SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996
OR

[ ] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _________ to __________

COMMISSION FILE NUMBER 1-10258

TREDEGAR INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

VIRGINIA	54-1497771
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1100 BOULDERS PARKWAY, RICHMOND, VIRGINIA 23225	
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 804-330-1000
Securities registered pursuant to Section 12(b) of the Act:

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

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

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

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

Aggregate market value of voting stock held by non-affiliates of the registrant as of January 31, 1997:* $321,387,136.80

Number of shares of Common Stock outstanding as of January 31, 1997: 12,258,028

*In determining this figure, an aggregate of 4,095,815 shares of Common Stock, reported in the registrant's proxy statement for the 1997 annual meeting of shareholders as beneficially owned by Floyd D. Gottwald, Jr., Bruce C. Gottwald, John D. Gottwald, William M. Gottwald and the members of their immediate families has been excluded because the shares are held by affiliates. The aggregate market value has been computed based on the closing price in the New York Stock Exchange Composite Transactions on January 31, 1997, as reported by The Wall Street Journal.

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DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Tredegar Industries, Inc.'s Annual Report to Shareholders for the year ended December 31, 1996 (the "Annual Report"), are incorporated by reference into Parts I, II, and IV of this Form 10-K.

2. Portions of Tredegar Industries, Inc.'s definitive Proxy Statement for its 1997 Annual Meeting of Shareholders filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

FORM 10-K TABLE OF CONTENTS/CROSS-REFERENCE

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

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

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

PART I

Item 1. BUSINESS

Description of Business

Tredegar Industries, Inc. ("Tredegar") is engaged directly or through subsidiaries in the manufacture of plastic films, vinyl extrusions and aluminum extrusions. Tredegar also has interests in various technologies, including rational drug design research and computer software.

During the first quarter of 1996, Tredegar sold all of the outstanding capital stock of its injection molding subsidiary, Tredegar Molded Products Company, including Polestar Plastics Manufacturing Company (together, "Molded Products"). During the second quarter of 1996, Tredegar completed the sale of Brudi, Inc. and its subsidiaries (together, "Brudi"). See Note 19 on pages 47-49 of the Annual Report for further information regarding these divestitures.

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

Plastic Films and Vinyl Extrusions

Tredegar's plastics business is composed of the Film Products division ("Film Products") and Fiberlux, Inc. ("Fiberlux"). Film Products manufactures plastic films for disposable personal products (primarily diapers and feminine hygiene products) and packaging, medical, industrial and agricultural products. Fiberlux produces vinyl extrusions for windows and patio doors. These products are produced at various locations throughout the United States and are sold both directly and through distributors. Tredegar also has films plants located in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets. Tredegar expects to begin operating a disposable films production line near Guangzhou, China, in late 1997 or early 1998. Film Products and Fiberlux compete in all of its markets on the basis of the quality and prices of its products and its service.

Film Products

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

Disposables. Film Products is one of the largest U.S. suppliers of embossed and permeable films for disposable personal products. In each of the last three years, this class of products accounted for more than 30% of the consolidated revenues of Tredegar.

Film Products supplies embossed films and nonwoven film laminates (cloth-like) to domestic and international manufacturers for use as backsheet in disposable products such as baby diapers, adult incontinent products, feminine hygiene products and hospital underpads.

Film Products' primary customer for embossed films and nonwoven film laminates for backsheet is The Procter & Gamble Company ("P&G"), the leading global disposable diaper manufacturer. Film Products also sells embossed films to several producers of private label products. Film Products competes with several foreign and domestic plastic film products manufacturers in the backsheet market.

Film Products also supplies permeable films to P&G for use as liners in feminine hygiene products, adult incontinent products and hospital underpads. Film Products also sells significant amounts of permeable films to international affiliates of P&G.

The loss or significant reduction of business associated with P&G would have a material adverse effect on Tredegar's business.

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

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

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

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

Tredegar's management believes that there will be an adequate supply of polyethylene resins in the immediate future. Changes in resin prices, and the timing thereof, could have a significant impact on the profit margins of this division. Resin prices are fairly volatile and are generally followed by a corresponding change in selling prices.

Research and Development. Film Products has a technical center in Terre Haute, Indiana. Film Products holds 36 U.S. patents and 15 U.S. trademarks. Expenditures for research and development have averaged approximately $3.6 million per year during the past three years.

Fiberlux

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

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

Aluminum Extrusions

Aluminum Extrusions is composed of The William L. Bonnell Company, Inc. and Capitol Products Corporation (together, "Aluminum Extrusions"), which produce soft alloy aluminum extrusions primarily for the building and construction industry, and for transportation and consumer durables markets.

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

Raw materials for Aluminum Extrusions, consisting of aluminum ingot, aluminum scrap and various alloys, are purchased from domestic and foreign producers in open-market purchases and under short-term contracts. Profit margins for products in Aluminum Extrusions are sensitive to fluctuations in aluminum ingot and scrap prices, which account for a significant portion of product cost. Aluminum ingot prices are fairly volatile and are generally followed by a corresponding change in selling prices; however, there is no assurance that higher ingot costs can be passed along to customers. Tredegar does not expect critical shortages of aluminum or other required raw materials and supplies.

Aluminum Extrusions competes primarily based on the quality and prices of its products and its service with a number of national and regional manufacturers in the industry.

Aluminum Extrusions holds two U.S. patents and 12 U.S. trademarks.

Technology

Tredegar's technology interests include Molecumetics, Ltd. ("Molecumetics"), certain technology-related investments in which Tredegar's ownership is less than 20% (see Note 7 on page 41 of the Annual Report for additional information) and APPX Software, Inc. ("APPX Software").

Molecumetics, a subsidiary of Tredegar, operates its rational drug design research laboratory in Seattle, Washington. Molecumetics provides proprietary chemistry for the synthesis of small molecule therapeutics and vaccines. Using synthetic chemistry techniques, researchers can fashion small molecules that imitate the bioactive portion of larger and more complex molecules. For customers in the pharmaceutical and biotechnology industries, these synthetically-produced compounds offer significant advantages over naturally occurring proteins in fighting diseases because they are smaller and more easily absorbed in the human body, less subject to attack by enzymes, more specific in their therapeutic activity, and faster and less expensive to produce.

APPX Software is a developer and producer of flexible software tools and applications. The market for software products is very competitive and characterized by short product life cycles.

Molecumetics holds three U.S. patents and three U.S. trademarks. Molecumetics has filed a number of other patent applications with respect to its technology. APPX Software owns 12 U.S. copyrights and holds seven U.S. trademarks. Businesses included in the Technology segment spent $6.8 million in 1996, $5.0 million in 1995 and $5.4 million in 1994 for research and development.

Miscellaneous

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

Research and Development. During 1996, 1995 and 1994, approximately $11.1 million, $8.8 million and $8.3 million, respectively, was spent on company-sponsored research and development activities in connection with the businesses of Tredegar and its subsidiaries.

Backlog. Backlogs are not material to Tredegar.

Government Regulation. Laws concerning the environment that affect or could affect Tredegar's domestic operations include, among others, the Clean Water Act, the Clean Air Act, the Resource Conservation Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), regulations promulgated under these acts, and any other federal, state or local laws or regulations governing environmental matters.

The operations of Tredegar and its subsidiaries are in substantial compliance with all applicable laws, regulations and permits. In order to maintain substantial compliance with such standards, Tredegar may be required to incur expenditures, the amounts and timing of which are not presently determinable but which could be significant, in constructing new facilities or in modifying existing facilities.

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

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

Employees. Tredegar and its subsidiaries employ approximately 2,200 people.

Item 2. PROPERTIES

General

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

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

Tredegar has the following principal plants and facilities:

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

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

Aluminum Extrusions Locations	Principal Operations
Carthage, Tennessee	Production of aluminum
Kentland, Indiana	extrusions, finishing
Newnan, Georgia	

Technology

Molecumetics leases its laboratory space in Bellevue, Washington. Tredegar Investments, Inc. leases office space in Seattle, Washington. APPX Software leases office space in Richmond, Virginia.

Item 3. LEGAL PROCEEDINGS

None

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

None

Executive Officers of Tredegar

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

Name	Age	Title
John D. Gottwald	42	President and Chief Executive Officer
Norman A. Scher	59	Executive Vice President, Chief Financial Officer and Treasurer
Michael W. Giancaspro	42	Vice President, Corporate Planning
Steven M. Johnson	46	Vice President, Corporate Development
Douglas R. Monk	51	Vice President and President, Aluminum Extrusions
Anthony J. Rinaldi	59	Vice President and President, Film Products
Frederick P. Woods	52	Vice President, Personnel

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

Michael W. Giancaspro. Mr. Giancaspro served as Director of Corporate Planning from March 31, 1989, until February 27, 1992, when he was elected Vice President, Corporate Planning.

Steven M. Johnson. Mr. Johnson served as Secretary of the Corporation until February, 1994. Mr. Johnson served as Vice President, General Counsel and Secretary from July 10, 1989, until July, 1992, when his position was changed to Vice President, Corporate Development and Secretary.

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

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

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

PART II

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

The information contained on page 50 of the Annual Report under the captions "Dividend Information," "Stock Listing" and "Market Prices of Common Stock and Shareholder Data" is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The information for the seven years ended December 31, 1996, contained in the "Seven-Year Summary" on pages 18 and 19 of the Annual Report is incorporated herein by reference.

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

The textual and tabular information concerning the years 1996, 1995 and 1994 contained on pages 20 through 22, 24 through 30 and 32 and 33 of the Annual Report is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements contained on pages 35 through 38, the notes to financial statements contained on pages 39 through 49, the report of independent accountants on page 34, and the information under the caption "Selected Quarterly Financial Data (Unaudited)" on page 31 and related notes on page 32-33 of the Annual Report are incorporated herein by reference.

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

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

The information contained on page 4 and 5 of the Proxy Statement under the caption "Stock Ownership" is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information contained on pages 7 through 14 of the Proxy Statement under the caption "Compensation of Executive Officers and Directors" concerning executive compensation is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained on pages 4 through 6 of the Proxy Statement under the caption "Stock Ownership" is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

(a) Documents:

(1) Financial statements - the following consolidated financial statements of the registrant are included on pages 34 to 49 in the Annual Report and are incorporated herein by reference in Item 8.

Report of independent accountants.

Consolidated balance sheets as of December 31, 1996 and 1995.

Consolidated statements of income, cash flows and shareholders' equity for the years ended December 31, 1996, 1995 and 1994.

Notes to financial statements.

(2) None.

(3) Exhibits

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

3.2 Amended By-laws of Tredegar (filed as Exhibit 3 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference)

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

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

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

4.3	Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, and incorporated herein by reference)
4.3.1	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.4	Revolving Credit Facility Agreement dated as of September 7, 1995 among Tredegar Industries, Inc., the banks named therein, Chemical Bank as Administrative Agent and NationsBank N.A. and LTCB Trust Company as Co-Agents (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.4.1	Extension Letter, dated September 16, 1996, extending the maturity date of the Revolving Credit Facility Agreement dated as of September 7, 1995 (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and incorporated herein by reference)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl Corporation ("Ethyl") (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.5	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.6	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 S-8 Registration Statement No. 33-64647, and incorporated herein by reference)

*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
*10.10	Agreement dated as of June 1, 1989, between Tredegar and Norman A. Scher (filed as Exhibit 10.10 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.10.1	Termination Agreement (with respect to Employment Agreement) dated as of December 31, 1996, between Tredegar and Norman A. Scher (filed herewith)
*10.11	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.14	Tredegar Industries, Inc. 1996 Incentive Plan (filed herewith)
10.15	Stock Purchase Agreement by and between Tredegar Investments, Inc. and Precise Technology, Inc. made as of March 11, 1996 (filed as Exhibit 99.1 to Tredegar's Report on Form 8-K, dated March 29, 1996, and incorporated herein by reference) (Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities anf Exchange Commission upon request.)
10.16	Stock Purchase Agreement, and the amendment thereto, by and between Tredegar Industries, Inc. and Long Reach Holdings, Inc. made as of March 27, 1996 (filed as Exhibit 10 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference) (Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities and Exchange Commission upon request.)
11	Statement re: Computation of Earnings Per Share
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1996 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

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

(b) Reports on Form 8-K

None

(c) Exhibits

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

(d) Financial Statement Schedules

None

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TREDEGAR INDUSTRIES, INC.
(Registrant)

Dated: February 19, 1997

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 19, 1997.

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

/s/ R. W. Goodrum (Richard W. Goodrum	Director
(Bruce C. Gottwald)	Director
/s/ Floyd D. Gottwald, Jr. (Floyd D. Gottwald)	Director
(Andre B. Lacy)	Director
/s/ Emmett J. Rice (Emmett J. Rice)	Director

EXHIBIT INDEX

3.1	Amended and Restated Articles of Incorporation of Tredegar (filed as Exhibit 3.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
3.2	Amended By-laws of Tredegar (filed as Exhibit 3 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference)
4.1	Form of Common Stock Certificate (filed as Exhibit 4.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
4.2	Rights Agreement dated as of June 15, 1989, between Tredegar and NationsBank of Virginia, N.A. (formerly Sovran Bank, N.A.), as Rights Agent (filed as Exhibit 4.4 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
4.2.1	Amendment and Substitution Agreement (Rights Agreement) dated as of July 1, 1992, by and among Tredegar, NationsBank of Virginia, N.A. (formerly Sovran Bank, N.A.) and American Stock Transfer & Trust Company (filed as Exhibit 4.2.1 to Tredegar's Annual Report on Form 10- K for the year ended December 31, 1992, and incorporated herein by reference)
4.3	Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993, and incorporated herein by reference)
4.3.1	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.4	Revolving Credit Facility Agreement dated as of September 7, 1995 among Tredegar Industries, Inc., the banks named therein, Chemical Bank as Administrative Agent and NationsBank N.A. and LTCB Trust Company as Co-Agents (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)

4.4.1	Extension Letter, dated September 16, 1996, extending the maturity date of the Revolving Credit Facility Agreement dated as of September 7, 1995 (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and incorporated herein by reference)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
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*10.6	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 Registration Statement No. 33-64647, and incorporated herein by reference)
*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
*10.10	Agreement dated as of June 1, 1989, between Tredegar and Norman A. Scher (filed as Exhibit 10.10 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

*10.10.1	Termination Agreement (with respect to Employment Agreement) dated as of December 31, 1996, between Tredegar and Norman A. Scher (filed herewith)
*10.11	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.14	Tredegar Industries, Inc. 1996 Incentive Plan (filed herewith)
10.15	Stock Purchase Agreement by and between Tredegar Investments, Inc. and Precise Technology, Inc. made as of March 11, 1996 (filed as Exhibit 99.1 to Tredegar's Report on Form 8-K, dated March 29, 1996, and incorporated herein by reference)(Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities and Exchange Commission upon request.)
10.16	Stock Purchase Agreement, and the amendment thereto, by and between Tredegar Industries, Inc. and Long Reach Holdings, Inc. made as of March 27, 1996 (filed as Exhibit 10 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996, and incorporated herein by reference) (Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities and Exchange Commission upon request.)
11	Statement re: Computation of Earnings Per Share
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1996 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

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

EXHIBIT 10.10.1

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT, dated as of the 31st day of December, 1996, by and between TREDEGAR INDUSTRIES, INC., a Virginia corporation (the "Company") and NORMAN A. SCHER, an individual residing at 5 Cedaridge Road, Richmond, Virginia 23229 ("Executive").

WHEREAS, the Company and Executive have entered into that certain Employment Agreement dated as of June 1, 1989 (the "Employment Agreement") and the Company and Executive desire to terminate such Employment Agreement;

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

1. Effective as of the close of business on December 31, 1996, the Employment Agreement is hereby terminated and shall have no further force or effect with respect to the employment relationship between the Company and Executive.

2. Except for the termination of the Employment Agreement the rights and obligations of the Company and Executive set forth therein, this Termination Agreement shall not otherwise affect the employment relationship between the Company and Executive, including without limitation Executive's obligations under the Patent and Confidentiality Agreement referred to in the Employment Agreement and any independently existing obligations of the Company under the compensation, benefit and welfare plans in which the Company's senior management is eligible to participate.

3. This Termination Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4. This Termination Agreement shall be governed by and construed in conformity with the laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, parties hereto have executed this Termination Agreement as of the date first above written.

TREDEGAR INDUSTRIES, INC.

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

/s/ N. A. Scher
Norman A. Scher

EXHIBIT 10.14

TREDEGAR INDUSTRIES, INC.

1996 INCENTIVE PLAN

TREDEGAR INDUSTRIES, INC.
1996 INCENTIVE PLAN

ARTICLE I

DEFINITIONS

1.01. Administrator means the Committee and any delegate of the Committee that is appointed in accordance with Article III.

1.02. Affiliate means any "subsidiary" or "parent" corporation (within the meaning of Section 424 of the Code) of the Company.

1.03. Agreement means a written agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Stock Award, an Incentive Award or an Option or SAR granted to such Participant.

1.04. Board means the Board of Directors of the Company.

1.05. Code means the Internal Revenue Code of 1986, and any amendments thereto.

1.06. Committee means the Executive Compensation Committee of the Board.

1.07. Common Stock means the common stock of the Company.

1.08. Company means Tredegar Industries, Inc.

1.09. Corresponding SAR means an SAR that is granted in relation to a particular Option and that can be exercised only upon the surrender to the Company unexercised, of that portion of the Option to which the SAR relates.

1.10. Exchange Act means the Securities Exchange Act of 1934, as amended and as in effect on the date of this Agreement.

1.11. Fair Market Value means, on any given date, the closing price of a share of Common Stock as reported on the New York Stock Exchange composite tape on such date, or if the Common Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the Common Stock was traded on such exchange, all as reported by such source as the Administrator may select.

1.12. Initial Value means, with respect to an SAR, the Fair Market Value of one share of Common Stock on the date of grant.

1.13. Incentive Award means an award which, subject to such terms and conditions as may be prescribed by the Administrator, entitles the Participant to receive a cash payment from the Company or an Affiliate.

1.14. Option means a stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price set forth in an Agreement.

1.15. Participant means an employee of the Company or an Affiliate, including an employee who is a member of the Board, or an individual who provides services to the Company or an Affiliate, who satisfies the requirements of Article IV and is selected by the Administrator to receive a Stock Award, an Option, an SAR, an Incentive Award or a combination thereof.

1.16. Plan means the Tredegar Industries, Inc. 1996 Incentive Plan.

1.17. SAR means a stock appreciation right that in accordance with the terms of an Agreement entitles the holder to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the amount determined by the Administrator and specified in an Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Initial Value. References to "SARs" include both Corresponding SARs and SARs granted independently of Options, unless the context requires otherwise.

1.18. Stock Award means Common Stock awarded to a Participant under Article VIII.

1.19. Ten Percent Shareholder means any individual owning more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of an Affiliate. An individual shall be considered to own any voting stock owned (directly or indirectly) by or for his brothers, sisters, spouse, ancestors or lineal descendants and shall be considered to own proportionately any voting stock owned (directly or indirectly) by or for a corporation, partnership, estate or trust of which such individual is a shareholder, partner or beneficiary.

ARTICLE II
PURPOSES

The Plan is intended to assist the Company and its Affiliates in recruiting and retaining individuals with ability and initiative by enabling such persons to participate in the future success of the Company and its Affiliates and to associate their interests with those of the Company and its shareholders. The Plan is intended to permit the grant of both Options qualifying under Section 422 of the Code ("incentive stock options") and Options not so qualifying, and the grant of SARs, Stock Awards and Incentive Awards. No Option that is intended to be an incentive stock option shall be invalid for failure to qualify as an incentive stock option. The proceeds received by the Company from the sale of Common Stock pursuant to this Plan shall be used for general corporate purposes.

ARTICLE III

ADMINISTRATION

The Plan shall be administered by the Administrator. The Administrator shall have authority to grant Stock Awards, Incentive Awards, Options and SARs upon such terms (not inconsistent with the provisions of this Plan) as the Administrator may consider appropriate. Such terms may include conditions (in addition to those contained in this Plan) on the exercisability of all or any part of an Option or SAR or on the transferability or forfeitability of a Stock Award or Incentive Award. Notwithstanding any such conditions, the Administrator may, in its discretion, accelerate the time at which any Option or SAR may be exercised, or the time at which a Stock Award may become transferable or nonforfeitable or the time at which an Incentive Award may be settled. In addition, the Administrator shall have complete authority to interpret all provisions of this Plan; to prescribe the form of Agreements; to adopt, amend, and rescind rules and regulations pertaining to the administration of the Plan; and to make all other determinations necessary or advisable for the administration of this Plan. The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final and conclusive. Neither the Administrator nor any member of the Committee shall be liable for any act done in good faith with respect to this Plan or any Agreement, Option, SAR, Stock Award or Incentive Award. All expenses of administering this Plan shall be borne by the Company.

The Committee, in its discretion, may delegate to one or more officers of the Company or the Executive Committee of the Board, all or part of the Committee's authority and duties with respect to grants and awards to individuals who are not subject to the reporting and other provisions of Section 16 of the Exchange Act. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

ARTICLE IV

ELIGIBILITY

Any employee of the Company or an Affiliate (including a corporation that becomes an Affiliate after the adoption of this Plan) or a person who provides services to the Company or an Affiliate (including a corporation that becomes an

Affiliate after the adoption of this Plan) is eligible to participate in this Plan if the Administrator, in its sole discretion, determines that such person has contributed significantly or can be expected to contribute significantly to the profits or growth of the Company or an Affiliate. Directors of the Company who are employees of the Company or an Affiliate may be selected to participate in this Plan. A member of the Committee may not participate in this Plan during the time that his participation would prevent the Committee from being "disinterested" for purposes of Securities and Exchange Commission Rule 16b-3 as in effect from time to time.

ARTICLE V

STOCK SUBJECT TO PLAN

5.01. Shares Issued. Upon the award of shares of Common Stock pursuant to a Stock Award the Company may issue shares of Common Stock from its authorized but unissued Common Stock. Upon the exercise of any Option or SAR the Company may deliver to the Participant (or the Participant's broker if the Participant so directs), shares of Common Stock from its authorized but unissued Common Stock.

5.02. Aggregate Limit. The maximum aggregate number of shares of Common Stock that may be issued under this Plan pursuant to the exercise of SARs and Options and the grant of Stock Awards is 450,000 shares. The maximum aggregate number of shares that may be issued under this Plan as Stock Awards is 100,000 shares. The maximum aggregate number of shares that may be issued under this

Plan and the maximum number of shares that may be issued as Stock Awards shall be subject to adjustment as provided in Article X.

5.03. Reallocation of Shares. If an Option is terminated, in whole or in part, for any reason other than its exercise or the exercise of a Corresponding SAR that is settled with Common Stock, the number of shares of Common Stock allocated to the Option or portion thereof may be reallocated to other Options, SARs and Stock Awards to be granted under this Plan. If an SAR is terminated, in whole or in part, for any reason other than its exercise or the exercise of a related Option, the number of shares of Common Stock allocated to the SAR or portion thereof may be reallocated to other Options, SARs and Stock Awards to be granted under this Plan.

ARTICLE VI

OPTIONS

6.01. Award. In accordance with the provisions of Article IV, the Administrator will designate each individual to whom an Option is to be granted and will specify the number of shares of Common Stock covered by such awards; provided, however, that no individual may be granted Options in any calendar year covering more than 150,000 shares of Common Stock.

6.02. Option Price. The price per share for Common Stock purchased on the exercise of an Option shall be determined by the Administrator on the date of grant, but shall not be less than the Fair Market Value on the date the Option is granted. Notwithstanding the preceding sentence, the price per share for Common Stock purchased on the exercise of any Option that is an incentive stock option granted to an individual who is a Ten Percent Shareholder on the date such option is granted, shall not be less than one hundred ten percent (110%) of the Fair Market Value on the date the Option is granted.

6.03. Maximum Option Period. The maximum period in which an Option may be exercised shall be determined by the Administrator on the date of grant, except that no Option that is an incentive stock option shall be exercisable after the expiration of ten years from the date such Option was granted. In the case of an incentive stock option that is granted to a Participant who is a Ten Percent Shareholder on the date of grant, such Option shall not be exercisable after the expiration of five years from the date of grant. The terms of any Option that is an incentive stock option may provide that it is exercisable for a period less than such maximum period.

6.04. Nontransferability. Except as provided in Section 6.05, each Option granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. In the event of any such transfer, the Option and any Corresponding SAR that relates to such Option must be transferred to the same person or persons or entity or entities. During the lifetime of the Participant to whom the Option is granted, the Option may be exercised only by the Participant.

No right or interest of a Participant in any Option shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

6.05. Transferable Options. Section 6.04 to the contrary notwithstanding, if the Agreement provides, an Option that is not an incentive stock option may be transferred by a Participant to the Participant's children, grandchildren, spouse, one or more trusts for the benefit of such family members or a partnership in which such family members are the only partners; provided, however, that Participant may not receive any consideration for the transfer. In addition to transfers described in the preceding sentence, the Administrator may grant Options that are not incentive stock options that are transferable on other terms and conditions as may be permitted under Securities Exchange Commission Rule 16b-3, as in effect from time to time. The holder of an Option transferred pursuant to this section shall be bound by the same terms and conditions that governed the Option during the period that it was held by the Participant, and may not subsequently transfer the Option, except by will or the laws of descent and distribution. In the event of a transfer pursuant to this section, the Option and any Corresponding SAR that relates to such Option must be transferred to the same person or persons or entity or entities.

6.06. Employee Status. For purposes of determining the applicability of Section 422 of the Code (relating to incentive stock options), or in the event that the terms of any Option provide that it may be exercised only during employment or within a specified period of time after termination of employment, the Administrator may decide to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment.

6.07. Exercise. Subject to the provisions of this Plan and the applicable Agreement, an Option may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Administrator shall determine; provided, however, that incentive stock options (granted under the Plan and all plans of the Company and its Affiliates) may not be first exercisable in a calendar year for stock having a Fair Market (determined as of the date an Option is granted) exceeding $100,000. An Option granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the Option could be exercised. A partial exercise of an Option shall not affect the right to exercise the Option from time to time in accordance with this Plan and the applicable Agreement with respect to the remaining shares subject to the Option. The exercise of an Option shall result in the termination of any Corresponding SAR to the extent of the number of shares with respect to which the Option is exercised.

6.08. Payment. Unless otherwise provided by the Agreement, payment of the Option price shall be made in cash or a cash equivalent acceptable to the Administrator. If the Agreement provides, payment of all or part of the Option price may be made by surrendering shares of Common Stock to the Company. If Common Stock is used to pay all or part of the Option price, the sum of the cash and cash equivalent and the Fair Market Value (determined as of the day preceding the date of exercise) of the shares surrendered must not be less than the Option price of the shares for which the Option is being exercised.

6.09. Installment Payment. If the Agreement provides, and if the Participant is employed by the Company on the date the Option is exercised, payment of all or part of the Option price may be made in installments. In that event the Company shall lend the Participant an amount equal to not more than ninety percent (90%) of the Option price of the shares acquired by the exercise of the Option. This amount shall be evidenced by the Participant's promissory note and shall be payable in not more than five equal annual installments, unless the amount of the loan exceeds the maximum loan value for the shares purchased, which value shall be established from time to time by regulations of the Board of Governors of the Federal Reserve System. In that event, the note shall be payable in equal quarterly installments over a period of time not to exceed five years. The Administrator, however, may vary such terms and make such other provisions concerning the unpaid balance of such purchase price in the case of hardship, subsequent termination of employment, absence on military or government service, or subsequent death of the Participant as in its discretion are necessary or advisable in order to protect the Company, promote the purposes of the Plan and comply with regulations of the Board of Governors of the Federal Reserve System relating to securities credit transactions.

The Participant shall pay interest on the unpaid balance at the minimum rate necessary to avoid imputed interest or original issue discount under the Code. All shares acquired with cash borrowed from the Company shall be pledged to the

Company as security for the repayment thereof. In the discretion of the Administrator, shares of stock may be released from such pledge proportionately as payments on the note (together with interest) are made, provided the release of such shares complies with the regulations of the Federal Reserve System relating to securities credit transactions then applicable. While shares are so pledged, and so long as there has been no default in the installment payments, such shares shall remain registered in the name of the Participant, and he shall have the right to vote such shares and to receive all dividends thereon.

6.10. Shareholder Rights. No Participant shall have any rights as a shareholder with respect to shares subject to his Option until the date of exercise of such Option.

6.11. Disposition of Stock. A Participant shall notify the Company of any sale or other disposition of Common Stock acquired pursuant to an Option that was an incentive stock option if such sale or disposition occurs (i) within two years of the grant of an Option or (ii) within one year of the issuance of the Common Stock to the Participant. Such notice shall be in writing and directed to the Secretary of the Company.

ARTICLE VII

SARS

7.01. Award. In accordance with the provisions of Article IV, the Administrator will designate each individual to whom SARs are to be granted and will specify the number of shares covered by such awards; provided, however, that no individual may be granted SARs in any calendar year covering more than 25,000 shares. For purposes of the preceding sentence, an Option and Corresponding SAR shall be treated as a single award. In addition no Participant may be granted Corresponding SARs (under all incentive stock option plans of the Company and its Affiliates) that are related to incentive stock options which are first exercisable in any calendar year for stock having an aggregate Fair Market Value (determined as of the date the related Option is granted) that exceeds $100,000.

7.02. Maximum SAR Period. The maximum period in which an SAR may be exercised shall be determined by the Administrator on the date of grant, except that no Corresponding SAR that is related to an incentive stock option shall be exercisable after the expiration of ten years from the date such related Option was granted. In the case of a Corresponding SAR that is related to an incentive stock option granted to a Participant who is a Ten Percent Shareholder, such Corresponding SAR shall not be exercisable after the expiration of five years from the date such related Option was granted. The terms of any Corresponding SAR that is related to an incentive stock option may provide that it is exercisable for a period less than such maximum period.

7.03. Nontransferability. Except as provided in Section 7.04, each SAR granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. In the event of any such transfer, Corresponding SAR and the related Option must be transferred to the same person or persons or entity or entities. During the lifetime of the Participant to whom the SAR is granted, the SAR may be exercised only by the Participant. No right or interest of a Participant in any SAR shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

7.04. Transferable SARs. Section 7.03 to the contrary notwithstanding, the Administrator may grant transferable SARs to the extent and on such terms as may be permitted by Securities Exchange Commission Rule 16b-3, as in effect from time to time. In the event of any such transfer, a Corresponding SAR and the related Option must be transferred to the same person or person or entity or entities. The holder of an SAR transferred pursuant this section shall be bound by the same terms and conditions that governed the SAR during the period that it was held by the Participant, and may not subsequently transfer the SAR, except by will or the laws of descent and distribution.

7.05. Exercise. Subject to the provisions of this Plan and the applicable Agreement, an SAR may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Administrator shall determine; provided, however, that a Corresponding SAR that is related to an incentive stock option may be exercised only to the extent that the related Option is exercisable and only when the Fair Market Value exceeds the option price of the related Option. An SAR granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the SAR could be exercised. A partial exercise of an SAR shall not affect the right to exercise the SAR from time to time in accordance with this Plan and the applicable Agreement with respect to the remaining shares subject to the SAR. The exercise of a

Corresponding SAR shall result in the termination of the related Option to the extent of the number of shares with respect to which the SAR is exercised.

7.06. Employee Status. If the terms of any SAR provide that it may be exercised only during employment or within a specified period of time after termination of employment, the Administrator may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment.

7.07. Settlement. At the Administrator's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Common Stock, or a combination of cash and Common Stock. No fractional share will be deliverable upon the exercise of an SAR but a cash payment will be made in lieu thereof.

7.08. Shareholder Rights. No Participant shall, as a result of receiving an SAR award, have any rights as a shareholder of the Company or any Affiliate until the date that the SAR is exercised and then only to the extent that the SAR is settled by the issuance of Common Stock.

ARTICLE VIII

STOCK AWARDS

8.01. Award. In accordance with the provisions of Article IV, the Administrator will designate each individual to whom a Stock Award is to be made and will specify the number of shares of Common Stock covered by such awards; provided, however, that no Participant may receive Stock Awards in any calendar year for more than 25,000 shares of Common Stock.

8.02. Vesting. The Administrator, on the date of the award, may prescribe that a Participant's rights in the Stock Award shall be forfeitable or otherwise restricted for a period of time or subject to such conditions as may be set forth in the Agreement. If a Stock Award is not nonforfeitable and transferable upon its grant, the period of restriction shall be at least three years; provided, however, that the minimum period of restriction shall be at least one year in the case of a Stock Award that will become transferable and nonforfeitable on account of the satisfaction of performance objectives prescribed by the Administrator.

8.03. Performance Objectives. In accordance with Section 8.02, the Administrator may prescribe that Stock Awards will become vested or transferable or both based on objectives stated with respect to the Company's, an Affiliate's or an operating unit's return on equity, earnings per share, total earnings, earnings growth, return on capital, return on assets, or Fair Market Value. If the Administrator, on the date of award, prescribes that a Stock Award shall become nonforfeitable and transferable only upon the attainment of performance objectives stated with respect to one or more of the foregoing criteria, the shares subject to such Stock Award shall become nonforfeitable and transferable only to the extent that the Administrator certifies that such objectives have been achieved.

8.04. Employee Status. In the event that the terms of any Stock Award provide that shares may become transferable and nonforfeitable thereunder only after completion of a specified period of employment, the Administrator may decide in each case to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment.

8.05. Shareholder Rights. Prior to their forfeiture (in accordance with the applicable Agreement and while the shares of Common Stock granted pursuant to the Stock Award may be forfeited or are nontransferable), a Participant will have all rights of a shareholder with respect to a Stock Award, including the right to receive dividends and vote the shares; provided, however, that during such period (i) a Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of shares of Common Stock granted pursuant to a Stock Award, (ii) the Company shall retain custody of the certificates evidencing shares of Common Stock granted pursuant to a Stock Award, and (iii) the Participant will deliver to the Company a stock power, endorsed in blank, with respect to each Stock Award. The limitations set forth in the preceding sentence shall not apply after the shares of Common Stock granted under the Stock Award are transferable and are no longer forfeitable.

ARTICLE IX

INCENTIVE AWARDS

9.01. Award. The Administrator shall designate Participants to whom Incentive Awards are made. All Incentive Awards shall be finally determined exclusively by the Administrator under the procedures established by the Administrator; provided, however, that no Participant may receive an Incentive Award payment in any calendar year that exceeds the lesser of (i) 75% of the Participant's base salary (prior to any salary reduction or deferral elections) as of the date of grant of the Incentive Award or (ii) $250,000.

9.02. Terms and Conditions. The Administrator, at the time an Incentive Award is made, shall specify the terms and conditions which govern the award. Such terms and conditions shall prescribe that the Incentive Award shall be earned only to the extent that the Company, an Affiliate or an operating unit, during a performance period of at least one year, achieves objectives based on return on equity, earnings per share, total earnings, earnings growth, return on capital, return on assets or Fair Market Value. Such terms and conditions also may include other limitations on the payment of Incentive Awards including, by way of example and not of limitation, requirements that the Participant complete a specified period of employment with the Company or an Affiliate or that the Company, an Affiliate, or the Participant attain stated objectives or goals (in addition to those prescribed in accordance with the preceding sentence) as a prerequisite to payment under an Incentive Award. The Administrator, at the time an Incentive Award is made, shall also specify when amounts shall be payable under the Incentive Award and whether amounts shall be payable in the event of the Participant's death, disability, or retirement.

9.03. Nontransferability. Except as provided in Section 9.04, Incentive Awards granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. No right or interest of a Participant in an Incentive Award shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

9.04. Transferable Incentive Awards. Section 9.03 to the contrary notwithstanding, the Administrator may grant transferable Incentive Awards to the extent and on such terms and conditions as may be permitted by Securities Exchange Commission Rule 16b-3, as in effect from time to time. The holder of an Incentive Award transferred pursuant to this section shall be bound by the same terms and conditions that governed the Incentive Award during the period that it was held by the Participant, and may not subsequently transfer the Incentive Award, except by will or the laws of descent and distribution.

9.05. Employee Status. If the terms of an Incentive Award provide that a payment will be made thereunder only if the Participant completes a stated period of employment, the Administrator may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment.

9.06. Shareholder Rights. No Participant shall, as a result of receiving an Incentive Award, have any rights as a shareholder of the Company or any Affiliate on account of such award.

ARTICLE X

ADJUSTMENT UPON CHANGE IN COMMON STOCK

The maximum number of shares as to which Options, SARs and Stock Awards may be granted under this Plan, the terms of outstanding Stock Awards, Options, and SARs, and the per individual limitations on the number of shares or Units for which Options, SARs, and Stock Awards may be granted, shall be adjusted as the Committee shall determine to be equitably required in the event that (a) the Company (i) effects one or more stock dividends, stock split-ups, subdivisions or consolidations of shares or (ii) engages in a transaction to which Section 424 of the Code applies or (b) there occurs any other event which, in the judgment of the Committee necessitates such action. Any determination made under this Article X by the Committee shall be final and conclusive.

The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the maximum number of shares as to which Options, SARs and Stock Awards may be granted, the per individual limitations on the number of shares for which Options, SARs and Stock Awards may be granted or the terms of outstanding Stock Awards, Options or SARs.

The Committee may make Stock Awards and may grant Options and SARs in substitution for performance shares, phantom shares, stock awards, stock options, stock appreciation rights, or similar awards held by an individual who becomes an employee of the Company or an Affiliate in connection with a transaction described in the first paragraph of this Article X. Notwithstanding any provision of the Plan (other than the limitation of Section 5.02), the terms of such substituted Stock Awards or Option or SAR grants shall be as the Committee, in its discretion, determines is appropriate.

ARTICLE XI

COMPLIANCE WITH LAW AND
APPROVAL OF REGULATORY BODIES

No Option or SAR shall be exercisable, no Common Stock shall be issued, no certificates for shares of Common Stock shall be delivered, and no payment shall be made under this Plan except in compliance with all applicable federal and state laws and regulations (including, without limitation, withholding tax requirements), any listing agreement to which the Company is a party, and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any share certificate issued to evidence Common Stock when a Stock Award is granted or for which an Option or SAR is exercised may bear such legends and statements as the Administrator may deem advisable to assure compliance with federal and state laws and regulations. No Option or SAR shall be exercisable, no Stock Award shall be granted, no Common Stock shall be issued, no certificate for shares shall be delivered, and no payment shall be made under this Plan until the Company has obtained such consent or approval as the Administrator may deem advisable from regulatory bodies having jurisdiction over such matters.

ARTICLE XII

GENERAL PROVISIONS

12.01. Effect on Employment and Service. Neither the adoption of this Plan, its operation, nor any documents describing or referring to this Plan (or any part thereof) shall confer upon any individual any right to continue in the employ or service of the Company or an Affiliate or in any way affect any right and power of the Company or an Affiliate to terminate the employment or service of any individual at any time with or without assigning a reason therefor.

12.02. Unfunded Plan. The Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under this Plan. Any liability of the Company to any person with respect to any grant under this Plan shall be based solely upon any contractual obligations that may be created pursuant to this Plan. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

12.03. Rules of Construction. Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

ARTICLE XIII

AMENDMENT

The Board may amend or terminate this Plan from time to time; provided, however, that no amendment may become effective until shareholder approval is obtained if (i) the amendment increases the aggregate number of shares of Common Stock that may be issued under the Plan, (ii) the amendment changes the class of individuals eligible to become Participants or (iii) the amendment materially increases the benefits that may be provided under the Plan. No amendment shall, without a Participant's consent, adversely affect any rights of such Participant under any outstanding Stock Award, Option, SAR or Incentive Award outstanding at the time such amendment is made.

ARTICLE XIV

DURATION OF PLAN

No Stock Award, Option, SAR or Incentive Award may be granted under this Plan after February 20, 2006. Stock Awards, Options, SARs and Incentive Awards granted before that date shall remain valid in accordance with their terms.

ARTICLE XV

EFFECTIVE DATE OF PLAN

Options, SARs and Incentive Awards may be granted under this Plan upon its adoption by the Board, provided that no Option, SAR or Incentive Award shall be effective or exercisable unless this Plan is approved by a majority of the votes entitled to be cast by the Company's shareholders, voting either in person or by proxy, at a duly held shareholders' meeting within twelve months of such adoption. Stock Awards may be granted under this Plan upon the later of its adoption by the Board or its approval by shareholders in accordance with the preceding sentence.

EXHIBIT 11 - Computations of Earnings Per Share

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

	1996	1995	1994
Income from continuing operations	$ 45,035	$ 24,053	$ 1,417
Income from discontinued Energy segment operations	-	-	37,218
Net income	$ 45,035	$ 24,053	$ 38,635
Earnings per share common and dilutive common equivalent share as reported (1):			
Continuing operations	$ 3.44	$ 1.80	$ 0.09
Discontinued Energy segment operations	-	-	2.40
Net income	$ 3.44	$ 1.80	$ 2.49
PRIMARY EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (2)	897	454	90
Weighted average common shares outstanding during period	12,208	12,916	15,524
Weighted average common and dilutive common equivalent shares	13,105	13,370	15,614
Primary earnings per share (1)	$ 3.44	$ 1.80	$ 2.47
FULLY DILUTED EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (3)	988	618	135
Weighted average common shares outstanding during period	12,208	12,916	15,524
Weighted average common and dilutive common equivalent shares	13,196	13,534	15,659
Fully diluted earnings per share (3)	$ 3.41	$ 1.78	$ 2.47

Notes:

(1) Shares used to compute earnings per common and dilutive common equivalent share include common stock equivalents for the years ended December 31, 1996 and 1995.

(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.

FINANCIAL SUMMARY

Years Ended December 31	1996	1995	% Increase (Decrease)
(In thousands, except per-share amounts)			
Net income:			
As reported	$45,035	$24,053	87
Excluding unusual items (a)	36,556	24,094	52
Excluding unusual items and technology-related investment gains/losses (a) (b)	35,187	24,538	43
Earnings per common and dilutive common equivalent share:			
As reported	3.44	1.80	91
Excluding unusual items (a)	2.79	1.80	55
Excluding unusual items and technology-related investment gains/losses (a) (b)	2.69	1.84	46
Ongoing operations (b):			
Net sales	489,040	472,709	3
EBITDA (c)	71,914	56,283	28
Technology-related investment gains (losses) (a)	2,139	(694)	-
Depreciation and amortization	18,507	17,579	5
Capital expenditures	22,698	17,778	28
Research and development expenses	11,066	8,763	26
Financial position and other data:			
Cash and cash equivalents	101,261	2,145	4,621
Debt outstanding	35,000	35,000	-
Shareholders' equity	212,545	170,521	25
Credit available under 5-year revolving credit facility	275,000	275,000	-
Shares outstanding at end of period	12,238	12,176	1
Weighted average shares used to compute earnings per common and dilutive common equivalent share	13,105	13,370	(2)
Dividends per share	.26	.18	44
Equity per share	17.37	14.00	24
Closing market price per share:			
High	45.38	23.17	
Low	20.50	11.58	
End of year	40.13	21.50	
Total return to shareholders	87.8%	87.2 %	

(a) See page 24 for an explanation of unusual items. During 1996, Tredegar realized a gain of $2,139 ($1,369 after income taxes) on the sale of its equity investment in Indigo Medical, Inc., to Johnson & Johnson. During 1995, Tredegar recognized a charge of $694 ($444 after income tax benefits) for the write-off of another medical technology investment. See Note 7 on page 41 for information on Tredegar's remaining technology-related investments.

(b) Ongoing operations exclude Molded Products and Brudi, which were divested in 1996. On a pro forma basis, excluding unusual items, investment gains/losses, the operating results of Molded Products and Brudi and including pro forma interest income on divestiture proceeds at a rate of approximately 3.5% after income taxes, net income in 1996 and 1995 would have been $35,357 ($2.70 per share) and $25,851 ($1.93 per share), respectively. See Note 19 on page 47 for further information regarding divested operations.

(c) Ongoing EBITDA is earnings before interest, taxes, depreciation, amortization, unusual items, technology-related investment gains/losses, and divested and discontinued operations. See Note (o) on page 33 for further explanation.

FINANCIAL REVIEW

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SEVEN-YEAR SUMMARY

Tredegar Industries, Inc. and Subsidiaries

Years Ended December 31	1996	1995	1994	1993	1992	1991	1990
(In thousands, except per-share data)							
Results of Operations (a)(b)(c):							
Net sales	$523,551	$589,454	$502,208	$449,208	$445,229	$439,186	$505,884
Other income (expense), net	4,248	(669)	(296)	(387)	226	745	861
	527,799	588,785	501,912	448,821	445,455	439,931	506,745
Cost of goods sold	417,270	490,510	419,823	379,286	370,652	373,429	450,843
Selling, general and administrative expenses	39,719	48,229	47,978	47,973	48,130	49,764	54,457
Research and development expenses	11,066	8,763	8,275	9,141	5,026	4,541	4,850
Interest expense (d)	2,176	3,039	4,008	5,044	5,615	7,489	7,101
Unusual items	(11,427)(e)	(78)(f)	16,494(g)	452(h)	90(i)	721(j)	32,915(k)
	458,804	550,463	496,578	441,896	429,513	435,944	550,166
Income (loss) from continuing operations before income taxes	68,995	38,322	5,334	6,925	15,942	3,987	(43,421)
Income taxes	23,960	14,269	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations(a)(b)(c)	45,035	24,053	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued Energy segment operations(b)	-	-	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	45,035	24,053	38,635	10,507	15,312	5,623	(24,686)
Extraordinary item-prepayment premium on extinguishment of debt (net of tax)	-	-	-	(1,115)	-	-	-
Cumulative effect of accounting changes	-	-	-	150	-	-	-
Net income (loss)	$ 45,035	$24,053	$38,635	$9,542	$15,312	$ 5,623	$(24,686)
Share Data:							
Earnings (loss) per common and dilutive common equivalent share:							
Continuing operations(a)(b)(c)	$ 3.44	$ 1.80	$ .09	$ .23	$ .58	$ .15	$ (1.69)
Discontinued Energy segment operations(b)	-	-	2.40	.42	.36	.19	.24
Before extraordinary item and cumulative effect of accounting changes	3.44	1.80	2.49	.65	.94	.34	(1.45)
Net income (loss)	3.44	1.80	2.49	.59	.94	.34	(1.45)
Equity per share	17.37	14.00	12.74	10.35	9.94	9.19	9.01
Cash dividends declared per share	.26	.18	.16	.16	.16	.16	.16
Weighted average shares used to compute earnings per common and dilutive common equivalent share	13,105	13,370	15,524	16,343	16,341	16,341	16,944
Shares outstanding at end of period	12,238	12,176	13,488	16,343	16,341	16,341	16,341
Closing market price per share:							
High	45.38	23.17	12.42	12.00	12.42	7.17	10.50
Low	20.50	11.58	9.33	8.33	6.67	4.25	4.67
End of year	40.13	21.50	11.58	10.00	10.33	6.67	4.92
Total return to shareholders(l)	87.8%	87.2%	17.4%	(1.7)%	57.4%	38.8%	(52.0)%
Financial Position and Other Data:							
Total assets	341,077	314,052	318,345	353,383	354,910	355,415	339,114
Working capital excluding cash and cash equivalents	31,860	54,504	53,087	62,064	56,365	60,341	70,890
Ending consolidated capital employed(m)	146,284	203,376	200,842	266,088	263,897	249,723	244,971
Current ratio	3.2:1	1.8:1	1.9:1	2.1:1	2.0:1	2.1:1	2.2:1
Cash and cash equivalents	101,261	2,145	9,036	-	-	500	2,290
Capital employed of divested and discontinued operations (Molded Products, Brudi and the Energy segment)(b)(m)	-	60,144	59,267	98,903	96,830	92,365	82,502
Debt	35,000	35,000	38,000	97,000	101,500	100,000	100,000
Shareholders' equity (net book value)	212,545	170,521	171,878	169,088	162,397	150,223	147,261
Equity market capitalization(n)	491,050	261,784	156,236	163,430	168,857	108,940	80,398
Net debt (cash) (debt less cash and cash equivalents) as a % of net capitalization	(45.3)%	16.2%	14.4%	36.5%	38.5%	39.8%	39.9%
Other financial data excluding unusual items, technology-related investment activities and divested and discontinued operations(a)(b)(c):							
Net sales	489,040	472,709	396,738	356,750	344,296	337,151	370,052
EBITDA(o)	71,914	56,283	45,684	31,734	36,334	36,203	24,171
Depreciation	18,451	17,553	17,089	17,550	16,373	16,566	15,361
Amortization of intangibles	56	26	463	1,712	3	3	3
Capital expenditures	22,698	17,778	11,985	12,729	17,431	18,072	25,701
Acquisitions	-	3,637	-	-	13,884	-	-
Ending capital employed(m)	140,236	139,822	138,625	165,635	163,117	154,208	161,719
Average capital employed(m)	140,029	139,224	152,130	164,376	158,663	157,964	167,064
Unleveraged after-tax earnings(p)	33,913	24,498	17,603	7,544	12,558	12,397	5,740
Return on average capital employed(q)	24.2%	17.6%	11.6%	4.6%	7.9%	7.8%	3.4%

EBITDA as % of net sales	14.7%	11.9%	11.5%	8.9%	10.6%	10.7%	6.5%
Effective income tax rate	36.5%	36.6%	37.1%	39.5%	36.7%	36.3%	-

Refer to Notes to Financial Tables on page 32

SEGMENT TABLES
Tredegar Industries Inc. and Subsidiaries

Net Sales

Segment	1996	1995	1994	1993	1992	1991	1990
(In thousands)							
Film Products and Fiberlux	$267,870	$249,099	$200,151	$187,291	$193,772	$193,753	$176,705
Aluminum Extrusions	219,044	221,657	193,870	166,465	150,524	143,398	193,347
Technology	2,126	1,953	2,717	2,994	-	-	-
Total ongoing operations (r)(t)	489,040	472,709	396,738	356,750	344,296	337,151	370,052
Divested operations (b):							
Molded Products	21,131	84,911	76,579	68,233	80,834	87,860	107,995
Brudi and plant shut down and business held for sale in 1990	13,380	31,834	28,891	24,225	20,099	14,175	27,837
Total	$523,551	$589,454	$502,208	$449,208	$445,229	$439,186	$505,884

Operating Profit

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

Refer to Notes to Financial Tables on page 32.

Identifiable Assets

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

Depreciation and Amortization

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

Refer to Notes to Financial Tables on page 32.

Capital Expenditures, Acquisitions and Investments

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

Refer to Notes to Financial Tables on page 32.

SHAREHOLDER VALUE

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

Key operational value drivers affecting total return include sales growth rate, operating profit margin, income tax rate and fixed and working capital investment. Tredegar attributes its favorable total return in 1996 and 1995 primarily to higher profits and cash flow in Film Products and Aluminum Extrusions, the divestiture of non-strategic businesses (Molded Products and Brudi in 1996 and Tredegar's former energy businesses in 1994), accretion in earnings per share due to stock repurchases and the elimination of operating losses in APPX Software.

Tredegar's value creation efforts also link pay to performance, primarily through the issuance of bonuses and stock options (see pages 6-7). The charts on this page depict the relationship between CEO pay, incentives and selected performance measures. Additional information on compensation paid to Mr. Gottwald is included in Tredegar's 1997 proxy statement.

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

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

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

TOTAL CASH COMPENSATION
JOHN D. GOTTWALD
PRESIDENT AND CEO
$ THOUSANDS

[Bar Chart]

	1990	1991	1992	1993	1994	1995	1996
SALARY	282,500	293,750	308,500	322,500	333,000	333,000	347,167
BONUS	0	30,000	75,000	42,500	90,000	125,000	140,000

RETURN ON AVERAGE CAPITAL EMPLOYED
Ongoing operations excluding unusual items
and technology-related investment activities
Percent

[Bar Chart]

'90	'91	'92	'93	'94	'95	'96
3.4	7.8	7.9	4.6	11.6	17.6	24.2

CUMULATIVE TOTAL RETURN
Based on investment of $100 beginning December 31, 1990
includes reinvestment of dividends

Dollars Source: Georgeson & Co.
[ ] Tredegar [ ] S&P Manufacturing (Diversified Ind.) Index
[ ] S&P 500(R) [ ] S&P SmallCap 600*
Tredegar is included in the S&P SmallCap 600

[Bar Graph]

	'90	'91	'92	'93	'94	'95	'96
Tredegar Industries Inc.	$100	$139	$219	$216	$254	$476	$895
S&P 500(R)	$100	$130	$140	$155	$157	$215	$265
S&P(R) Manufacturing (Diversified) Index	$100	$123	$133	$161	$167	$235	$324
S&P 600(R) SmallCap Index	$100	$148	$180	$213	$203	$264	$321

RESULTS OF OPERATIONS

1996 SUMMARY

Net income in 1996 was $45 million or $3.44 per share, compared with $24.1 million or $1.80 per share in 1995. Results for both years include unusual income (net) and technology-related investment gains and losses that affect comparability between periods. Excluding the after-tax effects of these items, which are described in the next two sections of this report, net income was $35.2 million or $2.69 per share, up significantly from $24.5 million or $1.84 per share in 1995. This increase was due primarily to higher profits in Film Products and Aluminum Extrusions.

Unusual Items

Unusual income (net) affecting operations in 1996 totaled $11.4 million ($8.5 million after income taxes) and included:

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

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

- A first-quarter gain of $19.9 million ($13.7 million after taxes) on the sale of Molded Products (see further discussion below)

- A first-quarter charge of $9.1 million ($5.7 million after taxes) related to the loss on the divestiture of Brudi (see further discussion below)

Unusual income (net) affecting operations in 1995 totaled $78,000 (a $41,000 charge after income taxes) and included:

- A third-quarter gain of $728,000 ($451,000 after taxes) on the sale of Regal Cinema shares

- A first-quarter charge of $2.4 million ($1.6 million after taxes) related to the restructuring of APPX Software

- A first-quarter recovery of $1.8 million ($1.1 million after taxes) in connection with a Film Products product liability lawsuit

On March 29, 1996, Tredegar sold Molded Products to Precise Technology, Inc., for cash consideration of $57.5 million ($54 million after transaction costs). During the second quarter of 1996, Tredegar completed the sale of Brudi for cash con-sideration of approximately $18.1 million ($17.6 million after transaction costs). Tredegar recognized a gain of $19.9 million ($13.7 million after income taxes) on the sale of Molded Products in the first quarter of 1996. This gain was partially offset by a first-quarter charge of $9.1 million ($5.7 million after income tax benefits) related to the loss on the divestiture of Brudi. See Note 19 on page 47 for further details on these divestitures.

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

On a pro forma basis, excluding unusual income (net), technology-related investment gains and losses, the operating results of Molded Products and Brudi and including pro forma interest income on divestiture proceeds at a rate of approximately 3.5% after income taxes, net income in 1996 and 1995 would have been $35.4 million ($2.70 per share) and $25.9 million ($1.93 per share), respectively.

Technology-Related Investment Gains and Losses

During 1996, Tredegar realized a gain of $2.1 million ($1.4 million after income taxes) on the sale of its equity investment in Indigo Medical, Inc. ("Indigo") to Johnson & Johnson. This gain is included in "Other income (expense), net" in the consolidated statements of income on page 35 and "Investments and other" in the operating profit table on page 20. Indigo is engaged in the development of catheter-based laser thermotherapy systems to treat enlargement of the prostate. During 1995, Tredegar recognized a charge of $694,000 ($444,000 after income tax benefits) for the write-off of another medical technology investment. This charge is included in "Selling, general and administrative" expenses in the consolidated statements of income and "Investments and other" in the operating profit table. Further information on Tredegar's technology-related investments is provided in Note 7 on page 41.

1996 VERSUS 1995

Revenues

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

Operating Costs and Expenses

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

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

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

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

Interest Income and Expense

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, increased to $3 million in 1996 from $333,000 in 1995 due to the investment of divestiture proceeds and cash generated from operations. The average tax equivalent yield earned on cash equivalents was 5.5% in 1996 and 5.9% in 1995. 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 due to higher capitalized interest from an increase in capital expenditures for ongoing operations, lower revolving credit facility fees and lower average debt outstanding. The average interest rate on debt was 7.2% in 1996 and 1995 (primarily fixed-rate debt). Average consolidated debt outstanding during 1996 declined to $35 million from $38.3 million in 1995.

Income Taxes

The effective tax rate excluding unusual items, the effects of tax-exempt interest income, and investment gains and losses declined to 36.5% during 1996 from 37% in 1995 due primarily to a lower effective state income tax rate from proportionally higher domestic income in states with lower tax rates and proportionally higher foreign income that is exempt from state income taxes. See Note 16 on page 46 for additional tax rate information.

1995 VERSUS 1994

Revenues

Net sales increased 17.4% in 1995 due primarily to higher selling prices in Film Products and Aluminum Extrusions, reflecting higher raw material costs. Higher sales volume in Molded Products, Film Products and Brudi also contributed to the increase. Aluminum Extrusions volume declined 3.1% during 1995. For further discussion of ongoing operations, see the business segment review on pages 27-30.

Operating Costs and Expenses

The gross profit margin increased to 16.8% in 1995 from 16.4% in 1994 due to higher volume in Molded Products, ongoing cost and quality improvements in Aluminum Extrusions and the restructuring of APPX Software, partially offset by startup costs at a Molded Products facility in Graham, North Carolina, and lower margins in Film Products. Lower margins in Film Products were due to higher resin prices, startup costs associated with nonwoven film laminate backsheet production and costs incurred (which were anticipated) to upgrade the Argentine films business acquired in March 1995.

Selling, general and administrative expenses increased by less than 1% in 1995 due primarily to the acquisition in Argentina, charges associated with stock appreciation rights (nearly $1 million in 1995 versus $53,000 in 1994) and a charge of $694,000 for the write-off of a medical technology investment, partially offset by cost reductions at APPX Software and Molded Products, lower bad debt expenses and commissions at Aluminum Extrusions, lower corporate services costs and lower pension expense for salaried employees. Selling, general and administrative expenses, as a percentage of sales, declined to 8.2% in 1995 compared with 9.6% in 1994.

Research and development expenses increased 5.9% compared with 1994 due to higher spending at Film Products and Molecumetics, partially offset by a reduction of product development costs at APPX Software.

Unusual income (net) totaling $78,000 in 1995 is explained on page 24.

Interest Income and Expense

Interest income declined in 1995 to $333,000 from $544,000 in 1994 due to lower average cash and cash equivalent balances.

Interest expense for continuing operations decreased 24.2% due primarily to lower average debt levels resulting from the paydown of variable-rate debt in 1994 with proceeds from the divestiture of the Energy segment. The average interest rate on debt outstanding was 7.2% in 1995 (primarily fixed-rate debt) and 6.2% in 1994 (a mix of fixed- and floating-rate debt). Average consolidated debt outstanding during 1995 declined to $38.3 million from $61.6 million in 1994. Interest expense of $337,000 was allocated to discontinued energy operations in 1994.

Income Taxes

The effective tax rate for continuing operations excluding unusual items and investment gains and losses decreased to 37% in 1995, compared with 38.3% in 1994. The decrease was due mainly to a lower effective state income tax rate. See Note 16 on page 46 for additional tax rate information.

FINANCIAL CONDITION

ASSETS

Tredegar's total assets increased to $341.1 million at December 31, 1996, from $314.1 million at December 31, 1995, due to cash generated from operating activities in excess of capital expenditures and dividends ($18.1 million); capital expenditures in excess of depreciation ($3.9 million); proceeds from the sale of Indigo in excess of its carrying value ($2.1 million); an increase in prepaid pension expense (included in other assets) for the curtailment of participation by Molded Products employees in one of Tredegar's defined benefit plans ($1.8 million); and other items ($2.2 million); partially offset by the divestitures of Molded Products and Brudi for combined cash consideration of $71.6 million (net of transaction costs), which was $1.1 million less than the book value of their assets at December 31, 1995.

Capital expenditures in 1996 were related to normal replacement of machinery and equipment, new nonwoven film laminate capacity, expansion of permeable film capacity in Europe, expansion of permeable and diaper backsheet film capacity in Brazil, expansion of lab facilities at Molecumetics, and a modernization program to upgrade certain areas of the aluminum extrusions facility in Newnan, Georgia, partially offset by a reduction of capital expenditures from the divestitures of Molded Products and Brudi. Approximately $4.8 million is expected to be spent on the Newnan upgrade in 1996 and 1997, most of which occurred during 1996. Capital expenditures in 1996 also reflect the purchase of machinery and equipment for a disposable film production line near Guangzhou, China, that is expected to be operational in late 1997 or early 1998.

At December 31, 1996, Tredegar had cash and cash equivalents of $101.3 million, which was $66.3 million in excess of debt, compared with net debt (debt in excess of cash and cash equivalents) of $32.9 million at December 31, 1995.

LIABILITIES

Accounts payable decreased by $2.3 million from December 31, 1995, due primarily to divestitures, partially offset by an improvement in trade terms with certain vendors. Accrued expenses, deferred income taxes and other noncurrent liabilities declined due mainly to divestitures.

Debt at December 31, 1996 and 1995, consisted of a $35 million, 7.2% note maturing in June 2003. The first annual principal payment of $5 million is due in June 1997 and has been classified as long-term debt in accordance with Tredegar's ability to refinance such obligation on a long-term basis. Tredegar also has a revolving credit facility that permits borrowings of up to $275 million (no amounts borrowed at December 31, 1996 and 1995). The facility matures on September 7, 2001, with an annual extension of one year permitted subject to the approval of part icipating banks. See Note 10 on page 42 for further information on debt and credit agreements.

SHAREHOLDERS' EQUITY

During 1996 and 1995, Tredegar purchased 68,947 and 1,497,296 shares, respectively, of its common stock for $2 million ($29.50 per share) and $25.5 million ($17.06 per share), respectively. Since becoming an independent company in 1989, Tredegar has purchased a total of 6.1 million shares, or 34% of its originally outstanding common stock, for $76.2 million ($12.41 per share). Under a standing authorization from its board of directors, Tredegar may purchase an additional 940,000 shares in the open market or in privately negotiated transactions at prices management deems appropriate.

At December 31, 1996, Tredegar had 12,238,053 shares of common stock outstanding and a total market capitalization of $491.1 million, compared with 12,176,295 shares outstanding at December 31, 1995, and a total market capitalization of $261.8 million.

CASH FLOWS

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

The significant increase in cash and cash equivalents to $101.3 million at December 31, 1996, was due to the $18.1 million of excess cash generated during 1996 combined with the $2.1 million cash and cash equivalents balance at December 31, 1995; the proceeds from the divestitures of Molded Products and Brudi ($71.6 million after transaction costs); the sale of an equity investment in Indigo ($2.6 million); property disposals ($9.9 million) and other sources ($2.1 million); partially offset by uses of funds for technology-related investments ($3.1 million) and the repurchase of Tredegar common stock ($2 million). Property disposals included the former plastic films site in Fremont, California, a former aluminum extrusions and fabrication site in Mechanicsburg, Pennsylvania, a former Brudi plant in Kelso, Washington, and a former Molded Products plant in Alsip, Illinois.

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

Overall cash and cash equivalents increased $9 million in 1994 over 1993. The major sources of cash during 1994 were the divestiture of Elk Horn ($67.5 million after minority interest and transaction costs); cash from continuing operating activities in excess of capital expenditures and dividends ($21 million); cash from discontinued operating activities in excess of capital expenditures ($3.5 million, including $8 million from the liquidation of coal trading working capital and income taxes paid on divestiture gains); proceeds from the sale of Tredegar's remaining oil and gas properties ($8 million); and proceeds from other property disposals ($3.5 million) related primarily to facilities previously shut down. Cash was used primarily to repay debt ($59 million), to repurchase shares of Tredegar common stock ($34.1 million) and for technology-related investments ($1.4 million).

Normal operating cash requirements over the next 3 to 5 years are expected to be met from ongoing operations. Excess cash will be invested on a short-term basis, with the primary objectives of safety of principal and liquidity, until other opportunities in existing businesses or elsewhere are identified.

ONGOING EBITDA* AND CAPITAL EXPENDITURES
$ MILLIONS

[Bar Graph]

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

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

BUSINESS SEGMENT REVIEW

FILM PRODUCTS AND FIBERLUX

Film Products manufactures plastic films for disposable personal products (primarily diapers and feminine hygiene products) and packaging, medical, industrial and agricultural products. Fiberlux produces vinyl extrusions for windows and patio doors. Products are produced at various locations throughout the United States and are sold both directly and through distributors. Tredegar also has plants in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets. Tredegar expects to begin operating a disposable film production line near Guangzhou, China, in late 1997 or early 1998.

Film Products is one of the largest U.S. suppliers of embossed and permeable films for disposable personal products. In each of the last three years, this class of products accounted for more than 30% of the consolidated revenues of Tredegar.

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

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

Pages 2-3 and 8-11 provide further information on Film Products and Fiberlux products and markets.

FILM PRODUCTS AND FIBERLUX SALES
$ Millions

[Bar Chart]

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

FILM PRODUCTS AND FIBERLUX ONGOING OPERATING PROFIT
$ Millions

[Bar Chart]

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

Sales

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

Film Products sales improved in 1995 due primarily to higher selling prices, which were driven by higher raw material costs. Sales also increased during 1995 as a result of the acquisition in March 1995 of a films business in Argentina, higher permeable film volume supplied to P&G for feminine pads in Europe, higher film volume in Brazil and higher domestic diaper backsheet film volume supplied to P&G.

Fiberlux sales increased in 1996 over 1995 due to higher volume. Fiberlux sales declined slightly in 1995 due to the divestiture in October 1995 of its fabrication business and a delay in the introduction of a new patio door.

Operating Profit

Film Products ongoing operating profit increased in 1996 and 1995 due primarily to higher volume in the areas noted above, partially offset by startup costs associated with nonwoven film laminate backsheet production. Ongoing operating profit in 1995 for Film Products was also adversely affected by costs incurred (which were anticipated) to upgrade the Argentine films operation acquired in March 1995. Operating profits in Fiberlux improved in 1996 due to higher volume. Fiberlux profits declined in 1995 compared with 1994 due to lower volume and margins.

Identifiable Assets

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

Identifiable assets in Film Products and Fiberlux increased to $124.4 million in 1995 from $115.3 million in 1994 due primarily to the acquisition of the films business in Argentina, expansion of permeable film capacity in Europe and Brazil and capital additions in the fourth quarter for new nonwoven film laminate capacity.

Depreciation, Amortization, Capital Expenditures and Acquisition

Depreciation and amortization for Film Products and Fiberlux increased to $11.8 million in 1996 from $10.3 million in 1995 due mainly to higher depreciation of blown and laminating film machinery and equipment. Higher capital expenditures in Film Products and Fiberlux in 1996 reflect new nonwoven film laminate capacity, expansion of permeable film capacity in Europe and permeable and diaper backsheet film capacity in Brazil, and the purchase of machinery and equipment for a permeable film production line near Guangzhou, China, that is expected to be operational in late 1997 or early 1998.

Depreciation and amortization for Film Products and Fiberlux increased to $10.3 million in 1995 from $9.7 million in 1994 due to higher depreciation of blown film machinery and equipment, the acquisition of the films business in Argentina and expansion of permeable film capacity in Europe. Higher capital expenditures in Film Products and Fiberlux in 1995 reflect the expansion of permeable film capacity in Europe and Brazil and capital additions in the fourth quarter of 1995 for new nonwoven film laminate capacity.

FILM PRODUCTS AND FIBERLUX IDENTIFIABLE ASSETS
$ Millions

[Bar Graph]

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

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

[Bar Graph]

	'90	'91	'92	'93	'94	'95	'96
Depreciation & Amortization	5.6	7.8	8.6	10	9.7	10.3	11.8
Capital Expenditures	15.3	10.1	13.2	6.6	7.1	11.2	12.3

DISPOSABLE FILMS VOLUME
Domestic vs. International

PERCENTAGE OF TOTAL POUNDS SHIPPED

[ ] UNITED STATES & CANADA
[ ] INTERNATIONAL

[Bar Graph]

	'90	'91	'92	'93	'94	'95	'96
United States & Canada	79.6	73.9	69.0	64.5	60.5	54.9	56.9
International	20.4	26.1	31.0	35.5	39.5	45.1	43.1

ALUMINUM EXTRUSIONS

Aluminum Extrusions, which is composed of The William L. Bonnell Company, Inc., and Capitol Products Corporation, produces soft alloy aluminum extrusions for sale directly to fabricators and distributors that serve primarily the building and construction industry, as well as transportation and consumer durables markets.

Pages 2-3 and 12-15 provide further information on Aluminum Extrusions products and markets.

Sales

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

Aluminum Extrusions sales increased 14.3% during 1995 due primarily to higher average prices, reflecting higher average aluminum costs. Volume declined 3.1% during 1995.

Operating Profit

Aluminum Extrusions operating profit increased 39.3% in 1996 due to higher volume, cost reductions, quality improvements and lower bad debt expenses, partially offset by the unfavorable impact of press shutdowns at the Newnan, Georgia, plant due to a modernization program that was begun in late 1995. This capital project is expected to cost approximately $4.8 million, most of which was spent in 1996. Improvements in productivity, scrap rates and sales returns are anticipated beginning in early 1997, when the project is expected to be completed.

Aluminum Extrusions operating profit increased by 48.3% in 1995 due primarily to ongoing cost and quality improvements.

Identifiable Assets

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

ALUMINUM EXTRUSIONS SALES
$ Millions

[Bar Graph]

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

ALUMINUM EXTRUSIONS ONGOING OPERATING PROFIT
$ Millions

[Bar Graph]

'90	'91	'92	'93	'94	'95	'96
(1.7)	(4.2)	4.2	8	11.3	16.8	23.4

ALUMINUM EXTRUSIONS DEPRECIATION & AMORTIZATION AND CAPITAL EXPENDITURES
$ Millions

[Bar Graph]

	'90	'91	'92	'93	'94	'95	'96
Depreciation & Amortization	9.2	8	7.1	6.2	5.9	6	5.4
Capital Expenditures	9.3	7.6	2.5	1.9	4.4	5.5	8.6

ALUMINUM EXTRUSIONS IDENTIFIABLE ASSETS
$ Millions

[Bar Graph]

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

COMMERCIAL CONSTRUCTION
$ Billions
Source: Cahners Building and Construction Market Forecast

[Bar Graph]

'90	'91	'92	'93	'94	'95	'96	'97F
71.7	54.1	44.5	46.9	52.7	74.7	80.4	84.4

HOUSING STARTS
Millions of Units
Source: Blue Chip Economic Indicators

[Bar Graph]

'90	'91	'92	'93	'94	'95	'96	'97F
1.19	1.01	1.2	1.288	1.46	1.35	1.46	1.4

AUTOMOBILE AND LIGHT TRUCK SALES
Millions of Units
Source: Bureau of Economic Analysis

[Bar Graph]

'90	'91	'92	'93	'94	'95	'96	'97F
14.2	12.7	13.1	14.2	15.5	15.1	15.2	15

Identifiable assets in Aluminum Extrusions declined to $81 million in 1995 from $89.4 million in 1994 due primarily to tightened credit policies resulting in a significant reduction in average days sales outstanding.

Depreciation, Amortization
and Capital Expenditures

Depreciation and amortization in 1996 for Aluminum Extrusions declined due to the full depreciation of certain assets in 1995. Depreciation and amortization in 1997 is expected to approximate 1996 levels as higher depreciation resulting from the modernization program at the Newnan, Georgia, facility should be offset by the full depreciation of certain other assets in 1996. Depreciation and amortization in 1995 remained consistent with 1994 levels. Higher capital expenditures in 1996 and 1995 were related primarily to the modernization program at the Newnan facility. Capital expenditures in 1995 were also affected by the purchase of 13 trailers for product deliveries.

TECHNOLOGY

The Technology segment is comprised primarily of Molecumetics, which conducts rational drug design research using synthetic chemistry techniques, certain technology-related investments in which Tredegar's ownership is less than 20% (see Note 7 on page 41) and APPX Software, a developer and producer of flexible software tools and applications. Technology segment sales consist primarily of revenues from APPX Software.

Excluding unusual items and investment gains and losses (see page 24), ongoing technology segment losses increased by $1.4 million in 1996. This increase was due mainly to higher research and development spending at Molecumetics, partially offset by lower costs at APPX Software due to its restructuring in the first quarter of 1995. Ongoing technology operating losses declined by $3.6 million in 1995 due to the restructuring of APPX Software, partially offset by higher spending on research and development at Molecumetics.

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

Technology segment identifiable assets increased to $7.5 million in 1995 from $7.3 million in 1994 due to the expansion of Molecumetics' research lab and additional technology investments of $1.9 million, partially offset by the disposal of Tredegar's investment in Regal Cinema (see unusual items on page 24), the $694,000 write-off of a medical technology investment and the downsizing of APPX Software. Depreciation and amortization declined in 1995 to $789,000 from $1.3 million in 1994 due to the write-off of goodwill and other intangibles in APPX Software at the end of the first quarter of 1994.

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

(In thousands, except per-share amounts) (Unaudited)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1996					
Net sales	$141,387	$126,331	$129,425	$126,408	$523,551
Gross profit	27,653	25,843	26,091	26,694	106,281
Operating profit before unusual items	16,010	15,250	17,627	15,561	64,448
Net income (v)	16,347	8,673	10,735	9,280	45,035
Earnings per common and dilutive common equivalent share (v)	1.27	.66	.82	.70	3.44
Shares used to compute earnings per common and dilutive common equivalent share	12,877	13,124	13,112	13,192	13,105
1995					
Net sales	$151,083	$149,682	$145,955	$142,734	$589,454
Gross profit	23,078	25,352	24,149	26,365	98,944
Operating profit before unusual items	10,965	13,506	12,700	12,987	50,158
Net income (v)	4,445	6,074	6,626	6,908	24,053
Earnings per common and dilutive common equivalent share (v)	.33	.45	.50	.53	1.80
Shares used to compute earnings per common and dilutive common equivalent share	13,512	13,445	13,202	12,981	13,370

Refer to Notes to Financial Tables on page 32.

QUARTERLY EARNINGS PER SHARE
Continuing Operations (v)
Dollars

	1995				1996			
	1	2	3	4	1	2	3	4
Excluding Unusual Items	.36	.45	.47	.53	.64	.66	.79	.70
As Reported	.33	.45	.50	.53	1.27	.66	.82	.70

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

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

	1996	1995	1994	1993	1992	1991	1990
Income (loss) from continuing operations as reported (b)	$45,035	$24,053	$ 1,417	$ 3,723	$ 9,517	$ 2,519	$(28,687)
After-tax effect of unusual items related to continuing operations:							
Unusual (income) charge, net (e-k)	(8,479)	41	12,051	246	502	447	24,424
Impact on deferred taxes of 1% increase in federal income tax rate	-	-	-	348	-	-	-
Income (loss) from continuing operations as adjusted for unusual items	36,556	24,094	13,468	4,317	10,019	2,966	(4,263)
After-tax effect of technology-related investment (gains) losses (c)	(1,369)	444	-	-	-	-	-
Income (loss) from continuing operations as adjusted for unusual items and technology-related investment gains/losses (b)	$35,187	$24,538	$13,468	$ 4,317	$10,019	$ 2,966	$ (4,263)
Earnings (loss) per common and dilutive common equivalent share from continuing operations (b)(c):							
As reported	$ 3.44	$ 1.80	$ .09	$ .23	$ .58	$ .15	$ (1.69)
As adjusted for unusual items	2.79	1.80	.87	.26	.61	.18	(.25)
As adjusted for unusual items and technology-related investment gains/losses	2.69	1.84	.87	.26	.61	.18	(.25)

(b) On August 16, 1994, Tredegar completed the divestiture of its coal subsidiary, The Elk Horn Coal Corporation. On February 4, 1994, Tredegar sold its remaining oil and gas properties. As a result of these events, Tredegar reports its Energy segment as discontinued operations. On March 29, 1996, Tredegar sold Molded Products. During the second quarter of 1996, Tredegar completed the sale of Brudi. The operating results for Molded Products were historically reported as part of the Plastics segment on a combined basis with Film Products and Fiberlux. Likewise, results for Brudi were combined with Aluminum Extrusions and reported as part of the Metal Products segment. Accordingly, results for Molded Products and Brudi have been included in continuing operations. Tredegar began reporting Molded Products and Brudi separately in its segment disclosures in 1995 after announcing its intent to divest these businesses. On a pro forma basis, excluding unusual income (net), investment gains/losses, the operating results of Molded Products and Brudi and including pro forma interest income on divestiture proceeds at a rate of approximately 3.5% after income taxes, net income in 1996 and 1995 would have been $35,357 ($2.70 per share) and $25,851 ($1.93 per share), respectively. See Note 19 on page 47 for further information regarding divested and discontinued operations.

(c) During 1996, Tredegar realized a gain of $2,139 ($1,369 after income taxes) on the sale of its equity investment in Indigo Medical, Inc. ("Indigo") to Johnson & Johnson. Indigo is engaged in the development of catheter-based laser thermotherapy systems to treat enlargement of the prostate. During 1995, Tredegar recognized a charge of $694 ($444 after income tax benefits) for the write-off of one of its other medical technology investments. These items are included in "Investments and other" in the operating profit table on page 20. See Note 7 on page 41 for information on Tredegar's remaining technology-related investments.

(d) Interest expense has been allocated between continuing and discontinued operations based on relative capital employed (see (b) and Note 19 on page 47).

(e) Unusual items for 1996 include a gain on the sale of Molded Products ($19,893, see Note 19 on page 47), a gain on the sale of a former plastic films manufacturing site in Fremont, California ($1,968), a charge related to the loss on the divestiture of Brudi ($9,146, see Note 19 on page 47) and a charge related to the write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films ($1,288).

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

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

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

(i) Unusual items in 1992 include the write-off of certain goodwill in Molded

Products ($1,182), partially offset by the gain on the sale of a portion of an investment in Emisphere Technologies, Inc. ($1,092).

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

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

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

(m) Consolidated capital employed is debt plus shareholders' equity minus cash and cash equivalents. Capital employed excluding technology-related investments (see Note 7 on page 41) and divested and discontinued operations (see (b)) is consolidated capital employed minus the carrying value of technology-related investments minus the capital employed of Molded Products, Brudi and the Energy segment.

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

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

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

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

(r) Net sales for ongoing operations include sales to P&G totaling $206,926, $196,047 and $155,469 in 1996, 1995 and 1994, respectively.

(s) Included in the investments and other category of the Technology segment are APPX Software and technology-related investments in which Tredegar's ownership is less than 20% (see (c) and Note 7 on page 41) .

(t) Export sales for ongoing operations totaled $74,891, $76,551 and $59,271 in 1996, 1995 and 1994, respectively. Substantially all of these export sales were made by Film Products. Net sales and operating profit in 1996 and identifiable assets at December 31, 1996, for the foreign operations of Film Products were $50,567, $5,113 and $25,924, respectively. The operating profit of foreign operations includes a deduction for royalties paid to Tredegar for the use of its technical information, know-how, manufacturing techniques, engineering data, specifications and other information relating to the manufacture of film products.

(u) Interest income was insignificant prior to 1994.

(v) Quarterly net income and earnings per common and dilutive common equivalent share from continuing operations, adjusted for unusual items and technology-related investment gains/losses affecting the comparability of operating results between quarters, are presented below (see also (a), (b) and (c)):

Continuing Operations Excluding Unusual Items and Technology-Related Investment Gains/Losses	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1996					
Net income	$ 8,288	$ 8,673	$ 8,946	$ 9,280	$ 35,187
Earnings per common and dilutive common equivalent share	.64	.66	.69	.70	2.69
1995					
Net income	4,937	6,284	6,175	7,142	24,538
Earnings per common and dilutive common equivalent share	.36	.47	.47	.55	1.84

INDEPENDENT ACCOUNTANTS' AND MANAGEMENT'S REPORTS

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Tredegar Industries, Inc., and Subsidiaries ("Tredegar") as of December 31, 1996 and 1995, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of Tredegar's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tredegar as of December 31, 1996 and 1995, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND, L.L.P.

Richmond, Virginia
January 14, 1997

MANAGEMENT'S REPORT ON THE FINANCIAL STATEMENTS

Tredegar's management has prepared the financial statements and related notes appearing on pages 35-49 in conformity with generally accepted accounting principles. In so doing, management makes informed judgments and estimates of the expected effects of events and transactions. Financial data appearing elsewhere in this annual report are consistent with these financial statements.

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

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

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

CONSOLIDATED STATEMENTS OF INCOME
Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31	1996	1995	1994
(In thousands, except per-share amounts)			
Revenues:			
Net sales	$523,551	$589,454	$502,208
Other income (expense), net	4,248	(669)	(296)
Total	527,799	588,785	501,912
Costs and expenses:			
Cost of goods sold	417,270	490,510	419,823
Selling, general and administrative	39,719	48,229	47,978
Research and development	11,066	8,763	8,275
Interest	2,176	3,039	4,008
Unusual items	(11,427)	(78)	16,494
Total	458,804	550,463	496,578
Income from continuing operations before income taxes	68,995	38,322	5,334
Income taxes	23,960	14,269	3,917
Income from continuing operations	45,035	24,053	1,417
Discontinued Energy segment operations:			
Income from Energy segment operations	-	-	4,220
Gain on disposition of interest in The Elk Horn Coal Corporation (net of income tax of $16,224)	-	-	25,740
Gain on sale of remaining oil & gas properties (net of income tax of $2,121)	-	-	3,938
Deferred tax benefit on the difference between financial reporting and income tax basis of The Elk Horn Coal Corporation	-	-	3,320
Net income	$45,035	$24,053	$ 38,635
Earnings per common and dilutive common equivalent share:			
Continuing operations	$ 3.44	$ 1.80	$ .09
Discontinued Energy segment operations	-	-	2.40
Net income	$ 3.44	$ 1.80	$ 2.49

See accompanying Notes to Financial Statements.

CONSOLIDATED BALANCE SHEETS
Tredegar Industries, Inc., and Subsidiaries

(In thousands, except share amounts)

December 31	1996	1995
Assets		
Current assets:		
Cash and cash equivalents	$101,261	$ 2,145
Accounts and notes receivable	61,076	71,673
Inventories	17,658	33,148
Income taxes recoverable	2,023	2,179
Deferred income taxes	9,484	14,882
Prepaid expenses and other	2,920	2,375
Total current assets	194,422	126,402
Property, plant and equipment, at cost:		
Land and land improvements	4,807	6,713
Buildings	32,590	50,167
Machinery and equipment	222,803	269,646
Total property, plant and equipment	260,200	326,526
Less accumulated depreciation and amortization	169,771	204,074
Net property, plant and equipment	90,429	122,452
Other assets and deferred charges	36,094	35,186
Goodwill and other intangibles	20,132	30,012
Total assets	$341,077	$314,052
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 28,814	$ 31,105
Accrued expenses	32,487	38,648
Total current liabilities	61,301	69,753
Long-term debt	35,000	35,000
Deferred income taxes	16,994	22,218
Other noncurrent liabilities	15,237	16,560
Total liabilities	128,532	143,531
Commitments and contingencies (Notes 13 and 18)		
Shareholders' equity:		
Common stock (no par value):		
Authorized 50,000,000 shares;		
Issued and outstanding - 12,238,053 shares in 1996 and 12,176,295 in 1995	113,019	112,908
Foreign currency translation adjustment	499	445
Retained earnings	99,027	57,168
Total shareholders' equity	212,545	170,521
Total liabilities and shareholders' equity	$341,077	$314,052

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31	1996	1995	1994
(In thousands)			
Cash flows from operating activities:			
Continuing operations:			
Income from continuing operations	$45,035	$24,053	$ 1,417
Adjustments for noncash items:			
Depreciation	20,062	23,256	23,491
Amortization of intangibles	256	579	1,354
Write-off of intangibles	-	189	14,394
Deferred income taxes	1,771	1,540	(6,907)
Accrued pension income and postretirement benefits, net	(2,582)	(2,396)	(623)
(Gain) loss on divestitures and property disposals, net	(12,715)	-	2,100
Write-off of certain industrial packaging film machinery and equipment	1,288	-	-
Gain on sale of investments (net of investment losses)	(2,139)	(34)	-
Changes in assets and liabilities, net of effects from divestitures and acquisitions:			
Accounts and notes receivable	(4,894)	4,912	(3,075)
Inventories	1,257	4,010	(1,158)
Income taxes recoverable and other prepaid expenses	(763)	(1,324)	(2,349)
Accounts payable and accrued expenses	(471)	(6,228)	12,311
Other, net	(840)	1,071	(1,873)
Net cash provided by continuing operating activities	45,265	49,628	39,082
Net cash provided by discontinued Energy segment operating activities	-	-	3,435
Net cash provided by operating activities	45,265	49,628	42,517
Cash flows from investing activities:			
Continuing operations:			
Capital expenditures	(23,960)	(25,138)	(15,579)
Acquisitions (net of $358 cash acquired)	-	(3,637)	-
Investments	(3,138)	(1,904)	(1,400)
Proceeds from the sale of Molded Products and Brudi	71,598	-	-
Proceeds from sale of investments	2,600	1,478	-
Proceeds from property disposals	9,880	1,238	3,519
Other, net	(35)	85	186
Net cash provided by (used in) investing activities of continuing operations	56,945	(27,878)	(13,274)
Net cash provided by disposals of discontinued Energy segment operations	-	-	75,393
Net cash provided by (used in) investing activities	56,945	(27,878)	62,119
Cash flows from financing activities:			
Dividends paid	(3,176)	(2,286)	(2,465)
Net decrease in borrowings	-	(3,000)	(59,000)
Repurchase of Tredegar common stock	(2,034)	(25,542)	(34,105)
Other, net	2,116	2,187	(30)
Net cash used in financing activities	(3,094)	(28,641)	(95,600)
Increase (decrease) in cash and cash equivalents	99,116	(6,891)	9,036
Cash and cash equivalents at beginning of period	2,145	9,036	-
Cash and cash equivalents at end of period	$101,261	$ 2,145	$ 9,036
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	$ 2,178	$ 3,041	$ 4,412
Income tax payments, net	$ 19,399	$15,102	$26,388

See accompanying Notes to Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31, 1996, 1995 and 1994	Common Stock Shares	Common Stock Amount	Retained Earnings (Deficit)	Foreign Currency Translation	Total Shareholders' Equity
(In thousands, except share and per-share data)					
Balance December 31, 1993	10,894,904	$170,140	$ (769)	$(283)	$169,088
Net income	-	-	38,635	-	38,635
Cash dividends declared ($.24 per share)	-	-	(2,465)	-	(2,465)
Repurchases of Tredegar common stock	(1,910,239)	(34,105)	-	-	(34,105)
Issued upon exercise of stock options	6,000	87	-	-	87
Issued upon exercise of SARs	1,593	28	-	-	28
Foreign currency translation adjustment	-	-	-	610	610
Balance December 31, 1994	8,992,258	136,150	35,401	327	171,878
Net income	-	-	24,053	-	24,053
Cash dividends declared ($.24 per share)	-	-	(2,286)	-	(2,286)
Repurchases of Tredegar common stock	(998,197)	(25,542)	-	-	(25,542)
Issued upon exercise of stock options (including related income tax benefits realized by Tredegar of $341)	118,500	2,158	-	-	2,158
Issued upon exercise of SARs	5,723	142	-	-	142
Foreign currency translation adjustment	-	-	-	118	118
Three-for-two stock split	4,058,011	-	-	-	-
Balance December 31, 1995	12,176,295	112,908	57,168	445	170,521
Net income	-	-	45,035	-	45,035
Cash dividends declared ($.26 per share)	-	-	(3,176)	-	(3,176)
Repurchases of Tredegar common stock	(68,947)	(2,034)	-	-	(2,034)
Issued upon exercise of stock options (including related income tax benefits realized by Tredegar of $800)	130,705	2,145	-	-	2,145
Foreign currency translation adjustment	-	-	-	54	54
Balance December 31, 1996	12,238,053	$113,019	$99,027	$499	$212,545

See accompanying Notes to Financial Statements.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations.

Tredegar Industries, Inc., and subsidiaries ("Tredegar" or the "company") is a diversified manufacturer of plastic films, aluminum extrusions and vinyl extrusions. Tredegar also has interests in various technologies, including rational drug design research and computer software. For further description of Tredegar's products, principal markets and customers, see the products and market information matrix on pages 2-3, the segment tables on pages 20-22 and the business segment review on pages 27-30.

During the first quarter of 1996, Tredegar sold all of the outstanding capital stock of its injection molding subsidiary, Tredegar Molded Products Company, including Polestar Plastics Manufacturing Company (together "Molded Products"). During the second quarter of 1996, Tredegar completed the sale of Brudi, Inc. and its subsidiaries (together "Brudi"). See Note 19 on page 47 for further information regarding these divestitures.

During the first quarter of 1995, Tredegar acquired a plastic films business in Argentina. This acquisition was accounted for using the purchase method; accordingly, the assets and liabilities of the acquired entity have been recorded at their estimated fair value at the date of acquisition. No goodwill arose from the acquisition since the estimated fair value of the identifiable net assets acquired was approximately equal to the purchase price. The operating results of the entity acquired have been included in the consolidated statements of income since the date of acquisition.

In August 1994, Tredegar completed the divestiture of its energy businesses. See Note 19 on page 47 for further information regarding these discontinued operations.

Basis of Presentation
The consolidated financial statements include the accounts and operations of Tredegar and all of its subsidiaries. Intercompany accounts and transactions within Tredegar have been eliminated. Certain previously reported amounts have been reclassified to conform to the 1996 presentation.

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

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

Revenue Recognition
Revenue from the sale of products is recognized when title and risk of loss have transferred to the buyer, which is generally when product is shipped.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand in excess of daily operating requirements and highly liquid investments with maturities of three months or less when purchased. At December 31, 1996 and 1995, Tredegar had approximately $101,000 and $2,000, respectively, invested in securities with maturities of one month or less.

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

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

Aluminum Forward Sales, Purchase and Futures Contracts
In the normal course of business, Tredegar enters into a combination of forward purchase commitments and futures contracts to acquire aluminum. Gains and losses on these contracts are designated and effective as hedges of aluminum price and margin exposure on forward sales contracts and, accordingly, are recorded as adjustments to the cost of inventory (see Note 5 on page 41).

Property, Plant and Equipment
Accounts include costs of assets constructed or purchased, related delivery and installation costs and interest incurred on significant capital projects during their construction periods. Expenditures for renewals and betterments also are capitalized, but expenditures for repairs and maintenance are expensed as incurred. The cost and accumulated depreciation

applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in income.

Property, plant and equipment includes capitalized interest of $730, $279 and $206 in 1996, 1995 and 1994, respectively. Maintenance and repairs of property, plant and equipment were $19,018, $20,100 and $19,400 in 1996, 1995 and 1994, respectively.

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

Goodwill and Other Intangibles

There was no goodwill subject to amortization at December 31, 1996. Goodwill acquired prior to November 1, 1970 ($19,484, $19,484 and $19,629 at December 31, 1996, 1995 and 1994, respectively), is not being amortized and relates to Tredegar's Aluminum Extrusions business. Goodwill subject to amortization at December 31, 1995 and 1994 ($9,478 and $9,752, respectively, net of accumulated amortization) related primarily to Brudi which was sold in the second quarter of 1996 (see Note 8 on page 42 and Note 19 on page 47). Other intangibles ($648, $1,050, and $1,375 at December 31, 1996, 1995 and 1994, respectively, net of accumulated amortization) consist primarily of patents and licenses acquired which are being amortized on a straight-line basis over a period of not more than 17 years.

Impairment of Long-Lived Assets

Beginning in 1995, the review for the possible impairment of long-lived tangible and intangible assets is performed in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." For assets to be held and used in operations, this standard requires that, whenever events indicate that an asset may be impaired, the entity estimate the future unlevered cash flows expected to result from the use of the asset and its eventual disposition. Assets are grouped for this purpose at the lowest level for which there are identifiable and independent cash flows. If the sum of these undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of the impairment loss is based on the estimated fair value of the asset.

Pension Costs and Postretirement Benefit Costs
Other Than Pensions

Pension costs and postretirement benefit costs other than pensions are accrued over the period employees provide service to the company in compliance with SFAS No. 87, "Employers Accounting for Pensions," and SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions" (see Note 14 on page 44). Tredegar's policy is to fund its pension plans at amounts not less than the minimum requirements of the Employee Retirement Income Security Act of 1974 and to fund postretirement benefits other than pensions when claims are incurred.

Postemployment Benefits

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

Income Taxes

Income taxes are recognized during the period in which transactions enter into the determination of income for financial reporting purposes, with deferred income taxes being provided at enacted statutory tax rates on the differences between the financial reporting and tax bases of assets and liabilities (see Note 16 on page 46). The company accrues U.S. federal income taxes on the undistributed earnings of its foreign subsidiaries.

Earnings Per Share

Earnings per share is computed using the weighted average number of post-split shares of common stock outstanding for each period presented.

Prior to 1995, Tredegar excluded common stock equivalents (stock options) from its computation of earnings per common share due to their immaterial dilutive effect. Immaterial is defined in this context by Accounting Principles Board ("APB") Opinion No. 15, "Earnings per Share," as dilution of less than 3%. As a result of share repurchases and the increase in Tredegar's stock price, stock options currently outstanding are dilutive in excess of the threshold set forth in APB Opinion No. 15. Accordingly, shares used to compute earnings per common and dilutive common equivalent share for 1996 and 1995 include common stock equivalents of 897,407 and 454,379 shares, respectively. Fully diluted earnings per common share is not materially different from the earnings per common and dilutive common equivalent share presented in the consolidated statements of income. The number of shares used in computing earnings per share were 13,105,023, 13,370,019 and 15,524,130 in 1996, 1995 and 1994, respectively.

Stock Options

Stock options, stock appreciation rights ("SARs") and restricted stock grants are accounted for under APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations whereby (i) no compensation cost is recognized for fixed stock option or restricted stock grants unless the quoted market price of the stock at the measurement date (ordinarily the date of grant or award) is in excess of the amount the employee is required to pay and (ii) compensation cost for SARs is recognized and adjusted up through the date of exercise or forfeiture based on the estimated number of SARs expected to be exercised times the difference between the market price of Tredegar's stock and the amount the employee is required to pay. The company provides additional pro forma disclosures of the fair-value based method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" (see Note 12 on page 42).

2 BUSINESS SEGMENTS

See pages 20-22 and the related Notes to Financial Tables on page 32 for net sales, operating profit, identifiable assets and other information about Tredegar's businesses that are presented for the years 1990-1996. The discussion of segment information is unaudited.

3 ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

December 31	1996	1995
Trade, less allowance for doubtful accounts and sales returns of $3,487 and $5,330 in 1996 and 1995	$ 59,866	$69,618
Other	1,210	2,055
Total	$ 61,076	$71,673

The decline in accounts and notes receivable during the period is due primarily to the sale of Molded Products and Brudi during 1996 (see Note 19 on page 47).

4 INVENTORIES

Inventories consist of the following:

December 31	1996	1995
Finished goods	$ 1,677	$ 4,619
Work-in-process	1,782	4,217
Raw materials	7,958	17,946
Stores, supplies and other	6,241	6,366
Total	$17,658	$33,148

Inventories stated on the LIFO basis amounted to $9,342 and $15,974 at December 31, 1996 and 1995, respectively, which are below replacement costs by approximately $13,748 and $14,212, respectively. The decline in inventories during the period is due primarily to the sale of Molded Products and Brudi during 1996 (see Note 19 on page 47).

5 ALUMINUM FORWARD SALES, PURCHASE AND FUTURES CONTRACTS

In the normal course of business, Tredegar enters into fixed-price forward sales contracts with certain customers for the sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge its exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than 12 months, the company enters into a combination of forward purchase commitments and futures contracts to acquire aluminum, based on the scheduled deliveries. These contracts involve elements of credit and market risk that are not reflected on the company's balance sheet, including the risk of dealing with counterparties and their ability to meet the terms of the contracts. At December 31, 1996, open fixed-price forward sales contracts, representing commitments to sell 15.7 million pounds of aluminum in the form of finished product, were matched with open forward purchase and futures contracts. The weighted average cost per pound of aluminum on the commitment dates for open fixed-price forward sales contracts was approximately 71 cents per pound compared with 73 cents per pound at December 31, 1996. This unrealized loss of 2 cents per pound (approximately $300) was substantially hedged at December 31, 1996, by an unrealized gain of approximately the same amount on the matching open forward purchase commitments and futures contracts to acquire aluminum.

6 NONOPERATING ASSETS HELD FOR SALE

Included in "Other assets and deferred charges" in the consolidated balance sheet at December 31, 1995, were nonoperating assets held for sale, primarily land and buildings related to closed facilities, totaling $6,057. Such assets were sold in 1996 at amounts approximating their carrying value, except for the former plastic films site in Fremont, California, which was sold in excess of its recorded amount (see Note 17 on page 47).

7 INVESTMENTS

During 1996, Tredegar realized a gain of $2,139 ($1,369 after income taxes) on the sale of its equity investment in Indigo Medical, Inc. ("Indigo") to Johnson & Johnson. This gain is included in "Other income (expense), net" in the consolidated statements of income. Indigo is engaged in the development of catheter-based laser thermotherapy systems to treat enlargement of the prostate. During 1995, Tredegar recognized a charge of $694 for the write-off of another medical technology investment. This charge is included in "Selling, general and administrative" expenses in the consolidated statements of income.

At December 31, 1996 and 1995, Tredegar had technology-related investments with a cost basis of $6,048 and $3,410, 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 seven 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 in excess of $15,000. 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.

8 GOODWILL AND OTHER INTANGIBLES

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

December 31	1996	1995
Goodwill and other intangibles	$50,259	$50,424
Divestitures (see Note 19 on page 47)	(9,980)	-
Write-offs	-	(189)
Additions and reclassifications	356	24
Subtotal	40,635	50,259
Accumulated amortization	(20,503)	(20,247)
Net	$20,132	$30,012

9 ACCRUED EXPENSES

Accrued expenses consist of the following:

December 31	1996	1995
Payrolls, related taxes and medical and other benefits	$13,347	$10,759
Workmen's compensation and disabilities	4,561	6,108
Vacation	4,201	5,397
Plant shutdowns and divestitures	2,061	2,773
Environmental	774	2,341
Other	7,543	11,270
Total	$32,487	$38,648

10 DEBT AND CREDIT AGREEMENTS

At December 31, 1996 and 1995, Tredegar's debt outstanding consisted of a $35,000, 7.2% fixed-rate note that matures in June 2003. The first annual principal payment of $5,000 is due in June 1997 and has been classified as long-term debt in accordance with Tredegar's ability to refinance such obligation on a long-term basis. At December 31, 1996, the prepayment value of the note was $35,900 and Tredegar estimates that an equivalent rate on similar debt would be 7.3%.

Tredegar also has a revolving credit facility that permits borrowings of up to $275,000 (no amounts borrowed at December 31, 1996 and 1995). The facility matures on September 7, 2001, with an annual extension of one year permitted subject to the approval of participating banks. The facility provides for interest to be charged at a base rate (generally the London Interbank Offered Rate) plus a spread that is dependent on Tredegar's quarterly debt-to-total capitalization ratio. A facility fee is also charged on the $275,000 commitment amount. The spread and facility fee charged at various debt-to-total capitalization levels are as follows:

Debt-to-Total Capitalization Ratio	(Basis Points)	
	Spread	Facility Fee
Less than or equal to 35%	17.50	12.50
Greater than 35% and less than or equal to 50%	25.00	15.00
Greater than 50%	31.25	18.75

In addition, a utilization fee of 10 basis points is charged on the outstanding principal amount when more than $137,500 is borrowed under the agreement. The weighted average interest rate on all variable-rate loans outstanding during 1995 and 1994 was 6.7% and 4.9%, respectively (there were no such loans outstanding during 1996).

Tredegar's loan agreements contain restrictions, among others, on the payment of cash dividends and the maximum debt-to-total capitalization ratio permitted (60%). At December 31, 1996, $82,655 was available for cash dividend payments, and $275,000 was available to borrow under the 60% debt-to-total capitalization ratio restriction.

11 SHAREHOLDER RIGHTS AGREEMENT

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

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

The Rights will expire on June 30, 1999.

12 STOCK OPTION PLANS

Tredegar has three stock option plans whereby stock options may be granted to purchase a specified number of shares of Tredegar common stock at a price not less than the fair market value on the date of grant and for a term not to exceed 10 years. Options ordinarily vest one year from the date of grant. In addition to stock options, recipients may also be granted SARs and restricted stock. No SARs have been granted since 1992 and when granted have been in tandem with stock options. Generally, the share appreciation that can be realized upon the exercise of SARs is limited to the fair market value at the date of grant. As a result, it is more likely that related stock options will be exercised rather than SARs when the price of Tredegar's common stock is in excess of $22.27 per share (Tredegar's closing stock price on December 31, 1996, was $40.125 per share).

The compensation cost that has been charged against income for SARs was zero, $984 and $53 in 1996, 1995 and 1994, respectively. Had compensation cost for the company's stock-based compensation plans been determined based on the fair value at the grant dates consistent with the method prescribed by SFAS No. 123, the company's income and earnings per common and dilutive common equivalent share from continuing operations would have been reduced to the pro forma amounts indicated below:

	1996	1995
Income from continuing operations:		
As reported	$45,035	$24,053
Pro forma	43,814	23,280
Earnings per common and dilutive common equivalent share from continuing operations:		
As reported	3.44	1.80
Pro forma	3.34	1.74

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

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

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

	1996	1995
Stock options granted (number of shares):		
Where exercise price equals market price:		
Officers	40,000	90,000
Management	86,300	117,600
Others	53,300	11,400
Where exercise price exceeds market price:		
Officers	20,000	-
Management	3,000	-
Total	202,600	219,000
Estimated fair value of options per share at date of grant:		
Where exercise price equals market price:		
Officers	$10.68	$5.81
Management	7.07	4.05
Others	4.88	2.97
Where exercise price exceeds market price:		
Officers	9.41	n/a
Management	5.55	n/a
Total estimated fair value of stock options granted	1,502	1,033

A summary of the company's stock options outstanding at December 31, 1996, 1995 and 1994, and changes during the years then ended, is presented below:

	Number of Shares		Exercise Price Per Share				
	Options	SARs	Range			Weighted Average	Aggregate
Outstanding at 12/31/93	734,400	694,650	$8.09	to	$11.34	$ 9.85	$ 7,233
Granted in 1994	579,150	-	10.09	to	16.00	11.41	6,609
Lapsed in 1994	(56,250)	(16,500)	8.59	to	11.34	10.10	(568)
Options exercised in 1994	(9,000)	(9,000)	8.09	to	11.14	9.67	(87)
SARs exercised in 1994	(40,500)	(40,500)	8.09	to	11.14	10.20	(413)
Outstanding at 12/31/94	1,207,800	628,650	8.09	to	16.00	10.58	12,774
Granted in 1995	219,000	-	11.59	to	12.50	12.45	2,727
Lapsed in 1995	(10,350)	(2,250)	10.09	to	11.59	10.43	(108)
Options exercised in 1995	(177,750)	(57,000)	8.09	to	16.00	10.22	(1,817)
SARs exercised in 1995	(49,125)	(49,125)	8.09	to	11.14	10.34	(508)
Outstanding at 12/31/95	1,189,575	520,275	8.09	to	16.00	10.99	13,068
Granted in 1996	202,600	-	22.13	to	29.00	24.78	5,020
Lapsed in 1996	(15,150)	-	10.09	to	25.13	15.12	(229)
Options exercised in 1996	(130,705)	(60,955)	8.09	to	12.50	10.29	(1,345)
Outstanding at 12/31/96	1,246,320	459,320	$8.09	to	$29.00	$13.25	$16,514

The following table summarizes additional information about stock options outstanding and exercisable at December 31, 1996:

			Options Outstanding at December 31, 1996			Options Exercisable at December 31, 1996	
				Weighted Average			
Range of Exercise Prices			Shares	Remaining Contractual Life (Years)	Exercise Price	Shares	Weighted Average Exercise Price
		$11.14	236,525	2.5	$11.14	236,525	$11.14
$ 8.09	to	11.18	228,795	5.2	8.38	228,795	8.38
10.09	to	16.00	396,775	7.2	11.93	394,108	11.95
11.59	to	12.50	186,675	8.1	12.48	148,290	12.47
22.13	to	29.00	197,550	9.1	24.82	-	-
$ 8.09	to	$29.00	1,246,320	6.4	$13.25	1,007,718	$11.02

Stock options exercisable at December 31, 1995 totaled 883,974 shares. Stock options available for grant at December 31, 1996 and 1995 totaled 660,600 and 397,800 shares, respectively.

13 RENTAL EXPENSE AND CONTRACTUAL COMMITMENTS

Rental expense was $2,760, $3,355 and $3,337 for 1996, 1995 and 1994, respectively. Rental commitments under all noncancelable operating leases as of December 31, 1996, are as follows.

1997	$1,582
1998	1,610
1999	1,286
2000	1,041
2001	481
Remainder	199
Total	$6,199

Contractual obligations for plant construction and purchases of real property and equipment amounted to approximately $3,247 and $4,679 at December 31, 1996 and 1995, respectively.

14 RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

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

The components of net pension income for Tredegar's plans for 1996, 1995 and 1994 are as follows:

	1996	1995	1994
Return on plan assets:			
Actual return	$22,864	$28,434	$ (572)
Expected return greater (lower) than actual	(10,540)	(17,065)	11,494
Expected return	12,324	11,369	10,922
Amortization of transition asset	1,251	1,231	1,231
Service cost (benefits earned during the year)	(2,116)	(2,376)	(3,016)
Interest cost on projected benefit obligation	(7,631)	(7,192)	(6,885)
Amortization of prior service costs and gains or losses	(782)	(99)	(942)
Net pension income	$ 3,046	$ 2,933	$1,310

The following table presents a reconciliation of the funded status of Tredegar's pension plans at December 31, 1996, 1995 and 1994, to prepaid pension expense:

December 31	1996	1995	1994
Plan assets at fair value	$166,582	$147,600	$125,390
Actuarial present value of benefit obligations:			
Accumulated benefit obligation (including vested benefits of $96,561, $90,895 and $77,858, respectively)	(99,219)	(93,077)	(80,422)
Projected compensation increase	(9,676)	(11,097)	(9,296)
Projected benefit obligation	(108,895)	(104,174)	(89,718)
Plan assets in excess of projected benefit obligation	57,687	43,426	35,672
Unrecognized net gain being amortized	(31,486)	(21,863)	(16,862)
Unrecognized transition asset being amortized	(2,975)	(4,226)	(5,456)
Unrecognized prior service costs being amortized	3,658	4,581	5,354
Prepaid pension expense	$ 26,884	$21,918	$18,708

Prepaid pension expense of $26,884 and $21,918 is included in "Other assets and deferred charges" in the consolidated balance sheets at December 31, 1996 and 1995, respectively.

Net pension income and plan obligations are calculated using assumptions of discount rates on projected benefit obligations, estimated rates of projected increases in compensation and expected rates of return on plan assets. The discount rate on projected benefit obligations was assumed to be 7.5% at December 31, 1996, 7.5% at December 31, 1995 and 8.25% at December 31, 1994. The rate of projected compensation increase and the expected long-term rate of return on plan assets was assumed to be 5% and 9%, respectively, each year. Net pension income is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

Tredegar also has a non-qualified supplemental pension plan covering certain employees. The plan is designed to restore all or a part of the pension benefits that would have been payable to designated participants from Tredegar's principal pension plans if it were not for limitations imposed by income tax regulations. The projected benefit obligation relating to this unfunded plan was $894, $658 and $613 at December 31, 1996, 1995 and 1994, respectively, and pension expense recognized was approximately $150 annually. This information has been included in the above pension tables.

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

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

	1996	1995	1994
Service cost (benefits earned during the year)	$(117)	$(118)	$(177)
Interest cost on accumulated postretirement benefit obligation	(448)	(493)	(492)

Recognition of gains (losses)	101	74	(18)
Net postretirement benefit cost	$(464)	$(537)	$(687)

The following table presents a reconciliation of the funded status of Tredegar's postretirement life insurance and health care benefit plans at December 31, 1996, 1995 and 1994, to accrued postretirement benefit cost:

December 31	1996	1995	1994
Plan assets at fair value	$ -	$ -	$ -
Accumulated postretirement benefit obligation (APBO):			
Retirees	(3,283)	(3,438)	(3,085)
Other fully eligible participants	(1,253)	(1,396)	(1,593)
Other active participants	(1,769)	(1,957)	(1,852)
Total APBO	(6,305)	(6,791)	(6,530)
APBO in excess of plan assets	(6,305)	(6,791)	(6,530)
Unrecognized gain	(1,317)	(1,219)	(1,124)
Accrued postretirement benefit cost	$(7,622)	$(8,010)	$(7,654)

Accrued postretirement benefit cost of $7,622 and $8,010 is included in "Other noncurrent liabilities" in the consolidated balance sheets of December 31, 1996 and 1995, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% at December 31, 1996, 7.5% at December 31, 1995 and 8.25% at December 31, 1994. The rate of annual pay increase for life insurance benefits was assumed to be 5% each year. The rate of increase in the per-capita cost of covered health care benefits for the indemnity plan was assumed to be 11% at December 31, 1996, 12% at December 31, 1995 and 13% at December 31, 1994. The rate of increase in the per-capita cost of covered health care benefits for the managed care plans was assumed to be 8.9% at December 31, 1996, 9.7% at December 31, 1995 and 10.4% at December 31, 1994. The rates for the per-capita cost of covered health care benefits were assumed to decrease gradually for the indemnity and managed care plans to 6% and 5%, respectively, in year 2002 and remain at that level thereafter. Net postretirement benefit cost is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

If the health care cost trend rate assumptions were increased by 1%, the accumulated postretirement benefit obligation as of December 31, 1996, would increase by approximately $9. The effect of this increase on the sum of the service cost and interest cost components of net periodic postretirement benefit cost for 1996 would be immaterial.

15 SAVINGS PLAN

Tredegar has a savings plan that allows eligible employees to voluntarily contribute a percentage of their compensation. Under the provisions of the plan, Tredegar matches a portion of the employee's contribution to the plan with shares of Tredegar common stock. Tredegar also has an unfunded non-qualified plan that restores matching benefits for employees suspended from the savings plan due to certain limitations imposed by income tax regulations. Charges recognized by Tredegar for these plans in 1996, 1995 and 1994 amounted to $2,348, $2,060 and $2,059, respectively. Tredegar's unfunded liability under the restoration plan was $1,221 and $723 at December 31, 1996 and 1995, respectively.

16 INCOME TAXES

Income from continuing operations before income taxes and income taxes are as follows:

	1996	1995	1994
Income from continuing operations before income taxes:			
Domestic	$63,612	$36,494	$2,346
Foreign	5,383	1,828	2,988
Total	$68,995	$38,322	$5,334
Current income taxes:			
Federal	$17,916	$10,050	$8,375
State	2,608	1,996	1,622
Foreign	1,665	683	827
Total	22,189	12,729	10,824
Deferred income taxes:			
Federal	1,105	1,448	(6,741)
State	2	136	(424)
Foreign	664	(44)	258
Total	1,771	1,540	(6,907)
Total income taxes	$23,960	$14,269	$3,917

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

	Percent of Income From Continuing Operations Before Income Taxes		
	1996	1995	1994
Income tax expense at federal statutory rate	35.0	35.0	35.0
State taxes, net of federal income tax benefit	2.5	3.6	14.6
Foreign Sales Corporation	(1.6)	(1.3)	(6.6)
Tax-exempt interest income	(.9)	-	-
Research and development tax credit	(.3)	(1.0)	(7.5)
Goodwill amortization	.1	.2	3.0
Write-off of certain goodwill	-	.1	31.1
Other items, net	(.1)	.6	3.8
Effective income tax rate	34.7	37.2	73.4

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

	1996	1995	1994

Depreciation	$(2,179)	$ (14)	$(3,472)
Employee benefits	2,591	499	169
Plant shutdowns, divestitures and environmental accruals	409	743	778
Write-offs of certain goodwill and other intangibles	-	-	(3,643)
Other items, net	950	312	(739)
Total	$ 1,771	$1,540	$(6,907)

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Deferred tax liabilities and deferred tax assets as of December 31, 1996 and 1995, are as follows:

December 31	1996	1995
Deferred tax liabilities:		
Depreciation	$8,220	$13,496
Pensions	9,699	8,274
Other	1,368	2,130
Total deferred tax liabilities	19,287	23,900
Deferred tax assets:		
Employee benefits	7,697	8,863
Allowance for doubtful accounts and sales returns	1,306	2,005
Inventory	1,170	1,493
Plant shutdowns and divestitures	752	834
Environmental accruals	294	621
Other	558	2,748
Total deferred tax assets	11,777	16,564
Net deferred tax liability	$7,510	$7,336

Included in the balance sheet:		
Noncurrent deferred tax liabilities in excess of assets	$16,994	$22,218
Current deferred tax assets in excess of liabilities	9,484	14,882
Net deferred tax liability	$ 7,510	$ 7,336

17 UNUSUAL ITEMS

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

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

In 1994, unusual items totaling $16,494 include the write-off of certain Molded Products goodwill ($4,873), costs related to the closing of a Molded Products plant in Alsip, Illinois ($2,100) and the write-off of goodwill and other intangibles in APPX Software ($9,521). The goodwill write-off in Molded Products resulted from continued disappointing results in certain lines of its business (see Note 19). The write-off in APPX Software in 1994 is the result of management's determination that income generated by the acquired products would not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992.

18 CONTINGENCIES

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

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

19 DIVESTED AND DISCONTINUED OPERATIONS

On March 29, 1996, Tredegar sold Molded Products to Precise Technology, Inc. ("Precise") for cash consideration of $57,500 ($53,973 after transaction costs). In addition, Tredegar received unregistered cumulative redeemable preferred stock of Precise with a face amount of $2,500, which is not currently marketable. Dividends on the preferred stock are payable quarterly at an annual rate of 7% beginning June 30, 1996. The preferred stock is redeemable in full on March 29, 2007, or earlier upon the occurrence of certain events. Both dividends and redemption are subordinated to other outstanding debt of Precise.

No value has been assigned by Tredegar to the preferred stock received from Precise due to the uncertainty of redemption. Consistent therewith, dividend income on such stock is not recognized by Tredegar until received.

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

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

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

Condensed Statements of Income
Molded Products and Brudi Combined

(Unaudited)	1996 Through the Date Divested	1995	1994
Net sales	$34,511	$116,745	$105,470
Costs and expenses:			
Operating costs and expenses	33,269	113,805	108,310
Interest allocated	283	899	1,170
Unusual items	-	-	6,973
Total	33,552	114,704	116,453
Income (loss) from Molded Products and Brudi before income taxes	959	2,041	(10,983)
Income tax (benefit)	423	913	(3,802)
Income (loss) from Molded Products and Brudi	$ 536	$ 1,128	$(7,181)

Condensed Statements of Net Assets
Molded Products and Brudi Combined

(Unaudited)	As of Date Divested in 1996	December 31, 1995
Current assets:		
Accounts and notes receivable	$15,495	$13,964
Inventories	14,233	13,858
Deferred income taxes	1,612	1,476
Prepaid expenses and other	374	82
Total current assets	31,714	29,380
Net property, plant and equipment	32,832	33,129
Goodwill and other intangibles	9,980	10,174
Total assets	74,526	72,683
Total current liabilities	9,053	9,108
Deferred income taxes	3,238	2,971
Other noncurrent liabilities	345	460
Total liabilities	12,636	12,539
Net assets of Molded Products and Brudi	$61,890	$60,144

Transactions between Tredegar and Molded Products and Brudi were reflected as though they were settled immediately and there were no amounts due to or from Tredegar at the end of any period. All of Molded Products' full-time employees participated in Tredegar's noncontributory defined benefit plan for salaried employees. Most of these employees also participated in Tredegar's welfare (medical, life and disability) and savings plans. Related costs for participation in these plans were allocated to Molded Products and were included in the above condensed statements of income. Interest expense was allocated to Molded Products and Brudi based upon the ratio of their capital employed (net assets) to Tredegar's consolidated capital employed.

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

On August 16, 1994, the Elk Horn Coal Corporation ("Elk Horn"), Tredegar's 97% owned coal subsidiary, was acquired by Pen Holdings, Inc., for an aggregate consideration of approximately $71,000 ($67,485 after minority interest and transaction costs). Tredegar realized an after-tax gain on the transaction of $25,740. In the first quarter of 1994, Tredegar recognized an income tax benefit of $3,320 on the difference between the financial reporting and income tax basis of Elk Horn. On February 4, 1994, Tredegar sold its remaining oil and gas properties for approximately $8,000 and recognized an after-tax gain of $3,938. The divestiture of Elk Horn completed Tredegar's exit from the Energy segment. Accordingly, information about the revenues, expenses, income, financial condition and cash flows of this segment have been presented as discontinued operations.

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

At December 31, 1996 and 1995, the accrued costs for Tredegar's obligation under the Act were $5,793 and $6,000, respectively, including an unfunded obligation of $2,943 and $4,703, respectively, and an unrecognized gain of $2,850 and $1,297, respectively. The discount rate used in determining the unfunded obligation was 7.5%, 7.5% and 8.25% at December 31, 1996, 1995 and 1994, respectively. The medical premium trend rate was assumed to be 11%, 12% and 13% at December 31, 1996, 1995 and 1994, respectively, with a gradual decrease to 6% in year 2004, 6% in year 2004 and 6.75% in year 2003, respectively, and remaining at that level thereafter. The accrued cost was determined using assumptions at the end of each period, and the net periodic cost was determined using assumptions as of the beginning of each period. If the medical premium trend rate were increased by 1%, the obligation at December 31, 1996, would increase by approximately $167. The effect of this increase on the annual interest cost component of the net periodic cost would be immaterial.

The condensed statement of income of the discontinued Energy segment is presented below through August 16, 1994, the date Elk Horn was acquired by Pen Holdings, Inc.:

Condensed Statement of Income
Discontinued Energy Segment

(Unaudited)	January 1, 1994 to August 16, 1994
Net sales	$19,868
Costs and expenses:	
Operating costs and expenses	13,229
Interest allocated	337
Total	13,566
Income from Energy segment operations before income taxes	6,302
Income taxes	2,082
Income from Energy segment operations	$4,220

All of the Energy segment's full-time employees participated in Tredegar's noncontributory defined benefit plan for salaried employees. These employees also participated in Tredegar's welfare (medical, life and disability) and savings plans. Accordingly, related costs were allocated to discontinued operations. Interest expense was allocated to discontinued operations based upon the ratio of the Energy segment's capital employed (net assets) to Tredegar's consolidated capital employed.

For federal income tax purposes, results of the Energy segment's operations through the date of disposal were included in Tredegar's consolidated tax return. The Energy segment's provision for income taxes represents its allocated share of Tredegar's income tax expense. The allocated share approximates income tax expense that would have been incurred had the Energy segment separately filed a consolidated tax return and computed income taxes in accordance with SFAS No. 109.

SHAREHOLDER INFORMATION

Annual Meeting
The annual meeting of shareholders of Tredegar Industries, Inc., will be held on May 22, 1997, beginning at 9:30 a.m. E.D.T. at the Jefferson Hotel in Richmond, Virginia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or before March 31.

Corporate Headquarters
1100 Boulders Parkway
Richmond, Virginia 23225

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

Number of Employees
Approximately 2,200

Counsel
Hunton & Williams
Richmond, Virginia

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

Stock Listing
New York Stock Exchange
Ticker Symbol: TG

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

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

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

All other inquiries should be directed to:

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

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

Dividend Information
During 1995 and 1996, Tredegar paid quarterly dividends of $.06 per share, or $.24 per share on an annual basis. Beginning with the dividend payment on January 1, 1997, the quarterly dividend was increased to $.08 per share, or $.32 per share on an annual basis. All decisions with respect to payment of dividends will be made by the Board of Directors based upon Tredegar's earnings, financial condition, anticipated cash needs and such other considerations as the Board deems relevant. See Note 10 of Notes to Financial Statements on page 42 for details of restrictions on dividends.

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

	1996		1995	
	High	Low	High	Low
First Quarter	$25.88	$20.50	$13.92	$11.58
Second Quarter	35.00	24.25	16.58	13.42
Third Quarter	34.38	29.00	21.25	17.25
Fourth Quarter	45.38	34.25	23.17	18.33

Tredegar has no preferred stock outstanding.

There were 12,258,028 shares of common stock held by 6,906 shareholders of record on January 31, 1997.

Plants, Facilities and Offices

Corporate Headquarters:
Richmond, Virginia

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

Fiberlux:
Pawling, New York
Purchase, New York

Aluminum Extrusions:
Carthage, Tennessee
Kentland, Indiana
Newnan, Georgia

Tredegar Investments:
Seattle, Washington

APPX Software:
Richmond, Virginia

Molecumetics:
Bellevue, Washington

Exhibit 21

TREDEGAR INDUSTRIES, INC.
Virginia

Name of Subsidiary	Jurisdiction of Incorporation
APPX Software, Inc.	Virginia
The William L. Bonnell Company, Inc.	Georgia
Capitol Products Corporation	Pennsylvania
Fiberlux, Inc.	Virginia
Idlewood Properties, Inc.	Virginia
Molecumetics Institute, Ltd.	Virginia
Molecumetics, Ltd.	Virginia
Tredegar Brazil Industria De Plasticos Ltda.	Brazil
Tredegar Development Corporation	Virginia
Tredegar Exploration, Inc.	Virginia
Tredegar Film Products Argentina S.A.	Argentina
Tredegar Film Products, B.V.	Netherlands
Tredegar Foreign Sales Corporation	U.S. Virgin Islands
Tredegar Investments, Inc.	Virginia
Tredegar Reserves, Inc.	Virginia
Virginia Techport, Inc.	Virginia

EXHIBIT 23.1

CONSENT OF COOPERS & LYBRAND L.L.P.

We consent to the incorporation by reference in the registration statements of Tredegar Industries, Inc. on Form S-3 (File No. 33-57268) and on Forms S-8 (File No. 33-31047, File No. 33-50276, File No. 33-64647 and File No. 33-12985) of our report dated January 14, 1997 on our audits of the consolidated financial statements of Tredegar Industries, Inc., and subsidiaries as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which report appears on page 34 of the 1996 Annual Report to Shareholders of Tredegar Industries, Inc.

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

Richmond, Virginia
March 3, 1997

THE SCHEDULE CONTAINS UNAUDITED SUMMARY FINANCIAL INFORMATION FOR TREDEGAR INDUSTRIES, INC. AND SUBSIDIARIES EXTRACTED FROM THE BALANCE SHEET AS OF DECEMBER 31, 1996 AND THE STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
DEC-31-1996
DEC-31-1996
101,261
0
64,563
3,487
17,658
194,422
260,200
169,771
341,077
61,301
35,000
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0
113,019
99,526
341,077
523,551
527,799
417,270
417,270
38,877
481
2,176
68,995
23,960
45,035
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0
0
45,035
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0.00