. We use zero-cost collar currency options to hedge a portion of our exposure to changes in cash flows due to variability in U.S. Dollar and Euro exchange rates. The outstanding notional amount on these collars was $6.8 million at June 30, 2010, and these outstanding currency collar options will expire at quarterly intervals through December 2010. The table below summarizes our open currency option positions at June 30, 2010:

		U.S. Dollar Equivalent Strike Prices of Options Bought and Sold on USD/EUR	
Period Covered by Contract	Notional Amount (In Thousands)	Call Options Sold	Put Options Bought
3rd Qtr 2010	$ 3,400	$ 1.27	$ 1.20
4th Qtr 2010	3,400	1.27	1.20

The table below summarizes the location and gross amounts of foreign currency option contract fair values in the consolidated balance sheets as of June 30, 2010 (none as of December 31, 2009):

(In Thousands)	June 30, 2010 Balance Sheet Account	June 30, 2010 Fair Value	December 31, 2009 Balance Sheet Account	December 31, 2009 Fair Value
Derivatives Designated as Hedging Instruments				
Asset derivatives:				
Foreign currency option contracts	Prepaid expenses and other	$ 116		$ -
Liability derivatives:				
Foreign currency option contracts	Prepaid expenses and other	$ 66		$ -

Our derivative contracts involve elements of credit and market risk, including the risk of dealing with counterparties and their ability to meet the terms of the contracts. The counterparties to our forward purchase commitments are major aluminum brokers and suppliers, and the counterparties to our aluminum futures contracts are major financial institutions. Fixed-price forward sales contracts are only made available to our best and most credit-worthy customers. The counterparty to our foreign currency futures and zero-cost collar contracts are major financial institutions.

The effect on net income (loss) and other comprehensive income (loss) of derivative instruments classified as cash flow hedges and described in the previous paragraphs for the three and six month periods ended June 30, 2010 and 2009 is summarized in the tables below:

(In Thousands)	Cash Flow Derivative Hedges			
	Aluminum Futures Contracts		Foreign Currency Forwards and Options	
	Three Months Ended June 30,			
	2010	2009	2010	2009
Amount of pre-tax gain (loss) recognized in other comprehensive income	$ (928)	$ 1,367	$ 50	$ (49)
Location of gain (loss) reclassified from accumulated other comprehensive income into net income (effective portion)	Cost of sales	Cost of sales		
Amount of pre-tax gain (loss) reclassified from accumulated other comprehensive income to net income (effective portion)	$ 140	$ (4,257)	$ -	$ -

(In Thousands)	Cash Flow Derivative Hedges			
	Aluminum Futures Contracts		Foreign Currency Forwards and Options	
	Six Months Ended June 30,			
	2010	2009	2010	2009
Amount of pre-tax gain (loss) recognized in other comprehensive income	$ (1,088)	$ (642)	$ 37	$ (249)
Location of gain (loss) reclassified from accumulated other comprehensive income into net income (effective portion)	Cost of sales	Cost of sales		
Amount of pre-tax gain (loss) reclassified from accumulated other comprehensive income to net income (effective portion)	$ 485	$ (8,861)	$ -	$ -

Gains and losses on the ineffective portion of derivative instruments or derivative instruments that were not designated as hedging instruments were immaterial for the three and six months ended June 30, 2010 and 2009. As of June 30, 2010, we expect $236,000 of unrealized after-tax losses on derivative instruments reported in accumulated other comprehensive income (loss) to be reclassified to earnings within the next twelve months. For the three and six months ended June 30, 2010 and 2009, net gains or losses realized on previously unrealized net gains or losses from hedges that had been discontinued were not material.

9. The components of net periodic benefit income (cost) for our pension and other post-retirement benefit programs reflected in consolidated results are shown below:

	Pension Benefits for Three Months Ended June 30		Other Post-Retirement Benefits for Three Months Ended June 30	
(In Thousands)	2010	2009	2010	2009
Service cost	$ (797)	$ (783)	$ (18)	$ (18)
Interest cost	(3,288)	(3,344)	(122)	(129)
Expected return on plan assets	5,133	5,189	-	-
Amortization of prior service costs, gains or losses and net transition asset	(1,092)	(305)	9	24
Net periodic benefit income (cost)	$ (44)	$ 757	$ (131)	$ (123)

	Pension Benefits for Six Months Ended June 30		Other Post-Retirement Benefits for Six Months Ended June 30	
(In Thousands)	2010	2009	2010	2009
Service cost	$ (1,594)	$ (1,566)	$ (36)	$ (36)
Interest cost	(6,577)	(6,688)	(243)	(257)
Expected return on plan assets	10,265	10,378	-	-
Amortization of prior service costs, gains or losses and net transition asset	(2,182)	(610)	18	46
Net periodic benefit income (cost)	$ (88)	$ 1,514	$ (261)	$ (247)

We contributed $129,000 to our pension plans in 2009 and expect to contribute a similar amount in 2010. We fund our other post-retirement benefits (life insurance and health benefits) on a claims-made basis, which were $282,000 for the year ended December 31, 2009.

10. In February 2010, we added a fourth segment, Other, comprised of the start-up operations of Bright View Technologies Corporation (“Bright View”) and Falling Springs, LLC (“Falling Springs”). Bright View, whose assets were acquired on February 3, 2010, is a developer and producer of high-value microstructure-based optical films for the LED (light emitting diode) and fluorescent lighting markets. Falling Springs develops, owns and operates multiple mitigation banks. Through the establishment of perpetual easements to restore, enhance and preserve wetland, stream or other protected environmental resources, these mitigation banks create saleable credits that are used by the purchaser of credits to offset the negative environmental impacts from private and public development projects. In 2 009, net sales and income (loss) from ongoing operations for Falling Springs (which were immaterial) have been included in “Corporate expense, net” and identifiable assets for this business have been included in “General corporate” in order to reflect the strategic view and structure of operations during this time period.

Information by business segment is reported below. There are no accounting transactions between segments and no allocations to segments. Net sales (sales less freight) and operating profit from ongoing operations are the measures of sales and operating profit used by the chief operating decision maker for purposes of assessing performance. The following table presents net sales and operating profit by segment for the three and six months ended June 30, 2010 and 2009.

	Three Months Ended June 30		Six Months Ended June 30	
(In Thousands)	2010	2009	2010	2009
Net Sales				
Film Products	$ 126,499	$ 107,804	$ 252,367	$ 212,587
Aluminum Extrusions	52,671	46,441	97,470	91,495
Other	1,114	-	1,483	-
Total net sales	180,284	154,245	351,320	304,082
Add back freight	4,747	3,870	8,692	7,099
Sales as shown in the Consolidated Statements of Income	$ 185,031	$ 158,115	$ 360,012	$ 311,181
Operating Profit (Loss)				
Film Products:				
Ongoing operations	$ 14,604	$ 14,214	$ 32,904	$ 27,228
Plant shutdowns, asset impairments, restructurings and other	(279)	149	(396)	(660)
Aluminum Extrusions:				
Ongoing operations	235	634	(2,758)	(1,163)
Goodwill impairment charge	-	-	-	(30,559)
Plant shutdowns, asset impairments, restructurings and other	23	(328)	466	(1,306)
AFBS:				
Gain on sale of investments in Theken Spine and Therics, LLC	-	-	-	150
Other:				
Ongoing operations	(1,458)	-	(2,094)	-
Total	13,125	14,669	28,122	(6,310)
Interest income	166	175	334	434
Interest expense	222	184	417	388
Gain on sale of corporate assets	-	-	-	404
Stock option-based compensation costs	494	541	1,012	803
Corporate expenses, net	4,265	2,332	8,879	5,810
Income (loss) before income taxes	8,310	11,787	18,148	(12,473)
Income taxes	3,350	5,300	7,406	9,857
Net income (loss)	$ 4,960	$ 6,487	$ 10,742	$ (22,330)

The following table presents identifiable assets by segment at June 30, 2010 and December 31, 2009:

(In Thousands)	June 30, 2010	December 31, 2009
Film Products	$ 363,549	$ 371,639
Aluminum Extrusions	83,001	82,429
AFBS (formerly Therics)	1,147	1,147
Other	15,730	-
Subtotal	463,427	455,215
General corporate	43,962	50,401
Cash and cash equivalents	52,670	90,663
Total	$ 560,059	$ 596,279

11. The effective tax rate for the first six months of 2010 was 40.8% compared to (79.0)% for the first six months of 2009. The significant differences between the U.S. federal statutory rate and the effective income tax rates for the six months ended June 30, 2010 and 2009 are as follows:

	Percent of Income (Loss) Before Income Taxes	
Six Months Ended June 30	2010	2009
Income tax expense at federal statutory rate	35.0	35.0
Reserve for uncollectible tax indemnification receivable	4.1	-
Unremitted earnings from foreign operations	2.9	(5.6)
Income tax contingency accruals/reversals	1.5	-
State taxes, net of federal income tax benefit	1.4	(1.7)
Non-deductible expenses	0.2	(0.2)
Valuation allowance for foreign operating loss carry-forwards	0.2	(0.5)
Goodwill impairment charge	-	(85.8)
Research and development tax credit	-	0.9
Valuation allowance for capital loss carry-forwards	(0.8)	(30.0)
Domestic production activities deduction	(1.2)	-
Foreign rate differences	(1.7)	8.8
Other	(0.8)	0.1
Effective income tax rate	40.8	(79.0)

A reconciliation of our unrecognized uncertain tax positions for the six month periods ended June 30, 2010 and 2009 are shown below:

	Six Months Ended June 30	
(In Thousands)	2010	2009
Balance at beginning of period	$ 996	$ 2,553
Increase (decrease) due to tax		
positions taken in:		
Current period	34	48
Prior period	-	10
Increase (decrease) due to settlements		
with taxing authorities	-	(1,440)
Reductions due to lapse of statute		
of limitations	-	-
Balance at end of period	$ 1,030	$ 1,171

Tredegar and its subsidiaries file income tax returns in the U.S., various states and jurisdictions outside the U.S. Generally, except for refund claims and amended returns, Tredegar is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2006. With few exceptions, Tredegar and its subsidiaries are no longer subject to state or non-U.S. income tax examinations by tax authorities for years before 2006.

12. The Financial Accounting Standards Board (FASB) Emerging Issues Task Force issued a consensus updating accounting standards for revenue recognition for multiple-deliverable arrangements in October 2009. The stated objective of the accounting standards update was to address the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. The revision of current FASB guidance provides amended methodologies for separating consideration in multiple-deliverable arrangements and expands disclosure requirements. The accounting standards update

will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We do not expect these FASB rules to have a material impact on our financial statements and disclosures.

The FASB issued guidance in January 2010 that requires new disclosures for fair value measurements and provides clarification for existing disclosure requirements. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for such transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update also clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. The new disclosures and clarifications of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for disclosures about the purchase, sale, issuance and settlement activity of Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for the interim periods in that year. We do not anticipate that the adoption of these new disclosures and clarifications of existing disclosures will materially expand our current financial statement footnote disclosures.

In March 2010, the Patient Protection and Affordable Care Act (the PPACA) was signed into law, as was the Health Care and Education Reconciliation Act of 2010, which amends certain aspects of the PPACA. Included in the provisions of these laws are changes to the taxation related to the federal subsidy available to companies that provide retiree health benefit plans that include a benefit that is at least actuarially equivalent to the benefits of Medicare Part D. Our retiree medical plan does not include prescription drug coverage for Medicare-eligible retirees, so we are not impacted by changes to the taxation of this federal subsidy. We are currently assessing other potential impacts, if any, that this legislation may have on future results of operations, cash flows or financial position related to our health care benefits and postretirement health care obligations.

Item2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-looking and Cautionary Statements

Some of the information contained in this Quarterly Report on Form 10-Q 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," "estimate," "anticipate," "expect," "project," "likely," "may" 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; sales volume and profitability of Aluminum Extrusions are cyclical and highly dependent on economic conditions of end-use markets in the U.S., particularly in the construction, distribution and transportation industries, and are also subject to seasonal slowdowns; 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 other factors discussed in the reports we file with or furnish to the Securities and Exchange Commission (the "SEC") from time-to-time, including the risks and important factors set forth in additional detail in "Risk Factors" in Part I, Item 1A of our 2009 Annual Report on Form 10-K (the "2009 Form 10-K") filed with the SEC. Readers are urged to review and consider carefully the disclosures we make in our 2009 Form 10-K. We do not undertake to update any forward-looking statement to reflect any change in management's expectations or any change in conditions, assumptions or circumstances on which such statements are based.

Executive Summary

Second-quarter 2010 net income was $5.0 million (15 cents per share) compared with $6.5 million (19 cents per share) in the second quarter of 2009. Net income for the first six months of 2010 was $10.7 million (33 cents per share) compared with a net loss of $22.3 million (66 cents per share) in the first six months of 2009. Results for the first six months of 2009 include a non-cash goodwill impairment charge of $30.6 million related to our aluminum extrusions business (see Note 4 on page 9). Losses related to plant shutdowns, asset impairments, restructurings and other items are described in Note 2 on page 6.

Net sales (sales less freight) and operating profit from ongoing operations are the measures of sales and operating profit used by the chief operating decision maker of each segment for purposes of assessing performance. The following tables present Tredegar's net sales and operating profit by segment for the second quarter and six months ended June 30, 2010 and 2009:

	Three Months Ended June 30		Six Months Ended June 30	
(In Thousands)	2010	2009	2010	2009
Net Sales				
Film Products	$ 126,499	$ 107,804	$ 252,367	$ 212,587
Aluminum Extrusions	52,671	46,441	97,470	91,495
Other	1,114	-	1,483	-
Total net sales	180,284	154,245	351,320	304,082
Add back freight	4,747	3,870	8,692	7,099
Sales as shown in the Consolidated Statements of Income	$ 185,031	$ 158,115	$ 360,012	$ 311,181
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Aluminum Extrusions:				
Ongoing operations	235	634	(2,758)	(1,163)
Goodwill impairment charge	-	-	-	(30,559)
Plant shutdowns, asset impairments, restructurings and other	23	(328)	466	(1,306)
AFBS:				
Gain on sale of investments in Theken Spine and Therics, LLC	-	-	-	150
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Total	13,125	14,669	28,122	(6,310)
Interest income	166	175	334	434
Interest expense	222	184	417	388
Gain on sale of corporate assets	-	-	-	404
Stock option-based compensation costs	494	541	1,012	803
Corporate expenses, net	4,265	2,332	8,879	5,810
Income (loss) before income taxes	8,310	11,787	18,148	(12,473)
Income taxes	3,350	5,300	7,406	9,857
Net income (loss)	$ 4,960	$ 6,487	$ 10,742	$ (22,330)

Film Products. Second-quarter net sales (sales less freight) in Film Products were $126.5 million, an increase of 17.3% from $107.8 million in the second quarter of 2009, and operating profit from ongoing operations increased to $14.6 million in the second quarter of 2010 from $14.2 million in 2009. Volume was 53.9 million pounds in the second quarter of 2010, an increase of 8.7% from 49.6 million pounds in the second quarter of 2009.

Second-quarter net sales increased primarily due to higher volumes, most notably in surface protection and personal care materials, a more favorable sales mix in the second quarter of 2010 compared to the second quarter of 2009, and increased selling prices as a result of the pass-through of higher average resin costs to customers. Strong demand in the LCD (liquid crystal display) market continues to be the primary catalyst for increased volumes in higher-value surface protection materials. Operating profit from ongoing operations, which continues to fluctuate quarter to quarter, increased slightly in the second quarter of 2010 compared to the prior year. This increase was primarily due to the favorable impact of increased sales volumes in surface protection and personal care materials, partially offset by the unfavorable effect of the lag in the pass-through of higher resin costs as average resin prices continued to increase in the second quarter of 2010. We estimate that the impact of the quarterly lag in the pass-through of average resin costs on operating profits from ongoing operations was a negative $2.7 million in the second quarter of 2010 and was not significant in the second quarter of 2009. In addition, selling, general and administrative expenses increased in the second quarter in support of key products and programs. Operating profits in the second quarter of 2010 were also adversely affected by initial production inefficiencies associated with internal realignments to match capacity with growing customer demand.

Net sales in Film Products for the first six months of 2010 were $252.4 million, an increase of 18.7% from $212.6 million in the first six months of 2009. Operating profit from ongoing operations was $32.9 million in the first six months of 2010, an increase of 20.8% from $27.2 million in the first six months of last year. Volume was 108.8 million pounds in the first six months of 2010, up 10.0% from 98.9 million pounds in the first six months of 2009.

Net sales for the six months ended June 30, 2010 increased in comparison to the same period in the prior year primarily due to the higher volumes noted above. Operating profit from ongoing operations for the first half of 2010 increased 20.8% from the same period in the prior year, primarily due to higher sales volumes in personal care and surface protection materials, partially offset by the unfavorable impact of the lag in the pass-through of higher resin costs in 2010. The estimated impact of the resin pass-through lag was a negative $5.0 million for the first six months of 2010 versus a favorable $3.0 million for the first six months of 2009.

Capital expenditures in Film Products were $5.8 million in the first half of 2010 compared with $7.1 million in the first half of last year. Film Products currently projects that capital expenditures will be approximately $18 million in 2010. Depreciation expense was $16.8 million in the first half of 2010 and $15.9 million in the first half of 2009, and is projected to be approximately $35 million in 2010.

Aluminum Extrusions. Second-quarter net sales in Aluminum Extrusions were $52.7 million, an increase of 13.4% from $46.4 million in the second quarter of 2009. Operating profit from ongoing operations was $235,000 for the second quarter of 2010, down from operating profit of $634,000 for the second quarter of 2009. Volume increased to 24.8 million pounds in the second quarter of 2010 from 24.2 million pounds in the second quarter of 2009.

Net sales in Aluminum Extrusions for the first six months of 2010 increased 6.5% to $97.5 million from $91.5 million in the first six months of 2009. Operating losses from ongoing operations were $2.8 million for the first six months of 2010, a $1.6 million change from operating losses of $1.2 million for the same period in 2009. Volume was 45.9 million pounds in the first six months of 2010, down 3.7% from 47.7 million pounds in the first six months of 2009.

Net sales in the second quarter and first half of 2010 increased in comparison to 2009 due to higher average selling prices driven by an increase in aluminum prices. Second-quarter net sales were also favorably impacted by a slight uptick in volumes. Sales volume in the first six months of 2010 continued to be lower than volume in the comparable prior year period as extremely challenging conditions in nonresidential construction led to a decline in volumes of approximately 10% in this market segment. The unfavorable change in the operating income from ongoing operations reported for 2010 compared with 2009 reflects lower margins resulting from a less favorable sales mix.

As described in Note 4 on page 9, we recognized a non-cash goodwill impairment charge of $30.6 million ($30.6 million after tax) in Aluminum Extrusions in the first quarter of 2009.

Capital expenditures for Aluminum Extrusions were $1.6 million in the first six months of 2010 compared with $8.5 million in the same period of last year. Prior year capital expenditures were primarily related to the installation of a new large extrusion press at the Carthage, Tennessee manufacturing facility. Capital expenditures are projected to be approximately $4.4 million in 2010. Depreciation expense was

$4.7 million in the first half of 2010 compared with $3.8 million in the first half of 2009, and is projected to be approximately $9.1 million in 2010.

Other. In February 2010, we reported a fourth segment, Other, comprised of the start-up operations of Bright View Technologies Corporation ("Bright View") and Falling Springs, LLC ("Falling Springs"). We acquired the assets of Bright View, a late-stage developmental company, on February 3, 2010. Bright View is a developer and producer of high-value microstructure-based optical films for the LED (light emitting diode) and fluorescent lighting markets. Falling Springs develops, owns and operates multiple mitigation banks. Through the establishment of perpetual easements to restore, enhance and preserve wetlands, str eams or other protected environmental resources, these mitigation banks create saleable credits that are used by the purchaser of credits to offset the negative environmental impacts from private and public development projects.

Net sales for this segment can fluctuate from quarter-to-quarter as Bright View is a late-stage developmental company and Falling Springs' revenue can vary based upon the timing of developmental projects within its market. Operating losses from ongoing operations were $1.5 million in the second quarter of 2010 and $2.1 million in the first half of 2010.

Other Items. Pension expense was $44,000 in the second quarter of 2010 and $88,000 in the first six months of 2010, an unfavorable change of $801,000 and $1.6 million, respectively, from net pension income recognized in comparable periods of 2009. Most of the pension impact on earnings is reflected in "Corporate expenses, net" in the net sales and operating profit by segment table. Corporate expenses, net increased in 2010 versus 2009 primarily due to the unfavorable impact of pension expense noted above and the timing of adjustments for certain performance-based incentive compensation programs.

In June 2010, we entered into a new four-year, $300 million unsecured revolving credit facility, which replaced our previous revolving credit facility that was due to expire on December 15, 2010. Interest expense, which includes the amortization of debt issue costs, increased $38,000 in the second quarter of 2010 compared to the second quarter of 2009.

The effective tax rate was 40.8% in the first half of 2010 compared to (79.0)% in the first half of 2009. The significant differences between the U.S. federal statutory rate and the effective tax rate for the first six months is shown in the table provided in Note 11 on page 16.

Net capitalization and other credit measures are provided in the liquidity and capital resources section beginning on page 26.

Critical Accounting Policies

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of financial statements in conformity with generally accepted accounting principles. We believe the estimates, assumptions and judgments described in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in Part II, Item 7 of our 2009 Form 10-K, have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. These policies include our accounting for impairment of long-lived assets and goodwill, investment accounted for under the fair value method, pension benefits (expense) and income taxes. These policies require management to exercise judgments that are often difficult, subjective and complex due to the necessity of estimating the effect of matters that are inherently uncertain. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe the consistent application of these policies enables us to provide readers of our financial statements with useful and reliable information about our operating results and financial condition. Since December 31, 2009, there have been no changes in these policies that have had a material impact on results of operations or financial position. See Note 2 on page 6 for losses related to plant shutdowns, asset impairments, restructurings and other items occurring during 2010 and the comparable period in 2009.

Recently Issued Accounting Standards

The Financial Accounting Standards Board (FASB) Emerging Issues Task Force issued a consensus updating accounting standards for revenue recognition for multiple-deliverable arrangements in October 2009. The stated objective of the accounting standards update was to address the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. The revision of current FASB guidance provides amended methodologies for separating consideration in multiple-deliverable arrangements and expands disclosure requirements. The accounting standards update will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. We do not expect these FASB rules to have a material impact on our financial statements and disclosures.

The FASB issued guidance in January 2010 that requires new disclosures for fair value measurements and provides clarification for existing disclosure requirements. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for such transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update also clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. The new disclosures and clarifications of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for disclosures about the purchase, sale, issuance and settlement activity of Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for the interim periods in that year. We do not anticipate that the adoption of these new disclosures and clarifications of existing disclosures will materially expand our current financial statement footnote disclosures.

In March 2010, the Patient Protection and Affordable Care Act (the PPACA) was signed into law, as was the Health Care and Education Reconciliation Act of 2010, which amends certain aspects of the PPACA. Included in the provisions of these laws are changes to the taxation related to the federal subsidy available to companies that provide retiree health benefit plans that include a benefit that is at least actuarially equivalent to the benefits of Medicare Part D. Our retiree medical plan does not include prescription drug coverage for Medicare-eligible retirees, so we are not impacted by changes to the taxation of this federal subsidy. We are currently assessing other potential impacts, if any, that this legislation may have on future results of operations, c ash flows or financial position related to our health care benefits and postretirement health care obligations.

Results of Operations

Second Quarter 2010 Compared with Second Quarter 2009

Overall, sales in the second quarter of 2010 increased by 17.0% compared with 2009.   Net sales (sales less freight) increased 17.3% in Film Products primarily due to strong demand for surface protection materials, volume improvements in personal care materials and higher pricing related to the pass-through of higher average resin prices to customers. Net sales increased 13.4% in Aluminum Extrusions due to higher average selling prices driven by an increase in average aluminum costs and slightly higher volumes. For more information on net sales and volume, see the executive summary beginning on page 18.

Consolidated gross profit (sales minus cost of goods sold and freight) as a percentage of sales decreased to 16.2% in the second quarter of 2010 from 18.1% in 2009. The gross profit margin percentage decreased in Film Products primarily due to the unfavorable impact of the lag in the pass-through of higher resin costs as average resin prices continued to increase in the second quarter of 2010 and initial production inefficiencies associated with internal realignments to match capacity with growing customer demand. Gross profit margin in Aluminum Extrusions decreased as a result of a less favorable sales mix.

As a percentage of sales, selling, general and administrative and R&D expenses were 11.4% in the second quarter of 2010, up from 10.9% in the second quarter of last year. The increase can be attributed to higher selling, general and administrative expenses from proactively supporting key products and programs as well as the timing of accruals for certain performance-based incentive compensation programs.

Plant shutdowns, asset impairments and restructurings in the second quarter of 2010 shown in the segment operating profit table on page 19 include:

- Pretax charge of $355,000 for an asset impairment in Film Products;
- Pretax gain of $120,000 on the sale of previously impaired equipment (included in “Other income (expense), net” in the consolidated statement of income) at our film products manufacturing facility in Pottsville, Pennsylvania;
- Pretax loss of $44,000 on the disposal of equipment (included in “Other income (expense), net” in the consolidated statements of income) from a previously shutdown film products manufacturing facility in LaGrange, Georgia; and
- Pretax gain of $23,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail).

Plant shutdowns, asset impairments and restructurings in the second quarter of 2009 shown in the segment operating profit table on page 19 include:

- Pretax losses of $779,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax gain of $276,000 related to the reduction of future environmental costs expected to be incurred by Aluminum Extrusions (included in “Cost of goods sold” in the consolidated statements of income);
- Pretax gain of $175,000 on the sale of a previously shutdown aluminum extrusions manufacturing facility in El Campo, Texas (included in “Other income (expense), net” in the consolidated statements of income); and
- Pretax gain of $149,000 related to the reversal to income of certain inventory impairment accruals in Film Products.

Interest income, which is included in “Other income (expense), net” in the consolidated statements of income, was $166,000 and $175,000 in the second quarters of 2010 and 2009, respectively. Interest expense, which includes the amortization of debt issue costs, increased to $222,000 in the second quarter of 2010 from $184,000 in the prior year period.

Average debt outstanding and interest rates were as follows:

(In Millions)	Three Months Ended June 30 2010			2009		
Floating-rate debt with interest charged on a rollover basis at one-month LIBOR plus a credit spread:						
Average outstanding debt balance	$	-		$	3.8	
Average interest rate		n/a			1.3	%
Fixed-rate and other debt:						
Average outstanding debt balance	$	1.0		$	1.6	
Average interest rate		3.6	%		2.5	%
Total debt:						
Average outstanding debt balance	$	1.0		$	5.4	
Average interest rate		3.6	%		1.7	%

The effective tax rate used to compute income taxes was 40.3% for the second quarter of 2010 compared to 45.0% for the second quarter of 2009. The change in the effective tax rate for the second quarter reflects the impact to income taxes during the second quarter to adjust the effective tax rate for the first six months of the year to the rate estimated for the entire year. The significant differences between the U.S. federal statutory rate and the effective tax rate for the first six months is shown in the table provided in Note 11 on page 16.

First Six Months of 2010 Compared with First Six Months of 2009

Overall, sales in the first six months of 2010 increased by 15.7% compared with 2009. Net sales (sales less freight) increased 18.7% in Film Products primarily due to strong demand for surface protection materials and volume improvements in personal care materials. Net sales increased 6.5% in Aluminum Extrusions due to higher average selling prices driven by an increase in average aluminum costs. For more information on net sales and volume, see the executive summary beginning on page 18.

Consolidated gross profit (sales minus cost of goods sold and freight) as a percentage of sales decreased to 16.6% in the first six months of 2010 from 17.1% in 2009. The gross profit margin increased in Film Products primarily due to the positive impact of increased sales volumes for higher-value surface protection materials noted above, partially offset by the unfavorable effect of the lag in the pass-through of higher average resin costs. Consistent with the quarter-to-date period, gross margin in Aluminum Extrusions decreased primarily as a result of a less favorable sales mix.

As a percentage of sales, selling, general and administrative and R&D expenses were 11.3% in the first six months of 2010 compared to 11.1% in 2009.

Plant shutdowns, asset impairments and restructurings in the first six months of 2010 shown in the segment operating profit table on page 19 include:

- Pretax gains of $466,000 for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax charge of $355,000 for an asset impairment in Film Products;
- Pretax gain of $120,000 on the sale of previously impaired equipment (included in “Other income (expense), net” in the consolidated statement of income) at our film products manufacturing facility in Pottsville, Pennsylvania;

- Pretax losses of $105,000 on the disposal of equipment (included in “Other income (expense), net” in the consolidated statements of income) from a previously shutdown film products manufacturing facility in LaGrange, Georgia; and
- Pretax charge of $56,000 for severance and other employee-related costs in connection with restructurings in Film Products.

Plant shutdowns, asset impairments and restructurings in the first six months of 2009 shown in the segment operating profit table on page 19 include:

- Pretax charges of $1.6 million for severance and other employee-related costs in connection with restructurings in Film Products ($1.1 million), Aluminum Extrusions ($369,000) and corporate headquarters ($178,000, included in “Corporate expenses, net” in the net sales and operating profit by segment table in Note 10);
- Pretax losses of $1.4 million for timing differences between the recognition of realized losses on aluminum futures contracts and related revenues from the delayed fulfillment by customers of fixed-price forward purchase commitments (included in “Cost of goods sold” in the consolidated statements of income, see Note 8 on page 10 for additional detail);
- Pretax gain of $276,000 related to the reduction of future environmental costs expected to be incurred by Aluminum Extrusions (included in “Cost of goods sold” in the consolidated statements of income);
- Pretax gain of $275,000 on the sale of equipment (included in “Other income (expense), net” in the consolidated statements of income) from a previously shutdown films manufacturing facility in LaGrange, Georgia;
- Pretax gain of $175,000 on the sale of a previously shutdown aluminum extrusions manufacturing facility in El Campo, Texas (included in “Other income (expense), net” in the consolidated statements of income); and
- Pretax gain of $149,000 related to the reversal to income of certain inventory impairment accruals in Film Products.

Interest income, which is included in “Other income (expense), net” in the consolidated statements of income, was $334,000 in the first six months of 2010 and $434,000 in 2009. Interest expense, which includes the amortization of debt issue costs, was $417,000 in the first six months of 2010 compared to $388,000 for the same period in 2009.

Average debt outstanding and interest rates were as follows:

(In Millions)	Six Months Ended June 30 2010			2009		
Floating-rate debt with interest charged on a rollover basis at one-month LIBOR plus a credit spread:						
Average outstanding debt balance	$	-		$	10.0	
Average interest rate		n/a			1.2	%
Fixed-rate and other debt:						
Average outstanding debt balance	$	1.1		$	1.6	
Average interest rate		3.4	%		2.4	%
Total debt:						
Average outstanding debt balance	$	1.1		$	11.6	
Average interest rate		3.4	%		1.4	%

The effective tax rate used to compute income taxes was 40.8% in the first six months of 2010 compared with (79.0)% in the first six months of 2009. The significant differences between the U.S.

federal statutory rate and the effective tax rate for the first six months is shown in the table provided in Note 11 on page 16.

Liquidity and Capital Resources

Changes in operating assets and liabilities from December 31, 2009 to June 30, 2010 are summarized below:

- Accounts receivable increased $19.2 million (25.9%).
  - Accounts receivable in Film Products increased by $9.0 million. Days sales outstanding ("DSO") increased to 47 at June 30, 2010 compared with 43 at December 31, 2009, which is within the range experienced over the past twelve months.
  - Accounts receivable in Aluminum Extrusions increased by $9.2 million. DSO was 41 at June 30, 2010 compared with 44 at December 31, 2009, which is within the range experienced over the past twelve months.
  - Accounts receivable in Other increased $1.0 million primarily as a result of timing of sales.
- Inventories decreased $1.3 million (3.8%).
  - Inventories in Film Products increased by approximately $3.2 million. The increase can be attributed to increased demand for surface protection and personal care materials.
  - Inventories in Aluminum Extrusions decreased by approximately $4.6 million. The decrease can be primarily attributed to efforts to reduce inventory levels in light of current economic conditions.
- Net property, plant and equipment decreased $19.3 million (8.4%) due primarily to depreciation of $21.7 million, capital expenditures of $7.6 million, machinery and equipment of $3.1 million acquired as part of the Bright View transaction and a change in the value of the U.S. Dollar relative to foreign currencies (decrease of approximately $7.8 million).
- Goodwill and other intangibles increased by $1.1 million (1.1%) primarily due to the acquisition of the assets of Bright View, partially offset by changes in the value of the U.S. Dollar relative to foreign currencies ($1.3 million decrease). Identifiable intangible assets purchased as a part of the acquisition were $2.4 million. There was no goodwill recorded from the acquisition of the assets of Bright View.
- Other assets increased by $4.3 million (9.4%) primarily due to additional investments in mitigation banking properties and an increase in deferred debt issuance costs related to the completion of our new revolving credit facility in June 2010.
- Accounts payable increased by $6.6 million (12.3%).
  - Accounts payable in Film Products increased by $7.7 million, or 28.1%, primarily due to higher sales volume and higher average resin costs.
  - Accounts payable in Aluminum Extrusions decreased by $1.6 million, or 6.5%, due to the timing of aluminum purchases.
  - Accounts payable increased in corporate and other segment businesses by $532,000 due to the normal volatility associated with the timing of payments.
- Accrued expenses decreased by $2.4 million (7.0%) primarily due to the payment of year end performance-based incentive accruals.
- Net deferred income tax liabilities in excess of assets decreased by $6.2 million due primarily to non-cash adjustments to deferred taxes for items included in other comprehensive income (loss). Income taxes recoverable decreased $329,000 to $3.7 million at June 30, 2010.

Cash provided by operating activities was $16.2 million in the first half of 2010 compared with $52.0 million in the first half of 2009. The change is primarily related to volatility of working capital components.

Cash used in investing activities was $13.0 million in the first half of 2010, compared with $16.2 million in the first half of 2009. Cash used in investing activities in 2010 includes capital expenditures and the purchase of the assets of Bright View.

Net cash flow used in financing activities was $39.8 million in the first half of 2010, which is primarily due to the repurchase of 2.1 million shares of Tredegar common stock for $35.1 million, the payment of regular quarterly dividends of $2.6 million (8 cents per share) and the payment of debt issuance costs of $2.1 million related to our new revolving credit facility. See "Unregistered Sales of Equity Securities and Use of Proceeds" in Item 2 of Part II on page 33 regarding purchases of our common stock and our outstanding authorization permitting additional purchases as of June 30, 2010. From July 1, 2010 through July 31, 2010, repurchases of additional shares of Tredegar common stock were not significant.

Further information on cash flows for the six months ended June 30, 2010 and 2009 are provided in the consolidated statements of cash flows on page 4.

In June 2010, we entered into a new $300 million four-year, unsecured revolving credit facility, which replaced our previous revolving credit facility that was due to expire on December 15, 2010. Net capitalization and indebtedness as defined under our revolving credit agreement as of June 30, 2010 are as follows:

Net Capitalization and Indebtedness as of June 30, 2010 (In Thousands)			
Net capitalization:			
Cash and cash equivalents	$	52,670	
Debt:			
$300 million revolving credit agreement maturing			
June 21, 2014		-	
Other debt		941	
Total debt		941	
Cash and cash equivalents net of debt		(51,729	)
Shareholders' equity		396,577	
Net capitalization	$	344,848	
Indebtedness as defined in revolving credit agreement:			
Total debt	$	941	
Face value of letters of credit		8,133	
Liabilities relating to derivative financial			
instruments, net of cash deposits		390	
Indebtedness	$	9,464	

Under the revolving credit agreement, borrowings are permitted up to $300 million, and approximately $253 million was available to borrow at June 30, 2010.

The credit spread and commitment fees charged on the unused amount under the revolving credit agreement at various indebtedness-to-adjusted EBITDA levels are as follows:

Pricing Under Revolving Credit Agreement (Basis Points)		
Indebtedness-to-Adjusted EBITDA Ratio	Credit Spread Over LIBOR	Commitment Fee
> 2.0x but <= 3.0x	250	40
> 1.0x but <=2.0x	225	35
<= 1.0x	200	30

At June 30, 2010, the interest rate on debt under the revolving credit agreement was priced at one-month LIBOR plus the applicable credit spread of 200 basis points.

The computations of adjusted EBITDA, adjusted EBIT, the leverage ratio and interest coverage ratio as defined in the revolving credit agreement are presented below along with the related most restrictive covenants. Adjusted EBITDA and adjusted EBIT as defined in the revolving credit agreement are not intended to represent cash flow from operations as defined by GAAP and should not be considered as either an alternative to net income or to cash flow.

Computations of Adjusted EBITDA, Adjusted EBIT, Leverage Ratio and
Interest Coverage Ratio as Defined in Revolving Credit Agreement Along with Related Most
Restrictive Covenants
As of and for the Twelve Months Ended June 30, 2010 (In Thousands)

Computations of adjusted EBITDA and adjusted EBIT as defined in revolving credit agreement for the twelve months ended June 30, 2010:			
Net income	$	31,719	
Plus:			
After-tax losses related to discontinued operations		-	
Total income tax expense for continuing operations		16,212	
Interest expense		812	
Depreciation and amortization expense for continuing operations		42,207	
All non-cash losses and expenses, plus cash losses and expenses not to exceed $10,000, for continuing operations that are classified as unusual, extraordinary or which are related to plant shutdowns, asset impairments and/or restructurings (cash-related of $864)		2,329	
Charges related to stock option grants and awards accounted for under the fair value-based method		1,901	
Losses related to the application of the equity method of accounting		-	
Losses related to adjustments in the estimated fair value of assets accounted for under the fair value method of accounting		-	
Minus:			
After-tax income related to discontinued operations		-	
Total income tax benefits for continuing operations		-	
Interest income		(706	)
All non-cash gains and income, plus cash gains and income in excess of $10,000, for continuing operations that are classified as unusual, extraordinary or which are related to plant shutdowns, asset impairments and/or restructurings		-	
Income related to changes in estimates for stock option grants and awards accounted for under the fair value-based method		-	
Income related to the application of the equity method of accounting		(34	)
Income related to adjustments in the estimated fair value of assets accounted for under the fair value method of accounting		(5,100	)
Plus cash dividends declared on investments accounted for under the equity method of accounting		31	
Plus or minus, as applicable, pro forma EBITDA adjustments associated with acquisitions and asset dispositions		(1,703	)
Adjusted EBITDA as defined in revolving credit agreement		87,668	
Less: Depreciation and amortization expense for continuing operations (including pro forma for acquisitions and asset dispositions)		(42,207	)
Adjusted EBIT as defined in revolving credit agreement	$	45,461	
Shareholders' equity at June 30, 2010 as defined in revolving credit agreement	$	396,577	
Computations of leverage and interest coverage ratios as defined in revolving credit agreement:			
Leverage ratio (indebtedness-to-adjusted EBITDA)		.11	x
Interest coverage ratio (adjusted EBIT-to-interest expense)		55.99	x
Most restrictive covenants as defined in revolving credit agreement:			
Maximum permitted aggregate amount of dividends that can be paid by Tredegar during the term of the revolving credit agreement ($100,000 plus 50% of net income generated beginning January 1, 2010)	$	105,371	
Minimum adjusted shareholders' equity permitted ($300,000 plus 50% of net income generated, to the extent positive, beginning January 1, 2010)	$	305,371	
Maximum leverage ratio permitted:			
Ongoing		3.00	x
Pro forma for acquisitions		2.50	x
Minimum interest coverage ratio permitted		2.50	x

Noncompliance with any one or more of the debt covenants may have a material adverse effect on financial condition or liquidity in the event such noncompliance cannot be cured or should we be unable to obtain a waiver from the lenders. Renegotiation of the covenant(s) through an amendment to the credit agreement may effectively cure the noncompliance, but may have an effect on financial condition or liquidity depending upon how the covenant is renegotiated.

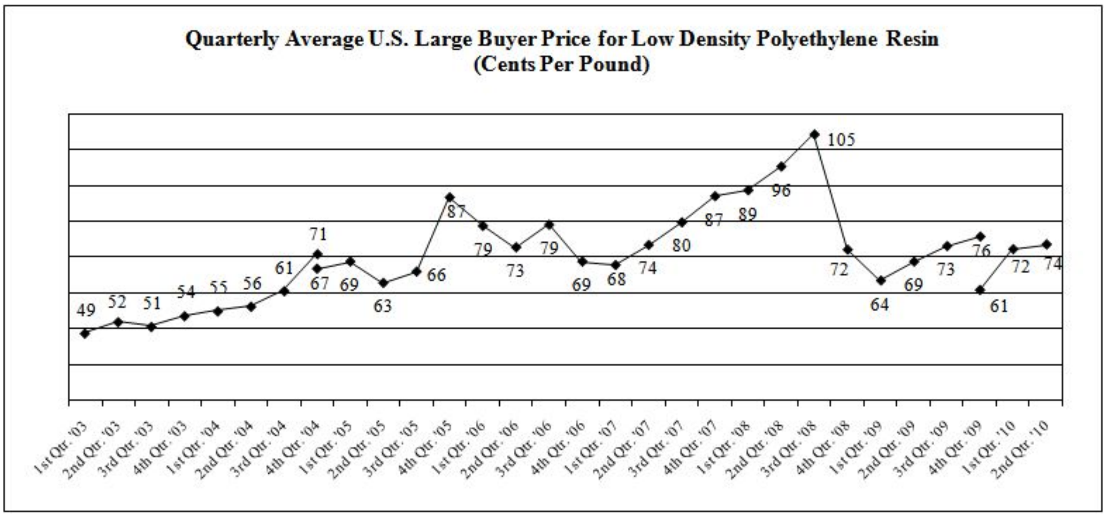
We believe that the borrowing availability under our revolving credit agreement, our current cash balances and our cash flow from operations will be sufficient to satisfy our working capital, capital expenditure and dividend requirements for the foreseeable future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Tredegar has exposure to the volatility of interest rates, polyethylene and polypropylene resin prices, aluminum ingot and scrap prices, energy prices, foreign currencies and emerging markets. See the liquidity and capital resources section beginning on page 26 regarding credit agreements and interest rate exposures.

Changes in resin prices, and the timing of those changes, could have a significant impact on profit margins in Film Products. Profit margins in Aluminum Extrusions are sensitive to fluctuations in aluminum ingot and scrap prices as well as natural gas prices (natural gas is the principal energy source used to operate our casting furnaces). There is no assurance of our ability to pass through higher raw material and energy costs to our customers.

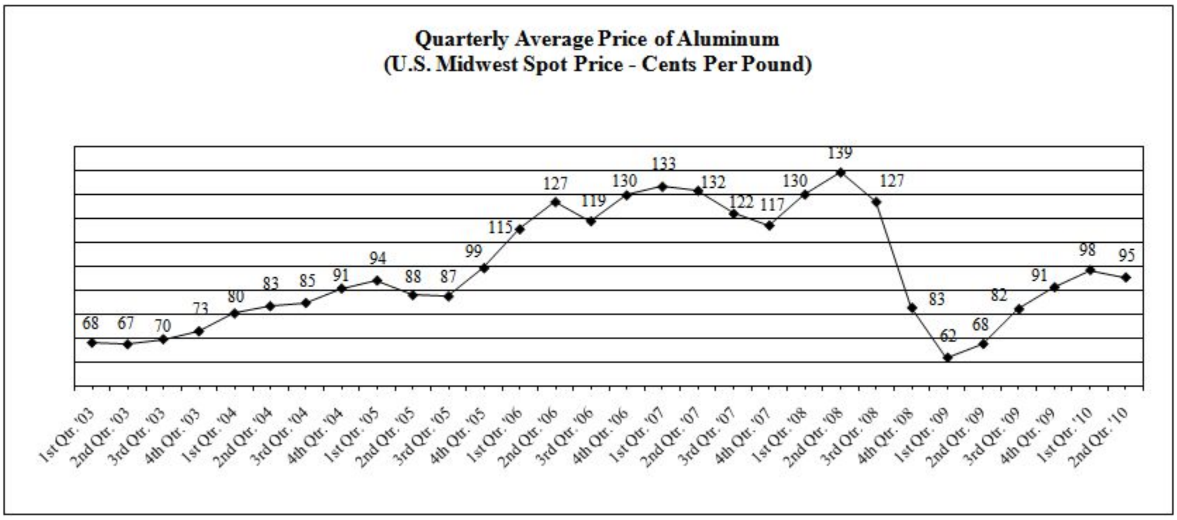
See the executive summary beginning on page 18 for discussion regarding the impact of the lag in the pass-through of resin price changes. The volatility of average quarterly prices of low density polyethylene resin in the U.S. (a primary raw material for Film Products) is shown in the chart below.



Source: Quarterly averages computed by Tredegar using monthly data provided by Chemical Data Inc. ("CDI"). In January 2005, CDI reflected a 4 cents per pound non-market adjustment based on their estimate of the growth of discounts over the 2000 to 2003 period. The 4th quarter 2004 average rate of 67 cents per pound is shown on a pro forma basis as if the non-market adjustment was made in October 2004. In January 2010, CDI reflected a 15 cents per pound non-market adjustment based on their estimate of the growth of discounts over the 2005 to 2009 period. The 4th quarter 2009 average rate of 61 cents per pound is shown on a pro forma basis as if the non-market adjustment was made in October 2009.

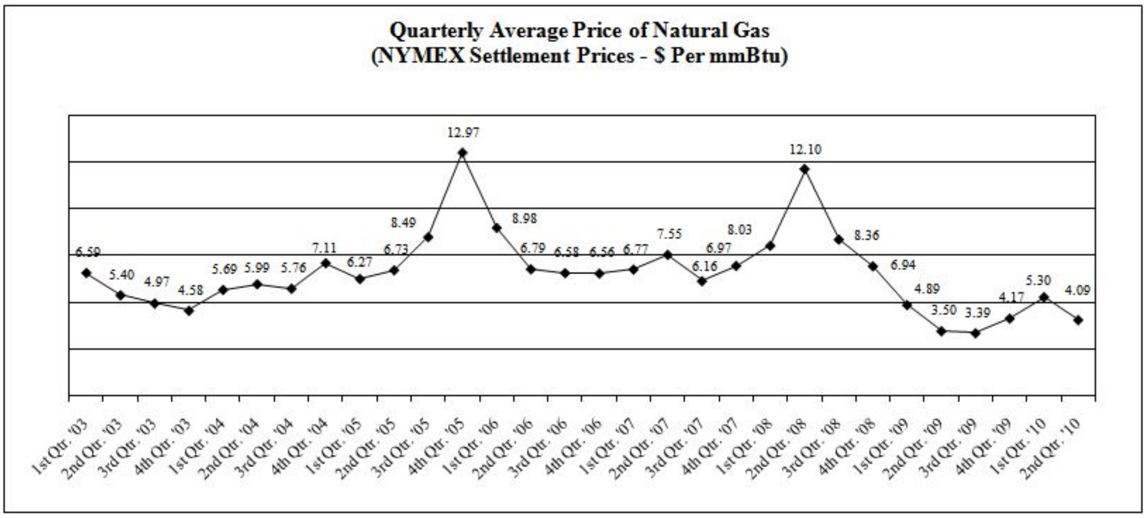
Resin prices in Europe, Asia and South America have exhibited similar trends. The price of resin is driven by several factors including supply and demand and the price of oil, ethylene and natural gas. To address fluctuating resin prices, Film Products has index-based pass-through raw material cost agreements 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.

In the normal course of business, we enter into fixed-price forward sales contracts with certain customers for the sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge our exposure to aluminum price volatility (see the chart below) under these fixed-price arrangements, which generally have a duration of not more than 12 months, we enter into a combination of forward purchase commitments and futures contracts to acquire or hedge aluminum, based on the scheduled deliveries.



Source: Quarterly averages computed by Tredegar using daily closing data provided by Bloomberg.

In Aluminum Extrusions, we hedge from time-to-time a portion of our exposure to natural gas price volatility by entering into fixed-price forward purchase contracts with our natural gas suppliers. We estimate that, in an unhedged situation, every $1 per mmBtu per month change in the market price of natural gas has a $70,000 impact on the monthly operating profit for our U.S. operations in Aluminum Extrusions. In September 2005, we announced an energy surcharge for our aluminum extrusions business in the U.S. to be applied when the NYMEX natural gas price is in excess of $8.85 per mmBtu.



Source: Quarterly averages computed by Tredegar using monthly NYMEX settlement prices.

We sell to customers in foreign markets through our foreign operations and through exports from U.S. plants. The percentage of net sales (sales less freight) for manufacturing operations related to foreign markets for the first six months of 2010 and 2009 are as follows:

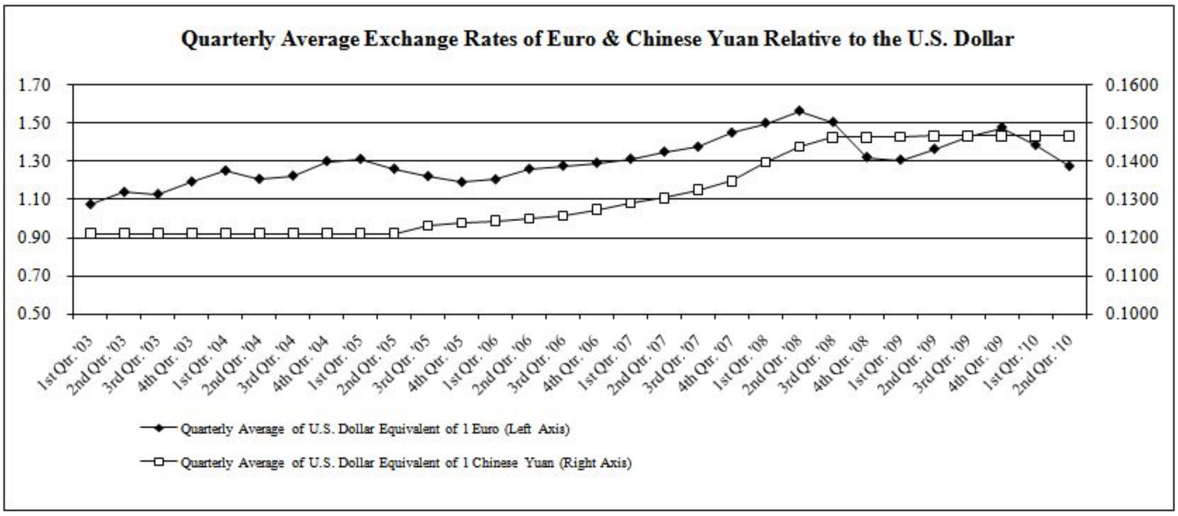
Percentage of Net Sales from Manufacturing Operations Related to Foreign Markets*								
	Six Months Ended June 30							
	2010				2009			
	Exports From U.S.		Foreign Operations		Exports From U.S.		Foreign Operations	
Canada	7	%	-	%	7	%	-	%
Europe	1		16		1		18	
Latin America	-		3		-		3	
Asia	9		5		5		6	
Total	17	%	24	%	13	%	27	%

* Based on consolidated net sales from manufacturing operations (excludes Bright View Technologies Corporation and Falling Springs, LLC).

We attempt to match the pricing and cost of our products in the same currency and generally view the volatility of foreign currencies (see trends for the Euro and Chinese Yuan in the chart below) and emerging markets, and the corresponding impact on earnings and cash flow, as part of the overall risk of operating in a global environment. Exports from the U.S. are generally denominated in U.S. Dollars. Our foreign currency exposure on income from foreign operations relates to the Euro, the Chinese Yuan, the Hungarian Forint and the Brazilian Real.

In Film Products, where we typically are able to match the currency of our sales and costs, we estimate that the change in value of foreign currencies relative to the U.S. Dollar had a positive impact on operating profit of approximately $303,000 in the second quarter of 2010 compared with the second quarter of 2009, and a negative impact of approximately $47,000 in the first six months of 2010 compared with the first six months of 2009.

Trends for the Euro and Chinese Yuan are shown in the chart below:



Source: Quarterly averages computed by Tredegar using daily closing data provided by Bloomberg.

Item 4. Controls and Procedures.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, we carried out an evaluation, with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summ arized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting during the quarter ended June 30, 2010, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

There are a number of risks and uncertainties that can have a material effect on the operating results of our businesses and our financial condition. These risk factors have not changed materially since the filing of our Annual Report on Form 10-K for the year ended December 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth the details of purchases of Common Stock under our publicly announced share repurchase program during the first half of 2010:

Period	Total Number of Shares Purchased	Average Price Paid Per Share Before Broker Commissions	Total Number of Shares Purchased Since Inception of Program (a)	Maximum Number of Shares at End of Period that May Yet be Purchased Under Program (a)
January 2010	201,600	$ 15.81	1,344,697	3,655,303
February 2010	548,900	16.48	1,893,597	3,106,403
March 2010	380,338	17.16	2,273,935	2,726,065
April 2010	171,630	17.20	2,445,565	2,554,435
May 2010	537,302	16.28	2,982,867	2,017,133
June 2010	284,930	16.28	3,267,797	1,732,203

(a) On January 7, 2008, our board of directors approved a share repurchase program authorizing management at its discretion to purchase, in the open market or in privately negotiated transactions, up to 5 million shares of our outstanding Common Stock.

Item 6. Exhibits.

Exhibit Nos.

31.1 Certification of Nancy M. Taylor, President and Chief Executive Officer of Tredegar Corporation, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Kevin A. O'Leary, Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) of Tredegar Corporation, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Nancy M. Taylor, President and Chief Executive Officer (Principal Executive Officer) of Tredegar Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Kevin A. O'Leary, Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) of Tredegar Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		Tredegar Corporation (Registrant)
Date:	August 4, 2010	/s/ Nancy M. Taylor Nancy M. Taylor President and Chief Executive Officer (Principal Executive Officer)
Date:	August 4, 2010	/s/ Kevin A. O'Leary Kevin A. O'Leary Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date:	August 4, 2010	/s/ Frasier W. Brickhouse, II Frasier W. Brickhouse, II Controller (Principal Accounting Officer)

EXHIBIT 31.1

Section 302 Certification

I, Nancy M. Taylor, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 of Tredegar Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

(5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2010

/s/ Nancy M. Taylor
Nancy M. Taylor
President and Chief Executive Officer

EXHIBIT 31.2

Section 302 Certification

I, Kevin A. O’Leary, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 of Tredegar Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting;

(5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2010

/s/ Kevin A. O’Leary
Kevin A. O’Leary
Vice President, Chief Financial Officer and
Treasurer(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Tredegar Corporation (the “Company”) for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nancy M. Taylor, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Nancy M. Taylor
Nancy M. Taylor
President and Chief Executive Officer
(Principal Executive Officer)
August 4, 2010

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Tredegar Corporation (the “Company”) for the period ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin A. O’Leary, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin A. O’Leary
Kevin A. O’Leary
Vice President, Chief Financial Officer and
Treasurer
(Principal Financial Officer)
August 4, 2010