SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 1998

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 July 31, 1998: 36,052,283.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 1998	Dec. 31, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 26,573	$120,065
Accounts and notes receivable	95,321	69,672
Inventories	34,991	20,008
Income taxes recoverable	1,071	294
Deferred income taxes	8,675	8,722
Prepaid expenses and other	3,569	4,369

Total current assets	170,200	223,130
Property, plant and equipment, at cost	342,306	283,995
Less accumulated depreciation and amortization	192,186	183,397
Net property, plant and equipment	150,120	100,598
Other assets and deferred charges	89,791	67,134
Goodwill and other intangibles	33,027	20,075
Total assets	$443,138	$410,937
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 45,268	$ 33,168
Accrued expenses	46,546	39,618
Total current liabilities	91,814	72,786
Long-term debt	25,000	30,000
Deferred income taxes	30,394	22,108
Other noncurrent liabilities	13,808	13,497
Total liabilities	161,016	138,391
Shareholders' equity:		
Common stock, no par value	93,778	115,291
Common stock held in trust for savings restoration plan	(1,212)	(1,020)
Unrealized gain on available-for-sale securities	7,145	5,020
Foreign currency translation adjustment	(830)	(37)
Retained earnings	183,241	153,292
Total shareholders' equity	282,122	272,546
Total liabilities and shareholders' equity	$443,138	$410,937

See accompanying notes to financial statements.

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

	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Revenues:				
Net sales	$ 169,946	$ 144,969	$ 326,606	$ 278,314
Other income (expense), net	1,911	5,058	3,301	7,903
Total	171,857	150,027	329,907	286,217
Costs and expenses:				
Cost of goods sold	134,475	114,295	257,571	221,255
Selling, general and administrative	10,136	8,929	18,976	17,490
Research and development	3,600	3,181	6,947	6,447
Interest	292	621	686	1,142
Unusual items	-	(2,250)	(765)	(2,250)
Total	148,503	124,776	283,415	244,084
Income before income taxes	23,354	25,251	46,492	42,133
Income taxes	8,193	8,904	14,035	14,832
Net income	$ 15,161	$ 16,347	$ 32,457	$ 27,301
Earnings per share:				
Basic	$ .42	$ .44	$ .90	$ .74
Diluted	.39	.42	.84	.69
Shares used to compute earnings per share:				
Basic	35,904	36,789	36,150	36,759
Diluted	38,557	39,387	38,788	39,309
Dividends per share	$ .04	$ .027	$ .07	$ .053

See accompanying notes to financial statements.

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

	Six Months Ended June 30	
	1998	1997
Cash flows from operating activities:		
Net income	$ 32,457	$ 27,301
Adjustments for noncash items:		
Depreciation	10,385	9,109
Amortization of intangibles	34	26
Deferred income taxes	588	23
Accrued pension income and postretirement benefits	(1,773)	(1,877)
Gain on sale of technology-related investments	(2,185)	(6,359)
Gain on divestitures	(765)	(2,250)
Changes in assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts and notes receivable	(4,110)	(8,137)
Inventories	(4,015)	589
Income taxes recoverable	(777)	2,023
Prepaid expenses and other	970	(367)
Accounts payable	6,994	12,662
Accrued expenses and income taxes payable	(4,185)	4,423
Other, net	(1,575)	(835)
Net cash provided by operating activities	32,043	36,331
Cash flows from investing activities:		
Capital expenditures	(13,604)	(8,404)
Acquisitions (net of cash acquired of $1,097 in 1998; excludes equity issued of $11,219 in 1998)	(60,527)	(13,469)
Investments	(13,726)	(6,828)
Proceeds from the sale of investments	2,919	5,783
Proceeds from property disposals and divestitures	690	2,355
Other, net	(855)	(308)
Net cash used in investing activities	(85,103)	(20,871)
Cash flows from financing activities:		
Dividends paid	(2,508)	(1,963)
Net decrease in borrowings	(5,000)	(5,000)
Repurchases of Tredegar common stock	(34,163)	(1,955)
Tredegar common stock purchased by trust for savings restoration plan	(192)	-
Proceeds from exercise of stock options	1,431	1,348
Net cash used in financing activities	(40,432)	(7,570)
(Decrease) increase in cash and cash equivalents	(93,492)	7,890
Cash and cash equivalents at beginning of period	120,065	101,261
Cash and cash equivalents at end of period	$ 26,573	$109,151

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 June 30, 1998, and the consolidated results of their operations and their cash flows for the six months ended June 30, 1998 and 1997. 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, 1997. The results of operations for the six months ended June 30, 1998, are not necessarily indicative of the results to be expected for the full year.

On May 20, 1998, Tredegar's Board of Directors declared a three-for-one stock split payable on July 1, 1998, to shareholders of record on June 15, 1998. Accordingly, all historical references to per-share amounts, shares repurchased and the shares used to compute earnings per share have been restated to reflect the split.

2. Unusual items in 1998 include a first-quarter pretax gain of $765,000 on the sale of APPX Software. Income taxes 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. Unusual items in 1997 include a gain of $2.25 million related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products. Net income and earnings per share, adjusted for unusual items and technology-related investment activities affecting the comparability of operating results, are presented below:

(In Thousands Except Per-Share Amounts)

	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Net income as reported	$ 15,161	$ 16,347	$ 32,457	$ 27,301
After-tax effect of unusual items:				
Gain on sale of APPX Software	-	-	(2,766)	-
Redemption of preferred stock received in connection with the divestiture of Molded Products	-	(1,440)	-	(1,440)
Net income as adjusted for unusual items	15,161	14,907	29,691	25,861
After-tax effect of technology-related net investment (gains) losses	(671)	(2,863)	(1,103)	(4,069)
Net income as adjusted for unusual items and technology-related investment activities	$ 14,490	$ 12,044	$ 28,588	$ 21,792
Diluted earnings per share:				
As reported	$ .39	$ .42	$ .84	$ .69
As adjusted for unusual items	.39	.38	.77	.65
As adjusted for unusual items and technology-related investment activities	.37	.31	.74	.55

3. The carrying value of technology-related investments (included in "Other assets" in the consolidated balance sheet) at June 30, 1998 and December 31, 1997, was $49.8 million ($39.3 million cost basis) and $33.5 million ($25.8 million cost basis), respectively. The excess of the carrying value over the cost basis is related to available-for-sale

securities stated at their closing market price, with unrealized holding gains excluded from earnings and reported net of deferred income taxes in shareholders' equity until realized. The estimated fair value of technology-related investments was $55.8 million and $40.8 million at June 30, 1998 and December 31, 1997, respectively.

4. Comprehensive income, defined as net income and other comprehensive income, for the second quarters ended June 30, 1998 and 1997 was $17.8 million and $16.2 million, respectively. Comprehensive income for the six months ended June 30, 1998 and 1997 was $33.8 million and $26.9 million, respectively. 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.

5. The components of inventories are as follows:

	(In Thousands) June 30 1998	(In Thousands) Dec. 31 1997
Finished goods	$ 4,755	$ 1,865
Work-in-process	5,193	2,340
Raw materials	17,305	9,297
Stores, supplies and other	7,738	6,506
Total	$34,991	$20,008

6. 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) Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Weighted average shares outstanding used to compute basic earnings per share	35,904	36,789	36,150	36,759
Incremental shares issuable upon the assumed exercise of stock options	2,653	2,598	2,638	2,550
Shares used to compute diluted earnings per share	38,557	39,387	38,788	39,309

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

7. On February 13, 1998, Tredegar completed a "Dutch auction" tender offer in which it repurchased 1,508,772 shares of its common stock for $32.7 million or $21.67 per share (excluding transaction costs). Since becoming an independent company in 1989, Tredegar has repurchased a total of 20.1 million shares, or 36% of its issued and outstanding common stock, for $112.9 million ($5.61 per share). As of June 30, 1998, under a standing authorization from its board of directors,

Tredegar may purchase an additional 4.1 million shares in the open market or in privately negotiated transactions at prices management deems appropriate.

8. On June 11, 1998, Tredegar acquired Canada-based Exal Aluminum Inc. ("Exal"). Exal operates two aluminum extrusion plants in Pickering, Ontario and Aurora, Ontario. The two plants collectively generated sales of approximately $94 million in 1997 and $4.5 million for the period from June 11 through June 30, 1998. 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. Tredegar filed a Form 8-K on June 23, 1998, with respect to the acquisition of Exal.

On February 6, 1998, Tredegar acquired two Canada-based aluminum extrusion and fabrication plants from Reynolds Metals Company ("Reynolds"). The plants are located in Ste-Therese, Quebec, and Richmond Hill, Ontario. The two plants collectively generated sales of approximately $55 million in 1997 and $23.7 million for the period from February 6 through June 30, 1998. Both facilities manufacture products used primarily in building and construction, transportation, electrical, machinery and equipment, and consumer durables markets.

On May 30, 1997, Tredegar acquired an aluminum extrusion and fabrication plant in El Campo, Texas, from Reynolds. The El Campo facility, which had sales of $21.6 million for the six months ended June 30, 1998 and $3.2 million for the period May 30 through June 30, 1997, extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets.

These acquisitions were accounted for using the purchase method. No goodwill arose from the acquisitions of the former Reynolds plants since the estimated fair value of the identifiable net assets acquired equaled the purchase price. Goodwill (the excess of the purchase price over the estimated fair value of identifiable net assets acquired) of $13 million was recorded on the acquisition of Exal and is being amortized on a straight-line basis over 40 years. The operating results for the five plants have been included in the consolidated statements of income since the date acquired.

Pro forma financial information with respect to these acquisitions required by Item 7 of Form 8-K will be filed not later than August 21, 1998 (60 days from the date the Current Report on Form 8-K was required to be filed for the Exal acquisition).

9. The Financial Accounting Standards Board has issued new standards affecting the accounting for derivative instruments and hedging activities and disclosures of information about business segments, pensions and other postretirement benefits. These standards are not expected to significantly change Tredegar's operating results, financial condition or disclosures when adopted. Each of the new standards will be adopted in the fourth quarter of 1998, except for the derivatives and hedging standard which will be adopted in the first quarter of 2000.

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

Results of Operations

Second Quarter 1998 Compared with Second Quarter 1997

Net income for the second quarter of 1998 was $15.2 million or 39 cents per share, down from $16.3 million or 42 cents per share in the second quarter of 1997 (all per share amounts in this analysis are expressed on a diluted basis). Results for 1997 include an unusual gain of $2.25 million ($1.4 million after income taxes or 4 cents per share) related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products (see Note 2 on page 5). In addition, results for 1998 and 1997 include net gains from technology-related investment activities of $1 million ($671,000 after income taxes or 2 cents per share) and $4.5 million ($2.9 million after income taxes or 7 cents per share), respectively.

Net income excluding unusual items and technology-related investment activities for the second quarter of 1998 was $14.5 million or 37 cents per share, up from $12 million or 31 cents per share in the second quarter of 1997. The improved operating earnings were driven by continued volume growth and acquisitions in Tredegar's aluminum extrusion business, where profits were up 41%. Tredegar operates eight aluminum plants in the U.S. and Canada, five of which have been acquired since May 1997 (see Note 8 on page 7). Lower losses at Molecumetics, Tredegar's drug discovery subsidiary, also contributed to the improved results. Profits in the company's plastics operations declined 4% due primarily to weakness in Asian markets and higher costs related to new product introductions. See Notes 2, 3, 7 and 8 on pages 5 through 7 for further information on items affecting the comparability of operating results and technology-related investments.

Second-quarter net sales increased 17% in 1998. Excluding revenue from aluminum acquisitions, sales were down 3% for the quarter due primarily to lower volume of plastic film exported to Asian markets and lower selling prices reflecting a decline in plastic resin and aluminum ingot costs and pricing pressure in Asia, partially offset by higher aluminum extrusion volume and collaboration revenues at Molecumetics. Higher aluminum extrusions volume was driven by strength in all building and construction markets and sales to distributors.

The gross profit margin during the second quarter of 1998 decreased to 20.9% from 21.2% in 1997 due primarily to lower margins in Film Products from lower volume and pricing pressure in Asian markets and higher costs related to new product introductions, partially offset by higher volume and margins in Aluminum Extrusions and higher contract research revenues. Contract research revenues help to support research and development programs at Molecumetics.

Selling, general and administrative expenses in the second quarter of 1998 increased to $10.2 million from $8.9 million in 1997, but as a percentage of sales declined to 6% in 1998 compared with 6.2% in 1997.

Research and development expenses increased by $419,000 or 13% due to higher spending at Molecumetics and Film Products.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, decreased in the second quarter of 1998 by $580,000 or 48% due to a lower average cash equivalents balance (see Liquidity and Capital Resources on page 12). The average tax-equivalent yield earned on cash equivalents was approximately 5.7% in 1998 and 5.9% in 1997. 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 decreased by $329,000 during the period due primarily to higher capitalized interest from higher capital expenditures, the writeoff in 1997 of deferred financing costs related to the refinancing of Tredegar's revolving credit facility, and lower average debt outstanding.

The effective tax rate excluding unusual items and technology-related investment activities was 35% in the second quarters of 1998 and 1997, as the impact of a decline in average tax-exempt investments was offset by a lower effective state income tax rate.

Six Months 1998 Compared with Six Months 1997

Net income for the first six months of 1998 was $32.5 million or 84 cents per share, up from $27.3 million or 69 cents per share in the first six months of 1997. Results for 1998 include an unusual gain of $765,000 ($2.8 million after income taxes or 7 cents per share) on the sale of APPX Software on January 16, 1998. Results for 1997 include an unusual gain of $2.25 million ($1.4 million after income taxes or 4 cents per share) related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products. In addition, results for 1998 and 1997 include net gains from technology-related investment activities of $1.7 million ($1.1 million after income taxes or 3 cents per share) and $6.4 million ($4.1 million after income taxes or 10 cents per share), respectively.

Net income excluding unusual items and technology-related investment activities for the first six months of 1998 was $28.6 million or 74 cents per share, up from $21.8 million or 55 cents per share in the first six months of 1997. The improved operating earnings were driven by continued volume growth and acquisitions in Aluminum Extrusions, higher profits in Film Products and higher collaboration revenues supporting research and development programs at Molecumetics. The increase in profits in Film Products was driven by higher volume and efficiencies in nonwoven film laminates, higher shipments of Vispore(R) film and higher volume and profit related to European and Latin American operations, partially offset by weakness in Asian markets and higher costs related to new product introductions. See Notes 2, 3, 7 and 8 on pages 5 through 7 for further information on items affecting the comparability of operating results and technology-related investments.

Net sales increased 17% in the first six months of 1998 compared to 1997. Excluding revenue from aluminum acquisitions, sales were up slightly for the year due primarily to higher volume in Aluminum Extrusions, higher volume in Film Products in all markets except Asia and collaboration revenues at Molecumetics, partially offset by lower selling prices reflecting a decline in plastic resin and aluminum ingot costs and pricing pressure in Asia. Higher aluminum extrusions volume was driven by strength in all building and construction markets and sales to distributors.

The gross profit margin during the first six months of 1998 increased to 21.1% from 20.5% in 1997 due primarily to higher volume and margins in Aluminum Extrusions, efficiencies in nonwoven film laminates and higher contract research revenues at Molecumetics, partially offset by lower margins in Film

Products from lower volume and pricing pressure in Asian markets and higher costs related to new product introductions.

Selling, general and administrative expenses in the first six months of 1998 increased to $19 million from $17.5 million in 1997, but as a percentage of sales declined to 5.8% in 1998 compared with 6.3% in 1997.

Research and development expenses increased by $500,000 or 8% due to higher spending at Molecumetics and Film Products.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, decreased in the first six months of 1998 by $616,000 or 26% due to a lower average cash equivalents balance (see Liquidity and Capital Resources on page 12). The average tax-equivalent yield earned on cash equivalents was approximately 5.7% in 1998 and 1997. Interest expense decreased by $456,000 during the period due primarily to higher capitalized interest from higher capital expenditures, the writeoff in 1997 of deferred financing costs related to the refinancing of Tredegar's revolving credit facility, and lower average debt outstanding.

The effective tax rate excluding unusual items and technology-related investment activities was 35% in the first six months of 1998 and 1997, as the impact of a decline in average tax-exempt investments was offset by a lower effective state income tax rate.

Segment Results

The following tables present Tredegar's net sales and operating profit by segment for the second quarter and six months ended June 30, 1998 and 1997.

Net Sales by Segment
(In Thousands)
(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Film Products and Fiberlux	$ 73,703	$ 78,220	$ 151,112	$ 153,657
Aluminum Extrusions	95,076	66,042	172,798	123,537
Technology:				
Molecumetics	1,167	216	2,667	216
Other	-	491	29	904
Total net sales	$ 169,946	$ 144,969	$ 326,606	$ 278,314

Operating Profit by Segment
(In Thousands)
(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Film Products and Fiberlux	$ 12,015	$ 12,546	$ 27,132	$ 23,514
Aluminum Extrusions	12,808	9,069	21,593	15,771
Technology:				
Molecumetics	(971)	(1,494)	(1,465)	(3,159)
Investments	1,046	4,474	1,722	6,359
Other	-	(24)	(428)	(66)
Unusual items	-	-	765	-
	75	2,956	594	3,134
Divested operations:				
Unusual items	-	2,250	-	2,250
	-	2,250	-	2,250
Total operating profit	24,898	26,821	49,319	44,669
Interest income	629	1,209	1,744	2,360
Interest expense	292	621	686	1,142
Corporate expenses, net	1,881	2,158	3,885	3,754
Income before income taxes	23,354	25,251	46,492	42,133
Income taxes	8,193	8,904	14,035	14,832
Net income	$ 15,161	$ 16,347	$ 32,457	$ 27,301

Results for 1998 include an unusual gain of $765,000 ($2.8 million after income taxes) on the sale of APPX Software on January 16, 1998. Results for 1997 include an unusual gain of $2.25 million ($1.4 million after income taxes) related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products. The "Investments" category for 1998 and 1997 is comprised of net gains from technology-related investment activities. See Note 2 on page 5 for further information on items affecting the comparability of operating results.

Sales in Film Products declined during the second quarter of 1998 due primarily to lower volume of plastic film exported to The Procter & Gamble Company ("P&G") in Asia and lower selling prices reflecting a decline in plastic resin costs and pricing pressure in Asia. Sales during the first six months of 1998 increased due to higher volume of nonwoven film laminates supplied to P&G for diapers, higher volume of Vispore(R) film and higher volume of plastic films manufactured and sold by the company's operations in Latin America and Europe, partially offset by lower volume of plastic film exported to P&G in Asia and lower selling prices reflecting a decline in plastic resin costs and pricing pressure in Asia. Changes in operating profit for the second quarter and the first six months of 1998 compared to 1997 were driven by the volume changes and pricing pressures in the areas noted above, as well as higher costs related to new product introductions, start-up costs for a new production site in China and the adverse impact of the strong U.S. Dollar on profit generated by European operations. Operating profit increased at Fiberlux during the second quarter and first six months of 1998 due to higher sales.

Sales in Aluminum Extrusions increased during the second quarter and first six months of 1998 due to acquisition-related volume (see Note 8 on page 7) as well as strength in all building and construction markets and sales to distributors. Excluding acquisitions, volume was up 4% in the second quarter and the first six months of the year. Operating profit increased during the second quarter and first six months of 1998 due to higher volume, related lower unit conversion costs and acquisitions.

Excluding net gains from investment activities and unusual items, technology segment losses decreased by $547,000 and $1.3 million during the second quarter and first six months of 1998, respectively, due to revenues generated from drug development partnerships at Molecumetics.

Liquidity and Capital Resources

Tredegar's total assets increased to $443.1 million at June 30, 1998, from $410.9 million at December 31, 1997, due mainly to the impact of the acquisitions in Canada, higher accounts receivable and inventories supporting higher sales and an increase in technology-related investments (see Note 3 on page 5), partially offset by a decrease in cash and cash equivalents (see further discussion below). Total liabilities increased to $161 million at June 30, 1998, from $138.4 million at December 31, 1997, due primarily to the acquisitions and higher accounts payable supporting higher sales, partially offset by lower debt outstanding.

Net cash provided by operating activities in excess of capital expenditures and dividends decreased to $15.9 million in the first six months of 1998 from $25.9 million in 1997 due primarily to higher capital expenditures at Film Products and Molecumetics and higher working capital supporting higher sales, partially offset by improved operating results. Higher capital expenditures in Film Products are related to the new facility near Guangzhou, China, capacity expansion in Brazil and machinery and equipment added for the manufacture of new products. The China facility, which produces disposable films for hygiene products marketed in the region, began commercial production in the second quarter of 1998. Film Products is beginning construction of a new production site near Budapest, Hungary, which should be operational in mid-1999. The Hungary facility will produce disposable films for hygiene products marketed in Eastern Europe. Higher capital expenditures at Molecumetics relate to the expansion of its research lab in Bellevue, Washington.

The decrease in cash and cash equivalents to $26.6 million at June 30, 1998, from $120.1 million at December 31, 1997, was due to cash used for acquisitions in Canada ($60.5 million, excluding equity issued of $11.2 million), the repurchase of Tredegar common stock ($34.2 million), cash used for technology-related investments ($10.8 million, net of proceeds from the sale of investments), cash used to paydown debt ($5 million) and other net uses ($300,000), partially offset by the $15.9 million of excess cash generated during the first six months of 1998 and proceeds from the exercise of stock options ($1.4 million).

Quantitative and Qualitative Disclosures About Market Risk

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

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

Tredegar sells to customers in foreign markets through its foreign operations and through export sales from its plants in the U.S. Tredegar estimates that approximately $15.1 million and $14.6 million of its consolidated pretax income for the first six months of 1998 and 1997, respectively, relates to such sales, of which (i) $6.9 million and $9 million, respectively, relates to income generated from sales and costs denominated in, or indexed to, U.S. Dollars (primarily income earned on export sales out of the U.S. to Asia ($3 million and $4.6 million, respectively) and Latin America ($1.9 million in each period)), (ii) $4.7 million and $4.1 million, respectively, relates to income generated from sales and costs primarily denominated in German Marks and Dutch Guilders, (iii) $2 million and $1.5 million, respectively, relates to income generated from sales and costs denominated in the currencies of Brazil and Argentina and (iv) $1.5 million relates to income generated from Canadian operations acquired in 1998 (see Note 8 on page 7). Tredegar's exposure to the relationship between the Canadian Dollar and U.S. Dollar has increased significantly with its recent acquisitions in Canada; however, the company believes that this exposure has been substantially neutralized by U.S. Dollar-based spread (the difference between selling prices and aluminum costs) generated from its Canadian casting operations and sales exported from Canada to the U.S. Generally, Tredegar views the volatility of foreign currencies and emerging markets as part of the overall risk of operating in such environments and, accordingly, adjusts the required rate of return on such investments.

At June 30, 1998, Tredegar had cash and cash equivalents of $26.6 million and debt of $25 million. Debt outstanding consisted of a note with interest payable semi-annually at 7.2% per year. Annual principal payments of $5 million are due each June through 2003. Tredegar also has a revolving credit facility that permits borrowings of up to $275 million (no amounts borrowed at June 30, 1998). The facility matures on July 9, 2002.

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

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 order raw materials, manufacture products, ship products and be paid for the products on a timely basis.

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

Tredegar's 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 should be completed by the end of 1998, except for revisions to a small portion of certain software programs and the replacement of certain software for the four aluminum extrusion plants recently acquired in Canada (see Note 8 on page 7). Remediation efforts for exceptions will extend into 1999. Testing of systems began in mid-1998 and will continue through 1999. Tredegar does not believe contingency plans are necessary for internal systems at this time. The company is also actively evaluating the Year 2000 capabilities of parties with whom Tredegar has 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 the incremental costs associated with correcting the problem are not expected to have a material adverse effect on the company's operating results or financial condition.

While Tredegar believes that it is taking the necessary steps to resolve its 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, Tredegar will work to solve them as quickly as possible. At present, Tredegar does not expect that any such problems will have a material adverse effect on its business. The failure, however, of a major customer or supplier to be Year 2000 compliant could have a material adverse effect on Tredegar.

New Accounting Standards

The Financial Accounting Standards Board has issued new standards affecting the accounting for derivative instruments and hedging activities and disclosures of information about business segments, pensions and other postretirement benefits. These standards are not expected to significantly change Tredegar's operating results, financial condition or disclosures when adopted. Each of the new standards will be adopted in the fourth quarter of 1998, except for the derivatives and hedging standard which will be adopted in the first quarter of 2000.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

Tredegar's Annual Meeting of Shareholders was held on May 20, 1998. The following sets forth the vote results (adjusted for the three-for-one stock split payable on July 1, 1998, to shareholders of record on June 15, 1998) with respect to each of the matters voted upon at the meeting:

(a) Election of Directors

Nominee	No. of Votes "For"	No. of Votes "Withheld"
John D. Gottwald	32,595,162	81,720
Andre B. Lacy	32,563,842	113,040
Emmett J. Rice	32,537,979	138,903
Thomas G. Slater, Jr.	32,521,608	155,274

There were no broker non-votes with respect to the election of directors.

(b) Approval of Auditors

Approval of the designation of PricewaterhouseCoopers LLP (formerly Coopers & Lybrand L.L.P.) as the auditors for Tredegar for 1998:

No. of Votes "For"	No. of Votes "Against"	No. of Abstentions
32,693,289	188,184	65,409

There were no broker non-votes with respect to the approval of auditors.

(c) Approval of Directors' Stock Plan

No. of Votes "For"	No. of Votes "Against"	No. of Abstentions
28,646,178	4,001,664	299,040

There were no broker non-votes with respect to the approval of the Directors' Stock Plan.

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

(a) Exhibit No.

3.1	Articles of Amendment
3.2	Amended By-laws
27	Financial Data Schedule

(b) Reports on Form 8-K. Registrant filed a Form 8-K on June 23, 1998, with respect to the acquisition of Exal Aluminum Inc. (see further information regarding this acquisition in Note 8 on page 7). Pro forma financial information with respect to the acquisition required by Item 7 of Form 8-K will be filed not later than August 21, 1998 (60 days from the date the Current Report on Form 8-K was required to be filed).

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:	August 12, 1998	/s/ N. A. Scher
		Norman A. Scher Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	August 12, 1998	/s/ D. Andrew Edwards
		D. Andrew Edwards Corporate Controller and Treasurer (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Amendment
3.2	Amended By-laws
27	Financial Data Schedule

ARTICLES OF AMENDMENT

OF

TREDEGAR INDUSTRIES, INC.

I.

The name of the Corporation is Tredegar Industries, Inc.

II.

The Amendments adopted are:

A. Article III of the Corporation's Amended and Restated Articles of Incorporation shall be amended to read as follows:

> The Corporation shall have authority to issue 150,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock.

B. At the effective time of the Certificate of Amendment to be issued by the State Corporation Commission, each issued and unissued authorized share of Common Stock shall be changed to three shares of Common Stock.

III.

The foregoing amendments were duly adopted by the Corporation's Board of Directors on May 20, 1998. No shareholder action was required with respect to the adoption of the amendments.

IV.

There are no shares of any class of the Corporation's stock outstanding other than Common Stock.

V.

The Certificate of Amendment with respect to the foregoing amendments shall become effective at 11:59 p.m. on June 30, 1998.

The undersigned Secretary declares that the facts herein stated are true as of June 25, 1998.

/s/ Nancy M. Taylor

Nancy M. Taylor, Secretary

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TREDEGAR INDUSTRIES, INC.

AMENDED BY-LAWS

As amended and in effect on May 20, 1998

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TREDEGAR INDUSTRIES, INC.

AMENDED BY-LAWS

ARTICLE I

Meeting of Shareholders

Section 1. Places of Meetings. All meetings of the shareholders shall be held at such place, either within or without the State of Virginia, as may, from time to time, be fixed by the Board of Directors.

Section 2. Annual Meetings. The annual meeting of the shareholders, for the election of directors and transaction of such other business as may come before the meeting, shall be held in each year on the fourth Wednesday in May, at 2:00 p.m., Richmond, Virginia time, or on such other date and at such other time as the Board of Directors of the Corporation may designate from time to time.

Section 3. Special Meetings. Special meetings of shareholders for any purpose or purposes may be called at any time by the President of the Corporation, or by a majority of the Board of Directors. At a special meeting no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

Section 4. Notice of Meetings. Except as otherwise required by law, written or printed notice stating the place, day and hour of every meeting of the shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed not less than ten nor more than sixty days before the date of the meeting to each shareholder of record entitled to vote at such meeting, at his address which appears in the share transfer books of the Corporation. Meetings may be held without notice if all the shareholders entitled to vote at the meeting are present in person or by proxy or if notice is waived in writing by those not present, either before or after the meeting.

Section 5. Quorum. Except as otherwise required by the Articles of Incorporation, any number of shareholders together holding at least a majority of the outstanding shares of capital stock entitled to vote with respect to the business to be transacted, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business. If less than a quorum shall be in attendance at the time for which a meeting shall have been called, the meeting may be adjourned from time to time by a majority of the shareholders present or represented by proxy without notice other than by announcement at the meeting.

Section 6. Voting. At any meeting of the shareholders each shareholder of a class entitled to vote on the matters coming before the meeting shall have one vote, in person or by proxy, for each share of capital stock standing in his or her name on the books of the Corporation at the time of such meeting or on any date fixed by the Board of Directors not more than seventy (70) days prior to the meeting. Every proxy shall be in writing, dated and signed by the shareholder entitled to vote or his duly authorized attorney-in-fact.

Section 7. Voting List. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, with the address of and the number of shares held by each. Such list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation or at its principal place of business or at the office of its transfer agent or registrar and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. If the requirements of this section have not been substantially complied with, the meeting shall, on the demand of any shareholder in person or by proxy, be adjourned until the requirements are complied with.

Section 8. Shareholder Proposals. To be properly brought before an annual meeting of shareholders, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than ninety (90) days in advance of the annual meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting (including the specific proposal to be presented) and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the shareholder proposing such business, (iii) the class and number of shares of the Corporation that are beneficially owned by the shareholder, and (iv) any material interest of the shareholder in such business.

In the event that a shareholder attempts to bring business before an annual meeting without complying with the provisions of this Section 8, the Chairman of the meeting shall declare to the meeting that the business was not properly brought before the meeting in accordance with the foregoing procedures, and such business shall not be transacted.

No business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 8, provided, however, that nothing in this Section 8 shall be deemed to preclude discussion by any shareholder of any business properly brought before the annual meeting.

Section 9. Inspectors. An appropriate number of inspectors for any meeting of shareholders may be appointed by the Chairman of such meeting. Inspectors so appointed will open and close the polls, will receive and take charge of proxies and ballots, and will decide all questions as to the qualifications of voters, validity of proxies and ballots, and the number of votes properly cast.

ARTICLE II
Directors

Section 1. General Powers. The property, affairs and business of the Corporation shall be managed under the direction of the Board of Directors, and except as otherwise expressly provided by law, the Articles of Incorporation or these By-laws, all of the powers of the Corporation shall be vested in such Board.

Section 2. Number of Directors. The Board of Directors shall be eleven (11) in number.

Section 3. Election of Directors.

(a) Directors shall be elected at the annual meeting of shareholders to succeed those Directors whose terms have expired and to fill any vacancies thus existing.

(b) Directors shall hold their offices for terms as set forth in the Articles of Incorporation and until their successors are elected. Any director may be removed from office as set forth in the Articles of Incorporation.

(c) Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining directors though less than a quorum of the Board of Directors.

(d) A majority of the number of directors fixed by these By-laws shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4. Meetings of Directors. Meetings of the Board of Directors shall be held at places within or without the State of Virginia and at times fixed by resolution of the Board, or upon call of the President, and the

Secretary or officer performing the Secretary's duties shall give not less than twenty-four (24) hours' notice by letter, telegraph or telephone (or in person) of all meetings of the directors, provided that notice need not be given of regular meetings held at times and places fixed by resolution of the Board. An annual meeting of the Board of Directors shall be held as soon as practicable after the adjournment of the annual meeting of shareholders. Meetings may be held at any time without notice if all of the Directors are present, or if those not present waive notice in writing either before or after the meeting. Directors may be allowed, by resolution of the Board, a reasonable fee and expenses for attendance at meetings.

Section 5. Nominations. Subject to the rights of holders of any class or series of stock having a preference over the common stock as to dividends or upon liquidation, nominations for the election of Directors shall be made by the Board of Directors or a committee appointed by the Board of Directors or by any shareholder entitled to vote in the election of Directors generally. However, any shareholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of shareholders, ninety (90) days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of shareholders for the election of Directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a Director of the Corporation if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

ARTICLE III
Committees

Section 1. Executive Committee. The Board of Directors shall, by vote of a majority of the number of directors fixed by these By-laws, designate an Executive Committee which shall consist of three or more directors, including the President. The members of the Executive Committee shall serve until their successors are designated by the Board of Directors, until removed or until the Executive Committee is dissolved by the Board of Directors. All vacancies which may occur in the Executive Committee shall be filled by the Board of Directors.

When the Board of Directors is not in session, the Executive Committee shall have all power vested in the Board of Directors by law, the Articles of Incorporation or these By-laws, except as otherwise provided in the Virginia Stock Corporation Act and except that the Executive Committee shall not have the power to elect the President of the Corporation. The Executive Committee shall report at the next regular or special meeting of the Board of Directors all action which the Executive Committee may have taken on behalf of the Board since the last regular or special meeting of the Board of Directors.

Meetings of the Executive Committee shall be held at such places and at such times fixed by resolution of the Committee, or upon call of the President. Not less than twelve (12) hours' notice shall be given by letter, telegraph or telephone (or in person) of all meetings of the Executive Committee, provided that notice need not be given of regular meetings held at times and places fixed by resolution of the Committee and that meetings may be held at any time without notice if all of the members of the Committee are present or if those not present waive notice in writing either before or after the meeting. A majority of the members of the Executive Committee then serving shall constitute a quorum for the transaction of business at any meeting.

Section 2. Executive Compensation Committee. The Board of Directors, at its regular annual meeting, shall designate an Executive Compensation Committee which shall consist of three or more directors who shall not be eligible for bonus, stock option or stock appreciation rights. In addition, the Board at any time may designate one or more alternate members of such Committee who shall be directors not eligible for bonus, stock option or stock appreciation rights who may act in place of any absent regular member upon invitation by the Chairman or Secretary of the Committee.

With respect to bonuses, the Executive Compensation Committee shall have and may exercise the powers to determine the amounts annually available for bonuses pursuant to any bonus plan or formula approved by the Board, to determine bonus awards to executive officers and to exercise such further powers with respect to bonuses as may from time to time be conferred by the Board of Directors.

With respect to salaries, the Executive Compensation Committee shall have and may exercise the power to fix and determine from time to time all salaries of the executive officers of the Corporation, and such further powers with respect to salaries as may from time to time be conferred by the Board of Directors.

The Executive Compensation Committee shall administer the Corporation's Incentive Stock Option Plan (the Plan) and from time to time may grant, consistent with the Plan, stock options and stock appreciation rights.

Vacancies in the Executive Compensation Committee shall be filled by the Board of Directors, and members shall be subject to removal by the Board at any time.

The Executive Compensation Committee shall fix its own rules of procedure. A majority of the number of regular members then serving shall constitute a quorum; and regular and alternate members present shall be counted to determine whether there is a quorum. The Executive Compensation Committee shall keep minutes of its meetings, and all action taken by it shall be reported to the Board of Directors.

Section 3. Audit Committee. The Board of Directors at its regular annual meeting shall designate an Audit Committee which shall consist of three or more directors whose membership on the Committee shall meet the requirements set forth in the rules of the New York Stock Exchange, as amended from time to time. Vacancies in the Committee shall be filled by the Board of Directors with directors meeting the requirements set forth above, giving consideration to continuity of the Committee, and members shall be subject to removal by the Board at any time. The Committee shall fix its own rules of procedure and a majority of the members serving shall constitute a quorum. The Committee shall meet at least twice a year with both the internal and the Corporation's outside auditors present at each meeting and shall keep minutes of its meetings and all action taken shall be reported to the Board of Directors. The Committee shall review the reports and minutes of any audit committees of the Corporation's subsidiaries. The Committee shall review the Corporation's financial reporting process, including accounting policies and procedures. The Committee shall examine the report of the Corporation's outside auditors, consult with them with respect to their report and the standards and procedures employed by them in their audit, report to the Board the results of its study and recommend the selection of auditors for each fiscal year.

Section 4. Nominating Committee. The Board of Directors shall designate a Nominating Committee which shall consist of three or more directors. The Committee shall make recommendations to the Board regarding nominees for election as directors by the shareholders at each Annual Shareholders' Meeting and make such other recommendations regarding tenure, classification and compensation of directors as the Committee may deem advisable from time to time. The Committee shall fix its own rules of procedure and a majority of the members serving shall constitute a quorum.

Section 5. Other Committees of Board. The Board of Directors, by resolution duly adopted, may establish such other committees of the Board having limited authority in the management of the affairs of the Corporation as it may deem advisable and the members, terms and authority of such committees shall be as set forth in the resolutions establishing the same.

Section 6. Advisory Committees to President. The President may establish such advisory committees as he may deem advisable to assist him in the administration and management of the business of the Corporation; such committees shall consist of officers, employees or consultants to be appointed by the President who shall serve for such terms and have such authority as may be designated by the President.

ARTICLE IV
Officers

Section 1. Election. The officers of the Corporation shall consist of a President, a Vice Chairman of the Board, one or more Vice Presidents (any one or more of whom may be designated as Executive Vice Presidents or Senior Vice Presidents), a Secretary and a Treasurer. In addition, such other officers as are provided in Section 3 of this Article may from time to time be elected by the Board of Directors. All officers shall hold office until the next annual meeting of the Board of Directors or until their successors are elected. The

President shall be chosen from among the directors. Any two officers may be combined in the same person as the Board of Directors may determine, except that the President and Secretary may not be the same person.

Section 2. Removal of Officers; Vacancies. Any officer of the Corporation may be removed summarily with or without cause, at any time by a resolution passed at any meeting by affirmative vote of a majority of the number of directors fixed by these By-laws. Vacancies may be filled at any meeting of the Board of Directors.

Section 3. Other Officers. Other officers may from time to time be elected by the Board, including, without limitation, one or more Assistant Secretaries and Assistant Treasurers, and one or more Divisional Presidents and Divisional Vice Presidents (any one or more of whom may be designated as Divisional Executive Vice Presidents or Divisional Senior Vice Presidents).

Section 4. Duties. The officers of the Corporation shall have such duties as generally pertain to their offices, respectively, as well as such powers and duties as are hereinafter provided and as from time to time shall be conferred by the Board of Directors. The Board of Directors may require any officer to give such bond for the faithful performance of his duties as the Board may see fit.

Section 5. Duties of the President. The President shall be the chief executive and administrative officer of the Corporation, shall serve as the Chairman of the Board of Directors and the Chairman of the Executive Committee and shall have direct supervision over the business of the Corporation and its several officers, subject to the Board of Directors. The President shall preside at all meetings of shareholders and the Board of Directors. The President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board of Directors or by these By-laws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed. He may appoint advisory committees as provided in Section 6 of Article III. In addition, he shall perform all duties incident to the office of the President and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6. Duties of Vice Chairman. In the absence or incapacity of the President, the Vice Chairman shall perform the duties of the Chairman of the Board, shall have the same authority, including, but not limited to, presiding at all meetings of the Board of Directors and the Corporation's shareholders, and shall serve as a member of all committees of the Board of which the President is a member. In addition, the Vice Chairman of the Board shall perform all duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Duties of the Vice Presidents. Each Vice President of the Corporation (including any Executive Vice President and Senior Vice President) shall have powers and duties as may from time to time be assigned to him by the Board of Directors or the President. When there shall be more than one Vice President of the Corporation, the Board of Directors may from time to time designate one of them to perform the duties of the President in the absence of the President, except that the Vice Chairman of the Board shall perform the President's duties as Chairman of the Board and as a member of all committees of the Board of which the President is a member. Any Vice President of the Corporation may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.

Section 8. Duties of the Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation, and shall cause all such funds and securities to be deposited in such banks and depositories as the Board of Directors from time to time may direct. He shall maintain adequate accounts and records of all assets, liabilities and transactions of the Corporation in accordance with generally accepted accounting practices; shall exhibit his accounts and records to any of the directors of the Corporation at any time upon request at the office of the Corporation; shall render such statements of his accounts and records and such other statements to the Board of Directors and officers as often and in such manner as they shall require; and shall make and file (or supervise the making and filing of) all tax returns required by law. He shall in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors or the President.

Section 9. Duties of the Secretary. The Secretary shall act as secretary of all meetings of the Board of Directors, the Executive Committee and all other Committees of the Board, and the shareholders of the Corporation, and shall keep the minutes thereof in the proper book or books to be provided for that purpose. He shall see that all notices required to be given by the Corporation are duly given and served; shall have custody of the seal of the Corporation and shall affix the seal or cause it to be affixed to all certificates for stock of the Corporation and to all documents the execution of which on behalf of the Corporation under its corporate seal is duly authorized in accordance with the provisions of these By-laws; shall have custody of all deeds, leases, contracts and other important corporate documents; shall have charge of the books, records and papers of the Corporation relating to its organization and management as a Corporation; shall see that the reports, statements and other documents required by law (except tax returns) are properly filed; and shall, in general, perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors or the President.

Section 10. Other Duties of Officers. Any officer of the Corporation shall have, in addition to the duties prescribed herein or by law, such other duties as from time to time shall be prescribed by the Board of Directors or the President.

Section 11. Duties of Divisional Officers. Divisional Presidents and Divisional Vice Presidents shall be deemed to be officers of the Corporation whose duties and authority shall relate only to the Division by which they are employed, and they may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments authorized by the Board that relate only to the business and properties of such Division. Other divisional officers may be designated from time to time by the Board of Directors and shall serve at the pleasure of the Board and have such duties as may be assigned by the Board and such officers shall be officers of the respective divisions but shall not be deemed to be officers of the Corporation.

ARTICLE V
Capital Stock

Section 1. Certificates. The shares of capital stock of the Corporation shall be evidenced by certificates in forms prescribed by the Board of Directors and executed in any manner permitted by law and stating thereon the information required by law. Transfer agents and/or registrars for one or more classes of the stock of the Corporation may be appointed by the Board of Directors and may be required to countersign certificates representing stock of such class or classes. In the event that any officer whose signature or facsimile thereof shall have been used on a stock certificate shall for any reason cease to be an officer of the Corporation and such certificate shall not then have been delivered by the Corporation, the Board of Directors may nevertheless adopt such certificate and it may then be issued and delivered as though such person had not ceased to be an officer of the Corporation.

Section 2. Lost, Destroyed and Mutilated Certificates. Holders of the stock of the Corporation shall immediately notify the Corporation of any loss, destruction or mutilation of the certificate therefor, and the Board of Directors may, in its discretion, cause one or more new certificates for the same number of shares in the aggregate to be issued to such stockholder upon the surrender of the mutilated certificate or upon satisfactory proof of such loss or destruction, and the deposit of a bond in such form and amount and with such surety as the Board of Directors may require.

Section 3. Transfer of Stock. The stock of the Corporation shall be transferable or assignable only on the books of the Corporation by the holders in person or by attorney on surrender of the certificate for such shares duly endorsed and, if sought to be transferred by attorney, accompanied by a written power of attorney to have the same transferred on the books of the Corporation. The Corporation will recognize the exclusive right of the person registered on its books as the owner of shares to receive dividends and to vote as such owner.

Section 4. Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of the shareholders or any adjournment thereof, or entitled to receive payment for any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section such determination shall apply to any adjournment thereof.

ARTICLE VI

Miscellaneous Provisions

Section 1. Seal. The seal of the Corporation shall consist of a flat-face circular die, of which there may be any number of counterparts, on which there shall be engraved in the center the words "Tredegar Industries, Inc."

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on December 31st of each year, and shall consist of such accounting periods as may be recommended by the Treasurer and approved by the Executive Committee.

Section 3. Books and Records. The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board of Directors; and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar a record of its shareholders, giving the names and addresses of all shareholders, and the number, class and series of the shares being held.

Any person who shall have been a shareholder of record for at least six months immediately preceding his demand or who shall be the holder of record of at least five percent (5%) of all the outstanding shares of the Corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney at any reasonable time or times, for any proper purpose, its books and records of account, minutes and records of shareholders and to make extracts therefrom. Upon the written request of a shareholder, the Corporation shall mail to such shareholder its most recent published financial statements showing in reasonable detail its assets and liabilities and the results of its operations.

The Board of Directors shall, subject to the provisions of the foregoing paragraph of this section, to the provisions of Section 7 of Article I and to the laws of the State of Virginia, have the power to determine from time to time whether and to what extent and under what conditions and limitations the accounts, records and books of the Corporation, or any of them, shall be open to the inspection of the shareholders.

Section 4. Checks, Notes and Drafts. Checks, notes, drafts and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may authorize. When the Board of Directors so authorizes, however, the signature of any such person may be a facsimile.

Section 5. Amendment of By-Laws. These By-laws may be amended or altered at any meeting of the Board of Directors by affirmative vote of a majority of the number of directors fixed by these By-laws. The shareholders entitled to vote in respect of the election of directors, however, shall have the power to rescind, alter, amend or repeal any By-laws and to enact By-laws which, if expressly so provided, may not be amended, altered or repealed by the Board of Directors.

Section 6. Voting of Stock Held. Unless otherwise provided by resolution of the Board of Directors or of the Executive Committee, the President or any Executive Vice President shall from time to time appoint an attorney or attorneys or agent or agents of this Corporation, in the name and on behalf of this Corporation, to cast the vote which this Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose stock or securities may be held in this Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing to any action by any of such other corporation, and shall instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of this Corporation and under its corporate seal or otherwise, such written proxies, consents, waivers or other instruments as may be necessary or proper in the premises; or, in lieu of such appointment, the President or any Executive Vice President may attend in person any meetings of the holders of stock or other securities of any such other corporation and there vote or exercise any or all power of this Corporation as the holder of such stock or other securities of such other corporation.

Section 7. Restriction on Transfer. To the extent that any provision of the Rights Agreement between the Corporation and Sovran Bank, N.A., as Rights Agent, dated as of June 15, 1989, is deemed to constitute a restriction on the transfer of any securities of the Corporation, including, without limitation, the Rights, as defined therein, such restriction is hereby authorized by the By-laws of the Corporation.

Section 8. Control Share Acquisition Statute. Article 14.1 of the Virginia Stock Corporation Act ("Control Share Acquisitions") shall not apply to acquisitions of shares of stock of the Corporation.

THE SCHEDULE CONTAINS UNAUDITED SUMMARY FINANCIAL INFORMATION FOR TREDEGAR INDUSTRIES, INC. AND SUBSIDIARIES EXTRACTED FROM THE BALANCE SHEET FOR THE PERIOD ENDED JUNE 30, 1998 AND THE STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS
DEC-31-1998
JUN-30-1998
26,573
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98,391
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443,138
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