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 March 31, 1997

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 Industries, Inc.
(Exact Name of Registrant as Specified in its Charter)

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

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

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

The number of shares of Common Stock, no par value, outstanding as of April 30, 1997: 12,261,423.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Tredegar Industries, Inc.
Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	March 31, 1997	Dec. 31, 1996
Assets		
Current assets:		
Cash and cash equivalents	$115,475	$101,261
Accounts and notes receivable	64,360	61,076
Inventories	16,256	17,658
Income taxes recoverable	--	2,023
Deferred income taxes	9,462	9,484
Prepaid expenses and other	3,676	2,920

Total current assets	209,229	194,422
Property, plant and equipment, at cost	262,957	260,200
Less accumulated depreciation and amortization	173,689	169,771
Net property, plant and equipment	89,268	90,429
Other assets and deferred charges	39,374	36,094
Goodwill and other intangibles	20,119	20,132
Total assets	$357,990	$341,077
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 36,890	$ 28,814
Accrued expenses	29,639	32,487
Income taxes payable	3,585	--
Total current liabilities	70,114	61,301
Long-term debt	35,000	35,000
Deferred income taxes	16,826	16,994
Other noncurrent liabilities	14,573	15,237
Total liabilities	136,513	128,532
Shareholders' equity:		
Common stock, no par value	112,246	113,019
Foreign currency translation adjustment	205	499
Retained earnings	109,026	99,027
Total shareholders' equity	221,477	212,545
Total liabilities and shareholders' equity	$357,990	$341,077

See accompanying notes to financial statements.

Tredegar Industries, Inc.
Consolidated Statements of Income
(In Thousands)
(Unaudited)

	Three Months Ended March 31	
	1997	1996
Revenues:		
Net sales	$ 133,345	$ 141,387
Other income (expense), net	2,845	(383)
Total	136,190	141,004
Costs and expenses:		
Cost of goods sold	106,960	113,734
Selling, general and administrative	8,561	11,220
Research and development	3,266	2,429
Interest	521	650
Unusual items	--	(10,747)
Total	119,308	117,286
Income before income taxes	16,882	23,718
Income taxes	5,928	7,371
Net income	$ 10,954	$ 16,347
Earnings per common and dilutive common equivalent share	$ .83	$ 1.27
Shares used to compute earnings per common and dilutive common equivalent share	13,178	12,877

See accompanying notes to financial statements.

Tredegar Industries, Inc.
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Three Months Ended March 31 1997	Three Months Ended March 31 1996
Cash flows from operating activities:		
Net income	$ 10,954	$ 16,347
Adjustments for noncash items:		
Depreciation	4,542	6,047
Amortization of intangibles	13	143
Deferred income taxes	12	(2,623)
Accrued pension income and postretirement benefits	(778)	(401)
Gain on divestitures, net	--	(10,747)
Gain on sale of technology-related investments	(1,885)	--
Changes in assets and liabilities, net of effects from divestitures:		
Accounts and notes receivable	(3,284)	(5,875)
Inventories	1,402	1,638
Income taxes recoverable	2,023	2,179
Prepaid expenses and other	(756)	(617)
Accounts payable	8,076	2,911
Accrued expenses and income taxes payable	737	6,805
Other, net	(447)	141
Net cash provided by operating activities	20,609	15,948
Cash flows from investing activities:		
Capital expenditures	(3,729)	(7,817)
Investments	(2,877)	(50)
Proceeds from the sale of investments	2,060	--
Property disposals	66	43
Proceeds from the sale of Molded Products (net of transaction costs of $3,527)	--	53,973
Other, net	(187)	28
Net cash (used in) provided by investing activities	(4,667)	46,177
Cash flows from financing activities:		
Dividends paid	(955)	(731)
Net increase (decrease) in borrowings	--	--
Repurchases of Tredegar common stock	(1,479)	--
Other, net	706	182
Net cash used in financing activities	(1,728)	(549)
Increase (decrease) in cash and cash equivalents	14,214	61,576
Cash and cash equivalents at beginning of period	101,261	2,145
Cash and cash equivalents at end of period	$ 115,475	$ 63,721

See accompanying notes to financial statements.

TREDEGAR INDUSTRIES, INC.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Industries, Inc. and Subsidiaries ("Tredegar") contain all adjustments necessary to present fairly, in all material respects, Tredegar's consolidated financial position as of March 31, 1997, and the consolidated results of their operations and their cash flows for the three months ended March 31, 1997 and 1996. 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 notes thereto included in Tredegar's Annual Report on Form 10-K for the year ended December 31, 1996. The results of operations for the three months ended March 31, 1997, are not necessarily indicative of the results to be expected for the full year.

2. Historical and pro forma net income and earnings per common and dilutive common equivalent share, adjusted for unusual items and technology-related investment gains/losses affecting the comparability of operating results and the pro forma effects of the Molded Products and Brudi divestitures, are presented below:

(In Thousands Except Per-Share Amounts)

	Three Months Ended March 31		Year Ended Dec. 31,
	1997	1996	1996
Historical net income as reported	$ 10,954	$ 16,347	$ 45,035
After-tax effects of unusual items:			
Gain on sale of property in Fremont, CA	--	--	(1,215)
Write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films	--	--	795
Combined net gain on the Molded Products and Brudi divestitures	--	(8,059)	(8,059)
Historical net income as adjusted for unusual items	10,954	8,288	36,556
After-tax effect of technology-related investment (gains) losses	(1,206)	--	(1,369)
Net income as adjusted for unusual items and technology-related investment gains/losses	9,748	8,288	35,187
Pro forma adjustments:			
Combined after-tax operating profit of Molded Products and Brudi	--	(737)	(715)
Reduction of Tredegar's after-tax cost for certain benefit plans due to the curtailment of participation by Molded Products employees	--	161	161
After-tax interest income on assumed investment in cash equivalents of expected after-tax divestiture proceeds at an annual rate of approximately 5.4%	--	571	724
Pro forma net income as adjusted for unusual items, technology-related investment gains/losses and the pro forma effects of the Molded Products and Brudi divestitures	$ 9,748	$ 8,283	$ 35,357
Earnings per common and dilutive common equivalent share:			
As reported	$ .83	$ 1.27	$ 3.44
As adjusted for unusual items	.83	.64	2.79
As adjusted for unusual items and technology-related investment gains/losses	.74	.64	2.69
Pro forma as adjusted for unusual items, technology-related investment gains/losses and the pro forma effects of the Molded Products and Brudi divestitures	.74	.64	2.70

The pro forma operating results presented above assume that Tredegar sold Molded Products and Brudi at the beginning of 1996 (Molded Products was sold on March 29, 1996, and the Brudi divestiture was completed in the second quarter of 1996) and invested related after-tax proceeds of approximately $48 million and $21 million, respectively, in cash equivalents. The pro forma financial information is unaudited and does not purport to be indicative of the future results or financial position of Tredegar or the net income and financial position that would actually have been attained had the divestitures occurred on the dates or for the period indicated.

At March 31, 1997 and December 31, 1996, Tredegar had technology-related investments with a cost basis of $8.8 million and $6 million, respectively, which represented ownership (either in the form of limited partnership shares, the stock of privately held companies or the restricted or unrestricted stock of companies that recently registered shares in initial public offerings) of less than 20% in eight separate entities. These investments are included in "Other assets and deferred charges" in the consolidated balance sheets and each security is accounted for at the lower of cost or estimated fair value. Management estimates the fair value of these investments to be approximately $20 million at March 31, 1997. However, because of the inherent uncertainty of the valuations of restricted securities or securities for which there is no public market, these estimates may differ significantly from the values that would have been used had a ready market for the securities existed. Furthermore, the publicly-traded stock of emerging, technology-based companies usually has higher volatility and risk than the U.S. stock market as a whole.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share." The standard must be adopted by Tredegar in the fourth quarter of 1997, with all prior periods restated to conform to the new method. Early application is not permitted. The new standard requires the presentation in the income statement of basic and diluted earnings per share. In contrast to primary earnings per share under existing standards, basic earnings per share excludes common stock equivalents (for example, stock options). Accordingly, for the periods shown below, under the new requirements basic earnings per share for Tredegar will be higher than amounts previously reported, while diluted earnings per share will be the same as amounts previously reported:

	Three Months Ended March 31		Years Ended December 31	
	1997	1996	1996	1995
Percentage basic earnings per share higher (lower) than earnings per share as reported	7.6%	5.7%	7.3%	3.5%
Percentage diluted earnings per share higher (lower) than earnings per share as reported	-	-	-	-

3. On March 7, 1997, Tredegar announced that its William L. Bonnell subsidiary had agreed in principle to acquire an aluminum extrusions and fabrication plant in El Campo, Texas, owned by Reynolds Metals Company. Details of the agreement were not disclosed. The proposed acquisition, which is subject to various conditions, is expected to be completed in the second quarter. The facility extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets.

4. The components of inventories are as follows:

	(In Thousands)	
	March 31 1997	Dec. 31 1996
Finished goods	$ 2,054	$ 1,677
Work-in-process	1,128	1,782
Raw materials	7,018	7,958
Stores, supplies and other	6,056	6,241
Total	$16,256	$17,658

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

Results of Operations

First Quarter 1997 Compared with First Quarter 1996

Net income for the first quarter of 1997 was $11 million or 83 cents per share, down from $16.3 million or $1.27 per share in the first quarter of 1996. Unusual items recognized in the first quarter of 1996 affecting the comparability of operating results include a gain of $19.9 million ($13.7 million after income taxes) on the sale of Molded Products on March 29, 1996, partially offset by a charge of $9.1 million ($5.7 million after income tax benefits) related to a loss accrued on the divestiture of Brudi (the Brudi divestiture was completed in the second quarter of 1996). Results for 1997 include technology-related investment gains of $1.9 million ($1.2 million after income taxes). See Note 2 on page 5 for further information on technology-related investments as of March 31, 1997.

Net income excluding unusual items and technology-related investment gains for the first quarter of 1997 was $9.7 million or 74 cents per share, up from $8.3 million or 64 cents per share in the first quarter of 1996. The improved results were driven primarily by strong performance in aluminum extrusions and slightly higher profits in plastic films. Higher interest income (see further discussion below) and pension income resulted primarily from the Molded Products and Brudi divestitures and offset the adverse impact of their disposal on operating profit (see Note 2 on page 5).

Excluding the effects of the Molded Products and Brudi divestitures, first-quarter net sales increased 18% in 1997 due to higher sales in Film Products and Aluminum Extrusions. The increase in sales in Film Products was driven by higher volume of lower margin nonwoven film laminates, higher volume for foreign operations (especially permeable film in Europe) and higher selling prices (reflecting higher average plastic resin costs), partially offset by lower volume of diaper backsheet in North America. Higher sales in Aluminum Extrusions reflected continued strength in residential and commercial windows and higher volume to distributors.

The gross profit margin during the first quarter of 1997 increased to 19.8% from 19.6% in 1996 due to higher volume in Aluminum Extrusions, partially offset by lower margins in Film Products.

Selling, general and administrative expenses decreased by $2.7 million or 23.7% due to the Molded Products and Brudi divestitures and lower corporate overhead, partially offset by higher selling, general and administrative costs in Film Products. Selling, general and administrative expenses, as a percentage of sales, declined to 6.4% in 1996 compared with 7.9% in 1996.

Research and development expenses increased by $837,000 or 34.5% due to higher product development spending at Film Products and higher spending at Molecumetics.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, increased to $1.2 million in 1997 from $92,000 in 1996 due to the investment of divestiture proceeds and cash generated from operations. The average tax equivalent yield earned on cash equivalents was 5.6% in 1997 and 5.4% in 1996. Tredegar's policy permits investment of excess cash in marketable securities that have the highest credit ratings and maturities of less than one year. The primary objectives of Tredegar's investment policy are safety of principal and liquidity. Interest expense declined by $129,000 due primarily to higher capitalized interest.

The effective tax rate excluding unusual items, the effects of tax-exempt interest income and investment gains declined slightly to 36% in 1997 from 36.1% in 1996.

Segment Results

The following tables present Tredegar's net sales and operating profit by segment for the three months ended March 31, 1997 and 1996.

Net Sales by Segment
(In Thousands)
(Unaudited)

	Three Months Ended March 31 1997	Three Months Ended March 31 1996	Favorable (Unfav.) % Change
Film Products and Fiberlux	$ 75,437	$ 59,457	27
Aluminum Extrusions	57,495	52,916	9
Technology	413	371	11
Total ongoing operations	133,345	112,744	18
Divested operations:			
Molded Products	-	21,131	-
Brudi	-	7,512	-
Total net sales	$ 133,345	$141,387	(6)

Operating Profit by Segment
(In Thousands)
(Unaudited)

	Three Months Ended March 31 1997	Three Months Ended March 31 1996	Favorable (Unfav.) % Change
Film Products and Fiberlux	$ 10,968	$ 11,045	(1)
Aluminum Extrusions	6,702	4,976	35
Technology:			
Molecumetics	(1,665)	(1,226)	(36)
Investments and other	1,843	(19)	-
	178	(1,245)	-
Divested operations:			
Molded Products	-	1,011	-
Brudi	-	223	-
Unusual items	-	10,747	-
	-	11,981	-
Total operating profit	17,848	26,757	(33)
Interest income	1,151	92	1,151
Interest expense	521	650	20
Corporate expenses, net	1,596	2,481	36
Income before income taxes	16,882	23,718	(29)
Income taxes	5,928	7,371	20
Net income	$ 10,954	$ 16,347	(33)

Unusual items include a pretax gain recognized in the first quarter of 1996 on the sale of Molded Products ($19.9 million), partially offset by a pretax loss accrued on the divestiture of Brudi ($9.1 million; the Brudi divestiture was completed in the second quarter of 1996). "Investments and other" includes pretax gains on technology-related investments of $1.9 million. See Note 2 on page 5 for further information on items affecting the comparability of operating results.

Sales in Film Products increased due to higher volume of lower margin nonwoven film laminates, higher volume for foreign operations (especially permeable film in Europe) and higher selling prices (reflecting higher average plastic resin costs), partially offset by lower volume of diaper backsheet in North America. Operating profit improved slightly in Film Products due to improved production efficiencies for nonwoven film laminates and higher volume of permeable film in Europe for feminine pads, partially offset by lower diaper backsheet volume and margins in North America and higher new product development expenses. Operating profit declined in Fiberlux due to lower volume and higher selling, general and administrative costs.

Sales in Aluminum Extrusions increased due primarily to higher volume (up 15%), reflecting continued strength in residential and commercial windows and higher volume to distributors. Operating profit increased by $1.7 million or 35% due to higher volume and related lower unit conversion costs. Conversion costs also improved as a result of the Newnan press improvement project completed late last year. On March 7, 1997, Tredegar announced that its William L. Bonnell subsidiary had agreed in principle to acquire an aluminum extrusions and fabrication plant in El Campo, Texas, owned by Reynolds Metals Company. Details of the agreement were not disclosed. The proposed acquisition, which is subject to various conditions, is expected to be completed in the second quarter. The facility extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets.

Excluding investment gains, technology segment losses increased by $462,000 due to higher research and development spending at Molecumetics.

Liquidity and Capital Resources

Tredegar's total assets increased to $358 million at March 31, 1997, from $341.1 million at December 31, 1996, due mainly to an increase in cash and cash equivalents of $14.2 million (see further discussion below). Total liabilities increased to $136.5 million at March 31, 1997, from $128.5 million at December 31, 1996, due primarily to higher accounts payable in Aluminum Extrusions resulting from more favorable trade terms with aluminum ingot suppliers. Income taxes payable of $3.6 million relates to timing differences between income tax accruals and payments during the year.

Debt at March 31, 1997 and December 31, 1996, consisted of a $35 million, 7.2% note maturing in June 2003 (annual principal payments of $5 million will begin in June 1997). Tredegar had cash and cash equivalents in excess of debt of $80.5 million at March 31, 1997, compared to $66.3 million at December 31, 1996.

Net cash provided by operating activities in excess of capital expenditures and dividends increased to $15.9 million in the first quarter of 1997 from $7.4 million in 1996 due primarily to improved operating results, improved trade terms with aluminum ingot suppliers, lower capital expenditures in Film Products and the effect on capital expenditures of the Molded Products and Brudi divestitures (Molded Products and Brudi had combined capital expenditures of $1.2 million in the first quarter of 1996). Capital expenditures for Film Products in 1997 were related to normal replacement of machinery and equipment, expansion into China and permeable film additions, while 1996 included normal replacement as well as nonwoven film laminate capacity additions, expansion of permeable film capacity in Europe and expansion of permeable and diaper backsheet film capacity in Brazil.

The increase in cash and cash equivalents to $115.5 million at March 31, 1997, was due to the $15.9 million of excess cash generated during the first quarter of 1997 combined with other sources ($585,000) and the $101.3 million cash and cash equivalents balance at December 31, 1996, partially offset by uses of funds for technology-related investments ($817,000, net of proceeds from the sale of investments) and the repurchase of Tredegar common stock ($1.5 million).

PART II - OTHER INFORMATION

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

(a) Exhibit No.

11 Statement re computation of earnings per share

27 Financial Data Schedule

(b) Reports on Form 8-K. No reports on Form 8-K have been filed for the quarter ended March 31, 1997.

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 Industries, Inc.
(Registrant)

Date:	May 7, 1997	/s/ N. A. Scher
		Norman A. Scher Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
Date:	May 7, 1997	/s/ D. Andrew Edwards
		D. Andrew Edwards Corporate Controller (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
11	Statement re computation of earnings per share
27	Financial Data Schedule

Exhibit 11 - Computations of Earnings Per Share
Tredegar Industries, Inc. and Subsidiaries
(In Thousands, Except Per-Share Amounts)
(Unaudited)

	Three Months Ended March 31 1997	Three Months Ended March 31 1996
Net income	$10,954	$16,347
Earnings per common and dilutive common equivalent share as reported (1)	$ .83	$ 1.27
PRIMARY EARNINGS PER SHARE:		
Shares issuable upon the assumed exercise of outstanding stock options (2)	935	690
Weighted average common shares outstanding during period	12,243	12,187
Weighted average common and dilutive common equivalent shares	13,178	12,877
Primary earnings per share (1)	$ .83	$ 1.27
FULLY DILUTED EARNINGS PER SHARE:		
Shares issuable upon the assumed exercise of outstanding stock options (3)	935	690
Weighted average common shares outstanding during period	12,243	12,187
Weighted average common and dilutive common equivalent shares	13,178	12,877
Fully diluted earnings per share (3)	$ .83	$ 1.27

Notes to Exhibit 11:

(1) Shares used to compute earnings per common and dilutive common equivalent share in the consolidated statements of income include common stock equivalents.

(2) Computed using the average market price during the related period.

(3) Computed using the higher of the average market price during the related period and the market price at the end of the related period. Fully diluted earnings per common and dilutive common equivalent share is not materially different (dilutive by 3% or more) from earnings per common and dilutive common equivalent share reported in the consolidated statements of income.

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

3-MOS
DEC-31-1997
MAR-31-1997
115,475
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67,648
3,288
16,256
209,229
262,957
173,689
357,990
70,114
35,000
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112,246
109,231
357,990
133,345
136,190
106,960
106,960
11,807
20
521
16,882
5,928
10,954
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10,954
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