

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-4
ISSUER TENDER OFFER STATEMENT
(Pursuant to Section 13(e)(1) of the
Securities Exchange Act of 1934)

TREDEGAR INDUSTRIES, INC.
(Name of Issuer)

TREDEGAR INDUSTRIES, INC.
(Name of Person(s) Filing Statement)

COMMON STOCK, NO PAR VALUE PER SHARE
(Title of Class of Securities)

89465010
(CUSIP Number of Class of Securities)

NANCY M. TAYLOR, ESQ.
GENERAL COUNSEL AND SECRETARY
TREDEGAR INDUSTRIES, INC.
1100 BOULDERS PARKWAY
RICHMOND, VIRGINIA 23225
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications
on Behalf of the Person(s) Filing Statement)

COPIES TO:
C. PORTER VAUGHAN, III, ESQ.
HUNTON & WILLIAMS
RIVERFRONT PLAZA, EAST TOWER
951 EAST BYRD STREET
RICHMOND, VIRGINIA 23219

JANUARY 16, 1998
(Date Tender Offer First Published,
Sent or Given to Security Holders)
CALCULATION OF FILING FEE

TRANSACTION VALUE*
\$81,250,000

AMOUNT OF FILING FEE
\$16,250.00

* Calculated solely for the purpose of determining the filing fee, based upon the purchase of 1,250,000 shares at \$65.00 per share in accordance with Rule 0-11.

[] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A Filing Party: N/A
Form or Registration No.: N/A Date Filed: N/A

ITEM 1. SECURITY AND ISSUER.

(a) The issuer of the securities to which this Schedule 13E-4 relates is Tredegar Industries, Inc., a Virginia corporation (the "Company"), and the address of its principal executive office is 1100 Boulders Parkway, Richmond, Virginia 23225.

(b) This Schedule 13E-4 relates to the offer by the Company to purchase 1,250,000 shares (or such lesser number of shares as are properly tendered) of its common stock (the "Shares"), 12,388,495 of which Shares were outstanding as of January 13, 1998, at prices not in excess of \$65.00 nor less than \$58.00 net per Share in cash upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 16, 1998 (the "Offer to Purchase"), and in the related Letter of Transmittal (or similar materials distributed to participants in the Company's dividend reinvestment and stock purchase plan, employee stock purchase plan or employee savings plan), which together constitute the "Offer," copies of which are attached as Exhibit (a)(1) and (a)(2), respectively, and incorporated herein by reference. Executive officers and directors of the Company may participate in the Offer on the same basis as the Company's other shareholders, although the Company has been advised that no director or executive officer of the Company intends to tender any Shares pursuant to the Offer. The information set forth in "Introduction" and "The Offer -- Section 1, Number of Shares; Proration" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "Introduction" and the "The Offer -- Section 8, Price Range of Shares; Dividends" of the Offer to Purchase is incorporated herein by reference.

(d) Not applicable.

ITEM 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth in "The Offer -- Section 9, Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

ITEM 3. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

(a)-(j) The information set forth in "Introduction" and "The Offer -- Section 9, Source and Amount of Funds," "The Offer -- Section 2, Purpose of the Offer; Certain Effects of the Offer," "The Offer -- Section 11,

Interest of Directors and Officers; Transactions and Arrangements Concerning Shares" and "The Offer -- Section 12, Effects of the Offer on the Market for Shares; Registration under the Exchange Act" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

The information set forth in "The Offer -- Section 11, Interest of Directors and Officers; Transactions and Arrangements Concerning Shares" and Schedule A, "Certain Transactions Involving Shares," of the Offer to Purchase is incorporated herein by reference.

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information set forth in "Introduction" and "The Offer -- Section 9, Source and Amount of Funds," "The Offer -- Section 2, Purpose of the Offer; Certain Effects of the Offer" and "The Offer -- Section 11, Interest of Directors and Officers; Transactions and Arrangements Concerning Shares" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in "Introduction" and "The Offer -- Section 16, Fees and Expenses" of the Offer to Purchase is incorporated herein by reference.

ITEM 7. FINANCIAL INFORMATION.

(a)-(b) The information set forth in "The Offer -- Section 10, Certain Information Concerning the Company" of the Offer to Purchase is incorporated herein by reference, the information set forth on pages 34 through 49 of the Company's Annual Report to Shareholders incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 1996, filed as Exhibit (g)(1) hereto, is incorporated herein by reference, and the information set forth on pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, filed as Exhibit (g)(2) hereto, is incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION.

(a) Not applicable.

(b) The information set forth in "The Offer -- Section 13, Certain Legal Matters; Regulatory Approvals" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "The Offer -- Section 12, Effects of the Offer on the Market for Shares; Registration under the Exchange Act" of the Offer to Purchase is incorporated herein by reference.

(d) Not applicable.

(e) The information set forth in the Offer to Purchase and Letter of Transmittal is incorporated herein by reference.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Form of Offer to Purchase, dated January 16, 1998.

(2) Form of Letter of Transmittal (including Certification of Taxpayer Identification Number on Form W-9).

(3) Form of Notice of Guaranteed Delivery.

(4) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(5) Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(6) Form of Memorandum, dated January 16, 1998, to Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan.

(7) Form of Memorandum, dated January 16, 1998, to Participants in the Savings Plan for the Employees of Tredegar Industries, Inc.

(8) Form of Memorandum, dated January 16, 1998, to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan.

(9) Text of Press Release issued by the Company, dated January 14, 1998.

(10) Form of Summary Advertisement, dated January 16, 1998.

(11) Form of Letter to Shareholders of the Company, dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company.

(12) Form of Letter to Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan, dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company.

(13) Form of Letter to Participants in the Savings Plan for the Employees of Tredegar Industries, Inc., dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company.

(14) Form of Letter to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan, dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g)(1) Pages 34 through 49 of the Company's Annual Report to Shareholders incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

(2) Pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule 13E-4 is true, complete and correct.

January 16, 1998

TREDEGAR INDUSTRIES, INC.
By: /s/Norman A. Scher

Norman A. Scher
Executive Vice President

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
(a)(1)	Form of Offer to Purchase, dated January 16, 1998.
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(4)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(5)	Form of Letter to Clients for Use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(6)	Form of Memorandum, dated January 16, 1998, to Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan.
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(14)	Form of Letter to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan, dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company.
(b)	Not applicable.
(c)	Not applicable.
(d)	Not applicable.
(e)	Not applicable.
(f)	Not applicable.
(g)(1)	Pages 34 through 49 of the Company's Annual Report to Shareholders incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 1996.
(2)	Pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

TREDEGAR INDUSTRIES, INC.
OFFER TO PURCHASE FOR CASH UP TO
1,250,000 SHARES OF ITS COMMON STOCK (INCLUDING
THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
AT A PURCHASE PRICE NOT IN EXCESS OF \$65.00
NOR LESS THAN \$58.00 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED.

Tredegear Industries, Inc., a Virginia corporation (the "Company"), hereby invites its shareholders to tender shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended (the "Rights Agreement"), between the Company and the Rights Agent named therein), at prices not in excess of \$65.00 nor less than \$58.00 per Share in cash, as specified by shareholders tendering their Shares, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (or similar materials distributed to participants in the Company's dividend reinvestment plan, employee savings plan or employee stock purchase plan), which together constitute the "Offer". Unless the Company redeems the Rights, a tender of Shares will constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights. The Company will determine the single per Share price, not in excess of \$65.00 nor less than \$58.00 per Share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$65.00 nor less than \$58.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares acquired in the Offer will be acquired at the Purchase Price. The Company reserves the right, in its sole discretion, to purchase more than 1,250,000 Shares pursuant to the Offer. See Section 15.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED, BUT IS SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7.

The Shares are listed and traded on the New York Stock Exchange, Inc. (the "NYSE"). On January 13, 1998, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$58.94. On January 15, 1998, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$64.00. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. SEE SECTION 8.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO SHAREHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH SHAREHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

IMPORTANT

Any shareholder wishing to tender all or any part of his or her Shares should either (a) complete and sign a Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and either mail or deliver it with any required signature guarantee and any other required documents to American Stock Transfer & Trust Company (the "Depository"), and either mail or deliver the stock certificates for such Shares to the Depository (with all such other documents) or tender such Shares pursuant to the procedure for book-entry tender set forth in Section 3, or (b) request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such shareholder. Holders of Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee should contact such person if they desire to tender their Shares. Any shareholder who desires to tender Shares and whose certificates for such Shares cannot be delivered to the Depository or who cannot comply with the procedure for book-entry transfer or whose other required documents cannot be delivered to the Depository, in any case, by the expiration of the Offer must tender such Shares pursuant to the guaranteed delivery procedure set forth in Section 3.

TO PROPERLY TENDER SHARES, SHAREHOLDERS MUST COMPLETE THE SECTION OF THE LETTER OF TRANSMITTAL RELATING TO THE PRICE AT WHICH THEY ARE TENDERING SHARES.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent or to the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase.

THE DEALER MANAGER FOR THE OFFER IS:
SCHRODER & CO. INC.

THE DATE OF THIS OFFER TO PURCHASE IS JANUARY 16, 1998

THE COMPANY HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY OR THE DEALER MANAGER AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER. THE COMPANY HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED HEREIN OR IN THE RELATED LETTER OF TRANSMITTAL. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE DEALER MANAGER.

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SUMMARY

THIS GENERAL SUMMARY IS SOLELY FOR THE CONVENIENCE OF THE COMPANY'S SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT AND MORE SPECIFIC DETAILS IN THIS OFFER TO PURCHASE.

PURCHASE PRICE..... The Company will select a single Purchase Price which will be not more than \$65.00 nor less than \$58.00 per Share. All Shares purchased by the Company will be purchased at the Purchase Price even if tendered at or below the Purchase Price. Each shareholder desiring to tender Shares must specify in the Letter of Transmittal the minimum price (not more than \$65.00 nor less than \$58.00 per Share) at which such shareholder is willing to have his or her Shares purchased by the Company.

NUMBER OF SHARES TO BE PURCHASED..... 1,250,000 Shares (or such lesser number of Shares as are properly tendered).

HOW TO TENDER SHARES..... See Section 3. Call the Information Agent, the Dealer Manager or consult your broker for assistance.

BROKERAGE COMMISSIONS..... None.

STOCK TRANSFER TAX..... None, if payment is made to the registered holder.

EXPIRATION AND PRORATION DATES..... Friday, February 13, 1998 at 12:00 Midnight, New York City time, unless extended by the Company.

PAYMENT DATE..... As soon as practicable after the termination of the Offer.

POSITION OF THE COMPANY AND ITS DIRECTORS..... Neither the Company nor its Board of Directors makes any recommendation to any shareholder as to whether to tender or refrain from tendering Shares.

WITHDRAWAL RIGHTS..... Tendered Shares may be withdrawn at any time until 12:00 Midnight, New York City time, on Friday, February 13, 1998, unless the Offer is extended by the Company, and, unless previously purchased, after 12:00 Midnight, New York City time, on Monday, March 16, 1998. See Section 3.

ODD LOTS..... There will be no proration of Shares tendered by any shareholder owning beneficially less than 100 Shares as of January 15, 1998 who tenders all such Shares prior to the Proration Date and who checks the "Odd Lots" box in the Letter of Transmittal.

FURTHER DEVELOPMENTS REGARDING THE OFFER..... Call the Information Agent or the Dealer Manager or consult your broker.

TO THE HOLDERS OF COMMON STOCK OF TREDEGAR INDUSTRIES, INC.:

INTRODUCTION

Tredegear Industries, Inc., a Virginia corporation (the "Company"), invites its shareholders to tender shares of its Common Stock, no par value per share (the "Shares"), at prices not in excess of \$65.00 nor less than \$58.00 per Share, as specified by shareholders tendering their Shares, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (or similar materials distributed to participants in the Company's dividend reinvestment plan, employee savings plan or employee stock purchase plan), which together constitute the "Offer". The Company will determine the single per Share price, not in excess of \$65.00 nor less than \$58.00 per share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and shares not purchased because of proration or conditional tender will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,250,000 Shares pursuant to the Offer. See Section 15.

THIS OFFER IS NOT CONDITIONED UPON THE TENDER OF ANY MINIMUM NUMBER OF SHARES BUT IS SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7.

Upon the terms and subject to the conditions of the Offer, if at the expiration of the Offer more than 1,250,000 Shares are properly tendered at or below the Purchase Price and not withdrawn, the Company will buy Shares first from all Odd Lot Holders (as defined in Section 1) who properly tender all their Shares at or below the Purchase Price and then on a PRO RATA basis from all other shareholders who properly tender at prices at or below the Purchase Price (and did not withdraw them prior to the expiration of the Offer). See Section 1. All stock certificates representing Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and not withdrawn and Shares not purchased because of proration or conditional tenders, will be returned at the Company's expense to the shareholders who tendered such Shares.

The Purchase Price will be paid net to the tendering shareholder in cash for all Shares purchased. Tendering shareholders will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Company. A tendering shareholder who holds securities with such shareholder's broker may be required by such broker to pay a service charge or other fee. HOWEVER, ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE, SIGN AND RETURN TO THE DEPOSITARY THE FORM W-9 THAT IS INCLUDED WITH THE LETTER OF TRANSMITTAL MAY BE SUBJECT TO REQUIRED BACKUP FEDERAL INCOME TAX WITHHOLDING OF 31% OF THE GROSS PROCEEDS PAYABLE TO SUCH SHAREHOLDER OR OTHER PAYEE PURSUANT TO THE OFFER. SEE SECTION 3. The Company will pay all fees and expenses of Schroder & Co. Inc. (the "Dealer Manager"), American Stock Transfer & Trust Company (the "Depositary") and Georgeson & Company Inc. (the "Information Agent") incurred in connection with the Offer. See Section 16.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE MAKING OF THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO SHAREHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH SHAREHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

Shareholders who are participants in the Tredegear Industries, Inc. Dividend Reinvestment and Stock Purchase Plan (the "Dividend Reinvestment Plan") may instruct American Stock Transfer & Trust Company, as administrator under the Dividend Reinvestment Plan, to tender part or all of the Shares attributed to such participant's account and in each case must specify the price or prices at which such Shares are to be tendered. See Section 3.

The Savings Plan for the Employees of Tredegear Industries, Inc. (the "Savings Plan") holds Shares (approximately 10.9% of the outstanding Shares) in accounts for participants of the Savings Plan. Wachovia Bank, N.A. (the "Savings Plan

Trustee") serves as trustee for the Savings Plan. Under the terms of the Savings Plan, a participant may instruct the Savings Plan Trustee to tender all or part of certain Shares allocated to one or more of the participant's accounts and in such case must specify the price at which such Shares are to be tendered. See Section 3. The special Odd Lot purchase rules described below do not apply to any Shares held in a Savings Plan account. See Section 1.

The Tredegar Industries, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan") holds Shares in accounts for participants of the Stock Purchase Plan. American Stock Transfer & Trust Company (the "Stock Purchase Plan Custodian") serves as custodian for the Stock Purchase Plan. Under the terms of the Stock Purchase Plan, a participant may instruct the Stock Purchase Plan Custodian to tender all or part of certain Shares allocated to one or more of the participant's accounts and in such case must specify the price at which such Shares are to be tendered. See Section 3.

As of January 13, 1998, the Company had issued and outstanding 12,388,495 Shares and had reserved 1,259,215 Shares for issuance upon exercise of outstanding stock options. The 1,250,000 Shares that the Company is offering to purchase pursuant to the Offer represent approximately 10.1% of the outstanding Shares. The Shares are listed and traded on the New York Stock Exchange, Inc. (the "NYSE") under the symbol "TG". On January 13, 1998, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$58.94. On January 15, 1998, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$64.00. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. See Section 8.

THE OFFER

1. NUMBER OF SHARES; PRORATION.

Upon the terms and subject to the conditions of the Offer, the Company will purchase up to 1,250,000 Shares or such lesser number of Shares as are properly tendered (and not withdrawn in accordance with Section 4) prior to the Expiration Date (as defined below) at prices not in excess of \$65.00 nor less than \$58.00 net per Share in cash. The term "Expiration Date" means 12:00 Midnight, New York City time, on Friday, February 13, 1998, unless and until the Company, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 15 for a description of the Company's right to extend, delay, terminate or amend the Offer. The Company reserves the right to purchase more than 1,250,000 Shares pursuant to the Offer. In accordance with applicable regulations of the Securities and Exchange Commission (the "Commission"), the Company may purchase pursuant to the Offer an additional amount of Shares not to exceed 2% of the outstanding Shares without amending or extending the Offer. See Section 15. In the event of an over-subscription of the Offer as described below, Shares tendered at or below the Purchase Price prior to the Expiration Date will be subject to proration, except for Odd Lots as explained below. The proration period also expires on the Expiration Date.

The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$65.00 nor less than \$58.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares purchased in the Offer will be purchased at the Purchase Price.

THE OFFER IS NOT CONDITIONED UPON THE TENDER OF ANY MINIMUM NUMBER OF SHARES, BUT IS SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7.

In accordance with Instruction 5 of the Letter of Transmittal, shareholders desiring to tender Shares must specify the price, not in excess of \$65.00 nor less than \$58.00 per Share, at which they are willing to sell their Shares to the Company. As promptly as practicable following the Expiration Date, the Company will, in its sole discretion, determine the Purchase Price that it will pay for Shares properly tendered pursuant to the Offer and not withdrawn, taking into account the number of Shares tendered and the prices specified by tendering shareholders. The Company intends to select the lowest Purchase Price, not in excess of \$65.00 nor less than \$58.00 net per Share in cash, that will enable it to purchase 1,250,000 Shares (or such lesser number of Shares as are properly tendered) pursuant to the Offer. Shares properly tendered pursuant to the Offer at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and conditions of the Offer, including the proration and conditional tender provisions. All Shares tendered and not purchased pursuant to the Offer, including Shares tendered at prices in excess of the Purchase Price and Shares not purchased because of proration or

conditional tender, will be returned to the tendering shareholders at the Company's expense as promptly as practicable following the Expiration Date.

PRIORITY OF PURCHASERS. Upon the terms and subject to the conditions of the Offer, if more than 1,250,000 Shares have been properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, the Company will purchase properly tendered Shares on the basis set forth below:

- (a) **FIRST**, all Shares properly tendered and not withdrawn prior to the Expiration Date by any Odd Lot Holder (as defined below) who:
 - (1) tenders all Shares beneficially owned by such Odd Lot Holder at a price at or below the Purchase Price (tenders of less than all Shares owned by such shareholder will not qualify for this preference); and
 - (2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and
- (b) **SECOND**, after purchase of all of the foregoing Shares, all Shares conditionally tendered in accordance with Section 6, for which the condition was satisfied, and all other Shares tendered properly and unconditionally at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, on a PRO RATA basis (with appropriate adjustments to avoid purchases of fractional Shares) as described below; and
- (c) **THIRD**, if necessary, Shares conditionally tendered, for which the condition was not satisfied, at or below the Purchase Price and not withdrawn prior to the Expiration Date, selected by random lot in accordance with Section 6.

ODD LOTS. For purposes of the Offer, the term "Odd Lots" shall mean all Shares properly tendered prior to the Expiration Date at prices at or below the Purchase Price and not withdrawn by any person (an "Odd Lot Holder") who owned, beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares (and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery). In order to qualify for this preference, an Odd Lot Holder must tender all such Shares in accordance with the procedures described in Section 3. As set forth above, Odd Lots will be accepted for payment before proration, if any, of the purchase of other tendered Shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. By accepting the Offer, an Odd Lot Holder would not only avoid the payment of brokerage commissions but also would avoid any applicable odd lot discounts in a sale of such holder's Shares. Any shareholder wishing to tender all of such shareholder's Shares pursuant to this Section should complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

The Company also reserves the right, but will not be obligated, to purchase all Shares duly tendered by any shareholder who tendered all Shares owned, beneficially or of record, at or below the Purchase Price and who, as a result of proration, would then own, beneficially or of record, an aggregate of fewer than 100 Shares. If the Company exercises this right, it will increase the number of Shares that it is offering to purchase by the number of Shares purchased through the exercise of the right.

The special Odd Lot purchase rules described above do not apply to any Shares held in a Savings Plan account.

PRORATION. In the event that proration of tendered Shares is required, the Company will determine the proration factor as soon as practicable following the Expiration Date. Proration for each shareholder tendering Shares, other than Odd Lot Holders, shall be based on the ratio of the number of Shares tendered by such shareholder to the total number of Shares tendered by all shareholders, other than Odd Lot Holders, at or below the Purchase Price, subject to the conditional tender provisions described in Section 6. Because of the difficulty in determining the number of Shares properly tendered (including Shares tendered by guaranteed delivery procedures, as described in Section 3) and not withdrawn, and because of the odd lot procedure, the Company does not expect that it will be able to announce the final proration factor or to commence payment for any Shares purchased pursuant to the Offer until approximately five NYSE trading days after the Expiration Date. The preliminary results of any proration will be announced by press release as promptly as practicable after the Expiration Date. Shareholders may obtain such preliminary information from the Information Agent or the Dealer Manager and may be able to obtain such information from their brokers.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's

shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. PURPOSE OF THE OFFER; CERTAIN EFFECTS OF THE OFFER.

The Company is making the Offer because the Board of Directors believes that, given the Company's business, assets and prospects and the current market price of the Shares, the purchase of the Shares is an attractive use of the Company's funds. Projected future cash flows are expected to be adequate for normal operations and debt service.

The Offer provides shareholders who are considering a sale of all or a portion of their Shares with the opportunity to determine the price or prices (not in excess of \$65.00 nor less than \$58.00 per Share) at which they are willing to sell their Shares and, subject to the terms and conditions of the Offer, to sell those Shares for cash without the usual transaction costs associated with market sales. In addition, shareholders owning fewer than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions but also will avoid any applicable odd-lot discounts payable on a sale of their Shares in a NYSE transaction. The Offer also allows shareholders to sell a portion of their Shares while retaining a continuing equity interest in the Company if they so desire. Shareholders who determine not to accept the Offer will realize a proportionate increase in their relative equity interest in the Company, and thus in the Company's future earnings and assets, subject to increased risks arising from higher leverage resulting from the purchase of Shares by the Company, and subject to the Company's right to issue additional Shares and other equity securities in the future.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING ANY OR ALL OF SUCH SHAREHOLDER'S SHARES AND NEITHER HAS AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. SHAREHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER, CONSULT THEIR OWN INVESTMENT AND TAX ADVISORS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH TO TENDER.

The Company may in the future purchase additional Shares on the open market, in private transactions, through tender offers or otherwise. Any such purchase may be on the same terms or on terms which are more or less favorable to shareholders than the terms of the Offer. However, Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prohibits the Company and its affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the Expiration Date. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the results of the Offer, the Company's business and financial position and general economic and market conditions.

Shares the Company acquires pursuant to the Offer will be restored to the status of authorized and unissued Shares and will be available for the Company to issue without further shareholder action (except as required by applicable law or the rules of the NYSE or any other securities exchange on which the Shares are listed) for purposes including, but not limited to, the acquisition of other businesses, the raising of additional capital for use in the Company's business and the satisfaction of obligations under existing or future employee benefit plans. The Company has no current plans for reissuance of the Shares repurchased pursuant to the Offer.

3. PROCEDURES FOR TENDERING SHARES.

PROPER TENDER OF SHARES. For Shares to be tendered properly pursuant to the Offer, (a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) including any required signature guarantees and any other documents required by the Letter of Transmittal, must be received prior to 12:00 Midnight, New York City time, on the Expiration Date by the Depository at its address set forth on the back cover of this Offer to Purchase or (b) the tendering shareholder must comply with the guaranteed delivery procedure set forth below. IN ACCORDANCE WITH INSTRUCTION 5 OF THE LETTER OF TRANSMITTAL, SHAREHOLDERS DESIRING TO TENDER SHARES PURSUANT TO THE OFFER MUST PROPERLY INDICATE IN THE SECTION CAPTIONED "PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED" ON THE LETTER OF TRANSMITTAL THE PRICE (IN MULTIPLES OF \$0.25) AT WHICH THEIR SHARES ARE BEING TENDERED. Shareholders who desire to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn previously in accordance with the terms of the Offer) at more than one price. IN ORDER TO PROPERLY TENDER

SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH LETTER OF TRANSMITTAL.

In addition, Odd Lot Holders who tender all such Shares must complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, in order to qualify for the preferential treatment available to Odd Lot Holders as set forth in Section 1.

SIGNATURE GUARANTEES AND METHOD OF DELIVERY. No signature guarantee is required (i) if the Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this Section 3, shall include any participant in The Depository Trust Company or Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") whose name appears on a security position listing as the owner of the Shares) tendered therewith and such holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal; or (ii) if Shares are tendered for the account of a firm or other entity that is a member in good standing of the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guaranteed Program or the Stock Exchange Medallion Program (each such entity being hereinafter referred to as an "Eligible Institution"). See Instruction 1 of the Letter of Transmittal. If a certificate for Shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate, or stock power guaranteed by an Eligible Institution.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account at a Book-Entry Transfer Facility as described above), a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any other documents required by the Letter of Transmittal. THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE TENDERING SHAREHOLDER. IF DELIVERY IS BY MAIL, THEN REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

BOOK-ENTRY DELIVERY. The Depository will establish an account with respect to the Shares for purposes of the Offer at each Book-Entry Transfer Facility within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in a Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such facility to transfer Shares into the Depository's account in accordance with the Book-Entry Transfer Facility's procedures for transfer. Although delivery of Shares may be effected through a book-entry transfer into the Depository's account at a Book-Entry Transfer Facility, either (i) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantees or an Agent's Message, and any other required documents must, in any case, be transmitted to and received by the Depository at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or (ii) the guaranteed delivery procedure described below must be followed. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depository, which states that such Book-Entry Transfer Facility has received an express acknowledgement from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against such participant.

BACKUP FEDERAL INCOME TAX WITHHOLDING. TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING EQUAL TO 31% OF THE GROSS PAYMENTS MADE TO SHAREHOLDERS FOR SHARES PURCHASED PURSUANT TO THE OFFER, EACH SHAREHOLDER WHO DOES NOT OTHERWISE ESTABLISH AN EXEMPTION FROM SUCH WITHHOLDING MUST PROVIDE THE DEPOSITARY WITH THE SHAREHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER ("TIN") AND PROVIDE CERTAIN OTHER INFORMATION BY COMPLETING THE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL. In addition, the Internal Revenue Service (the "Service") may impose a penalty on a tendering shareholder who fails to provide a correct TIN. Certain shareholders (including, among others, all corporations and certain foreign shareholders) are not subject to backup withholding. Foreign shareholders (as defined below) may be required to submit Form W-8, certifying non-United States status, to avoid backup withholding. See Instructions 14 and 15 of the Letter of Transmittal. For a discussion of certain federal income tax consequences to tendering shareholders, see Section 14.

WITHHOLDING FOR FOREIGN SHAREHOLDERS. Even if a foreign shareholder has provided the required certification to avoid backup withholding, the Depository will withhold federal income taxes equal to 30% of the gross payments payable to a foreign shareholder or his agent unless the Depository determines that an exemption from or a reduced rate of withholding is available pursuant to a tax treaty or an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business in the United States (as defined in applicable Treasury Regulations). For this purpose, a "foreign shareholder" is a beneficial owner of shares that is not a "U.S. Holder." A U.S. Holder is a beneficial owner that is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State, including the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of such income or (iv) a trust if a United States court is able to exercise primary supervision over administration of the trust and one or more United States fiduciaries have authority to control all substantial decisions of the trust. In order to obtain an exemption from or a reduced rate of withholding pursuant to a tax treaty, a foreign shareholder must deliver to the Depository a properly completed Form 1001. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depository a properly completed Form 4224. The Depository will determine a shareholder's status as a foreign shareholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (E.G., Form 1001 or Form 4224) unless facts and circumstances indicate that such reliance is not warranted. A foreign shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if such shareholder meets one of the three tests for sale treatment described in Section 14 or is otherwise able to establish that no tax or a reduced amount of tax is due. Backup withholding generally will not apply to amounts subject to the 30% or treaty-reduced rate of withholding. Foreign shareholders are urged to consult their tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and refund procedures.

GUARANTEED DELIVERY. If a shareholder desires to tender Shares pursuant to the Offer and such shareholder's Share certificates cannot be delivered to the Depository prior to the Expiration Date (or the procedures for book-entry transfer cannot be completed on a timely basis) or if time will not permit all required documents to reach the Depository prior to the Expiration Date, such Shares may nevertheless be tendered, provided that all of the following conditions are satisfied:

- (a) such tender is made by or through an Eligible Institution;
- (b) the Depository receives by hand, mail, telegram or facsimile transmission, prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form the Company has provided with this Offer to Purchase (specifying the price at which the Shares are being tendered), including (where required) a signature guarantee by an Eligible Institution; and
- (c) the certificates for all tendered Shares, in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) and any required signature guarantees or other documents required by the Letter of Transmittal, are received by the Depository within three NYSE trading days after the date of receipt by the Depository of such Notice of Guaranteed Delivery.

If any tendered Shares are not purchased, or if less than all Shares evidenced by a shareholder's certificates are tendered, certificates for unpurchased Shares will be returned as promptly as practicable after the expiration or termination of the Offer or, in the case of Shares tendered by book-entry transfer at a Book-Entry Transfer Facility, such Shares will be credited to the appropriate account maintained by the tendering shareholder at the appropriate Book-Entry Transfer Facility, in each case without expense to such shareholder.

DIVIDEND REINVESTMENT PLAN. A shareholder participating in the Dividend Reinvestment Plan who wishes to have American Stock Transfer & Trust Company, who administers the Dividend Reinvestment Plan, tender Shares held in such participant's account in the Dividend Reinvestment Plan should so indicate by completing the separate election form included with the memorandum furnished to such participants. THE PARTICIPANTS IN THE DIVIDEND REINVESTMENT PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF DIVIDEND REINVESTMENT PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC. DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN. DIVIDEND REINVESTMENT PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND RELATED MATERIALS CAREFULLY. ANY DIVIDEND REINVESTMENT PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S DIVIDEND REINVESTMENT PLAN ACCOUNT.

If a participant tenders all of his or her Dividend Reinvestment Plan Shares and all such Shares are purchased by the Company pursuant to the Offer, such tender will be deemed to be authorization and written notice to American Stock Transfer & Trust Company of termination of such shareholder's participation in the Dividend Reinvestment Plan.

SAVINGS PLAN. Participants in the Savings Plan who wish to have the Savings Plan Trustee tender all or part of the Shares allocated to their accounts should so indicate by completing, executing and returning to the Savings Plan Trustee the election form included with the memorandum furnished to such participants. THE PARTICIPANTS IN THE SAVINGS PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF THE SAVINGS PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE SAVINGS PLAN FOR THE EMPLOYEES OF TREDEGAR INDUSTRIES, INC. SAVINGS PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND RELATED MATERIALS CAREFULLY. ANY SAVINGS PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S SAVINGS PLAN ACCOUNT.

STOCK PURCHASE PLAN. Participants in the Stock Purchase Plan who wish to have the Stock Purchase Plan Custodian tender all or part of the Shares allocated to their accounts should so indicate by completing, executing and returning to the Stock Purchase Plan Custodian the election form included with the memorandum furnished to such participants. THE PARTICIPANTS IN THE STOCK PURCHASE PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF THE STOCK PURCHASE PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC. EMPLOYEE STOCK PURCHASE PLAN. STOCK PURCHASE PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND RELATED MATERIALS CAREFULLY. ANY STOCK PURCHASE PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S STOCK PURCHASE PLAN ACCOUNT.

DETERMINATION OF VALIDITY; REJECTION OF SHARES; WAIVER OF DEFECTS; NO OBLIGATION TO GIVE NOTICE OF DEFECTS. All questions as to the number of Shares to be accepted, the price to be paid for Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by the Company, in its sole discretion, and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of any Shares that it determines are not in appropriate form or the acceptance for payment of or payment for which may be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to any particular Shares or any particular shareholder. No tender of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering shareholder or waived by the Company. None of the Company, the Dealer Manager, the Depositary, the Information Agent or any other person shall be obligated to give notice of any defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice.

TENDERING SHAREHOLDER'S REPRESENTATION AND WARRANTY; COMPANY'S ACCEPTANCE CONSTITUTES AN AGREEMENT. A tender of Shares pursuant to any of the procedures described above will constitute the tendering shareholder's acceptance of the terms and conditions of the Offer, as well as the tendering shareholder's representation and warranty to the Company that (a) such shareholder has a net long position in the Shares being tendered within the meaning of Rule 14e-4 promulgated by the Commission under the Exchange Act and (b) the tender of such Shares complies with Rule 14e-4. It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender Shares for such person's own account unless, at the time of tender and at the end of the proration period or period during which Shares are accepted by lot (including any extensions thereof), the person so tendering (i) has a net long position equal to or greater than the amount of (x) Shares tendered or (y) other securities convertible into or exchangeable or exercisable for the Shares tendered and will acquire such Shares for tender by conversion, exchange or exercise and (ii) will deliver or cause to be delivered such Shares in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. The Company's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering shareholder and the Company upon the terms and conditions of the Offer.

4. WITHDRAWAL RIGHTS.

Except as otherwise provided in this Section 4, tenders of Shares pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company pursuant to the Offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Monday, March 16, 1998.

For a withdrawal to be effective, a notice of withdrawal must be in written, telegraphic or facsimile transmission form and must be received in a timely manner by the Depositary at its address set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering shareholder, the name of the registered holder, if different from that of the person who tendered such Shares, the number of Shares tendered and the number of Shares to be withdrawn. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers shown on the particular

certificates for Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry tender set forth in Section 3, the notice of withdrawal also must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility. None of the Company, the Dealer Manager, the Depository, the Information Agent or any other person shall be obligated to give notice of any defects or irregularities in any notice of withdrawal nor shall any of them incur liability for failure to give any such notice. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding.

Withdrawals may not be rescinded and any Shares withdrawn will thereafter be deemed not properly tendered for purposes of the Offer unless such withdrawn Shares are properly retendered prior to the Expiration Date by again following one of the procedures described in Section 3.

If the Company extends the Offer, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depository may, subject to applicable law, retain tendered Shares on behalf of the Company, and such Shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as described in this Section 4.

5. PURCHASE OF SHARES AND PAYMENT OF PURCHASE PRICE.

Upon the terms and subject to the conditions of the Offer, as promptly as practicable following the Expiration Date, the Company (i) will determine the Purchase Price it will pay for the Shares properly tendered and not withdrawn prior to the Expiration Date, taking into account the number of Shares so tendered and the prices specified by tendering shareholders, and (ii) will accept for payment and pay for (and thereby purchase) Shares properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date. For purposes of the Offer, the Company will be deemed to have accepted for payment (and therefore purchased) Shares that are tendered at or below the Purchase Price and not withdrawn (subject to the proration and conditional tender provisions of the Offer) only when, as and if it gives oral or written notice to the Depository of its acceptance of such Shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Date the Company will accept for payment and pay a single per Share Purchase Price for 1,250,000 Shares (subject to increase or decrease as provided in Section 15) or such lesser number of Shares as are properly tendered at prices not in excess of \$65.00 nor less than \$58.00 per Share and not withdrawn as permitted in Section 4.

The Company will pay for Shares purchased pursuant to the Offer by depositing the aggregate Purchase Price therefor with the Depository, which will act as agent for tendering shareholders for the purpose of receiving payment from the Company and transmitting payment to the tendering shareholders.

In the event of proration, the Company will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Date; however, the Company does not expect to be able to announce the final results of any proration and commence payment for Shares purchased until approximately five NYSE trading days after the Expiration Date. Certificates for all Shares tendered and not purchased, including all Shares tendered at prices in excess of the Purchase Price and Shares not purchased due to proration or conditional tender, will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to the account maintained with the Book-Entry Transfer Facility by the participant therein who so delivered such Shares) to the tendering shareholder at the Company's expense as promptly as practicable after the Expiration Date without expense to the tendering shareholders. Under no circumstances will interest on the Purchase Price be paid by the Company by reason of any delay in making payment. In addition, if certain events occur, the Company may not be obligated to purchase Shares pursuant to the Offer. See Section 7.

The Company will pay all stock transfer taxes, if any, payable on the transfer to it of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or such other person), payable on account of the transfer to such person will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption therefrom, is submitted. See Instruction 7 of the Letter of Transmittal.

ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY, SIGN AND RETURN TO THE DEPOSITARY THE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL MAY BE SUBJECT TO REQUIRED BACKUP FEDERAL INCOME TAX WITHHOLDING OF 31% OF THE GROSS

PROCEEDS PAID TO SUCH SHAREHOLDER OR OTHER PAYEE PURSUANT TO THE OFFER. SEE SECTION 3. ALSO SEE SECTION 3 REGARDING FEDERAL INCOME TAX CONSEQUENCES FOR FOREIGN SHAREHOLDERS.

6. CONDITIONAL TENDER OF SHARES. Under certain circumstances set forth in Section 1 above, the Company may prorate the number of Shares purchased pursuant to the Offer. As discussed in Section 14, the number of Shares to be purchased from a particular shareholder might affect the tax consequences to such shareholder of such purchase and such shareholder's decision whether to tender. Accordingly, a shareholder may tender Shares subject to the condition that a specified minimum number, if any, must be purchased, and any shareholder wishing to make such a conditional tender should so indicate in the box captioned "Conditional Tender" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. It is the tendering shareholder's responsibility to calculate such minimum number of Shares and each shareholder is urged to consult his or her own tax advisor. If the effect of accepting tenders on a PRO RATA basis is to reduce the number of Shares to be purchased from any shareholder below the minimum number so specified, such tender will automatically be deemed withdrawn, except as provided in the next paragraph, and Shares tendered by such shareholder will be returned as soon as practicable after the Expiration Date.

However, if so many conditional tenders would be deemed withdrawn that the total number of Shares to be purchased falls below 1,250,000 Shares, then to the extent feasible, the Company will select enough of such conditional tenders, which would otherwise have been deemed withdrawn, to purchase such desired number of Shares. In selecting among such conditional tenders, the Company will select by random lot and will limit its purchase in each case to the designated minimum number of Shares to be purchased. Conditional tenders will be selected by lot only from shareholders who tender all of their Shares.

A tender of shares is not a taxable transaction for a Savings Plan participant. Accordingly, Savings Plan participants may not make a conditional tender.

IN THE EVENT OF PRORATION, ANY SHARES TENDERED PURSUANT TO A CONDITIONAL TENDER FOR WHICH THE MINIMUM REQUIREMENTS ARE NOT SATISFIED MAY NOT BE ACCEPTED AND THEREBY DEEMED WITHDRAWN.

7. CERTAIN CONDITIONS OF THE OFFER.

Notwithstanding any other provision of the Offer, the Company shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of and the payment for Shares tendered, subject to Rule 13e-4(f) under the Exchange Act, if at any time on or after January 16, 1998 and prior to the time of payment for any such Shares (whether any Shares have theretofore been accepted for payment, purchased or paid for pursuant to the Offer) any of the following events shall have occurred (or shall have been determined by the Company to have occurred) that, in the Company's sole judgment in any such case and regardless of the circumstances giving rise thereto (including any action or omission to act by the Company), makes it inadvisable to proceed with the Offer or with such acceptance for payment or payment:

- (a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly (i) challenges the making of the Offer, the acquisition of some or all of the Shares pursuant to the Offer or otherwise relates in any manner to the Offer, or (ii) in the Company's sole judgment, could materially and adversely affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries or materially impair the contemplated benefits of the Offer to the Company;
- (b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or the Company or any of its subsidiaries, by any court or any authority, agency or tribunal that, in the Company's sole judgment, would or might directly or indirectly (i) make the acceptance for payment of, or payment for, some or all of the Shares illegal or otherwise restrict or prohibit consummation of the Offer; (ii) delay or restrict the ability of the Company, or render the Company unable, to accept for payment or pay for some or all of the Shares; (iii) materially impair the contemplated benefits of the Offer to the Company; or (iv) materially and adversely affect the business, condition (financial or other), income, operations or prospects of

the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries;

- (c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market; (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States; (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States; (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event that, in the Company's sole judgment, might affect, the extension of credit by banks or other lending institutions in the United States; (v) any significant decrease in the market price of the Shares or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the sole judgment of the Company, have a material adverse effect on the Company's business, operations or prospects or the trading in the Shares; (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or (vii) any decline in either the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Industrial Companies by an amount in excess of 10 percent measured from the close of business on January 15, 1998;
- (d) a tender or exchange offer with respect to some or all of the Shares (other than the Offer), or a merger or acquisition proposal for the Company, shall have been proposed, announced or made by another person or shall have been publicly disclosed, or the Company shall have learned that (i) any person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than the Savings Plan or members of the Gottwald family (see Section 11), shall have acquired or proposed to acquire beneficial ownership of more than five percent of the outstanding Shares, or any new group shall have been formed that beneficially owns more than five percent of the outstanding Shares; or
- (e) any change or changes shall have occurred in the business, financial condition, assets, income, operations, prospects or stock ownership of the Company or its subsidiaries that, in the Company's judgment, is or may be material to the Company or its subsidiaries.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances (including any action or inaction by the Company) giving rise to any such condition, and may be waived by the Company, in whole or in part, at any time and from time to time in its sole discretion. The Company's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described above will be final and binding."

8. PRICE RANGE OF SHARES; DIVIDENDS. The Shares are listed and traded on the NYSE. The following table sets forth, for the periods indicated, the high and low closing per Share sales prices on the NYSE Composite Tape as compiled from published financial sources and the cash dividends paid per Share in each such fiscal quarter:

FISCAL YEAR	HIGH	LOW	DIVIDENDS
1996:			
1st Quarter.....	25.88	20.50	.06
2nd Quarter.....	35.00	24.25	.06
3rd Quarter.....	34.38	29.00	.06
4th Quarter.....	45.38	34.25	.06
1997:			
1st Quarter.....	42.50	37.63	.08
2nd Quarter.....	56.38	40.25	.08
3rd Quarter.....	72.25	52.63	.08
4th Quarter.....	73.94	63.19	.09
1998:			
1st Quarter (through January 15, 1998).....	64.56	57.00	.09

On January 13, 1998, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price on the NYSE Composite Tape was \$58.94. On January 15, 1998, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price on the NYSE Composite Tape was \$64.00. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

9. SOURCE AND AMOUNT OF FUNDS. The Company intends to use available cash and cash equivalents to fund the Offer. If necessary, the Company will use available borrowings under its revolving credit facility to provide additional funds for the Offer. Assuming that the Company purchases 1,250,000 Shares pursuant to the Offer at a price of \$65.00 per Share, the total amount required by the Company to purchase such Shares will be \$81.25 million, exclusive of estimated fees and other expenses of \$225,000.

The Company has a revolving credit facility that permits it to borrow up to \$275 million (no amounts borrowed at January 16, 1998) pursuant to an agreement dated as of July 9, 1997 among the Company and the banks named therein (including The Chase Manhattan Bank, as administrative agent, NationsBank, N.A., as documentation agent and Long-Term Credit Bank of Japan, Limited, as co-agent) and maturing on July 9, 2002. The facility provides for interest to be charged at a base rate (generally the London Interbank Offered Rate ("LIBOR")) plus a spread that is dependent on the Company's quarterly debt-to-total capitalization ratio. A facility fee is also charged under the agreement on the \$275 million commitment amount. The spread and facility fees charged under the agreement at various debt-to-total capitalization levels are as follows:

DEBT-TO-TOTAL CAPITALIZATION RATIO	(BASIS POINTS)	
	LIBOR SPREAD	FACILITY FEE
Less than or equal to 35%.....	16.50	8.50
Greater than 35% and less than or equal to 50%.....	22.50	10.00
Greater than 50%.....	30.00	15.00

In addition, a utilization fee of five basis points is charged on the outstanding principal amount when more than \$137.5 million is borrowed under the agreement.

In the event that the Company does borrow under its revolving credit facility to fund a portion of the Offer, the Company does not have current plans or arrangements to repay such borrowings other than by cash generated from operating and investment activities.

The Company's loan agreements contain restrictions, among others, on the minimum shareholders' equity required and the maximum debt-to-total capitalization ratio permitted (60%) (see note (d) of "Notes to Pro Forma Financial Information" below for the pro forma effects of the Offer on shareholders' equity in excess of the minimum required and borrowings permitted under the revolving credit facility at the 60% debt-to-total capitalization limitation).

10. CERTAIN INFORMATION CONCERNING THE COMPANY.

GENERAL

The Company was formed under the laws of the Commonwealth of Virginia as a wholly owned subsidiary of Ethyl Corporation ("Ethyl") on June 1, 1988. On July 10, 1989, Ethyl distributed all of the outstanding common stock of the Company to Ethyl's shareholders. Since July 10, 1989, the Company has been a publicly held operating company. The Company is engaged directly or through subsidiaries in the manufacture of plastics and aluminum extrusions and has interests in drug discovery and other technologies. Additional information concerning the Company is contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1996, and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997. See " -- Additional Information."

CERTAIN FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS

The following financial highlights are a summary of selected items from the "Selected Historical and Pro Forma Financial Information" and should be read in conjunction with, and not as a substitute for, the more detailed "Selected Historical and Pro Forma Financial Information":

	FOURTH QUARTER ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	1997	1996	1997	1996
	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
Net sales.....	\$147,632	\$126,408	\$581,004	\$523,551
Net income (a):				
Historical.....	16,008	9,280	58,446	45,035
Pro forma for the Offer at \$65.00.....	15,223	8,543	55,400	42,084
Diluted earnings per share (a):				
Historical.....	1.20	.70	4.43	3.44
Pro forma for the Offer at \$65.00.....	1.27	.71	4.62	3.47

The significant improvement in operating results in 1997 was due primarily to higher volume and efficiencies in Film Products and Aluminum Extrusions, and contract research revenues supporting research and development programs at Molecumetics. In addition, improved 1997 net income reflected significant realized net gains from technology-related investments.

(a) Net income and diluted earnings per share, adjusted for unusual items and technology-related investment net gains affecting the comparability of operating results among periods and pro forma adjustments, are presented below (see notes (a) and (b) of "Notes to Pro Forma Financial Information"):

	FOURTH QUARTER ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
	1997	1996	1997	1996
	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
Net income as adjusted for unusual items and technology-related investment net gains:				
Historical.....	\$13,313	\$9,280	\$48,124	\$35,187
Pro forma for the Offer at \$65.00.....	12,528	8,543	45,078	32,236
Diluted earnings per share as adjusted for unusual items and technology-related investment net gains:				
Historical.....	1.00	.70	3.65	2.69
Pro forma for the Offer at \$65.00.....	1.04	.71	3.76	2.66

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

Set forth below is certain selected historical and pro forma consolidated financial information with respect to the Company. Historical financial information was excerpted or derived from the audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1996, the unaudited financial statements contained in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, and the financial results for the quarter and year ended December 31, 1997, included in the Company's recent quarterly report to shareholders. The historical information below is qualified in its entirety by reference to such reports and the information contained therein.

The pro forma information on financial position assumes that the Company on that date used available cash and cash equivalents to purchase 1,250,000 Shares pursuant to the Offer at prices of \$58.00 and \$65.00. The pro forma information on the results of operations for the year and three months ended December 31, 1997, the three months ended December 31, 1996, and the nine months ended September 30, 1997, assumes that at the beginning of each period shown, the Company used available cash and cash equivalents to purchase 1,250,000 Shares pursuant to the Offer at prices of \$58.00 and \$65.00. The pro forma information on the results of operations for the year ended December 31, 1996, (i) assumes that at the beginning of the period the Company used available cash and cash equivalents and borrowed funds under its revolving credit facility to purchase 1,250,000 Shares pursuant to the Offer at prices of \$58.00 and \$65.00, and (ii) repaid assumed borrowings with cash generated during the period. Each period presented should be treated as a stand-alone period.

The pro forma financial information of the Company is unaudited and does not purport to be indicative of the future results or the financial position of the Company or the net income and financial position that would actually have been attained had the pro forma transactions occurred on the dates or for the periods indicated. See note (b) of "Notes to Pro Forma Financial Information" for net income and diluted earnings per share adjusted for unusual items and technology-related investment net gains affecting the comparability of operating results among periods and pro forma adjustments.

TREDEGAR INDUSTRIES, INC.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS AND RATIOS)

	FOR THE THREE MONTHS ENDED DECEMBER 31, 1997			FOR THE THREE MONTHS ENDED DECEMBER 31, 1996		
	HISTORICAL	PRO FORMA		HISTORICAL	PRO FORMA	
		\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE		\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE
RESULTS OF OPERATIONS:						
Net sales.....	\$147,632	\$ 147,632	\$ 147,632	\$126,408	\$ 126,408	\$ 126,408
Other income (expense), net (b).....	5,314	4,513(a)	4,417(a)	924	173(a)	82(a)
	152,946	152,145	152,049	127,332	126,581	126,490
Cost of goods sold.....	114,288	114,288	114,288	99,714	99,714	99,714
Selling, general and administrative expenses.....	10,107	10,107	10,107	8,891	8,891	8,891
Research and development expenses.....	3,503	3,503	3,503	3,546	3,546	3,546
Interest expense.....	354	354	354	568	568	568
	128,252	128,252	128,252	112,719	112,719	112,719
Income before income taxes.....	24,694	23,893	23,797	14,613	13,862	13,771
Income taxes.....	8,686	8,586(a)	8,574(a)	5,333	5,239(a)	5,228(a)
Net income (b).....	\$ 16,008	\$ 15,307	\$ 15,223	\$ 9,280	\$ 8,623	\$ 8,543
Basic earnings per share (b).....	\$ 1.30	\$ 1.38	\$ 1.37	\$.76	\$.79	\$.78
Diluted earnings per share (b).....	\$ 1.20	\$ 1.28	\$ 1.27	\$.70	\$.71	\$.71
Shares used to compute:						
Basic earnings per share.....	12,338	11,088(a)	11,088(a)	12,227	10,977(a)	10,977(a)
Diluted earnings per share.....	13,260	11,951(a)	11,993(a)	13,192	12,085(a)	12,116(a)
Ratio of earnings to fixed charges (c).....	30.1x	29.2x	29.1x	16.3x	15.5x	15.4x

See accompanying notes to pro forma financial information.

TREDEGAR INDUSTRIES, INC.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS AND RATIOS)

	AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1997			AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996	
	HISTORICAL	PRO FORMA		HISTORICAL	PRO FORMA
		\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE		
RESULTS OF OPERATIONS:					
Net sales.....	\$581,004	\$581,004	\$581,004	\$523,551	\$523,551
Other income (expense), net (b).....	17,015	13,909(a)	13,535(a)	4,248	1,646(a)
	598,019	594,913	594,539	527,799	525,197
Cost of goods sold.....	457,946	457,946	457,946	417,270	417,270
Selling, general and administrative expenses.....	37,035	37,035	37,035	39,719	39,719
Research and development expenses.....	13,170	13,170	13,170	11,066	11,066
Interest expense.....	1,952	1,952	1,952	2,176	2,764(a)
Unusual items (b).....	(2,250)	(2,250)	(2,250)	(11,427)	(11,427)
	507,853	507,853	507,853	458,804	459,392
Income before income taxes.....	90,166	87,060	86,686	68,995	65,805
Income taxes.....	31,720	31,332(a)	31,286(a)	23,960	23,406(a)
Net income (b).....	\$ 58,446	\$ 55,728	\$ 55,400	\$ 45,035	\$ 42,399
Basic earnings per share (b).....	\$ 4.76	\$ 5.05	\$ 5.02	\$ 3.69	\$ 3.87
Diluted earnings per share (b).....	\$ 4.43	\$ 4.67	\$ 4.62	\$ 3.44	\$ 3.50
Shares used to compute:					
Basic earnings per share.....	12,287	11,037(a)	11,037(a)	12,208	10,958(a)
Diluted earnings per share.....	13,178	11,945(a)	11,982(a)	13,105	12,107(a)
Ratio of earnings to fixed charges (c).....	25.5x	24.7x	24.6x	19.0x	15.9x
FINANCIAL POSITION:					
Assets:					
Cash and cash equivalents.....	\$120,065	\$ 47,340(d)	\$ 38,590(d)	\$101,261	\$ 28,536(d)
Other current assets.....	103,065	103,065	103,065	93,161	93,161
Property, plant and equipment, net.....	100,598	100,598	100,598	90,429	90,429
Other assets and deferred charges.....	67,134	67,134	67,134	36,094	36,094
Goodwill and other intangibles.....	20,075	20,075	20,075	20,132	20,132
Total assets.....	\$410,937	\$338,212	\$329,462	\$341,077	\$268,352
Liabilities and shareholders' equity:					
Total current liabilities.....	\$ 72,786	\$ 72,786	\$ 72,786	\$ 61,301	\$ 61,301
Long-term debt.....	30,000	30,000	30,000	35,000	35,000
Deferred income taxes.....	22,108	22,108	22,108	16,994	16,994
Other noncurrent liabilities.....	13,497	13,497	13,497	15,237	15,237
Shareholders' equity.....	272,546	199,821(d)	191,071(d)	212,545	139,820(d)
Total liabilities and shareholders' equity.....	\$410,937	\$338,212	\$329,462	\$341,077	\$268,352
Ending common and dilutive common equivalent shares.....	13,258	11,962	12,003	13,073	11,950
Book value per common and dilutive common equivalent share.....	\$ 20.56	\$ 16.70	\$ 15.92	\$ 16.26	\$ 11.70
Working capital excluding cash and cash equivalents.....	\$ 30,279	\$ 30,279	\$ 30,279	\$ 31,860	\$ 31,860
Debt as a % of total capitalization.....	9.9%	13.1%	13.6%	14.1%	20.0%

\$65.00/SH.
PURCHASE
PRICE

RESULTS OF OPERATIONS:

Net sales.....	\$523,551
Other income (expense), net (b).....	1,555(a)
	525,106
Cost of goods sold.....	417,270
Selling, general and administrative expenses.....	39,719
Research and development expenses.....	11,066
Interest expense.....	3,149(a)
Unusual items (b).....	(11,427)
	459,777
Income before income taxes.....	65,329

Income taxes.....	23,245(a)
Net income (b).....	\$ 42,084
Basic earnings per share (b).....	\$ 3.84
Diluted earnings per share (b).....	\$ 3.47
Shares used to compute:	
Basic earnings per share.....	10,958(a)
Diluted earnings per share.....	12,138(a)
Ratio of earnings to fixed charges (c).....	14.6x
FINANCIAL POSITION:	
Assets:	
Cash and cash equivalents.....	\$ 19,786(d)
Other current assets.....	93,161
Property, plant and equipment, net.....	90,429
Other assets and deferred charges.....	36,094
Goodwill and other intangibles.....	20,132
Total assets.....	\$259,602
Liabilities and shareholders' equity:	
Total current liabilities.....	\$ 61,301
Long-term debt.....	35,000
Deferred income taxes.....	16,994
Other noncurrent liabilities.....	15,237
Shareholders' equity.....	131,070(d)
Total liabilities and shareholders' equity.....	\$259,602
Ending common and dilutive common equivalent shares.....	11,980
Book value per common and dilutive common equivalent share.....	\$ 10.94
Working capital excluding cash and cash equivalents.....	\$ 31,860
Debt as a % of total capitalization.....	21.1%

See accompanying notes to pro forma financial information.

TREDEGAR INDUSTRIES, INC.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS AND RATIOS)

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 1997

	HISTORICAL	PRO FORMA	
		\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE
RESULTS OF OPERATIONS:			
Net sales.....	\$433,372	\$ 433,372	\$ 433,372
Other income (expense), net (b).....	11,701	9,396(a)	9,118(a)
	445,073	442,768	442,490
Cost of goods sold.....	343,658	343,658	343,658
Selling, general and administrative expenses.....	26,928	26,928	26,928
Research and development expenses.....	9,667	9,667	9,667
Interest expense.....	1,598	1,598	1,598
Unusual items (b).....	(2,250)	(2,250)	(2,250)
	379,601	379,601	379,601
Income before income taxes.....	65,472	63,167	62,889
Income taxes.....	23,034	22,746(a)	22,712(a)
Net income (b).....	\$ 42,438	\$ 40,421	\$ 40,177
Basic earnings per share (b).....	\$ 3.46	\$ 3.67	\$ 3.65
Diluted earnings per share (b).....	\$ 3.23	\$ 3.38	\$ 3.35
Shares used to compute:			
Basic earnings per share.....	12,271	11,021(a)	11,021(a)
Diluted earnings per share.....	13,158	11,948(a)	11,984(a)
Ratio of earnings to fixed charges (c).....	24.2x	23.4x	23.3x

See accompanying notes to pro forma financial information.

NOTES TO PRO FORMA FINANCIAL INFORMATION

(A) PRO FORMA ADJUSTMENTS TO RESULTS OF OPERATIONS FOR THE OFFER.

Pro forma adjustments to results of operations for interest income and interest expense were computed using the following pro forma average cash flows and interest rate assumptions:

	FOURTH QUARTER ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31		NINE MONTHS ENDED 9/30/97
	1997	1996	1997	1996	
(IN THOUSANDS)					
Assumed reduction in actual average interest-bearing cash and cash equivalent balances.....	\$72,672	\$72,675	\$72,593	\$62,586	\$72,566
Assumed increase in average borrowings under revolving credit facility.....	--	--	--	10,043	--
Pro forma impact on average cash flows of the Offer at \$58.00.....	72,672	72,675	72,593	72,629	72,566
Incremental impact on assumed average interest-bearing cash and cash equivalent balances for the Offer at \$65.00.....	8,750	8,750	8,750	2,188	8,750
Incremental impact on assumed average borrowings for the Offer at \$65.00.....	--	--	--	6,562	--
Pro forma impact on average cash flows of the Offer at \$65.00.....	\$81,422	\$81,425	\$81,343	\$81,379	\$81,316
Average interest rates used for pro forma adjustments:					
Interest income:					
Actual yield.....	4.3%	4.0%	4.2%	4.1%	4.2%
Tax-equivalent yield.....	5.8%	5.5%	5.7%	5.5%	5.7%
Interest expense (based on the Company's spread under its revolving credit facility over one-month LIBOR for the period).....	--	--	--	5.9%	--

Pro forma average cash flows include a reduction for average dividends during each period. Pro forma income tax adjustments for interest income were recognized at an assumed combined effective state and federal income tax rate of approximately 12.5%, reflecting average tax-exempt interest of approximately 65% of total interest income. Pro forma income tax adjustments for interest expense were recognized at an assumed combined state and federal income tax rate of 39%.

Pro forma basic earnings per share was computed by subtracting the 1,250,000 Shares pursuant to the Offer from the weighted average shares outstanding for the period. The pro forma adjustments to shares used to compute diluted earnings per share are shown below:

	FOURTH QUARTER ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31		NINE MONTHS ENDED 9/30/97
	1997	1996	1997	1996	
(IN THOUSANDS)					
Weighted average shares outstanding used to compute basic earnings per share.....	12,338	12,227	12,287	12,208	12,271
Shares issuable upon the assumed exercise of stock options.....	922	965	891	897	887
Shares used to compute diluted earnings per share.....	13,260	13,192	13,178	13,105	13,158
Pro forma adjustments:					
Assumed purchase of Shares in accordance with the Offer.....	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)
Incremental potentially dilutive stock options for the Offer at \$58.00.....	(59)	143	17	252	40
Total pro forma adjustments for the Offer at \$58.00.....	(1,309)	(1,107)	(1,233)	(998)	(1,210)
Shares used to compute pro forma diluted earnings per share for the Offer at \$58.00.....	11,951	12,085	11,945	12,107	11,948
Incremental potentially dilutive stock options for the Offer at \$65.00.....	42	31	37	31	36
Shares used to compute pro forma diluted earnings per share for the Offer at \$65.00.....	11,993	12,116	11,982	12,138	11,984

(B) UNUSUAL ITEMS AND TECHNOLOGY-RELATED INVESTMENT NET GAINS.

Net income and diluted earnings per share, adjusted for unusual items and technology-related investment net gains affecting the comparability of operating results among periods and pro forma adjustments, are presented below:

	FOURTH QUARTER ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31		NINE MONTHS ENDED 9/30/97
	1997	1996	1997	1996	
	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)				
Historical net income as reported.....	\$16,008	\$9,280	\$58,446	\$45,035	\$42,438
After-tax effect of unusual items:					
Redemption of preferred stock received in connection with the divestiture of Molded Products.....	--	--	(1,440)	--	(1,440)
Gain on sale of property in Fremont, CA.....	--	--	--	(1,215)	--
Write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films.....	--	--	--	795	--
Combined net gain on the Molded Products and Brudi divestitures.....	--	--	--	(8,059)	--
Historical net income as adjusted for unusual items.....	16,008	9,280	57,006	36,556	40,998
After-tax effect of technology-related investment net gains.....	(2,695)	--	(8,882)	(1,369)	(6,187)
Historical net income as adjusted for unusual items and technology- related investment net gains.....	13,313	9,280	48,124	35,187	34,811
Pro forma adjustments for the Offer at \$58.00.....	(701)	(657)	(2,718)	(2,636)	(2,017)
Pro forma net income as adjusted for unusual items, technology-related investment net gains and the Offer at \$58.00.....	12,612	8,623	45,406	32,551	32,794
Incremental after-tax impact of the Offer at \$65.00.....	(84)	(80)	(328)	(315)	(244)
Pro forma net income as adjusted for unusual items, technology-related investment net gains and the Offer at \$65.00.....	\$12,528	\$8,543	\$45,078	\$32,236	\$32,550
Diluted earnings per share:					
As reported.....	\$ 1.20	\$.70	\$ 4.43	\$ 3.44	\$ 3.23
As adjusted for unusual items and technology-related investment net gains.....	1.00	.70	3.65	2.69	2.65
As adjusted for unusual items, technology-related investment net gains and the Offer at:					
\$58.00.....	1.06	.71	3.80	2.69	2.74
\$65.00.....	1.04	.71	3.76	2.66	2.72

Technology-related investment net gains (pre-tax) are included in "Other income (expense), net" in the results of operations.

(C) RATIO OF EARNINGS TO FIXED CHARGES.

The ratio of earnings to fixed charges has been affected by unusual items and technology-related investment net gains (see note (b)). The pro forma ratios of earnings to fixed charges at the maximum Offer price of \$65.00, as adjusted for the pretax effects of unusual items and technology-related investment net gains, are 24.1, 15.4, 20.2, 11.7 and 19.0 for the three months ended December 31, 1997 and 1996, the years ended December 31, 1997 and 1996, and the nine months ended September 30, 1997, respectively.

(D) PRO FORMA ADJUSTMENTS TO FINANCIAL POSITION FOR THE OFFER.

Pro forma adjustments to shareholders' equity for the Offer at December 31, 1997 and 1996, are as follows:

	\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE
	-----	-----
	(IN THOUSANDS)	
1,250,000 Shares assumed purchased.....	\$ 72,500	\$ 81,250
Estimated transaction costs.....	225	225
	-----	-----
Assumed total cost of Offer.....	\$ 72,725	\$ 81,475
	-----	-----

The Offer was assumed funded on a pro forma basis with available cash and cash equivalents. The Company's loan agreements contain restrictions, among others, on the minimum shareholders' equity required and the maximum debt-to-total capitalization ratio permitted (60%). The pro forma effects of the Offer on these restrictions are summarized below:

	DECEMBER 31, 1997		

	PRO FORMA		
	-----	-----	-----
	HISTORICAL	\$58.00/SH. PURCHASE PRICE	\$65.00/SH. PURCHASE PRICE
	-----	-----	-----
	(IN THOUSANDS)		
Shareholders' equity in excess of minimum required.....	\$128,045	\$ 55,320	\$ 46,570
Borrowings permitted under revolving credit facility (\$275 million committed with no amounts borrowed) at 60% debt-to-total capitalization limitation.....	275,000	269,732	256,607

ADDITIONAL INFORMATION

The Company is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is obligated to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the Company's shareholders and filed with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 2120, Washington, D.C. 20549; at its regional offices located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 7 World Trade Center, New York, New York 10048. Copies of such material may also be obtained by mail, upon payment of the Commission's customary charges, from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission maintains an internet web site at <http://www.sec.gov> containing reports, proxy statements and other information regarding companies that file reports electronically with the Commission. Such reports, proxy statements and other information concerning the Company also can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005, on which the Shares are listed.

11. INTEREST OF DIRECTORS AND OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING SHARES.

As of January 13, 1998, the Company had issued and outstanding 12,388,495 Shares and had reserved for issuance upon exercise of outstanding stock options 1,259,215 Shares. The 1,250,000 Shares that the Company is offering to purchase represent approximately 10.1% of the Shares then outstanding. As of January 13, 1998, the Company's directors and executive officers as a group (14 persons) beneficially owned an aggregate of 3,114,794 Shares representing approximately 23.9% of the outstanding Shares, assuming the exercise by such persons of their currently exercisable options. As of January 13, 1998, Floyd D. Gottwald, Jr. (a director of the Company), Bruce C. Gottwald and John D. Gottwald (President, Chief Executive Officer and a director of the Company), together with members of their immediate families, including William M. Gottwald (a director of the Company), (the "Gottwalds"), as a group beneficially owned an aggregate of 4,098,091 Shares representing approximately 32.6% of the outstanding Shares, assuming the exercise by such persons of their currently exercisable options. Floyd D. Gottwald, Jr., John D. Gottwald and William M. Gottwald hold in the aggregate 2,356,715 Shares representing approximately 18.7% of the outstanding Shares (assuming the exercise by such persons of their currently exercisable options), which Shares are included in both the number of Shares owned by the Gottwalds as a group and the directors and executive officers as a group. Each of the Company's executive officers and directors has advised the Company that he does not intend to tender any Shares pursuant to the Offer. If the Company purchases 1,250,000 Shares pursuant to the

Offer, then after the purchase of Shares pursuant to the Offer, the Company's executive officers and directors as a group would own beneficially approximately 26.5% and the Gottwalds as a group would own beneficially approximately 36.2% of the outstanding Shares immediately after the Offer, assuming the exercise by such persons of their currently exercisable options.

Except as set forth in Schedule A, neither the Company, nor any subsidiary of the Company nor, to the best of the Company's knowledge, any of the Company's directors or executive officers, nor any affiliates of any of the foregoing, had any transactions involving the Shares during the 40 business days prior to the date hereof.

Except for outstanding options to purchase Shares granted from time to time over recent years to certain employees (including executive officers) of the Company pursuant to the Company's stock option plans and except as otherwise described herein, neither the Company nor, to the best of the Company's knowledge, any of its affiliates, directors or executive officers, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the Offer with respect to any securities of the Company including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations.

Pursuant to the Rights Agreement, two-thirds of one Right is attendant to each share of the Company's Common Stock. Rights also are issued with shares issued after the initial dividend distribution and before the occurrence of certain specified events as set forth in the Rights Agreement. This summary is qualified in its entirety by the Rights Agreement which the Company has filed with the Commission.

Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Participating Cumulative Preferred Stock, Series A (the "Preferred Stock") at an exercise price of \$50.00, subject to adjustment (the "Exercise Price"). Each one one-hundredth of a share of Preferred Stock is structured to be the equivalent of one share of the Company's common stock.

The Rights presently are attached to certificates representing shares of the Company's common stock, and no separate certificates evidencing the Rights (the "Rights Certificates") have been distributed. The Rights will separate from the shares of the Company's common stock and a distribution of the Rights Certificates will occur (the "Rights Distribution Date") upon the earlier of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 10% or more of the outstanding shares (the "Stock Acquisition Date"), or (ii) 10 business days following the commencement of a tender offer or exchange offer that would result in a person or group becoming an Acquiring Person. Until the Rights Distribution Date, the Rights will be evidenced by the certificates representing shares of the Company's common stock and are transferred with and only with such certificates.

While each Right initially provides for the acquisition of one one-hundredth of a share of Preferred Stock at the Exercise Price, the Rights Agreement provides that if (i) an Acquiring Person purchases 30% or more of the outstanding shares, (ii) at any time following the Rights Distribution Date the Company is the surviving corporation in a merger with an Acquiring Person and its common stock is not changed or exchanged, or (iii) an Acquiring Person effects a statutory share exchange with the Company after which the Company is not a subsidiary of any Acquiring Person, proper provision shall be made so that each holder of a Right will thereafter have the right to receive, upon exercise and payment of the Exercise Price, Preferred Stock or shares of the Company's common stock at the option of the Company (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to twice the amount of the Exercise Price.

In the event that, at any time following the Stock Acquisition Date, (i) the Company is acquired in a merger or other business combination in which the Company is not the surviving corporation (other than a merger described in the preceding paragraph), or (ii) 50% or more of the Company's assets or earning power is sold or transferred, each holder of a Right shall thereafter have the right to receive, upon exercise and payment of the Exercise Price, common stock of the acquiring company having a value equal to twice the Exercise Price. The events set forth in this paragraph and in the preceding paragraph are referred to as the "Triggering Events".

Rights, or any shares of the Company's common stock to which such Rights are then attached, may not be transferred (i) to any person who is or who upon completion of the transfer would be, an Acquiring Person, or (ii) to any affiliate or associate of any such Person. Any Right that is the subject of such an attempted transfer shall be deemed to be held beneficially by the person who attempted to make such attempted transfer and shall continue to be exercisable by such person. Further, to the extent permitted by law, no Rights may be exercised by an Acquiring Person.

At any time until ten days following the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right.

12. EFFECTS OF THE OFFER ON THE MARKET FOR SHARES; REGISTRATION UNDER THE EXCHANGE ACT. The Company's purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise be traded publicly and may reduce the number of shareholders. Nonetheless, the Company anticipates that there will be a sufficient number of Shares outstanding and publicly traded following consummation of the Offer to ensure a continued trading market for the Shares. Based upon published guidelines of the NYSE, the Company does not believe that its purchase of Shares pursuant to the Offer will cause the Company's remaining Shares to be delisted from the NYSE.

The Shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit to their customers using such Shares as collateral. The Company believes that, following the purchase of Shares pursuant to the Offer, the Shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The Shares are registered under the Exchange Act, which requires, among other things, that the Company furnish certain information to its shareholders and the Commission and comply with the Commission's proxy rules in connection with meetings of the Company's shareholders. The Company believes that its purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for deregistration under the Exchange Act.

13. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS. The Company is not aware of any license or regulatory permit that appears to be material to the Company's business that might be adversely affected by the Company's acquisition of Shares as contemplated herein or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of Shares by the Company as contemplated herein. Should any such approval or other action be required, the Company presently contemplates that such approval or other action will be sought. The Company is unable to predict whether it may determine that it is required to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offering pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business. The Company's obligations under the Offer to accept for payment and pay for Shares is subject to certain conditions. See Section 7.

14. CERTAIN FEDERAL INCOME TAX CONSEQUENCES.

GENERAL. The federal income tax discussion set forth below summarizes the principal federal income tax consequences to domestic shareholders of sales of Shares pursuant to the Offer and is included for general information only. The discussion does not address all aspects of federal income taxation that may be relevant to a particular shareholder or any relevant foreign, state, local or other tax laws. Certain shareholders (including insurance companies, tax-exempt entities, foreign persons, financial institutions, broker dealers, employee benefit plans, personal holding companies, persons who hold Shares as a position in a "straddle" or as part of a "hedging" or "conversion" transaction or other than as a capital asset, and persons who acquired their Shares upon the exercise of employee stock options or as compensation) may be subject to special rules not discussed below. Foreign shareholders should see Section 3 for a discussion of the applicable United States withholding tax rules. This discussion is based on laws, regulations, rulings and court decisions currently in effect, all of which are subject to change, possibly with retroactive effect. The Company has neither requested nor obtained a written opinion of counsel or a ruling from the Service with respect to the tax matters discussed below. EACH SHAREHOLDER IS URGED TO CONSULT AND RELY ON THE SHAREHOLDER'S OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO THE SHAREHOLDER OF SELLING SHARES PURSUANT TO THE OFFER, INCLUDING THE APPLICATION OF FOREIGN, STATE, LOCAL OR OTHER TAX LAWS.

A sale of Shares pursuant to the Offer will constitute a "redemption" under the Internal Revenue Code (the "Code"), and will be a taxable transaction for federal income tax purposes. If the redemption qualifies as a sale of Shares by a shareholder under Section 302 of the Code, the shareholder will recognize gain or loss equal to the difference between (i) the cash received pursuant to the Offer and (ii) the shareholder's tax basis in the Shares surrendered pursuant to the Offer. If the redemption does not qualify as a sale of Shares under Section 302, the shareholder will not be treated as having sold Shares but will be treated as having received a dividend taxable as ordinary income in an amount equal to the cash received pursuant to the Offer. As described below, whether a redemption qualifies for sale treatment will depend largely on the total number of the shareholder's Shares (including any Shares constructively owned by the shareholder) that are purchased. A shareholder desiring to obtain sale treatment therefore may want to make a conditional tender, as described in Section 6, to make sure that a minimum number of his Shares (if any) is purchased.

SALE TREATMENT. Under Section 302 of the Code, a redemption of Shares pursuant to the Offer will be treated as a sale of such Shares for federal income tax purposes if such redemption (i) results in a "complete redemption" of all of the shareholder's stock in the Company, (ii) is "substantially disproportionate" with respect to the shareholder, or (iii) is "not essentially equivalent to a dividend" with respect to the shareholder. In determining whether any of these three tests under Section 302 is satisfied, a shareholder must take into account not only Shares that the shareholder actually owns, but also any Shares that the shareholder is treated as owning pursuant to the constructive ownership rules of Section 318 of the Code. Under these rules, a shareholder generally is treated as owning (i) Shares owned by the shareholder's spouse, children, grandchildren, and parents, (ii) Shares owned by certain trusts of which the shareholder is a beneficiary, in proportion to the shareholder's interest, (iii) Shares owned by any estate of which the shareholder is a beneficiary, in proportion to the shareholder's interest, (iv) Shares owned by any partnership or "S corporation" in which the shareholder is a partner or shareholder, in proportion to the shareholder's interest, (v) Shares owned by any non-S corporation of which the shareholder owns at least 50% in value of the stock, in proportion to the shareholder's interest, and (vi) Shares that the shareholder has an option or similar right to acquire. A shareholder that is a partnership or S corporation, estate, trust, or non-S corporation is treated as owning stock owned (as the case may be) by partners or S corporation shareholders, by estate beneficiaries, by certain trust beneficiaries, and by 50% shareholders of a non-S corporation. Stock constructively owned by a person generally is treated as being owned by that person for the purpose of attributing ownership to another person.

A redemption of Shares from a shareholder pursuant to the Offer will result in a "complete redemption" of all the shareholder's stock in the Company if, either (i) the Company purchases all of the Shares actually and constructively owned by the shareholder, or (ii) the shareholder actually owns no Shares after all transfers of Shares pursuant to the Offer, constructively owns only Shares owned by certain family members, and the shareholder qualifies to and does waive (pursuant to Section 302(c)(2) of the Code) constructive ownership of Shares owned by family members. Any shareholder desiring to waive such constructive ownership of Shares should consult a tax advisor about the applicability of Section 302(c)(2).

A redemption of Shares from a shareholder pursuant to the Offer will be "substantially disproportionate" with respect to the shareholder if the percentage of Shares actually and constructively owned by the shareholder compared to all Shares outstanding immediately after all redemptions of Shares pursuant to the Offer is less than 80% of the percentage of Shares actually and constructively owned by the shareholder compared to all Shares outstanding immediately before such redemptions. If exactly 1,250,000 Shares are redeemed pursuant to the Offer, the number of Shares outstanding after consummation of the Offer will be approximately 89.9% of the number of Shares currently outstanding. Consequently, in that case a shareholder must dispose of more than 28.08% (I.E., 1 minus 80% of 89.9%) of the number of Shares the shareholder actually and constructively owns in order possibly to qualify for a substantially disproportionate redemption. If the Company were to exercise its right to purchase an additional 2% of the outstanding Shares, a shareholder would have to dispose of more than 29.68% (I.E., 1 minus 80% of 87.9%) of the number of Shares the shareholder actually and constructively owns in order possibly to qualify for a substantially disproportionate redemption.

A redemption of Shares from a shareholder pursuant to the Offer will be "not essentially equivalent to a dividend" if pursuant to the Offer, the shareholder experiences a "meaningful reduction" in his proportionate interest in the Company, including voting rights, participation in earnings, and liquidation rights, arising from the actual and constructive ownership of Shares. The Service has indicated in a published ruling that a very small reduction (3.3%) in the proportionate interest of a small minority (substantially less than 1%) shareholder who does not exercise any control over corporate affairs generally constitutes a "meaningful reduction" in the shareholder's interest in the company. The fact that a redemption fails to qualify as a sale pursuant to the other two tests is not taken into account in determining whether the redemption is "not essentially equivalent to a dividend." If exactly 1,250,000 Shares are redeemed pursuant to the Offer, the number of Shares outstanding will be reduced by approximately 10.1%. Consequently, in that case a shareholder must dispose of more than 10.1% of the number of Shares the shareholder actually and constructively owns in order to have any reduction in the shareholder's proportionate stock interest in the Company. If the Company were to exercise its right to purchase an additional 2% of the outstanding Shares, a shareholder would have to dispose of more than 12.1% of the number of Shares the shareholder actually and constructively owns in order to have any reduction in the shareholder's proportionate interest.

Shareholders should be aware that their ability to satisfy any of the foregoing tests also may be affected by proration pursuant to the Offer. THEREFORE, UNLESS A SHAREHOLDER MAKES A CONDITIONAL TENDER (SEE SECTION 6), THE SHAREHOLDER (OTHER THAN AN ODD LOT HOLDER WHO TENDERS ALL OF HIS SHARES AT OR BELOW THE PURCHASE PRICE) CAN BE GIVEN NO ASSURANCE, EVEN IF HE TENDERS ALL OF HIS SHARES, THAT THE COMPANY WILL PURCHASE A SUFFICIENT NUMBER OF SUCH SHARES TO PERMIT HIM TO SATISFY ANY OF THE FOREGOING TESTS. Shareholders also should be aware that an acquisition or disposition of Shares in the market or otherwise as part of a plan that includes the shareholder's tender of Shares pursuant to the Offer might be taken into account in determining whether any of the foregoing tests is satisfied. Shareholders are urged to consult their own tax

advisors with regard to whether acquisitions from or sales to third parties, including market sales, and a tender may be so integrated.

If any of the foregoing three tests is satisfied, the shareholder will recognize gain or loss equal to the difference between the amount of cash received pursuant to the Offer and the shareholder's tax basis in the Shares sold. For shareholders who are individuals, estates or trusts, capital gains generally are subject to a maximum federal income tax rate of (i) 39.6% if, at the time the Company accepts the Shares for payment, the shareholder held the Shares for not more than one year, (ii) 28% if the shareholder held such Shares for more than one year but not more than 18 months at such time and (iii) 20% if the shareholder held such Shares for more than 18 months at such time. Capital gains of corporations generally are taxed at the federal income tax rates applicable to corporate ordinary income.

DIVIDEND TREATMENT. If none of the foregoing three tests under Section 302 of the Code is satisfied, the shareholder generally will be treated as having received a dividend taxable as ordinary income in an amount equal to the amount of cash received by the shareholder pursuant to the Offer, to the extent the Company has sufficient accumulated or current earnings and profits. The Company expects that its current and accumulated earnings and profits will be sufficient to cover the amount of any payments pursuant to the Offer that are treated as dividends.

Dividend income of individuals, estates and trusts generally is subject to federal income tax at a maximum rate of 39.6%. Dividend income of corporations, subject to the provisions discussed below, generally is subject to federal income tax at a maximum rate of 35%. To the extent that the purchase of Shares from any shareholder pursuant to the Offer is treated as a dividend, the shareholder's tax basis in any Shares that the shareholder actually or constructively owns after consummation of the Offer should be increased by the shareholder's tax basis in the Shares surrendered pursuant to the Offer.

TREATMENT OF DIVIDEND INCOME FOR CORPORATE SHAREHOLDERS. In the case of a corporate shareholder, if the cash received for Shares pursuant to the Offer is treated as a dividend, the dividend income may be eligible for the 70% dividends-received deduction under Section 243 of the Code. The dividends-received deduction is subject to certain recently amended limitations; for example, the deduction may not be available if the corporate shareholder does not satisfy certain holding period requirements with respect to its tendered Shares or if the Shares are "debt-financed portfolio stock." If a dividends-received deduction is available, the dividend (having arisen in a non-PRO RATA redemption) also will be treated as an "extraordinary dividend" under Section 1059 of the Code. In that case, the corporate shareholder's tax basis in its remaining Shares (for purposes of determining gain or loss on a future disposition) generally will be reduced (but not below zero) by the amount of any "extraordinary dividend" not taxed because of the dividends-received deduction. Any amount of the "extraordinary dividend" not taxed because of the dividends-received deduction in excess of the corporate shareholder's tax basis for the remaining Shares generally will be currently taxable as gain from the sale of Shares. If a redemption of Shares from a corporate shareholder pursuant to the Offer is treated as a dividend as a result of the shareholder's constructive ownership of other Shares that it has an option or other right to acquire, the portion of the extraordinary dividend not otherwise taxed because of the dividends-received deduction will reduce the shareholder's basis only in its Shares sold pursuant to the Offer, and any excess of such non-taxed portion over such basis will be currently taxable as gain from the sale of Shares. Corporate shareholders should consult their tax advisors as to the availability of the dividends-received deduction and the application of Section 1059 of the Code.

SEE SECTION 3 WITH RESPECT TO THE APPLICATION OF BACKUP FEDERAL INCOME TAX WITHHOLDING.

15. EXTENSION OF OFFER; TERMINATION; AMENDMENT. The Company expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed by the Company to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depositary and making a public announcement thereof. The Company also expressly reserves the right, in its sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 7 hereof by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement thereof. The Company's reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that the Company must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, the Company further reserves the right, in its sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by the Company to have occurred, to amend the Offer in any respect (including, without limitation, by decreasing or increasing the consideration offered in the Offer to

holders of Shares or by decreasing or increasing the number of Shares being sought in the Offer). Amendments to the Offer may be made at any time and from time to time effected by public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to shareholders in a manner reasonably designed to inform shareholders of such change. Without limiting the manner in which the Company may choose to make a public announcement, except as required by applicable law, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Company materially changes the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, the Company will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) promulgated under the Exchange Act. These rules require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If (i) the Company increases or decreases the price to be paid for Shares, the number of Shares being sought in the Offer or the Dealer Manager's soliciting fees and, in the event of an increase in the number of Shares being sought, such increase exceeds 2% of the outstanding Shares and (ii) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an increase or decrease is first published, sent or given in the manner specified in this Section 15, the Offer will be extended until the expiration of such period of ten business days.

16. FEES AND EXPENSES. The Company has retained Schroder & Co. Inc. ("Schroders") to act as the Dealer Manager in connection with the Offer. Schroders will receive a fee for their services as Dealer Manager of \$0.10 for each Share purchased by the Company pursuant to the Offer, with a minimum aggregate fee of \$75,000. The Company also has agreed to reimburse Schroders for certain reasonable out-of-pocket expenses incurred in connection with the Offer, including fees and expenses of counsel, and to indemnify Schroders against certain liabilities in connection with the Offer, including liabilities under the federal securities laws. Schroders has rendered various investment banking and other advisory services to the Company in the past, for which they have received customary compensation, and can be expected to render similar services to the Company in the future.

The Company has retained Georgeson & Company Inc. to act as Information Agent and American Stock Transfer & Trust Company to act as Depositary in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telegraph and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by the Company for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

No fees or commissions will be payable to brokers, dealers or other persons (other than fees to the Dealer Manager, the Information Agent and the Depositary as described above) for soliciting tenders of Shares pursuant to the Offer. The Company, however, upon request, will reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by such persons in forwarding the Offer and related materials to the beneficial owners of Shares held by any such person as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of the Company, the Dealer Manager, the Information Agent or the Depositary for purposes of the Offer. The Company will pay or cause to be paid all stock transfer taxes, if any, on its purchase of Shares except as otherwise provided in Instruction 7 in the Letter of Transmittal.

17. MISCELLANEOUS. The Company is not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If the Company becomes aware of any jurisdiction where the making of the Offer is not in compliance with any valid applicable law, the Company will make a good faith effort to comply with such law. If, after such good faith effort, the Company cannot comply with such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In any jurisdiction the securities or blue sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer is being made on the Company's behalf by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Pursuant to Rule 13e-4 of the General Rules and Regulations under the Exchange Act, the Company has filed with the Commission an Issuer Tender Offer Statement on Schedule 13E-4 which contains additional information with respect to the Offer. Such Schedule 13E-4, including the exhibits and any amendments thereto, may be examined, and copies may be

obtained, at the same places and in the same manner as is set forth in Section 10 with respect to information concerning the Company.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF THE COMPANY OR THE DEALER MANAGER IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE OR IN THE RELATED LETTER OF TRANSMITTAL. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE DEALER MANAGER.

TREDEGAR INDUSTRIES, INC.

JANUARY 16, 1998

CERTAIN TRANSACTIONS INVOLVING SHARES

EXECUTIVE OFFICERS AND DIRECTORS

During the 40 business days prior to January 16, 1998 the transactions effected in the Shares by the Company's executive officers and directors included the purchases of Shares by certain executive officers and directors through the Savings Plan and the Dividend Reinvestment Plan as follows:

(a) Savings Plan transactions during November 1997 and allocated at the end of December 1997:

PERSONS WHO EFFECTED TRANSACTION	NUMBER OF SHARES	AVERAGE BUY PRICE
Michael W. Giancaspro	32	\$ 65.86
Douglas R. Monk	10	65.86
Anthony J. Rinaldi	20	65.86
Frederick P. Woods	21	65.86

(b) Dividend Reinvestment Plan transactions during January 1998:

PERSON WHO EFFECTED TRANSACTION	NUMBER OF SHARES	AVERAGE BUY PRICE
Floyd D. Gottwald, Jr.	71	\$64.875
Anthony J. Rinaldi	13	64.875

The only other transactions effected in the Shares by the Company's executive officers and directors during such 40 business day period was (i) the surrender of 712 Shares (valued at \$66.50 per Share) by Frederick P. Woods on November 20, 1997, as payment against the exercise price of options for 11,250 Shares, and (ii) the disposition by gift of 20 Shares by John D. Gottwald on December 9, 1997.

Manually signed photocopies of the Letter of Transmittal will be accepted from Eligible Institutions. The Letter of Transmittal and certificates for Shares and any other required documents should be sent or delivered by each shareholder or his broker, dealer, commercial bank, trust company or nominee to the Depository at its address set forth below.

THE DEPOSITARY FOR THE OFFER IS:

AMERICAN STOCK TRANSFER & TRUST COMPANY

BY MAIL:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

BY FACSIMILE TRANSMISSION:
(Eligible Institutions
Only)
(718) 234-5001

CONFIRM BY TELEPHONE:
(718) 921-8200
FOR INFORMATION CALL:
(718) 921-8200

BY HAND/OVERNIGHT DELIVERY:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

Any questions or requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent at the telephone numbers and location listed below. Shareholders may also contact their local broker, dealer, commercial bank or trust company for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

[LOGO] GEORGESON & COMPANY INC.

Wall Street Plaza
New York, New York 10005

Banks and Brokers Call Collect
(212) 440-9800

ALL OTHERS CALL TOLL FREE
(800) 223-2064

THE DEALER MANAGER FOR THE OFFER IS:

SCHRODER & CO. INC.
The Equitable Center
787 Seventh Avenue
New York, New York 10019-6016
(212) 492-6000 (Call Collect)

January 16, 1998

LETTER OF TRANSMITTAL
 TO TENDER SHARES OF COMMON STOCK
 (INCLUDING THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)
 OF
 TREDEGAR INDUSTRIES, INC.
 PURSUANT TO THE OFFER TO PURCHASE
 DATED JANUARY 16, 1998
 THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT,
 NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED.
 TO: AMERICAN STOCK TRANSFER & TRUST COMPANY

BY MAIL: American Stock Transfer & Trust Co. 40 Wall Street, 46th Floor New York, NY 10005 (Attention: Reorganization Department)	BY FACSIMILE TRANSMISSION: (Eligible Institutions Only) (718) 234-5001 CONFIRM BY TELEPHONE: (718) 921-8200	BY HAND/OVERNIGHT DELIVERY: American Stock Transfer & Trust Co. 40 Wall Street, 46th Floor New York, NY 10005 (Attention: Reorganization Department)
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FOR INFORMATION CALL:
 (718) 921-8200

Delivery of this instrument and all other documents to the address or transmission of instructions to a facsimile number other than as set forth above does not constitute a valid delivery.

PLEASE READ THE ENTIRE LETTER
 OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS,
 CAREFULLY BEFORE CHECKING ANY BOX BELOW.

This Letter of Transmittal is to be used only if (a) certificates for Shares (as defined below) are to be forwarded herewith or (b) a tender of Shares is being made concurrently by book-entry transfer to the account maintained by American Stock Transfer & Trust Company (the "Depository") at The Depository Trust Company or Philadelphia Depository Trust Company (hereinafter, collectively referred to as the "Book-Entry Transfer Facilities") pursuant to

Section 3 of the Offer to Purchase. See Instruction 2.

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE USE PREADDRESSED LABEL OR FILL IN EXACTLY AS NAME(S) APPEAR(S) ON CERTIFICATE(S))	DESCRIPTION OF SHARES TENDERED (SEE INSTRUCTIONS 3 AND 4)		
	CERTIFICATE NUMBER(S) TOTAL SHARES TENDERED	NO. OF SHARES*	NO. OF SHARES TENDERED**

Indicate in this box order (by certificate number) which Shares are to be purchased in event of proration. (Attach additional list if necessary.) *** See Instruction 10.

1st: 2nd: 3rd: 4th: 5th: 6th:

* Does not need to be completed if Shares are tendered by book-entry transfer.
 ** If you desire to tender fewer than all Shares evidenced by any certificates listed above, please indicate in this column the number of Shares you wish to tender. Otherwise, all Shares evidenced by such certificates will be deemed to have been tendered. See Instruction 4.
 *** If you do not designate an order, in the event less than all Shares tendered are purchased due to proration, Shares will be selected for purchase by the Depository.

NOTE: SIGNATURE MUST BE PROVIDED BELOW

PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY

SHARES HELD IN THE TREDEGAR INDUSTRIES, INC. DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN (THE "DIVIDEND REINVESTMENT PLAN"), THE SAVINGS PLAN FOR THE EMPLOYEES OF TREDEGAR INDUSTRIES, INC. (THE "SAVINGS PLAN") OR THE TREDEGAR INDUSTRIES, INC. EMPLOYEE STOCK PURCHASE PLAN (THE "STOCK PURCHASE PLAN") MAY BE TENDERED ONLY BY SUBMITTING A SEPARATE ELECTION FORM TO THE RESPECTIVE ADMINISTRATORS AS PROVIDED HEREIN. IF YOU HOLD SHARES IN THE DIVIDEND REINVESTMENT PLAN, THE SAVINGS PLAN OR THE STOCK PURCHASE PLAN AND OUTSIDE OF SUCH PLANS, YOU MUST TENDER SUCH SHARES SEPARATELY. THIS LETTER OF TRANSMITTAL MAY BE USED ONLY FOR TENDERING SHARES NOT HELD IN THE DIVIDEND REINVESTMENT PLAN, THE SAVINGS PLAN OR THE STOCK PURCHASE PLAN.

SHAREHOLDERS WHO CANNOT DELIVER THE CERTIFICATES FOR THEIR SHARES TO THE DEPOSITARY PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE (AS DEFINED BELOW)) OR WHO CANNOT COMPLETE THE PROCEDURE FOR BOOK-ENTRY TRANSFER ON A TIMELY BASIS OR WHO CANNOT DELIVER A LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE DEPOSITARY PRIOR TO THE EXPIRATION DATE MUST, IN EACH CASE, TENDER THEIR SHARES PURSUANT TO THE GUARANTEED DELIVERY PROCEDURE SET FORTH IN SECTION 3 OF THE OFFER TO PURCHASE. SEE INSTRUCTION 2.

SHAREHOLDERS WHO DESIRE TO TENDER SHARES PURSUANT TO THE OFFER (AS DEFINED BELOW) AND WHO CANNOT DELIVER THEIR CERTIFICATES FOR THEIR SHARES (OR WHO ARE UNABLE TO COMPLY WITH THE PROCEDURES FOR BOOK-ENTRY TRANSFER ON A TIMELY BASIS) AND ALL OTHER DOCUMENTS REQUIRED BY THIS LETTER OF TRANSMITTAL TO THE DEPOSITARY AT OR BEFORE THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE) MAY TENDER THEIR SHARES ACCORDING TO THE GUARANTEED DELIVERY PROCEDURES SET FORTH IN SECTION 3 OF THE OFFER TO PURCHASE. SEE INSTRUCTION 2. DELIVERY OF DOCUMENTS TO ONE OF THE BOOK-ENTRY TRANSFER FACILITIES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH ONE OF THE BOOK ENTRY-TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Check Box of Applicable Book-Entry Facility:

The Depository Trust Company

The Philadelphia Depository Company

Account Number:

Transaction Code Number:

CHECK HERE IF CERTIFICATES FOR TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s):

Date of Execution of Notice of Guaranteed Delivery:

Name of Institution which Guaranteed Delivery:

Check Box of Applicable Book-Entry Transfer Facility and Give Account

Number if Delivered by Book-Entry Transfer:

The Depository Trust Company

Philadelphia Depository Company

Account Number:

ODD LOTS
(SEE INSTRUCTION 8)

- To be completed ONLY if the Shares are being tendered by or on behalf of a person owning beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares. The undersigned either (check one box):
- was the beneficial or record owner, as of the close of business on January 15, 1998, of an aggregate of fewer than 100 Shares, all of which are being tendered; or
 - is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s) thereof, Shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner, as of the close of business on January 15, 1998, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares either (check one box):

- at the Purchase Price (defined below), as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or
- at the price per Share indicated below under "Price (in Dollars) per Share at which Shares are being tendered in this Letter of Transmittal."

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER
(SEE INSTRUCTION 9)

- check here if tender of Shares is conditional on the Company purchasing all or a minimum number of the tendered Shares and complete the following:
Minimum number of Shares to be sold:

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

TO AMERICAN STOCK TRANSFER & TRUST COMPANY:

The undersigned hereby tenders to Tredegar Industries, Inc., a Virginia corporation (the "Company"), the above described shares of the Company's common stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at the price per Share indicated in this Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase, dated January 16, 1998 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed, shareholders must tender two-thirds of one Right for each Share tendered to effect a valid tender of Shares. Unless separate certificates for the Rights are issued, a tender of Shares also will constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

Subject to and effective upon acceptance for payment of the Shares tendered hereby in accordance with the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to all the Shares that are being tendered hereby and orders the registration of all such Shares if tendered by book-entry transfer and hereby irrevocably constitutes and appoints the Depository as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Depository also acts as the agent of the Company) with respect to such Shares with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to:

(a) deliver certificate(s) for such Shares or transfer ownership of such Shares on the account books maintained by any of the Book-Entry Transfer Facilities, together in either such case with all accompanying evidences of transfer and authenticity, to, or upon the order of, the Company upon receipt by the Depository, as the undersigned's agent, of the aggregate Purchase Price (as defined below) with respect to such Shares;

(b) present certificates for such Shares for cancellation and transfer on the Company's books; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, subject to the next paragraph, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to the Company that:

(a) the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that:

(i) the undersigned has a net long position in Shares or equivalent securities at least equal to the Shares tendered within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, and

(ii) such tender of Shares complies with Rule 14e-4;

(b) when and to the extent the Company accepts such Shares for purchase, the Company will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim;

(c) on request, the undersigned will execute and deliver any additional documents the Depository or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and

(d) the undersigned has read and agrees to all of the terms of the Offer.

All authorities conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy, and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The name(s) and address(es) of the registered holder(s) should be printed above, if they are not already printed above, exactly as they appear on the certificates representing Shares tendered hereby. The certificate numbers, the number of Shares represented by such certificates and the number of Shares that the undersigned wishes to tender, should be set forth in the appropriate boxes above. The price at which such Shares are being tendered should be indicated in the box below.

The undersigned understands that the Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not in excess of \$65.00 nor less than \$58.00 per Share) net to the seller in cash (the "Purchase Price") that it will pay for Shares properly tendered and not withdrawn prior to the Expiration Date pursuant to the Offer, taking into account the number of Shares so tendered and the prices (in multiples of \$0.25) specified by tendering shareholders. The undersigned understands that the Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$65.00 nor less than \$58.00 per Share) pursuant to the Offer. The undersigned understands that all Shares properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including its proration and conditional tender provisions, and that the Company will return all other Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and not withdrawn prior to the Expiration Date and Shares not purchased because of proration or conditional tender.

The undersigned recognizes that, under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may postpone the acceptance for payment of, or the payment for, Shares tendered or may accept for payment fewer than all of the Shares tendered hereby. In any such event, the undersigned understands that certificate(s) for any Shares delivered herewith but not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated under the "Special Payment Instructions" or "Special Delivery Instructions" below. The undersigned recognizes that the Company has no obligation, pursuant to the Special Payment Instructions, to transfer any certificate for Shares from the name of its registered holder, or to order the registration or transfer of Shares tendered by book-entry transfer, if the Company purchases none of the Shares represented by such certificate or tendered by such book-entry transfer.

The undersigned understands that acceptance of Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

The check for the aggregate Purchase Price for such of the Shares tendered hereby as are purchased will be issued to the order of the undersigned and mailed to the address indicated above, unless otherwise indicated under the Special Payment Instructions or the Special Delivery Instructions below.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED
(SEE INSTRUCTION 5)

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(SHAREHOLDERS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE
AT WHICH SHARES ARE TENDERED.)

<input type="checkbox"/> \$58.00	<input type="checkbox"/> \$59.25	<input type="checkbox"/> \$60.50	<input type="checkbox"/> \$61.75	<input type="checkbox"/> \$63.00	<input type="checkbox"/> \$64.25
<input type="checkbox"/> \$58.25	<input type="checkbox"/> \$59.50	<input type="checkbox"/> \$60.75	<input type="checkbox"/> \$62.00	<input type="checkbox"/> \$63.25	<input type="checkbox"/> \$64.50
<input type="checkbox"/> \$58.50	<input type="checkbox"/> \$59.75	<input type="checkbox"/> \$61.00	<input type="checkbox"/> \$62.25	<input type="checkbox"/> \$63.50	<input type="checkbox"/> \$64.75
<input type="checkbox"/> \$58.75	<input type="checkbox"/> \$60.00	<input type="checkbox"/> \$61.25	<input type="checkbox"/> \$62.50	<input type="checkbox"/> \$63.75	<input type="checkbox"/> \$65.00
<input type="checkbox"/> \$59.00	<input type="checkbox"/> \$60.25	<input type="checkbox"/> \$61.50	<input type="checkbox"/> \$62.75	<input type="checkbox"/> \$64.00	

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 4, 6, 7 AND 11)

To be completed ONLY if certificates for Shares not
tendered or not purchased and/or any check for the aggregate
Purchase Price of Shares purchased are to be issued in the
name of and sent to someone other than the undersigned.

Issue:

Check to:

Certificates to:

Name(s): (Please Print)

Address: (Zip Code)

(Taxpayer Identification or Social Security No.)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 4, 6, 7 AND 11)

To be completed ONLY if certificates for Shares not tendered
or not purchased and/or any check for the Purchase Price of
Shares purchased, issued in the name of the undersigned, are
to be mailed to someone other than the undersigned, or to
the undersigned at an address other than that shown above.

Mail:

Check to:

Certificates to:

Name(s): (Please Print)

Address: (Zip Code)

PLEASE SIGN HERE

(TO BE COMPLETED BY ALL SHAREHOLDERS)

(PLEASE COMPLETE AND RETURN THE ENCLOSED FORM W-9)

(Must be signed by the registered holder(s) exactly as name(s) appear(s) on certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificate(s) and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 6.)

Signature(s) of Owner(s)

Dated: , 1998
Name(s):

(Please Print)

Capacity (full title):
Address:

(Include Zip Code)

Area Code(s) and
Telephone Number(s):

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 6)

NAME OF FIRM:
AUTHORIZED SIGNATURE:
NAME:

(Please Print)

Title:
Address:

(Include Zip Code)

Area Code and
Telephone Number:

Dated: , 1998

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of such Shares) exactly as the name of the registered holder appears on the certificate tendered with this Letter of Transmittal and payment and delivery are to be made directly to such owner unless such owner has completed either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" above; or

(b) such Shares are tendered for the account of a firm or other entity that is a member in good standing of the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signatures Guarantee Program or the Stock Exchange Medallion Program (each such entity, an "Eligible Institution").

In all other cases, an Eligible Institution must guarantee all signatures on this Letter of Transmittal. See Instruction 6.

2. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES; GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be used only if certificates for Shares are delivered with it to the Depository (or such certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository) or if a tender for Shares is being made concurrently pursuant to the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered Shares or confirmation of a book-entry transfer into the Depository's account at a Book-Entry Transfer Facility of Shares tendered electronically, together in each case with a properly completed and duly executed Letter of Transmittal or duly executed and manually signed facsimile of it, or an Agent's Message, and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth herein and must be delivered to the Depository on or before the Expiration Date (as defined in the Offer to Purchase). DELIVERY OF DOCUMENTS TO ONE OF THE BOOK-ENTRY TRANSFER FACILITIES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depository, which states that such Book-Entry Transfer Facility has received an express acknowledgement from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against such participant.

Shareholders whose certificates are not immediately available or who cannot deliver certificates for their Shares and all other required documents to the Depository before the Expiration Date, or whose Shares cannot be delivered on a timely basis pursuant to the procedures for book-entry transfer, must, in any such case, tender their Shares by or through any Eligible Institution by properly completing and duly executing and delivering a Notice of Guaranteed Delivery (or facsimile of it) and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure, certificates for all physically tendered Shares or book-entry confirmations, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or facsimile of it) or an Agent's Message, and all other documents required by this Letter of Transmittal, must be received by the Depository within three New York Stock Exchange trading days after receipt by the Depository of such Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depository and must include a signature guarantee by an Eligible Institution in the form set forth in such Notice. For Shares to be tendered validly pursuant to the guaranteed delivery procedure, the Depository must receive the Notice of Guaranteed Delivery on or before the Expiration Date.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, IS AT THE OPTION AND RISK OF THE TENDERING SHAREHOLDER. IF DELIVERY IS BY U.S. MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

The Company will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional Shares, except as expressly provided in the Offer to Purchase. All tendering shareholders, by execution of this Letter of Transmittal (or a facsimile of it), waive any right to receive any notice of the acceptance of their tender.

3. INADEQUATE SPACE. If the space provided in the box captioned "Description of Shares Tendered" is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. PARTIAL TENDERS AND UNPURCHASED SHARES. (Not applicable to shareholders who tender by book-entry transfer.) If fewer than all of the Shares evidenced by any certificate are to be tendered, fill in the number of Shares that are to be tendered in the column entitled "Number of Shares Tendered," in the box captioned "Description of Shares Tendered." In such case, if any tendered Shares are purchased, a new certificate for the remainder of the Shares (including any Shares not purchased) evidenced by the old certificate(s) will be issued and sent to the registered holder(s), unless otherwise specified in either the "Special Payment Instructions" or "Special Delivery Instructions" box on this Letter of Transmittal, as soon as practicable after the Expiration Date. Unless otherwise indicated, all Shares represented by the certificate(s) listed and delivered to the Depositary will be deemed to have been tendered.

5. INDICATION OF PRICE AT WHICH SHARES ARE BEING TENDERED. For Shares to be properly tendered, the shareholder MUST check the box indicating the price per Share at which he or she is tendering Shares under "Price (In Dollars) Per Share at Which Shares Are Being Tendered" on this Letter of Transmittal. ONLY ONE BOX MAY BE CHECKED. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO PROPER TENDER OF SHARES. A shareholder wishing to tender portions of his or her Share holdings at different prices must complete a separate Letter of Transmittal for each price at which he or she wishes to tender each such portion of his or her Shares. The same Shares cannot be tendered (unless previously properly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price.

6. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS.

(a) If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

(b) If the Shares are registered in the names of two or more joint holders, each such holder must sign this Letter of Transmittal.

(c) If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles of it) as there are different registrations of certificates.

(d) When this Letter of Transmittal is signed by the registered holder(s) of the Shares listed and transmitted hereby, no endorsement(s) of certificate(s) representing such Shares or separate stock power(s) are required unless payment is to be made or the certificate(s) for Shares not tendered or not purchased are to be issued to a person other than the registered holder(s). SIGNATURE(S) ON SUCH CERTIFICATE(S) MUST BE GUARANTEED BY AN ELIGIBLE INSTITUTION. If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed, or if payment is to be made or their certificate(s) for Shares not tendered or not purchased are to be issued to a person other than the registered holder(s), the certificate(s) must be endorsed or accompanied by appropriate stock power(s), in either case signed exactly as the name(s) of the registered holder(s) appears on the certificate(s), and the signature(s) on such certificate(s) or stock power(s) must be guaranteed by an Eligible Institution. See Instruction 1.

(e) If this Letter of Transmittal or any certificate(s) or stock power(s) are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and must submit proper evidence satisfactory to the Company of their authority so to act.

7. STOCK TRANSFER TAXES. Except as provided in this Instruction 7, no stock transfer tax stamps or funds to cover such stamps need accompany this Letter of Transmittal. The Company will pay or cause to be paid any stock transfer taxes payable on the transfer to it of Shares purchased pursuant to the Offer. If, however:

(a) payment of the aggregate Purchase Price for Shares tendered hereby and accepted for purchase is to be made to any person other than the registered holder(s);

(b) Shares not tendered or not accepted for purchase are to be registered in the name(s) of any person(s) other than the registered holder(s); or

(c) tendered certificates are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal; then the Depositary will deduct from such aggregate Purchase Price the amount of any stock transfer taxes (whether imposed on the registered holder, such other person or otherwise) payable on account of the transfer to such person, unless satisfactory evidence of the payment of such taxes or any exemption from them is submitted.

8. ODD LOTS. As described in Section 1 of the Offer to Purchase, if the Company is to purchase fewer than all Shares tendered before the Expiration Date and not withdrawn, the Shares purchased first will consist of all Shares tendered by any shareholder who each owned of record or owned beneficially, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares, and who tenders all of his or her Shares at or below the Purchase Price (an "Odd Lot Holder"). This preference will not be available unless the box captioned "Odd Lots" is completed.

9. CONDITIONAL TENDERS. As described in Sections 1 and 6 of the Offer to Purchase, shareholders may condition their tenders on all or a minimum number of their tendered Shares being purchased ("Conditional Tenders"). If the Company is to purchase less than all Shares tendered before the Expiration Date and not withdrawn, the Depositary will perform a preliminary proration, and any Shares tendered at or below the Purchase Price pursuant to a Conditional Tender for which the condition was not satisfied shall be deemed withdrawn, subject to reinstatement if such Conditionally Tendered Shares are subsequently selected by random lot for purchase subject to Sections 1 and 6 of the Offer to Purchase. Conditional tenders will be selected by lot only from shareholders who tender all of their Shares. All tendered Shares shall be deemed unconditionally tendered unless the "Conditional Tender" box is completed. The Conditional Tender alternative is made available so that a shareholder may assure that the purchase of Shares from the shareholder pursuant to the Offer will be treated as a sale of such Shares by the shareholder, rather than the payment of a dividend to the shareholder, for federal income tax purposes. Odd Lot Shares, which will not be subject to proration, cannot be conditionally tendered. It is the tendering shareholder's responsibility to calculate the minimum number of Shares that must be purchased from the shareholder in order for the shareholder to qualify for sale (rather than dividend) treatment, and each shareholder is urged to consult his or her own tax advisor.

IN THE EVENT OF PRORATION, ANY SHARES TENDERED PURSUANT TO A CONDITIONAL TENDER FOR WHICH THE MINIMUM REQUIREMENTS ARE NOT SATISFIED MAY NOT BE ACCEPTED AND THEREBY DEEMED WITHDRAWN.

10. ORDER OF PURCHASE IN EVENT OF PRORATION. As described in Section 1 of the Offer to Purchase, shareholders may designate the order in which their Shares are to be purchased in the event of proration. The order of purchase may have an effect on the federal income tax treatment of the Purchase Price for the Shares purchased. See Sections 1 and 14 of the Offer to Purchase.

11. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If certificate(s) for Shares not tendered or not purchased and/or check(s) are to be issued in the name of a person other than the signer of the Letter of Transmittal or if such certificates and/or checks are to be sent to someone other than the person signing the Letter of Transmittal or to the signer at a different address, the boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed as applicable and signatures must be guaranteed as described in Instruction 1.

12. IRREGULARITIES. All questions as to the number of Shares to be accepted, the price to be paid therefor and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company in its sole discretion, which determinations shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of Shares it determines not to be in proper form or the acceptance of which or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular Shares, and the Company's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Dealer Manager (as defined in the Offer to Purchase), the Depositary, the Information Agent

(as defined in the Offer to Purchase) or any other person is or will be obligated to give notice of any defects or irregularities in tenders and none of them will incur any liability for failure to give any such notice.

13. QUESTIONS AND REQUESTS FOR ASSISTANCE AND ADDITIONAL COPIES. Questions and requests for assistance may be directed to, or additional copies of the Offer to Purchase, the Notice of Guaranteed Delivery and this Letter of Transmittal may be obtained from, the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth at the end of this Letter of Transmittal or from your broker, dealer, commercial bank or trust company.

14. FORM W-9 AND FORM W-8. Shareholders other than corporations and certain foreign persons may be subject to backup federal income tax withholding. Each tendering shareholder who does not otherwise establish to the satisfaction of the Depository an exemption from backup federal income tax withholding is required to provide the Depository with a correct taxpayer identification number ("TIN") on Form W-9, which is provided with this Letter of Transmittal. For an individual, his or her TIN will generally be his or her social security number. Failure to provide the information requested or to make the certification on the Form W-9 may subject the tendering shareholder to 31% backup federal income tax withholding on the payments made to or for the shareholder with respect to Shares purchased pursuant to the Offer. Failing to furnish a correct TIN may subject the shareholder to a \$50.00 penalty imposed by the Internal Revenue Service. Providing false information may result in additional penalties. Backup withholding is not an additional tax. Rather, the tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained. Shareholders who are foreign persons should submit Form W-8 to certify that they are exempt from backup withholding. Form W-8 may be obtained from the Depository.

15. WITHHOLDING ON FOREIGN SHAREHOLDERS. Even if a foreign shareholder has provided the required certification to avoid backup withholding, the Depository will withhold federal income taxes equal to 30% of the gross payments payable to a foreign shareholder or his agent unless the Depository determines that an exemption from or a reduced rate of withholding is available pursuant to a tax treaty or an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business in the United States (as defined in applicable Treasury Regulations). For this purpose, a "foreign shareholder" is a shareholder that is not a "U.S. Holder." A U.S. Holder is a beneficial owner that is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State thereof, including the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of such income or (iv) a trust if a United States court is able to exercise primary supervision over administration of the trust and one or more United States fiduciaries have authority to control all substantial decisions of the trust. In order to obtain an exemption from or a reduced rate of withholding pursuant to a tax treaty, a foreign shareholder must deliver to the Depository a properly completed Form 1001. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depository a properly completed Form 4224. The Depository will determine a shareholder's status as a foreign shareholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (E.G., Form 1001 or Form 4224) unless facts and circumstances indicate that such reliance is not warranted. A foreign shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if such shareholder meets one of the three tests for sale treatment described in Section 14 of the Offer to Purchase or is otherwise able to establish that no tax or a reduced amount of tax is due. Backup withholding generally will not apply to amounts subject to the 30% or treaty-reduced rate of withholding. Foreign shareholders are urged to consult their tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and refund procedures.

16. DIVIDEND REINVESTMENT PLAN. A shareholder participating in the Dividend Reinvestment Plan who wishes to have American Stock Transfer & Trust Company, the administrator of the Dividend Reinvestment Plan, tender Shares held in such participant's account in the Dividend Reinvestment Plan should so indicate by completing the election form included with the memorandum furnished to such participants.

THE PARTICIPANTS IN THE DIVIDEND REINVESTMENT PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF DIVIDEND REINVESTMENT PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC. DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN. DIVIDEND REINVESTMENT PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND

RELATED MATERIALS CAREFULLY. ANY DIVIDEND REINVESTMENT PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S DIVIDEND REINVESTMENT PLAN ACCOUNT.

If a participant tenders all of his or her Dividend Reinvestment Plan Shares and all such Shares are purchased by the Company pursuant to the Offer, such tender will be deemed to be authorization and written notice to American Stock Transfer & Trust Company of termination of such shareholder's participation in the Dividend Reinvestment Plan.

17. SAVINGS PLAN. Participants in the Savings Plan who wish to have Wachovia Bank, N.A., as trustee thereof (the "Savings Plan Trustee"), tender all or part of the Shares allocated to their accounts should so indicate by completing, executing and returning to the Savings Plan Trustee the election form included with the memorandum furnished to such participants.

THE PARTICIPANTS IN THE SAVINGS PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF THE SAVINGS PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE SAVINGS PLAN FOR THE EMPLOYEES OF TREDEGAR INDUSTRIES, INC. SAVINGS PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND RELATED MATERIALS CAREFULLY. ANY SAVINGS PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S SAVINGS PLAN ACCOUNT.

18. STOCK PURCHASE PLAN. Participants in the Stock Purchase Plan who wish to have American Stock Transfer & Trust Company, as custodian thereof (the "Stock Purchase Plan Custodian"), tender all or part of the Shares in such participant's account should so indicate by completing, executing and returning to the Stock Purchase Plan Custodian the election form included with the memorandum furnished to such participants.

THE PARTICIPANTS IN THE STOCK PURCHASE PLAN MAY NOT USE THE LETTER OF TRANSMITTAL TO DIRECT THE TENDER OF THE STOCK PURCHASE PLAN SHARES, BUT MUST USE THE SEPARATE ELECTION FORM ENCLOSED WITH THE MEMORANDUM TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC. EMPLOYEE STOCK PURCHASE PLAN. STOCK PURCHASE PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE ELECTION FORM AND RELATED MATERIALS CAREFULLY. ANY STOCK PURCHASE PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S STOCK PURCHASE PLAN ACCOUNT.

19. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate(s) representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the Depository by checking the box provided in the box titled "Description of Shares Tendered" and indicating the number of Shares so lost, destroyed or stolen. The shareholder will then be instructed by the Depository as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be prepared until the procedures for replacing lost, destroyed or stolen certificates have been followed.

THE INFORMATION AGENT FOR THE OFFER IS:

[Georgeson & Company Inc. logo]

Wall Street Plaza
New York, New York 10005

Banks and Brokers Call Collect
(212) 440-9800

ALL OTHERS CALL TOLL FREE
(800) 223-2064

THE DEPOSITARY FOR THE OFFER IS:

AMERICAN STOCK TRANSFER & TRUST COMPANY

BY MAIL:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

BY FACSIMILE TRANSMISSION:
(Eligible Institutions Only)
(718) 234-5001

CONFIRM BY TELEPHONE:
(718) 921-8200
FOR INFORMATION CALL:
(718) 921-8200

BY HAND/OVERNIGHT DELIVERY:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

THE DEALER MANAGER FOR THE OFFER IS:

SCHRODER & CO. INC.

The Equitable Center
787 Seventh Avenue
New York, New York 10019-6016
(212) 492-6000 (Call Collect)

IMPORTANT: This Letter of Transmittal or a facsimile hereof (together with certificates for the Shares being tendered and all other required documents), or a Notice of Guaranteed Delivery must be received prior to 12:00 Midnight, New York City time, on the Expiration Date. SHAREHOLDERS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR LETTER OF TRANSMITTAL.

REQUEST FOR TAXPAYER
IDENTIFICATION NUMBER AND CERTIFICATION

GIVE FORM TO THE
REQUESTER. DO NOT
SEND TO THE IRS.

Department of the Treasury
Internal Revenue Service

Please print Name (If a joint account or you changed your name, see SPECIFIC INSTRUCTIONS on page 2.)
or type

Business name, if different from above. (See SPECIFIC INSTRUCTIONS on page 2.)

Check appropriate box: Individual/Sole proprietor Corporation Partnership Other > _____

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

PART I TAXPAYER IDENTIFICATION NUMBER (TIN)

List account number(s) here (optional)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, if you are a resident alien OR a sole proprietor, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see HOW TO GET A TIN on page 2.

Social Security Number
| | | - | - | | | |
| | | | | | | | | |

OR

Employer Identification Number
| | | - | - | | | | | |
| | | | | | | | | |

Part II FOR PAYEES EXEMPT FROM BACKUP
WITHHOLDING (See the instructions
on page 2.)

NOTE: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter

PART III CERTIFICATION

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), AND
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS.-You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign |
Here | Signature>

Date>

PURPOSE OF FORM.- A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued).
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are an exempt payee.

NOTE: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

WHAT IS BACKUP WITHHOLDING?- Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup

withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive WILL be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. The IRS tells the requester that you furnished an incorrect TIN, or
3. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or
5. You do not certify your TIN when required. See the Part III instructions on page 2 for details.

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate INSTRUCTIONS FOR THE REQUESTER OF FORM W-9.

PENALTIES

FAILURE TO FURNISH TIN.- If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.- If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

CRIMINAL PENALTY FOR FALSIFYING INFORMATION.- Willfully falsifying certifications or affirmations may subject you to criminal penalties, including fines and/or imprisonment.

MISUSE OF TINs.- If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

SPECIFIC INSTRUCTIONS

NAME.- If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole Proprietor.- You must enter your INDIVIDUAL name as shown on your social security card. You must enter your business, trade, or "doing business as" name on the BUSINESS NAME line.

Other Entities.- Enter the business name as shown on required Federal tax documents. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or "doing business as" name on the business name line.

PART I- TAXPAYER IDENTIFICATION NUMBER (TIN)

You must enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see HOW TO GET A TIN below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.

NOTE: See the chart on this page for further clarification of name and TIN combinations.

HOW TO GET A TIN.- If you do not have a TIN, apply for one immediately. To apply for a SSN, get FORM SS-5 from your local Social Security Administration office. Get FORM W-7 to apply for an ITIN or FORM SS-4 to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676).

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester. Other payments are subject to backup withholding.

NOTE: Writing "Applied For" means that you have already applied for a TIN OR that you intend to apply for one soon.

PART II-FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING

Individuals (including sole proprietors) are NOT exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed FORM W-8, Certificate of Foreign Status.

PART III-CERTIFICATION

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

1. INTEREST, DIVIDEND, AND BARTER EXCHANGE ACCOUNTS OPENED BEFORE 1984 AND BROKER ACCOUNTS CONSIDERED ACTIVE DURING 1983. You must give your correct TIN, but you do not have to sign the certification.
2. INTEREST, DIVIDEND, BROKER, AND BARTER EXCHANGE ACCOUNTS OPENED AFTER 1983 AND BROKER ACCOUNTS CONSIDERED INACTIVE DURING 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. REAL ESTATE TRANSACTIONS. You must sign the certification. You may cross out item 2 of the certification.
4. OTHER PAYMENTS. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.
5. MORTGAGE INTEREST PAID TO YOU, ACQUISITION OR ABANDONMENT OF SECURED PROPERTY, CANCELLATION OF DEBT, OR IRA CONTRIBUTIONS. You must give your correct TIN, but you do not have to sign the certification.

PRIVACY ACT NOTICE

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

FOR THIS TYPE OF ACCOUNT:	GIVE NAME AND SSN OF:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE NAME AND EIN OF:
6. Sole proprietorship	The owner(3)
7. A valid trust, estate, or pension trust	Legal entity(4)
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

(2) Circle the minor's name and furnish the minor's SSN.

(3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your SSN or EIN (if you have one).

(4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

TREDEGAR INDUSTRIES, INC.
NOTICE OF GUARANTEED DELIVERY OF SHARES OF COMMON STOCK

This form or a facsimile hereof must be used to accept the Offer (as defined below) if:

(a) certificates for shares of common stock, no par value per share (the "Shares"), of Tredegar Industries, Inc., a Virginia corporation (the "Company"), cannot be delivered to the Depository prior to the Expiration Date (as defined in Section 1 of the Company's Offer to Purchase dated January 16, 1998, (the "Offer to Purchase")); or

(b) the procedure for book-entry transfer (set forth in Section 3 of the Offer to Purchase) cannot be completed on a timely basis; or

(c) the Letter of Transmittal (or a facsimile thereof) and all other required documents cannot be delivered to the Depository prior to the Expiration Date.

This form, properly completed and duly executed, may be delivered by hand, mail or facsimile transmission to the Depository. See Section 3 of the Offer to Purchase.

TO: AMERICAN STOCK TRANSFER & TRUST COMPANY

BY MAIL:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

BY FACSIMILE TRANSMISSION:
(Eligible Institutions Only)
(718) 234-5001

BY HAND/OVERNIGHT DELIVERY:
American Stock Transfer & Trust Co.
40 Wall Street, 46th Floor
New York, NY 10005
(Attention: Reorganization
Department)

CONFIRM BY TELEPHONE:
(718) 921-8200
FOR INFORMATION CALL:
(718) 921-8200

DELIVERY OF THIS INSTRUMENT TO THE ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to the Company at the price per Share indicated in this Notice of Guaranteed Delivery, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which together constitute the "Offer"), receipt of both of which is hereby acknowledged, Shares pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

ODD LOTS

To be completed ONLY if the Shares are being tendered by or on behalf of a person owning beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares. The undersigned either (check one box):

- was the beneficial or record owner, as of the close of business on January 15, 1998, of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s) thereof, Shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner, as of the close of business on January 15, 1998, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares either (check one box):

- at the Purchase Price, as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or
- at the price per Share indicated below under "Price (in Dollars) per Share at which Shares are being tendered."

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER
(SEE INSTRUCTION 9)

- check here if tender of Shares is conditional on the Company purchasing all or a minimum number of the tendered Shares and complete the following:

Minimum number of Shares to be sold: _____

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(SHAREHOLDERS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A
SEPARATE NOTICE OF GUARANTEE FOR EACH PRICE AT WHICH SHARES ARE TENDERED.)

<input type="checkbox"/> \$58.00	<input type="checkbox"/> \$59.25	<input type="checkbox"/> \$60.50	<input type="checkbox"/> \$61.75	<input type="checkbox"/> \$63.00	<input type="checkbox"/> \$64.25
<input type="checkbox"/> \$58.25	<input type="checkbox"/> \$59.50	<input type="checkbox"/> \$60.75	<input type="checkbox"/> \$62.00	<input type="checkbox"/> \$63.25	<input type="checkbox"/> \$64.50
<input type="checkbox"/> \$58.50	<input type="checkbox"/> \$59.75	<input type="checkbox"/> \$61.00	<input type="checkbox"/> \$62.25	<input type="checkbox"/> \$63.50	<input type="checkbox"/> \$64.75
<input type="checkbox"/> \$58.75	<input type="checkbox"/> \$60.00	<input type="checkbox"/> \$61.25	<input type="checkbox"/> \$62.50	<input type="checkbox"/> \$63.75	<input type="checkbox"/> \$65.00
<input type="checkbox"/> \$59.00	<input type="checkbox"/> \$60.25	<input type="checkbox"/> \$61.50	<input type="checkbox"/> \$62.75	<input type="checkbox"/> \$64.00	

(Please type or print)
Certificate Nos. (if available):

SIGN HERE

Signature(s)

Dated: _____

Name(s)

If Shares will be tendered by
book-entry transfer, check one box:

Address(es)

- The Depository Trust Company
- The Philadelphia Depository Company

Area Code(s) and Telephone Number(s)

Account Number: _____

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned is a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office, branch, or agency in the United States and represents that: (a) the above-named person(s) "own(s)" the Shares tendered hereby within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (b) such tender of Shares complies with such Rule 14e-4, and guarantees that the Depository will receive (i) certificates of the Shares tendered hereby in proper form for transfer, or (ii) confirmation that the Shares tendered hereby have been delivered pursuant to the procedure for book-entry transfer (set forth in Section 3 of the Offer to Purchase) into the Depository's account at The Depository Trust Company or The Philadelphia Depository Company, as the case may be, together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal, all within three New York Stock Exchange trading days after the date the Depository receives this Notice of Guaranteed Delivery.

Authorized Signature: _____

Name: _____

(Please Print)

Title: _____

Name of Firm: _____

Address: _____

(Including Zip Code)

Area Code and Telephone Number: _____

Date: _____, 1998

DO NOT SEND STOCK CERTIFICATES WITH THIS FORM. YOUR STOCK CERTIFICATES MUST BE SENT WITH THE LETTER OF TRANSMITTAL.

SCHRODER & CO. INC.
 The Equitable Center
 787 Seventh Avenue
 New York, New York 10019-6016

TREDEGAR INDUSTRIES, INC.

Offer To Purchase For Cash Up To
 1,250,000 Shares Of Its Common Stock (Including
 The Associated Preferred Stock Purchase Rights)
 At A Purchase Price Not In Excess Of \$65.00
 Nor Less Than \$58.00 Per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT,
 NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED.

To Brokers, Dealers, Commercial Banks,
 Trust Companies and Other Nominees:

Tredegear Industries, Inc., a Virginia corporation (the "Company"), has appointed us to act as Dealer Manager in connection with its offer to purchase for cash up to 1,250,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$65.00 nor less than \$58.00 per Share, specified by its shareholders, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated January 16, 1998, and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine the single per Share price, not in excess of \$65.00 nor less than \$58.00 per Share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and Shares not purchased because of proration will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,250,000 Shares pursuant to the Offer. See Sections 1 and 15 of the Offer to Purchase.

If, prior to the Expiration Date (as defined in the Offer to Purchase), more than 1,250,000 Shares (or such greater number of Shares as the Company may elect to purchase) are properly tendered and not withdrawn, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Holders (as defined in the Offer to Purchase) who properly tender their Shares at or below the Purchase Price and then on a PRO RATA basis from all other shareholders whose Shares are properly tendered at or below the Purchase Price and not withdrawn. If any shareholder tenders Shares and does not wish to have such Shares purchased subject to proration, such shareholder may tender Shares subject to the condition that a specified minimum number of Shares (which may be represented by designated stock certificates) or none of such Shares be purchased. See Sections 1, 3 and 6 of the Offer to Purchase.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7 OF THE OFFER TO PURCHASE.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated January 16, 1998;
2. Letter to Clients which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
3. Letter, dated January 16, 1998, from John D. Gottwald, President and Chief Executive Officer of the Company, to shareholders of the Company;

4. Letter of Transmittal for your use and for the information of your clients (together with accompanying Form W-9); and

5. Notice of Guaranteed Delivery to be used to accept the Offer if the Share certificates and all other required documents cannot be delivered to the Depository by the Expiration Date or if the procedure for book-entry transfer cannot be completed on a timely basis.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED.

No fees or commissions will be payable to brokers, dealers or any person for soliciting tenders of Shares pursuant to the Offer other than fees paid to the Dealer Manager, the Information Agent or the Depository as described in the Offer to Purchase. The Company will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of Shares held by you as a nominee or in a fiduciary capacity. The Company will pay or cause to be paid any stock transfer taxes applicable to its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depository with either certificate(s) representing the tendered Shares or confirmation of their book-entry transfer all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

As described in Section 3, "The Offer -- Procedure for Tendering Shares," of the Offer to Purchase, tenders may be made without the concurrent deposit of stock certificates or concurrent compliance with the procedure for book-entry transfer, if such tenders are made by or through a broker or dealer which is a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States. Certificates for Shares so tendered (or a confirmation of a book-entry transfer of such Shares into the Depository's account at one of the "Book-Entry Transfer Facilities" described in the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depository within three New York Stock Exchange trading days after timely receipt by the Depository of a properly completed and duly executed Notice of Guaranteed Delivery.

Any inquiries you may have with respect to the Offer should be addressed to Schroder & Co. Inc. or to the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed material may be obtained from the undersigned, telephone in all areas: (212) 492-6000 (collect) or from the Information Agent, Georgeson & Company Inc., telephone: (800) 223-2064 (toll free).

Very truly yours,

SCHRODER & CO. INC.

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE COMPANY OR ANY OF ITS AFFILIATES, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

TREDEGAR INDUSTRIES, INC.

Offer To Purchase For Cash Up To
 1,250,000 Shares Of Its Common Stock (Including
 The Associated Preferred Stock Purchase Rights)
 At A Purchase Price Not In Excess Of \$65.00
 Nor Less Than \$58.00 Per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT,
 NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED.

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated January 16, 1998, and the related Letter of Transmittal (which together constitute the "Offer") in connection with the Offer by Tredegar Industries, Inc., a Virginia corporation (the "Company"), to purchase up to 1,250,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$65.00 nor less than \$58.00 per Share, specified by tendering shareholders, upon the terms and subject to the conditions set forth in the Offer. Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine the single per Share price, not in excess of \$65.00 nor less than \$58.00 per Share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and Shares not purchased because of proration will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,250,000 Shares pursuant to the Offer. See Sections 1 and 15 of the Offer to Purchase.

If, prior to the Expiration Date (as defined in the Offer to Purchase), more than 1,250,000 Shares (or such greater number of Shares as the Company may elect to purchase) are properly tendered and not withdrawn, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Holders (as defined in the Offer to Purchase) who properly tender their Shares at or below the Purchase Price and then on a PRO RATA basis from all other shareholders whose Shares are properly tendered at or below the Purchase Price and not withdrawn. If any shareholder tenders Shares and does not wish to have such Shares purchased subject to proration, such shareholder may tender Shares subject to the condition that a specified minimum number of Shares (which may be represented by designated stock certificates) or none of such Shares be purchased. See Sections 1, 3 and 6 of the Offer to Purchase.

We are the owner of record of Shares held for your account. As such, we are the only ones who can tender your Shares, and then only pursuant to your instructions. WE ARE SENDING YOU THE LETTER OF TRANSMITTAL FOR YOUR INFORMATION ONLY; YOU CANNOT USE IT TO TENDER SHARES WE HOLD FOR YOUR ACCOUNT.

Please instruct us as to whether you wish us to tender any or all of the Shares we hold for your account on the terms and subject to the conditions of the Offer.

We call your attention to the following:

1. You may tender Shares at prices not in excess of \$65.00 nor less than \$58.00 per Share as indicated in the attached Instruction Form, net to you in cash.

2. You may condition your tender of Shares on the Company purchasing all or a minimum number of your Shares.

3. You may designate the priority in which your Shares shall be purchased in the event of proration.

4. The Offer is not conditioned upon any minimum number of Shares being tendered.

5. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Friday, February 13, 1998, unless the Company extends the Offer.

6. The Offer is for 1,250,000 Shares, constituting approximately 10.1% of the Shares outstanding as of January 15, 1998.

7. Tendering shareholders will not be obligated to pay any brokerage commissions, solicitation fees, or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer.

8. If you beneficially held, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares, and you instruct us to tender on your behalf all such Shares at or below the Purchase Price before the Expiration Date (as defined in the Offer to Purchase) and check the box captioned "Odd Lots" in the attached Instruction Form, the Company, upon the terms and subject to the conditions of the Offer, will accept all such Shares for purchase before proration, if any, of the purchase of other Shares properly tendered at or below the Purchase Price.

9. If you wish to tender portions of your Shares at different prices, you must complete a separate Instruction Form for each price at which you wish to tender each such portion of your Shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the attached Instruction Form. An envelope to return your Instruction Form to us is enclosed. If you authorize us to tender your Shares, we will tender all such Shares unless you specify otherwise on the attached Instruction Form.

YOUR INSTRUCTION FORM SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION DATE OF THE OFFER. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, FEBRUARY 13, 1998, UNLESS THE COMPANY EXTENDS THE OFFER.

As described in Section 1 of the Offer to Purchase, if more than 1,250,000 Shares have been properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date (as defined in the Offer to Purchase), the Company will purchase properly tendered Shares on the basis set forth below:

(a) FIRST, all Shares properly tendered and not withdrawn prior to the Expiration Date by any Odd Lot Holder (as defined below) who:

(1) tenders all Shares beneficially owned by such Odd Lot Holder at a price at or below the Purchase Price (tenders of less than all Shares owned by such shareholder will not qualify for this preference); and

(2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) SECOND, after purchase of all of the foregoing Shares, all Shares conditionally tendered in accordance with Section 6 of the Offer to Purchase, for which the condition was satisfied, and all other Shares tendered properly and unconditionally at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, on a PRO RATA basis (with appropriate adjustments to avoid purchases of fractional Shares) as described in the Section 1 of the Offer to Purchase; and

(c) THIRD, if necessary, Shares conditionally tendered, for which the condition was not satisfied, at or below the Purchase Price and not withdrawn prior to the Expiration Date, selected by random lot in accordance with Section 6 of the Offer to Purchase.

You may condition your tender on the Company purchasing a minimum number of your tendered Shares. In such case, if as a result of the preliminary proration provisions in the Offer to Purchase the Company would purchase less than such minimum number of your Shares, then the Company will not purchase any of your Shares, except as provided in the next sentence. In such case, if as a result of conditionally tendered Shares not being purchased the total number of Shares that would have been purchased is less than 1,250,000, the Company will select, by random lot, for purchase from shareholders who tender all their Shares, conditionally tendered Shares for which the condition, based on a preliminary proration, has not been satisfied. See Section 1 of the Offer to Purchase.

The Offer is being made to all holders of Shares. The Company is not aware of any state where the making of the Offer is prohibited by administrative or judicial action pursuant to a valid state statute. If the Company becomes aware of any valid state statute prohibiting the making of the Offer, the Company will make a good faith effort to comply with such statute. If, after such good faith effort, the Company cannot comply with such statute, the Offer will not be made to, nor will tenders be accepted from or on behalf of, holders of Shares in such state. In those jurisdictions whose securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Company by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdictions.

INSTRUCTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below, which are beneficially owned by (us) (me) and registered in your name, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated January 16, 1998, and the related Letter of Transmittal, the receipt of both of which is acknowledged.

Number of Shares to be tendered: _____ Shares

ODD LOTS
(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares either (check one box):

at the Purchase Price, as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or

at the price per Share indicated below under "Price (in Dollars) per Share at which Shares are being tendered."

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER

check here if tender of Shares is conditional on the Company purchasing all or a minimum number of the tendered Shares and complete the following:

Minimum number of Shares to be sold: _____

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(SHAREHOLDERS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A
SEPARATE INSTRUCTION FORM FOR EACH PRICE AT WHICH SHARES ARE TENDERED.)

<input type="checkbox"/> \$58.00	<input type="checkbox"/> \$59.25	<input type="checkbox"/> \$60.50	<input type="checkbox"/> \$61.75	<input type="checkbox"/> \$63.00	<input type="checkbox"/> \$64.25
<input type="checkbox"/> \$58.25	<input type="checkbox"/> \$59.50	<input type="checkbox"/> \$60.75	<input type="checkbox"/> \$62.00	<input type="checkbox"/> \$63.25	<input type="checkbox"/> \$64.50
<input type="checkbox"/> \$58.50	<input type="checkbox"/> \$59.75	<input type="checkbox"/> \$61.00	<input type="checkbox"/> \$62.25	<input type="checkbox"/> \$63.50	<input type="checkbox"/> \$64.75
<input type="checkbox"/> \$58.75	<input type="checkbox"/> \$60.00	<input type="checkbox"/> \$61.25	<input type="checkbox"/> \$62.50	<input type="checkbox"/> \$63.75	<input type="checkbox"/> \$65.00
<input type="checkbox"/> \$59.00	<input type="checkbox"/> \$60.25	<input type="checkbox"/> \$61.50	<input type="checkbox"/> \$62.75	<input type="checkbox"/> \$64.00	

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE OPTION AND RISK OF THE
TENDERING SHAREHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN
RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT
TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER.
HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION
TO SHAREHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES.
EACH SHAREHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW
MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED.

Signature(s): _____

Address: _____

Name(s): _____

(Including Zip Code)

(Please Print)

Area Code and Telephone Number: _____

Date: _____, 1998

(Taxpayer Identification or
Social Security Number)

IMPORTANT: SHAREHOLDERS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR
INSTRUCTION FORM.

TREDEGAR INDUSTRIES, INC.
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

To: Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan

Re: Tredegar Industries, Inc.'s Offer to Purchase for Cash Up to 1,250,000 Shares of its Common Stock

Date: January 16, 1998

This memorandum is being sent to you because you are a participant in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan (the "Dividend Reinvestment Plan").

The Dividend Reinvestment Plan is described in the Plan Prospectus ("Prospectus"). Please refer to the relevant Prospectus for more information regarding the Dividend Reinvestment Plan.

TREDEGAR INDUSTRIES, INC. IS OFFERING TO PURCHASE SHARES OF ITS COMMON STOCK

Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their Shares at prices not in excess of \$65.00 nor less than \$58.00 per Share. The details of the invitation are described in the Company's Offer to Purchase, dated January 16, 1998 (the "Offer to Purchase"), and this memorandum (which together constitute the "Offer" for purposes of tendering Shares held in your Dividend Reinvestment Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

The Letter of Transmittal referred to above and in the Offer to Purchase cannot be used to tender the Shares held in your Dividend Reinvestment Plan account: the enclosed Election Form for the Dividend Reinvestment Plan is a substitute for the Letter of Transmittal and must be used to tender Shares in your Dividend Reinvestment Plan account.

YOUR DECISION WHETHER TO TENDER

As a participant in the Dividend Reinvestment Plan you may direct American Stock Transfer and Trust Company, the administrator of the Dividend Reinvestment Plan (the "Administrator"), to tender Shares allocated to your Dividend Reinvestment Plan account pursuant to the Offer.

HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM

If you wish to direct the Administrator to tender all or part of the Shares in your Dividend Reinvestment Plan account, you must complete and return the enclosed Election Form in accordance with the instructions specified on the Election Form. Before deciding whether or not to tender your Shares, please carefully read the enclosed materials.

YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE ADMINISTRATOR AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998. Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information.

Dividend Reinvestment Plan Participants who desire to tender Shares at more than one price must complete a separate Election Form for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn in accordance with the terms of the Offer) at more than one price. IN ORDER TO PROPERLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH ELECTION FORM.

CHANGING YOUR INSTRUCTION TO ADMINISTRATOR

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Administrator to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Administrator. The notice of withdrawal will be effective only if it is in writing and is received by the Administrator AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Administrator must specify your name, your social security number, the number of Shares tendered, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Administrator, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call American Stock Transfer & Trust Company, Plan Administrator at (212) 936-5100 to obtain a new Election Form. Any new Election Form must be received by the Administrator AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998.

IF YOU HAVE QUESTIONS

If you have any questions about the Offer or any of the other matters discussed above, please call Georgeson & Company Inc., the Information Agent, at (800) 223-2064. If you have questions about the Dividend Reinvestment Plan, please refer to the Prospectus. Additional copies of the Prospectus for the Dividend Reinvestment Plan may be obtained from the Administrator by contacting the Shareholder Services Department at (800) 937-5449.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY PARTICIPANT AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH PARTICIPANT MUST MAKE HIS OR HER OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHAT PRICE OR PRICES.

ELECTION FORM INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below held in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan (the "Dividend Reinvestment Plan"), which are beneficially owned by (us) (me) and held by you under the Dividend Reinvestment Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated January 16, 1998, the receipt of which is acknowledged.

Number of Shares to be tendered: _____ Shares

ODD LOTS
(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares either (check one box):

at the Purchase Price, as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or

at the price per Share indicated below under "Price (in Dollars) per Share at which Shares are being tendered."

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER

check here if tender of Shares is conditional on the Company purchasing all or a minimum number of the tendered Shares and complete the following:

Minimum number of Shares to be sold: _____

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(PARTICIPANTS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A SEPARATE ELECTION FORM FOR EACH PRICE AT WHICH SHARES ARE TENDERED.)

- | | | | | | |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> \$58.00 | <input type="checkbox"/> \$59.25 | <input type="checkbox"/> \$60.50 | <input type="checkbox"/> \$61.75 | <input type="checkbox"/> \$63.00 | <input type="checkbox"/> \$64.25 |
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| <input type="checkbox"/> \$59.00 | <input type="checkbox"/> \$60.25 | <input type="checkbox"/> \$61.50 | <input type="checkbox"/> \$62.75 | <input type="checkbox"/> \$64.00 | |

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE OPTION AND RISK OF THE TENDERING PARTICIPANT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO PARTICIPANTS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH PARTICIPANT MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED.

Signature(s): _____ Address: _____
Name(s): _____ (Please Print) _____ (Including Zip Code)

(Taxpayer Identification or Social Security Number) Area Code and Telephone Number: _____
Date: _____, 1998

IMPORTANT: THIS DIVIDEND REINVESTMENT PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED FACSIMILE THEREOF) MUST BE RECEIVED BY THE ADMINISTRATOR AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998. PARTICIPANTS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR ELECTION FORM.

SAVINGS PLAN FOR THE EMPLOYEES OF
TREDEGAR INDUSTRIES, INC.

To: Participants in the Savings Plan for the Employees of Tredegar Industries, Inc.

Re: Tredegar Industries, Inc.'s Offer to Purchase for Cash Up to 1,250,000 Shares of its Common Stock

Date: January 16, 1998

This memorandum is being sent to you because you are a participant in the Savings Plan for the Employees of Tredegar Industries, Inc. (the "Savings Plan").

The Savings Plan is described in the Summary Plan Description ("SPD"). Please refer to the Saving Plan SPD for more information.

TREDEGAR INDUSTRIES, INC. IS OFFERING TO PURCHASE SHARES OF ITS COMMON STOCK

Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their Shares at prices not in excess of \$65.00 nor less than \$58.00 per Share. The details of the invitation to the Company's shareholders, including Wachovia Bank, N.A., the trustee for the Savings Plan (the "Trustee") and the holder of record of the Shares in your Savings Plan account, are described in the Company's Offer to Purchase, dated January 16, 1998 (the "Offer to Purchase"), and this memorandum (which together constitute the "Offer" for purposes of tendering Shares allocated to your Savings Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

The Letter of Transmittal referred to above and in the Offer to Purchase cannot be used to tender the Shares held in your Savings Plan account: the enclosed Election Form for the Savings Plan is a substitute for the Letter of Transmittal and must be used to tender Shares in your Savings Plan account. Also, please note that if you hold an "odd lot," as described in Section 1 of the Offer to Purchase, in your Savings Plan account, the special odd lot purchase rule will not apply to your Shares in the Savings Plan. That is, the proration provisions that will apply if more than 1,250,000 Shares are properly tendered (as described in Section 1 of the Offer to Purchase) will apply to any Shares tendered from the Savings Plan, even if you are an odd lot holder.

YOUR DECISION WHETHER TO TENDER

As a participant in the Savings Plan you may direct the Trustee to tender Shares allocated to your Savings Plan account pursuant to the Offer. PARTICIPANTS CONSIDERING TENDERING SHARES FROM THEIR SAVINGS PLAN ACCOUNT SHOULD REVIEW CAREFULLY THE TAX CONSEQUENCES OF DOING SO. SEE "POTENTIAL TAX CONSEQUENCES OF TENDERING SHARES" BELOW. ALSO, THE PROCEEDS FROM ANY SALE OF SHARES FROM YOUR SAVINGS PLAN ACCOUNT WILL NOT BE DISTRIBUTED TO YOU. INSTEAD, ANY PROCEEDS WILL CONTINUE TO BE HELD IN THE SAVINGS PLAN AND WILL BE REINVESTED IN THE STABLE VALUE FUND. SEE "REINVESTMENT OF SALE PROCEEDS" BELOW. HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM

If you wish to direct the Trustee to tender all or part of the eligible Shares in your Savings Plan account, you must complete and return the enclosed Election Form in accordance with the instructions specified on the Election Form. Before deciding whether or not to tender your Shares, please carefully read the enclosed materials.

YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE TRUSTEE AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998. Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information. Your decision to tender (or not to tender) and your reinvestment election are personal decisions you should make based upon your own personal circumstances and desires.

Savings Plan participants who desire to tender Shares at more than one price must complete a separate Election Form for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn in

accordance with the terms of the offer) at more than one price. IN ORDER TO PROPERLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH ELECTION FORM.

SAVINGS PLAN ACCOUNTS. Under the Savings Plan, you may direct the Trustee to tender all or part of the Shares that are allocated to your account including Shares that were purchased with Company matching contributions. The label attached below identifies the number of Shares that were allocated to your account as of the date indicated. Unallocated Shares (for example, Shares that were recently purchased by the Trustee) are not subject to your tender direction. The Trustee will decide whether and, if so, upon what terms, unallocated Shares will be tendered.

REINVESTMENT OF SALE PROCEEDS

If you direct the Trustee to tender Shares allocated to your account in the Savings Plan, proceeds from the sale of the Shares will be invested in the Stable Value Fund. Proceeds from the sale of unallocated Shares will be invested in the Stable Value Fund, as well. In accordance with the Savings Plan's investment transfer provisions, you will be able to transfer amounts from the Stable Value Fund to any other active fund. The first opportunity that you will have to transfer sale proceeds from the Stable Value Fund to any other active fund will be effective as of March 31, 1998.

SALE PROCEEDS THAT YOU DIRECT TO BE TRANSFERRED FROM THE STABLE VALUE FUND TO THE TREDEGAR COMMON STOCK FUND WILL BE USED TO PURCHASE COMMON STOCK AT THE MARKET PRICE AT THAT TIME. ACCORDINGLY, THE REINVESTMENT PURCHASE PRICE MAY BE HIGHER THAN THE SALE PRICE. THIS WOULD RESULT IN A DECREASE IN THE NUMBER OF SHARES CREDITED TO YOUR SAVINGS PLAN ACCOUNT. IT IS ALSO POSSIBLE THAT THE REINVESTMENT PRICE WILL BE LOWER THAN THE TENDER OFFER SALE PRICE, WHICH WOULD RESULT IN AN INCREASED NUMBER OF SHARES BEING CREDITED TO YOUR ACCOUNT. THE KEY POINT IS THAT NO ONE CAN ASSURE YOU WHAT THE REINVESTMENT PRICE WILL BE, SINCE IT IS DEPENDENT ON MARKET CONDITIONS AT THE TIME. ALSO, BE SURE TO READ THE NEXT SECTION REGARDING THE POSSIBLE LOSS OF FAVORABLE TAX TREATMENT UNDER THE SAVINGS PLAN AS A RESULT OF TENDERING SHARES FROM YOUR ACCOUNT.

POTENTIAL TAX CONSEQUENCES OF TENDERING SHARES

Tendering and selling shares from your savings plan account will not be a taxable transaction. HOWEVER, TENDERING AND SELLING SHARES FROM YOUR SAVINGS PLAN ACCOUNT NOW COULD RESULT IN THE LOSS OF A FAVORABLE TAX TREATMENT AVAILABLE WITH RESPECT TO ANY SHARES THAT SUBSEQUENTLY ARE DISTRIBUTED TO YOU FROM THE SAVINGS PLAN. Shares that you receive in a distribution from the Savings Plan generally are eligible for favorable tax treatment. Specifically, depending upon the type of distribution, all or a portion of any "net unrealized appreciation" on the Shares is not taxable to you until you sell the Shares. If you tender and sell Shares from your Savings Plan account, any net unrealized appreciation in the Shares that are sold will be lost. In addition, if the proceeds are transferred from the Stable Value Fund to the Tredegar Common Stock Fund, the cost of the Shares in your account will be recalculated to reflect current market prices of the newly acquired Shares. If your net unrealized appreciation is lost, the amount of tax that you owe immediately upon receipt of a Savings Plan distribution may be greater than if you had not tendered and sold your Shares in the Offer.

CHANGING YOUR INSTRUCTION TO TRUSTEE

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Trustee to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Trustee. The notice of withdrawal will be effective only if it is in writing and is received by the Trustee AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Trustee must specify your name, your social security number, the number of Shares tendered, whether employee pre-tax, employee after-tax or employer matching shares, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Trustee, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call Lynn Firebaugh, Manager, Employee Benefits, at (804) 330-1288 to obtain a new Election Form. Any new Election Form must be received by the Trustee AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998.

TRUSTEE'S LEGAL RESPONSIBILITY

If you affirmatively direct the Trustee concerning your decision to tender or not tender the Shares allocated to your Savings Plan account, the Trustee generally must follow your direction.

If you fail to affirmatively direct the Trustee to tender or not tender the Shares allocated to your Savings Plan account, the Savings Plan provides that the Shares will not be tendered and that the Trustee has no discretion with respect to those Shares. The Trustee generally must follow your directions and the terms of the Savings Plan unless it has well founded reasons for concluding that doing so would not be consistent with Title I of Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the Trustee determines that following a Participant direction or the terms of the Savings Plan would not be consistent with Title I of ERISA, it must ignore such direction or Savings Plan provision and exercise its discretion as Trustee in lieu of such direction or Savings Plan provision.

IF YOU HAVE QUESTIONS

If you have any questions about the Offer or any of the other matters discussed above, please call Georgeson & Company Inc., the Information Agent at (800) 223-2064. If you wish, your inquiry may be made on a confidential basis. If you have questions about the Savings Plan, please refer to the Savings Plan's SPD. Additional copies of the SPD for the Savings Plan may be obtained from Lynn Firebaugh at (804) 330-1288.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY PARTICIPANT AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH PARTICIPANT MUST MAKE HIS OR HER OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHAT PRICE OR PRICES.

ELECTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on my behalf, the number of Shares indicated below held in the Savings Plan for the Employees of Tredegar Industries, Inc. (the "Savings Plan"), which are beneficially owned by me and held by you under the Savings Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated January 16, 1998, the receipt of which is acknowledged. I understand that the label that follows sets forth the number of Shares allocated to me in the various Savings Plan accounts.

Number of Shares to be tendered from my Pre-Tax shares account:_____Shares

Number of Shares to be tendered from my After-Tax shares account:_____Shares

Number of Shares to be tendered from my Employer Matching account:_____Shares

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(PARTICIPANTS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE MUST COMPLETE A
SEPARATE ELECTION FORM FOR EACH PRICE AT WHICH SHARES ARE TENDERED.)

<input type="checkbox"/> \$58.00	<input type="checkbox"/> \$59.25	<input type="checkbox"/> \$60.50	<input type="checkbox"/> \$61.75	<input type="checkbox"/> \$63.00	<input type="checkbox"/> \$64.25
<input type="checkbox"/> \$58.25	<input type="checkbox"/> \$59.50	<input type="checkbox"/> \$60.75	<input type="checkbox"/> \$62.00	<input type="checkbox"/> \$63.25	<input type="checkbox"/> \$64.50
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<input type="checkbox"/> \$59.00	<input type="checkbox"/> \$60.25	<input type="checkbox"/> \$61.50	<input type="checkbox"/> \$62.75	<input type="checkbox"/> \$64.00	

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE OPTION AND RISK OF THE
TENDERING PARTICIPANT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN
RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT
TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER.
HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION
TO PARTICIPANTS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES.
EACH PARTICIPANT MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW
MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED.

Signature: _____ Address: _____
Name: _____
(Please Print) (Including Zip Code)

Area Code and Telephone Number: _____
Date: _____, 1998

(Taxpayer Identification or
Social Security Number)

IMPORTANT: THIS SAVINGS PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED
FACSIMILE THEREOF) MUST BE RECEIVED BY THE TRUSTEE AT OR BEFORE 5:00
P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998.

TREDEGAR INDUSTRIES, INC.
EMPLOYEE STOCK PURCHASE PLAN

To: Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan

Re: Tredegar Industries, Inc.'s Offer to Purchase for Cash Up to 1,250,000
Shares of its Common Stock

Date: January 16, 1998

This memorandum is being sent to you because you are a participant in the Tredegar Industries, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan").

There is a summary that describes the Stock Purchase Plan. Please refer to the summary for more information.

TREDEGAR INDUSTRIES, INC. IS OFFERING TO PURCHASE SHARES OF ITS COMMON STOCK

Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their Shares at prices not in excess of \$65.00 nor less than \$58.00 per Share. The details of the invitation are described in the Company's Offer to Purchase, dated January 16, 1998 (the "Offer to Purchase"), and this memorandum (which together constitute the "Offer" for purposes of tendering Shares held in your Stock Purchase Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

The Letter of Transmittal referred to above and in the Offer to Purchase cannot be used to tender the Shares held in your Stock Purchase Plan account: the enclosed Election Form for the Stock Purchase Plan is a substitute for the Letter of Transmittal and must be used to tender Shares in your Stock Purchase Plan account.

YOUR DECISION WHETHER TO TENDER

As a participant in the Stock Purchase Plan you may direct American Stock Transfer and Trust Company, the custodian of the Stock Purchase Plan (the "Custodian"), to tender Shares allocated to your Stock Purchase Plan account pursuant to the Offer.

HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM

If you wish to direct the Custodian to tender all or part of the Shares in your Stock Purchase Plan account, you must complete and return the enclosed Election Form in accordance with the instructions specified on the Election Form. Before deciding whether or not to tender your Shares, please carefully read the enclosed materials.

YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE CUSTODIAN AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998. Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information. Your decision to tender (or not to tender) is a personal decision you should make based upon your own personal circumstances and desires.

Stock Purchase Plan participants who desire to tender Shares at more than one price must complete a separate Election Form for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn in accordance with the terms of the Offer) at more than one price. IN ORDER TO PROPERLY TENDER SHARES, ONE AND ONLY ONE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH ELECTION FORM.

CHANGING YOUR INSTRUCTION TO CUSTODIAN

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Custodian to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Custodian. The notice of withdrawal will be effective only if it is in writing and is received by the Custodian AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Custodian must specify your name, your social security number, the number of Shares tendered, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Custodian, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call American Stock Transfer & Trust Company, Plan Custodian at (212) 936-5100 to obtain a new Election Form. Any new Election Form must be received by the Custodian AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998.

IF YOU HAVE QUESTIONS

If you have any questions about the Offer or any of the other matters discussed above, please call Georgeson & Company Inc., the Information Agent, at (800) 223-2064. If you have questions about the Stock Purchase Plan, please refer to the Stock Purchase Plan summary. Additional copies of the summary for the Stock Purchase Plan may be obtained from Lynn Firebaugh, Manager, Employee Benefits at (804) 330-1288.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY PARTICIPANT AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH PARTICIPANT MUST MAKE HIS OR HER OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHAT PRICE OR PRICES.

ELECTION FORM INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below held in the Tredegar Industries, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan"), which are beneficially owned by (us) (me) and held by you under the Stock Purchase Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated January 16, 1998, the receipt of which is acknowledged.

Number of Shares to be tendered: _____ Shares

ODD LOTS
(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on January 15, 1998, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares either (check one box):

at the Purchase Price, as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or

at the price per Share indicated below under "Price (in Dollars) per Share at which Shares are being tendered."

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER

check here if tender of Shares is conditional on the Company purchasing all or a minimum number of the tendered Shares and complete the following:

Minimum number of Shares to be sold: _____

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED
CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,
THERE IS NO PROPER TENDER OF SHARES

(PARTICIPANTS WHO DESIRE TO TENDER SHARES AT MORE THAN ONE PRICE, MUST COMPLETE A SEPARATE ELECTION FORM FOR EACH PRICE AT WHICH SHARES ARE TENDERED.)

- | | | | | | |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> \$58.00 | <input type="checkbox"/> \$59.25 | <input type="checkbox"/> \$60.50 | <input type="checkbox"/> \$61.75 | <input type="checkbox"/> \$63.00 | <input type="checkbox"/> \$64.25 |
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| <input type="checkbox"/> \$59.00 | <input type="checkbox"/> \$60.25 | <input type="checkbox"/> \$61.50 | <input type="checkbox"/> \$62.75 | <input type="checkbox"/> \$64.00 | |

THE METHOD OF DELIVERY OF THIS DOCUMENT IS AT THE OPTION AND RISK OF THE TENDERING PARTICIPANT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO PARTICIPANTS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH PARTICIPANT MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED.

Signature(s): _____ Address: _____
Name(s): _____ (Including Zip Code)
(Please Print)
Area Code and Telephone Number: _____
Date: _____, 1998

(Taxpayer Identification or
Social Security Number)

IMPORTANT: THIS STOCK PURCHASE PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED FACSIMILE THEREOF) MUST BE RECEIVED BY THE CUSTODIAN AT OR BEFORE 5:00 P.M., NEW YORK CITY TIME, ON WEDNESDAY, FEBRUARY 11, 1998. PARTICIPANTS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR ELECTION FORM.

FOR IMMEDIATE RELEASE

TREDEGAR ANNOUNCES SELF-TENDER OFFER

RICHMOND, Va., January 14, 1998 -- The board of directors of Tredegar Industries, Inc. (NYSE:TG) today authorized a "Dutch auction" self-tender offer for up to 1,250,000 shares of the company's common stock. The tender price range will be \$58.00 to \$65.00 per share. The offer is expected to begin on January 16 and is subject to the terms and conditions described in the offering materials.

As of January 12, Tredegar had 12,388,345 shares of common stock outstanding. The closing price for Tredegar common stock on January 13 was \$58.94.

Under terms of a Dutch auction offer, shareholders are given an opportunity to specify prices, within a stated price range, at which they are willing to tender shares. Upon receipt of the tenders, Tredegar will select a final price that enables it to purchase up to the stated amount of shares from those shareholders who agreed to sell at or below the company-selected price.

Tredegar said the offer will give shareholders who are considering the sale of all or a portion of their shares an opportunity to determine the price, within a range, at which they are willing to sell. If Tredegar purchases their shares, sellers will avoid the normal transaction costs associated with market sales. The company is not making any recommendation to its shareholders regarding the tendering of shares.

The dealer manager for the offer is Schroder & Co. and the information agent is Georgeson & Co.

In a separate news release, Tredegar announced improved fourth-quarter and year-end earnings for 1997.

Tredegar Industries is a manufacturer of plastics and aluminum extrusions with interests in drug discovery and other emerging technologies.

THIS ANNOUNCEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SHARES. THE OFFER IS MADE SOLELY BY THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL WHICH ARE BEING MAILED TO SHAREHOLDERS OF TREDEGAR INDUSTRIES, INC. ON OR ABOUT JANUARY 16, 1998. WHILE THE OFFER IS BEING MADE TO ALL SHAREHOLDERS OF THE COMPANY, TENDERS WILL NOT BE ACCEPTED FROM OR ON BEHALF OF THE SHAREHOLDERS IN ANY JURISDICTION IN WHICH THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN THOSE JURISDICTIONS WHOSE LAWS REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF THE COMPANY BY SCHRODER & CO. INC. OR ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

Notice of Offer to Purchase for Cash
by

TREDEGAR INDUSTRIES, INC.

Up To 1,250,000 Shares Of Its Common Stock
(Including the Associated Preferred Stock Purchase Rights)
at a purchase price not in excess of
\$65.00 nor less than \$58.00 per share

Tredegar Industries, Inc., a Virginia corporation (the "Company"), invites shareholders to tender up to 1,250,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$65.00 nor less than \$58.00 per Share in cash, as specified by such shareholders, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE
AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY,
FEBRUARY 13, 1998, UNLESS THE OFFER IS EXTENDED

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED, BUT IS SUBJECT TO CERTAIN OTHER CONDITIONS.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED UNANIMOUSLY THE OFFER. HOWEVER, NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO SHAREHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES. EACH SHAREHOLDER MUST MAKE THE DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES AND AT WHAT PRICE OR PRICES SHARES SHOULD BE TENDERED. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

As promptly as practicable following the Expiration Date (as defined below), the Company will purchase up to 1,250,000 Shares or such lesser number of Shares as are properly tendered (and not withdrawn in accordance with Section 4 of the Offer to Purchase) prior to the Expiration Date at prices not in excess of \$65.00 nor less than \$58.00 net per Share in cash. The term "Expiration Date" means 12:00 Midnight, New York City time, on Friday, February 13, 1998, unless and until the Company, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire.

The Company will select the lowest Purchase Price that will allow it to buy 1,250,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$65.00 nor less than \$58.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares purchased in the Offer will be purchased at the Purchase Price. The Company is making the Offer because the Board of Directors believes that, given the

Company's business, assets and prospects and the current market price of the Shares, the purchase of the Shares is an attractive use of the Company's funds.

Upon the terms and subject to the conditions of the Offer, if more than 1,250,000 Shares have been properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, the Company will purchase properly tendered Shares on the following basis: (a) FIRST, all Shares properly tendered and not withdrawn prior to the Expiration Date by any Odd Lot Holder (as defined in the Offer to Purchase) who: (1) tenders all Shares beneficially owned by such Odd Lot Holder at a price at or below the Purchase Price (partial tenders will not qualify for this preference); and (2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and (b) SECOND, after purchase of all of the foregoing Shares, all Shares conditionally tendered, for which the condition was satisfied, and all other Shares tendered properly and unconditionally at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, on a PRO RATA basis (with appropriate adjustments to avoid purchases of fractional Shares) as described below; and (c) THIRD, if necessary, Shares conditionally tendered, for which the condition was not satisfied, at or below the Purchase Price and not withdrawn prior to the Expiration Date, selected by random lot. The Company also reserves the right, but will not be obligated, to purchase all Shares duly tendered by any shareholder who tendered all Shares owned, beneficially or of record, at or below the Purchase Price and who, as a result of proration, would then own, beneficially or of record, an aggregate of fewer than 100 Shares. If the Company exercises this right, it will increase the number of Shares that it is offering to purchase by the number of Shares purchased through the exercise of the right.

The Company expressly reserves the right, in its sole discretion, at any time and from time to time to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the American Stock Transfer & Trust Company (the "Depository") and making a public announcement thereof. In accordance with applicable regulations of the Securities and Exchange Commission, the Company may purchase pursuant to the Offer an additional amount of Shares not to exceed 2% of the outstanding Shares without amending or extending the Offer.

Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company pursuant to the Offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Monday, March 16, 1998. For a withdrawal to be effective, a notice of withdrawal must be in written, telegraphic or facsimile transmission form and must be received in a timely manner by the Depository at its address set forth on the back cover of the Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering shareholder, the name of the registered holder, if different from that of the person who tendered such Shares, the number of Shares tendered and the number of Shares to be withdrawn. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers shown on the particular certificates for Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry tender set forth in the Offer to Purchase, the notice of withdrawal also must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility.

THE OFFER TO PURCHASE AND THE LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY TENDERS ARE MADE. The information required to be disclosed by Rule 13e-4(d)(1) under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference. The Offer to Purchase and the related Letter of Transmittal are being mailed to record holders of Shares and are being furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

Additional copies of the Offer to Purchase and the Letter of Transmittal may be obtained from the Depository, the Information Agent or the Dealer Manager and will be furnished promptly at the Company's expense.

THE INFORMATION AGENT FOR THE OFFER IS:

[Georgeson & Company Inc. logo]

Wall Street Plaza
New York, New York 10005

Banks and Brokers Call Collect
(212) 440-9800

ALL OTHERS CALL TOLL FREE
(800) 223-2064

THE DEALER MANAGER FOR THE OFFER IS:

SCHRODER & CO. INC.

The Equitable Center
787 Seventh Avenue
New York, New York 10019-6016
(212) 492-6000 (Call Collect)

January 16, 1998

[TREDEGAR INDUSTRIES LOGO]
January 16, 1998

TO OUR SHAREHOLDERS:

Tredegar Industries, Inc. is offering to purchase up to 1,250,000 shares, or approximately 10.1% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$65.00 nor less than \$58.00 per Share. Tredegar is conducting the tender offer through a procedure commonly referred to as a "Dutch auction." This allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar.

The offer gives shareholders the opportunity to sell their Shares at a price greater than market prices prevailing prior to announcement of the offer. On January 13, 1998, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange (the "NYSE") was \$58.94. On January 15, 1998, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$64. In addition, any shareholder whose Shares are purchased in the offering will receive the total purchase price in cash and will not incur the usual transaction costs associated with open-market sales.

ANY SHAREHOLDERS OWNING AN AGGREGATE OF LESS THAN 100 SHARES WHOSE SHARES ARE PURCHASED PURSUANT TO THE OFFER WILL AVOID THE APPLICABLE ODD LOT DISCOUNTS PAYABLE ON SALES OF ODD LOTS ON THE NYSE.

Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares Tredegar seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

If tendering shareholders properly tender more than the number of Shares Tredegar seeks to purchase through the offer, Tredegar will take into account the number of Shares so tendered and certain other factors described in the Offer to Purchase and select the Purchase Price that will allow Tredegar to buy the number of Shares that it seeks to purchase through the offer. In such circumstances, Tredegar would not purchase the Shares of any tendering shareholder who specified a price per Share above the Purchase Price.

All Shares properly tendered at prices at or below the Purchase Price and not withdrawn on or prior to the Expiration Date (as defined in the Offer to Purchase) will be purchased at the Purchase Price, net to the seller in cash, subject to the terms and conditions described in the Offer to Purchase and the related Letter of Transmittal. Those terms and conditions include, among other things, provisions relating to possible proration, conditional tenders and the tender of odd lots. All stock certificates representing Shares that are tendered and not purchased will be returned promptly to the shareholder.

The offer is explained in detail in the Offer to Purchase and Letter of Transmittal. I encourage you to read these materials carefully before making any decision with respect to the offer. If you want to tender your Shares, the instructions on how to tender Shares are also explained in detail in the accompanying materials.

Neither Tredegar nor its Board of Directors makes any recommendation to any shareholder whether to tender all or any Shares.

Sincerely,
/s/ John D. Gottwald

John D. Gottwald
President and Chief Executive Officer

[Tredegar Industries logo]

January 16, 1998

TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC.
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Tredegar Industries, Inc. is offering to purchase up to 1,250,000 shares, or approximately 10.1% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$65.00 nor less than \$58.00 per Share. As a participant in Tredegar's Dividend Reinvestment and Stock Purchase Plan, you will be able to tender Shares in your plan account.

The enclosed memorandum to Dividend Reinvestment Plan participants contains information regarding the tender offer that is relevant to Dividend Reinvestment Plan participants. Also enclosed with this letter is the election form that all Dividend Reinvestment Plan participants must complete and return to the plan administrator by February 11, 1998, if they wish to tender their Dividend Reinvestment Plan Shares.

I encourage you to read carefully the memorandum, the election form and the other enclosed materials, including the Offer to Purchase. Neither Tredegar nor our Board of Directors makes any recommendation to any Dividend Reinvestment Plan participant whether to tender all or any Shares in the Dividend Reinvestment Plan.

As a Dividend Reinvestment Plan participant, you will have the opportunity to sell your plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On January 13, 1998, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$58.94. On January 15, 1998, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$64. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares Tredegar seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

If tendering shareholders properly tender more than the number of Shares Tredegar seeks to purchase through the offer, Tredegar will take into account the number of Shares so tendered and certain other factors described in the Offer to Purchase and select the Purchase Price that will allow Tredegar to buy the number of Shares that it seeks to purchase through the offer. In such circumstances, Tredegar would not purchase the Shares of any tendering shareholder who specified a price per Share above the Purchase Price.

Sincerely,
/s/ John D. Gottwald

John D. Gottwald
President and Chief Executive Officer

[Tredegar Industries logo]

January 16, 1998

TO PARTICIPANTS IN THE SAVINGS PLAN FOR
THE EMPLOYEES OF TREDEGAR INDUSTRIES, INC.

Tredegar Industries, Inc. is offering to purchase up to 1,250,000 shares, or approximately 10.1% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$65.00 nor less than \$58.00 per Share. As a participant in Tredegar's Employee Savings Plan, you will be able to tender Shares allocated to your Savings Plan account.

The enclosed memorandum to Savings Plan participants contains information regarding the tender offer that is relevant to Savings Plan participants. Also enclosed with this letter is the election form that Savings Plan participants must complete and return to the plan trustee by February 11, 1998, if they wish to tender their Savings Plan Shares.

I encourage you to read carefully the memorandum, the election form and the other enclosed materials, including the Offer to Purchase. Neither Tredegar nor our Board of Directors makes any recommendation to any Savings Plan participant whether to tender all or any eligible Shares in the Savings Plan. Each Savings Plan participant should independently decide whether to tender Shares, taking into account his or her personal circumstances. Your decision will not affect in any way the terms of your employment by Tredegar.

As a Savings Plan participant, you will have the opportunity to sell your eligible plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On January 13, 1998, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$58.94. On January 15, 1998, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$64. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares Tredegar seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

If tendering shareholders properly tender more than the number of Shares Tredegar seeks to purchase through the offer, Tredegar will take into account the number of Shares so tendered and certain other factors described in the Offer to Purchase and select the Purchase Price that will allow Tredegar to buy the number of Shares that it seeks to purchase through the offer. In such circumstances, Tredegar would not purchase the Shares of any tendering shareholder who specified a price per Share above the Purchase Price.

The enclosed Offer to Purchase and accompanying materials contain a substantial amount of information and may seem complicated. Tredegar has retained Georgeson & Company as the information agent to provide assistance with any questions you may have concerning these materials. Please feel free to call Georgeson at (800) 223-2064.

Sincerely,
/s/ John D. Gottwald

John D. Gottwald
President and Chief Executive Officer

[Tredegar Industries logo]

January 16, 1998

TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC.
EMPLOYEE STOCK PURCHASE PLAN

Tredegar Industries, Inc. is offering to purchase up to 1,250,000 shares, or approximately 10.1% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$65.00 nor less than \$58.00 per Share. As a participant in Tredegar's Employee Stock Purchase Plan, you will be able to tender Shares in your plan account.

The enclosed memorandum to Employee Stock Purchase Plan participants contains information regarding the tender offer that is relevant to Employee Stock Purchase Plan participants. Also enclosed with this letter is the election form that all Employee Stock Purchase Plan participants must complete and return to the plan custodian by February 11, 1998, if they wish to tender their Employee Stock Purchase Plan Shares.

I encourage you to read carefully the memorandum, the election form and the other enclosed materials, including the Offer to Purchase. Neither Tredegar nor our Board of Directors makes any recommendation to any Employee Stock Purchase Plan participant whether to tender all or any Shares in the Employee Stock Purchase Plan. Each Employee Stock Purchase Plan participant should independently decide whether to tender Shares, taking into account his or her personal circumstances. Your decision will not affect in any way the terms of your employment by Tredegar.

As an Employee Stock Purchase Plan participant, you will have the opportunity to sell your plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On January 13, 1998, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$58.94. On January 15, 1998, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$64. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares the Company seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

If tendering shareholders properly tender more than the number of Shares Tredegar seeks to purchase through the offer, Tredegar will take into account the number of Shares so tendered and certain other factors described in the Offer to Purchase and select the Purchase Price that will allow Tredegar to buy the number of Shares that it seeks to purchase through the offer. In such circumstances, Tredegar would not purchase the Shares of any tendering shareholder who specified a price per Share above the Purchase Price.

The enclosed Offer to Purchase and accompanying materials contain a substantial amount of information and may seem complicated. Tredegar has retained Georgeson & Company as the information agent to provide assistance with any questions you may have concerning these materials. Please feel free to call Georgeson at (800) 223-2064.

Sincerely,
/s/ John D. Gottwald

John D. Gottwald
President and Chief Executive Officer

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

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

December 31	1996	1995

(In thousands, except share amounts)		
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		Retained Earnings (Deficit)	Foreign Currency Translation	Total Shareholders' Equity
	Shares	Amount			
(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

	1996	1995
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			Weighted Average	Aggregate
	Options	SARs	Range				
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:

Range of Exercise Prices	Options Outstanding at December 31, 1996			Options Exercisable at December 31, 1996	
	Shares	Weighted Average Remaining Contractual Life (Years)	Exercise Price	Shares	Weighted Average Exercise Price
\$ 8.09 to \$11.14	236,525	2.5	\$11.14	236,525	\$11.14
10.09 to 11.18	228,795	5.2	8.38	228,795	8.38
11.59 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

Tredegear 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 Tax-exempt interest income	(1.6)	(1.3)	(6.6)
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)

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.

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.

Item 1. Financial Statements.

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

	Sept. 30, 1997	Dec. 31, 1996
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 114,001	\$ 101,261
Accounts and notes receivable	78,456	61,076
Inventories	18,073	17,658
Income taxes recoverable	381	2,023
Deferred income taxes	9,417	9,484
Prepaid expenses and other	4,089	2,920
	-----	-----
Total current assets	224,417	194,422
	-----	-----
Property, plant and equipment, at cost	277,848	260,200
Less accumulated depreciation and amortization	180,419	169,771
	-----	-----
Net property, plant and equipment	97,429	90,429
	-----	-----
Other assets and deferred charges	55,808	36,094
Goodwill and other intangibles	20,086	20,132
	=====	=====
Total assets	\$ 397,740	\$ 341,077
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 42,392	\$ 28,814
Accrued expenses	38,470	32,487
	-----	-----
Total current liabilities	80,862	61,301
Long-term debt	30,000	35,000
Deferred income taxes	18,728	16,994
Other noncurrent liabilities	13,838	15,237
	-----	-----
Total liabilities	143,428	128,532
	-----	-----
Shareholders' equity:		
Common stock, no par value	113,051	113,019
Common stock held in trust for savings restoration plan	(744)	-
Unrealized gain on available-for-sale securities	3,573	-
Foreign currency translation adjustment	36	499
Retained earnings	138,396	99,027
	-----	-----
Total shareholders' equity	254,312	212,545
	-----	-----
Total liabilities and shareholders' equity	\$ 397,740	\$ 341,077
	=====	=====

See accompanying notes to financial statements.

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

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1997	1996	1997	1996
	-----	-----	-----	-----
Revenues:				
Net sales	\$155,058	\$129,425	\$433,372	\$397,143
Other income (expense), net	3,798	2,909	11,701	3,324
	-----	-----	-----	-----
Total	158,856	132,334	445,073	400,467
	-----	-----	-----	-----
Costs and expenses:				
Cost of goods sold	122,403	103,334	343,658	317,556
Selling, general and administrative	9,438	9,713	26,928	30,828
Research and development	3,220	2,500	9,667	7,520
Interest	456	459	1,598	1,608
Unusual items	-	(680)	(2,250)	(11,427)
	-----	-----	-----	-----

Total	135,517	115,326	379,601	346,085
Income before income taxes	23,339	17,008	65,472	54,382
Income taxes	8,202	6,273	23,034	18,627
Net income	\$ 15,137	\$ 10,735	\$ 42,438	\$ 35,755
Earnings per common and dilutive common equivalent share	\$ 1.14	\$.82	\$ 3.23	\$ 2.74
Shares used to compute earnings per common and dilutive common equivalent share	13,254	13,112	13,158	13,047

See accompanying notes to financial statements.

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

	Nine Months Ended Sept. 30	
	1997	1996
Cash flows from operating activities:		
Net income	\$ 42,438	\$ 35,755
Adjustments for noncash items:		
Depreciation	13,773	15,231
Amortization of intangibles	39	242
Deferred income taxes	40	(3,530)
Accrued pension income and postretirement benefits	(3,129)	(1,752)
Gain on divestitures and property disposals, net	(2,250)	(12,715)
Write-off of certain industrial packaging film machinery and equipment	-	1,288
Gain on sale of technology-related investments	(9,668)	(2,139)
Changes in assets and liabilities, net of effects from divestitures and acquisitions:		
Accounts and notes receivable	(10,721)	(8,972)
Inventories	2,929	1,881
Income taxes recoverable	1,642	2,179
Prepaid expenses and other	(1,169)	(1,433)
Accounts payable	10,517	8,477
Accrued expenses and income taxes payable	5,569	3,233
Other, net	(227)	(31)
Net cash provided by operating activities	49,783	37,714
Cash flows from investing activities:		
Capital expenditures	(14,640)	(18,726)
Acquisition	(13,469)	-
Investments	(12,987)	(1,432)
Proceeds from the sale of investments	10,511	2,600
Property disposals	387	8,801
Proceeds from the sale of Molded Products and Brudi	2,250	71,598
Other, net	(314)	(378)
Net cash (used in) provided by investing activities	(28,262)	62,463
Cash flows from financing activities:		
Dividends paid	(3,069)	(2,195)
Net decrease in borrowings	(5,000)	-
Repurchases of Tredegar common stock	(1,932)	(2,034)
Other, net	1,220	933
Net cash used in financing activities	(8,781)	(3,296)
Increase in cash and cash equivalents	12,740	96,881
Cash and cash equivalents at beginning of period	101,261	2,145
Cash and cash equivalents at end of period	\$ 114,001	\$ 99,026

See accompanying notes to financial statements.

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

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Industries, Inc. and Subsidiaries ("Tredegar") contain all adjustments necessary to present fairly, in all material respects, Tredegar's consolidated financial position as of September 30, 1997, and the consolidated results of their operations and their cash flows for the nine months ended September 30, 1997 and 1996. All such adjustments are deemed to be of a normal recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Tredegar's Annual Report on Form 10-K for the year ended December 31, 1996. The results of operations for the nine months ended September 30, 1997, are not necessarily indicative of the results to be expected for the full year.
2. Historical net income and earnings per common and dilutive common equivalent share, adjusted for unusual items and technology-related investment gains/losses affecting the comparability of operating results, are presented below:

(In Thousands Except Per-Share Amounts)

	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	1997	1996	1997	1996
Historical net income as reported	\$ 15,137	\$ 10,735	\$ 42,438	\$ 35,755
After-tax effects of unusual items:				
Redemption of preferred stock received in connection with the divestiture of Molded Products	-	-	(1,440)	-
Gain on sale of property in Fremont, CA	-	(1,215)	-	(1,215)
Write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films	-	795	-	795
Combined net gain on the Molded Products and Brudi divestitures	-	-	-	(8,059)
	15,137	10,315	40,998	27,276
Historical net income as adjusted for unusual items	15,137	10,315	40,998	27,276
After-tax effect of technology-related investment (gains) losses	(2,117)	(1,369)	(6,187)	(1,369)
	\$ 13,020	\$ 8,946	\$ 34,811	\$ 25,907
	=====	=====	=====	=====
Earnings per common and dilutive common equivalent share:				
As reported	\$ 1.14	\$.82	\$ 3.23	\$ 2.74
As adjusted for unusual items	1.14	.79	3.12	2.09
As adjusted for unusual items and technology-related investment gains/losses	.98	.69	2.65	1.99

3. At September 30, 1997 and December 31, 1996, Tredegar had technology-related investments with a cost basis of \$18.2 million and \$6 million, respectively, which represented ownership (either in the form of limited partnership interests in private venture capital funds, 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 18 and 7 separate entities, respectively. These investments are included in "Other assets and deferred charges" in the consolidated balance sheets. Each security directly held in public companies (common stock listed on NASDAQ) is classified as available-for-sale and stated at fair value, with unrealized holding gains or losses excluded from earnings and reported as a net amount in a separate component of shareholders' equity until realized. Each security held in private companies (primarily convertible preferred stock) is accounted for at the lower of cost or estimated fair value. Ownership interests of less than or equal to 5% in private venture capital funds are accounted for at the lower of cost or estimated fair value, while ownership interests in excess of 5% in such funds are accounted for under the equity method. Management estimates the fair value of technology-related investments to be approximately \$34 million at September 30, 1997. The fair value of securities directly held in public companies is determined based on closing price quotations. The fair value of securities directly held in private companies is estimated by Tredegar management. The fair value of ownership interests in private venture capital funds is based on management's estimate of Tredegar's distributable share of fund net assets utilizing, among others, the general partners' estimate of the fair value of nonmarketable securities held, closing bid prices of publicly traded securities held and the formulas for allocating profits, losses and distributions. Because of the inherent uncertainty of the valuations of restricted securities or securities for which there is no public market, estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed. Furthermore, the publicly-traded stock of emerging, technology-based companies usually has higher volatility and risk than the U.S. stock market as a whole.
4. In February 1997, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings per Share." The standard must be adopted by Tredegar in the fourth quarter of 1997, with all prior periods restated to conform to the new method. Early application is not permitted. The new standard requires the presentation in the income statement of basic and diluted earnings per share. In contrast to primary earnings per share under existing standards, basic earnings per share excludes common stock equivalents (for example, stock options). Accordingly, for the periods shown below, under the new requirements basic earnings per share for Tredegar will be higher than amounts previously reported, while diluted earnings per share will be the same as amounts previously reported:

	Nine Months Ended Sept. 30		Years Ended December 31	
	1997	1996	1996	1995
Percentage basic earnings per share higher than earnings per share as reported	7.2%	6.9%	7.3%	3.5%
Percentage diluted earnings per share higher (lower) than earnings per share as reported	-	-	-	-

During the first nine months of 1997, the FASB also issued new standards affecting disclosures of information about capital structure, comprehensive income and business segments, none of which should have a significant impact on Tredegar.

5. On September 30, 1997, Tredegar announced that its William L. Bonnell subsidiary had agreed in principle to acquire two Canada-based aluminum extrusion and fabrication plants owned by Reynolds Metals Company. The plants are located in Ste. Therese, Quebec, and Richmond Hill, Ontario. Details of the agreement were not disclosed. The proposed acquisition, which is subject to various conditions, is expected to be completed in January 1998. The two plants generated sales of about \$50 million in 1996. Both facilities manufacture products used primarily in building and construction, transportation, electrical, machinery and equipment, and consumer durables markets.

On May 30, 1997, Tredegar announced that its William L. Bonnell subsidiary had acquired an aluminum extrusion and fabrication plant in El Campo, Texas, from Reynolds Metals Company. The El Campo facility, which had sales of about \$45 million in 1996, extrudes and fabricates products used primarily in transportation, electrical and consumer durables markets. The acquisition was accounted for using the purchase method; accordingly, assets acquired and liabilities assumed were recorded at their estimated fair values at the date of acquisition. No goodwill arose from the transaction. The operating results for the El Campo facility have been included in the consolidated statements of income since the date acquired.

6. On July 9, 1997, Tredegar replaced its revolving credit facility dated September 7, 1995, with a new five-year facility that permits borrowings up to \$275 million. The new facility provides for interest to be charged at a base rate (which is generally expected to be the London Interbank Offered Rate ("LIBOR")) plus a spread that is dependent on Tredegar's quarterly debt-to-total capitalization ratio. A facility fee is also charged on the \$275 million 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)	
	LIBOR Spread	Facility Fee
Less than or equal to 35%	16.50	8.50
Greater than 35% and less than or equal to 50%	22.50	10.00
Greater than 50%	30.00	15.00

In addition, a utilization fee of five basis points is charged on the outstanding principal amount when more than \$137.5 million is borrowed under the agreement. The new facility contains restrictions similar to the prior facility including, among others, restrictions on the payments of cash dividends and the maximum debt-to-total capitalization ratio permitted (60%). At September 30, 1997, \$113.8 million was available for cash dividend payments and \$275 million was available to borrow under the 60% debt-to-total capitalization ratio restriction.

7. The components of inventories are as follows:

	(In Thousands)	
	Sept. 30 1997	Dec. 31 1996
Finished goods	\$1,765	\$ 1,677
Work-in-process	1,580	1,782
Raw materials	7,967	7,958
Stores, supplies and other	6,761	6,241
	=====	=====
Total	\$18,073	\$17,658
	=====	=====