

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

/ X /

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

For the quarterly period ended September 30, 1999

OR

/ /

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

For the transition period from _____ to _____

Commission file number 1-10258

Tredegar Corporation

(Exact Name of Registrant as Specified in its Charter)

Virginia

54-1497771

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

1100 Boulders Parkway
Richmond, Virginia

23225

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (804) 330-1000

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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The number of shares of Common Stock, no par value, outstanding as of October 31, 1999: 37,261,900.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Tredegar Corporation
Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	Sept. 30, 1999	Dec. 31, 1998
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,434	\$ 25,409
Accounts and notes receivable	118,962	94,341
Inventories	46,264	34,276
Deferred income taxes	8,755	8,762
Prepaid expenses and other	2,085	3,536
Total current assets	195,500	166,324
Property, plant and equipment, at cost	459,755	356,411
Less accumulated depreciation and amortization	218,715	200,380
Net property, plant and equipment	241,040	156,031
Venture capital investments	107,876	60,024
Other assets and deferred charges	39,955	41,886

Goodwill and other intangibles	153,936	32,913
	-----	-----
Total assets	\$ 738,307	\$ 457,178
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 61,200	\$ 47,551
Accrued expenses	43,604	41,071
Income taxes payable	163	243
	-----	-----
Total current liabilities	104,967	88,865
Long-term debt	250,000	25,000
Deferred income taxes	25,956	24,914
Other noncurrent liabilities	7,997	8,104
	-----	-----
Total liabilities	388,920	146,883
	-----	-----
Shareholders' equity:		
Common stock, no par value	98,972	95,893
Common stock held in trust for savings restoration plan	(1,212)	(1,212)
Unrealized gain on available-for-sale security	3,125	1,376
Foreign currency translation adjustment	(1,630)	(2,519)
Retained earnings	250,132	216,757
	-----	-----
Total shareholders' equity	349,387	310,295
	-----	-----
Total liabilities and shareholders' equity	\$738,307	\$ 457,178
	=====	=====

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statements of Income
(In Thousands)
(Unaudited)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1999	1998	1999	1998
Revenues:				
Net sales	\$215,911	\$186,638	\$590,292	\$513,244
Other income (expense), net	(3,889)	(246)	(4,907)	3,055
Total	212,022	186,392	585,385	516,299
Costs and expenses:				
Cost of goods sold	171,389	148,223	465,614	405,760
Selling, general and administrative	11,991	9,892	34,513	28,868
Research and development	5,969	3,374	15,819	10,321
Amortization of intangibles	1,275	86	2,144	120
Interest	3,047	266	4,853	952
Unusual items	(712)	-	3,916	(765)
Total	192,959	161,841	526,859	445,256
Income before income taxes	19,063	24,551	58,526	71,043
Income taxes	6,748	8,591	20,723	22,626
Income from continuing operations	12,315	15,960	37,803	48,417
Income from discontinued operations	-	3,421	-	3,421
Net income	\$ 12,315	\$ 19,381	\$ 37,803	\$ 51,838
Earnings per share:				
Basic:				
Continuing operations	\$.33	\$.44	\$ 1.02	\$ 1.33
Discontinued operations	-	.09	-	.09
Net income	\$.33	\$.53	\$ 1.02	\$ 1.42
Diluted:				
Continuing operations	\$.32	\$.41	\$.97	\$ 1.24
Discontinued operations	-	.09	-	.09
Net income	\$.32	\$.50	\$.97	\$ 1.33
Shares used to compute earnings per share:				
Basic	37,098	36,351	36,893	36,483
Diluted	38,718	38,582	38,754	38,966
Dividends per share	\$.04	\$.04	\$.12	\$.11

See accompanying notes to financial statements.

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

	Nine Months Ended Ended Sept. 30	
	1999	1998
Cash flows from operating activities:		
Net income	\$ 37,803	\$ 51,838
Adjustments for noncash items:		
Depreciation	20,146	15,897
Amortization of intangibles	2,144	120
Write-off of in-process R&D acquired and other intangibles	3,7251	-
Deferred income taxes	(1,071)	2,043
Accrued pension income and postretirement benefit	(2,331)	(2,833)
Loss (gain) on sale of venture capital investments	4,994	(2,041)
Loss (gain) on equipment writedowns and divestitures	458	(765)
Gain related to discontinued operations	-	(5,346)
Changes in assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts and notes receivable	(10,208)	(4,197)
Inventories	4,806	(2,010)
Income taxes recoverable	-	294
Prepaid expenses and other	1,624	921
Accounts payable	10,502	5,852
Accrued expenses and income taxes payable	1,347	(3,144)
Other, net	(2,117)	(1,870)
Net cash provided by operating activities	71,822	54,759
Cash flows from investing activities:		
Capital expenditures	(32,792)	(24,269)
Acquisitions (net of cash acquired of \$1,097 in 1998; excludes equity issued of \$11,219 in 1998)	(215,227)	(60,883)
Venture capital investments	(55,727)	(27,121)
Proceeds from the sale of venture capital investment	2,234	2,919
Proceeds from property disposals and divestitures	905	740
Other, net	(841)	(1,140)
Net cash used in investing activities	(301,448)	(109,754)
Cash flows from financing activities:		
Dividends paid	(4,428)	(3,955)
Net increase (decrease) in borrowings	225,000	(5,000)
Repurchases of Tredegar common stock	-	(36,460)
Tredegar common stock purchased by trust for savings restoration plan	-	(192)
Proceeds from exercise of stock options (including related income tax benefits realized)	3,079	3,824
Net cash provided by (used in) financing activities	223,651	(41,783)
Increase (decrease) in cash and cash equivalents	(5,975)	(96,778)
Cash and cash equivalents at beginning of period	25,409	120,065
Cash and cash equivalents at end of period	\$ 19,434	\$ 23,287

See accompanying notes to financial statements.

TREDEGAR CORPORATION
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Corporation and Subsidiaries ("Tredegar") contain all adjustments necessary to present fairly, in all material respects, Tredegar's consolidated financial position as of September 30, 1999, and the consolidated results of operations and cash flows for the nine months ended September 30, 1999 and 1998. All such adjustments are deemed to be of a normal recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998. The results of operations for the nine months ended September 30, 1999, are not necessarily indicative of the results to be expected for the full year.

2. On October 20, 1999, Tredegar borrowed \$250 million under a new term loan agreement dated October 13, 1999. A portion of the term loan proceeds (\$230 million) was used to repay all of the outstanding borrowings under our revolving credit facility. The balance (\$20 million) was invested in cash equivalents, and is expected to be used in the next twelve months to fund capital expenditures and venture capital investment opportunities. The revolving credit facility permits borrowings of up to \$275 million (no amounts borrowed at November 12, 1999) and matures on July 9, 2002. Tredegar also has a note payable with a remaining balance of \$20 million. Total debt due and outstanding at November 12, 1999 is summarized below:

Debt Due and Outstanding at Nov. 12, 1999

(Dollars in Thousands)

Year Due	Note Payable	Term Loan	Total Debt Due
-----	-----	-----	-----
2000	\$ 5,000	\$ -	\$ 5,000
2001	5,000	-	5,000
2002	5,000	-	5,000
2003	5,000	50,000	55,000
2004	-	75,000	75,000
2005	-	125,000	125,000
-----	-----	-----	-----
Total	\$20,000	\$250,000	\$270,000

Interest is payable on the note semi-annually at 7.2% per year. The term loan and revolving credit agreements provide for interest to be charged at a base rate (generally the London Interbank Offered Rate ("LIBOR")) plus a spread that is dependent on our quarterly debt-to-total capitalization ratio. The fully-borrowed spread over LIBOR charged at the various debt-to-total capitalization levels are as follows:

Fully-Borrowed Spread Over LIBOR
Under Credit Agreements (Basis Points)

Debt-to-Total Capitalization Ratio	Revolver	Term Loan
Greater than 55% and less than or equal to 60%	50.0	100.0
Greater than 50% and less than or equal to 55%	50.0	87.5
Greater than 40% and less than or equal to 50%	37.5	75.0
Greater than 35% and less than or equal to 40%	37.5	62.5
Greater than 30% and less than or equal to 35%	30.0	62.5
Less than or equal to 30%	30.0	50.0

The interest rate on the \$250 million term loan for the 92-day period from October 20, 1999 to January 20, 2000, is 7%, and will float thereafter based on the interest period selected, LIBOR and the applicable spread over LIBOR. Our loan agreements permit a maximum debt-to-total capitalization ratio of 60%.

3. On September 24, 1999, Tredegar announced that its board of directors is evaluating alternative financing and structural options for its technology group, including a possible spin-off of the unit into an independent company. The technology group was formed in 1992 and includes Molecumetics, Ltd., Therics, Inc. and Tredegar Investments, Inc. Molecumetics, based in Seattle, Washington, is a drug discovery company dedicated to the identification of small-molecule drug candidates for license and development by pharmaceutical and biotechnology company partners, which currently include Bristol-Myers Squibb Company, Asahi Chemical Industries, Teijin Limited, Choongwae Pharma and Pharmacia & Upjohn Company. Therics, based in Princeton, New Jersey, was acquired on April 8, 1999 (see Note 4), and is developing microfabrication technology that has potential applications in drug delivery and other medical markets. Tredegar Investments, also based in Seattle, is our venture capital subsidiary.

The carrying value of venture capital investments was \$107.9 million (\$110.1 million cost basis) at September 30, 1999, and \$60 million (\$60.6 million cost basis) at December 31, 1998. The estimated net asset value of venture capital investments at September 30, 1999 and December 31, 1998, were as follows:

	(In Thousands Except Per-Share Data)	
	Sept. 30, 1999	Dec. 31, 1998
Estimated fair value of venture capital investments	\$138,514	\$ 70,841
Estimated income taxes on assumed disposal at fair value	(10,221)	(3,681)
Net asset value of venture capital investments	\$128,293	\$ 67,160
Net asset value of venture capital investments per Tredegar common share	\$ 3.45	\$ 1.83

The change in net asset value for venture capital investments related to investment activities and portfolio performance for the nine months ended September 30, 1999 and 1998, is summarized below:

	(In Thousands)	
	Nine Months	
	Ended Sept. 30	
	1999	1998
	-----	-----
Net realized gains, losses, writedowns and related operating expenses for venture capital investments reflected in consolidated statements of income	\$ (6,767)	\$ 1,104
Change in unrealized appreciation of venture capital investments	22,554	(5,608)
Pretax change in venture capital net asset value related to investment activities	15,787	(4,504)
Provision for income taxes	5,683	(1,621)
Net change in venture capital net asset value related to investment activities	\$ 10,104	\$(2,883)

The venture capital portfolio is comprised of 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 merged with other public companies or registered shares in initial public offerings. As a result of these investments, we have direct or indirect ownership stakes in more than 150 technology-based start-up companies, primarily in the communications, information technology and life sciences industries. The portfolio has an overall weighted average age of 1.6 years. Most liquidation opportunities are not expected for several years and will depend on many factors, including market conditions.

The fair value of securities of public companies is determined based on closing price quotations. We estimate the fair value of securities of private companies using the indicative value from the latest round of financing, and reduce this amount if events subsequent to the financing imply a lower valuation. The fair value of ownership interests in private venture capital funds is based on our estimate of our distributable share of fund net assets using the general partners' estimate of fair value of securities held by the funds and fund formulas for allocating profits, losses and distributions. Because of the inherent uncertainty associated with the valuation of restricted securities or securities for which there is no public market, estimates of fair value may differ significantly from the value that would have been used had a ready market for the securities existed.

- On May 17, 1999, Tredegar acquired the assets of Exxon Chemical Company's plastic films business ("Exxon Films") for cash consideration of approximately \$205 million (including estimated transaction costs of \$2.9 million). The acquisition was funded with borrowings under our revolving credit facility, and has since been refinanced by our new term loan (see Note 2). During the 12 months ended March 31, 1999, Exxon Films had pro forma revenues of \$111 million and generated pro forma EBITDA (earnings before interest, taxes, depreciation and amortization and excluding potential synergies) of \$24.6 million. The asset-purchase structure, unlike a stock-purchase transaction, allows Tredegar to deduct for tax purposes over time the full value of depreciable fixed assets and intangibles (goodwill).

Tredegear expects that, by 2001, the annual ongoing benefits from synergies (cost reductions, efficiencies and technology enhancements expected from the integration of Exxon Films into existing operations) will range from \$7 - \$9 million.

In addition to Exxon Films, Tredegear acquired:

- - The assets of Therics, Inc. ("Therics") on April 8, 1999
- - The stock of Canadian-based Exal Aluminum Inc. ("Exal") on June 11, 1998
- - Two Canadian-based aluminum extrusion and fabrication plants from Reynolds Metals Company ("Reynolds") on February 6, 1998

The assets of Therics were acquired for cash consideration of \$13.6 million (including transaction costs). Before the acquisition, Tredegear owned approximately 19% of Therics. Upon the final liquidation of the former Therics, Tredegear will have paid approximately \$10.2 million to effectively acquire the remaining 81% ownership interest. Tredegear recognized a nonrecurring charge of \$3.5 million (classified in unusual items in the consolidated statements of income) in the second quarter of 1999 related to the write-off of acquired in-process research and development. The amount of the charge was determined through an independent, third-party analysis.

Exal was acquired for \$44.1 million (including transaction costs), which was comprised of:

- - Cash consideration of \$32.9 million (\$31.8 million net of cash acquired) 380,172 shares of Class I non-voting preferred shares of Tredegear's Bon L Canada subsidiary (the "Class I Shares")

The Class I Shares are exchangeable into shares of Tredegear common stock on a one-for-one basis. Each Class I Share is economically equivalent to one share of Tredegear common stock and accordingly accounted for in the same manner. Tredegear funded the cash portion of the purchase price with available cash on hand. Exal operates aluminum extrusion plants in Pickering, Ontario and Aurora, Ontario. Both facilities manufacture extrusions for distribution, transportation, electrical, machinery and equipment, and building and construction markets. The Pickering facility also produces aluminum logs and billet for internal use and for sale to customers.

The former Reynolds plants in Canada were acquired for cash consideration of \$29.1 million (including transaction costs) using available cash on hand. The plants are located in Ste-Therese, Quebec, and Richmond Hill, Ontario. Both facilities manufacture extruded and fabricated aluminum products used primarily in building and construction, transportation, electrical, machinery and equipment, and consumer durables markets.

Each acquisition was accounted for using the purchase method, and related operating results have been included in Tredegar's consolidated statements of income since the dates acquired. Detailed pro forma financial information for these acquisitions through March 31, 1999, were included in our Form 8-K/A filed on June 25, 1999. Selected historical and pro forma financial information for Tredegar through September 30, 1999, is as follows:

Tredegar Corporation
Selected Historical and Pro Forma Financial Information
(In Thousands Except Per-Share Amounts)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30		Last 12 Months 9/30/99
	1999	1998	1999	1998	

Net sales:					
Manufacturing operations	\$214,190	\$ 185,318	\$584,806	\$509,228	\$ 769,627
Technology operating companies	1,721	1,320	5,486	4,016	7,217
Net income:					
Manufacturing operations	\$ 16,496	\$ 16,990	\$ 48,588	\$ 46,792	\$ 65,733
Technology Group:					
Operating companies	(1,808)	(635)	(3,948)	(1,848)	(4,616)
Venture capital investments	(2,829)	(395)	(4,331)	707	(4,644)
Unusual items	456	-	(2,506)	2,766	(2,931)
Discontinued operations	-	3,421	-	3,421	1,292
Total	\$ 12,315	\$ 19,381	\$ 37,803	\$ 51,838	\$ 54,834
=====					
Diluted earnings per share:					
Manufacturing operations	\$.43	\$.44	\$ 1.25	\$ 1.20	\$ 1.70
Technology Group:					
Operating companies	(.05)	(.02)	(.10)	(.05)	(.12)
Venture capital investments	(.07)	(.01)	(.11)	.02	(.12)
Unusual items	.01	-	(.07)	.07	(.07)
Discontinued operations	-	.09	-	.09	.03
Total	\$.32	\$.50	\$.97	\$ 1.33	\$ 1.42
=====					
EBITDA - manufacturing operations	\$ 36,464	\$ 31,547	\$ 99,711	\$ 86,317	\$ 132,043
As a % of related net sales	17.0%	17.0%	17.1%	17.0%	17.2%
Loss before deprec. & amortiz. for technology operating companies	(2,085)	(732)	(4,269)	(2,136)	(4,805)
=====					
Consolidated pro forma information for acquisitions as if they had occurred at the beginning of 1998:					
Net sales:					
Manufacturing operations	\$214,190	\$ 212,669	\$628,075	\$632,753	\$ 841,141
Tech. operating companies	1,721	1,344	5,512	4,056	7,268
EBITDA - manufacturing oper.	36,464	37,721	109,185	104,950	147,319
As a % of pro forma net sales	17.0%	17.7%	17.4%	16.6%	17.5%
Loss before deprec. & amortiz. for tech. operating companies	(2,085)	(2,600)	(6,061)	(7,638)	(8,589)
Manufacturing operations:					
Net income	16,496	16,936	48,770	45,340	65,629
Diluted earnings per share	.43	.44	1.26	1.15	1.69
Technology operating companies:					
Net loss	(1,808)	(2,160)	(5,455)	(6,308)	(7,764)
Diluted loss per share	(.05)	(.06)	(.14)	(.16)	(.20)

Pro forma results assume that Tredegar made the acquisitions at the beginning of 1998. Excluded from the pro forma results are synergies expected from the integration of acquired and existing operations. Accordingly, the pro forma financial information does not purport to be indicative of the future results or the financial position of Tredegar or the net income and financial position that would actually have been attained had the pro forma transactions occurred on the dates or for the periods indicated.

Unusual items in 1999 include:

- A third-quarter gain of \$712,000 on the sale of corporate real estate (\$456,000 after income taxes)
- A second quarter charge of \$3.5 million for the write-off of in-process R&D related to the Therics acquisition (\$2.2 million after deferred income tax benefits)
- A second quarter charge of \$1.2 million for the write-off of equipment related to excess packaging film capacity (\$749,000 after income tax benefits)

Unusual items in 1998 include a first-quarter pretax gain of \$765,000 on the sale of APPX Software. Income taxes in 1998 include a tax benefit of \$2 million related to the sale, including a tax benefit for the excess of APPX Software's income tax basis over its financial reporting basis. Discontinued operations in 1998 include an after-tax gain of \$3.4 million related to the reversal of an accrued liability that we established to cover future payments to the United Mine Workers of America Combined Benefit Fund. We were relieved of this liability, which was incurred by the divested coal business.

5. Comprehensive income, defined as net income and other comprehensive income, was \$14 million for the third quarter of 1999 and \$10.7 million for the third quarter of 1998. Comprehensive income was \$40.4 million for the first nine months of 1999 and \$44.5 million for the first nine months of 1998. Other comprehensive income includes changes in unrealized gains and losses on available-for-sale securities and foreign currency translation adjustments recorded net of deferred income taxes directly in shareholders' equity.

6. The components of inventories are as follows:

(In Thousands)

	Sept. 30 1999	Dec. 31 1998
Finished goods	\$8,130	\$4,805
Work-in-process	4,202	3,751
Raw materials	24,276	17,690
Stores, supplies and other	9,656	8,030
	-----	-----
Total	\$46,264	\$34,276
	=====	=====

7. 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:

(In Thousands)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1999	1998	1999	1998
Weighted average shares outstanding used to compute basic earnings per share	37,098	36,351	36,893	36,483
Incremental shares issuable upon the assumed exercise of stock options	1,620	2,231	1,861	2,483
Shares used to compute diluted earnings per share	<u>38,718</u>	<u>38,582</u>	<u>38,754</u>	<u>38,966</u>

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

8. The Financial Accounting Standards Board has issued a new standard affecting the accounting for derivative instruments and hedging activities. This standard is not expected to significantly change our operating results, financial condition or disclosures. The new standard will be adopted in the first quarter of 2001.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Third Quarter 1999 Compared with Third Quarter 1998

Financial results for the quarter and year-to-date are summarized on page 9.

Earnings from manufacturing operations decreased to 43 cents per diluted share in the third quarter of 1999 from 44 cents per diluted share in 1998. Excluding the results from the plastic films operations acquired from Exxon Chemical Company (see Note 4 on page 7), profits in our films business declined and continue to be adversely affected by lower volume, higher product development costs, delays in new product introductions and weakness in international markets. Profits were up 4% in the company's aluminum extrusion business as continued volume growth was partially offset by higher aluminum costs.

On September 24, 1999, Tredegar announced that its board of directors is evaluating alternative financing and structural options for its technology group, including a possible spin-off of the unit into an independent company. See Note 3 on page 6 for more information.

Third-quarter 1999 net sales increased primarily due to acquisitions. On a pro forma basis, net sales increased by 1% due to higher volume and sales from the plastic films plants acquired from Exxon and higher volume and sales in Aluminum Extrusions.

The consolidated gross profit margin during the third quarter of 1999 and 1998 was 20.6%.

Selling, general and administrative (SG&A) expenses in the third quarter of 1999 were \$12 million, up from \$9.9 million in 1998 due primarily to acquisitions and higher spending on new products in Film Products. As a percentage of sales, SG&A expenses increased to 5.6% in 1999 compared with 5.3% in 1998.

Research and development expenses increased by \$2.6 million or 77% due to the acquisition of Therics and higher spending at Molecumetics.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, increased slightly in the third quarter of 1999 (up \$92,000). The average tax-equivalent yield earned was approximately 5.1% in 1999 and 5.6% in 1998. Interest expense increased by \$2.8 million due to funds borrowed on a floating-rate basis under our revolving credit facility to acquire Exxon Films (see Note 2 on page 5 and Note 4 on page 7), partially offset by higher capitalized interest resulting from higher capital expenditures. Average debt outstanding during the third quarter was \$238.6 million (including average floating-rate debt outstanding of \$218.6 million), up from \$25 million (all 7.2% fixed-rate debt) in the third quarter of last year. The average interest rate on debt declined to 5.7% during the third quarter of 1999 from 7.2% in 1998 due to a higher proportion of floating-rate debt. The average interest rate on floating-rate debt in the third quarter of 1999 was 5.6% (the rate as of November 12, 1999, was 7% - see Note 2 on page 5).

The effective tax rate excluding unusual items increased to 35.4% in the third quarter of 1999 from 35% in the third quarter of 1998.

Nine Months 1999 Compared with Nine Months 1998

The improved earnings from manufacturing operations during the first nine months (\$1.25 per diluted share in 1999 versus \$1.20 per diluted share in 1998) were driven by higher volume and acquisitions in our aluminum extrusions business and the acquisition of Exxon Films (see Note 4 on page 7). Excluding the results from the plastic films operations acquired from Exxon, profits in the films business declined and continue to be adversely affected by lower volume, higher product development costs, delays in new product introductions and weakness in international markets. See Note 3 on page 6 regarding our recent announcement concerning the technology group.

Net sales for the first nine months of 1999 increased due to acquisitions. On a pro forma basis, net sales declined by less than 1% due to lower average selling prices in Film Products and Aluminum Extrusions, partially offset by higher pro forma volume in Film Products and higher pro forma volume and sales in Aluminum Extrusions. Lower selling prices reflect lower average plastic resin and aluminum costs. Higher volume on a pro forma basis in Film Products was due to the plastic films operations acquired from Exxon.

The consolidated gross profit margin for the first nine months of 1999 increased to 21.1% from 20.9% in 1998.

Selling, general and administrative (SG&A) expenses were \$34.5 million in 1999, up from \$28.9 million in 1998 due primarily to acquisitions and higher spending on new products in Film Products. As a percentage of sales, SG&A expenses increased to 5.8% in 1999 compared with 5.6% in 1998.

Research and development expenses increased by \$5.5 million or 53% due to the acquisition of Therics and higher spending at Molecumetics.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, decreased by \$1.1 million due to a lower average cash equivalents balance (see Liquidity and Capital Resources on page 16) and lower yields. The average tax-equivalent yield earned was approximately 4.9% in 1999 and 5.7% in 1998. Interest expense increased by \$3.9 million due to funds borrowed on a floating-rate basis under our revolving credit facility to acquire Exxon Films (see Note 2 on page 5 and Note 4 on page 7). Average debt outstanding during the first nine months of 1999 was \$130.8 million (including average floating-rate debt outstanding of \$107.8 million), up from \$28.1 million (all 7.2% fixed-rate debt) last year. The average interest rate on debt declined to 5.8% in 1999 from 7.2% in 1998 due to a higher proportion of floating-rate debt. The average interest rate on floating-rate debt in 1999 was 5.5% (the rate as of November 12, 1999, was 7% - see Note 2 on page 5).

The effective tax rate excluding unusual items increased to 35.4% in the first nine months of 1999 from 35% in 1998 due to lower tax exempt income.

Segment Results

The following tables present Tredegar's net sales and operating profit by segment for the third quarter and nine months ended September 30, 1999 and 1998.

Net Sales by Segment (In Thousands) (Unaudited)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1999	1998	1999	1998
Film Products	\$ 93,548	\$ 69,885	\$236,567	\$215,392
Fiberlux	2,620	2,993	7,098	8,598
Aluminum Extrusions	118,022	112,440	341,141	285,238
Technology:				
Molecumetics	1,626	1,320	5,391	3,987
Therics	95	-	95	-
Other	-	-	-	29
Total net sales	\$215,911	\$ 186,638	\$590,292	\$513,244

Operating Profit by Segment (In Thousands) (Unaudited)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1999	1998	1999	1998
Film Products:				
Ongoing operations	\$ 16,235	\$ 12,621	\$ 41,783	\$ 39,211
Unusual items	-	-	(1,170)	-
Total Film Products	16,235	12,621	40,613	39,211
Fiberlux	160	510	19	1,052
Aluminum Extrusions	14,107	13,557	42,587	35,150
Technology:				
Molecumetics	(1,078)	(995)	(2,825)	(2,460)
Therics	(1,746)	-	(3,343)	-
Venture capital investments	(4,420)	(618)	(6,767)	1,104
Other	-	-	-	(428)
Unusual items	-	-	(3,458)	765
Total technology	(7,244)	(1,613)	(16,393)	(1,019)
Total operating profit	23,258	25,075	66,826	74,394
Interest income	310	218	892	1,962
Interest expense	3,047	266	4,853	952
Corporate expenses, net *	1,458	476	4,339	4,361
Income before income taxes	19,063	24,551	58,526	71,043
Income taxes	6,748	8,591	20,723	22,626
Net income from continuing operations	\$ 12,315	\$ 15,960	\$ 37,803	\$ 48,417

* Includes a pretax gain of \$712 on the sale of corporate real estate in the third quarter and nine months ended September 30, 1999.

Selected historical and pro forma results for Film Products are summarized below (pro forma results assume that the acquisition of Exxon Films (see Note 4 on page 7) occurred at the beginning of 1998):

Film Products
Selected Historical and Pro Forma Financial Information
(In Thousands)

	Historical		Pro Forma	
	1999	1998	1999	1998
Third Quarter				
Net sales	\$ 93,548	\$ 69,885	\$93,548	\$ 97,236
Operating profit	16,235	12,621	16,235	16,349
First Nine Months				
Net sales	236,567	215,392	279,836	293,118
Operating profit	41,783	39,211	47,125	46,921

Sales and operating profit in Film Products were higher in 1999 due to the acquisition of Exxon Films. Excluding the acquisition, sales volume and operating profit were down due to the adverse effects of:

- - Higher product development spending
- - Delays in new product introductions
- - Weakness in international markets, particularly emerging markets

Selected historical and pro forma results for Aluminum Extrusions are summarized below (pro forma results assume that acquisitions in 1998 in this segment (see Note 4 on page 7) occurred at the beginning of 1998):

Aluminum Extrusions
Selected Historical and Pro Forma Financial Information
(In Thousands)

	Historical		Pro Forma	
	1999	1998	1999	1998
Third Quarter				
Net sales	\$118,022	\$ 112,440	\$118,022	\$112,440
Operating profit	14,107	13,557	14,107	13,557
First Nine Months				
Net sales	341,141	285,238	341,141	331,037
Operating profit	42,587	35,150	42,587	36,680

Sales volume and operating profit in Aluminum Extrusions increased in 1999 due to acquisitions, strong demand for architectural and commercial extrusions and a high percentage of mill finish product which maximized the utilization of press capacity. Operating results were adversely affected by press and furnace repairs and resulting downtime at the El Campo, Texas facility, and expenses and disruption associated with the second phase of the press modernization project at the Newnan, Georgia plant. Operating results in the third quarter were hurt by a lag between selling price increases and rapidly rising aluminum costs.

Molecumetics operating losses increased during 1999 due to higher costs to support related programs. See Note 4 on page 7 regarding the acquisition of Therics, and Note 3 on page 6 for additional information concerning Tredegar's technology group.

Liquidity and Capital Resources

Tredegar's total assets increased to \$738.3 million at September 30, 1999, from \$457.2 million at December 31, 1998, due to the acquisition of Exxon Films, higher fixed assets from capital expenditures in excess of depreciation and venture capital investments. Total liabilities increased to \$388.9 million at September 30, 1999, from \$146.9 million at December 31, 1998, due mainly to borrowings related to the acquisition of Exxon Films, capital expenditures and venture capital investments.

Net cash provided by operating activities in excess of capital expenditures and dividends increased to \$34.6 million in the first nine months of 1999 from \$26.5 million in 1998 due to higher cash flow from operating activities, partially offset by higher capital expenditures. Higher capital expenditures in Film Products are related to the new facility near Budapest, Hungary, and machinery and equipment purchased for the manufacture of new products (breathable and elastomeric films that are partially replacing conventional diaper backsheet and other diaper components in order to improve comfort and fit). The Hungarian facility, which is now operational, produces disposable films for hygiene products marketed in Eastern Europe. Higher capital expenditures in Aluminum Extrusions relate to the second phase of a modernization program at the plant in Newnan, Georgia (the first phase was completed in 1996).

The reasons for the decrease in cash and cash equivalents to \$19.4 million at September 30, 1999, from \$25.4 million at December 31, 1998, are summarized below:

	Nine Months Ended Sept. 30	
	1999	1998
Cash and cash equivalents, beginning of period	\$ 25,409	\$120,065
Cash provided by operating activities in excess of capital expenditures and dividends	34,602	26,535
Proceeds from the exercise of stock options	3,079	3,824
Net increase (decrease) in borrowings	225,000	(5,000)
Acquisitions	(215,227)	(60,883)
Repurchases of Tredegar common stock	-	(36,460)
New venture capital investments, net of proceeds from disposals	(53,493)	(24,202)
Other, net	64	(592)
Net increase (decrease) in cash and cash equivalents	(5,975)	(96,778)
Cash and cash equivalents, end of period	\$ 19,434	\$ 23,287

Quantitative and Qualitative Disclosures About Market Risk

Tredegar has exposure to the volatility of interest rates, polyethylene and polypropylene resin prices, aluminum ingot and scrap prices, foreign currencies, emerging markets and technology stocks.

See Note 2 on page 5 regarding credit agreements and interest rate exposures.

Changes in resin prices, and the timing of those changes, could have a significant impact on profit margins in Film Products; however, those 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, we enter into fixed-price forward sales contracts with certain customers for the sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge our exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than 12 months, we enter into a combination of forward purchase commitments and futures contracts to acquire aluminum, based on the scheduled deliveries.

We sell to customers in foreign markets through our foreign operations and through exports from U.S. plants. The percentage of consolidated pretax income earned by geographic area for the first nine months of 1999 and 1998 are presented below:

	Percentage of Consolidated Pretax Income Earned by Geographic Area*	
	Nine Months Ended Sept. 30	
	1999	1998
United States	57 %	68 %
Canada	19	7
Europe	9	11
Latin America	8	9
Asia	7	5
Total	100 %	100 %

*Based on consolidated pretax income from continuing operations excluding venture capital activities and unusual items.

We attempt to match the pricing and cost of our products in the same currency and generally view the volatility of foreign currencies and emerging markets, and the corresponding impact on earnings and cash flow, as part of the overall risk of operating in a global environment. Exports from the U.S. are generally denominated in U.S. dollars. Our foreign operations in emerging markets have agreements with certain customers that index the pricing of our products to the U.S. dollar, the German mark or the euro. Our foreign currency exposure on income from foreign operations in Europe primarily relates to the German mark and the euro. We believe that our exposure to the Canadian dollar has been substantially neutralized by the U.S. dollar-based spread (the difference between selling prices and aluminum costs) generated from Canadian casting operations and exports from Canada to the U.S. The acquisition of Exxon Films on May 17, 1999, will increase the proportion of our income earned in the U.S.

See Note 3 on page 6 regarding Tredegar's technology group.

Year 2000 Information Technology Issues

The century date compliance problem, which is commonly referred to as the "Year 2000" problem, will affect many computers and other electronic devices that are not programmed to properly recognize dates starting with January 1, 2000. This could result in system failures or miscalculations. The potential impact of such failures include, among others, an inability to secure raw materials, manufacture products, ship products and be paid for products on a timely basis.

Since 1996, we have been actively planning and responding to the Year 2000 problem. Year 2000 reviews have been and will continue to be made to our Executive Committee and senior management. Periodic reviews with the Board of Directors began in August 1998.

Our Year 2000 compliance efforts are focused on internal computer-based information systems, external electronic interfaces and communication equipment, shop floor machines and other manufacturing and research process control devices. Remediation of systems requiring changes was completed at the end of 1998, except for revisions to a small portion of certain software programs, the replacement of certain software for the four aluminum extrusion plants recently acquired in Canada, and computer systems related to the acquisition of Exxon Films discussed below. Remediation efforts for the exceptions have extended into 1999. Testing of systems began in mid-1998 and will continue through 1999. We do not believe contingency plans are necessary for internal systems at this time. We are also actively evaluating the Year 2000 capabilities of parties with whom we have key business relationships (suppliers, customers and banks, for example). Contingency plans will be developed for these relationships as needed. Work to fix the Year 2000 problem is being performed largely by internal personnel and we do not track those costs. The incremental costs associated with correcting the problem are not expected to have a material adverse effect on our operating results, financial condition or cash flows.

The computer hardware, software systems and communications equipment related to Exxon Films have been replaced and are now Year 2000 compliant. This business has been integrated into the enterprise-wide systems infrastructure of Tredegar Film Products. We estimate that the cost of all remediation efforts related to Exxon Films is approximately \$1.9 million, most of which is being capitalized and amortized over the estimated useful life of related assets.

While we believe that we are taking the necessary steps to resolve our Year 2000 issues in a timely manner, there can be no assurance that there will be no Year 2000 problems. If any such problems occur, we will work to solve them as quickly as possible. At present, we do not expect that any such problems will have a material adverse effect on our businesses. The failure, however, of a major customer or supplier to be Year 2000-compliant could have a material adverse effect on our businesses.

New Accounting Standards

The Financial Accounting Standards Board has issued a new standard affecting the accounting for derivative instruments and hedging activities. This standard is not expected to significantly change our operating results, financial condition or disclosures. The new standard will be adopted in the first quarter of 2001.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibit No.

4 Credit Agreement, dated October 13, 1999, among Tredegar Corporation, the banks named therein, Bank of America, N.A. as Administrative Agent, The Bank of New York and Crestar Bank as Co-Documentation Agents

27 Financial Data Schedule

(b) Reports on Form 8-K. No reports on Form 8-K were filed for the quarter ended September 30, 1999.

SIGNATURES

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

Tredegar Corporation
(Registrant)

Date: November 12, 1999

/s/ N. A. Scher

Norman A. Scher
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: November 12, 1999

/s/ D. Andrew Edwards

D. Andrew Edwards
Vice President, Treasurer and Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
4	Credit Agreement, dated October 13, 1999, among Tredegar Corporation, the banks named therein, Bank of America, N.A. as Administrative Agent, The Bank of New York and Crestar Bank as Co-Documentation Agents
27	Financial Data Schedule

CREDIT AGREEMENT

Dated as of October 13, 1999

among

TREDEGAR CORPORATION,

THE BANKS NAMED HEREIN

and

BANK OF AMERICA, N.A.,
as Administrative Agent,

THE BANK OF NEW YORK

and

CRESTAR BANK,
as Co-Documentation Agents

Arranged by:

BANC OF AMERICA SECURITIES LLC, as Sole Lead Arranger and Sole Book Manager.

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Exhibit A	Borrowing Request
Exhibit B	Form of Term Note
Exhibit C	Assignment and Acceptance
Exhibit D	Form of Opinion of Company's Counsel

TERM LOAN CREDIT AGREEMENT dated as of October 13, 1999, among TREDEGAR CORPORATION, a Virginia corporation formerly known as Tredegar Industries, Inc. (the "Company"); the banks listed in Schedule 2.01 hereto or subsequently becoming parties hereto as provided herein (the "Banks"); BANK OF AMERICA, N.A., a national banking association, as administrative agent for the Banks (in such capacity, the "Administrative Agent"); and The Bank of New York, a national banking association, and Crestar Bank, as Co- Documentation Agents.

The Company has requested a term loan of \$250 million to be used to refinance existing indebtedness and for working capital and other general corporate purposes, including acquisitions. The Banks are willing to extend such credit to the Company on the terms and subject to the conditions herein set forth.

Accordingly, the Company, the Administrative Agent and the Banks agree as follows:

I. DEFINITIONS

Section 1.01.....Defined Terms.

As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Adjusted LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the product of (a) the LIBO Rate in effect for such Interest Period and (b) Statutory Reserves. For purposes hereof, the term "LIBO Rate" shall mean the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits approximately equal in principal amount to the Administrative Agent's portion of such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.04(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit C hereto.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in Charlotte, North Carolina; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any date, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Spread" shall mean the applicable spread per annum set forth below based upon the Company's Debt/Capitalization Ratio:

Category I

Applicable Spread

Debt/Capitalization Ratio less than or equal to 30%	0.500%
Category II - - - - -	
Debt/Capitalization Ratio greater than 30% and less than or equal to 40%	0.625%
Category III - - - - -	
Debt/Capitalization Ratio greater than 40% and less than or equal to 50%	0.750%
Category IV - - - - -	
Debt/Capitalization Ratio greater than 50% and less than or equal to 55%	0.875%
Category V - - - - -	
Debt/Capitalization Ratio greater than 55%	1.000%

For purposes of the foregoing, the Applicable Spread for any date shall be determined by reference to the Debt/Capitalization Ratio as of the last day of the Company's fiscal quarter most recently ended as of such date for which financial statements have been delivered in accordance with Section 5.04, and any change in the Applicable Spread shall become effective upon the delivery to the Administrative Agent of a certificate of a Responsible Officer of the Company with respect to the financial statements to be delivered, pursuant to Section 5.04 for the fiscal quarter or year most recently ended, as the case may be, (a) setting forth in reasonable detail the calculation of the Debt/Capitalization Ratio for and at the end of such fiscal quarter or year and (b) stating that the signer has reviewed the terms of this Agreement and other Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of the Company, during the accounting period, and that the signer does not have knowledge of the existence as at the date of such officer's certificate of any Event of Default or Default and shall apply to Loans outstanding on such delivery date or made on and after such delivery date. Notwithstanding the foregoing, (i) for the period from the Closing Date until the date of delivery of quarterly financial statements for the fiscal quarter ending March 31, 2000 and the officer's compliance certificate relating thereto, the Applicable Spread shall be Category III (or higher (more expensive) level as may be indicated based on the Debt/Capitalization Ratio), and (ii) at any time during which the Company has failed to deliver the certificate referred to above with respect to a fiscal quarter or year following the date that delivery of financial statements relating to such fiscal quarter or year are required to be delivered under Section 5.04, the Debt/Capitalization Ratio shall be deemed, solely for the purposes of this definition, to be greater than 55% until such time as the Company shall have delivered such certificate and financial statements.

"Assessment Rate" shall mean for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Administrative Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent's domestic offices.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Bank and an assignee, and accepted by the Administrative Agent, in the form of Exhibit C.

"Banks" shall have the meaning assigned to such term in the preamble to this Agreement.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrowing" shall mean a Loan or group of Loans of a single Type made by the Banks on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or other day on which banks in Charlotte, North Carolina, Richmond, Virginia or New York, New York are authorized or required by law to close); provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP

and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

A "Change in Control" shall be deemed to have occurred if (a) any person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on the date hereof) other than (i) any person or group whose beneficial ownership of common stock is reported on Schedule 13D, filed with respect to the common stock of the Company on July 20, 1989, as amended prior to the date of this Agreement, (ii) spouses, children and lineal descendants of such persons, (iii) trusts created for the benefit of such persons, or (iv) any combination of the persons described in the foregoing subclauses (i), (ii) or (iii) (an "Exempt Person") shall own directly or indirectly, beneficially or of record, shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Company; (b) a majority of the seats (other than vacant seats) on the board of directors of the Company shall at any time have been occupied by persons who were not Continuing Directors; or (c) any person or group other than an Exempt Person shall otherwise directly or indirectly Control the Company.

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" shall mean, with respect to each Bank, the Commitment of such Bank hereunder as set forth in Schedule 2.01 hereto.

"Consolidated Net Income" with respect to any person for any period shall mean (a) the aggregate net income (or net loss) of such person for such period equal to net revenues and other proper income or gain of such person for such period (including gains on the sale of capital assets) less, without duplication of any items deducted in determining such net revenues, income or gain, the aggregate for such person during such period of, (i) cost of goods sold, (ii) interest expense, (iii) operating expense, (iv) selling, general and administrative expenses, (v) taxes, (vi) depreciation, depletion and amortization and (vii) any other items that are treated as expenses under GAAP, plus (b) write-downs of assets, losses from discontinued operations and other extraordinary losses (net of tax benefits), in each case to the extent taken into account in determining the net revenues, income or gain referred to in (a) above.

"Consolidated Stockholders' Equity" shall mean, at any time (a) the sum of (i) the Company's issued capital stock taken at par or stated value at such time, (ii) the Company's capital surplus at such time and (iii) the Company's retained earnings at such time, less (b) the Company's treasury stock and minority interest in Subsidiaries at such time, all determined in accordance with GAAP.

"Consolidated Total Capitalization" shall mean, at any time, the sum of the Company's Consolidated Total Debt and Consolidated Stockholders' Equity at such time.

"Consolidated Total Debt" shall mean, at any time, all Indebtedness of the Company and its consolidated Subsidiaries at such time, computed and consolidated in accordance with GAAP.

"Continuing Director" shall mean (a) any member of the Board of Directors of the Company on the date of this Agreement and (b) any person whose subsequent nomination for election or election to the Board of Directors was recommended or approved by a majority of the Continuing Directors serving as such at the time of such nomination.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"Debt/Capitalization Ratio" shall mean the ratio of the Company's Consolidated Total Debt to the Company's Consolidated Total Capitalization.

"Default" shall mean an event which upon notice or lapse of time or both would constitute an Event of Default.

"dollars" and the symbol "\$" shall mean the lawful currency of the United States of America.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that is a member of a group of which the Company is a member and which is treated as a single employer under Section 414 of the Code.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan" shall mean any Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VII.

"Fees" shall mean the Administrative Fees.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

"GAAP" shall mean generally accepted accounting principles.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid (other than accounts payable), (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, provided that the amount of such Indebtedness shall be deemed to be the lesser of (i) the outstanding principal amount of such Indebtedness plus all accrued and unpaid interest relating thereto and (ii) the fair market value of the property secured by any such Lien, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (j) all obligations of such person as an account party in respect of letters of credit and bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner unless such Indebtedness is without any recourse whatsoever to such person as a general partner of any such partnership.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of the Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration, each day that would have been the Interest Payment Date for such Loan had successive Interest Periods of 3 months been applicable to such Loan and, in addition, the date of any refinancing or conversion of such Loan with or to a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Company may elect, and (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing and ending on the date 90 days thereafter or the date of prepayment of such Borrowing; provided, however, that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period and (ii) in the case of Eurodollar Loans, no Interest Period shall extend beyond the next scheduled principal amortization payment date unless, and to the extent that, there are other outstanding ABR Loans and Eurodollar Loans expiring prior to such principal amortization payment date which equal or exceed the principal amortization payment then due.

"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."

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" means the Term Loan made hereby, whether made as a Eurodollar Loan or an ABR Loan.

"Loan Documents" shall mean this Agreement (including all exhibits and schedules attached hereto) and the Term Notes.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Effect" shall mean (a) a materially adverse effect on the business, assets, operations, prospects or condition, financial or otherwise, of the Company and the Subsidiaries taken as a whole, (b) material impairment of the ability of the Company to perform any of its obligations under any Loan Document to which it is or will be a party or (c) material impairment of the rights of or benefits available to the Banks under any Loan Document.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of the Company or any ERISA Affiliate.

"Register" shall have the meaning given such term in Section 9.04(d).

"Regulation D" shall mean Regulation D of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"Required Banks" shall mean, at any time, Banks having Commitments representing more than fifty percent (50%) of the Total Commitment and, for purposes of acceleration pursuant to clause (ii) of Article VII and at any time when no Commitment is in effect, Banks holding Loans representing more than fifty percent (50%) of the aggregate principal amount of the Loans outstanding.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Significant Subsidiary" shall mean any Subsidiary whose gross revenues or assets constitute 1% or more of consolidated gross revenues or consolidated

assets of the Company and its Subsidiaries.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) which is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean any subsidiary of the Company.

"Taxes" shall have the meaning assigned such term in Section 2.16(a).

"Term Loan" means the term loan made by the Banks pursuant to Section 2.01.

"Term Note" or "Term Notes" means the promissory notes of the Borrower in favor of each of the Banks evidencing the Term Loan in substantially the form attached as Exhibit B, individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended or renewed from time to time.

"Total Commitment" shall mean at any time the aggregate amount of the Banks' Commitments, as in effect at such time.

"Transactions" shall have the meaning assigned to such term in Section 3.02.

"Tredegar Investments" means Tredegar Investments, Inc., a Virginia corporation, and TGI Fund I, LC, TGI Fund II, LC and TGI Fund III, LLC, and any other limited liability company or limited partnership of which Tredegar Investments, Inc. is the sole general manager or sole general partner, together with the successors and assigns of any of such entities.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the LIBO Rate and the Alternate Base Rate.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Year 2000 Compliant" shall have the meaning given such term in Section 3.18.

"Year 2000 Problem" shall have the meaning given such term in Section 3.18.

Section 1.02.....Terms Generally.

The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that, for purposes of determining compliance with any covenant set forth in Article VI, such terms shall be construed in accordance with GAAP as in effect on the date of this Agreement applied on a basis consistent with the application used in the Company's audited financial statements referred to in Section 3.04.

II. THE CREDITS

Section 2.01.....Commitment.

At any time from the Closing Date to and until October 21, 1999, subject to the terms and conditions hereof, each Bank severally agrees to make a term loan to the Borrower in a single advance equal to its Commitment, and which together with the other Banks shall represent a total term loan of TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) in the aggregate for the purposes hereinafter set forth. The Term Loan may be comprised of Eurodollar Loans or ABR Loans, or a combination thereof, as the Borrower may request. Amounts repaid on the Term Loan may not be reborrowed.

Section 2.02.....Borrowing Procedure.

(a) In order to request a Borrowing, the Company shall give written or

telex notice (or telephone notice promptly confirmed in writing or by telex) to the Administrative Agent in the form of Exhibit A (i) in the case of a Eurodollar Borrowing, not later than 10:30 A.M., Charlotte, North Carolina time, three Business Days before a proposed borrowing, and (ii) in the case of an ABR Borrowing, not later than 10:30 A.M., Charlotte, North Carolina time, one Business Day before a proposed borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify (i) whether the Borrowing then being requested is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day), and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be a Eurodollar Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Company shall be deemed to have selected an Interest Period of one month's duration. If the Company shall not have given notice in accordance with this Section 2.02 of its election to refinance a Borrowing prior to the end of the Interest Period in effect for such Borrowing, then the Company shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with a Eurodollar Borrowing with an Interest Period of one month. The Administrative Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.02 and of each Bank's portion of the requested Borrowing.

(b) Advances.....Subject to Section 2.05, each Bank shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent not later than 12:00 noon, Charlotte, North Carolina time, and the Administrative Agent shall by 3:00 p.m., Charlotte, North Carolina time, credit the amounts so received to a general deposit account of, and designated by, the Company or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Banks. Unless the Administrative Agent shall have received notice from a Bank prior to the date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's portion of such Borrowing, the Administrative Agent may assume that such Bank has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (b) and the Administrative Agent may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Administrative Agent, such Bank and the Company (without prejudice to the Company's rights against the defaulting Bank) severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Administrative Agent at (i) in the case of the Company, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Bank, the Federal Funds Effective Rate for a period of two Business Days and thereafter the Alternate Base Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement.

(c) Each Eurodollar Borrowing shall be in a minimum principal amount of \$5 million and integral multiples of \$1 million in excess thereof. There shall be no minimum principal amount for ABR Borrowings.

(d) The Term Loan shall be comprised of no more than three (3) Eurodollar Loans outstanding at any time. For purposes hereof, Eurodollar Loans with separate or different Interest Periods will be considered as separate Eurodollar Loans even if their Interest Periods expire on the same date.

Section 2.03.....Refinancings.

The Company may refinance all or any part of any Borrowing with a Borrowing of the same or a different Type made pursuant to the provisions hereof, subject to the conditions and limitations set forth herein and elsewhere in this Agreement. Any Borrowing or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.05 with the proceeds of a new Borrowing hereunder and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Banks to the Administrative Agent or by the Administrative Agent to the Company.

Section 2.04.....Fees.

(a) The Company agrees to pay to the Administrative Agent, for its own benefit and for the benefit of the Banks, the fees identified in the fee letter agreement dated August 4, 1999, as amended and modified (the "Fee Letter"), among Bank of America, N.A., Banc of America Securities LLC and the Company.

(b) The Company agrees to pay to the Administrative Agent, for its own account, the annual administrative agent's fee provided in the Fee Letter (the "Administrative Fees").

(c) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate,

among the Banks. Once paid none of the Fees shall be refundable under any circumstances.

Section 2.05.....Repayment of the Term Loan.

(a) The principal amount of the Term Loan is payable in twelve (12) consecutive quarterly installments as follows:

Payment Date	Principal Amortization Payment	Payment Date	Principal Amortization Payment
January 13, 2003	\$12,500,000	July 13, 2004	\$18,750,000
April 14, 2003	\$12,500,000	October 13, 2004	\$18,750,000
July 14, 2003	\$12,500,000	January 13, 2005	\$31,250,000
October 13, 2003	\$12,500,000	April 13, 2005	\$31,250,000
January 13, 2004	\$18,750,000	July 13, 2005	\$31,250,000
April 13, 2004	\$18,750,000	October 13, 2005	\$31,250,000

			\$250,000,000

Each Loan will bear interest from the date of such Borrowing on the outstanding principal balance thereof as set forth in Section 2.06.

(b) The Term Loan shall be evidenced by the Term Notes.

(c) Each Bank shall, and is hereby authorized by the Company to maintain, in accordance with its usual practice, records evidencing the indebtedness of the Company to such Bank hereunder from time to time, including the date, amount and Type of and the Interest Period applicable to each Loan made by such Bank from time to time and the amounts of principal and interest paid to such Bank from time to time in respect of each such Loan.

(d) The entries made in the records maintained pursuant to paragraph (c) of this Section 2.05 and in the Register maintained by the Administrative Agent pursuant to Section 9.04(d) shall be prima facie evidence of the existence and amounts of the obligations of the Company to which such entries relate; provided, however, that the failure of any Bank or the Administrative Agent to maintain or to make any entry in such records or the Register, as applicable, or any error therein shall not in any manner affect the obligation of the Company to repay any Loans in accordance with the terms of this Agreement.

Section 2.06.....Interest on Loans.

(a) Subject to the provisions of Section 2.07, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Spread in effect at such time.

(b) Subject to the provisions of Section 2.07, the Loans comprising each ABR Borrowing shall bear interest (if the Alternate Base Rate is based on the Prime Rate, computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, or if the Alternate Base Rate is based on the Federal Funds Effective Rate, computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Alternate Base Rate.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. The applicable Adjusted LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.07.....Default Interest.

If the Company shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, the Company shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Alternate Base Rate plus 2%.

Section 2.08.....Alternate Rate of Interest.

In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Bank of making or maintaining its Eurodollar Loan during such Interest Period, or that

reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or telex notice of such determination to the Company and the Banks. In the event of any such determination, until the Administrative Agent shall have advised the Company and the Banks that the circumstances giving rise to such notice no longer exist, any request by the Company for a Eurodollar Borrowing pursuant to Section 2.02 shall be deemed to be a request for an ABR Borrowing in the case of Eurodollar Borrowings. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

Section 2.09.....Prepayment.

(a) The Company shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, upon at least three Business Days' prior written or telex notice (or telephone notice promptly confirmed by written or telex notice) to the Administrative Agent; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000.

(b) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Company to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section 2.09 shall be subject to Section 2.12 but otherwise without premium or penalty. All prepayments under this Section 2.09 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

(c) Prepayments shall be applied ratably to the remaining scheduled principal amortization payments.

Section 2.10.....Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Bank of the principal of or interest on any, Eurodollar Loan made by such Bank or any other fees or amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Bank by the jurisdiction in which such Bank has its principal office or by any political subdivision or taxing authority therein), shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by, such Bank (except any reserve requirement reflected in the Adjusted LIBO Rate), or shall impose on such Bank or the London interbank market any other condition affecting this Agreement or any Eurodollar Loan made by such Bank, and the result of any of the foregoing shall be to increase the cost to such Bank of making or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Bank hereunder (whether of principal, interest or otherwise) in respect thereof by an amount deemed by such Bank to be material, then the Company shall pay to such Bank upon demand such additional amount or amounts as will compensate such Bank for such additional cost incurred or reduction suffered.

(b) If any Bank shall have determined that the applicability of any law, rule, regulation or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or any lending office of such Bank) or any Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital or on the capital of such Bank's holding company, if any, as a consequence of this Agreement or the Loans made by such Bank pursuant hereto to a level below that which such Bank or such Bank's holding company could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered.

(c) A certificate of a Bank setting forth such amount or amounts as shall be necessary to compensate such Bank (or participating banks or other entities pursuant to Section 9.04) as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall pay each Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in

return on capital with respect to any period shall not constitute a waiver of such Bank's right with respect to such period or any other period, provided that a Bank is entitled to compensation only for increased costs or other amounts incurred during the period of 90 days preceding the date of such Bank's demand therefor. The protection of this Section shall be available to each Bank regardless of any possible contention of invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have been imposed.

Section 2.11.....Change in Legality.

(a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Bank to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Company and to the Administrative Agent, such Bank may:

(i) declare that Eurodollar Loans will not thereafter be made by such Bank hereunder, whereupon any request by the Company for a Eurodollar Borrowing shall, as to such Bank only, be deemed a request for an ABR Loan, unless such declaration shall be subsequently withdrawn;

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Bank shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Bank or the converted Eurodollar Loans of such Bank shall instead be applied to repay the ABR Loans made by such Bank in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.11, a notice to the Company by any Bank shall be effective as to each Eurodollar Loan as applicable, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Company.

Section 2.12.....Indemnity.

The Company shall indemnify each Bank against any loss or expense which such Bank may sustain or incur as a consequence of (a) any failure by the Company to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by the Company to borrow or to refinance or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing or continuation has been given pursuant to Section 2.02 or 2.03, (c) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, by irrevocable notice of prepayment or otherwise) or (e) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Bank, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed (based on the Adjusted LIBO Rate for the period from the date of such payment, prepayment, conversion or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid, prepaid, converted or not borrowed for such period or Interest Period, as the case may be. A certificate of any Bank setting forth any amount or amounts which such Bank is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error.

Section 2.13.....Pro Rata Treatment.

Except as required under Sections 2.10 and 2.11, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, and each reduction of the Commitments and each refinancing of any Borrowing with a Borrowing of any Type, shall be allocated pro rata among the Banks in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Bank's percentage of

such Borrowing to the next higher or lower whole dollar amount.

Section 2.14.....Sharing of Setoffs.

Each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Company, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Bank under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Bank, it shall promptly purchase from such other Bank at face value a participation in the Loans of such other Bank, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Company expressly consents to the foregoing arrangements and agrees that any Bank holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Company to such Bank by reason thereof as fully as if such Bank had made a Loan directly to the Company in the amount of such participation.

Section 2.15.....Payments.

(a) The Company shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under any other Loan Document not later than 12:00 (noon), Charlotte, North Carolina time, on the date when due in dollars to the Administrative Agent in immediately available funds at the address set forth below:

.....Bank of America, N.A.
.....101 N. Tryon Street
.....Independence Center, 15th Floor
.....NC1-001-15-04
.....Charlotte, North Carolina 28255
.....Attn:....Eric Szeker
.....Agency Services
.....Telephone: (704) 388-3919
.....Telecopy: (704) 409-0027

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

Section 2.16.....Taxes.

(a) Any and all payments by the Company hereunder shall be made, in accordance with Section 2.15, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the Administrative Agent's or any Bank's income, and franchise taxes imposed on the Administrative Agent or any Bank, by the United States or any jurisdiction under the laws of which it is organized or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Company shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Banks or the Administrative Agent (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.16) such Bank or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions and (iii) the Company shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law.

(b) In addition, the Company agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Company will indemnify each Bank and the Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes

imposed by any jurisdiction on amounts payable under this Section 2.16) paid by such Bank or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Bank or the Administrative Agent, as the case may be, makes written demand therefor. If a Bank or the Administrative Agent shall become aware that it is entitled to receive a refund in respect of Taxes or Other Taxes, it shall promptly notify the Company of the availability of such refund and shall, within 30 days after receipt of a request by the Company, apply for such refund at the Company's expense. If any Bank or the Administrative Agent receives a refund in respect of any Taxes or Other Taxes for which such Bank or the Administrative Agent has received payment from the Company hereunder it shall promptly notify the Company of such refund and shall, within 30 days after receipt of a request by the Company (or promptly upon receipt, if the Company has requested application for such refund pursuant hereto), repay such refund to the Company without interest, provided that the Company, upon the request of such Bank or the Administrative Agent, agrees to return such refund (plus penalties, interest or other charges) to such Bank or the Administrative Agent in the event such Bank or the Administrative Agent is required to repay such refund.

(d) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by the Company in respect of any payment to any Bank or the Administrative Agent, the Company will furnish to the Administrative Agent, at its address referred to in Section 2.15, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.16 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(f) Each Bank which is organized outside the United States shall promptly notify the Company of any change in its funding office and upon written request of the Company shall, prior to the immediately following due date of any payment by the Company hereunder, deliver to the Company such certificates, documents or other evidence, as required by the Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service Form 4224 and any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1(a) or Section 1.1441-6(c) or any subsequent version thereof, properly completed and duly executed by such Bank establishing that such payment is (i) not subject to withholding under the Code because such payment is effectively connected with the conduct by such Bank of a trade or business in the United States or (ii) totally exempt from United States tax under a provision of an applicable tax treaty. Unless the Company and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Company or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Bank or assignee organized under the laws of a jurisdiction outside the United States.

(g) Any Bank claiming any additional amounts payable pursuant to this Section 2.16 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank.

III. REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to each of the Banks that:

Section 3.01.....Organization; Powers.

Each of the Company and the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of the Company, has the corporate power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and to borrow hereunder.

Section 3.02.....Authorization; Governmental Approvals.

The execution, delivery and performance by the Company of each of the Loan Documents, the actions taken by the Company in connection with the borrowings hereunder (the "Transactions") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the

certificate or articles of incorporation or other constitutive documents or by-laws of the Company or any Subsidiary, (B) any order of any Governmental Authority applicable to the Company or (C) any provision of any indenture, agreement or other instrument to which the Company or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon any property or assets of the Company or any Subsidiary except Liens set forth on Schedule 6.01. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other person is required for the due execution, delivery or performance by the Company of this Agreement, or any other Loan Document to which it is a party.

Section 3.03.....Enforceability.

This Agreement has been duly executed and delivered by the Company and constitutes, and each other Loan Document when executed and delivered by the Company will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

Section 3.04.....Financial Statements.

The Company has heretofore furnished to the Administrative Agent (a) consolidated balance sheets and statements of income and changes in stockholders' equity and cash flows as of and for the fiscal year ended December 31, 1998, audited by and accompanied by the opinion of PricewaterhouseCoopers LLP, independent public accountants, and (b) its consolidated balance sheets and statements of income and consolidated statement of cash flows as of and for the fiscal quarter ended June 30, 1999, certified by its chief financial officer. Such financial statements present fairly the financial condition and results of operations of the Company and its consolidated Subsidiaries as of such dates and for such periods. Such balance sheets and notes thereto disclose all material liabilities, direct or contingent, of the Company and its Subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis.

Section 3.05.....No Material Adverse Change.

There has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Company and the Subsidiaries, taken as a whole, since December 31, 1998.

Section 3.06.....Title to Properties and Possession Under Leases.

(a) Each of the Company and the Subsidiaries will on the Closing Date and at all times thereafter, have good and marketable title to, or valid leasehold interests in, all its material properties and assets, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except for Liens permitted by Section 6.01. All such material properties and assets are free and clear of Liens, other than Liens expressly permitted by Section 6.01.

(b) Each of the Company and the Subsidiaries (or their respective predecessors) has complied with all obligations under all material leases to which it is a party and all such leases are in full force and effect. Each of the Company and the Subsidiaries enjoys peaceful and undisturbed possession under all such material leases.

Section 3.07.....The Subsidiaries and the Company.

Schedule 3.07 sets forth as of the Closing Date a list of all Subsidiaries and the percentage ownership interest of the Company therein.

Section 3.08.....Litigation: Compliance with Laws.

(a) Except as set forth in Schedule 3.08, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any business, property or rights of any such person (i) which involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, could, individually or in the aggregate, result in a Material Adverse Effect.

(b) Neither the Company nor any of the Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could result in a Material Adverse Effect.

Section 3.09.....Agreements.

(a) Neither the Company nor any of the Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or, in the absence of a material default by the Company or such Subsidiary, could result in a Material Adverse Effect.

(b) Neither the Company nor any of its Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could result in a Material Adverse Effect.

Section 3.10.....Federal Reserve Regulations.

(a) Neither the Company nor any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or X.

Section 3.11.. Investment Company Act; Public Utility Holding Company Act.

Neither the Company nor any Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

Section 3.12.....Use of Proceeds.

The Company will use the proceeds of the Loans only for the purposes specified in the preamble to this Agreement.

Section 3.13.....Tax Returns.

Each of the Company and the Subsidiaries has filed or caused to be filed all Federal, state and local tax returns required to have been filed by it and has paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, except taxes that are being contested in accordance with Section 5.03.

Section 3.14.....No Material Misstatements.

No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Company to the Administrative Agent or any Bank in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading.

Section 3.15.....Employee Benefit Plans.

Each of the Company and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which the Company or any ERISA Affiliate was required to file a report with the PBGC, and the present value of all benefit liabilities under each Plan (based on those assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than \$1,000,000 the value of the assets of such Plan. Neither the Company nor any ERISA Affiliate has incurred any Withdrawal Liability that could result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated where such reorganization or termination has resulted or could reasonably be expected to result, through increases in the contributions required to be made to such Plan or otherwise, in a Material Adverse Effect.

Section 3.16.....Environmental Matters.

Each of the Company and the Subsidiaries, and each of their respective businesses, has complied in all material respects with all Federal, state, local and other statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental regulation or control. Neither the Company nor any Subsidiary has received notice of any failure so to

comply which alone or together with any other such failure could result in a Material Adverse Effect. The Company's and the Subsidiaries', plants do not manage any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, as those terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act or the Clean Water Act, in violation of any regulations promulgated pursuant thereto or in any other applicable law where such violation could result, individually or together with other violations, in a Material Adverse Effect.

Section 3.17.....Solvency.

On the date hereof and on the date of each Borrowing hereunder after giving effect to each Loan to be made and the use of the proceeds thereof, (a) the fair salable value of the assets of the Company will exceed the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Company as they mature; (b) the assets of the Company will not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted; and (c) the Company will not intend to, and will not believe that it will, incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

Section 3.18.....Year 2000 Compliance.

The Company has (i) initiated a review and assessment of all material areas within its and each of its Subsidiaries' business and operations (including those affected by key suppliers, vendors and customers) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by the Company or any of its Subsidiaries (or key suppliers, vendors and customers) may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (ii) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) to date, implemented that plan in accordance with that timetable. Based on the foregoing, the Company believes that all computer applications (including those of its key suppliers, vendors and customers) that are material to its or any of its Subsidiaries' business and operations are reasonably expected on a timely basis to be able to perform properly date-sensitive functions for all dates before and after January 1, 2000 (that is, be "Year 2000 Compliant"), except to the extent that a failure to do so could not reasonably be expected to have a Material Adverse Effect.

IV. CONDITIONS OF LENDING

Section 4.01.....All Borrowings.

The obligations of the Banks to make Loans hereunder on the date of each Borrowing hereunder, including each Borrowing in which Loans are refinanced with new Loans as contemplated by Section 2.03, shall be subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.02.

(b) The representations and warranties set forth in Article III (excluding, in the case of a refinancing of a Borrowing with a new Borrowing that does not increase the aggregate principal amount of the Loans of any Bank outstanding, the representations set forth in Sections 3.05 and 3.08(a)) shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as if made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date.

(c) The Company shall be in compliance with all the terms and provisions set forth herein on its part to be observed or performed (including but not limited to, compliance with the financial ratios and restrictions set forth in Sections 6.02, 6.04, 6.05, 6.07 and 6.08), and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Company on the date of such Borrowing as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02.....Effectiveness of Agreement.

The obligations of the Banks to make Loans hereunder shall be subject to satisfaction on the Closing Date of the following additional conditions precedent:

(a) The Administrative Agent shall have received each Loan Document, duly executed by each party thereto.

(b) The Administrative Agent shall have received a favorable written opinion of Nancy M. Taylor, Esq. dated the Closing Date and addressed to the Banks, to the effect set forth in Exhibit D hereto.

(c) All legal matters incident to this Agreement and the borrowings hereunder shall be satisfactory to the Banks and their counsel and to Moore & Van Allen, PLLC, counsel for the Administrative Agent.

(d) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation, including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate as to the good standing of the Company as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of the Company dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Loan Documents and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of the Company have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of the Company; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Banks or their counsel or Moore & Van Allen, PLLC, counsel for the Administrative Agent, may reasonably request.

(e) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(f) The Administrative Agent shall have received payment of the fees then due set forth in the Engagement Letter dated August 4, 1999, among the Administrative Agent, Bank of America Securities, LLC and the Company in the amounts set forth therein.

V. AFFIRMATIVE COVENANTS

The Company covenants and agrees with each Bank and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Banks shall otherwise consent in writing, the Company will, and will cause each of the Subsidiaries to:

Section 5.01.....Existence; Businesses and Properties Compliance.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.04.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; maintain and operate such business in substantially the manner in which it is presently conducted and operated; comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority, whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

Section 5.02.....Insurance.

Keep its insurable properties adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it; and maintain

such other insurance as may be required by law.

Section 5.03.....Obligations and Taxes.

Pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Company shall have set aside on its books adequate reserves with respect thereto.

Section 5.04.....Financial Statements, Reports, etc.

In the case of the Company, furnish to the Administrative Agent and each Bank:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheets and related statements of income and cash flows, showing the financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such Subsidiaries during such year, all audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing acceptable to the Required Banks and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Company on a consolidated basis in accordance with GAAP;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheets and related statements of income and cash flows, showing the financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of the Company on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of the accounting firm or Financial Officer opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.05, 6.07 and 6.08;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any governmental authority succeeding to any of or all the functions of said Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Bank may reasonably request.

Section 5.05.....Litigation and Other Notices.

Furnish to the Administrative Agent and each Bank prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Company or any Affiliate thereof which, if adversely determined, could result in a Material Adverse

Effect;

(c) any development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Effect.

Section 5.06.....ERISA.

(a) Comply in all material respects with the applicable provisions of ERISA and (b) furnish to the Administrative Agent and each Bank (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Company or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Company to the PBGC in an aggregate amount exceeding \$5,000,000, a statement of a Financial Officer setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a Copy of any notice the Company or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 412 of the Code) or to appoint a trustee to administer any Plan or Plans, (iii) within 20 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by the Company or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Company or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA.

Section 5.07.Maintaining Records; Access to Properties and Inspections.

Maintain all financial records in accordance with GAAP and permit any representatives designated by any Bank to visit and inspect the financial records and the properties of the Company or any Subsidiary at reasonable times and as often as requested and to make extracts from and copies of such financial records, and permit any representatives designated by any Bank to discuss the affairs, finances and condition of the Company or any Subsidiary with the officers thereof and independent accountants therefor.

Section 5.08.....Use of Proceeds.

Use the proceeds of the Loans only for the purposes set forth in the preamble to this Agreement.

Section 5.09.....Year 2000 Compliance.

The Borrower will promptly notify the Administrative Agent in the event the Company discovers or determines that any computer application (including those of its key suppliers, vendors and customers) that is material to its or any of its Subsidiaries' business and operations will not be Year 2000 Compliant, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect.

VI. NEGATIVE COVENANTS

The Company covenants and agrees with each Bank and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Banks shall otherwise consent in writing, the Company will not, and will not cause or permit any of the Subsidiaries to:

Section 6.01.....Liens.

Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person, including any Subsidiary, but excluding Margin Stock to the extent that the value of such Margin Stock, determined in accordance with Regulation U, exceeds 25% of the value (as so determined) of the assets and properties that would be subject to this Section 6.01 without giving effect to this parenthetical, or such other maximum amount or percentage as is then provided for or permitted under Regulation U or any successor regulation in order that no Loan shall be deemed "indirectly secured" by Margin Stock for purposes of such regulation), now owned or hereafter acquired by it or on any income or rights in respect of any thereof, except:

(a) Liens on property or assets of the Company and its Subsidiaries existing on the date hereof and set forth in Schedule 6.01; provided that such Liens shall secure only those obligations which they secure on the date hereof;

(b) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition and (ii) such Lien does not apply to any other property or assets of the Company or any Subsidiary;

(c) Liens for taxes not yet due or which are being contested in compliance with Section 5.03;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business and securing obligations which are not due or which are being contested in compliance with Section 5.03;

(e) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(f) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(h) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Company or any Subsidiary; provided that (i) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (ii) the Indebtedness secured thereby does not exceed 80% of the lesser of the cost or the fair market value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iii) such security interests do not apply to any other property or assets of the Company or any Subsidiary; and

(i) Liens other than those referred to in subparagraphs (a) through (h) above, provided that the sum of the aggregate amount of all Indebtedness or other obligations which are secured or evidenced by Liens other than those referred to in subparagraphs (a) through (h) above plus the fair market value in the aggregate of properties sold by the Company in the sale and lease-back transactions permitted under Section 6.02, does not at any time exceed an amount equal to 10% of Consolidated Stockholders' Equity.

Section 6.02.....Sale and Lease-Back Transactions.

Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred; provided, however, that the Company shall be permitted to enter into any such arrangements to the extent that the sum of the fair market value in the aggregate of properties sold by the Company pursuant to all such arrangements, plus the aggregate amount of indebtedness secured by Liens under paragraph (i) of Section 6.01, is not greater than 10% of Consolidated Stockholders' Equity.

Section 6.03.....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 6.04.....Mergers, Consolidations and Sales of Assets.

(a) Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets (whether now owned or hereafter acquired) or any capital stock of any Subsidiary (other than any Margin Stock to the extent the value of such Margin Stock, determined in accordance with Regulation U, together with the value of other Margin Stock owned by the Company and its Subsidiaries, exceeds 25% of the aggregate value of the assets of the Company and its Subsidiaries), or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets or capital stock of any other person; provided that nothing in the foregoing shall prohibit:

(i) the Company and any of its Subsidiaries from purchasing or selling inventory in the ordinary course of business in arm's-length transactions;

(ii) if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing (i) any entity from merging into the Company or any wholly owned Subsidiary in a transaction in which the Company or such wholly owned Subsidiary, as the case may be, is the surviving corporation, and (ii) the Company and any Subsidiary from acquiring all or any substantial part of the assets or capital stock of any other person;

(iii) the Company and any of its Subsidiaries (other than Tredegar Investments) from selling, transferring, leasing or otherwise disposing of (in one transaction or in a series of transactions) during any fiscal year in arm's-length transactions (i) assets the fair market value of which is not more than 10% of the consolidated assets of the Company calculated in accordance with GAAP, determined as of the beginning of such fiscal year and (ii) any other assets to the extent the Term Loan is repaid, or the commitments under existing revolving credit facilities are permanently reduced, by the amount of the proceeds received by the Company from the sale of such assets; and

(iv) Tredegar Investments from selling, transferring, leasing or otherwise disposing of (in one transaction or in a series of transactions) any or all of its assets at any time; and

(v) any Internal Financing Transaction.

(b) Notwithstanding anything contained in clause (a) above, transfer operating assets from the Company or any of its Subsidiaries (other than Tredegar Investments) to Tredegar Investments.

Section 6.05.....Dividends and Distributions.

Declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of its capital stock or set aside any amount for any such purpose; provided, however, that (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 (b) if no Event of Default or Default shall have occurred and be continuing, the Company may at any time declare and pay dividends in an aggregate amount not at any time to exceed \$48,003,000 plus the Company's Consolidated Net Income for the period (which shall be treated as a single accounting period) beginning on April 1, 1994 and ending on the last day of the fiscal quarter for which financial statements of the Company shall at such time most recently have been delivered pursuant to Section 5.04.

Section 6.06.....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.

Section 6.07.....Consolidated Stockholders' Equity.

Permit Consolidated Stockholders' Equity of the Company to be less than \$100,000,000 at any time.

Section 6.08.....Debt Ratio.

time. Permit the Debt/Capitalization Ratio to exceed 0.60 to 1.00 at any

VII. EVENTS OF DEFAULT

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by the Company or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a) or 5.05 or in Article VI;

(e) default shall be made in the due observance or performance by the Company or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of ten Business Days after notice thereof from the Administrative Agent or any Bank to the Company;

(f) the Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in an aggregate principal amount in excess of \$5,000,000, when and as the same shall become due and payable, or (ii) fail to observe or perform any other term, covenant, condition or agreement on its part to be performed under any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company or any Subsidiary, or of a substantial part of the property or assets of the Company or a Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Subsidiary or for a substantial part of the property or assets of the Company or a Subsidiary or (iii) the winding-up or liquidation of the Company or any Subsidiary; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or such Significant Subsidiary or for a substantial part of the property or assets of the Company or such Significant Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding,

(i) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(j) one or more judgments for the payment of money in an aggregate amount in excess of \$1,000,000 shall be rendered against the

Company, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Company or any Subsidiary to enforce any such judgment;

(k) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Company to the PBGC or to a Plan in an aggregate amount exceeding \$5,000,000 and, within 30 days after the reporting of any such Reportable Event to the Administrative Agent or after the receipt by the Administrative Agent of the statement required pursuant to Section 5.06, the Administrative Agent shall have notified the Company in writing that (i) the Required Banks have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings to terminate any Plan or Plans;

(l) the Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Company or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), exceeds \$5,000,000 or requires payments exceeding \$1,000,000 in any year;

(m) the Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Company and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding \$1,000,000; or

(n) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to the Company described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, with the consent of the Required Banks, and at the request of the Required Banks shall, by notice to the Company, take either or both of the following actions, at the same or either or both of different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable, whereupon the principal of the Loans, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Company accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Company, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to the Company described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Company accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Company, anything contained herein or in any other Loan Document to the contrary notwithstanding.

VIII. THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, Bank of America, N.A. is hereby appointed to act as sole Administrative Agent on behalf of the Banks. Each of the Banks, and each subsequent Bank, hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Bank or holder and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Banks, without hereby limiting any implied authority, (a) to receive on behalf of the Banks all payments of principal of and interest on the Loans and all other amounts due to the Banks hereunder, and promptly to distribute to each Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Banks to the Company of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency

hereunder; and (c) to distribute to each Bank copies of all notices, financial statements and other materials delivered by the Company pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or administrative agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Company of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Banks or any subsequent Bank for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Banks and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Banks and each subsequent Bank. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Company on account of the failure of or delay in performance or breach by any Bank of any of its obligations hereunder or to any Bank on account of the failure of or delay in performance or breach by any other Bank or the Company of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Administrative Agent may execute any and all duties hereunder by or through administrative agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Banks hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Banks.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Banks and the Company. If no successor shall have been appointed by the Required Banks and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a bank having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent and its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Bank and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Bank agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Banks by the Administrative Agent, including counsel fees and compensation of administrative agents and employees paid for services rendered on behalf of the Banks, which shall not have been reimbursed by the Company and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or administrative agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Company; provided that no Bank shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or administrative agents.

Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and

information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

IX. MISCELLANEOUS

Section 9.01.....Notices.

Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telex, graphic scanning or other telegraphic communications equipment of the sending party, as follows:

(a) if to the Company, to it at 1100 Boulders Parkway, Richmond, Virginia 3225, Attention of Norman A. Scher (Telecopy No. (804)330-1777);

(b) if to the Administrative Agent, to it at Bank of America, N.A., 101 N. Tryon Street, Independence Center, 15th Floor, NC1-001-15-04, Charlotte, North Carolina 28255, Attn: Eric Szeker, Agency Services (Telecopy No. (704) 409-0027); and

(c) if to a Bank, to it at its address (or telecopy number) set forth in Schedule 2.01.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telex, graphic scanning or other telegraphic communications equipment of the sender, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

Section 9.02.....Survival of Agreement.

All covenants, agreements, representations and warranties made by the Company herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Banks and shall survive the making by the Banks of the Loans, regardless of any investigation made by the Banks or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated.

Section 9.03.....Binding Effect.

This Agreement shall become effective when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Bank, and thereafter shall be binding upon and inure to the benefit of the Company, the Administrative Agent and each Bank and their respective successors and assigns, except that the Company shall not have the right to assign its obligations or rights hereunder or any interest herein without the prior written consent of all the Banks.

Section 9.04.....Successors and Assigns.

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and (to the extent permitted by Section 9.04) assigns of such party; and all covenants, promises and agreements by or on behalf of the Company, the Administrative Agent or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Bank may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided, however, that (i) except in the case of an assignment by a Bank to an Affiliate of such Bank or another existing Bank (or its Affiliate), the Company and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, (iii) the amount of the commitment of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 or such assigning Bank's entire Commitment if such Commitment is less than

\$10,000,000 and the amount of the Commitment of such Bank remaining after such assignment shall not be less than \$10,000,000 or shall be zero and (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance and a processing and recordation fee of \$3,500. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Bank under this Agreement and (B) the assigning Bank thereunder shall, to the extent provided in such assignment, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such assigning Bank shall cease to be a party hereto). Upon the consummation of any assignment pursuant to this Section 9.04(b), the assignor, the Administrative Agent and the Company shall make appropriate arrangements so that, if required, new Term Notes are issued to the assignor and the assignee, and the assignor shall return to the Company its old Term Note.

(c) By executing and delivering an Assignment and Acceptance, the assigning Bank thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or any Subsidiary or the performance or observance by the Company of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will independently and without reliance upon the Administrative Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(d) The Administrative Agent shall maintain at one of its offices in Charlotte, North Carolina a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitment of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Company, the Administrative Agent and the Banks may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Bank and an assignee, the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of the Company to such assignment, the Administrative Agent shall (subject to the consent of the Administrative Agent to such assignment, if required), (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Banks.

(f) Each Bank may without the consent of the Company or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.10 and 2.12 and to the indemnification provisions contained in Section 9.05 to the same extent as if they were Banks and (iv) the Company, the Administrative Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and such Bank shall retain the sole right to enforce the obligations of the Company relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers with respect to any fees payable hereunder or the amount of principal or the rate at which interest is payable on the Loans, or the dates fixed for payments of principal

of or interest on the Loans).

(g) Any Bank or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Company furnished to such Bank by or on behalf of the Company; provided that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of any confidential information relating to the Company received from such Bank.

(h) Notwithstanding any other provision set forth in this Agreement, any Bank may, at any time, assign or pledge all or any portion of its Loans and rights under this Agreement to any Federal Reserve Bank as collateral security pursuant to Regulation A of the Federal Reserve Board, provided, that no such pledge or assignment shall release the assigning Bank from any of its obligations hereunder or substitute any such pledge or assignee for such Bank as a party hereto.

(i) The Company shall not assign or delegate any of its respective rights and duties hereunder.

Section 9.05.....Expenses; Indemnity.

(a) The Company agrees to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents (including those set forth in the Engagement Letter dated August 4, 1999, among the Administrative Agent, Bank of America Securities, LLC and the Company) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Bank in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made hereunder, including the fees and disbursements of Moore & Van Allen, PLLC, counsel for the Administrative Agent, and, in connection with any such amendment, modification or waiver or any such enforcement or protection, the fees and disbursements of any other counsel for the Administrative Agent or any Bank. The Company further agrees that it shall indemnify the Banks from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any of the other Loan Documents.

(b) The Company agrees to indemnify the Administrative Agent, each Bank and its directors, officers, employees and agents (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent or any Bank. All amounts due under this Section 9.05 shall be payable on written demand therefor.

Section 9.06.....Right of Setoff.

If an Event of Default shall have occurred and be continuing and any Bank shall have requested the Administrative Agent to declare the Loans immediately due and payable pursuant to Article VII, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Company against any of and all the obligations of the Company now or hereafter existing under this Agreement and other Loan Documents held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Bank under this Section are in addition to other rights and remedies (including other rights of setoff) which such Bank may have.

Section 9.07.....Applicable Law.

THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 9.08.....Waivers; Amendment.

(a) No failure or delay of the Administrative Agent or any Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Banks hereunder and under the other Loan Documents are cumulative and exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Company therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Banks; provided, however, that no such agreement shall (i) decrease the principal amount (other than on account of payment or prepayment) of, or extend or advance the maturity of or any date for the payment of any principal of or interest on, any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Bank affected thereby, (ii) change the Commitment of any Bank without the prior written consent of such Bank, or (iii) amend or modify the provisions of Section 2.12, the provisions of this Section or the definition of the "Required Banks", without the prior written consent of each Bank; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

Section 9.09.....Interest Rate Limitation.

Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively, the "Charges") as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Bank, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Bank in accordance with applicable law, the rate of interest payable on such Loan, together with all Charges payable to such Bank, shall be limited to the Maximum Rate.

Section 9.10.....Entire Agreement.

This Agreement, the other Loan Documents and the Fee Letter constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11.....Waiver of Jury Trial.

Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, administrative agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.11.

Section 9.12.....Severability.

In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13.....Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.03.

Section 9.14.....Headings.

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15.....Confidentiality.

Any information obtained by the Administrative Agent or any of the Banks from the Company shall not be disclosed by the Administrative Agent or such Bank to any other person if such information is not otherwise in the public domain except (i) to its officers, directors, employees, administrative agents, independent accountants, Affiliates and legal counsel (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (ii) pursuant to statutory and regulatory requirements or requests of regulatory authorities, (iii) pursuant to any mandatory court order, subpoena or other legal process, (iv) to the Administrative Agent or any other Bank, (v) pursuant to any agreement heretofore or hereafter made between such Bank and the Company which permits such disclosure, (vi) in connection with the exercise of any remedy under or litigation in connection with the Loan Documents or (vii) subject to Section 9.04(g), to any participant in or assignee of, or prospective participant in or assignee of, any Loan or Commitment.

Section 9.16.....Jurisdiction; Consent to Service of Process.

(a) The Company hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against the Company or its properties in the courts of any jurisdiction.

(b) The Company hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or the other Loan Documents in any New York State court or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, the Company, the Administrative Agent and the Banks have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWER:

TREDEGAR CORPORATION

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

BANKS:

BANK OF AMERICA, N.A., individually as
a Bank and as Administrative Agent

By:
Name:
Title:

Schedule 2.01

Banks and Commitments

Bank	Credit Contact	Operations Contact	Commitment
Bank of America, N.A.	Bank of America, N.A.	Bank of America, N.A. 101 N. Tryon Street, 15th Floor NC1-001-15-04 Charlotte, North Carolina 28255 Attn: Eric Szeker Telephone: (704) 388-3919 Facsimile: (704) 409-0027	\$55,000,000
Crestar Bank	Crestar Bank 919 East Main Street Richmond, Virginia 23219 Attn: Chris B. Werner Telephone: (804) 782-5998 Facsimile: (804) 782-5413	Crestar Bank 1001 Semmes Avenue Richmond, Virginia 23260 Attn: John C. Cary Telephone: (804) 319-1734 Facsimile: (804) 319-1736	\$45,000,000
The Bank of New York	The Bank of New York One Wall Street, 22nd Floor New York, New York 10286 Attn: Ann Marie Hughes Telephone: (212) 635-1339 Facsimile: (212) 635-6434	The Bank of New York One Wall Street, 22nd Floor New York, New York 10286 Attn: Trudy Hoo-Fong Telephone: (212) 635-6734 Facsimile: (212) 635-6877	\$45,000,000
Wachovia Bank, N.A.	Wachovia Bank, N.A. 1021 E. Cary Street Richmond, Virginia 23219 Attn: Chris Borin Telephone: (804) 697-6820 Facsimile: (804) 697-7581	Wachovia Bank, N.A. 100 N. Main Street Winston-Salem, NC 27150 Attn: Greg Asbelle Telephone: (336) 732-6911 Facsimile: (336) 732-3257	\$30,000,000
First Union National Bank	First Union National Bank 301 South College Street, DC-5 Charlotte, NC 28288-0737 Attn: David J.C. Silander Telephone: (704) 383-5124 Facsimile: (704) 374-4793	First Union National Bank 201 South College Street Charlotte, NC 28288-0737 Attn: Gary Burkart Telephone: (704) 374-6613 Facsimile: (704) 383-7999	\$25,000,000
Firststar Bank Milwaukee, N.A.	Firststar Bank Milwaukee, N.A. 777 E. Wisconsin Avenue Milwaukee, Wisconsin 53202 Attn: John Franceschi Telephone: (414) 765-5656 Facsimile: (414) 765-5367	Firststar Bank Milwaukee, N.A. 1850 Osborn Avenue Oshkosh, Wisconsin 54901 Attn: Connie Sweeney Telephone: (920) 426-7604 Facsimile: (920) 426-7655	\$25,000,000
Bank of Tokyo-Mitsubishi Trust Company	Bank of Tokyo-Mitsubishi Trust 1251 Avenue of the Americas, 12th Floor New York, NY 10020-1104 Attn: David H. Place Telephone: (212) 782-5654 Facsimile: (212) 782-6440	Bank of Tokyo-Mitsubishi Trust 1251 Avenue of the Americas 12th Floor New York, NY 10020-1104 Attn: Rolando Uv Telephone: (212) 413-8570 Facsimile: (212) 521-2304	\$15,000,000
The Sumitomo Bank, Limited	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Attn: Rohn Laudenschlager Telephone: (212) 224-4226 Facsimile: (212) 224-4384	The Sumitomo Bank, Limited 277 Park Avenue New York, New York 10172 Attn: Rohn Laudenschlager Telephone: (212) 224-4226 Facsimile: (212) 224-4384	\$10,000,000

SCHEDULE 3.07
Part I

Part I

UNITED STATES SUBSIDIARIES

Percentage of
Common Stock
Owned Directly
or Indirectly
by the Company

BLC G.P., Inc.	100%
Bon L Campo Limited Partnership	100%
The William L. Bonnell Company, Inc.	100%
Capitol Products Corporation	100%
Fiberlux, Inc.	100%
Idlewood Properties, Inc.	100%
Molecumetics Institute, Ltd.(1)	90.5%
Molecumetics, Ltd.	90.5%
TGI Fund I, LC	100%
TGI Fund II, LC	100%
TGI Fund III, LLC	100%
Therics, Inc.	100%
Tredegar Development Corporation	100%
Tredegar Exploration, Inc.	100%
Tredegar Film Products (Japan) Ltd.	100%
Tredegar Film Products - Lake Zurich, Inc.	100%
Tredegar Film Products - Pottsville, Inc.	100%
Tredegar Films Development, Inc.	100%
Tredegar Holdings Corporation	100%
Tredegar Investments, Inc.	100%
Tredegar Reserves, Inc.	100%
Virginia Techport, Inc.	100%
WLB L.P., Inc.	100%

(1) This company is a wholly-owned subsidiary of Molecumetics, Ltd., of which the Company owns 90.5% of the outstanding common stock.

SCHEDULE 3.07
Part II

Part II

NON-UNITED STATES SUBSIDIARIES

	Percentage of Common Stock Owned Directly or Indirectly by the Company
Bon L Canada Inc.	100%
Guangzhou Tredegar Films Company Limited	98%
Tredegar Brasil Industria de Plasticos Ltda.	100%
Tredegar Film Products Argentina S.A.	99.99%
Tredegar Film Products, B.V.	100%
Tredegar Film Products Kft.	100%
Tredegar Foreign Sales Corporation	100%

LITIGATION

None.

LIENS

None.

FORM OF BORROWING REQUEST

Bank of America, N.A.,
as Administrative Agent
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255

Attention: Eric Szeker
Agency Services

[Date]

Dear Sirs:

The undersigned, TREDEGAR CORPORATION (the "Company"), refers to the Credit Agreement dated as of October 13, 1999 (as the same may be modified, amended, extended or restated from time to time, the "Credit Agreement"), among the Company, the Banks named therein and Bank of America, N.A., as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Company hereby gives you notice pursuant to Section 2.02 of the Credit Agreement that it requests a Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

- (A) Date of Borrowing
(which is a Business Day) -----
- (B) Principal Amount of
Borrowing(1) -----
- (C) Interest rate basis(2) -----
- (D) Interest Period and the last
day thereof(3) -----

(1)Not less than \$5,000,000 and in integral multiples of \$1,000,000.

(2)Eurodollar Loan or ABR Loan.

(3)Which shall be subject to the definition of "Interest Period".

Upon acceptance of any or all of the Loans made by the Banks in response to this request, the Company shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the Credit Agreement have been satisfied.

Very truly yours,

TREDEGAR CORPORATION,

By _____
Title: [Responsible Officer]

FORM OF TERM NOTE

\$

October 13, 1999

FOR VALUE RECEIVED, TREDEGAR CORPORATION, a Virginia corporation (the "Company"), hereby promises to pay to the order of _____, its successors and assigns (the "Bank"), in such amounts and on such dates as set forth in the Credit Agreement to the office of the Administrative Agent in immediately available funds as provided in the Credit Agreement, \$_____, together with interest thereon at the rates and as provided in the Credit Agreement.

This Term Note is one of the Term Notes referred to in the Credit Agreement dated as of the date hereof (as amended and modified, the "Credit Agreement") among the Company, the Banks identified therein and Bank of America, N.A. as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement.

The holder may endorse and attach a schedule to reflect borrowings evidenced by this Term Note and all payments and prepayments thereon; provided that any failure to endorse such information shall not affect the obligation of the Company to pay amounts evidenced hereby.

Upon the occurrence of an Event of Default, all amounts evidenced by this Term Note may, or shall, become immediately due and payable as provided in the Credit Agreement without presentment, demand, protest or notice of any kind, all of which are waived by the Company. In the event payment of amounts evidenced by this Term Note is not made at any stated or accelerated maturity, the Company agrees to pay, in addition to principal and interest, all costs of collection, including reasonable attorneys' fees.

This Term Note and the Loans and amounts evidenced hereby may be transferred only as provided in the Credit Agreement.

This Term Note shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the Company has caused this Term Note to be duly executed by its duly authorized officer as of the day and year first above written.

TREDEGAR CORPORATION,
a Virginia corporation

By: _____

Name:

Title:

EXHIBIT C

FORM OF ASSIGNMENT AND ACCEPTANCE

Dated _____, 19__

Reference is made to the Credit Agreement dated as of October 13, 1999 (as the same may be modified, amended, extended or restated from time to time, the "Credit Agreement"), among Tredegar Corporation, a Virginia corporation (the "Company"), the Banks named therein and Bank of America, N.A., as Administrative Agent. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

_____(the "Assignor") and _____(the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, _____% interest in and to all the Assignor's rights and obligations under the Credit Agreement as of the Assignment Date (as defined below) (including, without limitation, such percentage interest in the Commitment of the Assignor on the Assignment Date and such percentage interest in the Loans owing to the Assignor outstanding on the Assignment Date together with such percentage interest in all unpaid interest with respect to such Loans, and Facility Fees accrued to the Assignment Date).

2. The Assignor (i) represents that as of the date hereof, its Commitment (without giving effect to assignments thereof which have not yet become effective) is \$_____ and the outstanding balance of its Loans (unreduced by any assignments thereof which have not yet become effective) is \$_____; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or the performance or observance by the Company of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (ii) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 3.04 or 5.04 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (iii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; and (vi) agrees that it, will keep confidential all information with respect to the Company furnished to it by the Company or the Assignor (other than information generally available to the public or otherwise available to the Assignor on a nonconfidential basis and other than disclosures to bank regulatory authorities and otherwise as required by law or in connection with the enforcement of the Loan Documents) [; and (vii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty.](1)

4. The effective date for this Assignment and Acceptance shall be (the "Assignment Date").(2)

Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent pursuant to Section 9.04 (e) of the Credit Agreement.

5. Upon such acceptance and recording, from and after the Assignment Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Bank thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording, from and after the Assignment Date, the Administrative Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, fees and

other amounts) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to the Assignment Date by the Administrative Agent or with respect to the making of this assignment directly between themselves.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

- - - - -
(1) If the Assignee is organized under the laws of a jurisdiction outside the United States.

(2) See Section 9.04. Such date shall be at least five Business Days after the execution of this Assignment and Acceptance and delivery thereof to the administrative Agent.

[NAME OF ASSIGNOR],

By:
Name:
Title:

[NAME OF ASSIGNEE],

By:
Name:
Title:

Accepted this day
of , 19

BANK OF AMERICA, N.A.
as Administrative Agent

By: _____
Name:
Title:

Tredegar Letterhead

October 13, 1999

To the Banks party to the Credit Agreement referred to below
In care of Bank of America, N.A.,
as Administrative Agent
101 N. Tryon Street
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255

Gentlemen:

I am General Counsel to Tredegar Corporation, a Virginia corporation (the "Company"), and have acted as counsel to the Company in connection with the Credit Agreement (as the same may be modified, amended, extended or restated from time to time, the "Credit Agreement") dated as of October 13, 1999 among the Company, the Banks named in the Credit Agreement and Bank of America, N.A., as Administrative Agent, providing for loans to be made to the Company in the aggregate principal amount of \$250,000,000. Unless otherwise noted, terms defined in the Credit Agreement are used herein as defined therein.

In connection with the foregoing, I have reviewed the Credit Agreement. I have also examined and relied upon copies, certified or otherwise authenticated to my satisfaction, of documents reflecting corporate action of the Company with respect to the Credit Agreement and certificates of public officials, and have reviewed such other documents and matters of law as I have deemed necessary to enable me to express the opinions set forth herein. As to questions of fact material to my opinion, I have relied upon certificates of officers of the Company and representations in the Credit Agreement by the Company.

I do not purport to express an opinion on any laws other than those of the Commonwealth of Virginia and the United States of America, except that I have assumed that the laws of the State of New York are the same as the Commonwealth of Virginia with respect to the opinions expressed in Paragraph 3 below.

Based upon and subject to the foregoing, and to the further limitations and qualifications stated below, I am of the opinion that:

1. Each of the Company and the Subsidiaries of the Company listed on Schedule 3.07 (Part I) of the Credit Agreement (the "United States Subsidiaries" and each a "United States Subsidiary") (a) is a corporation, partnership or limited liability company duly incorporated or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and is duly qualified to transact business in each state where the failure to so qualify would have a material effect on the business or financial condition of the Company and the Subsidiaries taken as a whole and (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted. The Company has the necessary corporate power to enter into and perform its obligations under the Credit Agreement and to borrow under the Credit Agreement.

2. The execution and delivery by the Company of, and the performance by the Company of its obligations under, the Credit Agreement, the borrowings by the Company under the Credit Agreement (a) have been duly authorized by all necessary corporate action of the Company and all requisite stockholder action, and do not and will not violate any provision of the articles of incorporation or by-laws of the Company or any United States Subsidiary or any provision of law or regulation, including Regulations U and X, (b) do not, to the best of my knowledge, result in the breach of, or constitute a default or require any consent under, or result in the creation of any Lien upon any of its properties, revenues or assets pursuant to, any indenture or other agreement or instrument to which the Company or any United States Subsidiary is a party or by which the Company or any United States Subsidiary or their properties may be bound, or (c) result in the creation or imposition of any Lien upon property or assets of the Company or any United States Subsidiary except Liens permitted by Section 6.01 of the Credit Agreement.

3. The Credit Agreement constitutes the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except, in each case, as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4. To the best of my knowledge, there are no legal or arbitral proceedings, and no proceedings by or before any Governmental Authority, pending

or threatened against or affecting the Company or any properties or rights of the Company that, if adversely determined, would have a Material Adverse Effect.

5. No authorizations, consents, approvals, licenses, filings or registrations, with any Governmental Authority are required in connection with the execution, delivery or performance by the Company of its obligations under the Credit Agreement, other than those the failure of which to obtain would not give rise to a Material Adverse Effect.

6. To the best of my knowledge, neither the Company nor any of the United States Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could result in a Material Adverse Effect.

7. Neither the Company nor any United States Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

I have not been asked to and do not express any opinion with respect to any matters except as expressly set forth above. This opinion is solely for your benefit and may not be distributed to or relied upon by any other person, quoted in whole or in part or otherwise reproduced in any other document without my prior written consent.

Very truly yours,

Nancy M. Taylor

THE SCHEDULE CONTAINS UNAUDITED SUMMARY FINANCIAL INFORMATION FOR TREDEGAR CORPORATION AND SUBSIDIARIES EXTRACTED FROM THE BALANCE SHEET FOR THE PERIOD ENDED SEPTEMBER 30, 1999 AND THE STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DEC-31-1999		
SEP-30-1999		
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		122,990
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		46,264
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104,947		
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		98,972
		250,415
738,307		
		590,292
		585,385
		465,614
		465,614
		55,209
		1,183
		4,853
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