SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997

OR

[ ] TRANSACTION 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 INDUSTRIES, INC.

(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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
COMMON STOCK	NEW YORK STOCK EXCHANGE
PREFERRED STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act: None

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 at least the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X].

Aggregate market value of voting stock held by non-affiliates of the registrant as of March 5, 1998:* $559,833,225.80

Number of shares of Common Stock outstanding as of March 5, 1998: 11,917,471

*In determining this figure, an aggregate of 3,970,197 shares of Common Stock beneficially owned by Floyd D. Gottwald, Jr., Bruce C. Gottwald, John D. Gottwald, William M. Gottwald and the members of their immediate families has been excluded because the shares are held by affiliates. The aggregate market value has been computed based on the closing price in the New York Stock Exchange Composite Transactions on March 5, 1998, as reported by the Wall Street Journal.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Tredegar Industries, Inc.'s Annual Report to Shareholders for the year ended December 31, 1997 (the "Annual Report"), are incorporated by reference into Parts I, II, and IV of this Form 10-K.

2. Portions of Tredegar Industries, Inc.'s definitive Proxy Statement for its 1998 Annual Meeting of Shareholders filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

FORM 10-K TABLE OF CONTENTS/CROSS-REFERENCE

*Items 11, 12 and 13 and portions of Item 10 are incorporated by reference from the Proxy Statement pursuant to instructions G(1) and G(3) of the General Instructions to Form 10-K.

Only those portions of the Annual Report to Shareholders referred to in the foregoing table of contents are to be deemed "filed" as part of this Form 10-K report.

The Securities and Exchange Commission has not approved or disapproved of this report or passed upon its accuracy or adequacy.

PART I

Item 1. BUSINESS

Description of Business

Tredegar Industries, Inc. ("Tredegar") is engaged directly or through subsidiaries in the manufacture of plastic films, vinyl extrusions and aluminum extrusions. Tredegar also has interests in a variety of technology-based businesses.

On January 14, 1998, Tredegar's Board of Directors authorized a "Dutch Auction" tender offer to purchase up to 1,250,000 shares of the company's common stock at a price ranging from $58 to $65 per share. The offer expired on February 13, 1998, and 502,924 shares were tendered and purchased by Tredegar for approximately $32.7 million or $65 per share. The purchase was funded by available cash.

The following discussion of Tredegar's business segments should be read in conjunction with the information contained on pages 20-22, 24-30 and 32-33 of the Annual Report referred to in Item 7 below.

Plastic Films and Vinyl Extrusions

Tredegar's plastics business is composed of the Film Products division ("Film Products") and Fiberlux, Inc. ("Fiberlux"). Film Products manufactures plastic films for disposable personal products (primarily feminine hygiene and diaper products) and packaging, medical, industrial and agricultural products. Fiberlux produces vinyl extrusions for windows and patio doors. These products are produced at various locations throughout the United States and are sold both directly and through distributors. Tredegar also has films plants located in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets. During 1998, Film Products expects to begin operating a production facility currently under construction near Guangzhou, China, and expects to begin construction of a production site in Eastern Europe. The Eastern European facility should be operational in 1999. Both sites will produce disposable permeable films for feminine hygiene products marketed in China and Eastern Europe, respectively. Film Products and Fiberlux compete in all of their markets on the basis of product quality, price and service.

Film Products

Film Products produces films for two major market categories: disposables and industrial.

Disposables. Film Products is one of the largest U.S. suppliers of embossed and permeable films for disposable personal products. In each of the last three years, this class of products accounted for more than 35% of Tredegar's consolidated revenues.

Film Products supplies permeable films for use as liners in feminine hygiene products, adult incontinent products and hospital underpads. Film Products also supplies embossed films and nonwoven film laminates for use as backsheet in such disposable products as baby diapers, adult incontinent products, feminine hygiene products and hospital underpads. Film Products' primary customer for permeable films, embossed films and nonwoven film laminates is The Procter & Gamble Company ("P&G"), the leading global disposable diaper manufacturer.

P&G and Tredegar have had a successful long-term relationship based on cooperation, product innovation and continuous process improvement. The loss or significant reduction of business associated with P&G would have a material adverse effect on Tredegar's business.

Industrial. Film Products produces coextruded and monolayer permeable films under the VisPore(R) name. These films are used to regulate fluid and vapor transmission in many industrial, medical, agricultural and packaging markets. Specific examples include filter plies for surgical masks and other medical applications, permeable ground cover, natural cheese mold release cloths and rubber bale wrap.

Film Products also produces differentially embossed monolayer and coextruded films. Some of these films are extruded in a Class 10,000 clean room and act as a disposable, protective coversheet for photopolymers used in the manufacture of circuit boards. Other films sold under the ULTRAMASK(R) name are used as masking films to protect polycarbonate, acrylics and glass from damage during fabrication, shipping and handling.

Film Products produces a line of oriented films for food packaging, in-mold labels and other applications under the name Monax(R) Plus. These are high-strength, high moisture barrier films that provide cost and source reduction benefits over competing packaging materials.

Raw Materials. The primary raw materials for films produced by Film Products are low-density and linear low-density polyethylene resins, which are obtained from domestic and foreign suppliers at competitive prices.

Tredegar's management believes there will be an adequate supply of polyethylene resins in the immediate future.

Research and Development. Film Products has a technical center in Terre Haute, Indiana, and holds 35 U.S. patents and 14 U.S. trademarks. Expenditures for research and development have averaged $4.7 million per year during the past three years.

Fiberlux

Fiberlux is a leading U.S. producer of rigid vinyl extrusions for windows and patio doors. Fiberlux products are sold to fabricators and directly to end users. The subsidiary's primary raw material, polyvinyl chloride resin, is purchased from producers in open market purchases and under contract. No critical shortages of polyvinyl chloride resins are expected.

Fiberlux holds one U.S. patent and three U.S. trademarks.

Aluminum Extrusions

Aluminum Extrusions is composed of The William L. Bonnell Company, Inc., Capitol Products Corporation, Bon L Campo Limited Partnership and Bon L Canada Inc. (together, "Aluminum Extrusions"), which produce soft alloy aluminum extrusions primarily for the building and construction, transportation, electrical and consumer durables markets. The net assets associated with Bon L Campo Limited Partnership and Bon L Canada Inc. were acquired in 1997 and 1998, respectively (see page 29 of the Annual Report for additional information).

Aluminum Extrusions manufactures plain, anodized and painted aluminum extrusions for sale directly to fabricators and distributors that use aluminum extrusions in the production of curtain walls, moldings, architectural shapes, running boards, tub and shower doors, boat windshields, window components, tractor-trailer shapes, ladders and furniture, among other products. Sales are made primarily in the United States, principally east of the Rocky Mountains. Sales are substantially affected by the strength of the building and construction industry, which accounts for the majority of product sales.

Raw materials for Aluminum Extrusions, consisting of aluminum ingot, aluminum scrap and various alloys, are purchased from domestic and foreign producers in open-market purchases and under short-term contracts. Tredegar does not expect critical shortages of aluminum or other required raw materials and supplies.

Aluminum Extrusions competes primarily on the basis of product quality, price and service.

Aluminum Extrusions holds two U.S. patents and nine U.S. trademarks.

Technology

Tredegar's technology interests include Molecumetics, Ltd. ("Molecumetics") and Tredegar Investments, Inc. See Note 6 on page 42 of the Annual Report for more information on Tredegar Investments, Inc. Also, see page 30 of the Annual Report regarding the sale of APPX Software, Inc. in early 1998.

Molecumetics, a subsidiary of Tredegar, operates its drug design research laboratory in Seattle, Washington, where it uses its patented chemistry to develop new drug candidates for licensing to pharmaceutical and biotech companies in exchange for up-front fees, research and development support payments, milestone-driven success payments and future royalties.

In 1997, Molecumetics signed research and marketing partnerships with two large Japanese pharmaceutical companies, Asahi Chemical Industry Co., Ltd. ("Asahi"), and Teijin Limited ("Teijin"). Both collaborations are aimed at developing therapeutics for treatment of blood-clotting disorders. Molecumetics is separately developing and optimizing drug lead compounds for each partner. In turn, Asahi and Teijin are responsible for preclinical and clinical development in Japan and other Asian countries. In each case, Molecumetics retains U.S. and European rights to any compounds developed under the agreement.

Molecumetics holds nine U.S. patents and three U.S. trademarks and Molecumetics has filed a number of other patent applications with respect to its technology. Businesses included in the Technology segment spent $7.2 million in 1997, $6.8 million in 1996 and $5.0 million in 1995 for research and development.

Miscellaneous

Patents, Licenses and Trademarks. Tredegar considers patents, licenses and trademarks to be of significance for Film Products and Molecumetics. Tredegar routinely applies for patents on significant developments with respect to all of its businesses. Patents owned by Tredegar and its subsidiaries have remaining terms ranging from 1 to 16 years. In addition, Tredegar has licenses under patents owned by third parties.

Research and Development. During 1997, 1996 and 1995, approximately $13.2 million, $11.1 million and $8.8 million, respectively, was spent on company-sponsored research and development activities in connection with the businesses of Tredegar and its subsidiaries.

Backlog. Backlogs are not material to Tredegar.

Government Regulation. Laws concerning the environment that affect or could affect Tredegar's domestic operations include, among others, the Clean Water Act, the Clean Air Act, the Resource Conservation Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), regulations promulgated under these acts, and any other federal, state or local laws or regulations governing environmental matters. The operations of Tredegar and its subsidiaries are in substantial compliance with all applicable laws, regulations and permits. In order to maintain substantial compliance with such standards, Tredegar may be required to incur expenditures, the amounts and timing of which are not presently determinable but which could be significant, in constructing new facilities or in modifying existing facilities.

From time to time the Environmental Protection Agency may identify Tredegar or one of its subsidiaries as a potentially responsible party with respect to a Superfund site under CERCLA. To date, Tredegar, indirectly, is potentially responsible with respect to three Superfund sites. As a result, Tredegar may be required to expend amounts on remedial investigations and actions at such Superfund sites. Responsible parties under CERCLA may be jointly and severally liable for costs at a site, although typically costs are allocated among the responsible parties.

In addition, Tredegar, indirectly, is potentially responsible for one New Jersey Spill Site Act location. Another New Jersey site is being investigated pursuant to the New Jersey Environmental Cleanup Responsibility Act.

Employees. Tredegar and its subsidiaries employed approximately 2,500 people at December 31, 1997 (approximately 2,900 people including the recent Aluminum Extrusions acquisition in Canada).

Item 2. PROPERTIES

General

Most of the improved real property and the other assets of Tredegar and its subsidiaries are owned, and none of the owned property is subject to an encumbrance that is material to the consolidated operations of Tredegar and its subsidiaries. Tredegar considers the condition of the plants, warehouses and other properties and assets owned or leased by Tredegar and its subsidiaries to be generally good. Tredegar also considers the geographical distribution of its plants to be well-suited to satisfying the needs of its customers.

Tredegar believes that the capacity of its plants are adequate for immediate needs of its businesses. Tredegar's plants generally have operated at 70-85 percent of capacity. Tredegar's corporate headquarters offices are located at 1100 Boulders Parkway, Richmond, Virginia 23225.

Tredegar has the following principal plants and facilities:

Film Products Locations	Principal Operations
Carbondale, Pennsylvania	Production of plastic films
LaGrange, Georgia	
Manchester, Iowa	
New Bern, North Carolina	
Tacoma, Washington (leased)	
Terre Haute, Indiana (2) (technical center and production facility)	
Guangzhou, China (leased)	
Kerkrade, the Netherlands	
San Juan, Argentina	
Sao Paulo, Brazil	

Fiberlux Locations	Principal Operations
Pawling, New York	Production of vinyl extrusions for
Purchase, New York (headquarters) (leased)	windows and patio doors

Aluminum Extrusions Locations	Principal Operations
Carthage, Tennessee	Production of aluminum
El Campo, Texas	extrusions, fabrication and finishing
Kentland, Indiana	
Newnan, Georgia	
Richmond Hill, Ontario	
Ste. Therese, Quebec	

Technology

Molecumetics leases its laboratory space in Bellevue, Washington. Tredegar Investments, Inc. leases office space in Seattle, Washington.

Item 3. LEGAL PROCEEDINGS

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

EXECUTIVE OFFICERS OF TREDEGAR

Set forth below are the names, ages and titles of the executive officers of Tredegar:

Name	Age	Title
John D. Gottwald	43	President and Chief Executive Officer
Norman A. Scher	60	Executive Vice President and Chief Financial Officer
Michael W. Giancaspro	43	Vice President, Corporate Development
Douglas R. Monk	52	Vice President and President, Aluminum Extrusions
Anthony J. Rinaldi	60	Vice President and President, Film Products
Frederick P. Woods	53	Vice President, Personnel

Except as described below, each of these officers has served in such capacity since July 10, 1989. Each will hold office until his successor is elected or until his earlier removal or resignation.

Michael W. Giancaspro. Mr. Giancaspro served as Director of Corporate Planning from March 31, 1989, until February 27, 1992, when he was elected Vice President, Corporate Planning. On January 1, 1998, his position was changed to Vice President, Corporate Development.

Douglas R. Monk. Mr. Monk was elected Vice President on August 29, 1994. Mr. Monk has served as President of The William L. Bonnell Company, Inc. and Capitol Products Corporation since February 23, 1993. He also served as Director of Operations of Tredegar's Aluminum Division.

Anthony J. Rinaldi. Mr. Rinaldi was elected Vice President on February 27, 1992. Mr. Rinaldi has served as General Manager of Tredegar Film Products since July 1, 1991 and as President of Film Products since April 23, 1993. During 1991, he also served as Managing Director of European operations. Mr. Rinaldi served as Director of Sales and Marketing for Tredegar Film Products from July 10, 1989 to June, 1991.

Frederick P. Woods. Mr. Woods served as Vice President, Employee Relations from July 10, 1989 until December, 1993, when his position was changed to Vice President, Personnel.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information contained on page 51 of the Annual Report under the captions "Dividend Information," "Stock Listing" and "Market Prices of Common Stock and Shareholder Data" is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The information for the eight years ended December 31, 1997, contained in the "Eight-Year Summary" on pages 18 and 19 of the Annual Report is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The textual and tabular information concerning the years 1997, 1996 and 1995 contained on pages 20-22, 24-30, 32 and 33 of the Annual Report is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Tredegar has exposure, among others, to the volatility of polyethylene resin prices, aluminum ingot and scrap prices, foreign currencies, emerging markets, interest rates and technology stocks. Changes in resin prices, and the timing thereof, could have a significant impact on profit margins in Film Products; however, such changes are generally followed by a corresponding change in selling prices. Profit margins in Aluminum Extrusions are sensitive to fluctuations in aluminum ingot and scrap prices but are also generally followed by a corresponding change in selling prices; however, there is no assurance that higher ingot costs can be passed along to customers.

In the normal course of business, Tredegar enters 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 its exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than 12 months, the company enters into a combination of forward purchase commitments and futures contracts to acquire aluminum, based on the scheduled deliveries. For further information, see Note 5 on page 41 of the Annual Report.

Tredegar sells to customers in foreign markets through its foreign operations and through export sales from its plants in the U.S. Tredegar estimates that approximately $28.5 million or 38.5% of its 1997 consolidated pretax income (excluding unusual items and technology-related net investment gains) relates to such sales, of which (i) $16.6 million relates to income generated from sales and costs denominated in, or indexed to, U.S. Dollars (primarily export sales out of the U.S. to the Far East and Latin America), (ii) $7.9 million relates to income generated from sales and costs primarily denominated in German Marks and Dutch Guilders, and (iii) $4 million relates to income generated from sales and costs denominated in the currencies of Brazil and Argentina. Generally, Tredegar views the volatility of foreign currencies and emerging markets as part of the overall risk of operating in such environments and, accordingly, adjusts the required rate of return on such investments.

At December 31, 1997, Tredegar was underleveraged with cash and cash equivalents of $120.1 million (approximately $58 million on a pro forma basis including the recent "Dutch Auction" tender offer and the recent acquisition of two aluminum extrusion and fabrication plants in Canada) and debt of only $30 million. Debt outstanding consisted of a note with interest payable semi-annually at 7.2% per year. Annual principal payments of $5 million are due each June through 2003. Tredegar also has a revolving credit facility that permits borrowings of up to $275 million (no amounts borrowed at December 31, 1997). The facility matures on July 9, 2002, with an annual extension of one year permitted subject to the approval of participating banks. See Note 9 on page 43 of the Annual Report for further information on debt and credit agreements. Tredegar expects that with future acquisitions, capital expenditures, investments, stock repurchases and dividends, its net debt-to-net capitalization ratio would generally range from 30% to 50%. In such situation, Tredegar anticipates that its floating-rate debt would comprise about 50% of its total debt.

Tredegar has investments in private venture capital fund limited partnerships and early-stage technology companies, including the stock of privately held companies and the restricted and unrestricted stock of companies that have recently registered shares in initial public offerings. Investments in non-public companies are illiquid and the investments in public companies are subject to the volatility of equity markets and technology stocks. For further information, see Note 6 on page 42 of the Annual Report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements contained on pages 35-38, the notes to financial statements contained on pages 39-50, the report of independent accountants on page 34, and the information under the caption "Selected Quarterly Financial Data (Unaudited)" on page 31 and related notes on page 32-33 of the Annual Report are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained on pages 2-4 of the Proxy Statement under the caption "Election of Directors" concerning directors and persons nominated to become directors of Tredegar is incorporated herein by reference. See "Executive Officers of Tredegar" at the end of Part I above for information about the executive officers of Tredegar.

The information contained on pages 4-7 of the Proxy Statement under the caption "Stock Ownership" is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information contained on pages 7-15 of the Proxy Statement under the caption "Compensation of Executive Officers and Directors" concerning executive compensation is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained on pages 4-7 of the Proxy Statement under the caption "Stock Ownership" is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents:

(1) Financial statements - the following consolidated financial statements of the registrant are included on pages 34 - 50 in the Annual Report and are incorporated herein by reference in Item 8.

Report of independent accountants.

Consolidated balance sheets as of December 31, 1997 and 1996.

Consolidated statements of income, cash flows and shareholders' equity for the years ended December 31, 1997, 1996 and 1995.

Notes to financial statements.

(2) None.

(3) Exhibits

3.1 Amended and Restated Articles of Incorporation of Tredegar (filed as Exhibit 3.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

3.2 Amended By-laws of Tredegar (filed as Exhibit 3 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and incorporated herein by reference)

4.1 Form of Common Stock Certificate (filed as Exhibit 4.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

4.2 Rights Agreement dated as of June 15, 1989, between Tredegar and NationsBank of Virginia, N.A. (formerly Sovran Bank, N.A.), as Rights Agent (filed as Exhibit 4.4 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

4.2.1 Amendment and Substitution Agreement (Rights Agreement) dated as of July 1, 1992, by and among Tredegar, NationsBank of Virginia, N.A. (formerly Sovran Bank, N.A.) and American Stock Transfer & Trust Company (filed as Exhibit 4.2.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1992, and incorporated herein by reference)

4.3 Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, and incorporated herein by reference)

4.3.1	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.3.2	First Amendment to Loan Agreement dated as of October 31, 1997 between Tredegar and Metropolitan Life Insurance Company (filed herewith)
4.4	Revolving Credit Facility Agreement dated as of July 9, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and incorporated herein by reference)
4.4.1	First Amendment to Revolving Credit Facility Agreement dated as of October 31, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed herewith)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl Corporation ("Ethyl") (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.5	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.6	Tredegar 1989 Incentive tock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 Registration Statement No. 33-64647, and incorporated herein by reference)
*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
*10.10	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)

*10.11	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan(filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. 1996 Incentive Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference)
*10.14	Consulting Agreement made as of March 31, 1996 between Tredegar and Richard W. Goodrum (filed herewith)
*10.14.1	First Amendment to Consulting Agreement made as of July 1, 1997 between Tredegar and Richard W. Goodrum (filed herewith)
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1997 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

*The marked items are management contracts or compensatory plans, contracts or arrangements required to be filed as exhibits to this Form 10-K.

(b) Reports on Form 8-K

None

(c) Exhibits

The response to this portion of Item 14 is submitted as a separate section of this report.

(d) Financial Statement Schedules

None

Note 1. With the exception of the information incorporated in this Form 10-K by reference thereto, the Annual Report shall not be deemed "filed" as a part of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 INDUSTRIES, INC.
(Registrant)

Dated: February 25, 1998

By /s/ John D. Gottwald

John D. Gottwald
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 1998.

Signature	Title
/s/ John D. Gottwald (John D. Gottwald)	President (Principal Executive Officer and Director)
/s/ N. A. Scher (Norman A. Scher)	Executive Vice President and Director (Principal Financial Officer)
/s/ D. Andrew Edwards (D. Andrew Edwards)	Treasurer and Corporate Controller (Principal Accounting Officer)
/s/ Austin Brockenbrough, III (Austin Brockenbrough, III)	Director
/s/ Phyllis Cothran (Phyllis Cothran)	Director
/s/ R. W. Goodrum (Richard W. Goodrum)	Director

/s/ Floyd D. Gottwald, Jr. (Floyd D. Gottwald, Jr.)	Director
/s/ William M. Gottwald (William M. Gottwald)	Director
/s/ Andre B. Lacy (Andre B. Lacy)	Director
/s/ Richard L. Morrill (Richard L. Morrill)	Director
/s/ Emmett J. Rice (Emmett J. Rice)	Director

EXHIBIT INDEX

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4.2.1	Amendment and Substitution Agreement (Rights Agreement) dated as of July 1, 1992, by and among Tredegar, NationsBank of Virginia, N.A. (formerly Sovran Bank, N.A.) and American Stock Transfer & Trust Company (filed as Exhibit 4.2.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1992, and incorporated herein by reference)
4.3	Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, and incorporated herein by reference)
4.3.1	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.3.2	First Amendment to Loan Agreement dated as of October 31, 1997 between Tredegar and Metropolitan Life Insurance Company (filed herewith)
4.4	Revolving Credit Facility Agreement dated as of July 9, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and incorporated herein by reference)
4.4.1	First Amendment to Revolving Credit Facility Agreement dated as of October 31, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed herewith)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.5	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.6	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 Registration Statement No. 33-64647, and incorporated herein by reference)
*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
*10.10	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12

to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)

*10.11	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. 1996 Incentive Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference)
*10.14	Consulting Agreement made as of March 31, 1996 between Tredegar and Richard W. Goodrum (filed herewith)
*10.14.1	First Amendment to Consulting Agreement made as of July 1, 1997 between Tredegar and Richard W. Goodrum (filed herewith)
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1997 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

*The marked items are management contracts or compensatory plans, contracts or arrangements required to be filed as exhibits to this Form 10-K.

Note 1. With the exception of the information incorporated in this Form 10-K by reference thereto, the Annual Report shall not be deemed "filed" as a part of Form 10-K.

Exhibit 4.3.2

FIRST AMENDMENT, dated as of October 31, 1997, to the Loan Agreement dated June 16, 1993 (the "Agreement"), between TREDEGAR INDUSTRIES, INC., a Virginia corporation (the "Company"); and METROPOLITAN LIFE INSURANCE COMPANY ("MetLife").

A. The parties hereto have agreed, subject to the terms and conditions hereof, to amend the 7.20% Senior Promissory Notes due June 16, 2003 (the "Notes") issued pursuant to the Agreement as provided herein.

B. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Notes.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Section 6 of the Notes is hereby amended to add the following in appropriate alphabetical order:

"Internal Financing Subsidiary" shall mean any Subsidiary (i) of which securities or other ownership interests representing 100% of the equity or 100% of the ordinary voting power are, at the time any determination is made, owned, controlled or held, directly or indirectly, by the Company, and (ii) that has no outstanding Indebtedness to any person other than the Company or any Wholly-owned Subsidiary.

"Internal Financing Transaction" shall mean any incurrence of Indebtedness or other obligations by any Wholly-owned Subsidiary in favor of an Internal Financing Subsidiary, any transfer of assets or liabilities or other transactions between an Internal Financing Subsidiary and the Company or any Wholly-owned Subsidiary, or any other transaction reasonably related to the foregoing; provided, however, that in connection therewith neither the Company nor any Wholly-owned Subsidiary shall incur any Indebtedness or transfer any assets to any person other than the Company or another Wholly-owned Subsidiary.

SECTION 2. Clause (ii) of Section 4.03 of the Notes is hereby amended to read in its entirety as follows:

"(ii) create, assume, incur, Guarantee or suffer to exist any Indebtedness, except:

(a) all Indebtedness secured by the Liens permitted pursuant to Section 4.01;

(b) additional Indebtedness constituting not more than 10% of Consolidated Stockholders' Equity at any time;

(c) Indebtedness to the Company incurred by the Subsidiaries in the ordinary course of business;

(d) Indebtedness incurred in connection with Internal Financing Transactions; and

(e) extensions, renewals or replacements of any Indebtedness permitted by the foregoing clause (a) and (b) of this subparagraph, provided however, that there is no increase in the principal amount of the Indebtedness then secured or evidenced thereby. "

SECTION 3. Section 4.06 of the Notes is hereby amended to add "(i) " immediately before "(a) " and to add immediately prior to the period at the end of such Section the following:

", or (ii) such sale, transfer or disposition is an Internal Financing Transaction"

SECTION 4. Clause (a) of the proviso in Section 4.07 of the Notes is hereby amended to read in its entirety as follows:

"(a) any Subsidiary may declare and pay dividends or make other distributions to the Company, and any Internal Financing Subsidiary may declare and pay dividends or make other distributions to the Company or other Wholly-owned Subsidiaries, "

SECTION 5. Except as amended hereby, the Agreement and the Notes shall continue in full force and effect in accordance with their respective terms.

SECTION 6. Notwithstanding anything to the contrary contained herein, this First Amendment shall not become effective unless and until (i) all other lenders to the Company shall have executed amendments to the applicable loan agreements that have effects substantially similar hereto, and (ii) the Company shall have paid or otherwise provided to MetLife, on a proportionate basis, any consideration, whether consisting of additional interest, fee, collateral security or otherwise, which it has paid or provided to any other lender as consideration for or as an inducement to the entering into of an amendment similar hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed by their duly authorized officers, all as of the date first above written.

TREDEGAR INDUSTRIES, INC.

By: /s/ N. A. Scher

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ James R. Dingler

Exhibit 4.4.1

[EXECUTION COPY]

FIRST AMENDMENT dated as of October 31, 1997 (this "Amendment"), to the Revolving Credit Facility Agreement dated as of July 9, 1997, among TREDEGAR INDUSTRIES, INC., a Virginia corporation (the "Company"), the banks listed in Schedule 2.01 thereof or subsequently becoming parties thereto as provided therein (the "Banks"); THE CHASE MANHATTAN BANK, a New York banking corporation, as Administrative Agent (the "Administrative Agent"), NATIONSBANK, N.A., a national banking association, as Documentation Agent (the "Documentation Agent") and LONG-TERM CREDIT BANK OF JAPAN, LIMITED, as Co-Agent (the "Co-Agent" and together with the Administrative Agent and the Documentation Agent, the "Agents").

W I T N E S S E T H:

WHEREAS, the Company, the Banks and the Agents are parties to a Revolving Credit Facility Agreement, dated as of July 9, 1997 (the "Existing Credit Agreement");

WHEREAS, the Company has requested that the Banks amend the Existing Credit Agreement in certain respects; and

WHEREAS, the Banks have agreed, subject to the terms and conditions hereinafter set forth, to amend the Existing Credit Agreement in certain respects as provided below (the Existing Credit Agreement, as so amended by this Amendment, being referred to as the "Agreement";

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Definitions. The following terms (whether or not underscored) when used in this Amendment shall have the following meanings (such meanings to be equally applicable to the singular and plural form thereof):

"Administrative Agent" is defined in the preamble.

"Agreement" is defined in the third recital.

"Amendment" is defined in the preamble.

"Amendment Effective Date" is defined in Section 3.1.

"Banks" is defined in the preamble.

"Co-Agent" is defined in the preamble.

"Company" is defined in the preamble.

"Documentation Agent" is defined in the preamble.

"Existing Credit Agreement" is defined in the first recital.

SECTION I.2. Use of Defined Terms. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the Existing Credit Agreement shall have such meanings when used in this Amendment.

ARTICLE II

AMENDMENTS, WAIVERS AND MODIFICATIONS OF EXISTING CREDIT AGREEMENT AS OF THE AMENDMENT EFFECTIVE DATE

Effective on (and subject to the occurrence of) the Amendment Effective Date, the provisions of the Existing Credit Agreement referred to below are hereby amended, waived and/or modified in accordance with this Article II. Except as expressly so amended, waived and/or modified, the Agreement shall continue in full force and effect in accordance with its terms.

SECTION 2.1. Section 1.01 of the Agreement is hereby amended to add the following definitions:

> ""Internal Financing Subsidiary" shall mean any Subsidiary (i) of which securities or other ownership interests representing 100% of the equity or 100% of the ordinary voting power are, at the time any determination is made, owned, controlled or held, directly or indirectly, by the Company, and (ii) which has no outstanding Indebtedness to any Person other than the Company or another wholly-owned Subsidiary.
>
> "Internal Financing Transaction" shall mean any incurrence of Indebtedness or other obligations by any wholly-owned Subsidiary in favor of an Internal Financing Subsidiary, any transfer of assets or liabilities or other transactions between an Internal Financing Subsidiary and the Company or any wholly-owned Subsidiary, or any other transaction reasonably related to the foregoing; provided, however,

that in connection therewith neither the Company nor any wholly-owned Subsidiary shall incur any Indebtedness or transfer any assets to any Person other than the Company or another wholly-owned Subsidiary."

SECTION 2.2. Section 6.03 of the Agreement is hereby amended to read in its entirety as follows:

"Obligations of Subsidiaries. Permit the Subsidiaries to incur Indebtedness, except for:

(a) Indebtedness to the Company incurred by the Subsidiaries in the ordinary course of business;

(b) Indebtedness incurred in connection with Internal Financing Transactions; and

(c) Indebtedness which in the aggregate for all the Subsidiaries, exclusive of Indebtedness incurred in connection with Internal Financing Transactions to the Company or other wholly-owned Subsidiaries, constitutes not more than 10% of Consolidated Stockholders' Equity at any time. "

SECTION 2.3. Section 6.04 of the Agreement is hereby amended to delete the period at the end of subsection (c), substituting therefor the phrase ";and" and to add clause (d) as follows:

"(d) any Internal Financing Transaction"

SECTION 2.4. Clause (a) of Section 6.05 of the Agreement is hereby amended to read in its entirety as follows:

"(a) any Subsidiary may declare and pay dividends or make other distributions to the Company, and any Internal Financing Subsidiary may declare and pay dividends or make other distributions to the Company or other wholly-owned Subsidiaries and"

SECTION 2.5. Section 6.06 of the Agreement is hereby amended to read in its entirety as follows:

"Transactions with Affiliates. Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that as long as no Default or Event of Default shall have occurred and be continuing, the Company or any Subsidiary may engage in any of the foregoing transactions (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's length basis from unrelated third parties, or (b) in connection with Internal Financing Transactions."

ARTICLE III

CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Amendment Effective Date. This Amendment shall become effective as of the date first above written when the Administrative Agent shall have received counterparts of this Amendment duly executed by the Company, the Administrative Agent and the Required Banks (the "Amendment Effective Date").

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. Cross References. References in this Amendment to any article or section are, unless otherwise specified, to such article or section of this Amendment.

SECTION 4.2. Loan Document Pursuant to Agreement. This Amendment is a Loan Document executed pursuant to the Agreement and shall be construed, administered and applied in accordance with all of the terms and provisions of the Agreement.

SECTION 4.3. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 4.4. Counterparts. This Amendment may be executed by the parties hereto in several counterparts each of which when executed and delivered shall be deemed to be an original and which shall constitute together but one and the same agreement.

SECTION 4.5. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date first written above.

TREDEGAR INDUSTRIES, INC.

By: /s/ N. A. Scher
Name: Norman Scher
Title: Executive Vice President and CFO

THE CHASE MANHATTAN BANK,
individually and as Administrative Agent

By /s/ Stephanie Parker
Name: Stephanie Parker
Title: Assistant Vice President

NATIONSBANK, N.A., individually and
as Documentation Agent

By: /s/ E. Turner Coggin
Name: E. Turner Coggin
Title: Senior Vice President

LONG-TERM CREDIT BANK OF JAPAN, LIMITED,
individually and as Co-Agent

By: /s/ Philip A. Marsden
Name: Philip A. Marsden
Title: Senior Vice President

BANKS

THE BANK OF NOVA SCOTIA

By: /s/ James R. Trimble
Name: James R. Trimble
Title: Senior Relationship Manager

THE BANK OF NEW YORK

By: /s/ John V. Yancey
Name: John V. Yancey
Title: VP - Division Head

CENTRAL FIDELITY NATIONAL BANK

By: /s/ Harry A. Turton, Jr.
Name: Harry A. Turton, Jr.
Title: Vice President

CRESTAR BANK

By: /s/ Christopher B. Werner
Name: Christopher B. Werner
Title: Vice President

FIRST UNION NATIONAL BANK

By: /s/ Carrie H. McAllister
Name: Carrie H. McAllister
Title: Assistant Vice President

MELLON BANK

By: /s/ Dwayne R. Finney
Name: Dwayne R. Finney
Title: Assistant Vice President

SIGNET BANK

By: /s/ J. Charles Link
Name: J. Charles Link
Title: Senior Vice President

SOCIETE GENERALE

By: /s/ Ralph Saheb
Name: Ralph Saheb
Title: Vice President

THE SUMITOMO BANK, LIMITED
NEW YORK BRANCH

By: /s/ John C. Kissinger
Name: John C. Kissinger
Title: Joint General Manager

WACHOVIA BANK, N.A.

By: /s/ Michael H. Trainor
Name: Michael H. Trainor
Title: Assistant Vice President

Exhibit 10.14

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is made and entered into as of the 31st day of March, 1996, by and between Tredegar Industries, Inc., a Virginia corporation, 1100 Boulders Parkway, Richmond, Virginia (hereinafter called "Tredegar"), and Richard W. Goodrum, an individual residing at 12830 River Hills Drive, Midlothian, Virginia (hereinafter called "Goodrum").

W I T N E S S E T H:

WHEREAS, Goodrum intends to retire as an employee of Tredegar effective on March 31, 1996;

WHEREAS, Goodrum has had significant experience with Tredegar's businesses and operations, including serving as a member of its Executive Committee and Management Committee.

WHEREAS, Tredegar desires to obtain the benefit of such experience by retaining the consulting services of Goodrum; and

WHEREAS, Goodrum has agreed to continue as a member of Tredegar's Board of Directors, Executive Committee and Management Committee.

NOW THEREFORE, the parties hereto mutually agree as follows:

1. Tredegar hereby retains Goodrum as a consultant, to remain generally familiar with the affairs of Tredegar and its subsidiaries and to make himself available for advice, meetings and consultation (by telephone or in person) from time to time as reasonably requested.

2. During the term of this Agreement, Goodrum agrees to serve as a member of Tredegar's Executive Committee and Management Committee for such period as may be requested by Tredegar.

3. Goodrum agrees to make a quarterly visit to Tredegar Film Products' Terre Haute technical facility. Upon the request of Tredegar, Goodrum agrees to visit other locations of Tredegar or its subsidiaries to provide special advice on operational and other matters.

4. Goodrum agrees to perform such other special projects for Tredegar and its subsidiaries as may be reasonably requested by Tredegar.

5. Throughout the term of this Agreement, Goodrum will devote his best efforts in the interest of Tredegar in the performance of such services as he may be reasonably requested to provide hereunder.

6. Goodrum agrees to keep himself generally informed regarding Tredegar's affairs, particularly such operational matters as may be designated from time to time by Tredegar.

7. Tredegar agrees to provide Goodrum with office space, limited secretarial assistance and access to business publications and internal documents so as to enable Goodrum to be effective.

8. For the services rendered hereunder by Goodrum (including his service as a member of Tredegar's Executive Committee and Management Committee), Tredegar shall pay Goodrum and Goodrum hereby accepts as full compensation therefor the annual amount of $25,000, which payments will be made in quarterly installments in advance and prorated for any partial year.

9. Tredegar will reimburse Goodrum for his reasonable traveling and miscellaneous expenses incurred in the performance of his services hereunder, provided that such expenses shall be approved by another member of Tredegar's Executive Committee.

10. During the term of this Agreement, Goodrum shall be deemed for all purposes an independent contractor and not an "employee" of Tredegar.

11. Any and all inventions, discoveries, improvements, ideas, processes, methods, formulae and modifications (collectively, "Inventions") made or conceived by Goodrum during the term of this Agreement as the direct or indirect result of the services rendered hereunder that relate to the actual or anticipated business of the Company shall become the absolute property of Tredegar, and Goodrum will promptly disclose to Tredegar and upon its request assign to it such Inventions without further compensation or remuneration. Goodrum agrees to execute from time to time, during or after the term hereof, such documents as Tredegar may consider necessary to evidence Tredegar's ownership of such Inventions.

12. Goodrum agrees that he will not during or after the term of this Agreement disclose to anyone other than the officers and duly authorized employees and representatives of Tredegar, except with the written permission of Tredegar, any unpublished knowledge or information that may be obtained by him from Tredegar or from others in the course of his duties hereunder with respect to the conduct and details of the business or the processes, formulae, compounds, equipment, machinery, appliances, "know-how" and arts used or usable by Tredegar in its business, in its research and development activities, or any business contemplated by Tredegar, or any other unpublished knowledge or information so obtained of whatever character.

13. During the term of this Agreement, Goodrum agrees that he will not act on behalf of any other party on matters involving use of information obtained from Tredegar or involving any conflict with work performed for Tredegar.

14. The initial term of this Agreement shall be the one-year period commencing on April 1, 1996 (the "Initial Term"), and this Agreement shall automatically renew for additional successive one-year terms unless one of the parties hereto provides the other party with notice of its intent to terminate this Agreement at least thirty (30) days prior to expiration of the then current term of the Agreement. Notwithstanding the foregoing, this Agreement shall terminate upon Goodrum's death, and, at the option of Tredegar, this Agreement may be terminated upon sixty (60) days prior written notice to Goodrum in the event of Goodrum's disability, if Tredegar determines in good faith that such disability renders Goodrum substantially unable to perform services requested hereunder. Goodrum's obligations set forth in paragraphs 11 and 12 above shall survive the termination of this Agreement.

15. Due to the personal nature of this Agreement as it pertains to Goodrum, his duties and interests shall not be assignable or transferable without the prior written consent of Tredegar.

16. There are no other agreements or understandings, verbal or in writing, between the parties hereto regarding the subject matter of this Agreement or any part thereof.

17. This Agreement shall be construed and interpreted under the laws of Virginia.

IN WITNESS WHEREOF, Tredegar Industries, Inc. has caused this instrument to be signed in its name by its duly authorized officer and Richard W. Goodrum has hereunto set his hand, all as of the day and year first above written.

TREDEGAR INDUSTRIES, INC.

By /s/ John D. Gottwald
John D. Gottwald
President

/s/ Richard W. Goodrum
Richard W. Goodrum

Exhibit 10.14.1

FIRST AMENDMENT TO CONSULTING AGREEMENT

THIS FIRST AMENDMENT TO CONSULTING AGREEMENT is made and entered into as of the 1st day of July, 1997, by and between Tredegar Industries, Inc., a Virginia corporation, 1100 Boulders Parkway, Richmond, Virginia (hereinafter called "Tredegar"), and Richard W. Goodrum, an individual residing at 12830 River Hills Drive, Midlothian, Virginia (hereinafter called "Goodrum").

W I T N E S S E T H:

WHEREAS, Tredegar and Goodrum have previously entered into that certain Consulting Agreement dated as of March 31, 1996 (the "Consulting Agreement");

WHEREAS, Tredegar and Goodrum desire to amend the Consulting Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt of which is acknowledged, Tredegar and Goodrum agree as follows:

1. Capitalized terms not defined herein shall have the same meanings as set forth in the Consulting Agreement.

2. Section 8 of the Agreement is hereby amended by deleting it in its entirety and substituting therefor the following language:

> For the services rendered hereunder by Goodrum (including his service as a member of Tredegar's Executive Committee and Management Committee), Tredegar shall pay Goodrum and Goodrum hereby accepts as full compensation therefor the annual amount of $30,000, which payments will be made in quarterly installments in advance and prorated for any partial year.

IN WITNESS WHEREOF, Tredegar Industries, Inc. has caused this instrument to be signed in its name by its duly authorized officer and Richard W. Goodrum has hereunto set his hand, all as of the day and year first above written.

TREDEGAR INDUSTRIES, INC.

By /s/ John D. Gottwald
John D. Gottwald
President

/s/ Richard W. Goodrum
Richard W. Goodrum

FINANCIAL SUMMARY

Years Ended December 31 (In thousands, except per-share amounts)	1997	1996	% Increase (Decrease)
Net income:			
Manufacturing and research operations	$ 48,124	$35,187	37
Technology-related net investment gains (a)	8,882	1,369	549
Unusual items (a)	1,440	8,479	(83)
Net income	58,446	45,035	30
Diluted earnings per share:			
Manufacturing and research operations	3.65	2.69	36
Technology-related net investment gains (a)	.67	.10	570
Unusual items (a)	.11	.65	(83)
Net income	4.43	3.44	29
Ongoing operations (b):			
Net sales	581,004	489,040	19
EBITDA (c)	89,443	71,914	24
Technology-related net investment gains (pre-tax) (a)	13,880	2,139	549
Depreciation and amortization	18,414	18,507	(1)
Capital expenditures	22,655	22,698	-
Research and development expenses	13,170	11,066	19
Financial position and other data (d):			
Cash and cash equivalents	120,065	101,261	19
Debt outstanding	30,000	35,000	(14)
Shareholders' equity	272,546	212,545	28
Credit available under revolving credit facility	275,000	275,000	-
Shares outstanding at end of period	12,371	12,238	1
Shares used to compute diluted earnings per share	13,178	13,105	1
Dividends per share	.34	.26	31
Equity per share	22.03	17.37	27
Closing market price per share:			
High	73.94	45.38	
Low	37.63	20.50	
End of year	65.88	40.13	
Total return to shareholders	65.0%	87.8%	

(a) See Note 6 on page 42 for information on Tredegar's technology-related investment activities. See page 24 for an explanation of unusual items.

(b) Ongoing operations exclude Molded Products and Brudi, which were divested in 1996. See Note 18 on page 49 for further information regarding divested operations.

(c) EBITDA is earnings before interest, taxes, depreciation, amortization, unusual items, technology-related investment gains and losses, and divested operations. See Note (p) on page 32 for further explanation.

(d) See Note 19 on page 50 for recent events affecting financial position.

FINANCIAL REVIEW

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EIGHT-YEAR SUMMARY

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31	1997	1996
(In thousands, except per-share data)		
Results of Operations (a)(b)(c):		
Net sales	$581,004	$523,551
Other income (expense), net	17,015	4,248
	598,019	527,799
Cost of goods sold	457,946	417,270
Selling, general and administrative expenses	37,035	39,719
Research and development expenses	13,170	11,066
Interest expense (d)	1,952	2,176
Unusual items	(2,250)(e)	(11,427)(f)
	507,853	458,804
Income (loss) from continuing operations before income taxes	90,166	68,995
Income taxes	31,720	23,960
Income (loss) from continuing operations (a)(b)(c)	58,446	45,035
Income from discontinued Energy segment operations (b)	-	-
Net income (loss) before extraordinary item and cumulative effect of accounting changes	58,446	45,035
Extraordinary item - prepayment premium on extinguishment of debt (net of tax)	-	-
Cumulative effect of accounting changes	-	-
Net income (loss)	$ 58,446	$ 45,035
Share Data:		
Diluted earnings (loss) per share:		
Continuing operations (a)(b)(c)	$ 4.43	$ 3.44
Discontinued Energy segment operations (b)	-	-
Before extraordinary item and cumulative effect of accounting changes	4.43	3.44
Net income (loss)	4.43	3.44
Equity per share	22.03	17.37
Cash dividends declared per share	.34	.26
Weighted average common shares outstanding during the period	12,287	12,208
Shares used to compute diluted earnings (loss) per share during the period	13,178	13,105
Shares outstanding at end of period	12,371	12,238
Closing market price per share:		
High	73.94	45.38
Low	37.63	20.50
End of year	65.88	40.13
Total return to shareholders (m)	65.0%	87.8%
Financial Position and Other Data:		
Total assets	410,937	341,077
Working capital excluding cash and cash equivalents	30,279	31,860
Ending consolidated capital employed (n)	182,481	146,284
Current ratio	3.1:1	3.2:1
Cash and cash equivalents	120,065	101,261
Capital employed of divested and discontinued operations (Molded Products, Brudi and the Energy segment) (b)(n)	-	-
Debt	30,000	35,000
Shareholders' equity (net book value)	272,546	212,545
Equity market capitalization (o)	814,940	491,050
Net debt (cash) (debt less cash and cash equivalents) as a % of net capitalization	(49.4)%	(45.3)%
Other financial data excluding unusual items, technology-related investment activities and divested and discontinued operations (a)(b)(c):		
Net sales	581,004	489,040
EBITDA (p)	89,443	71,914
Depreciation	18,364	18,451
Amortization of intangibles	50	56
Capital expenditures	22,655	22,698
Acquisitions	13,469	-
Ending capital employed (n)	151,734	140,236
Average capital employed (n)	145,985	140,029
Unleveraged after-tax earnings (q)	45,105	33,913
Return on average capital employed (r)	30.9%	24.2%
EBITDA as % of net sales	15.4%	14.7%
Effective income tax rate (excluding the effects of tax-exempt interest income)	36.4%	36.5%

Years Ended December 31	1995	1994
(In thousands, except per-share data)		
Results of Operations (a)(b)(c):		
Net sales	$589,454	$502,208
Other income (expense), net	(669)	(296)
	588,785	501,912
Cost of goods sold	490,510	419,823
Selling, general and administrative expenses	48,229	47,978
Research and development expenses	8,763	8,275
Interest expense (d)	3,039	4,008
Unusual items	(78)(g)	16,494(h)
	550,463	496,578
Income (loss) from continuing operations before income taxes	38,322	5,334
Income taxes	14,269	3,917
Income (loss) from continuing operations (a)(b)(c)	24,053	1,417
Income from discontinued Energy segment operations (b)	-	37,218
Net income (loss) before extraordinary item and cumulative effect of accounting changes	24,053	38,635
Extraordinary item - prepayment premium on extinguishment of debt (net of tax)	-	-
Cumulative effect of accounting changes	-	-
Net income (loss)	$ 24,053	$38,635
Share Data:		
Diluted earnings (loss) per share:		
Continuing operations (a)(b)(c)	$ 1.80	$ .09
Discontinued Energy segment operations (b)	-	2.38
Before extraordinary item and cumulative effect of accounting changes	1.80	2.47
Net income (loss)	1.80	2.47
Equity per share	14.00	12.74
Cash dividends declared per share	.18	.16
Weighted average common shares outstanding during the period	12,916	15,524
Shares used to compute diluted earnings (loss) per share during the period	13,370	15,614
Shares outstanding at end of period	12,176	13,488
Closing market price per share:		
High	23.17	12.42
Low	11.58	9.33
End of year	21.50	11.58
Total return to shareholders (m)	87.2%	17.4%
Financial Position and Other Data:		
Total assets	314,052	318,345
Working capital excluding cash and cash equivalents	54,504	53,087
Ending consolidated capital employed (n)	203,376	200,842
Current ratio	1.8:1	1.9:1
Cash and cash equivalents	2,145	9,036
Capital employed of divested and discontinued operations (Molded Products, Brudi and the Energy segment) (b)(n)	60,144	59,267
Debt	35,000	38,000
Shareholders' equity (net book value)	170,521	171,878
Equity market capitalization (o)	261,784	156,236
Net debt (cash) (debt less cash and cash equivalents) as a % of net capitalization	16.2%	14.4%
Other financial data excluding unusual items, technology-related investment activities and divested and discontinued operations (a)(b)(c):		
Net sales	472,709	396,738
EBITDA (p)	56,283	45,684
Depreciation	17,553	17,089
Amortization of intangibles	26	463
Capital expenditures	17,778	11,985
Acquisitions	3,637	-
Ending capital employed (n)	139,822	138,625
Average capital employed (n)	139,224	152,130
Unleveraged after-tax earnings (q)	24,498	17,603
Return on average capital employed (r)	17.6%	11.6%
EBITDA as % of net sales	11.9%	11.5%
Effective income tax rate (excluding the effects of tax-exempt interest income)	36.6%	37.1%

Years Ended December 31	1993	1992	1991	1990

(In thousands, except per-share data)

Results of Operations (a)(b)(c):				
Net sales	$449,208	$445,229	$439,186	$505,884
Other income (expense), net	(387)	226	745	861
	448,821	445,455	439,931	506,745
Cost of goods sold	379,286	370,652	373,429	450,843
Selling, general and administrative expenses	47,973	48,130	49,764	54,457
Research and development expenses	9,141	5,026	4,541	4,850
Interest expense (d)	5,044	5,615	7,489	7,101
Unusual items	452(i)	90(j)	721(k)	32,915(l)
	441,896	429,513	435,944	550,166
Income (loss) from continuing operations before income taxes	6,925	15,942	3,987	(43,421)
Income taxes	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)(b)(c)	3,723	9,517	2,519	(28,687)
Income from discontinued Energy segment operations (b)	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	10,507	15,312	5,623	(24,686)
Extraordinary item - prepayment premium on extinguishment of debt (net of tax)	(1,115)	-	-	-
Cumulative effect of accounting changes	150	-	-	-
Net income (loss)	$ 9,542	$ 15,312	$ 5,623	$(24,686)
Share Data:				
Diluted earnings (loss) per share:				
Continuing operations (a)(b)(c)	$ .23	$ .58	$ .15	$ (1.69)
Discontinued Energy segment operations (b)	.41	.35	.19	.24
Before extraordinary item and cumulative effect of accounting changes	.64	.93	.34	(1.45)
Net income (loss)	.58	.93	.34	(1.45)
Equity per share	10.35	9.94	9.19	9.01
Cash dividends declared per share	.16	.16	.16	.16
Weighted average common shares outstanding during the period	16,343	16,341	16,341	16,944
Shares used to compute diluted earnings (loss) per share during the period	16,394	16,392	16,341	16,944
Shares outstanding at end of period	16,343	16,341	16,341	16,341
Closing market price per share:				
High	12.00	12.42	7.17	10.50
Low	8.33	6.67	4.25	4.67
End of year	10.00	10.33	6.67	4.92
Total return to shareholders (m)	(1.7)%	57.4%	38.8%	(52.0)%
Financial Position and Other Data:				
Total assets	353,383	354,910	335,415	339,114
Working capital excluding cash and cash equivalents	62,064	56,365	60,341	70,890
Ending consolidated capital employed (n)	266,088	263,897	249,723	244,971
Current ratio	2.1:1	2.0:1	2.1:1	2.2:1
Cash and cash equivalents	-	-	500	2,290
Capital employed of divested and discontinued operations (Molded Products, Brudi and the Energy segment) (b)(n)	98,903	96,830	92,365	82,502
Debt	97,000	101,500	100,000	100,000
Shareholders' equity (net book value)	169,088	162,397	150,223	147,261
Equity market capitalization (o)	163,430	168,857	108,940	80,398
Net debt (cash) (debt less cash and cash equivalents) as a % of net capitalization	36.5%	38.5%	39.8%	39.9%
Other financial data excluding unusual items, technology-related investment activities and divested and discontinued operations (a)(b)(c):				
Net sales	356,750	344,296	337,151	370,052
EBITDA (p)	31,734	36,334	36,203	24,171
Depreciation	17,550	16,373	16,566	15,361
Amortization of intangibles	1,712	3	3	3
Capital expenditures	12,729	17,431	18,072	25,701
Acquisitions	-	13,884	-	-
Ending capital employed (n)	165,635	163,117	154,208	161,719
Average capital employed (n)	164,376	158,663	157,964	167,064
Unleveraged after-tax earnings (q)	7,544	12,558	12,397	5,740
Return on average capital employed (r)	4.6%	7.9%	7.8%	3.4%
EBITDA as % of net sales	8.9%	10.6%	10.7%	6.5%
Effective income tax rate (excluding the effects of tax-exempt interest income)	39.5%	36.7%	36.3%	-

Refer to Notes to Financial Tables on page 32.

SEGMENT TABLES
Tredegar Industries, Inc., and Subsidiaries

Net Sales

Segment	1997	1996	1995	1994	1993	1992	1991	1990
(In thousands)								
Film Products and Fiberlux	$309,458	$267,870	$249,099	$200,151	$187,291	$193,772	$193,753	$176,705
Aluminum Extrusions	266,585	219,044	221,657	193,870	166,465	150,524	143,398	193,347
Technology:								
Molecumetics	2,583	36	-	200	-	-	-	-
Other	2,378	2,090	1,953	2,517	2,994	-	-	-
Total ongoing operations (s)(u)	581,004	489,040	472,709	396,738	356,750	344,296	337,151	370,052
Divested operations (b):								
Molded Products	-	21,131	84,911	76,579	68,233	80,834	87,860	107,995
Brudi and plant shut down and business held for sale in 1990	-	13,380	31,834	28,891	24,225	20,099	14,175	27,837
Total	$581,004	$523,551	$589,454	$502,208	$449,208	$445,229	$439,186	$505,884

Operating Profit

Segment	1997	1996	1995	1994	1993	1992	1991	1990
(In thousands)								
Film Products and Fiberlux (u):								
Ongoing operations	$51,308	$44,378	$36,471	$35,676	$22,877	$26,573	$32,945	$20,311
Unusual items	-	680(f)	1,750(g)	-	(1,815)(i)	-	2,797(k)	-
	51,308	45,058	38,221	35,676	21,062	26,573	35,742	20,311
Aluminum Extrusions:								
Ongoing operations	32,057	23,371	16,777	11,311	7,964	4,180	(4,247)	(1,713)
Unusual items	-	-	-	-	-	-	-	(30,084)(l)
	32,057	23,371	16,777	11,311	7,964	4,180	(4,247)	(31,797)
Technology:								
Molecumetics	(4,488)	(6,564)	(4,769)	(3,534)	(3,324)	(1,031)	-	-
Investments and other (t)	13,613	2,021	(1,261)	(5,354)	(6,380)	(834)	-	-
Unusual items	-	-	(1,672)(g)	(9,521)(h)	2,263(i)	1,092(j)	-	-
	9,125	(4,543)	(7,702)	(18,409)	(7,441)	(773)	-	-
Divested operations (b):								
Molded Products	-	1,011	2,718	(2,484)	(228)	1,176	(9,307)	(8,908)
Brudi and plant shut down and business held for sale in 1990	-	231	222	(356)	177	513	1,870	(3,304)
Unusual items	2,250(e)	10,747(f)	-	(6,973)(h)	-	(1,182)(j)	(3,518)(k)	(2,831)(l)
	2,250	11,989	2,940	(9,813)	(51)	507	(10,955)	(15,043)
Total operating profit (loss)	94,740	75,875	50,236	18,765	21,534	30,487	20,540	(26,529)
Interest income (v)	4,959	2,956	333	544	-	-	-	-
Interest expense (d)	1,952	2,176	3,039	4,008	5,044	5,615	7,489	7,101
Corporate expenses, net	7,581	7,660	9,208	9,967	9,565(i)	8,930	9,064	9,791
Income (loss) from continuing operations before income taxes	90,166	68,995	38,322	5,334	6,925	15,942	3,987	(43,421)
Income taxes	31,720	23,960	14,269	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)	58,446	45,035	24,053	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued Energy segment operations (b)	-	-	-	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	$58,446	$45,035	$24,053	$38,635	$10,507	$15,312	$5,623	$(24,686)

Refer to Notes to Financial Tables on page 32.

Identifiable Assets

Segment	1997	1996	1995	1994	1993	1992	1991	1990
(In thousands)								
Film Products and Fiberlux (u)	$130,499	$122,723	$124,426	$115,310	$116,583	$119,915	$110,630	$ 98,716
Aluminum Extrusions	101,855	83,814	80,955	89,406	89,498	93,365	95,000	116,391
Technology:								
Molecumetics	2,550	2,911	2,018	1,536	1,926	1,415	-	-
Investments and other (t)	34,611	7,760	5,442	5,780	13,321	15,441	3,334	750
Identifiable assets for ongoing operations	269,515	217,208	212,841	212,032	221,328	230,136	208,964	215,857
Non-operating assets held for sale	-	-	6,057	5,018	3,605	4,330	13,600	8,670
General corporate	21,357	22,608	20,326	12,789	12,031	11,745	9,447	6,647
Cash and cash equivalents	120,065	101,261	2,145	9,036	-	-	500	2,290
Divested operations (b):								
Molded Products	-	-	44,173	48,932	54,487	50,151	52,132	77,566
Brudi and business held for sale in 1990	-	-	28,510	30,538	30,956	28,744	26,416	5,238
Net assets of discontinued Energy segment operations (b)	-	-	-	-	30,976	29,804	24,356	22,846
Total	$410,937	$341,077	$314,052	$318,345	$353,383	$354,910	$335,415	$339,114

Depreciation and Amortization

Segment	1997	1996	1995	1994	1993	1992	1991	1990
(In thousands)								
Film Products and Fiberlux	$11,462	$11,769	$10,343	$9,741	$10,026	$ 8,580	$ 7,847	$ 5,644
Aluminum Extrusions	5,508	5,407	5,966	5,948	6,240	7,093	8,033	9,153
Technology:								
Molecumetics	996	780	592	573	443	-	-	-
Investments and other (t)	135	161	197	720	1,868	-	-	-
Subtotal	18,101	18,117	17,098	16,982	18,577	15,673	15,880	14,797
General corporate	313	390	481	570	685	703	689	567
Total ongoing operations	18,414	18,507	17,579	17,552	19,262	16,376	16,569	15,364
Divested operations (b):								
Molded Products	-	1,261	5,055	5,956	5,289	5,416	7,835	7,958
Brudi and plant shut down and business held for sale in 1990	-	550	1,201	1,337	1,272	1,085	798	1,083
Total	$18,414	$20,318	$23,835	$24,845	$25,823	$22,877	$25,202	$24,405

Refer to Notes to Financial Tables on page 32.

Capital Expenditures, Acquisitions and Investments

Segment	1997	1996	1995	1994	1993	1992	1991	1990
(In thousands)								
Film Products and Fiberlux	$15,884	$12,349	$11,199	$ 7,126	$ 6,575	$13,214	$10,055	$15,254
Aluminum Extrusions	6,372	8,598	5,454	4,391	1,870	2,487	7,594	9,302
Technology:								
Molecumetics	366	1,594	894	178	939	1,414	-	-
Other (t)	5	14	-	99	905	-	-	-
Subtotal	22,627	22,555	17,547	11,794	10,289	17,115	17,649	24,556
General corporate	28	143	231	191	2,440	316	423	1,145
Capital expenditures for ongoing operations	22,655	22,698	17,778	11,985	12,729	17,431	18,072	25,701
Divested operations (b):								
Molded Products	-	1,158	6,553	2,988	3,235	2,441	2,897	8,891
Brudi and plant shut down and business held for sale in 1990	-	104	807	606	516	833	391	207
Total capital expenditures	22,655	23,960	25,138	15,579	16,480	20,705	21,360	34,799
Acquisitions and other investments (t)	34,270	3,138	5,541	1,400	5,699	17,622	25,654	-
Total capital expenditures, acquisitions and investments	$56,925	$27,098	$30,679	$16,979	$22,179	$38,327	$47,014	$34,799

Refer to Notes to Financial Tables on page 32.

Net Sales by Segment
$ Millions
[GRAPH]

	1990	1991	1992	1993	1994	1995	1996	1997
FILM PRODUCTS AND FIBERLUX	176.7	193.8	193.8	187.3	200.2	249.1	267.9	309.5
ALUMINUM EXTRUSIONS	193.3	143.4	150.5	166.5	193.9	221.7	219.0	266.6
TECHNOLOGY	-	-	-	3.0	2.7	2.0	2.1	5.0
	370.1	337.2	344.3	356.8	396.7	472.7	489.0	581.0

Operating Profit by Segment
$ Millions
[GRAPH]

	1990	1991	1992	1993	1994	1995	1996	1997
FILM PRODUCTS AND FIBERLUX	20.3	35.7	26.6	21.1	35.7	38.2	45.1	51.3
ALUMINUM EXTRUSIONS	(31.8)	(4.2)	4.2	8.0	11.3	16.8	23.4	32.1
TECHNOLOGY	-	-	(0.8)	(7.4)	(18.4)	(7.7)	(4.5)	9.1
	(11.5)	31.5	30.0	21.6	28.6	47.3	63.9	92.5

Identifiable Assets by Segment
$ Millions
[GRAPH]

	1990	1991	1992	1993	1994	1995	1996	1997
FILM PRODUCTS AND FIBERLUX	98.7	110.6	119.9	116.6	115.3	124.4	122.7	130.5
ALUMINUM EXTRUSIONS	116.4	95.0	93.4	89.5	89.4	81.0	83.8	101.9
TECHNOLOGY	0.8	3.3	16.9	15.2	7.3	7.5	10.7	37.2
	215.9	209.0	230.1	221.3	212.0	212.8	217.2	269.5

Depreciation and Amortization by Segment
$ Millions
[GRAPH]

	1990	1991	1992	1993	1994	1995	1996	1997
FILM PRODUCTS AND FIBERLUX	5.6	7.8	8.6	10.0	9.7	10.3	11.8	11.5
ALUMINUM EXTRUSIONS	9.2	8.0	7.1	6.2	5.9	6.0	5.4	5.5
TECHNOLOGY	-	-	-	2.3	1.3	0.8	0.9	1.1
	14.8	15.9	15.7	18.6	17.0	17.1	18.1	18.1

Capital Expenditures by Segment
$ Millions
[GRAPH]

	1990	1991	1992	1993	1994	1995	1996	1997
FILM PRODUCTS AND FIBERLUX	15.3	10.1	13.2	6.6	7.1	11.2	12.3	15.9
ALUMINUM EXTRUSIONS	9.3	7.6	2.5	1.9	4.4	5.5	8.6	6.4
TECHNOLOGY	-	-	1.4	1.8	0.3	0.9	1.6	0.4
	-----	-----	-----	-----	-----	-----	-----	-----
	24.6	17.6	17.1	10.3	11.8	17.5	22.6	22.6

SHAREHOLDER VALUE

Tredegar's primary objective is to enhance shareholder value. The ultimate measure of value creation is total return on common stock. During 1997, 1996 and 1995, the total return on Tredegar's common stock was 65.0%, 87.8% and 87.2%, respectively. This compares favorably to the total return for the S&P SmallCap 600(R) Index, which includes Tredegar.

Key operational value drivers affecting total return include sales growth rate, operating profit margin, income tax rate and fixed and working capital investment. Tredegar attributes its favorable total return in 1997, 1996 and 1995 primarily to an increase in profits and cash flow in Film Products and Aluminum Extrusions, research partnerships at Molecumetics, realized net gains from technology-related investments, the divestiture of non-strategic businesses (Molded Products and Brudi in 1996 and Tredegar's former energy businesses in 1994), accretion in earnings per share due to stock repurchases, and the elimination of operating losses in APPX Software (see Note 19 on page 50 regarding the divestiture of APPX Software in early 1998).

Tredegar's value creation efforts also link pay to performance, primarily through the issuance of bonuses and stock options. The charts on this page depict the relationship between CEO pay, incentives and selected performance measures. Additional information on compensation paid to Mr. Gottwald is included in Tredegar's 1998 proxy statement.

In addition to cash compensation, Mr. Gottwald was granted the following stock options:

Year	Number of Options	Per-Share Exercise Price
1989	47,850	$11.14
1992	45,000	8.09
1994	33,750	10.09
	22,500	16.00
1995	22,500	12.50
1996	12,000	25.13
	6,000	29.00
1997	11,000	49.63
	11,000	63.00

The per-share exercise price of the stock options was equal to or greater than the market price of Tredegar common stock on the date of grant.

CUMULATIVE TOTAL RETURN
BASED ON INVESTMENT OF $100 DOLLARS BEGINNING DECEMBER 31, 1990
INCLUDES REINVESTMENT OF DIVIDENDS
DOLLARS
SOURCE: MEDIA GENERAL FINANCIAL SERVICES

FISCAL YEAR ENDING

COMPANY	1990	1991	1992	1993	1994	1995	1996	1997
TREDEGAR INDUSTRIES	100.00	139.21	219.24	215.68	253.58	475.55	894.58	1,477.55
PEER GROUP (S&P Industry Group 355 - Manufacturing Diversified)	100.00	122.58	132.87	161.30	166.96	235.10	323.99	385.82
S&P 500 INDEX	100.00	130.48	140.46	154.62	156.66	215.54	265.03	353.45
S&P SMALLCAP 600	100.00	148.49	179.74	213.50	203.31	264.23	320.56	402.57

Tredegar is included in the SmallCap 600.

Total Cash Compensation
John D. Gottwald
President and CEO
($ Thousands)

	Salary	Bonus	Total
1990	$282,500	$0	$282,500
1991	$293,750	$30,000	$323,750
1992	$308,500	$75,000	$383,500
1993	$322,500	$42,500	$365,000
1994	$333,000	$90,000	$423,000
1995	$333,000	$125,000	$458,000
1996	$347,167	$140,000	$487,167
1997	$350,000	$140,000	$490,000

RETURN ON CAPITAL EMPLOYED
ONGOING OPERATIONS EXCLUDING
UNUSUAL ITEMS AND TECHNOLOGY-RELATED
INVESTMENT ACTIVITIES
PERCENT

'90 '91 '92 '93 '94 '95 '96 '97

3.4	7.8	7.9	4.6	11.6	17.6	24.2	30.9

RESULTS OF OPERATIONS

1997 SUMMARY

Net income in 1997 was $58.4 million or $4.43 per share, compared with $45 million or $3.44 per share in 1996. Results for both years include unusual income (net) and technology-related investment gains (net) that affect comparability between periods. Excluding the after-tax effects of these items, which are described in the next two sections of this report, net income in 1997 was $48.1 million or $3.65 per share, up significantly from $35.2 million or $2.69 per share in 1996. This increase was due primarily to higher volume and efficiencies in Film Products and Aluminum Extrusions and higher contract research revenues supporting research and development projects at Molecumetics.

On May 30, 1997, an affiliate of Tredegar's William L. Bonnell subsidiary acquired an aluminum extrusion and fabrication plant in El Campo, Texas, from Reynolds Metals Company. For further information on this acquisition, see the Aluminum Extrusions business segment review on page 29. See also Note 19 on page 50 for recent events occurring in early 1998, including the announcement of a "Dutch auction" self-tender offer for up to 1,250,000 shares of Tredegar's common stock at prices ranging from $58.00 to $65.00 per share, the divestiture of APPX Software and the acquisition of two former Reynolds Metals plants in Canada.

Unusual Items

Unusual income affecting operations in 1997 included a second-quarter gain of $2.3 million ($1.4 million after income taxes) related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products. Unusual income (net) affecting operations in 1996 totaled $11.4 million ($8.5 million after income taxes) and included:

- A third-quarter gain of $2 million ($1.2 million after taxes) on the sale of a former plastic films manufacturing site in Fremont, California

- A third-quarter charge of $1.3 million ($795,000 after taxes) related to the write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films

- A first-quarter gain of $19.9 million ($13.7 million after taxes) on the sale of Molded Products for cash consideration of $57.5 million ($54 million after transaction costs)

- A first-quarter charge of $9.1 million ($5.7 million after taxes) related to the loss on the divestiture of Brudi for cash consideration of approximately $18.1 million ($17.6 million after transaction costs)

Technology-Related Investment Gains and Losses

Net gains realized from technology-related investment activities totaled $13.9 million ($8.9 million after income taxes) in 1997 and $2.1 million ($1.4 million after income taxes) in 1996. These gains are included in "Other income (expense), net" in the consolidated statements of income on page 35 and "Investments and other" in the operating profit table on page 20. Further information on Tredegar's technology-related investments is provided in Note 6 on page 42.

1997 VERSUS 1996

Revenues

Excluding the effects of the Molded Products and Brudi divestitures, net sales increased 18.8% in 1997 due primarily to higher sales in Film Products and Aluminum Extrusions. The increase in Film Products was driven by higher volume of nonwoven film laminates, higher volume for foreign operations and higher selling prices (reflecting higher average plastic resin costs). Higher sales in Aluminum Extrusions reflected strength in residential and commercial windows and curtain walls and higher volume to distributors, as well as the acquisition of the aluminum extrusion and fabrication facility in El Campo, Texas. Contract research revenues at Molecumetics also increased. For further discussion, see the business segment review on pages 27-30.

Operating Costs and Expenses

The gross profit margin increased to 21.2% in 1997 from 20.3% in 1996 due primarily to higher volume and efficiencies in Film Products (particularly nonwoven film laminates) and Aluminum Extrusions, and contract research revenues supporting research and development projects at Molecumetics.

Selling, general and administrative expenses decreased by $2.7 million or 6.8% due primarily to the Molded Products and Brudi divestitures and lower corporate overhead, partially offset by higher selling, general and administrative expenses supporting higher sales at Film Products and Aluminum Extrusions (including the acquisition of the El Campo facility). Selling, general and administrative expenses, as a percentage of sales, declined to 6.4% in 1997 compared with 7.6% in 1996.

Research and development expenses increased by $2.1 million or 19% due to higher product development spending at Film Products and higher spending at Molecumetics.

Unusual income of $2.3 million in 1997 is explained above.

Interest Income and Expense

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, increased to $5 million in 1997 from $3 million in 1996 due to the investment of divestiture proceeds for a full year and cash generated from operations. The average tax-equivalent yield earned on cash equivalents was 5.7% in 1997 and 5.5% in 1996. Tredegar's policy permits investment of excess cash in marketable securities that have the highest credit ratings and maturities of less than one year. The primary objectives of Tredegar's policy are safety of principal and liquidity.

Interest expense decreased slightly due to lower average debt outstanding, partially offset by the second-quarter write-off of deferred financing costs related to the refinancing of Tredegar's revolving credit facility (see Note 9 on page 43). The average interest rate on debt was 7.2% in 1997 and 1996 (all fixed-rate debt). Average consolidated debt outstanding during 1997 declined to $32.3 million from $35 million in 1996.

Income Taxes

The effective tax rate increased to 35.2% from 34.7% due primarily to slightly lower income on export sales in the tax-advantaged Foreign Sales Corporation relative to significantly higher consolidated pre-tax income, and a higher effective state income tax rate due to an increase in income in states with higher tax rates. See Note 15 on page 48 for additional tax rate information.

1996 VERSUS 1995

Revenues

Net sales decreased by 11.2% due to the divestitures of Molded Products and Brudi and lower selling prices (reflecting lower average raw material costs), partially offset by higher volume in Film Products and Aluminum Extrusions. Excluding Molded Products and Brudi, net sales in 1996 increased by 3.5% over 1995. For further discussion, see the business segment review on pages 27-30.

Operating Costs and Expenses

The gross profit margin increased to 20.3% in 1996 from 16.8% in 1995 due primarily to higher volume in ongoing manufacturing businesses and lower raw material costs per unit, partially offset by start-up costs associated with nonwoven film laminate production. Cost reductions and quality improvements in Aluminum Extrusions also contributed to the increase but were partially offset by the unfavorable impact of press shutdowns associated with a modernization project at the Newnan, Georgia, plant.

Selling, general and administrative expenses decreased by $8.5 million or 17.6% due mainly to the divestitures of Molded Products and Brudi, cost reductions at APPX Software, lower expenses for stock appreciation rights (down almost $1 million due to appreciation limitations) and the write-off in 1995 of a medical technology investment ($694,000), partially offset by selling, general and administrative expenses from the films business acquired in Argentina in March 1995. Selling, general and administrative expenses, as a percentage of sales, declined to 7.6% in 1996 compared with 8.2% in 1995.

Research and development expenses increased by $2.3 million or 26.3% due to higher spending at Molecumetics and higher product development spending at Film Products.

Unusual income (net) totaling $11.4 million in 1996 is explained on page 24.

Interest Income and Expense

Interest income increased to $3 million in 1996 from $333,000 in 1995 due to the investment of divestiture proceeds and cash generated from operations. The average tax-equivalent yield earned on cash equivalents was 5.5% in 1996 and 5.9% in 1995.

Interest expense declined due to higher capitalized interest from an increase in capital expenditures for ongoing operations, lower revolving credit facility fees and lower average debt outstanding. The average interest rate on debt was 7.2% in 1996 and 1995 (primarily fixed-rate debt). Average consolidated debt outstanding during 1996 declined to $35 million from $38.3 million in 1995.

Income Taxes

The effective tax rate declined to 34.7% during 1996 from 37.2% in 1995 due primarily to a lower effective state income tax rate from proportionally higher domestic income in states with lower tax rates and proportionally higher foreign income that is exempt from state income taxes, tax-exempt interest income and higher income on export sales in the tax-advantaged Foreign Sales Corporation, partially offset by lower research and development tax credits. See Note 15 on page 48 for additional tax rate information.

FINANCIAL CONDITION

ASSETS

Total assets increased to $410.9 million at December 31, 1997, from $341.1 million at December 31, 1996, due mainly to an increase in technology-related investments and unrealized appreciation on available-for-sale securities (see Note 6 on page 42); an increase in cash and cash equivalents (see further discussion under cash flows below); the acquisition of the aluminum extrusion and fabrication plant in El Campo, Texas; capital expenditures in excess of depreciation; and higher accounts receivable supporting higher sales. At December 31, 1997 and 1996, Tredegar had cash and cash equivalents of $120.1 million and $101.3 million, respectively, which exceeded debt by $90.1 million and $66.3 million, respectively. See the business segment review on pages 27-30 for further discussion of capital expenditures, acquisitions and investments. Also, see Note 19 on page 50 for recent events occurring in early 1998, including the announcement of a "Dutch auction" self-tender offer for up to 1,250,000 shares of Tredegar's common stock at prices ranging from $58.00 to $65.00 per share, the divestiture of APPX Software and the acquisition of two aluminum extrusion and fabrication plants in Canada.

LIABILITIES

Total liabilities increased to $138.4 million at December 31, 1997, from $128.5 million at December 31, 1996, due primarily to the plant acquisition in El Campo, Texas, and higher accounts payable and accrued expenses (including deferred contract research revenues) supporting higher sales.

Debt outstanding consisted of a note payable with a remaining balance at December 31, 1997 and 1996, of $30 million and $35 million, respectively. Interest is payable on the note semi-annually at 7.2% per year. Annual principal payments of $5 million are due each June through 2003 (the $5 million due in June 1998 has been classified as long-term in accordance with Tredegar's ability to refinance such obligation on a long-term basis). Tredegar also has a revolving credit facility that permits borrowings of up to $275 million (no amounts borrowed at December 31, 1997 and 1996). The facility matures on July 9, 2002, with an annual extension of one year permitted subject to the approval of participating banks. See Note 9 on page 43 for further information on debt and credit agreements.

SHAREHOLDERS' EQUITY

At December 31, 1997, Tredegar had 12,371,245 shares of common stock outstanding and a total market capitalization of $814.9 million, compared with 12,238,053 shares outstanding at December 31, 1996, and a total market capitalization of $491.1 million.

During 1997 and 1996, Tredegar purchased 55,663 and 68,947 shares, respectively, of its common stock for $2.5 million ($45.46 per share) and $2 million ($29.50 per share), respectively. Since becoming an independent company in 1989, Tredegar has purchased a total of 6.2 million shares, or 33% of its issued and outstanding common stock, for $78.7 million ($12.71 per share). See Note 19 on page 50 for information on the "Dutch auction" self-tender offer announced on January 14, 1998. Under a standing authorization from its board of directors, Tredegar may purchase (after expiration of the "Dutch auction") an additional 885,000 shares in the open market or in privately negotiated transactions at prices management deems appropriate.

CASH FLOWS

Net cash provided by operating activities in excess of capital expenditures and dividends increased to $39.5 million in 1997 from $18.1 million in 1996 due primarily to improved operating results, lower capital expenditures in Aluminum Extrusions due to the completion of the modernization project at the Newnan plant in late 1996, and the effect on capital expenditures of the Molded Products and Brudi divestitures (Molded Products and Brudi had combined capital expenditures of $1.3 million in 1996), partially offset by income taxes paid on technology-related net investment gains and higher capital expenditures in Film Products reflecting normal replacement of machinery and equipment and permeable film additions, including expansion into China and Poland.

The increase in cash and cash equivalents to $120.1 million at December 31, 1997, from $101.3 million at December 31, 1996, was due to the $39.5 million of excess cash generated during 1997 combined with additional proceeds related to the Molded Products divestiture ($2.3 million) and other sources ($3.7 million, primarily proceeds and income tax benefits from the exercise of stock options); partially offset by funds used to acquire the aluminum extrusion and fabrication plant in El Campo, Texas ($13.5 million); an annual debt principal payment in June 1997 ($5 million); uses of funds for technology-related investments ($5.7 million, net of proceeds from the sale of investments) and the repurchase of Tredegar common stock ($2.5 million).

ONGOING EBITDA* AND CAPITAL EXPENDITURES
$ MILLIONS

	'90	'91	'92	'93	'94	'95	'96	'97
EBITDA*	24.2	36.2	36.3	31.7	45.7	56.3	71.9	89.4
CAPITAL EXPENDITURES	25.7	18.1	17.4	12.7	12	17.8	22.7	22.7

*Earnings before interest, taxes, depreciation, amortization, unusual items, technology-related investment gains/losses, and divested and discontinued operations.

Net cash provided by operating activities in excess of capital expenditures and dividends decreased to $18.1 million in 1996 from $22.2 million in 1995 due primarily to higher working capital for ongoing operations to support higher sales volume and income taxes paid on net gains realized from divestitures, property disposals and the sale of a technology-related investment.

The significant increase in cash and cash equivalents to $101.3 million at December 31, 1996, from $2.1 million at December 31, 1995, was due to the $18.1 million of excess cash generated during 1996 combined with the proceeds from the divestitures of Molded Products and Brudi ($71.6 million after transaction costs); property disposals ($9.9 million) and other sources ($2.1 million); partially offset by uses of funds for technology-related investments ($500,000, net of proceeds from the sale of an investment) and the repurchase of Tredegar common stock ($2 million). Property disposals included the former plastic films site in Fremont, California; a former aluminum extrusion and fabrication site in Mechanicsburg, Pennsylvania; a former Brudi plant in Kelso, Washington; and a former Molded Products plant in Alsip, Illinois.

Net cash provided by continuing operating activities in excess of capital expenditures and dividends increased to $22.2 million in 1995 from $21 million in 1994 due primarily to improved operating results, partially offset by higher capital expenditures. This excess cash, combined with the $9 million cash and cash equivalents balance at December 31, 1994, and cash from property disposals and other sources ($4.9 million), was used to fund a films acquisition in Argentina ($3.6 million); share repurchases ($25.5 million); technology-related investments ($1.9 million); and the repayment of borrowings ($3 million), leaving $2.1 million of cash and cash equivalents at December 31, 1995.

Normal operating cash requirements over the next 3 to 5 years are expected to be met from ongoing operations. Excess cash will be invested on a short-term basis, with the primary objectives of safety of principal and liquidity, until other opportunities in existing businesses or elsewhere are identified. See Note 19 on page 50 for recent events occurring in early 1998 affecting the balance of cash and cash equivalents.

OTHER

The Financial Accounting Standards Board has issued new standards affecting disclosures of information about comprehensive income and business segments. These standards are not expected to significantly change Tredegar's current disclosures when adopted in 1998.

BUSINESS SEGMENT REVIEW

FILM PRODUCTS AND FIBERLUX

Film Products manufactures plastic films for disposable personal products (primarily feminine hygiene and diaper products) and packaging, medical, industrial and agricultural products. Fiberlux produces vinyl extrusions for windows and patio doors. Products are produced at various locations throughout the United States and are sold both directly and through distributors. Film Products also has plants in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets. During 1998, Film Products expects to begin operating a production facility currently under construction near Guangzhou, China, and expects to begin construction of a production site in or near Warsaw, Poland. The Poland facility should be operational in 1999. Both sites will produce disposable permeable films for feminine hygiene products marketed in China and Eastern Europe, respectively.

Film Products is one of the largest U.S. suppliers of permeable and embossed films for disposable personal products. In each of the last three years, this class of products accounted for more than 35% of the consolidated revenues of Tredegar.

Film Products supplies permeable films for use as liners in feminine hygiene products, adult incontinent products and hospital underpads. Film Products also supplies embossed films and nonwoven film laminates for use as backsheet in such disposable products as baby diapers and adult incontinent products, feminine hygiene products and hospital underpads. Film Products' primary customer for permeable films, embossed films and nonwoven film laminates is The Procter & Gamble Company ("P&G"), the leading global disposable diaper manufacturer.

P&G and Tredegar have had a successful long-term relationship based on cooperation, product innovation and continuous process improvement. The loss or significant reduction of business associated with P&G would have a material adverse effect on Tredegar's business.

Pages 2-3 and 6-9 provide further information on Film Products and Fiberlux products and markets.

FILM PRODUCTS AND FIBERLUX SALES
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
176.7	193.8	193.8	187.3	200.2	249.1	267.9	309.5

FILM PRODUCTS AND FIBERLUX OPERATING PROFIT
EXCLUDING UNUSUAL ITEMS
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
20.3	32.9	26.6	22.9	35.7	36.5	44.4	51.3

Sales

Film Products sales increased in 1997 due to higher volume of nonwoven film laminates supplied to P&G for diapers, higher volume of permeable film supplied to P&G in Europe for feminine pads, higher diaper backsheet and packaging film volume in South America, and higher selling prices, which reflected higher average plastic resin costs.

Film Products sales increased in 1996 due mainly to higher volume in North America, including higher volume of diaper backsheet supplied to P&G; higher volume of specialty films used for the protection of high-gloss surfaces and electronic circuit boards; higher volume of Vispore(R) film used in ground cover applications; higher volume of agricultural commodity films; higher diaper backsheet and packaging film volume in South America, particularly Argentina; and higher volume of permeable film supplied to P&G in Europe for feminine pads. The positive impact on sales of higher volume was partially offset by lower selling prices, which reflected lower average plastic resin costs.

Fiberlux sales increased slightly in 1997 after declining in 1996 due to the divestiture in October 1995 of its fabrication business.

Operating Profit

Film Products operating profit increased in 1997 due mainly to improved production efficiencies for nonwoven film laminates and higher volume in the areas noted in the sales discussion above, partially offset by higher new product development expenses and start-up costs for the new permeable film production site in China. Film Products operating profit increased in 1996 due primarily to higher volume in the areas noted in the sales discussion above, partially offset by start-up costs associated with nonwoven film laminate production. Fiberlux operating profit declined in 1997 and improved in 1996.

Identifiable Assets

Identifiable assets in Film Products and Fiberlux increased to $130.5 million in 1997 from $122.7 million in 1996 due mainly to Film Products from higher accounts receivable supporting higher sales, capital expenditures in excess of depreciation and an increase in prepaid pension expense.

Identifiable assets in Film Products and Fiberlux declined to $122.7 million in 1996 from $124.4 million in 1995 due primarily to the $1.3 million write-off of specialized machinery and equipment related to excess capacity in certain industrial packaging films and the removal of deferred costs associated with the disposal of the former plastic films site in Fremont, California, partially offset by higher current assets supporting higher sales and capital expenditures in excess of depreciation.

Depreciation, Amortization
and Capital Expenditures

Depreciation and amortization for Film Products and Fiberlux decreased slightly to $11.5 million in 1997 from $11.8 million in 1996. Capital expenditures in Film Products and Fiberlux in 1997 reflect the normal replacement of machinery and equipment and permeable film additions, including the expansion into China and machinery and equipment purchased for the Poland facility.

Depreciation and amortization for Film Products and Fiberlux increased to $11.8 million in 1996 from $10.3 million in 1995 due mainly to higher depreciation of blown and laminating film machinery and equipment. Capital expenditures in Film Products and Fiberlux in 1996 reflect the normal replacement of machinery and equipment, new nonwoven film laminate capacity, expansion of permeable film capacity in Europe and permeable and diaper backsheet film capacity in Brazil, and the purchase of machinery and equipment for expansion into China.

FILM PRODUCTS AND FIBERLUX IDENTIFIABLE ASSETS
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
98.7	110.6	119.9	116.6	115.3	124.4	122.7	130.5

FILM PRODUCTS AND FIBERLUX DEPRECIATION & AMORTIZATION AND CAPITAL EXPENDITURES
$ MILLIONS

	'90	'91	'92	'93	'94	'95	'96	'97
DEPRECIATION & AMORTIZATION	5.6	7.8	8.6	10	9.7	10.3	11.8	11.5
CAPITAL EXPENDITURES	15.3	10.1	13.2	6.6	7.1	11.2	12.3	15.9

DOMESTIC FILMS VOLUME
DOMESTIC VS. INTERNATIONAL
PERCENTAGE OF TOTAL POUNDS SHIPPED

	'90	'91	'92	'93	'94	'95	'96	'97
UNITED STATES & CANADA	79.6	73.9	69	64.5	60.5	54.9	56.9	56.4
INTERNATIONAL	20.4	26.1	31	35.5	39.5	45.1	43.1	43.6

ALUMINUM EXTRUSIONS

Aluminum Extrusions, which is composed of The William L. Bonnell Company, Inc. ("Bonnell"), Capitol Products Corporation and related entities, produces soft alloy aluminum extrusions for sale directly to fabricators and distributors that serve primarily the building and construction industry, as well as transportation, electrical and consumer durables markets. On May 30, 1997, an affiliate of Tredegar's Bonnell subsidiary acquired an aluminum extrusion and fabrication plant in El Campo, Texas, from Reynolds Metals Company. The El Campo facility, which had sales of $25.7 million for the period May 31 through December 31, 1997, extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets. The operating results for the El Campo facility have been included in Tredegar's consolidated results since the date acquired.

See Note 19 on page 50 regarding the acquisition in early 1998 of two aluminum extrusion and fabrication plants in Canada. Pages 2-3 and 10-13 provide further information on Aluminum Extrusions products and markets.

Sales

Aluminum Extrusions sales in 1997 increased 21.7% due primarily to higher volume, reflecting continued strength in residential and commercial windows and curtain walls and higher volume to distributors. The acquisition of the El Campo facility also had a positive impact on volume. Excluding the acquisition, sales and volume were up 10% and 12%, respectively, for the year.

Aluminum Extrusions sales in 1996 decreased 1.2% due to lower selling prices, which reflected lower aluminum costs. Volume in 1996 increased by 5.2%, driven primarily by strength in residential and commercial windows and automotive markets.

Operating Profit

Aluminum Extrusions operating profit increased 37.2% in 1997 due to higher volume, related lower unit conversion costs and the acquisition, partially offset by expenses associated with repairs to the casting furnaces at the Newnan, Georgia, plant. Conversion costs also improved due to a modernization

ALUMINUM EXTRUSIONS SALES
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
193.3	143.4	150.5	166.5	193.9	221.7	219	266.6

ALUMINUM EXTRUSIONS OPERATING PROFIT
EXCLUDING UNUSUAL ITEMS
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
(1.17)	(4.2)	4.2	8	11.3	16.8	23.4	32.1

ALUMINUM EXTRUSIONS DEPRECIATION & AMORTIZATION AND CAPITAL EXPENDITURES
$ MILLIONS

	'90	'91	'92	'93	'94	'95	'96	'97
DEPRECIATION & AMORTIZATION	9.2	8	7.1	6.2	5.9	6	5.4	5.5
CAPITAL EXPENDITURES	9.3	7.6	2.5	1.9	4.4	5.5	8.6	6.4

ALUMINUM EXTRUSIONS IDENTIFIABLE ASSETS
$ MILLIONS

'90	'91	'92	'93	'94	'95	'96	'97
116.4	95	93.4	89.5	89.4	81	83.8	101.9

COMMERCIAL CONSTRUCTION
$ BILLIONS
SOURCE: CAHNERS BUILDING AND CONSTRUCTION MARKET FORECAST

'90	'91	'92	'93	'94	'95	'96	'97	'98F
71.7	54.1	44.5	46.9	52.7	74.7	86.7	93.5	92.8

HOUSING STARTS
MILLIONS OF UNITS
SOURCE: BLUE CHIP ECONOMIC INDICATORS

'90	'91	'92	'93	'94	'95	'96	'97	'98F
1.19	1.01	1.2	1.29	1.46	1.35	1.48	1.46	1.42

AUTOMOBILE AND LIGHT TRUCK SALES
MILLIONS OF UNITS
SOURCE: BLUE CHIP ECONOMIC INDICATORS

'90	'91	'92	'93	'94	'95	'96	'97	'98F
14.2	12.7	13.1	14.2	15.5	15.1	15.4	15.1	15

program completed late last year at the Newnan facility. This capital project cost $4.8 million, most of which was spent in 1996. Improvements in productivity, scrap rates and sales returns are currently being realized as a result of this project.

Aluminum Extrusions operating profit increased 39.3% in 1996 due to higher volume, cost reductions, quality improvements and lower bad debt expenses, partially offset by the unfavorable impact of press shutdowns at the Newnan plant for the modernization program.

Identifiable Assets

Identifiable assets in Aluminum Extrusions increased to $101.9 million in 1997 from $83.8 million in 1996 due primarily to the acquisition of the El Campo facility, higher accounts receivable supporting higher sales and capital expenditures in excess of depreciation.

Identifiable assets in Aluminum Extrusions increased to $83.8 million in 1996 from $81 million in 1995 due mainly to capital expenditures in excess of depreciation.

Depreciation, Amortization
and Capital Expenditures

Depreciation and amortization for Aluminum Extrusions increased in 1997 due to the acquisition of the El Campo facility and the modernization program completed late last year at the Newnan plant, partially offset by the full depreciation of certain assets in 1996. Capital expenditures in 1997 reflect the normal replacement of machinery and equipment and costs capitalized for rebuilding the casting furnaces at the Newnan plant.

Depreciation and amortization for Aluminum Extrusions declined in 1996 due to the full depreciation of certain assets in 1995. Capital expenditures in 1996 reflect the normal replacement of machinery and equipment and the modernization program at the Newnan plant.

TECHNOLOGY

The Technology segment is comprised primarily of Molecumetics, Tredegar Investments, Inc., and APPX Software. Molecumetics conducts drug discovery and development research using proprietary chemistry. Tredegar Investments invests in venture capital funds and early-stage technology companies (see Note 6 on page 42). APPX Software is a supplier of flexible software development environments and business applications software. Technology segment sales consist primarily of contract research revenues at Molecumetics and revenues at APPX Software. See Note 19 on page 50 regarding the divestiture of APPX Software in early 1998.

Excluding net investment gains (see Note 6 on page 42), technology segment losses decreased by $1.9 million in 1997 due to revenues generated at Molecumetics from drug development partnerships, partially offset by higher research and development spending. Excluding unusual items and net investment gains, technology segment losses increased by $1.4 million in 1996. This increase was due mainly to higher research and development spending at Molecumetics, partially offset by lower costs at APPX Software due to its restructuring in the first quarter of 1995.

Technology segment identifiable assets increased $26.5 million to $37.2 million in 1997 due to technology-related investments of $20.8 million and unrealized appreciation on available-for-sale securities of $7.8 million, partially offset by the sale of investments, which had a carrying value of $1.2 million, and depreciation in excess of capital expenditures at Molecumetics of $630,000. Capital expenditures declined and depreciation increased in 1997 at Molecumetics due to the 1996 expansion of its research lab in Bellevue, Washington.

Technology segment identifiable assets increased $3.2 million to $10.7 million in 1996 due to technology-related investments of $3.1 million and capital expenditures in excess of depreciation at Molecumetics of $814,000, partially offset by the sale of an investment, which had a carrying value of $500,000. Capital expenditures and depreciation expense increases at Molecumetics were related to the expansion of its research lab.

SELECTED QUARTERLY FINANCIAL DATA
Tredegar Industries, Inc., and Subsidiaries

(In thousands, except per-share amounts) (Unaudited)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1997					
Net sales	$133,345	$144,969	$155,058	$147,632	$581,004
Gross profit	26,385	30,674	32,655	33,344	123,058
Operating profit before unusual items	17,848	24,571	25,174	24,897	92,490
Net income (w)	10,954	16,347	15,137	16,008	58,446
Earnings per share (w):					
Basic	.89	1.33	1.23	1.30	4.76
Diluted	.83	1.25	1.14	1.20	4.43
Shares used to compute earnings per share:					
Basic	12,243	12,263	12,306	12,338	12,287
Diluted	13,178	13,129	13,254	13,260	13,178
1996					
Net sales	$141,387	$126,331	$129,425	$126,408	$523,551
Gross profit	27,653	25,843	26,091	26,694	106,281
Operating profit before unusual items	16,010	15,250	17,627	15,561	64,448
Net income (w)	16,347	8,673	10,735	9,280	45,035
Earnings per share (w):					
Basic	1.34	.71	.88	.76	3.69
Diluted	1.27	.66	.82	.70	3.44
Shares used to compute earnings per share:					
Basic	12,187	12,216	12,203	12,227	12,208
Diluted	12,877	13,124	13,112	13,192	13,105

Refer to Notes to Financial Tables on page 32.

QUARTERLY DILUTED EARNINGS PER SHARE
DOLLARS

	1996				1997			
	1	2	3	4	1	2	3	4
EXCLUDING UNUSUAL ITEMS AND TECHNOLOGY-RELATED NET INVESTMENT GAINS	.64	.66	.69	.70	.74	.92	.98	1.00
AS REPORTED	1.27	.66	.82	.70	.83	1.25	1.14	1.20

NOTES TO FINANCIAL TABLES
(In thousands, except per-share amounts)

(a) Income (loss) and diluted earnings (loss) per share from continuing operations, adjusted for unusual items and technology-related investment gains and losses affecting the comparability of operating results between years, are presented below:

	1997	1996	1995	1994	1993	1992	1991	1990
Income (loss) from continuing operations as reported (b)	$58,446	$45,035	$24,053	$1,417	$3,723	$9,517	$2,519	$(28,687)
After-tax effect of unusual items related to continuing operations:								
Unusual (income) charge, net (e-l)	(1,440)	(8,479)	41	12,051	246	502	447	24,424
Impact on deferred taxes of 1% increase in federal income tax rate	-	-	-	-	348	-	-	-
Income (loss) from continuing operations as adjusted for unusual items	57,006	36,556	24,094	13,468	4,317	10,019	2,966	(4,263)
After-tax effect of technology-related investment (gains) losses (c)	(8,882)	(1,369)	444	-	-	-	-	-
Income (loss) from continuing operations as adjusted for unusual items and technology-related investment gains/losses	$48,124	$35,187	$24,538	$13,468	$4,317	$10,019	$2,966	$(4,263)
Diluted earnings (loss) per share from continuing operations (b)(c):								
As reported	$ 4.43	$ 3.44	$ 1.80	$ .09	$ .23	$ .58	$ .15	$ (1.69)
As adjusted for unusual items	4.32	2.79	1.80	.86	.26	.61	.18	(.25)
As adjusted for unusual items and technology-related investment gains/losses	3.65	2.69	1.84	.86	.26	.61	.18	(.25)

(b) On August 16, 1994, Tredegar completed the divestiture of its coal subsidiary, The Elk Horn Coal Corporation. On February 4, 1994, Tredegar sold its remaining oil and gas properties. As a result of these events, Tredegar reports its Energy segment as discontinued operations. On March 29, 1996, Tredegar sold Molded Products. During the second quarter of 1996, Tredegar completed the sale of Brudi. The operating results for Molded Products were historically reported as part of the Plastics segment on a combined basis with Film Products and Fiberlux. Likewise, results for Brudi were combined with Aluminum Extrusions and reported as part of the Metal Products segment. Accordingly, results for Molded Products and Brudi have been included in continuing operations. Tredegar began reporting Molded Products and Brudi separately in its segment disclosures in 1995 after announcing its intent to divest these businesses.

(c) During 1997 and 1996, Tredegar realized net gains of $13,880 ($8,882 after income taxes) and $2,139 ($1,369 after income taxes), respectively, on the sale of technology-related investments. During 1995, Tredegar recognized a charge of $694 ($444 after income tax benefits) for the write-off of a technology-related investment. These items are included in "Investments and other" in the operating profit table on page 20. See Note 6 on page 42 for additional information on Tredegar's investment activities.

(d) Interest expense has been allocated between continuing and discontinued operations based on relative capital employed (see (b)).

(e) Unusual items for 1997 includes a gain of $2,250 related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products (see Note 18 on page 49).

(f) Unusual items for 1996 include a gain on the sale of Molded Products ($19,893, see Note 18 on page 49), a gain on the sale of a former plastic films manufacturing site in Fremont, California ($1,968), a charge related to the loss on the divestiture of Brudi ($9,146, see Note 18 on page 49) and a charge related to the write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films ($1,288).

(g) Unusual items in 1995 include a gain on the sale of Regal Cinema shares ($728), a charge related to the restructuring of APPX Software ($2,400) and a recovery in connection with a Film Products product liability lawsuit ($1,750).

(h) Unusual items in 1994 include the write-off of certain goodwill and intangibles in APPX Software ($9,521), the write-off of certain goodwill in Molded Products ($4,873) and the estimated costs related to the closing of a Molded Products plant in Alsip, Illinois ($2,100).

(i) Unusual items in 1993 include estimated costs related to the sale of a Film Products plant in Flemington, New Jersey ($1,815), and the reorganization of corporate functions ($900), partially offset by the gain on the sale of Tredegar's remaining investment in Emisphere Technologies, Inc. ($2,263).

(j) Unusual items in 1992 include the write-off of certain goodwill in Molded Products ($1,182), partially offset by the gain on the sale of a portion of an investment in Emisphere Technologies, Inc. ($1,092).

(k) Unusual items in 1991 include costs related to plant closings in Molded Products ($4,412) offset by a credit ($2,797) related to management's decision to continue operating the vinyl extrusions business, and the gain on the sale of Molded Products' beverage closure business ($894).

(l) Unusual items in 1990 include costs related to divestitures and reorganization, including results of operations from August 1. Unusual items in Aluminum Extrusions also includes provisions for environmental review and cleanup, and costs related to certain legal proceedings for ongoing operations.

(m) Total return to shareholders is computed as the sum of the change in stock price during the year plus dividends per share, divided by the stock price at the beginning of the year.

(n) Consolidated capital employed is debt plus shareholders' equity minus cash and cash equivalents. Capital employed excluding technology-related investments (see Note 6 on page 42) and divested and discontinued operations (see (b)) is consolidated capital employed minus the carrying value of technology-related investments (net of related deferred income taxes) minus the capital employed of Molded Products, Brudi and the Energy segment.

(o) Equity market capitalization is the closing market price per share for the period times the shares outstanding at the end of the period.

(p) EBITDA excluding unusual items (see (e)-(l)), technology-related investment gains/losses (see (c)) and divested and discontinued operations (see (b)) is income before income taxes from continuing operations plus depreciation and amortization plus interest expense minus interest income minus/plus unusual income/charges minus/plus technology-related investment gains/losses minus the EBITDA (excluding unusual items) for Molded Products and Brudi. EBITDA is not intended to represent cash flow from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of operating performance or to cash flow as a measure of liquidity.

(q) Unleveraged after-tax earnings excluding unusual items (see (e)-(l)), technology-related investment gains/losses (see (c)) and divested and discontinued operations (see (b)) is net income (loss) from continuing operations plus after-tax interest expense minus after-tax interest income minus/plus after-tax unusual income/charges minus/plus after-tax technology-related investment gains/losses minus the unleveraged after-tax earnings (excluding unusual items) for Molded Products and Brudi. Unleveraged after-tax earnings should not be considered as an alternative to net income as defined by generally accepted accounting principles.

(r) Return on average capital employed is unleveraged after-tax earnings divided by average capital employed.

(s) Net sales for ongoing operations include sales to P&G totaling $242,229, $206,926 and $196,047 in 1997, 1996 and 1995, respectively.

(t) Included in the investments and other category of the Technology segment are APPX Software and technology-related investments in which Tredegar's ownership is less than 20% (see (c) and Note 6 on page 42).

(u) Export sales for ongoing operations totaled $85,114, $74,891 and $76,551 in 1997, 1996 and 1995, respectively. Substantially all of these export sales were made by Film Products. Net sales and operating profit in 1997 and identifiable assets at December 31, 1997, for the foreign operations of Film Products were $58,257, $5,747 and $29,588, respectively. Net sales and operating profit in 1996 and identifiable assets at December 31, 1996, for the foreign operations of Film Products were $50,567, $5,113 and $25,924, respectively. The operating profit of foreign operations includes a deduction for royalties paid to Tredegar for the use of its technical information, know-how, manufacturing techniques, engineering data, specifications and other information relating to the manufacture of film products.

(v) Interest income was insignificant prior to 1994.

(w) Quarterly net income and diluted earnings per share, adjusted for unusual items and technology-related net investment gains affecting the comparability of operating results between quarters, are presented below (see also (a), (b) and (c)):

Excluding Unusual Items and Technology-Related Net Investment Gains	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1997					
Net income	$9,748	$12,044	$13,020	$13,313	$48,125
Diluted earnings per share	.74	.92	.98	1.00	3.65
1996					
Net income	$8,288	$ 8,673	$ 8,946	$ 9,280	$35,187
Diluted earnings per share	.64	.66	.69	.70	2.69

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Tredegar Industries, Inc.:

We have audited the accompanying consolidated balance sheets of Tredegar Industries, Inc., and Subsidiaries ("Tredegar") as of December 31, 1997 and 1996, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of Tredegar's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tredegar as of December 31, 1997 and 1996, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.
- -----------------------------
Richmond, Virginia
January 14, 1998, except for the information presented in
Note 19, for which the date is February 6, 1998

MANAGEMENT'S REPORT ON THE FINANCIAL STATEMENTS

Tredegar's management has prepared the financial statements and related notes appearing on pages 35-50 in conformity with generally accepted accounting principles. In so doing, management makes informed judgments and estimates of the expected effects of events and transactions. Financial data appearing elsewhere in this annual report are consistent with these financial statements.

Tredegar maintains a system of internal controls to provide reasonable, but not absolute, assurance of the reliability of the financial records and the protection of assets. The internal control system is supported by written policies and procedures, careful selection and training of qualified personnel and an extensive internal audit program.

These financial statements have been audited by Coopers & Lybrand L.L.P., independent certified public accountants. Their audit was made in accordance with generally accepted auditing standards and included a review of Tredegar's internal accounting controls to the extent considered necessary to determine audit procedures.

The Audit Committee of the Board of Directors, composed of outside directors only, meets with management, internal auditors and the independent accountants to review accounting, auditing and financial reporting matters. The independent accountants are appointed by the Board on recommendation of the Audit Committee, subject to shareholder approval.

CONSOLIDATED STATEMENTS OF INCOME

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31	1997	1996	1995
(In thousands, except per-share amounts)			
Revenues:			
Net sales	$581,004	$523,551	$589,454
Other income (expense), net	17,015	4,248	(669)
Total	598,019	527,799	588,785
Costs and expenses:			
Cost of goods sold	457,946	417,270	490,510
Selling, general and administrative	37,035	39,719	48,229
Research and development	13,170	11,066	8,763
Interest	1,952	2,176	3,039
Unusual items	(2,250)	(11,427)	(78)
Total	507,853	458,804	550,463
Income before income taxes	90,166	68,995	38,322
Income taxes	31,720	23,960	14,269
Net income	$ 58,446	$ 45,035	$ 24,053
Earnings per share:			
Basic	$ 4.76	$ 3.69	$ 1.86
Diluted	4.43	3.44	1.80

See accompanying Notes to Financial Statements.

CONSOLIDATED BALANCE SHEETS
Tredegar Industries, Inc., and Subsidiaries

December 31	1997	1996
(In thousands, except share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	$120,065	$101,261
Accounts and notes receivable	69,672	61,076
Inventories	20,008	17,658
Income taxes recoverable	294	2,023
Deferred income taxes	8,722	9,484
Prepaid expenses and other	4,369	2,920
Total current assets	223,130	194,422
Property, plant and equipment, at cost:		
Land and land improvements	5,001	4,807
Buildings	35,366	32,590
Machinery and equipment	243,628	222,803
Total property, plant and equipment	283,995	260,200
Less accumulated depreciation	183,397	169,771
Net property, plant and equipment	100,598	90,429
Other assets and deferred charges	67,134	36,094
Goodwill and other intangibles	20,075	20,132
Total assets	$410,937	$341,077
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 33,168	$ 28,814
Accrued expenses	39,618	32,487
Total current liabilities	72,786	61,301
Long-term debt	30,000	35,000
Deferred income taxes	22,108	16,994
Other noncurrent liabilities	13,497	15,237
Total liabilities	138,391	128,532
Commitments and contingencies (Notes 6, 12, and 17)		
Shareholders' equity:		
Common stock (no par value): Authorized 50,000,000 shares; Issued and outstanding - 12,371,245 shares in 1997 and 12,238,053 in 1996	115,291	113,019
Common stock held in trust for savings restoration plan (15,557 shares in 1997)	(1,020)	-
Unrealized gain on available-for-sale securities	5,020	-
Foreign currency translation adjustment	(37)	499
Retained earnings	153,292	99,027
Total shareholders' equity	272,546	212,545
Total liabilities and shareholders' equity	$410,937	$341,077

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31 (In thousands)	1997	1996	1995
Cash flows from operating activities:			
Net income	$ 58,446	$ 45,035	$24,053
Adjustments for noncash items:			
Depreciation	18,364	20,062	23,256
Amortization of intangibles	50	256	579
Write-off of intangibles	7	-	189
Deferred income taxes	3,341	1,771	1,540
Accrued pension income and postretirement benefits, net	(2,975)	(2,582)	(2,396)
Gain on divestitures and property disposals, net	(2,250)	(12,715)	-
Write-off of certain industrial packaging film machinery and equipment	-	1,288	-
Gain on sale of investments (net of investment losses)	(13,880)	(2,139)	(34)
Changes in assets and liabilities, net of effects from divestitures and acquisitions:			
Accounts and notes receivable	(1,937)	(4,894)	4,912
Inventories	994	1,257	4,010
Income taxes recoverable and other prepaid expenses	280	(763)	(1,324)
Accounts payable and accrued expenses	8,010	(471)	(6,228)
Other, net	(2,130)	(840)	1,071
Net cash provided by operating activities	66,320	45,265	49,628
Cash flows from investing activities:			
Capital expenditures	(22,655)	(23,960)	(25,138)
Acquisitions (net of $358 cash acquired in 1995)	(13,469)	-	(3,637)
Investments	(20,801)	(3,138)	(1,904)
Proceeds from sale of investments	15,060	2,639	1,478
Proceeds from property disposals	387	9,880	1,238
Proceeds from the sale of Molded Products and Brudi	2,250	71,598	-
Other, net	(359)	(74)	85
Net cash (used in) provided by investing activities	(39,587)	56,945	(27,878)
Cash flows from financing activities:			
Dividends paid	(4,181)	(3,176)	(2,286)
Net decrease in borrowings	(5,000)	-	(3,000)
Repurchase of Tredegar common stock	(2,531)	(2,034)	(25,542)
Tredegar common stock purchased by trust for savings restoration plan	(1,020)	-	-
Proceeds from exercise of stock options (including related income tax benefits realized)	4,803	2,145	2,158
Other, net	-	(29)	29
Net cash used in financing activities	(7,929)	(3,094)	(28,641)
Increase (decrease) in cash and cash equivalents	18,804	99,116	(6,891)
Cash and cash equivalents at beginning of period	101,261	2,145	9,036
Cash and cash equivalents at end of period	$120,065	$101,261	$ 2,145
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	$ 1,968	$ 2,178	$ 3,041
Income tax payments, net	24,485	19,399	15,102

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31, 1997, 1996 and 1995 (In thousands, except share and per-share data)	Common Stock		Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Trust for Savings Restoration Plan	Foreign Currency Translation	Total Shareholders' Equity
	Shares	Amount					
					0		
Balance December 31, 1994	8,992,258	$136,150	$ 35,401	$ -	$ -	$ 327	$171,878
Net income	-	-	24,053	-	-	-	24,053
Cash dividends declared ($.24 per share)	-	-	(2,286)	-	-	-	(2,286)
Repurchases of Tredegar common stock	(998,197)	(25,542)	-	-	-	-	(25,542)
Issued upon exercise of stock options (including related income tax benefits realized by Tredegar of $341)	118,500	2,158	-	-	-	-	2,158
Issued upon exercise of SARs	5,723	142	-	-	-	-	142
Foreign currency translation adjustment	-	-	-	-	-	118	118
Three-for-two stock split	4,058,011	-	-	-	-	-	-
Balance December 31, 1995	12,176,295	112,908	57,168	-	-	445	170,521
Net income	-	-	45,035	-	-	-	45,035
Cash dividends declared ($.26 per share)	-	-	(3,176)	-	-	-	(3,176)
Repurchases of Tredegar common stock	(68,947)	(2,034)	-	-	-	-	(2,034)
Issued upon exercise of stock options (including related income tax benefits realized by Tredegar of $800)	130,705	2,145	-	-	-	-	2,145
Foreign currency translation adjustment	-	-	-	-	-	54	54
Balance December 31, 1996	12,238,053	113,019	99,027	-	-	499	212,545
Net income	-	-	58,446	-	-	-	58,446
Cash dividends declared ($.34 per share)	-	-	(4,181)	-	-	-	(4,181)
Repurchases of Tredegar common stock	(55,663)	(2,531)	-	-	-	-	(2,531)
Issued upon exercise of stock options (including related income tax benefits realized by Tredegar of $2,042)	188,855	4,803	-	-	-	-	4,803
Tredegar common stock purchased by trust for savings restoration plan	-	-	-	-	(1,020)	-	(1,020)
Available-for-sale securities adjustment	-	-	-	5,020	-	-	5,020
Foreign currency translation adjustment	-	-	-	-	-	(536)	(536)
Balance December 31, 1997	12,371,245	$115,291	$153,292	$5,020	$(1,020)	$ (37)	$272,546

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Tredegar Industries, Inc., and Subsidiaries
(In thousands, except share and per-share amounts)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Tredegar Industries, Inc., and subsidiaries ("Tredegar" or the "company") is a diversified manufacturer of plastic film, aluminum extrusion and vinyl products. Tredegar also has interests in various venture capital funds and early-stage technology companies. For further description of Tredegar's products, principal markets and customers, see the products and market information matrix on pages 2-3, the segment tables on pages 20-22 and the business segment review on pages 27-30.

On May 30, 1997, an affiliate of Tredegar's William L. Bonnell subsidiary acquired an aluminum extrusion and fabrication plant in El Campo, Texas, from Reynolds Metals Company. The El Campo facility, which had sales of $25,700 for the period May 31 through December 31, 1997, extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets. During the first quarter of 1995, Tredegar acquired a plastic films business in Argentina. Both acquisitions were accounted for using the purchase method; accordingly, assets acquired and liabilities assumed were recorded at their estimated fair values at the date of acquisition. No goodwill arose from either acquisition since the estimated fair value of the identifiable net assets acquired equaled the purchase price. The operating results of the entities acquired have been included in the consolidated statements of income since the date of acquisition.

During the first quarter of 1996, Tredegar sold all of the outstanding capital stock of its injection molding subsidiary, Tredegar Molded Products Company, including Polestar Plastics Manufacturing Company (together "Molded Products"). During the second quarter of 1996, Tredegar completed the sale of Brudi, Inc., and its subsidiaries (together "Brudi"). See Note 18 for further information regarding these divestitures.

See also Note 19 for recent events occurring in early 1998, including the announcement of a "Dutch auction" self-tender offer for up to 1,250,000 shares of Tredegar's common stock at prices ranging from $58.00 to $65.00 per share, the divestiture of APPX Software and the acquisition of two aluminum extrusion and fabrication plants in Canada.

Basis of Presentation

The consolidated financial statements include the accounts and operations of Tredegar and all of its subsidiaries. Intercompany accounts and transactions within Tredegar have been eliminated. Certain previously reported amounts have been reclassified to conform to the 1997 presentation.

On September 28, 1995, Tredegar's Board of Directors declared a three-for-two stock split payable on January 1, 1996, to shareholders of record on December 8, 1995. Accordingly, all historical references to the shares used to compute earnings per share, per-share amounts, stock option data and market prices of Tredegar's common stock have been restated to reflect the split.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Financial Accounting Standards Board has issued new standards affecting disclosures of information about comprehensive income and business segments. These standards are not expected to significantly change Tredegar's current disclosures when adopted in 1998.

Revenue Recognition

Revenue from the sale of products is recognized when title and risk of loss have transferred to the buyer, which is generally when product is shipped. Cash received for contract research at Molecumetics (generally nonrefundable and received at the beginning of a project) is deferred and amortized as revenue on a straight-line basis over the life of the contract, which is usually when related expenses are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand in excess of daily operating requirements and highly liquid investments with maturities of three months or less when purchased. At December 31, 1997 and 1996, Tredegar had approximately $120,000 and $101,000, respectively, invested in securities with maturities of two months or less.

Tredegar's policy permits investment of excess cash in marketable securities that have the highest credit ratings and maturities of less than one year. The primary objectives of Tredegar's policy are safety of principal and liquidity.

Inventories

Inventories are stated at the lower of cost or market, with cost principally determined on the last-in, first-out ("LIFO") basis. Other inventories are stated on either the weighted average cost or the first-in, first-out basis. Cost elements included in work-in-process and finished goods inventories are raw materials, direct labor and manufacturing overhead.

Aluminum Forward Sales, Purchase and Futures Contracts

In the normal course of business, Tredegar enters into a combination of forward purchase commitments and futures contracts to acquire aluminum. Gains and losses on these contracts are designated and effective as hedges of aluminum price and margin exposure on forward sales contracts and, accordingly, are recorded as adjustments to the cost of inventory (see Note 5).

Property, Plant and Equipment

Accounts include costs of assets constructed or purchased, related delivery and installation costs and interest incurred on significant capital projects during their construction periods. Expenditures for renewals and betterments also are capitalized, but expenditures for repairs and maintenance are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in income.

Property, plant and equipment includes capitalized interest of $751, $730 and $279 in 1997, 1996 and 1995, respectively. Maintenance and repairs of property, plant and equipment were $22,065, $19,018 and $20,100 in 1997, 1996 and 1995, respectively.

Depreciation is computed primarily by the straight-line method based on the estimated useful lives of the assets.

Goodwill and Other Intangibles

There was no goodwill subject to amortization at December 31, 1997 and 1996. Goodwill acquired prior to November 1, 1970 ($19,484 at December 31, 1997 and 1996), is not being amortized and relates to Tredegar's Aluminum Extrusions business. Other intangibles ($591 and $648 at December 31, 1997 and 1996, respectively, net of accumulated amortization) consist primarily of patent rights and licenses acquired which are being amortized on a straight-line basis over a period of not more than 17 years.

Impairment of Long-Lived Assets

The review for the possible impairment of long-lived tangible and intangible assets is performed in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." For assets to be held and used in operations, this standard requires that, whenever events indicate that an asset may be impaired, the entity estimate the future unlevered cash flows expected to result from the use of the asset and its eventual disposition. Assets are grouped for this purpose at the lowest level for which there are identifiable and independent cash flows. If the sum of these undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of the impairment loss is based on the estimated fair value of the asset.

Pension Costs and Postretirement Benefit Costs
Other Than Pensions

Pension costs and postretirement benefit costs other than pensions are accrued over the period employees provide service to the company in compliance with SFAS No. 87, "Employers Accounting for Pensions," and SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions" (see Note 13). Tredegar's policy is to fund its pension plans at amounts not less than the minimum requirements of the Employee Retirement Income Security Act of 1974, as amended, and to fund postretirement benefits other than pensions when claims are incurred.

Postemployment Benefits

Tredegar periodically provides certain postemployment benefits purely on a discretionary basis. Accordingly, under SFAS No. 112, "Employers Accounting for Postemployment Benefits," related costs for these programs are accrued when it is probable that such benefits will be paid. All other postemployment benefits are either accrued under current benefit plans or are not material to Tredegar's financial position or results of operations.

Income Taxes

Income taxes are recognized during the period in which transactions enter into the determination of income for financial reporting purposes, with deferred income taxes being provided at enacted statutory tax rates on the differences between the financial reporting and tax bases of assets and liabilities (see Note 15). The company accrues U.S. federal income taxes on undistributed earnings of its foreign subsidiaries.

Earnings Per Share

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

	1997	1996	1995
Weighted average shares outstanding used to compute basic earnings per share	12,287,639	12,207,616	12,915,640
Incremental shares issuable upon the assumed exercise of stock options	890,823	897,407	454,379
Shares used to compute diluted earnings per share	13,178,462	13,105,023	13,370,019

Incremental shares issuable upon the assumed exercise of outstanding stock options is computed using the average market price during the related period.

Stock Options

Stock options, stock appreciation rights ("SARs") and restricted stock grants are accounted for under APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations whereby (i) no compensation cost is recognized for fixed stock option or restricted stock grants unless the quoted market price of the stock at the measurement date (ordinarily the date of grant or award) is in excess of the amount the employee is required to pay and (ii) compensation cost for SARs is recognized and adjusted up through the date of exercise or forfeiture based on the estimated number of SARs expected to be exercised times the difference between the market price of Tredegar's stock and the amount the employee is required to pay. The company provides pro forma disclosures of the fair value based method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" (see Note 11).

2 BUSINESS SEGMENTS

See pages 20-22 and the related Notes to Financial Tables on page 32 for net sales, operating profit, identifiable assets and other information about Tredegar's businesses that are presented for the years 1990-1997. The discussion of segment information is unaudited.

3 ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

December 31	1997	1996
Trade, less allowance for doubtful accounts and sales returns of $3,363 and $3,487 in 1997 and 1996	$66,249	$59,866
Other	3,423	1,210
Total	$69,672	$61,076

4 INVENTORIES

Inventories consist of the following:

December 31	1997	1996
Finished goods	$ 1,865	$1,677
Work-in-process	2,340	1,782
Raw materials	9,297	7,958
Stores, supplies and other	6,506	6,241
Total	$20,008	$17,658

Inventories stated on the LIFO basis amounted to $11,990 and $9,342 at December 31, 1997 and 1996, respectively, which are below replacement costs by approximately $13,141 and $13,748, respectively.

5 ALUMINUM FORWARD SALES, PURCHASE AND FUTURES CONTRACTS

In the normal course of business, Tredegar enters 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 its exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than 12 months, the company enters into a combination of forward purchase commitments and futures contracts to acquire aluminum, based on the scheduled deliveries. These contracts involve elements of credit and market risk that are not reflected on the company's balance sheet, including the risk of dealing with counterparties and their ability to meet the terms of the contracts. At December 31, 1997 and 1996, open fixed-price forward sales contracts, representing commitments to sell 40.8 and 15.7 million pounds of aluminum, respectively, in the form of finished product, were matched with open aluminum forward purchase and futures contracts. The weighted average cost per pound of aluminum on the commitment dates for open fixed-price forward sales contracts was approximately 75.1 and 71 cents per pound in 1997 and 1996, respectively, compared with a market cost of 75.2 and 73 cents per pound at December 31, 1997 and 1996, respectively. This unrealized loss of less than one cent per pound and two cents per pound at December 31, 1997 and 1996, respectively, was substantially hedged on those dates by unrealized gains of approximately the same amounts on the matching open forward purchase commitments and futures contracts to acquire aluminum.

6 INVESTMENTS

Tredegar has investments in private venture capital fund limited partnerships and early-stage technology companies, including the stock of privately held companies and the restricted and unrestricted stock of companies that have recently registered shares in initial public offerings. These investments, which individually represent ownership interests of less than 20%, are included in "Other assets and deferred charges." A summary of Tredegar's technology-related investment activities and values for each of the three years in the period ended December 31, 1997, is summarized to the right and below:

	1997	1996	1995
Carrying value of technology-related investments, beginning of period	$ 6,048	$3,410	$2,200
Technology-related investment activity for period (pre-tax amounts):			
Investments	20,801	3,138	1,904
Proceeds from the sale of investments	(15,060)	(2,639)	-
Realized gains	14,309	2,139	-
Realized losses, write-offs and write-downs	(429)	-	(694)
Increase in unrealized gain on available-for-sale securities	7,844	-	-
Carrying value of technology-related investments, end of period	$33,513	$6,048	$3,410

December 31	1997			1996			1995		
	Cost Basis	Carrying Value	Estimated Fair Value	Cost Basis	Carrying Value	Estimated Fair Value	Cost Basis	Carrying Value	Estimated Fair Value
Limited partnership interests in private venture capital funds	$ 5,678	$ 5,521	$12,496	$2,475	$2,475	$ 7,524	$1,800	$1,800	$3,902
Equity interests in private companies	18,265	18,265	18,534	2,571	2,571	2,571	733	733	733
Common stock of public companies (available-for-sale securities):									
Ciena Corporation (CIEN)	457	6,530	6,530	-	-	-	-	-	-
CardioGenesis Corporation (CGCP)	1,366	2,290	2,290	877	877	3,319	877	877	1,065
Advance Fibre Communications, Inc. (AFCI)	60	907	907	-	-	-	-	-	-
Network Appliance, Inc. (NTAP)	-	-	-	125	125	1,586	-	-	-
Total	$25,826	$33,513	$40,757	$6,048	$6,048	$15,000	$3,410	$3,410	$5,700

Tredegar's remaining unfunded commitments to private venture capital funds totaled approximately $22,000 at December 31, 1997, and are expected to be invested over the next two years.

Beginning in 1997, the securities of public companies held by Tredegar (common stock listed on NASDAQ) are classified as available-for-sale and stated at fair value, with unrealized holding gains or losses excluded from earnings and reported net of deferred income taxes in a separate component of shareholders' equity until realized. Prior to 1997, such securities were stated at the lower of cost or fair value, and the differences were immaterial. The securities of private companies held by Tredegar (primarily convertible preferred stock) are accounted for at the lower of cost or estimated fair value. Ownership interests of less than or equal to 5% in private venture capital funds are accounted for at the lower of cost or estimated fair value, while ownership interests in excess of 5% in such funds are accounted for under the equity method.

The fair value of securities of public companies is determined based on closing price quotations. The fair value of securities of private companies is estimated by Tredegar management. The fair value of ownership interests in private venture capital funds is based on management's estimate of Tredegar's distributable share of fund net assets utilizing, among other information, the general partners' estimate of the fair value of nonmarketable securities held by the funds, closing bid prices of publicly traded securities held by the funds and fund formulas for allocating profits, losses and distributions. Because of the inherent uncertainty associated with the valuations of restricted securities or securities for which there is no public market, estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed. Furthermore, publicly traded stocks of emerging, technology-based companies usually have higher volatility and risk than the U.S. stock market as a whole.

Gains and losses recognized in 1997 and 1996 are included in "Other income (expense), net" whereas the loss recognized in 1995 is included in "Selling, general and administrative" expenses.

7 GOODWILL AND OTHER INTANGIBLES

Goodwill and other intangibles, and the related accumulated amortizations, are as follows:

December 31	1997	1996
Goodwill and other intangibles	$20,332	$29,956
Divestitures (see Note 18)	-	(9,980)
Write-offs	(7)	-
Additions and reclassifications	-	356
Subtotal	20,325	20,332
Accumulated amortization	(250)	(200)
Net	$20,075	$20,132

8 ACCRUED EXPENSES

Accrued expenses consist of the following:

December 31	1997	1996
Payrolls, related taxes and medical and other benefits	$14,014	$13,347
Workmen's compensation and disabilities	5,021	4,561
Vacation	4,813	4,201
Contract research revenues received in advance	2,917	-
Plant shutdowns and divestitures	1,097	2,061
Environmental	448	774
Other	11,308	7,543
Total	$39,618	$32,487

9 DEBT AND CREDIT AGREEMENTS

At December 31, 1997 and 1996, debt outstanding consisted of a note payable with a remaining balance of $30,000 and $35,000, respectively. Interest is payable on the note semi-annually at 7.2% per year. Annual principal payments of $5,000 are due each June through 2003 (the $5,000 due in June 1998 has been classified as long-term in accordance with Tredegar's ability to refinance such obligation on a long-term basis). At December 31, 1997, the prepayment value of the note was $30,900 and Tredegar estimates that an equivalent rate on similar debt would be 6.7%.

Tredegar also has a revolving credit facility that permits borrowings of up to $275,000 (no amounts borrowed at December 31, 1997 and 1996). The facility matures on July 9, 2002, with an annual extension of one year permitted subject to the approval of participating banks. The facility provides for interest to be charged at a base rate (generally the London Interbank Offered Rate ("LIBOR")) plus a spread that is dependent on Tredegar's quarterly debt-to-total capitalization ratio. A facility fee is also charged on the $275,000 commitment amount. The spread and facility fee charged at various debt-to-total capitalization levels are as follows:

	(Basis Points)	
Debt-to-Total Capitalization Ratio	LIBOR Spread	Facility Fee
Less than or equal to 35%	16.50	8.50
Greater than 35% and less than or equal to 50%	22.50	10.00
Greater than 50%	30.00	15.00

In addition, a utilization fee of five basis points is charged on the outstanding principal amount when more than $137,500 is borrowed under the agreement. The weighted average interest rate on all variable-rate loans outstanding during 1995 was 6.7% (there were no such loans outstanding during 1997 and 1996).

Tredegar's loan agreements contain restrictions, among others, on the minimum shareholders' equity required and the maximum debt-to-total capitalization ratio permitted (60%). At December 31, 1997, shareholders' equity was in excess of the minimum required by $128,045, and $275,000 was available to borrow under the 60% debt-to-total capitalization ratio restriction.

10 SHAREHOLDER RIGHTS AGREEMENT

Pursuant to a Rights Agreement dated as of June 15, 1989 (as amended), between Tredegar and American Stock Transfer and Trust Company as Rights Agent (the "Rights Agreement"), two-thirds of one Right is attendant to each share of Tredegar common stock. Each Right entitles the registered holder to purchase from Tredegar one one-hundredth of a share of Participating Cumulative Preferred Stock, Series A (the "Preferred Stock"), at an exercise price of $50 (the "Purchase Price"). The Rights will become exercisable, if not earlier redeemed, only if a person or group acquires 10% or more of the outstanding shares of Tredegar common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 10% or more of Tredegar common stock. Any action by a person who, together with his associates and affiliates, owned 10% or more of the outstanding shares of Tredegar common stock on July 10, 1989, cannot cause the Rights to become exercisable.

Each holder of a Right, upon the occurrence of certain events, will become entitled to receive, upon exercise and payment of the Purchase Price, Preferred Stock (or in certain circumstances, cash, property or other securities of Tredegar or a potential acquirer) having a value equal to twice the amount of the Purchase Price.

The Rights will expire on June 30, 1999.

11 STOCK OPTION PLANS

Tredegar has three stock option plans whereby stock options may be granted to purchase a specified number of shares of Tredegar common stock at a price not less than the fair market value on the date of grant and for a term not to exceed 10 years. Options ordinarily vest one year from the date of grant. In addition to stock options, recipients may also be granted SARs and restricted stock. SARs, when granted, have been in tandem with stock options; however, no SARs have been granted since 1992. Generally, the share appreciation that can be realized upon the exercise of SARs is limited to the fair market value at the date of grant. As a result, it is more likely that related stock options will be exercised rather than SARs when the price of Tredegar's common stock is in excess of $22.27 per share (Tredegar's closing stock price on December 31, 1997, was $65.875 per share).

The compensation cost that was charged against income for SARs was $984 in 1995 (there was no such charge in 1997 and 1996). Had compensation cost for the company's stock-based compensation plans been determined based on the fair value at the grant dates consistent with the method prescribed by SFAS No. 123, the company's income and diluted earnings per share would have been reduced to the pro forma amounts indicated below:

	1997	1996	1995
Net income:			
As reported	$58,446	$45,035	$24,053
Pro forma	56,412	43,814	23,280
Diluted earnings per share:			
As reported	4.43	3.44	1.80
Pro forma	4.28	3.34	1.74

The fair value of each option was estimated as of the grant date using the Black-Scholes option-pricing model.
The assumptions used in this model for valuing stock options granted during 1997, 1996 and 1995 are provided below:

	1997	1996	1995
Dividend yield	.6%	1.0%	1.3%
Volatility percentage	30.0%	23.5%	23.8%
Weighted average risk-free interest rate	6.7%	5.7%	7.3%
Holding period (years):			
Officers	8.3	9.4	10.0
Management	4.6	4.7	5.2
Others	2.4	3.2	3.2
Market price at date of grant:			
Officers and management	$49.63	$25.13	$12.50
Others	51.92	22.13	11.59
Exercise price for options granted where exercise price exceeds market price (applicable to officers in 1997 and officers and management in 1996)	63.00	29.00	n/a

Stock options granted during 1997, 1996 and 1995, and their estimated fair value at the date of grant, are provided below:

	1997	1996	1995
Stock options granted (number of shares):			
Where exercise price equals market price:			
Officers	48,000	40,000	90,000
Management	87,250	86,300	117,600
Others	21,450	53,300	11,400
Where exercise price exceeds market price:			
Officers	47,000	20,000	-
Management	-	3,000	-
Total	203,700	202,600	219,000

Estimated fair value of options

per share at date of grant:			
Where exercise price equals market price:			
Officers	$24.05	$10.68	$5.81
Management	17.40	7.07	4.05
Others	12.43	4.88	2.97
Where exercise price exceeds market price:			
Officers	20.21	9.41	n/a
Management	n/a	5.55	n/a
Total estimated fair value of stock options granted	3,889	1,502	1,033

A summary of the company's stock options outstanding at December 31, 1997, 1996 and 1995, and changes during the years then ended, is presented below:

	Number of Shares		Exercise Price Per Share				
	Options	SARs	Range			Weighted Average	Aggregate
Outstanding at 12/31/94	1,207,800	628,650	$ 8.09	to	$16.00	$10.58	$12,774
Granted in 1995	219,000	-	11.59	to	12.50	12.45	2,727
Lapsed in 1995	(10,350)	(2,250)	10.09	to	11.59	10.43	(108)
Options exercised in 1995	(177,750)	(57,000)	8.09	to	16.00	10.22	(1,817)
SARs exercised in 1995	(49,125)	(49,125)	8.09	to	11.14	10.34	(508)
Outstanding at 12/31/95	1,189,575	520,275	8.09	to	16.00	10.99	13,068
Granted in 1996	202,600	-	22.13	to	29.00	24.78	5,020
Lapsed in 1996	(15,150)	-	10.09	to	25.13	15.12	(229)
Options exercised in 1996	(130,705)	(60,955)	8.09	to	12.50	10.29	(1,345)
Outstanding at 12/31/96	1,246,320	459,320	8.09	to	29.00	13.25	16,514
Granted in 1997	203,700	-	49.63	to	63.00	53.01	10,798
Lapsed in 1997	(1,800)	-	10.09	to	56.25	28.33	(51)
Options exercised in 1997	(188,855)	(95,975)	8.09	to	29.00	14.62	(2,761)
Outstanding at 12/31/97	1,259,365	363,345	$ 8.09	to	$63.00	$19.45	$24,500

The following table summarizes additional information about stock options outstanding and exercisable at December 31, 1997:

Range of Exercise Prices			Options Outstanding at December 31, 1997			Options Exercisable at December 31, 1997	
			Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
		$11.14	182,600	1.5	$11.14	182,600	$11.14
$ 8.09	to	11.18	189,595	4.2	8.14	189,595	8.14
10.09	to	16.00	370,300	6.2	12.07	370,300	12.07
11.59	to	12.50	175,754	7.2	12.48	175,754	12.48
22.13	to	29.00	138,166	8.1	25.37	138,166	25.37
49.63	to	63.00	202,950	9.4	53.01	-	-
$ 8.09	to	$63.00	1,259,365	6.1	$19.45	1,056,415	$13.01

Stock options exercisable at December 31, 1996 and 1995, totaled 1,007,718 and 883,974 shares, respectively. Stock options available for grant at December 31, 1997, 1996 and 1995 totaled 458,550; 660,600; and 397,800 shares, respectively.

12 RENTAL EXPENSE AND CONTRACTUAL COMMITMENTS

Rental expense was $2,746, $2,760 and $3,355 for 1997, 1996 and 1995, respectively. Rental commitments under all non-cancelable operating leases as of December 31, 1997, are as follows:

1998	$1,675
1999	1,288
2000	1,041
2001	481
2002	199
Remainder	-
Total	$4,684

Contractual obligations for plant construction and purchases of real property and equipment amounted to approximately $4,452 and $3,247 at December 31, 1997 and 1996, respectively.

13 RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

Tredegar has noncontributory defined benefit plans covering most employees. The plans for salaried and hourly employees currently in effect are based on a formula using the participant's years of service and compensation or using the participant's years of service and a dollar amount. Plan assets consist principally of common stock and government and corporate obligations.

The components of net pension income for Tredegar's plans for 1997, 1996 and 1995 are as follows:

	1997	1996	1995
Return on plan assets:			
Actual return	$30,338	$22,864	$28,434
Expected return lower than actual	(16,943)	(10,540)	(17,065)
Expected return	13,395	12,324	11,369
Amortization of transition asset	899	1,251	1,231
Service cost (benefits earned during the year)	(2,235)	(2,116)	(2,376)
Interest cost on projected benefit obligation	(8,002)	(7,631)	(7,192)
Amortization of prior service costs and gains or losses	(578)	(782)	(99)
Net pension income	$ 3,479	$ 3,046	$ 2,933

The following table presents a reconciliation of the funded status of Tredegar's pension plans at December 31, 1997, 1996 and 1995, to prepaid pension expense:

December 31	1997	1996	1995
Plan assets at fair value	$191,922	$166,582	$147,600
Actuarial present value of benefit obligations:			
Accumulated benefit obligation (including vested benefits of $105,761, $96,561 and $90,895, respectively)	(107,811)	(99,219)	(93,077)
Projected compensation increase	(10,053)	(9,676)	(11,097)
Projected benefit obligation	(117,864)	(108,895)	(104,174)
Plan assets in excess of projected benefit obligation	74,058	57,687	43,426
Unrecognized net gain being amortized	(44,253)	(31,486)	(21,863)
Unrecognized transition asset being amortized	(2,077)	(2,975)	(4,226)
Unrecognized prior service costs being amortized	3,084	3,658	4,581
Prepaid pension expense	$ 30,812	$ 26,884	$ 21,918

Prepaid pension expense of $30,812 and $26,884 is included in "Other assets and deferred charges" at December 31, 1997 and 1996, respectively.

Net pension income and plan obligations are calculated using assumptions of discount rates on projected benefit obligations, estimated rates of projected increases in compensation and expected rates of return on plan assets. The discount rate on projected benefit obligations was assumed to be 7.25% at December 31, 1997, 7.5% at December 31, 1996 and 7.5% at December 31, 1995. The rate of projected compensation increase and the expected long-term rate of return on plan assets was assumed to be 5% and 9%, respectively, each year. Net pension income is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

Tredegar also has a non-qualified supplemental pension plan covering certain employees. The plan is designed to restore all or a part of the pension benefits that would have been payable to designated participants from Tredegar's principal pension plans if it were not for limitations imposed by income tax regulations. The projected benefit obligation relating to this unfunded plan was $889, $894 and $658 at December 31, 1997, 1996 and 1995, respectively, and pension expense recognized was approximately $150 annually. This information has been included in the pension tables above.

In addition to providing pension benefits, Tredegar provides postretirement life insurance and health care benefits for certain groups of employees. Tredegar and retirees share in the cost of postretirement health care benefits, with employees retiring after July 1, 1993, receiving a fixed subsidy from Tredegar to cover a portion of their health care premiums.

The components of net periodic postretirement benefit cost are as follows:

	1997	1996	1995
Service cost (benefits earned during the year)	$(113)	$(117)	$(118)
Interest cost on accumulated postretirement benefit obligation	(467)	(448)	(493)
Recognition of gains	76	101	74
Net postretirement benefit cost	$(504)	$(464)	$(537)

The following table presents a reconciliation of the funded status of Tredegar's postretirement life insurance and health care benefit plans at December 31, 1997, 1996, and 1995, to accrued postretirement benefit cost:

December 31	1997	1996	1995
Plan assets at fair value	$ -	$ -	$ -
Accumulated postretirement benefit obligation (APBO):			
Retirees	(3,429)	(3,283)	(3,438)
Other fully eligible participants	(1,121)	(1,253)	(1,396)
Other active participants	(1,993)	(1,769)	(1,957)
Total APBO	(6,543)	(6,305)	(6,791)
APBO in excess of plan assets	(6,543)	(6,305)	(6,791)
Unrecognized gain	(1,029)	(1,317)	(1,219)
Accrued postretirement benefit cost	$(7,572)	$(7,622)	$(8,010)

Accrued postretirement benefit cost of $7,572 and $7,622 is included in "Other noncurrent liabilities" at December 31, 1997 and 1996, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation was 7.25% at December 31, 1997, 7.5% at December 31, 1996 and 7.5% at December 31, 1995. The rate of annual pay increase for life insurance benefits was assumed to be 5% each year. The rate of increase in the per-capita cost of covered health care benefits for the indemnity plan was assumed to be 10% at December 31, 1997, 11% at December 31, 1996 and 12% at December 31, 1995. The rate of increase in the per-capita cost of covered health care benefits for the managed care plans was assumed to be 8.1% at December 31, 1997, 8.9% at December 31, 1996 and 9.7% at December 31, 1995. The rates for the per-capita cost of covered health care benefits were assumed to decrease gradually for the indemnity and managed care plans to 6% and 5%, respectively, in year 2002 and remain at that level thereafter. Net postretirement benefit cost is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

If the health care cost trend rate assumptions were increased by 1%, the accumulated postretirement benefit obligation as of December 31, 1997, would increase by approximately $4. The effect of this increase on the sum of the service cost and interest cost components of net periodic postretirement benefit cost for 1997 would be immaterial.

On August 16, 1994, the Elk Horn Coal Corporation ("Elk Horn"), Tredegar's 97% owned coal subsidiary, was acquired by Pen Holdings, Inc. In accordance with applicable accounting pronouncements, a $6,194 charge ($3,964 after income tax benefits) was recognized as a reduction to the gain on the disposal of Elk Horn for the estimated present value of the portion of the unfunded obligation under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act") assumed by Tredegar in the divestiture transaction. Under the Act, former employers are responsible for a portion of the funding of medical and death benefits of certain retired miners and dependents of the United Mine Workers of America. The obligation under the Act is reflected in Tredegar's consolidated balance sheet in "Other noncurrent liabilities." The net periodic income of $98 in 1997 and cost of $158 in 1996 related to the obligation (interest and the amortization of gains (net)) is reflected in "Other income (expense), net."

At December 31, 1997, 1996 and 1995, the accrued cost for Tredegar's obligation under the Act was $5,300, $5,793 and $6,000, respectively, including an unfunded obligation of $2,701, $2,943 and $4,703, respectively, and an unrecognized gain of $2,599, $2,850 and $1,297, respectively. The discount rate used in determining the unfunded obligation was 7.25%, 7.5% and 7.5% at December 31, 1997, 1996 and 1995, respectively. The medical premium trend rate was assumed to be 10%, 11% and 12% at December 31, 1997, 1996 and 1995, respectively, with a gradual decrease to 5.75% in year 2004, 6% in year 2004 and 6% in year 2004, respectively, and remaining at that level thereafter. The accrued cost was determined using assumptions at the end of each period, and the net periodic income or cost was determined using assumptions as of the beginning of each period. If the medical premium trend rate were increased by 1%, the obligation at December 31, 1997, would increase by approximately $171. The effect of this increase on the annual interest cost component of the net periodic cost would be immaterial.

14 SAVINGS PLAN

Tredegar has a savings plan that allows eligible employees to voluntarily contribute a percentage of their compensation. Under the provisions of the plan, Tredegar matches a portion of the employee's contribution to the plan with shares of Tredegar common stock. Tredegar also has a non-qualified plan that restores matching benefits for employees suspended from the savings plan due to certain limitations imposed by income tax regulations. Charges recognized by Tredegar for these plans in 1997, 1996 and 1995 amounted to $2,564, $2,348, and $2,060, respectively. Tredegar's liability under the restoration plan was $1,974 and $1,221 at December 31, 1997 and 1996, respectively, consisting of 29,966 and 30,422 phantom shares of Tredegar common stock, respectively, valued at the closing market price on that date. During 1997, the Tredegar Industries, Inc. Benefits Plan Trust (the "Trust") purchased 15,557 shares of Tredegar common stock for $1,020 as a partial hedge against the phantom shares held in the restoration plan. The cost of the shares held by the Trust is shown as a reduction to shareholders' equity in the consolidated balance sheets.

15 INCOME TAXES

Income before income taxes and income taxes are as follows:

	1997	1996	1995
Income before income taxes:			
Domestic	$84,356	$63,612	$36,494
Foreign	5,810	5,383	1,828
Total	$90,166	$68,995	$38,322
Current income taxes:			
Federal	$22,769	$17,916	$10,050
State	3,700	2,608	1,996
Foreign	1,910	1,665	683
Total	28,379	22,189	12,729
Deferred income taxes:			
Federal	2,576	1,105	1,448
State	310	2	136
Foreign	455	664	(44)
Total	3,341	1,771	1,540
Total income taxes	$31,720	$23,960	$14,269

The significant differences between the U.S. federal statutory rate and the effective income tax rate are as follows:

	Percent of Income Before Income Taxes		
	1997	1996	1995
Income tax expense at federal statutory rate	35.0	35.0	35.0
State taxes, net of federal income tax benefit	2.9	2.5	3.6
Foreign Sales Corporation	(1.1)	(1.6)	(1.3)
Tax-exempt interest income	(1.1)	(.9)	-
Research and development tax credit	(.3)	(.3)	(1.0)
Goodwill amortization	-	.1	.2
Write-off of certain goodwill	-	-	.1
Other items, net	(.2)	(.1)	.6
Effective income tax rate	35.2	34.7	37.2

Deferred income taxes result from temporary differences between financial and income tax reporting of various items. The source of these differences and the tax effects were as follows:

	1997	1996	1995
Employee benefits	$1,912	$2,591	$ 499
Allowance for doubtful accounts and sales returns	868	699	(48)
Depreciation	553	(2,179)	(14)
Plant shutdowns, divestitures and environmental accruals	(459)	409	743
Other items, net	467	251	360
Total	$3,341	$1,771	$1,540

Deferred tax liabilities and deferred tax assets as of December 31, 1997 and 1996, are as follows:

December 31	1997	1996
Deferred tax liabilities:		
Pensions	$11,824	$ 9,699
Depreciation	8,773	8,220
Unrealized gain on available-for-sale securities	2,824	-
Other	1,403	1,368
Total deferred tax liabilities	24,824	19,287
Deferred tax assets:		
Employee benefits	7,910	7,697
Inventory	1,281	1,170
Allowance for doubtful accounts and sales returns	438	1,306
Plant shutdowns and divestitures	417	752

Environmental accruals	170	294
Other	1,222	558
Total deferred tax assets	11,438	11,777
Net deferred tax liability	$13,386	$ 7,510

Included in the balance sheet:		
Noncurrent deferred tax liabilities in excess of assets	$22,108	$16,994
Current deferred tax assets in excess of liabilities	8,722	9,484
Net deferred tax liability	$13,386	$ 7,510

16 UNUSUAL ITEMS

In 1997, unusual income included a gain of $2,250 (net of transaction costs of $250) related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products (see Note 18).

In 1996, unusual items totaling $11,427 (income, net) include a gain on the sale of Molded Products ($19,893, see Note 18), a gain on the sale of a former plastic films manufacturing site in Fremont, California ($1,968), a charge related to the loss on the divestiture of Brudi ($9,146, see Note 18) and a charge related to the write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films ($1,288).

In 1995, unusual items totaling $78 (income, net) include a gain on the sale of Regal Cinema shares ($728), a charge related to the restructuring of APPX Software ($2,400) and a recovery in connection with a Film Products product liability lawsuit ($1,750). The APPX Software restructuring charge included estimated losses on the disposal of assets, severance costs and costs for the termination of leases and certain contracts. The restructuring, which occurred in the first quarter of 1995, was aimed at eliminating operating losses. Such losses were $478 in the first quarter of 1995 and $4,700 in 1994. While new product development activities were curtailed, APPX Software continued to sell, maintain and support existing products. During 1997 and 1996 and for the period April 1 to December 31, 1995 (the post-restructuring periods), APPX Software had an operating profit of $587, $511 and $382, respectively (see Note 19 regarding the divestiture of APPX Software in early 1998).

17 CONTINGENCIES

Tredegar is involved in various stages of investigation and cleanup relating to environmental matters at certain plant locations. Where management has determined the nature and scope of any required environmental cleanup activity, estimates of cleanup costs have been obtained and accrued. As management continues its efforts to ensure compliance with environmental laws and regulations, additional contingencies may be identified. If additional contingencies are identified, it is management's practice to determine the nature and scope of such contingencies, obtain and accrue estimates of the cost of remediation, and perform remediation. While it is not possible to predict the course of ongoing environmental compliance activities, management does not currently believe that additional costs that could arise from such activities will have a material adverse effect on its financial position; however, such costs could have a material adverse effect on quarterly or annual operating results in a future period.

Tredegar is involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsels' evaluation of such actions, management believes that Tredegar has sufficiently accrued for possible losses and that these actions will not have a material adverse effect on Tredegar's financial position; however, the resolution of such actions in a future period could have a material adverse effect on quarterly or annual operating results at that time.

18 DIVESTED OPERATIONS

On March 29, 1996, Tredegar sold Molded Products to Precise Technology, Inc. ("Precise") for cash consideration of $57,500 ($53,973 after transaction costs). In addition, Tredegar received unregistered cumulative preferred stock of Precise with a face amount of $2,500, which was fully redeemed in 1997 (see Note 16). No value was assigned by Tredegar to the preferred stock in 1996 due to the uncertainty of redemption at that time.

During the second quarter of 1996, Tredegar completed the sale of Brudi for cash consideration of approximately $18,066 ($17,625 after transaction costs).

Tredegar recognized a gain of $19,893 ($13,725 after income taxes) on the sale of Molded Products in the first quarter of 1996. The gain was partially offset by a first-quarter charge of $9,146 ($5,666 after income tax benefits) related to the loss on the divestiture of Brudi. The Molded Products gain included a gain of $2,039 ($1,243 after income taxes) on the curtailment of participation by Molded Products employees in Tredegar's benefit plans. The Brudi charge included a loss accrued of $1,000 ($640 after income tax benefits) for remaining payments under a noncompetition and secrecy agreement entered into when Tredegar acquired Brudi on April 1, 1991.

The operating results for Molded Products were historically reported as a part of the Plastics segment on a combined basis with Film Products and Fiberlux. Likewise, results for Brudi were combined with Aluminum Extrusions and reported as part of the Metal Products segment. Accordingly, results for Molded Products and Brudi have been included in continuing operations. Tredegar began reporting Molded Products and Brudi separately in its segment disclosures in 1995 after announcing its intent to divest these businesses (see pages 20-22). Additional information on the combined results of operations of these businesses is provided below:

Condensed Statements of Income
Molded Products and Brudi Combined

(Unaudited)	1996 Through the Date Divested	1995
Net sales	$34,511	$116,745
Costs and expenses:		
Operating costs and expenses	33,269	113,805
Interest allocated	283	899
Total	33,552	114,704
Income from Molded Products and Brudi before income taxes	959	2,041
Income taxes	423	913
Income from Molded Products and Brudi	$ 536	$ 1,128

All of Molded Products' full-time employees participated in Tredegar's noncontributory defined benefit plan for salaried employees. Most of these employees also participated in Tredegar's welfare (medical, life and disability) and savings plans. Related costs for participation in these plans were allocated to Molded Products and were included in the above condensed statements of income. Interest expense was allocated to Molded Products and Brudi based upon the ratio of their capital employed (net assets) to Tredegar's consolidated capital employed.

For federal income tax purposes, operating results of Molded Products and Brudi through the date of disposal were included in Tredegar's consolidated tax return. Their related provision for income taxes represents their allocated share of Tredegar's income tax expense. The allocated share approximates income tax expense that would have been incurred had Molded Products and Brudi separately filed a consolidated tax return and computed income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes."

19 RECENT EVENTS

On January 14, 1998, Tredegar announced a "Dutch auction" self-tender offer for up to 1,250,000 shares of its common stock at prices ranging from $58.00 to $65.00 per share. The offer expires on February 13, 1998, unless extended, and is subject to the terms and conditions described in the offering materials. Tredegar intends to use available cash and cash equivalents to fund the offer. If necessary, the company will use available borrowings under its revolving credit facility to provide additional funds. Assuming that the company purchases 1,250,000 shares pursuant to the offer at a price of $65.00 per share, the total amount required by the company to purchase such shares will be $81,250, exclusive of estimated fees and other expenses of $225.

On January 16, 1998, Tredegar sold APPX Software and expects to recognize a gain on the transaction during the first quarter of 1998.

On February 6, 1998, Tredegar acquired two Canada-based aluminum extrusion and fabrication plants from Reynolds Metals Company. The plants are located in Ste-Therese, Quebec, and Richmond Hill, Ontario. The two plants collectively generated sales of approximately $55,000 in 1997. Both facilities manufacture products used primarily in building construction, transportation, electrical, machinery and equipment, and consumer durables markets. The acquisition will be accounted for using the purchase method.

SHAREHOLDER INFORMATION

Annual Meeting

The annual meeting of shareholders of Tredegar Industries, Inc., will be held on May 20, 1998, beginning at 9:30 a.m. E.D.T. at the Jefferson Hotel in Richmond, Virginia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or before March 31.

Corporate Headquarters
1100 Boulders Parkway
Richmond, Virginia 23225

PHONE   804-330-1000
E-MAIL   invest@tredegar.com
WEB SITE   http://www.tredegar.com

Number of Employees
Approximately 2,500

Counsel
Hunton & Williams
Richmond, Virginia

Independent Accountants
Coopers & Lybrand, L.L.P.
Richmond, Virginia

Stock Listing
New York Stock Exchange
Ticker Symbol: TG

Transfer Agent and Registrar
American Stock Transfer & Trust Company
New York, New York

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

American Stock Transfer & Trust Company
Shareholder Services Department
40 Wall Street - 46th Floor
New York, New York 10005
PHONE   800-937-5449

All other inquiries should be directed to:

Tredegar Industries, Inc.
Corporate Communications Department
1100 Boulders Parkway
Richmond, Virginia 23225
PHONE   804-330-1044

Quarterly Report Distribution
Tredegar does not distribute quarterly reports through brokerages or banks. If your shares of Tredegar common stock are held through a third party, such as a bank or brokerage, and you would like to receive quarterly reports, please write or call Corporate Communications at the above address.

Dividend Information
During 1995 and 1996, Tredegar paid quarterly dividends of $.06 per share, or $.24 per share on an annual basis. Effective January 1, 1997, the quarterly dividend was increased to $.08 per share, or $.32 per share on an annual basis. Effective October 1, 1997, the quarterly dividend was increased to $.09 per share, or $.36 per share on an annual basis. All decisions with respect to payment of dividends will be made by the Board of Directors based upon Tredegar's earnings, financial condition, anticipated cash needs and such other considerations as the Board deems relevant. See Note 9 of Notes to Financial Statements on page 43 for restriction on the minimum shareholders' equity required.

Market Prices of Common Stock and Shareholder Data
The following table shows the reported high and low closing prices of Tredegar's common stock by quarter for the past two years.

	1997		1996	
	High	Low	High	Low
First Quarter	$42.50	$37.63	$25.88	$20.50
Second Quarter	56.38	40.25	35.00	24.25
Third Quarter	72.25	52.63	34.38	29.00
Fourth Quarter	73.94	63.19	45.38	34.25

Tredegar has no preferred stock outstanding.

There were 12,371,245 shares of common stock held by 6,402 shareholders of record on December 31, 1997.

Plants, Facilities and Offices

Corporate Headquarters:
Richmond, Virginia

Tredegar Film Products:
Carbondale, Pennsylvania
Cincinnati, Ohio
LaGrange, Georgia
Manchester, Iowa
New Bern, North Carolina
Tacoma, Washington
Terre Haute, Indiana (2)
(plant and technical center)
Guangzhou, China
Kerkrade, the Netherlands
Kobe, Japan
Buenos Aires, Argentina
San Juan, Argentina
Sao Paulo, Brazil

Fiberlux:
Pawling, New York
Purchase, New York

Aluminum Extrusions:
Carthage, Tennessee
El Campo, Texas
Kentland, Indiana
Newnan, Georgia
Ste-Therese, Quebec
Richmond Hill, Ontario

Tredegar Investments:
Seattle, Washington

Molecumetics:
Bellevue, Washington

Exhibit 21

TREDEGAR INDUSTRIES, INC.
Virginia

Name of Subsidiary	Jurisdiction of Incorporation
BLC G. P., Inc.	Virginia
Bon L Campo Limited Partnership	Texas
Bon L Canada Inc.	Canada
The William L. Bonnell Company, Inc.	Georgia
Capitol Products Corporation	Pennsylvania
Fiberlux, Inc.	Virginia
Guangzhou Tredegar Films Company Limited	China
Idlewood Properties, Inc.	Virginia
Molecumetics Institute, Ltd.	Virginia
Molecumetics, Ltd.	Virginia
TGI Fund I	Virginia
TGI Fund II	Virginia
Tredegar Brazil Industria De Plasticos Ltda.	Brazil
Tredegar Development Corporation	Virginia
Tredegar Exploration, Inc.	Virginia
Tredegar Film Products Argentina S.A.	Argentina
Tredegar Film Products, B.V.	Netherlands
Tredegar Film Products (Japan) Ltd.	Virginia
Tredegar Film Products Polska Sp. z o.o.	Poland
Tredegar Films Development, Inc.	Virginia
Tredegar Foreign Sales Corporation	U.S. Virgin Islands
Tredegar Holdings Corporation	Virginia
Tredegar Reserves, Inc.	Virginia
Tredegar Investments, Inc.	Virginia
Virginia Techport, Inc.	Virginia
WLB L.P., Inc.	Virginia

Exhibit 23.1

Consent Of Coopers & Lybrand L.L.P.

We consent to the incorporation by reference in the registration statements of Tredegar Industries, Inc. on Form S-3 (File No. 33-57268) and on Forms S-8 (File No. 33-31047, File No. 33-50276, File No. 33-64647 and File No. 33-12985) of our report dated January 14, 1998, except for the information presented in Note 19, for which the date is February 6, 1998, on our audits of the consolidated financial statements of Tredegar Industries, Inc. and subsidiaries as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997, which report appears on page 34 of the 1997 Annual Report to Shareholders of Tredegar Industries, Inc.

/s/ Coopers & Lybrand L.L.P.

COOPERS & LYBRAND L.L.P.

Richmond, Virginia
March 10, 1998

THE SCHEDULE CONTAINS UNAUDITED SUMMARY FINANCIAL INFORMATION FOR TREDEGAR INDUSTRIES, INC. AND SUBSIDIARIES EXTRACTED FROM THE BALANCE SHEET AS OF DECEMBER 31, 1997 AND THE STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
DEC-31-1997
DEC-31-1997
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58,446
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4.43