UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2004

OR

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

For the transition period from _______________ to _______________

Commission file number 1-10258

Tredegar Corporation
(Exact Name of Registrant as Specified in Its Charter)

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

Registrant's Telephone Number, Including Area Code: **(804) 330-1000**

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |X| No |_|

The number of shares of Common Stock, no par value, outstanding as of October 22, 2004: 38,574,401.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Sept. 30, 2004	Dec. 31, 2003
Asset		
Current assets:		
Cash and cash equivalents	$ 25,347	$ 19,943
Accounts and notes receivable, net	117,785	84,110
Income taxes recoverable	—	61,508
Inventories	55,964	49,572
Deferred income taxes	12,128	10,998
Prepaid expenses and other	5,087	5,015
Total current assets	216,311	231,146
Property, plant and equipment, at cost	606,911	580,087
Less accumulated depreciation	306,009	282,611
Net property, plant and equipment	300,902	297,476
Other assets and deferred charges	89,691	83,855
Goodwill and other intangibles	141,868	140,548
Total assets	$748,772	$753,025
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 57,563	$ 46,706
Accrued expenses	44,349	42,456
Income taxes payable	454	—
Current portion of long-term debt	12,500	8,750
Total current liabilities	114,866	97,912
Long-term debt	88,680	130,879
Deferred income taxes	66,545	66,276
Other noncurrent liabilities	10,856	10,559
Total liabilities	280,947	305,626
Commitments and contingencies (Notes 1 and 2)		
Shareholders’ equity:		
Common stock, no par value	109,129	104,991
Common stock held in trust for savings restoration plan	(1,212)	(1,212)
Unearned compensation on restricted stock grants	(1,557)	—
Unrealized gain on available-for-sale securities	—	2,770
Foreign currency translation adjustment	12,210	9,997
Unrealized gain on derivative financial instruments	562	444
Minimum pension liability	(880)	(880)
Retained earnings	349,573	331,289
Total shareholders’ equity	467,825	447,399
Total liabilities and shareholders’ equity	$748,772	$753,025

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statements of Income
(In Thousands, except per share amounts)
(Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	2004	2003
Revenues:				
Sales	$222,515	$193,125	$634,487	$556,744
Other income (expense), net	8,232	2,379	14,690	3,530
	230,747	195,504	649,177	560,274
Costs and expenses:				
Cost of goods sold	185,087	157,426	526,314	456,763
Freight	5,759	4,901	16,054	13,621
Selling, general and administrative	14,938	13,646	43,370	38,847
Research and development	3,770	4,303	11,905	14,682
Amortization of intangibles	90	67	224	201
Interest expense	707	1,213	2,228	4,999
Asset impairments and costs associated with exit and disposal activities	2,876	3,973	19,663	9,940
Unusual items	—	—	—	1,067
	213,227	185,529	619,758	540,120
Income before income taxes	17,520	9,975	29,419	20,154
Income taxes	2,228	3,556	6,519	7,195
Income from continuing operations	15,292	6,419	22,900	12,959
Discontinued operations:				
Loss from venture capital investment activities (including an after-tax loss on the sale of the venture capital investment portfolio of $49,216)	—	—	—	(49,516)
After-tax gain on the sale of intellectual property of Molecumetics	—	—	—	891
Income (loss) from discontinued operations	—	—	—	(48,625)
Net income (loss)	$ 15,292	$ 6,419	$ 22,900	$ (35,666)
Earnings (loss) per share:				
Basic:				
Continuing operations	$ .40	$ .17	$ .60	$ .34
Discontinued operations	—	—	—	(1.28)
Net income (loss)	$ .40	$ .17	$ .60	$ (.94)
Diluted:				
Continuing operations	$ .40	$ .17	$ .60	$ .34
Discontinued operations	—	—	—	(1.26)
Net income (loss)	$ .40	$ .17	$ .60	$ (.92)
Shares used to compute earnings (loss) per share:				
Basic	38,317	38,058	38,261	38,094
Diluted	38,519	38,383	38,457	38,459
Dividends per share	$ .04	$ .04	$ .12	$ .12

See accompanying notes to financial statements.

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

	Nine Months Ended Sept. 30	
	2004	**2003**
Cash flows from operating activities:		
Net income (loss)	$ 22,900	$ (35,666)
Adjustments for noncash items:		
Depreciation	24,919	23,818
Amortization of intangibles	224	201
Deferred income taxes	(614)	31,257
Accrued pension income and postretirement benefits	(3,065)	(3,300)
Loss on venture capital investments	—	70,256
Gain on sale of corporate assets	(6,547)	(2,231)
Loss on asset impairments and divestitures	13,831	2,968
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivable	(34,718)	(2,674)
Inventories	(6,292)	1,202
Income taxes recoverable	61,505	(41,895)
Prepaid expenses and other	(603)	(1,423)
Accounts payable	11,181	10,323
Accrued expenses and income taxes payable	1,238	4,930
Other, net	(460)	(320)
Net cash provided by operating activities	83,499	57,446
Cash flows from investing activities:		
Capital expenditures	(39,983)	(44,190)
Acquisitions	(1,420)	—
Novalux investment in 2004 and venture capital investments in 2003	(5,000)	(2,807)
Proceeds from the sale of venture capital investments	—	21,504
Proceeds from the sale of corporate assets and property disposals	8,230	2,385
Other, net	7	1,600
Net cash used in investing activities	(38,166)	(21,508)
Cash flows from financing activities:		
Dividends paid	(3,068)	(4,573)
Debt principal payments	(67,724)	(42,205)
Borrowings	29,275	—
Repurchases of Tredegar common stock	—	(5,170)
Proceeds from exercise of stock options	1,588	932
Net cash used in financing activities	(39,929)	(51,016)
Increase (decrease) in cash and cash equivalents	5,404	(15,078)
Cash and cash equivalents at beginning of period	19,943	109,928
Cash and cash equivalents at end of period	$ 25,347	$ 94,850

See accompanying notes to financial statements.

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Corporation and Subsidiaries (“Tredegar”) contain all adjustments necessary to present fairly, in all material respects, Tredegar’s consolidated financial position as of September 30, 2004, the consolidated results of operations for the three and nine months ended September 30, 2004 and 2003, and the consolidated cash flows for the nine months ended September 30, 2004 and 2003. All such adjustments are deemed to be of a normal, recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Tredegar’s Annual Report on Form 10-K for the year ended December 31, 2003. The results of operations for the three and nine months ended September 30, 2004, are not necessarily indicative of the results to be expected for the full year.

2. On July 23, 2004, a subsidiary of Tredegar purchased the assets of Yaheng Perforated Film Material Co., Ltd. (“Yaheng”) for approximately $1.4 million. Yaheng, based in Shanghai, China, has 40 employees and manufactures apertured nonwovens used primarily in personal care markets. The purchase price was allocated to accounts receivable ($26,000), inventories ($45,000), property, plant and equipment ($288,000), patents ($822,000), employment agreements ($150,000), goodwill ($215,000), deferred income tax liabilities ($56,000) and accrued expenses ($70,000). Property, plant and equipment is being depreciated on a straight-line basis over approximately 10 years, patents are being amortized on a straight-line basis over approximately 7 years, and employment agreements are being amortized on a straight-line basis over approximately 3 years. The operating results for Yaheng have been included in the consolidated statements of income since the date acquired. Pro forma results for this acquisition are immaterial.

In August of 2004, we invested $5 million in Novalux, Inc., representing an ownership interest of approximately 18% (15% on a fully diluted basis). Novalux, based in Sunnyvale, California, is developing and commercializing a laser technology for use in a variety of applications, including flat panel displays for home theaters. We are already participating in the growing flat panel display market with our surface protection films. The investment in Novalux, which is included in “Other assets and deferred charges” in the consolidated balance sheet, is being accounted for at lower of cost or estimated fair value, with an impairment loss recognized and a new cost basis established for any write-down to estimated fair value.

Losses associated with plant shutdowns, asset impairments and restructurings in 2004 include:

- A third-quarter pretax charge of $828,000, a second-quarter pretax charge of $994,000 and a first-quarter pretax charge of $666,000 related to accelerated depreciation from plant shutdowns and restructurings in Film Products;
- A third-quarter pretax charge of $709,000 related to severance for 24 people and other employee-related costs associated with the restructuring of the research and development operations in Film Products (we anticipate recognizing additional charges associated with this restructuring over the next 12 months of approximately $5.5 million, including costs associated with relocating research and development functions to Richmond, Virginia, and expected severance for employees given the option of choosing, during the fourth quarter of 2004, between relocation or severance (40 employees were given this option));
- A third-quarter pretax charge of $617,000, a second-quarter pretax charge of $300,000 and a first-quarter pretax charge of $537,000 primarily related to severance and other employee-related costs associated with the planned shutdown of the films manufacturing facility in New Bern, North Carolina (these costs relate to 65 people and are being recognized over their remaining service period and we anticipate recognizing additional shutdown-related costs of less than $1 million during the fourth quarter of 2004);

- A third-quarter pretax charge of $357,000 and a second-quarter pretax charge of $2.7 million for the loss on the sale of the films business in Argentina (proceeds net of transaction costs were $803,000 ($401,000 net of cash included in business sold) – see below for information regarding certain tax benefits related to the sale);
- A third-quarter pretax charge of $195,000 and a first-quarter pretax charge of $9.6 million related to the planned shutdown of an aluminum extrusions facility in Aurora, Ontario, including asset impairment charges of $7.1 million and severance and other employee-related costs of $2.5 million (these costs are contractually-related for 110 people and have been immediately accrued and we anticipate recognizing additional shutdown-related costs of about $2 million over the next five months);
- A third-quarter pretax charge of $170,000 for additional costs incurred related to a plant shutdown in Film Products;
- A second-quarter pretax charge of $300,000 related to the estimated loss on the sale of the previously shutdown films manufacturing facility in Manchester, Iowa;
- A second-quarter pretax charge of $879,000 related to the estimated loss on the sub-lease of a portion of the Therics facility in Princeton, New Jersey;
- Second-quarter pretax charges of $575,000 in Film Products and $146,000 in Aluminum Extrusions related to asset impairments; and
- A second-quarter pretax charge of $145,000 related to severance at Therics.

We expect to recognize a capital loss of approximately $5.6 million for income tax purposes on the sale of the films business in Argentina completed in the third quarter of 2004, with $1.8 million expected to be carried forward due to deductions for capital losses that are limited by capital gains. Accordingly, a valuation allowance was recognized of $622,000 related to possible future income tax benefits that are dependent on uncertain future capital gains.

Losses associated with plant shutdowns, asset impairments and restructurings in 2003 include:

- A third-quarter pretax charge of $2.2 million and a second-quarter pretax charge of $549,000 related to the estimated loss on the sub-lease of a portion of the Therics facility in Princeton, New Jersey;
- A third-quarter pretax charge of $945,000 and a second quarter pretax charge of $314,000 related to accelerated depreciation from plant shutdowns and restructurings in Film Products;
- A second-quarter pretax charge of $642,000 for asset impairments in Film Products;
- A third-quarter pretax charge of $300,000, a second-quarter pretax charge of $53,000 and a first-quarter pretax charge of $85,000 for additional costs incurred related to previously announced plant shutdowns in Film Products;
- Pretax charges for severance costs in connection with restructurings in Film Products ($321,000 in the third quarter and $1.6 million in the second quarter), Aluminum Extrusions ($256,000 in the third quarter), Therics ($1.2 million in the second quarter) and at corporate headquarters ($1.2 million in the second quarter; included in “Corporate expenses, net” in the operating profit by segment table in Note 8); and
- A second-quarter pretax charge of $388,000 related to an early retirement program for 10 people in Aluminum Extrusions.

A reconciliation of the beginning and ending balances of accrued expenses associated with plant shutdowns and divestitures for the period ended September 30, 2004 is as follows:

(In Thousands)	Severance	Asset Impairments	Accelerated Deprec.*	Other	Total
Balance, December 31, 2003	$ 2,106	$ —	$ —	$ 3,086	$ 5,192
Changes during 2004:					
Charges	4,455	11,317	2,488	1,403	19,663
Cash spent	(2,318)	—	—	(1,082)	(3,400)
Charged against assets	—	(11,317)	(2,488)	—	(13,805)
Foreign currency translation	160	—	—	—	160
Reversed to income	—	—	—	(30)	(30)
Balance, September 30, 2004	$ 4,403	$ —	$ —	$ 3,377	$ 7,780

* Represents depreciation accelerated due to plant shutdowns and restructurings based on a remaining useful life of less than one year

Gain on sale of corporate assets in 2004 includes a second-quarter pretax gain on the sale of real estate of $413,000 (proceeds of $647,000) and a first-quarter pretax gain on the sale of public equity securities of $6.1 million (proceeds of $7.2 million). There were no public equity securities held at September 30, 2004. Gains on the sale of corporate assets in 2003 include pretax gains in the third quarter on the sale of public securities of $942,000 (proceeds received of $538,000 in the third quarter of 2003 and $554,000 in the fourth quarter of 2003) and on the sale of corporate real estate of $1.3 million (proceeds of $1.7 million). These gains are included in "Other income (expense), net" in the consolidated statements of income and separately shown in the operating profit by segment table in Note 8.

Income taxes in 2004 include a third-quarter tax benefit of $4 million related to the reversal of income tax contingency accruals upon favorable conclusion of IRS and state examinations through 2000.

The other pretax gain of $7.3 million included in the Aluminum Extrusions section of the operating profit by segment table (see Note 8) is comprised of the present value of an insurance settlement of $8.4 million (future value of $8.5 million) associated with environmental matters related to prior years, partially offset by accruals for expected future environmental costs of $1 million. The company received $5.2 million of the $8.5 million insurance settlement in September of 2004 and recognized receivables at present value for future amounts due ($1.5 million due in February of 2005 and $1.8 million due in February 2006). The gain from the insurance settlement is included in "Other income (expense), net" in the condensed consolidated statements of income, while the accruals for expected future environmental costs are included in "Cost of goods sold."

Unusual items in 2003 include a first-quarter pretax charge of $1.1 million related to an adjustment for depreciation at Therics based on Tredegar's decision to suspend divestiture efforts. There were no unusual items in the first nine months of 2004.

On March 7, 2003, Tredegar Investments, Inc. ("Tredegar Investments") reached definitive agreements to sell substantially all of its portfolio of private equity partnership interests to GS Vintage Funds II, which are investment partnerships managed by Goldman Sachs Asset Management's Private Equity Group. On the same date and in a separate transaction, Tredegar Investments also agreed to sell to W Capital Partners, an independent private equity manager, the subsidiary funds that hold substantially all of Tredegar Investments' direct venture capital investments. The sale of these fund interests included the assumption by the buyer of Tredegar Investments' obligations to make additional capital contributions to those funds in the future.

The sale to W Capital Partners of the subsidiary funds that hold the direct investments occurred on March 7, 2003. The sale of the private equity fund interests occurred in a series of closings.

The agreements governing these transactions contain customary contingent indemnification provisions that Tredegar believes will not have a material effect on its financial position or results of operations.

Net proceeds from the sales totaled $21.5 million. Additional proceeds of approximately $55 million were received in the first quarter of 2004 in the form of income tax recoveries related to the carry-back of 2003 capital losses generated by these sales against gains realized in 2000 by Tredegar Investments. We used $50 million to repay revolving credit debt in April 2004.

The operating results from venture capital investment activities have been reported as discontinued operations. Cash flows from venture capital investment activities have not been separately disclosed in the accompanying consolidated statements of cash flows. The loss from venture capital investment activities in 2003 of $70.9 million ($49.5 million after taxes) includes a loss on the sale of $70.3 million ($49.2 million after taxes). Discontinued operations for 2003 also include a gain of $1.4 million ($891,000 after taxes) on the sale of intellectual property of Molecumetics. Operations were ceased at Molecumetics on July 2, 2002.

3. The components of other comprehensive income or loss are as follows:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
(In Thousands)	**2004**	**2003**	**2004**	**2003**
Net income (loss)	$15,292	$ 6,419	$22,900	$(35,666)
Other comprehensive income (loss), net of tax of approximately 35%:				
Available-for-sale securities adjustment:				
Unrealized net holding gains arising during the period	—	2,709	1,217	3,192
Reclassification adjustment for net gains realized in income	—	—	(3,987)	—
Available-for-sale securities adjustment	—	2,709	(2,770)	3,192
Foreign currency translation adjustment:				
Unrealized foreign currency translation adjustment arising during period	4,034	862	1,052	10,015
Reclassification adjustment of foreign currency translation loss included in income (relates to films business in Argentina sold - see Note 2)	21	—	1,161	—
Foreign currency translation adjustment	4,055	862	2,213	10,015
Derivative financial instrument adjustment	151	63	118	1,047
Minimum pension liability adjustment	—	—	—	—
Comprehensive income (loss)	$19,498	$10,053	$22,461	$(21,412)

4. The components of inventories are as follows:

(In Thousands)	Sept. 30, 2004	Dec. 31, 2003
Finished goods	$10,288	$ 9,190
Work-in-process	4,128	3,294
Raw materials	27,959	25,730
Stores, supplies and other	13,589	11,358
Total	$55,964	$49,572

5. Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income by the weighted average common and potentially dilutive common equivalent shares outstanding, determined as follows:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
(In Thousands)	2004	2003	2004	2003
Weighted average shares outstanding used to compute basic earnings per share	38,317	38,058	38,261	38,094
Incremental shares attributable to stock options and restricted stock	202	325	196	365
Shares used to compute diluted earnings per share	38,519	38,383	38,457	38,459

Incremental shares attributable to stock options and restricted stock are computed using the average market price during the related period. During the third quarter of 2004 and 2003 and the first nine months of 2004 and 2003, 2,122,526, 2,345,253, 2,281,690 and 2,366,940, respectively, of average out-of-the-money options to purchase shares and unamortized shares of restricted stock were excluded from the calculation of incremental shares attributable to stock options and restricted stock.

6. We account for stock options granted to employees and directors in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees.” Accordingly, no compensation expense has been recognized since the exercise price of the options was equal to the fair value of the underlying common stock on the date of grant. Had compensation cost for stock option grants been determined based on the fair value of the options at the grant dates consistent with the method of accounting under Statement of Financial Accounting Standards No. 123, “Accounting for Stock Based Compensation,” our income and diluted earnings per share from continuing operations would have been reduced to the pro forma amounts indicated below:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
(In Thousands, except per share data)	2004	2003	2004	2003
Income from continuing operations:				
As reported	$15,292	$ 6,419	$22,900	$12,959
Stock option-based compensation cost, net of tax, based on the fair value method	(271)	(556)	(1,862)	(1,646)
Pro forma income from continuing operations	$15,021	$ 5,863	$21,038	$11,313
Basic earnings per share from continuing operations:				
As reported	.40	.17	.60	.34
Pro forma	.39	.15	.55	.30
Diluted earnings per share from continuing operations:				
As reported	.40	.17	.60	.34
Pro forma	.39	.15	.55	.29

A summary of the 2004 stock option grants and estimated fair values determined using the Black-Scholes options-pricing model is provided below:

(In Thousands Except Per-Share Amounts)

Assumptions Used in Determining Pro Forma Compensation Expense for Tredegar Stock Options Granted in 2004 & Other Data

Assumptions used in Black-Scholes options-pricing model:			Other assumptions and items:		
Dividend yield		1.15%	Vesting period (years)		2.0
Volatility percentage		45%	Tredegar stock options granted in (none in 3rd quarter):		
Weighted average risk-free interest rate		3.1%	2nd quarter 2004		8
Holding period (years):			1st quarter 2004		331
Management		5.0	Aggregate estimated fair value of options at date of grant (none in 3rd quarter):		
Other employees		3.0	2nd quarter 2004	$	44
Weighted average market price per share of underlying stock at date of grant (a):			1st quarter 2004	$	1,635
Management	$	13.97	Tredegar common stock issued and outstanding at 9/30/04		38,570
Other employees	$	13.95	Tredegar stock options outstanding at 9/30/04:		
Weighted average estimated fair value of options per share at date of grant:			At an exercise price of < $20 per share		1,687
Management	$	5.54	At an exercise price of >= $20 per share		1,048
Other employees	$	4.32	Total		2,735

Assumptions Used in Determining Pro Forma Compensation Expense for Therics Stock Options Granted in 2004 & Other Data

Assumptions used in Black-Scholes options-pricing model:			Other assumptions and items:		
Dividend yield		0.0%	Vesting period (years)		0.4 - 4
Volatility percentage (b)		95%	Therics stock options granted in (none in 2nd quarter):		
Weighted average risk-free interest rate		4.1%	3rd quarter 2004		7,906
Holding period (years)		7.0	1st quarter 2004		30,809
Weighted average estimated fair value per share of underlying stock at date of grant (a)	$	.090	Aggregate estimated fair value of options at date of grant (none in 2nd quarter):		
Weighted average estimated fair value of options per share at date of grant	$	.074	3rd quarter 2004	$	584
			1st quarter 2004	$	2,271
			Therics voting stock issued and outstanding at 9/30/04 (all held by Tredegar)		202,830
			Therics stock options outstanding at 9/30/04 (all held by Therics employees)		40,498

(a) Market price or estimated fair value of underlying stock equaled the stock option exercise price at date of grant.

(b) Volatility estimated for Therics based on Orthovita, Inc. (NASDAQ: VITA), a comparable company.

During the first quarter of 2004, we also granted 125,000 shares of restricted Tredegar common stock to senior management. The price on the date of grant was $13.95 per share, and compensation expense of $1.7 million ($1.1 million after taxes) is being amortized over the vesting period of five years, subject to accelerated vesting based on meeting certain financial targets.

7. The components of net periodic benefit income (cost) for our pension and other post-retirement benefit programs are shown below:

(In Thousands)	Pension Benefits for 3 Months Ended Sept. 30		Other Post-Retirement Benefits for 3 Months Ended Sept. 30	
	2004	2003	2004	2003
Service cost	$ (1,326)	$ (1,355)	$ (30)	$ (26)
Interest cost	(3,031)	(2,742)	(141)	(150)
Employee contributions	89	75	—	—
Other	(25)	(23)	—	—
Expected return on plan assets	5,593	5,326	—	—
Amortization of prior service costs, gains or losses and net transition asset	(119)	(20)	13	11
Net periodic benefit income (cost)	$ 1,181	$ 1,261	$ (158)	$ (165)

(In Thousands)	Pension Benefits for 9 Months Ended Sept. 30		Other Post-Retirement Benefits for 9 Months Ended Sept. 30	
	2004	2003	2004	2003
Service cost	$ (3,969)	$ (4,136)	$ (87)	$ (77)
Interest cost	(9,053)	(8,339)	(420)	(449)
Employee contributions	246	241	—	—
Other	(70)	(73)	—	—
Expected return on plan assets	16,733	16,163	—	—
Amortization of prior service costs, gains or losses and net transition asset	(353)	(61)	38	31
Net periodic benefit income (cost)	$ 3,534	$ 3,795	$ (469)	$ (495)

We expect required contributions to our pension plans to be less than $500,000 in 2004. We fund our other post-retirement benefits (life insurance and health benefits) on a claims-made basis, which were $443,000 in 2003 and $321,000 in 2002. We expect higher cost trends to continue in this area in 2004 and 2005. On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the “Act”) was signed into law. We believe our prescription drug benefits are not actuarially equivalent to the Act and therefore do not expect that any federal subsidies will apply.

8. Information by business segment is reported below. There are no accounting transactions between segments and no allocations to segments. There have been no significant changes to identifiable assets by segment. Net sales (sales less freight) and operating profit from ongoing operations are the measures of sales and operating profit used by the chief operating decision maker of each segment for purposes of assessing performance.

Tredegar Corporation
Net Sales and Operating Profit by Segment
(In Thousands)
(Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	**2003**	**2004**	**2003**
Net Sales				
Film Products	$104,570	$ 92,188	$ 301,940	$273,982
Aluminum Extrusions	112,051	96,036	316,227	269,141
Therics	135	—	266	—
Total net sales	216,756	188,224	618,433	543,123
Add back freight	5,759	4,901	16,054	13,621
Sales as shown in the Consolidated Statements of Income	$222,515	$193,125	$ 634,487	$556,744
Operating Profit				
Film Products:				
Ongoing operations	$ 10,966	$ 10,807	$ 31,853	$ 34,839
Plant shutdowns, asset impairments and restructurings	(2,681)	(1,566)	(8,718)	(4,260)
Aluminum Extrusions:				
Ongoing operations	7,376	6,542	19,340	12,608
Plant shutdowns, asset impairments and restructurings	(195)	(256)	(9,921)	(644)
Other	7,316	—	7,316	—
Therics:				
Ongoing operations	(2,204)	(2,618)	(7,238)	(9,221)
Restructurings	—	(2,151)	(1,024)	(3,855)
Unusual items	—	—	—	(1,067)
Total	20,578	10,758	31,608	28,400
Interest income	86	253	232	1,086
Interest expense	707	1,213	2,228	4,999
Gain on the sale of corporate assets	—	2,231	6,547	2,231
Corporate expenses, net	2,437	2,054	6,740	6,564
Income before income taxes	17,520	9,975	29,419	20,154
Income taxes	2,228	3,556	6,519	7,195
Income from continuing operations	15,292	6,419	22,900	12,959
Income (loss) from discontinued operations	—	—	—	(48,625)
Net income (loss)	$ 15,292	$ 6,419	$ 22,900	$ (35,666)

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

Executive Summary

Income from continuing operations was $15.3 million (40 cents per diluted share) in the third quarter of 2004 compared with $6.4 million (17 cents per diluted share) in 2003. For the first nine months of 2004, income from continuing operations was $22.9 million (60 cents per diluted share) compared with $13.0 million (34 cents per diluted share) in 2003. Gains on the sale of corporate assets and other items, losses related to unusual items, plant shutdowns, assets impairments and restructurings and discontinued operations are described in Note 2 on page 5. The business segment review begins on page 19.

Third-quarter profits in Film Products were up slightly despite substantially higher resin costs. The continued escalation of resin prices limits our ability to achieve significant profit growth. Nonetheless, we remain optimistic about our opportunities in this business and expect gradual profit improvement during 2005. Results in Aluminum Extrusions also improved over 2003, but were adversely affected by furnace-related repair costs and appreciation of the Canadian dollar. As we enter the seasonally weak winter months, market conditions are more favorable than they were a year ago and we are hopeful that results in Aluminum Extrusions will continue to improve.

Regarding Therics, we continue to closely monitor Therics' progress against milestones and evaluate its long-term prospects. We will provide an update with the release of fourth-quarter earnings.

During the first quarter of 2004, we received tax refunds of approximately $55 million related to the sale of our venture capital investments (see Note 2 on page 5) and used $50 million to repay revolving credit debt in April 2004. Net capitalization and other credit measures are provided in the liquidity and capital resources section beginning on page 21.

Critical Accounting Policies

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of financial statements in conformity with generally accepted accounting principles. We believe the estimates, assumptions and judgments described in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" of our Annual Report on Form 10-K for the year ended December 31, 2003, have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. These policies include our accounting for impairment of long-lived assets and goodwill, pension benefits and deferred tax assets. These policies require management to exercise judgments that are often difficult, subjective and complex due to the necessity of estimating the effect of matters that are inherently uncertain. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe the consistent application of these policies enables us to provide readers of our financial statements with useful and reliable information about our operating results and financial condition. There has been no significant change in these policies, or the estimates used in the application of these policies since our 2003 fiscal year-end.

Results of Operations

Third Quarter 2004 Compared with Third Quarter 2003

Overall, sales in the third quarter of 2004 increased 15% compared with 2003. Net sales (sales less freight) increased 13% in Film Products and 17% in Aluminum Extrusions due to higher raw material-driven selling prices and higher volume (up 3% in Film Products and 2% in Aluminum Extrusions). In addition, sales in Film Products benefited from growth in sales of higher value-added products and sales in Aluminum Extrusions benefited from selling price increases unrelated to raw material costs. For more information on net sales and volume, see the business segment review beginning on page 19.

Gross profit (sales minus cost of goods sold and freight) as a percentage of sales decreased to 14.2% in the third quarter of 2004 from 15.9% in 2003. At Film Products, the lower gross profit margin was driven primarily by higher resin costs, and partially offset by higher overall gross profit. For more information on resin costs, see the business segment review beginning on page 19. At Aluminum Extrusions, the gross profit margin decreased primarily due to higher raw-material driven selling prices, customer and product mix, appreciation of the Canadian dollar and furnace-related repair costs, partially offset by higher volume, sales price increases unrelated to raw material costs and operating leverage (generally constant fixed costs until full capacity utilization is achieved). Overall gross profit in Aluminum Extrusions was up over last year.

As a percentage of sales, selling, general and administrative (“SG&A”) expenses decreased to 6.7% compared with 7.1% in 2003 primarily due to raw-material-driven selling price increases. Overall SG&A expenses were up by $1.3 million partially due to the classification of certain costs at Therics as operating versus research and development (“R&D” - see below) consistent with the commercialization of the company’s new bone void filler products. SG&A expenses also increased in equivalent U.S. Dollars as a result of the appreciation of the Euro, Hungarian Forint and Canadian Dollar.

R&D expenses declined to $3.8 million in the third quarter of 2004 from $4.3 million in 2003. R&D spending at Therics declined to $1.6 million in 2004 from $2.5 million in 2003 due to cost reduction efforts and the classification of certain costs as operating versus R&D consistent with the commercialization of the company’s new bone void filler products. R&D spending at Film Products was $2.1 million in 2004 and $1.8 million 2003.

Losses associated with plant shutdowns, asset impairments and restructurings and gains from the sale of corporate assets are described in the nine months review beginning on page 15.

For more information on costs and expenses, see the business segment review beginning on page 19.

Interest income, which is included in “Other income (expense), net” in the consolidated statements of income, was $86,000 in 2004 and $253,000 in 2003. Interest income was down primarily due to lower average cash and cash equivalents balances (excess cash was used to repay debt in conjunction with our debt refinancing in October 2003). Our 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 our policy are safety of principal and liquidity.

Interest expense declined to $707,000 in the third quarter of 2004 compared with $1.2 million in 2003. Average debt outstanding and interest rates were as follows:

(In Millions)	Three Months Ended Sept. 30 2004	Three Months Ended Sept. 30 2003
Floating-rate debt with interest charged on a rollover basis at one-month LIBOR:		
Average outstanding debt balance	$93.5	$214.4
Average interest rate	2.7%	1.8%
Fixed-rate and other debt:		
Average outstanding debt balance	$ 5.5	$ 4.6
Average interest rate	5.2%	7.5%
Total debt:		
Average outstanding debt balance	$99.0	$219.0
Average interest rate	2.8%	1.9%

The effective tax rate from continuing operations was 12.7% in the third quarter of 2004, down from 35.6% in 2003. The decrease is due to a tax benefit of $4 million related to the reversal of income tax contingency accruals upon the favorable conclusion of IRS and state examinations through 2000, partially offset by a tax benefit of only $28,000 accrued on the additional loss of $357,000 recognized in the third quarter on the sale of the films operations in Argentina (see Note 2 on page 5 regarding a valuation allowance recognized on the tax benefits related to the sale).

Nine Months 2004 Compared with Nine Months 2003

Overall, sales in the first nine months of 2004 increased 14% compared with 2003. Net sales (sales less freight) increased 10% in Film Products and 18% in Aluminum Extrusions due to higher raw material-driven selling prices and volume, selling price increases unrelated to raw material costs in Aluminum Extrusions and growth in sales of higher value-added products in Film Products. For more information on net sales and volume, see the business segment review beginning on page 19.

Gross profit (sales minus cost of goods sold and freight) as a percentage of sales decreased to 14.5% in the first nine months of 2004 from 15.5% in 2003. At Film Products, an overall lower gross profit margin was driven primarily by the loss of certain domestic backsheet business at the end of the first quarter of 2003, higher resin costs, higher manufacturing costs on new products and slower than expected new product sales. At Aluminum Extrusions, the gross profit margin increased primarily due to higher volume and operating leverage (generally constant fixed costs until full capacity utilization is achieved).

As a percentage of sales, SG&A expenses decreased to 6.8% compared with 7.0% in 2003 primarily due to raw-material-driven selling price increases. Overall SG&A expenses were up by $4.5 million partially due to the classification of certain costs at Therics as operating versus R&D (see below) consistent with the commercialization of the company's new bone void filler products. SG&A expenses also increased in equivalent U.S. Dollars as a result of the appreciation of the Euro, Hungarian Forint and Canadian Dollar.

R&D expenses declined to $11.9 million in the first nine months of 2004 from $14.7 million in 2003. R&D spending at Therics declined to $6 million in 2004 from $8.8 million in 2003 due to cost reduction efforts and the classification of certain costs as operating versus R&D consistent with the commercialization of the company's new bone void filler products. R&D spending at Film Products was $5.9 million in 2004 compared with $5.8 million in 2003.

Losses associated with plant shutdowns, asset impairments and restructurings in the first nine months of 2004 include:

- A third-quarter pretax charge of $828,000, a second-quarter pretax charge of $994,000 and a first-quarter pretax charge of $666,000 related to accelerated depreciation from plant shutdowns and restructurings in Film Products;
- A third-quarter pretax charge of $709,000 related to severance for 24 people and other employee-related costs associated with the restructuring of the research and development operations in Film Products (we anticipate recognizing additional charges associated with this restructuring over the next 12 months of approximately $5.5 million, including costs associated with relocating research and development functions to Richmond, Virginia, and expected severance for employees given the option of choosing, during the fourth quarter of 2004, between relocation or severance (40 employees were given this option));
- A third-quarter pretax charge of $617,000, a second-quarter pretax charge of $300,000 and a first-quarter pretax charge of $537,000 primarily related to severance and other employee-related costs associated with the planned shutdown of the films manufacturing facility in New Bern, North Carolina (these costs relate to 65 people and are being recognized over their remaining service period and we anticipate recognizing additional shutdown-related costs of less than $1 million during the fourth quarter of 2004);
- A third-quarter pretax charge of $357,000 and a second-quarter pretax charge of $2.7 million for the loss on the sale of the films business in Argentina (proceeds net of transaction costs were $803,000 ($401,000 net of cash included in business sold) – see Note 2 on page 5 for information regarding certain tax benefits related to the sale);
- A third-quarter pretax charge of $195,000 and a first-quarter pretax charge of $9.6 million related to the planned shutdown of an aluminum extrusions facility in Aurora, Ontario, including asset impairment charges of $7.1 million and severance and other employee-related costs of $2.5 million (these costs are contractually-related for 110 people and have been immediately accrued and we anticipate recognizing additional shutdown-related costs of about $2 million over the next five months);
- A third-quarter pretax charge of $170,000 for additional costs incurred related to a plant shutdown in Film Products;
- A second-quarter pretax charge of $300,000 related to the estimated loss on the sale of the previously shutdown films manufacturing facility in Manchester, Iowa;
- A second-quarter pretax charge of $879,000 related to the estimated loss on the sub-lease of a portion of the Therics facility in Princeton, New Jersey;
- Second-quarter pretax charges of $575,000 in Film Products and $146,000 in Aluminum Extrusions related to asset impairments; and
- A second-quarter pretax charge of $145,000 related to severance at Therics.

Losses associated with plant shutdowns, asset impairments and restructurings in the first nine months of 2003 include:

- A third-quarter pretax charge of $2.2 million and a second-quarter pretax charge of $549,000 related to the estimated loss on the sub-lease of a portion of the Therics facility in Princeton, New Jersey;
- A third-quarter pretax charge of $945,000 and a second quarter pretax charge of $314,000 related to accelerated depreciation from plant shutdowns and restructurings in Film Products;
- A second-quarter pretax charge of $642,000 for asset impairments in Film Products;
- A third-quarter pretax charge of $300,000, a second-quarter pretax charge of $53,000 and a first-quarter pretax charge of $85,000 for additional costs incurred related to previously announced plant shutdowns in Film Products;

- Pretax charges for severance costs in connection with restructurings in Film Products ($321,000 in the third quarter and $1.6 million in the second quarter), Aluminum Extrusions ($256,000 in the third quarter), Therics ($1.2 million in the second quarter) and at corporate headquarters ($1.2 million in the second quarter; included in “Corporate expenses, net” in the operating profit by segment table on page 19); and
- A second-quarter pretax charge of $388,000 related to an early retirement program for 10 people in Aluminum Extrusions.

We continue to focus on reducing costs and aligning our structure to meet the needs of our customers. Three areas that we believe will generate significant savings are the shutdown of the films plant in New Bern, North Carolina (expected in the fourth quarter), the restructuring over the next 12 months of the R&D function in Film Products, and the shutdown of the aluminum plant in Aurora, Ontario (expected in the first quarter of 2005). Annual cost savings from these moves are expected of about $4 million for the shutdown of the plant in New Bern, North Carolina, $2 million for the restructuring of the R&D function, and $2 million for the shutdown of the plant in Aurora, Ontario. Related incremental cash expenditures to achieve these savings are about $7 million, $8 million and $8 million, respectively.

Gain on sale of corporate assets in 2004 includes a second-quarter pretax gain on the sale of land of $413,000 (proceeds of $647,000) and a first-quarter pretax gain on the sale of public equity securities of $6.1 million (proceeds of $7.2 million). There were no public equity securities held at September 30, 2004. Gains on the sale of corporate assets in 2003 include pretax gains on the sale of public securities of $942,000 (proceeds received of $538,000 in the third quarter of 2003 and $554,000 in the fourth quarter of 2003) and pretax gains on the sale of corporate real estate of $1.3 million (proceeds of $1.7 million). These gains are included in “Other income (expense), net” in the consolidated statements of income and separately shown in the operating profit by segment table on page 19.

Income taxes in 2004 include a third-quarter tax benefit of $4 million related to the reversal of income tax contingency accruals upon the favorable conclusion of IRS and state examinations through 2000.

The other pretax gain of $7.3 million included in the Aluminum Extrusions section of the operating profit by segment table on page 19 is comprised of the present value of an insurance settlement of $8.4 million (future value of $8.5 million) associated with environmental matters related to prior years, partially offset by accruals for expected future environmental costs of $1 million. The company received $5.2 million of the $8.5 million insurance settlement in September of 2004 and recognized receivables at present value for future amounts due ($1.5 million due in February of 2005 and $1.8 million due in February 2006). The gain from the insurance settlement is included in “Other income (expense), net” in the condensed consolidated statements of income, while the accruals for expected future environmental costs are included in “Cost of goods sold.”

Unusual items in 2003 include a first-quarter pretax charge of $1.1 million related to an adjustment for depreciation at Therics based on Tredegar’s decision to suspend divestiture efforts. There were no unusual items in the first nine months of 2004.

For more information on costs and expenses, see the business segment review beginning on page 19. See Note 2 on page 5 for information on discontinued operations.

Interest income, which is included in “Other income (expense), net” in the consolidated statements of income, was $232,000 in 2004 and $1.1 million in 2003. Interest income was down primarily due to lower average cash and cash equivalents balances (excess cash was used to repay debt in conjunction with our debt refinancing in October 2003).

Interest expense declined to $2.2 million in the first nine months of 2004 compared with $5 million in 2003. Average debt outstanding and interest rates were as follows:

(In Millions)	Nine Months Ended Sept. 30 2004	Nine Months Ended Sept. 30 2003
Floating-rate debt with interest charged on a rollover basis at one-month LIBOR:		
Average outstanding debt balance	$106.0	$188.3
Average interest rate	2.5%	1.9%
Floating-rate debt fixed via interest rate swaps in the second quarter of 2001 and maturing in the second quarter of 2003:		
Average outstanding debt balance	$ —	$ 38.5
Average interest rate	—	5.4%
Fixed-rate and other debt:		
Average outstanding debt balance	$ 5.4	$ 7.6
Average interest rate	6.2%	7.3%
Total debt:		
Average outstanding debt balance	$111.4	$234.4
Average interest rate	2.7%	2.7%

The effective tax rate from continuing operations was 22.2% in the first nine months of 2004, down from 35.7% in 2003. The decrease is due to a tax benefit of $4 million related to the reversal of income tax contingency accruals upon favorable conclusion of IRS and state examinations through 2000, partially offset by an effective tax rate on the loss on the sale of the films operations in Argentina of 27.7% (see Note 2 on page 5 for more information).

Business Segment Review

The following tables present Tredegar's net sales and operating profit by segment for the third quarter and first nine months of 2004 and 2003:

Tredegar Corporation
Net Sales and Operating Profit by Segment
(In Thousands)
(Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	**2003**	**2004**	**2003**
Net Sales				
Film Products	$104,570	$ 92,188	$301,940	$ 273,982
Aluminum Extrusions	112,051	96,036	316,227	269,141
Therics	135	—	266	—
Total net sales	216,756	188,224	618,433	543,123
Add back freight	5,759	4,901	16,054	13,621
Sales as shown in the Consolidated Statements of Income	$222,515	$193,125	$634,487	$ 556,744
Operating Profit				
Film Products:				
Ongoing operations	$ 10,966	$ 10,807	$ 31,853	$ 34,839
Plant shutdowns, asset impairments and restructurings	(2,681)	(1,566)	(8,718)	(4,260)
Aluminum Extrusions:				
Ongoing operations	7,376	6,542	19,340	12,608
Plant shutdowns, asset impairments and restructurings	(195)	(256)	(9,921)	(644)
Other	7,316	—	7,316	—
Therics:				
Ongoing operations	(2,204)	(2,618)	(7,238)	(9,221)
Restructurings	—	(2,151)	(1,024)	(3,855)
Unusual items	—	—	—	(1,067)
Total	20,578	10,758	31,608	28,400
Interest income	86	253	232	1,086
Interest expense	707	1,213	2,228	4,999
Gain on the sale of corporate assets	—	2,231	6,547	2,231
Corporate expenses, net	2,437	2,054	6,740	6,564
Income before income taxes	17,520	9,975	29,419	20,154
Income taxes	2,228	3,556	6,519	7,195
Income from continuing operations	15,292	6,419	22,900	12,959
Income (loss) from discontinued operations	—	—	—	(48,625)
Net income (loss)	$ 15,292	$ 6,419	$ 22,900	$ (35,666)

Net sales (sales less freight) and operating profit from ongoing operations are the measures of sales and operating profit used by the chief operating decision maker of each segment for purposes of assessing performance.

Film Products

Third-quarter net sales in Film Products were $104.6 million, up 13% from $92.2 million in 2003. Operating profit from ongoing operations was $11.0 million, up 2% from $10.8 million last year. Volume for the quarter increased 3% to 70.1 million pounds from 67.8 million pounds in 2003. In addition to higher volume, the increase in sales was due to higher raw material-driven selling prices and growth in sales of higher value-added products.

Net sales, operating profit from ongoing operations and volume in the second quarter of 2004 were $101.5 million, $10.9 million and 71.2 million pounds, respectively. Volume on a pro forma basis (excluding the divested films business in Argentina) was 67.7 million pounds in the third quarter of 2004, 67.9 million pounds in the second quarter of 2004 and 64.7 million pounds in the third quarter of 2003.

Results in Film Products continue to be affected by higher resin prices, which have been increasing steadily since early 2002 and have accelerated in recent months. We estimate the increase in resin prices caused a negative operating profit impact of $1 million to $2 million in the third quarter of 2004. We have pass-through or cost-sharing agreements with a majority of our customers. However, under certain agreements, the higher resin costs are not passed through for an average period of 90 days. In the current environment, in which resin prices have been rising for more than two years and are expected to continue rising, this lag puts constant downward pressure on profits and lowers margins.

We remain optimistic about the longer-term growth prospects of Film Products. Sales and profits of new apertured, elastic, and specialty films are growing steadily. In particular, the success of The Procter & Gamble Company's ("P&G") new feminine pad topsheet in Europe and Japan is leading to new opportunities for us in other regions. We are expanding production capacity for this new topsheet, which P&G will be introducing in North America. We also are moving our R&D and technical centers from Terre Haute, Indiana, and Lake Zurich, Illinois, to Richmond, Virginia. The move co-locates R&D with sales and marketing, and is expected to shorten product development times and reduce annual operating expenses by approximately $2 million.

We continue to invest aggressively in new products, infrastructure and global growth initiatives. Capital expenditures for Film Products through September 30 totaled $32.9 million and are expected to be approximately $52 million for the year. More information on capital expenditures is provided in the liquidity and capital resources section beginning on page 21.

Year-to-date net sales were $301.9 million versus $274.0 million in 2003. Operating profit from ongoing operations was $31.9 million compared to $34.8 million in 2003. Year-to-date volume increased slightly to 210.4 million pounds from 206.6 million pounds in 2003. Volume on a pro forma basis (excluding the divested films business in Argentina) was 201.0 million pounds versus 199.1 million pounds in 2003. Prior-year results include sales of certain domestic backsheet products that were discontinued at the end of the first quarter of 2003.

Aluminum Extrusions

Third-quarter net sales in Aluminum Extrusions were $112.1 million, up 17% from $96.0 million in 2003 while operating profit from ongoing operations increased 14% to $7.4 million from $6.5 million in 2003. The improvement in sales and profits was primarily due to higher selling prices and volume. Volume was up 2% to 63.8 million pounds from 62.5 million pounds in 2003.

Volume improved in the commercial construction and machinery and equipment sectors, particularly shipments of extrusions for curtain wall, storefront, commercial windows and agricultural equipment. Volume continues to decline for tub and shower enclosures and standard industrial shapes due to lower prices offered by competitors, primarily imports from China. We estimate that 10 – 15% of our shipments are in markets that are sensitive to Chinese competition.

Operating profit in the third quarter was adversely affected by approximately $1.5 million related primarily to furnace repairs at the Newnan, Georgia, plant and appreciation of the Canadian dollar.

Year-to-date net sales were $316.2 million, up 18% from $269.1 million in 2003. Operating profit from ongoing operations for the nine-month period increased by 53% to $19.3 million from $12.6 million in 2003. Year-to-date volume increased 6% to 183.8 million pounds, up from 174.1 million pounds in 2003.

Our results so far this year illustrate the benefits of operating leverage and pricing improvements when volume is growing. For example, over the last 12 months, volume is up about 5%. Over the same period, profits are up about 35%. Based on operating levels experienced over the last 12 months, we expect future annual operating profits to change at 3 - 4 times the percentage change in volume.

As we enter the seasonally weak winter months, market conditions appear to be more favorable than they were last year. At this point, our backlog of orders is ahead of last year and our pricing is more favorable as well. If these conditions persist, we hope to continue generating higher year-over-year profits in Aluminum Extrusions. In addition, about 15% of our volume is shipped to customers in Florida, and we believe additional business may result from hurricane repairs and prevention, particularly hurricane shutters.

Through September 30, capital expenditures totaled $6.4 million and are expected to be approximately $15 million for the year. Capital expenditures related to ongoing support and continuity is about $10 million annually, or approximately the same level as depreciation ($10.9 million in 2003). Capital expenditures expected in 2004 in excess of ongoing support and continuity is primarily due to the consolidation of some of our Canadian operations, including closing the plant in Aurora, Ontario. We plan to move the Aurora plant’s largest press to the plant in Pickering, Ontario, and invest $8 million to upgrade the press and enlarge the facility. This consolidation is expected to reduce annual operating costs by approximately $2 million.

Therics

The third-quarter operating loss from ongoing operations at Therics was $2.2 million compared to a loss of $2.6 million in 2003. Earlier this year, Therics launched its initial line of bone void filler products. Net sales were $135,000 for the quarter and $266,000 year-to-date. The year-to-date operating loss was $7.2 million compared to $9.2 million in 2003. Quarterly operating losses are expected to continue in the $2.5 million range until meaningful sales are achieved.

Liquidity and Capital Resources

Tredegar’s total assets decreased to $748.8 million at September 30, 2004, from $753 million at December 31, 2003. In the first nine months of 2004, we received tax refunds of about $55 million related to the sale of the venture capital portfolio (see Note 2 on page 5) and used $50 million to repay revolver debt in April 2004. Other significant changes in balance sheet items since December 31, 2003, are summarized below:

- Accounts receivable increased by $33.7 million due primarily to seasonal year-end lows in Aluminum Extrusions and higher net sales for all businesses (net sales for the third quarter were up $39.8 million compared to the fourth quarter of 2003, and days sales outstanding remains in the 50-day range in Film Products and 45-day range in Aluminum Extrusions);

- Inventories increased by $6.4 million due to higher purchases supporting higher sales and higher raw material costs (resin and aluminum prices are up since the fourth quarter and inventory days remains in the 45-day range in Film Products and 30-day range in Aluminum Extrusions);
- Income taxes recoverable declined by $61.5 million due primarily to the receipt of the income tax refund related to the sale of the venture capital portfolio;
- Other assets increased by $5.8 million primarily due to the $5 million investment in Novalux during the third quarter (see Note 2 on page 5);
- Net property, plant and equipment was up $3.4 million due primarily to capital expenditures in excess of depreciation of $15.1 million, partially offset by the $7.1 million asset impairment recognized in the first quarter on the planned shutdown of the Aluminum Extrusions plant in Aurora, Ontario, and other asset impairments and accelerated depreciation during the first nine months of 2004 in Film Products totaling $3.2 million; and
- Accounts payable increased $10.9 million due to the timing of payments and higher raw material costs.

Cash provided by operating activities was $83.5 million in the first nine months of 2004 compared with $57.4 million in 2003. The increase is due primarily to the income tax refund, partially offset by higher working capital in the first nine months of 2004 compared with 2003 due to higher sales.

Cash used in investing activities was $38.2 million in the first nine months of 2004 compared with $21.5 million in 2003. The change is primarily attributable to proceeds from the sale of corporate assets and property disposals of $8.2 million in the first nine months of 2004 compared with proceeds from the sale of venture capital investments, net of investments made, of $18.7 million in 2003, and the $5 million investment in Novalux made in the third quarter of 2004.

Capital expenditures in the first nine months of 2004 reflect the normal replacement of machinery and equipment and primarily:

- Expansion of production capacity for apertured topsheet films (used in feminine hygiene pads) at our plant in Kerkrade, The Netherlands;
- Expansion of production capacity for elastic films (used as components in personal care products) at our plant in Lake Zurich, Illinois;
- Upgrade of production capacity for photopolymer films (used to protect circuit boards during the manufacturing process) at our plant in Lake Zurich, Illinois;
- Implementation of a new global information system in Film Products (this implementation will continue into 2005 and 2006);
- Construction of a new films plant in Guangzhou, China;
- Expansion of production capacity for high-density polyethylene films (used as over-wrap for bathroom tissue and paper towels); and
- Expansion of capacity at our films plant in Shanghai, China.

Capital expenditures for all of 2004 are expected of $52 million in Film Products and about $15 million in Aluminum Extrusions. See the business segment review beginning on page 19 for more information.

Net capitalization and indebtedness as defined under our Credit Agreement as of September 30, 2004 are as follows:

Net Capitalization and Indebtedness as of Sept. 30, 2004
(In Thousands)

Net capitalization:		
Cash and cash equivalents	$	25,347
Debt:		
Credit Agreement:		
Revolver		28,000
Term loan		67,500
Other debt		5,680
Total debt		101,180
Debt net of cash and cash equivalents		75,833
Shareholders’ equity		467,825
Net capitalization	$	543,658
Indebtedness as defined in Credit Agreement:		
Total debt	$	101,180
Face value of letters of credit		6,391
Indebtedness	$	107,571

Under the Credit Agreement, revolving credit borrowings are permitted up to $125 million, and $96 million was unused at September 30, 2004. The credit spread and commitment fees charged on the unused amount under the Credit Agreement at various indebtedness-to-adjusted EBITDA levels are as follows:

Pricing Under Credit Agreement (Basis Points)

	Credit Spread Over LIBOR		
Indebtedness-to-Adjusted EBITDA Ratio	Revolver	Term Loan	Commitment Fee
> 2x but <= 3x	150	150	30
> 1x but <= 2x	125	125	25
<= 1x	100	100	20

At September 30, 2004, the interest cost on debt under the Credit Agreement was priced at one-month LIBOR plus the applicable credit spread of 125 basis points.

The computations of adjusted EBITDA, adjusted EBIT, the leverage ratio and interest coverage ratio as defined in the Credit Agreement are presented below along with the related most restrictive covenants. Adjusted EBITDA and adjusted EBIT as defined in the Credit Agreement are not intended to represent cash flow from operations as defined by GAAP and should not be considered as either an alternative to net income or to cash flow.

Computations of Adjusted EBITDA, Adjusted EBIT, Leverage Ratio and Interest Coverage Ratio as Defined in Credit Agreement Along with Related Most Restrictive Covenants
As of Sept. 30, 2004 (In Thousands)

Computations of adjusted EBITDA and adjusted EBIT as defined in Credit Agreement for the twelve months ended Sept. 30, 2004:	
Net income	$ 32,215
Plus:	
After-tax losses related to discontinued operations	—
Total income tax expense for continuing operations	10,041
Interest expense	4,014
Depreciation and amortization expense for continuing operations	33,746
All non-cash losses and expenses, plus cash losses and expenses not to exceed $10,000, for continuing operations that are classified as unusual, extraordinary or which are related to plant shutdowns, asset impairments and/or restructurings (cash-related before maximum adjustment of $7,486)	22,190
Minus:	
After-tax income related to discontinued operations	(2,947)
Total income tax benefits for continuing operations	—
Interest income	(329)
All non-cash gains and income, plus cash gains and income not to exceed $10,000, for continuing operations that are classified as unusual, extraordinary or which are related to plant shutdowns, asset impairments and/or restructurings (cash-related before maximum adjustment of $19,213)	(10,000)
Plus or minus, as applicable, pro forma EBITDA adjustments associated with acquisitions and asset dispositions	(20)
Adjusted EBITDA as defined in Credit Agreement	88,910
Less: Depreciation and amortization expense for continuing operations (including pro forma for acquisitions and asset dispositions)	(33,760)
Adjusted EBIT as defined in Credit Agreement	$ 55,150
Computations of leverage and interest coverage ratios as defined in Credit Agreement:	
Leverage ratio (indebtedness-to-adjusted EBITDA)	1.21x
Interest coverage ratio (adjusted EBIT-to-interest expense)	13.74x
Most restrictive covenants as defined in Credit Agreement:	
Maximum permitted aggregate amount of dividends that can be paid by Tredegar during the term of the Credit Agreement	$100,000
Minimum adjusted shareholders' equity permitted (increases by 50% of net income generated after September 30, 2003)	341,108
Maximum leverage ratio permitted:	
Ongoing	3.00x
Pro forma for acquisitions	2.50x
Minimum interest coverage ratio permitted	2.50x

We believe that we are in compliance with all of our debt covenants. Noncompliance with any one or more of the debt covenants may have an adverse effect on financial condition or liquidity in the event such noncompliance cannot be cured or should we be unable to obtain a waiver from the lenders. Renegotiation of the covenant through an amendment to the Credit Agreement may effectively cure the noncompliance, but may have an effect on financial condition or liquidity depending upon how the covenant is renegotiated.

We believe that existing borrowing availability, our current cash balances and our cash flow from operations will be sufficient to satisfy our working capital, capital expenditure and dividend requirements for the foreseeable future.

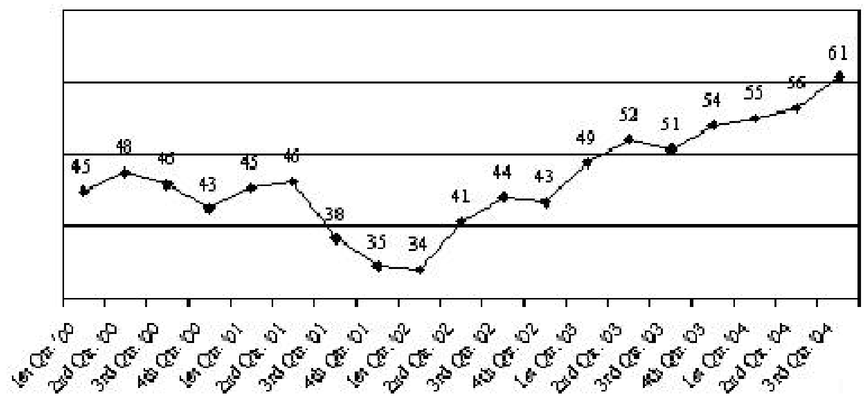
Quantitative and Qualitative Disclosures About Market Risk

Tredegar has exposure to the volatility of interest rates, polyethylene and polypropylene resin prices, aluminum ingot and scrap prices, energy prices, foreign currencies and emerging markets. See the section on liquidity and capital resources beginning on page 21 regarding Credit Agreement and interest rate exposures.

Changes in resin prices, and the timing of those changes, could have a significant impact on profit margins in Film Products. Profit margins in Aluminum Extrusions are sensitive to fluctuations in aluminum ingot and scrap prices as well as natural gas prices. There is no assurance of our ability to pass through higher raw material and energy costs to our customers.

Results in Film Products continue to be affected by higher resin prices, which have been increasing steadily since early 2002 and have accelerated in recent months. Average quarterly prices of low density polyethylene resin are shown in the chart below (a primary raw material for Film Products).

Quarterly Average Large Buyer Price for Low Density Polyethylene Resin
(Cents Per Pound)

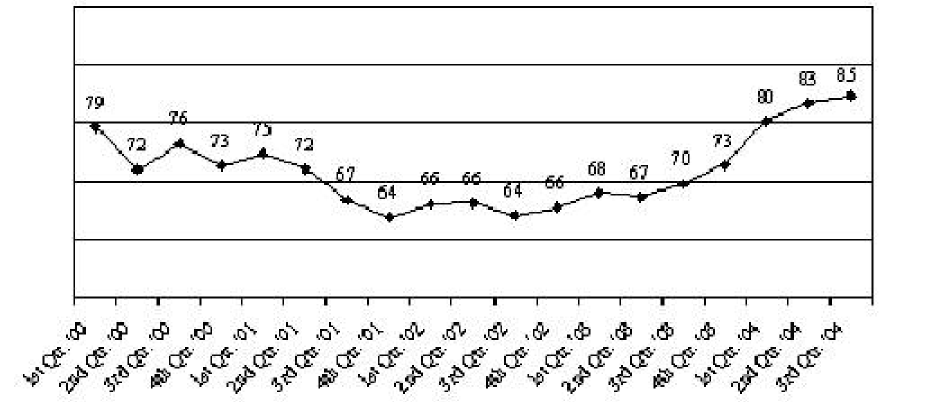


Source: Quarterly averages computed by Tredegar using monthly data provided by Chemical Data Inc.

The price of resin is driven by several factors including supply and demand and the price of natural gas, ethane and ethylene. We have pass-through or cost-sharing agreements with a majority of our customers. However, under certain agreements, the higher resin costs are not passed through for an average period of 90 days. In the current environment, in which resin prices have been rising for more than two years and are expected to continue rising, this lag puts constant downward pressure on profits and lowers margins. We estimate the increase in resin prices caused a negative operating profit impact of $1 million to $2 million in the third quarter of 2004.

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

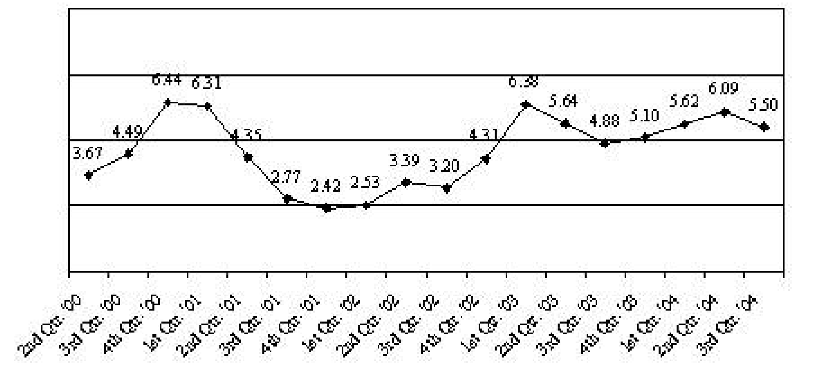
Quarterly Average Price of Aluminium
(U.S. Midwest Spot Price – Cents Per Pound)



Source: Quarterly averages computed by Tredegar using daily closing data provided by Bloomberg.

In Aluminum Extrusions, we hedge from time-to-time a portion of our exposure to natural gas price volatility (see the chart below) by entering into fixed-price forward purchase contracts with our natural gas suppliers. As of October 20, 2004, we had forward contracts with natural gas suppliers covering a small portion of our needs through February 2005. We estimate that, in an unhedged situation, every $1 per mmBtu per month change in the market price of natural gas has a $150,000 impact on the monthly operating profit of Aluminum Extrusions.

Quarterly Average Price of Natural Gas
(Henry Hub Spot Price – $ Per mmBtu)



Source: Quarterly averages computed by Tredegar using daily closing data provided by Bloomberg.

We sell to customers in foreign markets through our foreign operations and through exports from U.S. plants. The percentage of sales from manufacturing operations related to foreign markets for the first nine months of 2004 and 2003 are as follows:

Percentage of Net Sales from Manufacturing Operations Related to Foreign Markets*

	Nine Months Ended Sept. 30			
	2004		2003	
	Exports From U.S.	Foreign Operations	Exports From U.S.	Foreign Operations
Canada	3%	17%	4%	17%
Europe	2	13	3	12
Latin America	2	2	3	2
Asia	3	3	3	2
Total	10%	35%	13%	33%

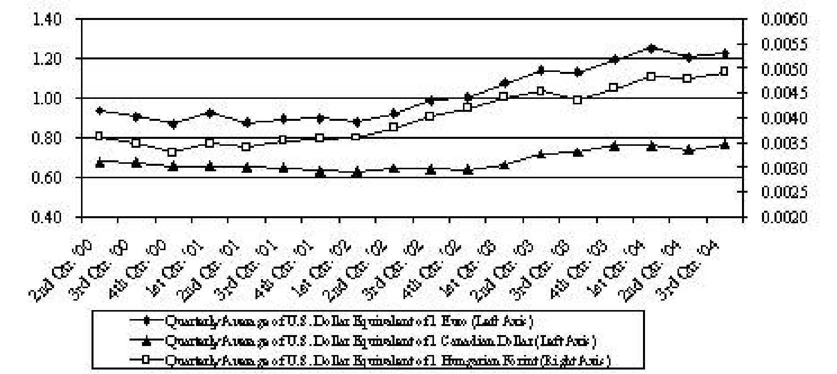
* Based on consolidated net sales from manufacturing operations (excludes Therics and discontinued operations).

We attempt to match the pricing and cost of our products in the same currency (except in Canada where about 70% of our sales of aluminum extrusions are U.S. Dollar-based) and generally view the volatility of foreign currencies and emerging markets, and the corresponding impact on earnings and cash flow, as part of the overall risk of operating in a global environment. Exports from the U.S. are generally denominated in U.S. Dollars. Our foreign currency exposure on income from foreign operations in Europe primarily relates to the Euro and the Hungarian Forint.

The relatively high percentage of U.S. Dollar-priced sales in Canada is partly due to the shifting of a large portion of the customers previously served by the aluminum extrusions plant in El Campo, Texas, in 2001. The resulting mismatch between the currency denomination of sales and costs causes lower U.S. Dollar translated profits when the Canadian Dollar appreciates since our costs are higher in U.S. Dollar equivalent terms while sales are mostly unaffected (the opposite effect occurs when the Canadian Dollar depreciates in value relative to the U.S. Dollar). We estimate that the appreciation of the Canadian Dollar relative to the U.S. Dollar had an adverse impact on the third quarter of 2004 compared with the third quarter of 2003 of about $600,000 (about $2 million unfavorable year-to-date versus last year). In Film Products, where we have been able to better match the currency of our sales and costs, we estimate that the appreciation of the Euro and Hungarian Forint relative to the U.S. Dollar had a positive impact on third quarter results of about $700,000 compared with the third quarter of 2003 (about $1 million favorable year-to-date versus last year).

We are continuing to review the loading of our aluminum extrusions plants in North America to optimize production mix and minimize cost in light of the increase in the U.S. Dollar equivalent cost structure of our plants in Canada.

Quarterly Average Exchange Rates of Euro, Hungarian Forint and Canadian Dollar Relative to the U.S. Dollar



Source: Quarterly averages computed by Tredegar using daily closing data provided by Bloomberg.

Forward-Looking and Cautionary Statements

From time to time, we may make statements that may constitute "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on our then current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those addressed in the forward-looking statements. Factors that may cause such a difference include, but are not limited to the following:

General

- ***Our future performance is influenced by costs incurred by our operating companies including, for example, the cost of energy and raw materials.*** There is no assurance that we will be able to offset fully or on a timely basis the effects of higher raw material costs through price increases. Further, there is no assurance that cost control efforts will be sufficient to offset any additional future declines in revenue or increases in energy, raw material or other costs.

- ***As part of our business strategy, we expect to pursue acquisitions of businesses or investments that we believe have unique and sustainable technologies, products and services in attractive end markets.*** The success of this strategy will depend upon our ability to identify, and acquire and finance on acceptable terms such businesses and to achieve planned synergies and operating results, none of which can be assured.

Film Products

- ***Film Products is highly dependent on sales associated with one customer, P&G.*** P&G comprised 29% of Tredegar's net sales in 2003, 33% in 2002 and 31% in 2001. The loss or significant reduction of sales associated with P&G would have a material adverse effect on our business, as would delays in P&G rolling out products utilizing new technologies developed by Tredegar. While we have undertaken efforts to expand our customer base, there can be no assurance that such efforts will be successful, or that they will offset any delay or loss of sales and profits associated with P&G.

- ***Growth of Film Products depends on our ability to develop and deliver new products, especially in the personal care market.*** Personal care products are now being made with a variety of new materials, replacing traditional backsheet and other components. While we have substantial technical resources, there can be no assurance that our new products can be brought to market successfully, or if brought to market successfully, at the same level of profitability and market share of replaced films. A shift in customer preferences away from our technologies, our inability to develop and deliver new profitable products, or delayed acceptance of our new products in domestic or foreign markets, could have a material adverse effect on our business.
- ***Film Products operates in a field where our significant customers and competitors have substantial intellectual property portfolios.*** The continued success of this business depends on our ability not only to protect our own technologies and trade secrets, but also to develop and sell new products that do not infringe upon existing patents. Although we are not currently involved in any patent litigation, an unfavorable outcome of any such action could have a significant adverse impact on Film Products.
- ***As Film Products expands its personal care business, we have greater credit risk that is inherent in broadening our customer base.***

Aluminum Extrusions

- ***Sales volume and profitability of Aluminum Extrusions is cyclical and highly dependent on economic conditions of end-use markets in the United States and Canada, particularly in the construction, distribution and transportation industries.*** Our market segments are also subject to seasonal slowdowns during the winter months. From 1992 to the second quarter of 2000, profits in Aluminum Extrusions grew as a result of positive economic conditions in the markets we serve and manufacturing efficiencies. However, a slowdown in these markets in the second half of 2000 resulted in a 13% decline in sales volume and 28% decline in ongoing operating profit compared with the second half of 1999. The aluminum extrusions industry continued to be affected by poor economic conditions in 2001 and 2002. Our sales volume declined 23% and operating profit declined 49% in 2002 compared with 2000. In 2001, our sales volume declined 20% and operating profit declined 52% compared with 2000. The decline in ongoing operating profit during these periods at approximately two to three times the rate of the decline in sales volume illustrates the operating leverage inherent in our operations (fixed operating costs). Moreover, in 2003 higher energy and insurance costs and the appreciation of the Canadian Dollar against the U.S. Dollar had an adverse impact on operating profits. Any benefits associated with cost reductions and productivity improvements may not be sufficient to offset the adverse effects on profitability from pricing and margin pressure and higher bad debts that usually accompany a downturn.
- ***The markets for our products are highly competitive with product quality, service and price being the principal competitive factors*****.** As competitors increase capacity or reduce prices to increase business, there could be pressure to reduce prices to our customers. Aluminum Extrusions is under increasing domestic and foreign competitive pressures, including a growing presence of Chinese and other foreign imports in a number of markets. This competition could result in loss of market share due to a competitor’s ability to produce at lower costs and sell at lower prices. There can be no assurance that we will be able to maintain current margins and profitability. Our continued success and prospects depend on our ability to retain existing customers and participate in overall industry cross-cycle growth.

Therics

- ***Therics has incurred losses since inception, and we are unsure when, or if, it will become profitable.*** We are in the initial stages of commercializing certain orthobiologic products that have received FDA clearances. There can be no assurance that any of these products can be brought to market successfully.

  The commercialization of new future products will require significant research, development, preclinical and clinical testing, and regulatory approvals. Where potential new products do not advance beyond early product development or do not demonstrate preclinical or clinical efficacy, they will not likely be commercialized. In addition, there can be no assurance that the FDA and other regulatory authorities will clear our products in a timely manner.

- ***Our ability to develop and commercialize products will depend on our ability to internally develop preclinical, clinical, regulatory, manufacturing and sales, distribution and marketing capabilities, or enter into arrangements with third parties to provide those functions***. We may not be successful in developing these capabilities or entering into agreements with third parties on favorable terms. To the extent we rely on third parties for these capabilities, our control over such activities may be reduced which could make us dependent upon these parties. The inability to develop or contract for these capabilities would significantly impair our ability to develop and commercialize products and thus our ability to become profitable.

  Related factors that may impair our ability to develop and commercialize products include our reliance on pre-clinical and clinical data concerning our products and product introductions by competing companies. Likewise, in the event we are unable to manufacture our products efficiently or demonstrate to the relevant markets the value of our products or their advantages over competitive products, our ability to commercialize products and thus our operating results will be negatively affected.

  We are relying to a significant degree on a sales force consisting of independent sales agents for the sale and marketing of our products. Market acceptance of our products, and thus our ability to become profitable, is largely dependent upon the competency of this sales force, whether they perform their duties in line with our expectations and their continued willingness to carry our products.

- ***Our ability to develop and commercialize products will depend on market acceptance of those products.*** We are dependent upon the willingness of the medical community to learn about and try our products and then switch from currently used products to our products. In the event the community is reluctant or unwilling to utilize our products, our ability to generate profits will be significantly impaired. Commercial success is also dependent upon third party payor acceptance of our products.

- ***Our ability to develop and commercialize certain products is dependent upon sufficient sources of supply for various raw materials.*** We may not be successful in procuring the types and quantities of raw materials necessary to commercialize certain orthobiologic products, which would significantly impair our ability to become profitable.

- ***Future sales and profits are dependent upon obtaining and maintaining all necessary regulatory approvals.*** We have received clearances from the FDA for certain products as medical devices, which approvals must be maintained in order to commercialize these products. Similar FDA approval will need to be obtained for any new products in order to market those products. In addition, depending upon where we intend to engage in marketing activities, we may need to obtain the necessary approvals from the regulatory agencies of the applicable jurisdictions. Failure to obtain and maintain the necessary regulatory approvals would significantly impair our ability to market our products and thus our ability to generate profits. Likewise, the marketing of our products and our profit generating capability would be impaired in the event approval of one or more of our products is limited or restricted by the FDA, either in conjunction with or subsequent to approval.

- ***We are highly dependent on several principal members of our management and scientific staff*.** The loss of key personnel (or the inability to recruit key personnel) could have a material adverse effect on Therics' business and results of operations, and could inhibit product research and development, commercialization and sales and marketing efforts. Failure to retain and recruit executive management in key areas, including sales and marketing and product research and development, could prevent us from achieving our business objectives.
- ***We are dependent upon certain license rights, patents and other proprietary rights.*** Future success is dependent in part on our ability to maintain and enforce license, patent and other proprietary rights. Complex legal and technical issues define the strength and value of our intellectual property portfolio. While we own or license certain patents, the issuance of a patent does not establish conclusively either validity or enforceability.
- ***The patent positions of biotechnology firms generally are highly uncertain and involve complex legal and factual questions that can determine who has the right to develop a particular product*.** No clear policy has emerged regarding the breadth of claims covered by biotechnology patents in the U.S. The biotechnology patent situation outside the U.S. is even more uncertain and is currently undergoing review and revision in many countries. Changes in, or different interpretations of, patent laws in the U.S. and other countries might allow others to use our discoveries or to develop and commercialize our products without any compensation to us.
- ***Our business exposes us to potential product liability claims.*** The testing, manufacturing, marketing and sale of our products subject us to product liability risk, an inherent risk for our industry. A successful product liability action against us may have a material adverse effect on our business. Moreover, present insurance coverage may not be adequate to cover potential future product liability claims.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See discussion under “Quantitative and Qualitative Disclosures About Market Risk” beginning on page 25.

Item 4. Controls and Procedures.

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, we carried out an evaluation, with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to Tredegar required to be included in our periodic SEC filings.

There has been no change in our internal control over financial reporting during the quarter ended September 30, 2004, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

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

(a) *Exhibit Nos.*

31.1	Certification of Norman A. Scher, President and Chief Executive Officer of Tredegar Corporation, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of D. Andrew Edwards, Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) of Tredegar Corporation, pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Norman A. Scher, President and Chief Executive Officer of Tredegar Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of D. Andrew Edwards, Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) of Tredegar Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) *Reports on Form 8-K.*

On July 21, 2004, we furnished a Form 8-K with respect to our second quarter 2004 earnings press release dated July 21, 2004. On September 13, 2004, we filed a Form 8-K with respect to the planned relocation of certain R&D activities in Film Products to Richmond, Virginia. On October 20, 2004, we furnished a Form 8-K with respect to our third quarter 2004 earnings press release dated October 20, 2004.

SIGNATURES

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

Tredegar Corporation
(Registrant)

Date: November 4, 2004

/s/ D. Andrew Edwards

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

Section 302 Certification

I, Norman A. Scher, President and Chief Executive Officer of Tredegar Corporation, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 of Tredegar Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) [Omitted in reliance on SEC Release No. 33-8238; 34-47986 Section III.E.]
>
> (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
>
> (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

> (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
>
> (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2004

/s/ Norman A. Scher

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

EXHIBIT 31.2

Section 302 Certification

I, D. Andrew Edwards, Vice President, Chief Financial Officer and Treasurer of Tredegar Corporation, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 of Tredegar Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted in reliance on SEC Release No. 33-8238; 34-47986 Section III.E.]

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2004

/s/ D. Andrew Edwards

D. Andrew Edwards,
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Tredegar Corporation (the “Company”) for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Norman A. Scher, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Norman A. Scher

Norman A. Scher
President and Chief Executive Officer
(Principal Executive Officer)
November 4, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Tredegar Corporation (the “Company”) for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, D. Andrew Edwards, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. Andrew Edwards

D. Andrew Edwards
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
November 4, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.