SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1995

OR

[ ] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _________ to __________

COMMISSION FILE NUMBER 1-10258

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

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

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

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

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

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

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

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

Aggregate market value of voting stock held by non-affiliates of the registrant as of January 31, 1996:* $208,398,257

Number of shares of Common Stock outstanding as of January 31, 1996: 12,185,300

*In determining this figure, an aggregate of 3,890,842 shares of Common Stock, reported in the registrant's proxy statement for the 1996 annual meeting of shareholders as beneficially owned by Floyd D. Gottwald, Jr., Bruce C. Gottwald and the members of their immediate families, including John D. Gottwald, has been excluded because the shares are held by affiliates. The aggregate market value has been computed based on the closing price in the New York Stock Exchange Composite Transactions on January 31, 1996, as reported by THE WALL STREET JOURNAL.

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DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Tredegar Industries, Inc.'s Annual Report to Shareholders for the year ended December 31, 1995 (the "Annual Report"), are incorporated by reference into Parts I, II, and IV of this Form 10-K.

2. Portions of Tredegar Industries, Inc.'s definitive Proxy Statement for its 1996 Annual Meeting of Shareholders filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

FORM 10-K TABLE OF CONTENTS/CROSS-REFERENCE

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

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

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

PART I

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Tredegar Industries, Inc. ("Tredegar") is engaged directly or through subsidiaries in plastics, metal products and technology businesses (primarily rational drug design research and software).

During July and August of 1995, Tredegar announced that it was exploring the sale of Tredegar Molded Products Company and its subsidiaries ("Molded Products") and Brudi, Inc. and its subsidiaries ("Brudi"). Molded Products and Brudi are reported as a part of continuing operations in the Plastics and Metal Products segments, respectively. These divestitures could be completed in the first half of 1996. Information on the net sales, operating profit, identifiable assets, depreciation and amortization, and capital expenditures of Molded Products and Brudi are provided on pages 22-24 and pages 42-43 of the Annual Report.

The following discussion of Tredegar's business segments should be read in conjunction with the information contained on pages 22-24, 26-32 and 34 of the Annual Report referred to in Item 7 below.

PLASTICS

The Plastics segment is composed of the Film Products division ("Film Products"), Molded Products and Fiberlux, Inc. ("Fiberlux"). Film Products and Molded Products manufacture a wide range of products including specialty films, injection-molded products and custom injection molds. Broad application for these products is found in films for packaging, medical, industrial, agricultural and disposable personal hygiene products, and in molded products for industrial, household, personal-care, medical and electronics products. Fiberlux produces vinyl extrusions, windows and patio doors. These products are produced at various locations throughout the United States and are sold both directly and through distributors. Tredegar also has films plants located in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets, respectively. The Plastics segment competes in all of its markets on the basis of the quality and prices of its products and its service.

Film Products

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

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

Film Products supplies embossed films and nonwoven film laminates (cloth-like) to domestic and international manufacturers for use as backsheet in disposable products such as baby diapers, adult incontinent products, feminine hygiene products and hospital underpads. Film Products' primary customer for embossed films and nonwoven film laminates for backsheet is The Procter & Gamble Company ("P&G"), the leading global disposable diaper manufacturer. Film Products also sells embossed films to several producers of private label products. Film Products competes with several foreign and domestic film products manufacturers in the backsheet market.

Film Products also supplies permeable films to P&G for use as liners in feminine hygiene products, adult incontinent products and hospital underpads. The processes used in manufacturing these films were developed jointly by Film Products and P&G and are covered by applicable patents held by P&G and Tredegar. Film Products also sells significant amounts of permeable films to international affiliates of P&G.

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

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

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

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

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

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

Research and Development. Film Products has a technical center in Terre Haute, Indiana. Film Products holds 36 U.S. patents and 14 U.S. trademarks. Expenditures for research and development have averaged approximately $3.3 million per year during the past three years.

Molded Products

See page 1 regarding the possible divestiture of Molded Products.

Molded Products manufactures five major categories of products: packaging products, industrial products, parts for medical products, parts for electronics products and injection-mold tools. Packaging products represent more than half of Molded Products' business.

Packaging Products. The packaging group produces deodorant canisters, lip balm sticks, custom jars, plugs, fitments and closures, primarily for toiletries, cosmetics, pharmaceuticals and personal hygiene markets. Molded Products is one of the leading U.S. producers of lip balm sticks. Molded Products competes with various large producers in the packaging market.

Industrial Products. Molded Products produces molded plastic parts for business machines, media storage products, cameras, appliances and various custom products. In the business machine area, closer tolerances, made possible by computer-aided design and manufacturing (CAD/CAM) and engineered-grade resins, have led to expanded high-performance applications. Molded Products works closely with customers in the design of new industrial products and systems. The market for such products is very competitive.

Parts for Medical and Electronics Products. Effective July 31, 1993, Molded Products' subsidiary, Polestar Plastics Manufacturing Company, acquired the assets of a custom molder of precision parts for the medical and electronics markets. Products supplied to the medical market include, among others, disposable plastic parts for laparoscopic surgery instruments, staple guns, needle protector devices and syringe housings. Products supplied to the electronics market include, among others, connectors for computer cables and circuit boards.

Injection-Mold Tools. Molded Products' tooling group produces injection molds for internal use and for sale to other custom and captive molders. Molded Products operates one of the largest independent tool shops in the United States in St. Petersburg, Florida.

Raw Materials. Polypropylene and polyethylene resins are the primary raw materials used by Molded Products. Molded Products also uses polystyrene resins. Molded Products purchases those raw materials from domestic suppliers at competitive prices. Changes in resin prices, and the timing thereof, could have a significant impact on the profitability of this division. Molded Products' management believes that there will be an adequate supply of these resins in the immediate future.

Research and Development. Molded Products owns five U.S. patents and one U.S. trademarks and has spent an average of less than $100,000 each year for the last three years for research and development. Molded Products maintains a technical center as part of its St. Petersburg, Florida, complex.

Fiberlux

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

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

METAL PRODUCTS

The Metal Products segment is composed of The William L. Bonnell Company, Inc. ("Bonnell"), Capitol Products Corporation ("Capitol") and Brudi. Bonnell and Capitol ("Aluminum Extrusions") produce soft alloy aluminum extrusions primarily for the building and construction industry, and for transportation and consumer durables markets. Brudi primarily produces steel attachments and uprights for the forklift truck market.

Aluminum Extrusions

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

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

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

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

Brudi

See page 1 regarding the possible divestiture of Brudi.

Headquartered in Ridgefield, Washington, Brudi is the second largest supplier of uprights and attachments for the forklift truck segment of the domestic materials handling industry. Brudi markets its products and services, which include in-house engineering and design capabilities, primarily to dealers and original equipment manufacturers of forklift trucks. Markets served include warehousing and distribution, food, fiber, primary metals, pharmaceuticals, beverage and paper. Brudi products are made primarily from steel, which is purchased on the open market and under contract from domestic producers. Tredegar does not foresee critical shortages of steel or other required raw materials and supplies.

Brudi holds eight U.S. patents and three U.S. trademarks.

TECHNOLOGY

The Technology segment is composed primarily of investments in high-technology businesses and related research.

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

In December 1992, Tredegar acquired APPX Software, Inc. ("APPX Software"), a supplier of flexible software development environments and business applications software. In the first quarter of 1994, Tredegar wrote off $9.5 million of goodwill and other intangibles in APPX Software. The write-off was the result of management's determination that income generated by the acquired products would not be sufficient to recover the unamortized costs associated with the intangible software assets purchased. In addition, in the first quarter of 1995 APPX Software was restructured in an effort to eliminate its operating losses, which were

$478,000 in the first quarter of 1995 and $4.7 million in 1994. While new product development activities have been curtailed, APPX Software continues to sell, maintain and support existing products. In connection with the restructuring, Tredegar recognized a first-quarter charge of $2.4 million ($1.6 million after income tax benefits). For the post-restructuring period April 1 to December 31, 1995, APPX Software had an operating profit of $382,000. The market for software products is very competitive and characterized by short product life cycles.

Molecumetics holds three U.S. patents and one U.S. trademark. Molecumetics has filed a number of other patent applications with respect to its technology. APPX Software owns four U.S. copyrights and holds one U.S. trademark. Businesses included in the Technology segment spent $5.0 million in 1995, $5.4 million in 1994 and $5.6 million in 1993 for research and development. Research and development spending declined in 1995 due to lower spending at APPX Software partially offset by higher spending at Molecumetics.

MISCELLANEOUS

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

Research and Development. During 1995, 1994 and 1993, approximately $8.8 million, $8.3 million and $9.1 million, respectively, was spent on company-sponsored research and development activities in connection with the businesses of Tredegar and its subsidiaries. See "Business of Tredegar - Plastics and Other Businesses."

Backlog. Backlogs are not material to Tredegar.

Government Regulation. Laws concerning the environment that affect or could affect Tredegar's domestic operations include, among others, the Clean Water Act, the Clean Air Act, the Resource Conservation Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), regulations promulgated under these acts, and any other federal, state or local laws or regulations governing environmental matters. The operations of Tredegar and its subsidiaries are in substantial compliance with all applicable laws, regulations and permits. In order to maintain substantial compliance with such standards, Tredegar may be required to incur expenditures, the amounts and timing of which are not presently determinable but which could be significant, in constructing new facilities or in modifying existing facilities.

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

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

Employees. Tredegar and its subsidiaries employ approximately 3,300 people. Tredegar considers its relations with its employees to be good.

ITEM 2. PROPERTIES

GENERAL

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

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

PLASTICS

The Plastics segment has the following principal plants and facilities:

LOCATION	PRINCIPAL OPERATIONS
Carbondale, Pennsylvania LaGrange, Georgia Manchester, Iowa New Bern, North Carolina Tacoma, Washington (leased) Terre Haute, Indiana (2) (technical center and production facility) Kerkrade, the Netherlands Sao Paulo, Brazil San Juan, Argentina (a)	Production of plastic films
Alsip, Illinois (b) Excelsior Springs, Missouri (c) South Grafton, Massachusetts (c) Graham, North Carolina (leased) (c) St. Petersburg, Florida (2) (c) (two production facilities including a technical center) Philipsburg, Pennsylvania (leased) (c) State College, Pennsylvania (leased) (c)	Production of molds and molded plastic products
Pawling, New York Purchase, New York (headquarters) (leased)	Production of vinyl extrusions, windows and patio doors

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(a) Acquired by Tredegar during the first quarter of 1995.
(b) Tredegar has announced the closing or other disposition of this plant.
(c) Tredegar has announced that it is exploring the sale of Molded Products.

METAL PRODUCTS

The Metal Products segment has the following principal plants and facilities:

LOCATION	PRINCIPAL OPERATIONS
Carthage, Tennessee Kentland, Indiana Newnan, Georgia	Production of aluminum extrusions, finishing
Ridgefield, Washington (d) Adelaide, Australia (d) Halifax, England (d)	Production of uprights and attachments

TECHNOLOGY

Molecumetics leases its laboratory space in Bellevue, Washington. APPX Software leases office space in Richmond, Virginia.

ITEM 3. LEGAL PROCEEDINGS

None

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

None

EXECUTIVE OFFICERS OF TREDEGAR

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

NAME	AGE	TITLE
John D. Gottwald	41	President and Chief Executive Officer
Richard W. Goodrum	67	Executive Vice President and Chief Operating Officer (Retiring as of April 1, 1996)

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(d) Tredegar has announced that it is exploring the sale of Brudi.

Norman A. Scher	58	Executive Vice President, Chief Financial Officer and Treasurer
Michael W. Giancaspro	41	Vice President, Corporate Planning
Steven M. Johnson	45	Vice President, Corporate Development
Douglas R. Monk	50	Vice President and President, Aluminum Extrusions
Anthony J. Rinaldi	58	Vice President and President, Film Products
Frederick P. Woods	51	Vice President, Personnel

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

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

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

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

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

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

PART II

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

The information contained on page 52 of the Annual Report under the captions "Dividend Information," "Stock Listing" and "Market Prices of Common Stock and Shareholder Data" is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information for the six years ended December 31, 1995, contained in the "Six-Year Summary" on pages 20 and 21 of the Annual Report is incorporated herein by reference.

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

The textual and tabular information concerning the years 1995, 1994 and 1993 contained on pages 22 through 24, 26 through 32 and 34 of the Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements contained on pages 36 through 39, the notes to financial statements contained on pages 40 through 51, the report of independent accountants on page 35, and the information under the caption "Selected Quarterly Financial Data (Unaudited)" on page 33 and related notes on page 34 of the Annual Report are incorporated herein by reference.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

(a) Documents:

(1) Financial statements - the following consolidated financial statements of the registrant are included on pages 35 to 51 in the Annual Report and are incorporated herein by reference in Item 8.

Report of independent accountants.

Consolidated balance sheets as of December 31, 1995 and 1994.

Consolidated statements of income, cash flows and shareholders' equity for the years ended December 31, 1995, 1994 and 1993.

Notes to financial statements.

(2) None.

(3) Exhibits

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

3.2 Amended By-laws of Tredegar (filed as Exhibit 3 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, and incorporated herein by reference)

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

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

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

4.3	Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, and incorporated herein by reference)
4.4	Revolving Credit Facility Agreement dated as of September 7, 1995 among Tredegar Industries, Inc., the banks named therein, Chemical Bank as Administrative Agent and NationsBank N.A. and LTCB Trust Company as Co-Agents (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.5	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl Corporation ("Ethyl") (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.4	Master Services Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.4 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.4.1	Amendment to Master Services Agreement dated as of November 1, 1990, between Tredegar and Ethyl (filed as Exhibit 10.4.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
10.5	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.6	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 Registration Statement No. 33-29582, and incorporated herein by reference)
*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
*10.10	Agreement dated as of June 1, 1989, between Tredegar and Norman A. Scher (filed as Exhibit 10.10 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.11	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
10.14	Agreement of Merger by and among Tredegar Investments, Inc., The Elk Horn Coal Corporation, Pen Holdings, Inc. and PHI Acquisition Corp. made as of June 22, 1994 (filed as Exhibit 10 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, as amended, and incorporated herein by reference) (Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities and Exchange Commission upon request.)
11	Statement re: Computation of Earnings Per Share
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1995 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

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

(b) Reports on Form 8-K

None

(c) Exhibits

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

(d) Financial Statement Schedules

None

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

SIGNATURES

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

TREDEGAR INDUSTRIES, INC.
(Registrant)

Dated: February 21, 1996

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 21, 1996.

Signature	Title
/s/ JOHN D. GOTTWALD (John D. Gottwald)	President (Principal Executive Officer and Director)
/s/ N. A. SCHER (Norman A. Scher)	Executive Vice President, Treasurer and Director (Principal Financial Officer)
/s/ D. ANDREW EDWARDS (D. Andrew Edwards)	Corporate Controller (Principal Accounting Officer)
/s/ R. W. GOODRUM (Richard W. Goodrum)	Executive Vice President and Director
/s/ AUSTIN BROCKENBROUGH, III (Austin Brockenbrough, III)	Director

/s/ PHYLLIS COTHRAN (Phyllis Cothran)	Director
/s/ BRUCE C. GOTTWALD (Bruce C. Gottwald)	Director
/s/ FLOYD D. GOTTWALD, JR. (Floyd D. Gottwald)	Director
/s/ ANDRE B. LACY (Andre B. Lacy)	Director
/s/ EMMETT J. RICE (Emmett J. Rice)	Director
/s/ W. THOMAS RICE (W. Thomas Rice)	Director

EXHIBIT INDEX

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

10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.4	Master Services Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.4 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.4.1	Amendment to Master Services Agreement dated as of November 1, 1990, between Tredegar and Ethyl (filed as Exhibit 10.4.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)
10.5	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.6	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.7	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.8	Savings Plan for the Employees of Tredegar (filed as Exhibit 4 to the Form S-8 Registration Statement No. 33-29582, and incorporated herein by reference)
*10.9	Tredegar Retirement Income Plan (filed as Exhibit 10.9 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1990, and incorporated herein by reference)

*10.10	Agreement dated as of June 1, 1989, between Tredegar and Norman A. Scher (filed as Exhibit 10.10 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.11	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.13	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
10.14	Agreement of Merger by and among Tredegar Investments, Inc., The Elk Horn Coal Corporation, Pen Holdings, Inc. and PHI Acquisition Corp. made as of June 22, 1994 (filed as Exhibit 10 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, as amended, and incorporated herein by reference) (Schedules and exhibits omitted; Registrant agrees to furnish a copy of any schedule or exhibit to the Securities and Exchange Commission upon request.)
11	Statement re: Computation of Earnings Per Share
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1995 (See Note 1)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants
27	Financial Data Schedule

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

EXHIBIT 11 - COMPUTATIONS OF EARNINGS PER SHARE
Tredegar Industries, Inc. and Subsidiaries
(In thousands, except per-share amounts)

	1995	1994	1993
Income from continuing operations	$24,053	$ 1,417	$ 3,723
Income from discontinued energy operations	-	37,218	6,784
Net income before extraordinary item and cumulative effect of changes in accounting principles	24,053	38,635	10,507
Extraordinary item	-	-	(1,115)
Cumulative effect of changes in accounting for postretirement benefits other than pensions (net of tax) and income taxes	-	-	150
Net income	$24,053	$38,635	$ 9,542
Earnings per share common and dilutive common equivalent share as reported (1):			
Continuing operations	$ 1.80	$ 0.09	$ 0.23
Discontinued energy operations	-	2.40	0.42
Before extraordinary items and cumulative effect of changes in accounting principles	1.80	2.49	0.65
Extraordinary item	-	-	(0.07)
Cumulative effect of accounting changes	-	-	0.01
Net income	$ 1.80	$ 2.49	$ 0.59
PRIMARY EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (2)	454	90	51
Weighted average common shares outstanding during period	12,916	15,524	16,343
Weighted average common and dilutive common equivalent shares	13,370	15,614	16,394
Primary earnings per share (1)	$ 1.80	$ 2.47	$ 0.58
FULLY DILUTED EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (3)	618	135	57
Weighted average common shares outstanding during period	12,916	15,524	16,343
Weighted average common and dilutive common equivalent shares	13,534	15,659	16,400
Fully diluted earnings per share (3)	$ 1.78	$ 2.47	$ 0.58

Notes:

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

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

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

FINANCIAL REVIEW

TABLE OF CONTENTS

SIX-YEAR SUMMARY
Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31 (In thousands, except per-share data)	1995	1994	1993	1992	1991	1990
RESULTS OF OPERATIONS (a)(b):						
Net sales	$589,454	$502,208	$449,208	$445,229	$439,186	$505,884
Other income (expense), net	(669)	(296)	(387)	226	745	861
	588,785	501,912	448,821	445,455	439,931	506,745
Cost of goods sold	490,510	419,823	379,286	370,652	373,429	450,843
Selling, general & administrative expenses	48,229	47,978	47,973	48,130	49,764	54,457
Research and development expenses	8,763	8,275	9,141	5,026	4,541	4,850
Interest expense (c)	3,039	4,008	5,044	5,615	7,489	7,101
Unusual items	(78)(d)	16,494(e)	452(f)	90(g)	721(h)	32,915(i)
	550,463	496,578	441,896	429,513	435,944	550,166
Income (loss) from continuing operations before income taxes	38,322	5,334	6,925	15,942	3,987	(43,421)
Income taxes	14,269	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)	24,053	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued operations (j)	-	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	24,053	38,635	10,507	15,312	5,623	(24,686)
Extraordinary item - prepayment premium on extinguishment of debt (net of tax)	-	-	(1,115)	-	-	-
Cumulative effect of accounting changes	-	-	150	-	-	-
Net income (loss)	$ 24,053	$ 38,635	$ 9,542	$ 15,312	$ 5,623	$(24,686)
SHARE DATA (AFTER 3-FOR-2 STOCK SPLIT):						
Earnings (loss) per common and dilutive common equivalent share:						
Continuing operations (a)	$ 1.80	$ .09	$ .23	$ .58	$ .15	$ (1.69)
Discontinued operations (j)	-	2.40	.42	.36	.19	.24
Before extraordinary item and cumulative effect of accounting changes	1.80	2.49	.65	.94	.34	(1.45)
Net income (loss)	1.80	2.49	.59	.94	.34	(1.45)
Equity per share	14.00	12.74	10.35	9.94	9.19	9.01
Cash dividends declared per share	.18	.16	.16	.16	.16	.16
Weighted average shares outstanding	13,370	15,524	16,343	16,341	16,341	16,944
Shares outstanding at end of period	12,176	13,488	16,343	16,341	16,341	16,341
Closing market price per share:						
High	23.17	12.42	12.00	12.42	7.17	10.50
Low	11.58	9.33	8.33	6.67	4.25	4.67
End of year	21.50	11.58	10.00	10.33	6.67	4.92
Total return to shareholders (k)	87.2%	17.4%	(1.7)%	57.4%	38.8%	(52.0)%

FINANCIAL POSITION AND OTHER DATA:

Total assets	314,052	318,345	353,383	354,910	335,415	339,114
Working capital excluding cash and cash equivalents	54,504	53,087	62,064	56,365	60,341	70,890
Current ratio	1.8:1	1.9:1	2.1:1	2.0:1	2.1:1	2.2:1
Cash and cash equivalents	2,145	9,036	-	-	500	2,290
Net assets of discontinued operations	-	-	30,976	29,804	24,356	22,846
Debt	35,000	38,000	97,000	101,500	100,000	100,000
Shareholders' equity	170,521	171,878	169,088	162,397	150,223	147,261
Ending capital employed for continuing operations (l)	203,376	200,842	235,112	234,093	225,367	222,125
Average capital employed for continuing operations (l)	202,109	217,977	234,603	229,730	223,746	230,136
EBITDA from continuing operations (excluding unusual items)(m)	64,785	50,137	38,244	44,524	37,399	21,000
Unleveraged after-tax earnings from continuing operations (excluding unusual items)(a)(n)	25,745	15,565	7,394	13,500	7,609	139
Return on average capital employed for continuing operations (excluding unusual items)(a)(o)	12.7%	7.1%	3.2%	5.9%	3.4%	0.1%
Net debt (debt less cash and cash equivalents) as a % of net capitalization	16.2%	14.4%	36.5%	38.5%	39.8%	39.9%
Depreciation (continuing operations)	23,256	23,491	23,117	21,963	24,089	23,641
Amortization of intangibles (continuing operations)	579	1,354	2,706	914	1,113	764
Capital expenditures (continuing operations)	25,138	15,579	16,480	20,705	21,360	34,799
Acquisitions and other investments	5,541	1,400	5,699	17,622	25,654	-
Gross margin as a % of net sales (continuing operations)	16.8%	16.4%	15.6%	16.8%	15.0%	10.9%
Effective income tax rate (continuing operations, excluding unusual items)(a)	37.0%	38.3%	41.5%	37.5%	37.0%	21.1%

Refer to Notes to Financial Tables on page 34.

SEGMENT TABLES
Tredegar Industries, Inc., and Subsidiaries

NET SALES

Segment	1995	1994	1993	1992	1991	1990
(In thousands)						
Plastics (p):						
Film Products and Fiberlux	$249,099	$200,151	$187,291	$193,772	$193,753	$176,705
Molded Products (b)	84,911	76,579	68,233	80,834	87,860	107,995
	334,010	276,730	255,524	274,606	281,613	284,700
Metal Products:						
Aluminum Extrusions	221,657	193,870	166,465	150,524	143,398	193,347
Brudi and plant shut down and business held for sale in 1990 (b)	31,834	28,891	24,225	20,099	14,175	27,837
	253,491	222,761	190,690	170,623	157,573	221,184
Technology (q)	1,953	2,717	2,994	-	-	-
Total (r)	$589,454	$502,208	$449,208	$445,229	$439,186	$505,884

OPERATING PROFIT

Segment	1995	1994	1993	1992	1991	1990
(In thousands)						
Plastics:						
Film Products and Fiberlux	$36,471	$35,676	$22,877	$26,573	$32,945	$20,311
Molded Products (b)	2,718	(2,484)	(228)	1,176	(9,307)	(8,908)
Unusual items	1,750(d)	(6,973)(e)	(1,815)(f)	(1,182)(g)	(721)(h)	(2,831)(i)
	40,939	26,219	20,834	26,567	22,917	8,572
Metal Products:						
Aluminum Extrusions	16,777	11,311	7,964	4,180	(4,247)	(1,713)
Brudi and plant shut down and business held for sale in 1990 (b)	222	(356)	177	513	1,870	(3,304)
Unusual items	-	-	-	-	-	(30,084)(i)
	16,999	10,955	8,141	4,693	(2,377)	(35,101)
Technology (q):						
Ongoing operations	(6,030)	(8,888)	(9,704)	(1,865)	-	-
Unusual items	(1,672)(d)	(9,521)(e)	2,263(f)	1,092(g)	-	-
	(7,702)	(18,409)	(7,441)	(773)	-	-
Total operating profit (loss)	50,236	18,765	21,534	30,487	20,540	(26,529)
Interest expense	3,039	4,008	5,044	5,615	7,489	7,101
Corporate expenses, net	8,875	9,423	9,565(f)	8,930	9,064	9,791
Income (loss) from continuing operations before income taxes	38,322	5,334	6,925	15,942	3,987	(43,421)
Income taxes	14,269	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)	24,053	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued operations (j)	-	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	$24,053	$38,635	$10,507	$15,312	$ 5,623	$(24,686)

Refer to Notes to Financial Tables on page 34.

IDENTIFIABLE ASSETS

Segment (In thousands)	1995	1994	1993	1992	1991	1990
Plastics:						
Film Products and Fiberlux	$124,426	$115,310	$116,583	$119,915	$110,630	$ 98,716
Molded Products (b)	44,173	48,932	54,487	50,151	52,132	77,566
	168,599	164,242	171,070	170,066	162,762	176,282
Metal Products:						
Aluminum Extrusions	80,955	89,406	89,498	93,365	95,000	116,391
Brudi and business held for sale in 1990 (b)	28,510	30,538	30,956	28,744	26,416	5,238
	109,465	119,944	120,454	122,109	121,416	121,629
Technology (q)	7,460	7,316	15,247	16,856	3,334	750
Identifiable assets	285,524	291,502	306,771	309,031	287,512	298,661
Nonoperating assets held for sale (s)	6,057	5,018	3,605	4,330	13,600	8,670
General corporate	22,471	21,825	12,031	11,745	9,947	8,937
Net assets of discontinued energy operations (j)	-	-	30,976	29,804	24,356	22,846
Total	$314,052	$318,345	$353,383	$354,910	$335,415	$339,114

Depreciation and Amortization

Segment (In thousands)	1995	1994	1993	1992	1991	1990
Plastics:						
Film Products and Fiberlux	$10,343	$ 9,741	$10,026	$ 8,580	$ 7,847	$ 5,644
Molded Products (b)	5,055	5,956	5,289	5,416	7,835	7,958
	15,398	15,697	15,315	13,996	15,682	13,602
Metal Products:						
Aluminum Extrusions	5,966	5,948	6,240	7,093	8,033	9,153
Brudi and plant shut down and business held for sale in 1990 (b)	1,201	1,337	1,272	1,085	798	1,083
	7,167	7,285	7,512	8,178	8,831	10,236
Technology (q)	789	1,293	2,311	-	-	-
Subtotal	23,354	24,275	25,138	22,174	24,513	23,838
General corporate	481	570	685	703	689	567
Total	$23,835	$24,845	$25,823	$22,877	$25,202	$24,405

Refer to Notes to Financial Tables on page 34.

CAPITAL EXPENDITURES

Segment	1995	1994	1993	1992	1991	1990
(In thousands)						
Plastics:						
Film Products and Fiberlux	$11,199	$ 7,126	$ 6,575	$13,214	$10,055	$15,254
Molded Products (b)	6,553	2,988	3,235	2,441	2,897	8,891
	17,752	10,114	9,810	15,655	12,952	24,145
Metal Products:						
Aluminum Extrusions	5,454	4,391	1,870	2,487	7,594	9,302
Brudi and plant shut down and business held for sale in 1990 (b)	807	606	516	833	391	207
	6,261	4,997	2,386	3,320	7,985	9,509
Technology (q)	894	277	1,844	1,414	-	-
Subtotal	24,907	15,388	14,040	20,389	20,937	33,654
General corporate	231	191	2,440	316	423	1,145
Total capital expenditures	25,138	15,579	16,480	20,705	21,360	34,799
Acquisitions and other investments	5,541	1,400	5,699	17,622	25,654	-
Total capital expenditures, acquisitions and investments	$30,679	$16,979	$22,179	$38,327	$47,014	$34,799

Refer to Notes to Financial Tables on page 34.

[insert graphs here]

NET SALES
BY SEGMENT
$ millions

1995	1994	1993	1992	1991	1990
589.5	502.2	449.2	445.2	439.2	505.9

OPERATING PROFIT
BY SEGMENT
$ millions

1995	1994	1993	1992	1991	1990
50.2	18.8	21.5	30.5	20.5	(26.5)

IDENTIFIABLE ASSETS
BY SEGMENT
$ millions

1995	1994	1993	1992	1991	1990
285.5	291.5	306.8	309	287.5	298.7

DEPRECIATION & AMORTIZATION
BY SEGMENT
$ millions

1995	1994	1993	1992	1991	1990
23.4	24.3	25.1	22.2	24.5	23.8

CAPITAL EXPENDITURES
BY SEGMENT
$ millions

1995	1994	1993	1992	1991	1990
24.9	15.4	14	20.4	20.9	33.7

SHAREHOLDER VALUE

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

Key operational value drivers affecting total return include sales growth rate, operating profit margin, income tax rate, and fixed and working capital investment. Tredegar attributes its favorable total return in 1995 primarily to an increase in profits and cash flow in Aluminum Extrusions and Film Products, improved results in Molded Products, Brudi and APPX Software, and accretion in earnings per share due to stock repurchases.

Tredegar's value creation efforts also link pay to performance, primarily through the issuance of bonuses and stock options. The charts on this page depict the relationship between CEO pay, incentives and selected performance measures. Additional information on compensation paid to Mr. Gottwald is included in Tredegar's 1996 proxy statement.

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

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

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

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

1995	1994	1993	1992	1991	1990	1989
458	423	365	384	324	283	385

RETURN ON AVERAGE
CAPITAL EMPLOYED
Continuing Operations
Excluding unusual items
as a percentage

1995	1994	1993	1992	1991	1990
12.7	7.1	3.2	5.9	3.4	.1

CUMULATIVE TOTAL RETURN
Based on investment of $100
Beginning December 31, 1990
dollars

	1995	1994	1993	1992	1991	1990
Tredegar	475	254	216	219	139	100
S&P 500	215	157	155	140	130	100
S&P Manufacturing (Diversified Ind.) Index	235	167	161	133	123	100
S&P SmallCap 600	264	203	213	180	148	100

Tredegar is included in the S&P SmallCap 600

RESULTS OF CONTINUING OPERATIONS

1995 SUMMARY

The following analysis refers to Tredegar's continuing operations.

On September 28, 1995, Tredegar's Board of Directors declared a three-for-two stock split payable on January 1, 1996, to shareholders of record on December 8, 1995. Accordingly, all historical references to the number of shares, per-share amounts, stock option data and market prices of Tredegar's common stock have been restated to reflect the split. As a result of the stock split, Tredegar's regular cash dividend of six cents per share will be paid on 50% more shares than previous dividends, thereby increasing the cash payout to shareholders by 50%.

Net income from continuing operations in 1995 was $24.1 million or $1.80 per share, compared with $1.4 million or 9 cents per share in 1994. Results for 1995 and 1994 include several unusual items that affect comparability between periods as well as operating results of businesses held for sale.

Excluding the after-tax effects of unusual items, which are described in the next section of this report, net income from continuing operations was $24.1 million or $1.80 per share, up significantly from $13.5 million or 87 cents per share in 1994. The increase was due primarily to higher profits in Aluminum Extrusions and Film Products, improved results in Molded Products, Brudi and APPX Software, and accretion in earnings per share due to stock repurchases.

During July and August of 1995, Tredegar announced that it was exploring the sale of Molded Products and Brudi. These divestitures could be completed in the first half of 1996. Tredegar anticipates investing related proceeds on a short-term basis until other opportunities, in existing businesses or elsewhere, are identified.

The net sales, ongoing operating profit, identifiable assets, depreciation and amortization and capital expenditures of Molded Products and Brudi have been disclosed separately in the segment tables on pages 22-24 (Molded Products is part of the Plastics segment and Brudi is part of the Metal Products segment). Additional information on the combined results of operations and net assets of these businesses is provided in Note 2 on page 42.

Excluding the after-tax results of Molded Products and Brudi and the after-tax effects of unusual items, net income from continuing operations during 1995, 1994 and 1993 was $23 million ($1.72 per share), $16.2 million ($1.05 per share) and $5.4 million (33 cents per share), respectively.

UNUSUAL ITEMS

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

- (bullet) A third-quarter gain of $728,000 ($451,000 after taxes) on the sale of Regal Cinema shares
- (bullet) A first-quarter charge of $2.4 million ($1.6 million after taxes) related to the restructuring of APPX Software
- (bullet) A first-quarter recovery of $1.8 million ($1.1 million after taxes) in connection with a Film Products product liability lawsuit

Unusual charges affecting continuing operations in 1994 totaled $16.5 million ($12.1 million after taxes) and included:

- (bullet) A third-quarter charge of $4.9 million ($3.1 million after taxes) for the write-off of certain Molded Products goodwill
- (bullet) A third-quarter charge of $2.1 million ($1.3 million after taxes) for the shutdown of a Molded Products plant in Alsip, Illinois
- (bullet) A first-quarter charge of $9.5 million ($7.6 million after taxes) for the write-off of goodwill and other intangibles in APPX Software

The goodwill write-off in Molded Products in 1994 resulted from continued disappointing results in certain lines of business. The plant closing relates to the transfer of business to a new Molded Products facility in Graham, North Carolina, as well as other Molded Products facilities, in an effort to reduce costs while improving service to customers in the Eastern United States. During 1995, Molded Products' operating performance improved significantly due primarily to substantially higher sales volume and related margins (for further discussion, see the business segment review beginning on page 29).

The write-off in APPX Software in 1994 is the result of management's determination that income generated by the acquired products would not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992. In addition, in the first quarter of 1995, APPX Software was restructured in an effort to eliminate its operating losses, which were $478,000 in the first quarter of 1995 and $4.7 million in 1994. While new product development activities have been curtailed, APPX Software continues to sell, maintain and support existing products. For the post-restructuring period April 1 to December 31, 1995, APPX Software had an operating profit of $382,000.

1995 VERSUS 1994

REVENUES

Net sales increased 17.4% in 1995 due primarily to higher selling prices in Film Products and Aluminum Extrusions, reflecting higher raw material costs. Higher sales volume in Molded Products, Film Products and Brudi also contributed to the increase. Aluminum Extrusions sales volume declined 3.1% during 1995. For further discussion, see the business segment review on pages 29-32.

OPERATING COSTS AND EXPENSES

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

Selling, general and administrative expenses increased by less than 1% in 1995 due primarily to the acquisition in Argentina and a $700,000 charge associated with stock appreciation rights, partially offset by reductions at APPX Software and Molded Products, lower bad debt expenses and commissions at Aluminum Extrusions, lower corporate services costs and lower pension expense for salaried employees. As a percentage of sales, selling, general and administrative expenses declined to 8.2% in 1995, compared with 9.6% a year ago.

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

Unusual income (net) totaling $78,000 in 1995 is described on page 26.

INTEREST EXPENSE

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

INCOME TAXES

The effective tax rate for continuing operations (excluding unusual items) decreased to 37% in 1995, compared with 38.3% for 1994. The decrease was due mainly to a lower effective state income tax rate. See Note 16 on page 48 for additional tax rate information.

1994 VERSUS 1993

REVENUES

Net sales from continuing operations increased 11.8% in 1994 due primarily to higher sales in Aluminum Extrusions and Film Products, and the inclusion of Polestar's full-year results. Polestar, acquired in July 1993, is an injection molder of medical and electronic components. Sales for Brudi and Fiberlux also increased. For further discussion, see the business segment review on pages 29-32.

OPERATING COSTS AND EXPENSES

The gross profit margin in 1994 was 16.4%, up from 15.6% in 1993. Higher volume and improved capacity utilization in Aluminum Extrusions and Film Products, and the inclusion of Polestar's full-year results, were the primary drivers of this improvement.

Selling, general and administrative expenses were virtually unchanged due to ongoing cost reduction efforts, despite normal inflation of 3%-4%.

Research and development expenses decreased 9.5% due to lower spending in Film Products, partially offset by higher spending in Molecumetics.

Unusual charges totaling $16.5 million in 1994 are described on page 26.

INTEREST EXPENSE

Interest expense has been allocated between continuing operations and discontinued operations based on relative capital employed (see Note 19 on page 51). Interest expense for continuing operations decreased 20.6% due to lower debt levels, partially offset by higher interest rates. The weighted average interest rate on consolidated debt outstanding during 1994 was 6.2% compared with 5.6% in 1993. Average consolidated debt outstanding during 1994 declined 35.7% to $61.6 million, down from $95.8 million in 1993. Divestiture proceeds and cash generated by operating activities were used to achieve this significant debt reduction. Interest expense of $337,000 and $653,000 was allocated to discontinued operations in 1994 and 1993, respectively.

INCOME TAXES

The effective tax rate for continuing operations (excluding unusual items) decreased to 38.3% in 1994 from 41.5% in 1993. The higher rate in 1993 was due primarily to the combined effects of non-deductible goodwill amortization and relatively low income. See Note 16 on page 48 for additional tax rate information.

FINANCIAL CONDITION

ASSETS

Tredegar's total assets at December 31, 1995, were $314.1 million, a decrease of $4.3 million from December 31, 1994. The decrease is due primarily to a decrease in cash and cash equivalents (see cash flow discussion below) and improved accounts receivable and inventory turnover, partially offset by the acquisition of a films business in Argentina and the deferral of costs for razing the films plant in Fremont, California, in anticipation of the sale of the land. Capital expenditures of $25.1 million exceeded depreciation by $1.9 million.

LIABILITIES

Total liabilities decreased by $2.9 million to $143.5 million while the ratio of current assets to current liabilities was 1.8 to 1 at December 31, 1995, compared with 1.9 to 1 at December 31, 1994. Debt decreased from $38 million at December 31, 1994, to $35 million at December 31, 1995, and consisted of a $35 million, 7.2% note maturing in June 2003 (annual principal payments of $5 million will begin in 1997). On September 7, 1995, Tredegar replaced its two revolving credit facilities dated August 18 and 19, 1994, with one new, five-year facility that permits borrowings of up to $275 million (no amounts borrowed at December 31, 1995 - see Note 10 on page 44 for further information on debt agreements). Net debt (debt less cash and cash equivalents) as a percentage of net capitalization was 16.2% at December 31, 1995, compared with 14.4% at December 31, 1994.

SHAREHOLDERS' EQUITY

On May 15, 1995, Tredegar completed a "Dutch Auction" tender offer, repurchasing 964,196 shares (post-split basis) of its common stock for approximately $15 million, or $15.53 per share. During the fourth quarter of 1995, Tredegar purchased an additional 533,100 shares in open market transactions at prices ranging from $18.67 to $20 per share. During 1995, in aggregate, Tredegar purchased 1,497,296 shares of its common stock for $25.5 million, or $17.06 per share. During 1994, in aggregate, Tredegar purchased 2,865,359 shares for $34.1 million, or $11.90 per share. Since becoming an independent company in 1989, Tredegar has purchased a total of 6.1 million shares, or 34% of its originally outstanding common stock, for $74.2 million. Under a standing authorization from its board of directors, Tredegar may purchase an additional one million shares in the open market or in privately negotiated transactions at prices management deems appropriate.

At December 31, 1995, Tredegar had 12,176,295 shares of common stock outstanding and a total market capitalization of $261.8 million, compared with 13,488,387 shares outstanding at December 31, 1994, and a total market capitalization of $156.2 million.

CASH FLOWS

Net cash provided by continuing operating activities in excess of capital expenditures and dividends increased to $22.2 million in 1995 from $21 million in 1994 due primarily to improved operating results, partially offset by higher capital expenditures (see business segment review on pages 29-32 for further information). This excess cash combined with the $9 million cash and cash equivalents balance at December 31, 1994, and cash from property disposals and other sources ($4.9 million), was used to fund a films acquisition in Argentina ($3.6 million), repay amounts borrowed to fund the Dutch Auction ($15 million), fund additional share repurchases ($10.5 million), fund technology-related investments in which Tredegar's ownership is less than 20% ($1.9 million) and repay other borrowings ($3 million), leaving $2.1 million of cash and cash equivalents at December 31, 1995.

Overall cash and cash equivalents increased $9 million in 1994 over 1993. The major sources of cash during 1994 were the divestiture of The Elk Horn Coal Corporation ($67.5 million after minority interest and transaction costs); cash from continuing operating activities in excess of capital expenditures and dividends ($21 million) (see business segment review on pages 29-32 for further information); cash from discontinued operating activities in excess of capital expenditures ($3.5 million, including $8 million from the liquidation of coal trading working capital and income taxes paid on divestiture gains); proceeds from the sale of Tredegar's remaining oil and gas properties ($8 million); and proceeds from other property disposals ($3.5 million) related primarily to facilities previously shut down. Cash was used primarily to repay debt ($59 million), to repurchase shares of Tredegar common stock ($34.1 million), and for technology-related investments in which Tredegar's ownership is less than 20% ($1.4 million).

CASH FLOWS AND CAPITAL EXPENDITURES
FROM CONTINUING OPERATIONS
$ millions

	1995	1994	1993	1992	1991	1990
Gross Cash Flow	47.9	38.3	30.1	32.9	28.2	20.1
Capital Expenditures	25.1	15.6	16.5	20.7	21.4	34.8

*Net income from continuing operations excluding unusual items plus depreciation and amortization.

In 1993, overall net cash provided by consolidated operating activities exceeded net cash used in consolidated investing activities by $7.9 million. The excess cash was sufficient to pay dividends of $3.3 million and to repay $4.5 million of debt.

Normal operating cash requirements over the next 3-5 years are expected to be met from continuing operations. Tredegar expects that proceeds from the possible divestiture of Molded Products and Brudi will be invested on a short-term basis until other opportunities, in existing businesses or elsewhere, are identified. The amount and timing of any additions to capital will depend on Tredegar's specific cash requirements and the cost of such capital.

OTHER

Tredegar has two stock option plans whereby stock options may be granted to purchase a specified number of shares of Tredegar common stock at a price not less than the fair market value on the date of grant and for a term not to exceed 10 years. In addition to the stock options, recipients may also be granted stock appreciation rights ("SARs") and restricted stock. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," was issued in October 1995 and allows companies to either (i) use existing methods to account for stock-based compensation arrangements with additional pro forma disclosures of the fair value-based method or (ii) adopt the statement's fair value-based method. Tredegar will adopt the new standard in 1996 and has elected to use existing methods with pro forma disclosures of the fair value-based method.

BUSINESS SEGMENT REVIEW

PLASTICS SEGMENT

The Plastics segment is composed of the Film Products division, Tredegar Molded Products Company and Fiberlux, Inc. Film Products and Molded Products manufacture a wide range of products, including specialty films, injection-molded products and custom injection molds. Broad application for these products is found in films for packaging, medical, industrial, agricultural and disposable personal hygiene products, including diapers, and in molded products for industrial, household, personal care, medical and electronic products. Fiberlux produces vinyl extrusions for windows and patio doors. Products are produced at various locations throughout the United States and are sold both directly and through distributors. Tredegar also has films plants located in the Netherlands, Brazil and Argentina, where it produces films primarily for the European and Latin American markets.

During July 1995, Tredegar announced that it was exploring the sale of Molded Products. See Note 2 on page 42 for further discussion.

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

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

Film Products also supplies permeable films to P&G for use as liners in feminine hygiene products, adult incontinent products and hospital underpads. In addition, P&G purchases molded plastic products from Molded Products. P&G and Tredegar have had a successful, long-term relationship based on cooperation, product innovation and continuous process improvement. The loss or significant reduction of business associated with P&G would have a material adverse effect on Tredegar's business.

Pages 2-3 and 8-11 provide further information on Plastics segment products and markets.

PLASTIC SALES
$ millions

	1995	1994	1993	1992	1991	1990
Films Products and Fiberlux	249.1	200.2	187.3	193.8	193.8	176.7
Molded Products	84.9	76.6	68.2	80.8	87.9	108

PLASTICS OPERATING PROFIT
Excluding Unusual Items
$ millions

	1995	1994	1993	1992	1991	1990
Films Products and Fiberlux	36.5	35.7	22.9	26.6	32.9	20.3
Molded Products	2.7	(2.5)	(.2)	1.2	(9.3)	(8.9)

SALES

Tredegar Film Products sales improved in 1995 due primarily to higher selling prices, which were driven by higher raw material costs. Sales also increased during 1995 as a result of the acquisition in March 1995 of a films business in Argentina, higher permeable films volume in Europe, higher films volume in Brazil and higher domestic diaper backsheet film volume. Film Products sales improved in 1994 due to higher domestic backsheet and permeable films volume, partially offset by the exit in early 1994 from the conventional films business.

Higher volumes in industrial films and in foreign operations also contributed to the improvement in sales in 1994. While selling prices began increasing at year-end due to higher raw material costs, average prices for 1994 were relatively flat.

Tredegar Molded Products sales increased by 10.9% in 1995 due to higher volume from new product promotions by its major customers and higher sales of existing products. Molded Products sales increased in 1994 due to the inclusion of Polestar for 12 months in 1994 versus 5 months in 1993. Packaging, industrial and tooling sales were virtually unchanged from 1993 levels.

Fiberlux sales declined slightly in 1995 due to the divestiture in October 1995 of its fabrication business and the delay in the introduction of a new patio door. Fiberlux sales increased in 1994 due to improved building and construction markets and new product introductions.

OPERATING PROFIT

Excluding unusual items (see page 26), Plastics segment operating profit increased 18.1% over 1994 due primarily to higher volume and related margins in Molded Products, higher permeable films volume in Europe, higher films volume in South America, and higher domestic backsheet films volume, partially offset by startup costs at Molded Products' new facility in Graham, North Carolina, lower films margins due to higher resin prices, startup costs associated with nonwoven film laminate (cloth-like) backsheet production and costs incurred (which were anticipated) to upgrade the Argentine films operation acquired in March 1995. Fiberlux profits declined due to lower volume and margins.

Excluding unusual items (see page 26), Plastics segment operating pro fit increased 46.5% in 1994 over 1993 due primarily to higher diaper backsheet and permeable films volume, resulting in greater capacity utilization and higher margins. Industrial films, Polestar and Fiberlux also contributed to the improvement in operating results. Cost reduction programs were another important performance driver.

IDENTIFIABLE ASSETS

Identifiable assets in Film Products and Fiberlux increased to $124.4 million in 1995 from $115.3 million in 1994 due primarily to the acquisition of the Argentine films business, expansion of permeable film capacity in Europe and Brazil, and capital additions in the fourth quarter for new nonwoven film laminate capacity. Identifiable assets in Molded Products declined by $4.7 million in 1995 compared with 1994 due to improved accounts receivable and inventory turnover, partially offset by higher net property, plant and equipment resulting from the new Graham, North Carolina, facility.

Plastics segment assets decreased $6.8 million in 1994 due primarily to depreciation in excess of capital expenditures, the third-quarter write-off of certain Molded Products goodwill, and the writedown of the Molded Products plant in Alsip to estimated net realizable value, partially offset by higher accounts receivable and inventories supporting higher sales.

PLASTICS SEGMENT
IDENTIFIABLE ASSETS
$ millions

	1995	1994	1993	1992	1991	1990
Film Products and Fiberlux	124.4	115.3	116.6	119.9	110.6	98.7
Molded Products	44.2	48.9	54.5	50.2	52.1	77.6

(Insert Graph Here)

PLASTICS SEGMENT
DEPRECIATION & AMORTIZATION
AND CAPITAL EXPENDITURES
$ millions

	1995	1994	1993	1992	1991	1990
Depreciation and Amortization						
Film Products and Fiberlux	10.3	9.7	10.0	8.6	7.8	5.6
Molded Products	5.1	5.9	5.3	5.4	7.8	8.0
Capital Expenditures						
Film Products and Fiberlux	11.2	7.1	6.6	13.2	10.1	15.3
Molded Products	6.6	3.0	3.2	2.4	2.9	8.9

(Insert Graph Here)

DISPOSABLE FILMS VOLUME
DOMESTIC VS. INTERNATIONAL

Percentage of total
pounds shipped

	1995	1994	1993	1992	1991	1990
United States & Canada	54.9	60.5	64.5	69.0	73.9	79.6
International	45.1	39.5	35.5	31.0	26.1	20.4

(Insert Graph Here)

DEPRECIATION, AMORTIZATION AND CAPITAL EXPENDITURES

Depreciation and amortization for Film Products and Fiberlux increased to $10.3 million in 1995 from $9.7 million in 1994 due to higher depreciation of blown film machinery and equipment, the acquisition of the Argentine films business and expansion of permeable film capacity in Europe. Higher capital expenditures in Film Products and Fiberlux in 1995 reflect the expansion of permeable film capacity in Europe and Brazil, and capital additions in the fourth quarter for new nonwoven film laminate capacity. Depreciation and amortization in Molded Products decreased by $901,000 in 1995 to $5.1 million due to full depreciation of certain machinery and equipment and lower combined depreciation from the gradual shutdown of the Alsip, Illinois, facility and the startup of the new Graham, North Carolina, facility. Capital expenditures in Molded Products increased by $3.6 million in 1995 over 1994 due to the new Graham facility.

Depreciation and amortization increased 2.5% in 1994 as higher depreciation at the films plant in Tacoma, Washington, and a full year of depreciation at Polestar were partially offset by the effects of plant closings. Plastics segment capital spending increased 3.1% in 1994 due to the upgrade of two extrusion lines in Tacoma, capacity expansions at Polestar, and machine upgrading and replacement at other Molded Products facilities.

METAL PRODUCTS SEGMENT

The Metal Products segment is comprised of the Aluminum Extrusions business and Brudi, Inc. Aluminum Extrusions produces soft alloy aluminum extrusions for sale directly to fabricators and distributors that serve primarily the building and construction industry, as well as transportation and consumer durables markets. Brudi, acquired by Tredegar in April 1991, produces steel attachments and uprights for sale primarily to dealers and original equipment manufacturers of forklift trucks. During August 1995, Tredegar announced that it is exploring the sale of Brudi. See Note 2 on page 42 for further discussion.

Pages 2-3 and 12-15 provide further information on Metal Products segment products and markets.

METAL PRODUCT
SALES
$ millions

	1995	1994	1993	1992	1991	1990
Aluminum Extrusions	221.7	193.9	166.5	150.5	143.4	193.3
Brudi and plant shut down and business held for sale in 1990	31.8	28.9	24.2	20.1	14.2	27.8

(Insert Graph Here)

METAL PRODUCTS
OPERATING PROFIT
Excluding Unusual Items
$ millions

	1995	1994	1993	1992	1991	1990
Aluminum Extrusions	16.8	11.3	8.0	4.2	(4.2)	(1.7)
Brudi and plant shut down and business held for sale in 1990	.2	(.4)	.2	.5	1.9	(3.3)

METAL PRODUCTS SEGMENT
IDENTIFIABLE ASSETS
$ millions

	1995	1994	1993	1992	1991	1990
Aluminum Extrusions	81.0	89.4	89.5	93.4	95.0	116.4
Brudi and business held for sale in 1990	28.5	30.5	31.0	28.7	26.4	5.2

SALES

Metal Products sales increased 13.8% during 1995 due primarily to higher average prices in Aluminum Extrusions, reflecting higher average aluminum costs. Volume declined in Aluminum Extrusions during 1995 by approximately 3.1%. Brudi sales increased by 10.2% in 1995 due primarily to higher forklift attachment sales in the U.S.

Metal Products sales increased 16.8% in 1994 over 1993 due to higher volume and higher sales prices in Aluminum Extrusions. Improved economic conditions in construction and automotive markets enabled Tredegar's extrusions plants to operate at near-capacity levels. Selling prices and raw material costs increased significantly during 1994. Increased levels of secondary operations (cutting, drilling, etc.) also contributed to the sales improvement. Brudi's sales also increased over 1993, reflecting an increase in overall forklift truck sales.

OPERATING PROFIT

Metal Products operating profit increased by 55.2% in 1995 due primarily to ongoing cost and quality improvements in Aluminum Extrusions. Economic conditions in key construction markets continue to put pressure on selling prices and margins. Brudi operating results improved from higher U.S. forklift attachment sales, a reduction in inventory obsolescence charges and a lower provision for doubtful accounts.

Driven by an 8.8% increase in Aluminum Extrusions volume, Metal Products operating profit increased 34.6% in 1994. Brudi's operating profit declined due to lower margins and an increase in its provision for doubtful accounts, partially offset by lower selling, general and administrative expenses relative to sales.

IDENTIFIABLE ASSETS

Identifiable assets in Metal Products declined to $109.5 million from $120 million due primarily to tightened credit policies, resulting in a significant reduction in average days sales outstanding.

Identifiable assets in Metal Products decreased in 1994 due to depreciation in excess of capital spending and better management of inventories, partially offset by higher receivables to support higher sales levels.

DEPRECIATION, AMORTIZATION AND CAPITAL EXPENDITURES

Depreciation and amortization in 1995 for Aluminum Extrusions and Brudi remained consistent with 1994 levels. Higher capital expenditures in Aluminum Extrusions in 1995 (up $1.1 million or 24.2%) were due primarily to the initial phase of a modernization program to upgrade certain areas of the Newnan, Georgia, facility and the purchase of 13 trailers for the delivery of product. Future capital expenditures for the Newnan facility modernization program are expected to be approximately $4.2 million, most of which will be spent in 1996. This program is expected to improve productivity at the plant as well as reduce scrap and sales returns.

Capital expenditures increased to $5 million in 1994 from $2.4 million in 1993, and consisted of ongoing fixed capital programs that are necessary to support current operating levels.

METAL PRODUCTS SEGMENT
DEPRECIATION & AMORTIZATION
AND CAPITAL EXPENDITURES
$ millions

	1995	1994	1993	1992	1991	1990
Depreciation and Amortization						
Aluminum Extrusions	6.0	6.0	6.2	7.1	8.0	9.2
Brudi and plant shut down and business held for sale in 1990	1.2	1.3	1.3	1.1	0.8	1.1
Capital Expenditures						
Aluminum Extrusions	5.5	4.4	1.9	2.5	7.6	9.3
Brudi and plant shut down and business held for sale in 1990	0.8	0.6	0.5	0.8	0.4	0.2

(Insert graph here)

COMMERCIAL CONSTRUCTION
$ billions

1996F	1995	1994	1993	1992	1991	1990
61.8	58.9	52.7	46.9	44.5	54.1	71.7

Source: Cahners Building and Construction Market Forecast

(Insert graph here)

HOUSING STARTS
Millions of Units

1996F	1995	1994	1993	1992	1991	1990
1.36	1.35	1.45	1.29	1.20	1.01	1.19

Source: Blue Chip Economic Indicators

(Insert graph here)

AUTOMOBILE
AND LIGHT TRUCK SALES
Millions of Units

1996F	1995	1994	1993	1992	1991	1990
14.8	14.8	15.4	14.2	13.1	12.7	14.2

Source: Bureau of Economic Analysis

(Insert graph here)

TECHNOLOGY SEGMENT

The Technology segment is comprised primarily of Molecumetics, which conducts drug discovery research using synthetic chemistry techniques (additional information on Molecumetics is provided on pages 16-17), APPX Software, a supplier of flexible software development environments and business applications software, and certain technology-related investments in which Tredegar's ownership is less than 20% (see Note 7 on page 43 for additional information on these investments).

Technology segment sales consist primarily of revenues from APPX Software. Technology operating losses (excluding unusual items) declined $2.9 million in 1995 due to the restructuring of APPX Software in the first quarter of 1995, partially offset by higher spending on research and development at Molecumetics and a $694,000 write-off of a medical technology investment. The Technology segment generated operating losses (excluding unusual items) of $8.9 million in 1994 and $9.7 million in 1993.

Technology segment identifiable assets increased to $7.5 million in 1995 from $7.3 million in 1994 due to the expansion of Molecumetics' research lab in Bellevue, Washington, and additional technology investments of $1.9 million, partially offset by the disposal of Tredegar's investment in Regal Cinema (see unusual items on page 26), the $694,000 write-off of a medical technology investment and the downsizing of APPX Software. Depreciation and amortization declined in 1995 to $789,000 from $1.3 million in 1994 due to the write-off at the end of the first quarter of 1994 of goodwill and other intangibles in APPX Software.

Technology segment identifiable assets and depreciation and amortization decreased in 1994 compared with 1993 due primarily to the first-quarter write-off of goodwill and other intangibles in APPX Software. Technology segment identifiable assets in 1994 also reflect technology-related investments of $1.4 million. The 1993 depreciation and amortization primarily relates to the amortization of APPX Software intangibles acquired in December 1992.

SELECTED QUARTERLY FINANCIAL DATA

Tredegar Industries, Inc., and Subsidiaries

(In thousands, except per-share amounts) (Unaudited)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1995				
Net sales	$151,083	$149,682	$145,955	$142,734
Gross profit	23,078	25,352	24,149	26,365
Operating profit	10,315	13,506	13,428	12,987
Net income (t)	4,445	6,074	6,626	6,908
Earnings per common and dilutive common equivalent share (t)	.33	.45	.50	.53
Shares used to compute earnings per common and dilutive common equivalent share	13,512	13,445	13,202	12,981
1994				
Net sales	$120,994	$122,913	$132,191	$126,110
Gross profit	18,744	20,229	21,728	21,684
Operating profit (loss)	(1,239)	8,466	2,918	8,620
Income (loss) from continuing operations (t)	(5,093)	3,074	(278)	3,714
Income from discontinued operations (j)	8,693	1,772	26,753	-
Net income	3,600	4,846	26,475	3,714
Earnings (loss) per share:				
Continuing operations (t)	(.31)	.19	(.02)	.27
Discontinued operations (j)	.53	.11	1.68	-
Net income	.22	.30	1.66	.27
Shares used to compute earnings per share	16,344	16,083	15,885	13,808

Refer to Notes to Financial Tables on page 34.

QUARTERLY EARNINGS PER SHARE
Continuing Operations
Dollars

(Insert graph here)

	Earnings Per Share Excluding Unusual Items	Earnings Per Share As Reported
1994		
1st Qtr.	.15	(.31)
2nd Qtr.	.19	.19
3rd Qtr.	.26	(.02)
4th Qtr.	.27	.27
1995		
1st Qtr.	.36	.33
2nd Qtr.	.45	.45
3rd Qtr.	.47	.50
4th Qtr.	.53	.53

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

(a) Income (loss) and earnings (loss) per share from continuing operations, adjusted for unusual items affecting the comparability of operating results between years as well as operating results of businesses held for sale, are presented below:

	1995	1994	1993	1992	1991	1990
Income (loss) from continuing operations as reported	$24,053	$ 1,417	$3,723	$ 9,517	$2,519	$(28,687)
After-tax effects of unusual items related to continuing operations:						
Unusual charges, net (d-i)	41	12,051	246	502	447	24,424
Impact on deferred taxes of 1% increase in federal income tax rate	-	-	348	-	-	-
Income (loss) from continuing operations as adjusted for unusual items	24,094	13,468	4,317	10,019	2,966	(4,263)
Income (loss) from Molded Products and Brudi as adjusted for unusual items (b)	1,128	(2,772)	(1,059)	(107)	(6,164)	(6,801)
Income from continuing operations as adjusted for unusual items and businesses held for sale	$22,966	$16,240	$5,376	$10,126	$9,130	$ 2,538
Earnings (loss) per common and dilutive common equivalent share:						
As reported	$ 1.80	$ .09	$ .23	$ .58	$ .15	$ (1.69)
As adjusted for unusual items	1.80	.87	.26	.61	.18	(.25)
As adjusted for unusual items and businesses held for sale	1.72	1.05	.33	.62	.56	.15

(b) During July and August of 1995, Tredegar announced that it was exploring the sale of Molded Products and Brudi (part of the Plastics and Metal Products segments, respectively). See Note 2 on page 42.

(c) Interest expense has been allocated between continuing and discontinued operations based on relative capital employed. See Note 19 on page 51.

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

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

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

(g) Unusual items in 1992 include the write-off of certain goodwill in Molded Products ($1,182), partially offset by the gain on the sale of a portion of an investment in Emisphere ($1,092).

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

(i) Unusual items in 1990 include costs related to divestitures and reorganization, including results of operations from August 1. The Metal Products segment also includes provisions for environmental review and cleanup, and costs related to certain legal proceedings for ongoing operations.

(j) On August 16, 1994, Tredegar completed the divestiture of its coal subsidiary, The Elk Horn Coal Corporation. On February 4, 1994, Tredegar sold its remaining oil and gas properties. As a result of these events, Tredegar is reporting its Energy segment as discontinued operations. See Note 19 on page 51.

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

(l) Capital employed for continuing operations is debt plus shareholders' equity minus net assets of discontinued operations minus cash and cash equivalents.

(m) EBITDA from continuing operations (excluding unusual items) is income before income taxes from continuing operations plus depreciation and amortization plus interest expense minus interest income plus or minus unusual items. EBITDA is not intended to represent cash flow from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of operating performance or to cash flow as a measure of liquidity.

(n) Unleveraged after-tax earnings from continuing operations (excluding unusual items) is net income (loss) from continuing operations plus after-tax interest expense minus after-tax interest income plus or minus after-tax unusual items. Unleveraged after-tax earnings should not be considered as an alternative to net income as defined by generally accepted accounting principles.

(o) Return on average capital employed for continuing operations (excluding unusual items) is unleveraged after-tax earnings from continuing operations (excluding unusual items) divided by average capital employed for continuing operations.

(p) Net sales include sales to P&G totaling $205,708, $163,120 and $145,631 in 1995, 1994 and 1993, respectively.

(q) In 1993, Tredegar began reporting its business development activities, primarily investments in high-technology businesses (Molecumetics, APPX Software, Emisphere and technology-related investments in which Tredegar's ownership is less than 20%), as a separate segment.

(r) Export sales totaled $80,878, $63,345 and $52,642 in 1995, 1994 and 1993, respectively. The majority of these export sales were made by the Plastics segment.

(s) Nonoperating assets held for sale include $1,721 in current assets in 1992 and $6,057, $5,018 and $3,605 in noncurrent assets in 1995, 1994 and 1993, respectively. In addition, see (b) regarding the possible divestiture of Molded Products and Brudi.

(t) Quarterly net income and earnings per share from continuing operations, adjusted for unusual items affecting the comparability of operating results between quarters, are presented below (see also (a) and (b) regarding the annual historical operating results of businesses held for sale):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1995				
Income	$4,937	$6,074	$6,175	$6,908
Earnings per share	.36	.45	.47	.53
1994				
Income	2,549	3,074	4,131	3,714
Earnings per share	.15	.19	.26	.27

INDEPENDENT ACCOUNTANTS' AND MANAGEMENT'S REPORTS

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Tredegar Industries, Inc., and Subsidiaries ("Tredegar") as of December 31, 1995 and 1994, and the related consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of Tredegar's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tredegar as of December 31, 1995 and 1994, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, effective as of the beginning of 1993, Tredegar changed its method of accounting for postretirement benefits other than pensions to conform with Statement of Financial Accounting Standards No. 106 and its method of accounting for income taxes to conform with Statement of Financial Accounting Standards No. 109.

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

Richmond, Virginia
January 17, 1996

MANAGEMENT'S REPORT ON THE FINANCIAL STATEMENTS

Tredegar's management has prepared the financial statements and related notes appearing on pages 36-51 in conformity with generally accepted accounting principles. In so doing, management makes informed judgments and estimates of the expected effects of events and transactions. Financial data appearing elsewhere in this annual report are consistent with these financial statements.

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

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

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

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

Years Ended December 31 (in thousands, except per-share amounts)	1995	1994	1993
REVENUES:			
Net sales	$589,454	$502,208	$449,208
Other income (expense), net	(669)	(296)	(387)
Total	588,785	501,912	448,821
COSTS AND EXPENSES:			
Cost of goods sold	490,510	419,823	379,286
Selling, general and administrative	48,229	47,978	47,973
Research and development	8,763	8,275	9,141
Interest	3,039	4,008	5,044
Unusual items	(78)	16,494	452
Total	550,463	496,578	441,896
Income from continuing operations before income taxes	38,322	5,334	6,925
Income taxes	14,269	3,917	3,202
Income from continuing operations	24,053	1,417	3,723
Discontinued operations:			
Income from energy segment operations	_	4,220	6,784
Gain on disposition of interest in The Elk Horn Coal Corporation (net of income tax of $16,224)	-	25,740	-
Gain on sale of remaining oil & gas properties (net of income tax of $2,121)	-	3,938	-
Deferred tax benefit on the difference between financial reporting and income tax basis of The Elk Horn Coal Corporation	-	3,320	-
Net income before extraordinary item and cumulative effect of accounting changes	24,053	38,635	10,507
Extraordinary item-prepayment premium of extinguishment of debt (net of income tax benefit of $685)	-	-	(1,115)
Cumulative effect of accounting changes:			
Postretirement benefits other than pensions (net of income tax benefit of $2,545)	-	-	(4,150)
Income taxes	-	-	4,300
NET INCOME	$ 24,053	$ 38,635	$ 9,542
Earnings per common and dilutive common equivalent share:			
Continuing operations	$ 1.80	$ .09	$ .23
Discontinued operations	-	2.40	.42
Before extraordinary item and cumulative effect of accounting changes	1.80	2.49	.65
Extraordinary item	-	-	(.07)
Cumulative effect of accounting changes	-	-	.01
Net income	$ 1.80	$ 2.49	$ .59

See accompanying notes to financial statements

CONSOLIDATED BALANCE SHEETS
Tredegar Industries, Inc., and Subsidiaries

December 31	1995	1994
(In thousands, except share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,145	$ 9,036
Accounts and notes receivable	71,673	73,248
Inventories	33,148	35,369
Income taxes recoverable	2,179	2,534
Deferred income taxes	14,882	14,014
Prepaid expenses and other	2,375	696
Total current assets	126,402	134,897
Property, plant and equipment, at cost:		
Land and land improvements	6,713	6,789
Buildings	50,167	50,181
Machinery and equipment	269,646	261,154
Total property, plant and equipment	326,526	318,124
Less accumulated depreciation and amortization	204,074	194,505
Net property, plant and equipment	122,452	123,619
Other assets and deferred charges	35,186	29,073
Goodwill and other intangibles	30,012	30,756
Total assets	$314,052	$318,345
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 31,105	$ 31,486
Accrued expenses	38,648	41,288
Total current liabilities	69,753	72,774
Long-term debt	35,000	38,000
Deferred income taxes	22,218	20,336
Other noncurrent liabilities	16,560	15,357
Total liabilities	143,531	146,467
Commitments and contingencies		
Shareholders' equity:		
Common stock (no par value):		
Authorized 50,000,000 shares;		
Issued and outstanding - 12,176,295 shares in 1995 and 13,488,387 post-split shares in 1994	112,908	136,150
Foreign currency translation adjustment	445	327
Retained earnings	57,168	35,401
Total shareholders' equity	170,521	171,878
Total liabilities and shareholders' equity	$314,052	$ 318,345

See accompanying notes to financial statements.

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

Years Ended December 31 (In thousands)	1995	1994	1993
Cash flows from operating activities:			
Continuing operations:			
Income from continuing operations	$ 24,053	$ 1,417	$ 3,723
Adjustments for noncash items:			
Depreciation	23,256	23,491	23,117
Amortization of intangibles	579	1,354	2,706
Write-off of intangibles	189	14,394	-
Deferred income taxes	1,540	(6,907)	(1,418)
Accrued pension income and postretirement benefits, net	(2,396)	(623)	(621)
Loss on divestitures	-	2,100	1,815
Gain on sale of investments	(728)	-	(2,263)
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts and notes receivable	4,912	(3,075)	(7,194)
Inventories	4,010	(1,158)	(2,480)
Income taxes recoverable and other prepaid expenses	(1,324)	(2,349)	3,347
Accounts payable and accrued expenses	(6,228)	12,311	(1,701)
Other, net	1,765	(1,873)	(1,435)
Net cash provided by continuing operating activities	49,628	39,082	17,596
Net cash used for extraordinary item	-	-	(1,115)
Net cash provided by discontinued operating activities	-	3,435	4,318
Net cash provided by operating activities	49,628	42,517	20,799
Cash flows from investing activities:			
Continuing operations:			
Capital expenditures	(25,138)	(15,579)	(16,480)
Acquisitions (net of $358 and $398 cash acquired in 1995 and 1993, respectively)	(3,637)	-	(5,099)
Investments	(1,904)	(1,400)	(600)
Proceeds from sale of investments	1,478	-	5,263
Property disposals	1,238	3,519	3,373
Other, net	85	186	(613)
Net cash used in investing activities of continuing operations	(27,878)	(13,274)	(14,156)
Net cash provided by disposals of discontinued operations	-	75,393	1,294
Net cash (used in) provided by investing activities	(27,878)	62,119	(12,862)
Cash flows from financing activities:			
Dividends paid	(2,286)	(2,465)	(3,270)
Net decrease in borrowings	(3,000)	(59,000)	(4,500)
Repurchase of Tredegar common stock	(25,542)	(34,105)	-
Other, net	2,187	(30)	(167)
Net cash used in financing activities	(28,641)	(95,600)	(7,937)
(Decrease) increase in cash and cash equivalents	(6,891)	9,036	-
Cash and cash equivalents at beginning of period	9,036	-	-
Cash and cash equivalents at end of period	$ 2,145	$ 9,036	$ -
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	$ 3,041	$ 4,412	$ 8,332
Income tax payments, net	$ 15,102	$ 26,388	$ 6,673

See accompanying notes to financial statements.

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

Years Ended December 31, 1995, 1994 and 1993	Common Stock Shares	Common Stock Amount	Retained Earnings (Deficit)	Foreign Currency Translation	Total Shareholders' Equity
(In thousands, except share and per-share data)					
Balance December 31, 1992	10,894,401	$170,131	$(7,695)	$(39)	$162,397
Net income	-	-	9,542	-	9,542
Cash dividends declared ($.24 per share)	-	-	(2,616)	-	(2,616)
Issued upon exercise of SARs	503	9	-	-	9
Foreign currency translation adjustment	-	-	-	(244)	(244)
Balance December 31, 1993	10,894,904	170,140	(769)	(283)	169,088
Net income	-	-	38,635	-	38,635
Cash dividends declared ($.24 per share)	-	-	(2,465)	-	(2,465)
Repurchases of Tredegar common stock	(1,910,239)	(34,105)	-	-	(34,105)
Issued upon exercise of stock options	6,000	87	-	-	87
Issued upon exercise of SARs	1,593	28	-	-	28
Foreign currency translation adjustment	-	-	-	610	610
Balance December 31, 1994	8,992,258	136,150	35,401	327	171,878
Net income	-	-	24,053	-	24,053
Cash dividends declared ($.24 per share)	-	-	(2,286)	-	(2,286)
Repurchases of Tredegar common stock	(998,197)	(25,542)	-	-	(25,542)
Issued upon exercise of stock options	118,500	2,158	-	-	2,158
Issued upon exercise of SARs	5,723	142	-	-	142
Foreign currency translation adjustment	-	-	-	118	118
Three-for-two stock split	4,058,011	-	-	-	-
Balance December 31, 1995	12,176,295	$112,908	$57,168	$445	$170,521

See accompanying notes to financial statements.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF OPERATIONS

Tredegar Industries, Inc., and subsidiaries ("Tredegar") is a diversified manufacturer of plastics and metal products. Tredegar also has interests in various technologies, including rational drug design research and computer software. For further description of Tredegar's products, principal markets and a significant customer, see the products and market information matrix on pages 2-3, the segment tables on pages 22-24 and the business segment review on pages 29-32.

During July and August of 1995, Tredegar announced that it was exploring the sale of Molded Products and Brudi (see Note 2 on page 42). In August 1994, Tredegar completed the divestiture of its energy businesses (see Note 19 on page 51).

During 1995, Tredegar acquired a plastic films business in Argentina. During 1993, Tredegar acquired the assets of Polestar Plastics, Inc., a custom molder of precision plastic parts for the medical and electronics markets. During 1992, Tredegar acquired APPX Software, Inc., and the assets of a plastic film business in Brazil and Fielden Engineers, Ltd. (materials handling). These acquisitions were accounted for using the purchase method; accordingly, the assets and liabilities of the acquired entities have been recorded at their estimated fair value at the date of acquisition. The excess of the purchase price over the estimated fair value of the identifiable net assets acquired had an original straight-line amortization period of 7 to 15 years. The operating results of entities acquired have been included in the consolidated statements of income since the date of acquisition.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts and operations of Tredegar and all of its subsidiaries. Intercompany accounts and transactions within Tredegar have been eliminated. Certain previously reported amounts have been reclassified to conform to the 1995 presentation.

On September 28, 1995, Tredegar's Board of Directors declared a three-for-two stock split payable on January 1, 1996, to shareholders of record on December 8, 1995. Accordingly, all historical references to the shares used to compute earnings per share, per-share amounts, stock option data and market prices of Tredegar's common stock have been restated to reflect the split. As a result of the stock split, Tredegar's regular cash dividend of six cents per share will be paid on 50% more shares than previous dividends, thereby increasing the cash payout to shareholders by 50%.

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

REVENUE RECOGNITION

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand in excess of daily operating requirements and highly liquid investments with maturities of three months or less when purchased. At December 31, 1995 and 1994, Tredegar had approximately $2,000 and $9,000, respectively, invested primarily in securities with maturities of one month or less.

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

Accounts include costs of assets constructed or purchased, related delivery and installation costs and interest incurred on significant capital projects during their construction periods. Expenditures for renewals and betterments also are capitalized, but expenditures for repairs and maintenance are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold are removed from the respective accounts, and gains or losses thereon are included in income.

Property, plant and equipment includes capitalized interest of $279,

$206 and $320 in 1995, 1994 and 1993, respectively. Maintenance and repairs of property, plant and equipment were $20,100, $19,400 and $17,300 in 1995, 1994 and 1993, respectively.

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

GOODWILL AND OTHER INTANGIBLES

Goodwill acquired prior to November 1, 1970 ($19,484, $19,629 and $19,629 at December 31, 1995, 1994 and 1993, respectively), is not being amortized and relates primarily to Tredegar's Aluminum Extrusions business. Goodwill acquired subsequently ($9,478, $9,752 and $19,764 at December 31, 1995, 1994 and 1993, respectively, net of accumulated amortization) that was not written off in 1994 (see Note 8 on page 43) is being amortized on a straight-line basis over approximately 40 years and relates primarily to Tredegar's acquisition of Brudi, Inc. in 1991. Other intangibles ($1,050, $1,375 and $6,086 at December 31, 1995, 1994 and 1993, respectively, net of accumulated amortization) consist primarily of software technology acquired in 1992 and written off in 1994 (see Note 8 on page 43), and the cost of certain non-competition agreements that are being amortized on a straight-line basis over 5 years.

IMPAIRMENT OF LONG-LIVED ASSETS

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

PENSION PLANS

Actual costs of pension plans are determined actuarially in compliance with SFAS No.87, "Employers Accounting for Pensions." Tredegar's policy is to fund its pension plans at amounts not less than the minimum requirements of the Employee Retirement Income Security Act of 1974.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Effective January 1, 1993, Tredegar adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires recognition of the cost of postretirement benefits during the employees' service periods. Previously, such expenses were accounted for on a cash basis. Tredegar elected to immediately recognize the liability for prior years' service as the cumulative effect of a change in accounting principle. Accordingly, in the first quarter of 1993, Tredegar recorded an unfunded, accumulated postretirement benefit obligation of $6,695 and a noncurrent, deferred income tax benefit of $2,545, resulting in an after-tax charge of $4,150. Tredegar's current policy is to fund related benefits when claims are incurred.

POSTEMPLOYMENT BENEFITS

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

INCOME TAXES

Effective January 1, 1993, Tredegar adopted SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires the asset and liability method of accounting for deferred income taxes, whereby enacted statutory tax rates are applied to the differences between the financial reporting and tax bases of assets and liabilities. The cumulative effect of this change in accounting principle was a reduction in deferred income taxes and a corresponding increase in net income of $4,300 in the first quarter of 1993. Deferred income taxes were determined under Accounting Principles Board ("APB") Opinion No. 11 prior to 1993.

Deferred income taxes arise from temporary differences between financial and income tax reporting of various items, principally depreciation and accruals for employee benefits, divestitures, plant shutdowns and environmental remediation.

SOFTWARE DEVELOPMENT COSTS

Software development costs are accounted for in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed." This statement requires that all costs incurred to establish the technological feasibility of a computer software product to be sold, leased or otherwise marketed be considered research and development costs. Such costs are expensed as incurred. Once technological feasibility is established, all software development and production costs are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. Capitalization is discontinued once software is available for sale or lease. Capitalized costs are amortized based on current and anticipated future revenues for each product over periods not exceeding 5 years, with an annual minimum equal to the straight-line amortization over the estimated remaining life of the product.

There were no capitalized software costs at December 31, 1995. Capitalized software costs included in "Other assets and deferred charges" totaled $260 at December 31, 1994.

EARNINGS PER SHARE

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

Tredegar has historically excluded common stock equivalents (stock options) from its computation of earnings per common share due to their immaterial dilutive effect. Immaterial is defined in this context by APB Opinion No. 15 as dilution of less than 3%. As a result of share repurchases and the increase in Tredegar's stock price during 1995, stock options currently outstanding are dilutive in excess of the threshold set forth in APB Opinion No. 15. Accordingly, shares used to compute earnings (loss) per common and dilutive common equivalent share for 1995 include common stock equivalents of 454,379 shares. Fully diluted earnings (loss) per common share is not materially different from the earnings (loss) per common and dilutive common equivalent share presented in the consolidated statements of income. The number of shares used in computing earnings per share were 13,370,019, 15,524,130 and 16,342,203 in 1995, 1994 and 1993, respectively.

2 BUSINESSES HELD FOR SALE

During July and August of 1995, Tredegar announced that it was exploring the sale of Molded Products and Brudi. These divestitures could be completed in the first half of 1996. Tredegar anticipates investing related proceeds on a short-term basis until other opportunities, in existing businesses or elsewhere, are identified.

The net sales, ongoing operating profit, identifiable assets, depreciation and amortization and capital expenditures of Molded Products and Brudi have been disclosed separately in the segment tables on pages 22-24 (Molded Products is part of the Plastics segment and Brudi is part of the Metal Products segment). Additional information on the combined results of operations and net assets of these businesses is provided below:

Condensed Statements of Income
Molded Products and Brudi Combined

(Unaudited)	1995	1994	1993
Net sales	$ 116,745	$ 105,470	$ 92,458
Costs and expenses:			
Operating costs and expenses	113,805	108,310	92,509
Interest allocated	899	1,170	1,451
Unusual items	-	6,973	-
Total	114,704	116,453	93,960
Income (loss) from Molded Products and Brudi before income taxes	2,041	(10,983)	(1,502)
Income tax (benefit)	913	(3,802)	(443)

Income (loss) from Molded Products and Brudi	$ 1,128	$ (7,181)	$ (1,059)

Condensed Statements of Net Assets
Molded Products and Brudi Combined

(Unaudited)	December 31, 1995	December 31, 1994
Current assets:		
Accounts and notes receivable	$ 13,964	$ 16,539
Inventories	13,858	16,127
Deferred income taxes	1,476	2,770
Prepaid expenses and other	82	177
Total current assets	29,380	35,613
Net property, plant and equipment	33,129	32,888
Other assets and deferred charges	-	265
Goodwill and other intangibles	10,174	10,704
Total assets	72,683	79,470
Total current liabilities	9,108	15,898
Deferred income taxes	2,971	3,570
Other noncurrent liabilities	460	735
Total liabilities	12,539	20,203
Net assets of Molded Products and Brudi	$ 60,144	$ 59,267

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

For federal income tax purposes, operating results of Molded Products and Brudi have been included in Tredegar's consolidated tax return. Their related provision for income taxes represents their allocated share of Tredegar's income tax expense. The allocated share approximates income tax expense that would have been incurred had Molded Products and Brudi (i) filed a separate consolidated tax return, and (ii) separately computed income taxes in accordance with SFAS No. 109

3 BUSINESS SEGMENTS

See pages 22-24 and 29-32 for net sales, operating profit, identifiable assets and related information about Tredegar's segments that are presented for the years 1990-1995. The discussion of segment information is unaudited.

4 ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

December 31	1995	1994
Trade, less allowance for doubtful accounts and sales returns of $5,330 and $5,211 in 1995 and 1994	$69,618	$71,470
Other	2,055	1,778
Total	$71,673	$73,248

5 INVENTORIES

Inventories consist of the following:

December 31	1995	1994
Finished goods	$4,619	$4,970
Work-in-process	4,217	5,243
Raw materials	17,946	18,004
Stores, supplies and other	6,366	7,152
Total	$33,148	$35,369

Inventories stated on the LIFO basis amounted to $15,974 and $15,736 at December 31, 1995 and 1994, respectively, which are below replacement costs by approximately $14,212 and $18,100, respectively.

6 NONOPERATING ASSETS HELD FOR SALE

Included in "Other assets and deferred charges" are nonoperating assets held for sale, primarily land and buildings related to closed facilities, totaling $6,057 and $5,018 as of December 31, 1995 and 1994, respectively. Such assets are stated at the lower of carrying value or estimated fair value less cost to sell and are expected t o be sold over the next 1 to 2 years. See Note 2 on page 42 regarding the possible divestiture of Molded Products and Brudi.

7 INVESTMENTS

As of December 31, 1995, Tredegar, through a subsidiary, owned 5% of a venture capital limited partnership. Tredegar's total capital commitment is $2,000 with $1,800 and $1,200 invested at December 31, 1995 and 1994, respectively. Additional contributions of $200 are expected to be made over the next year. In addition, during 1995 and 1994, Tredegar invested an aggregate of $1,300 and $1,000, respectively, in the restricted convertible preferred stock of several medical technology companies. Tredegar's ownership in each of these companies on a fully diluted basis is less than 20%. Tredegar's investments are carried at the lower of cost or estimated fair value and are included in "Other assets and deferred charges." During 1995, Tredegar recognized a charge of $694 for the write-off of one of its medical technology investments.

During 1991 and 1992, Tredegar acquired 541,071 shares of Emisphere Technologies, Inc. ("Emisphere") common stock for $3,900. In December 1992, Tredegar sold 112,500 shares for $1,992 and recognized a pretax gain of $1,092 ($680 after income taxes). In 1993, Tredegar sold its remaining 428,571 shares for $5,263 and recognized a pretax gain of $2,263 ($1,410 after income taxes). In total, Tredegar received $7,255 for its $3,900 investment in Emisphere common stock, resulting in a pretax gain of $3,355 ($2,090 after income taxes).

8 GOODWILL AND OTHER INTANGIBLES

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

December 31	1995	1994
Goodwill and other intangibles	$ 50,424	$ 64,043
Additions and reclassifications	24	775
Write-offs	(189)	(14,394)
Subtotal	50,259	50,424
Accumulated amortization	(20,247)	(19,668)
Net	$ 30,012	$ 30,756

Write-offs in 1994 relate to certain goodwill written off in Molded Products and goodwill and other intangibles written off in APPX Software. The goodwill write-off in Molded Products in 1994 resulted from continued disappointing results in certain lines of its business. The write-off in APPX Software in 1994 is the result of management's determination that income generated by the acquired products would not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992. See Note 17 on page 50 regarding the restructuring of APPX Software and Note 2 on page 42 regarding the possible divestiture of Molded Products and Brudi.

9 ACCRUED EXPENSES

Accrued expenses consist of the following:

December 31	1995	1994
Payrolls, related taxes and medical and other benefits	$10,759	$ 7,378
Workmen's compensation and disabilities	6,108	6,116
Vacation	5,397	5,478
Divestitures	2,773	3,284
Environmental	2,341	4,153
Other	11,270	14,879
Total	$38,648	$41,288

10 DEBT AND CREDIT AGREEMENTS

Long-term debt consists of:

December 31	1995	1994
Borrowings under short-term variable-rate credit arrangements	$ -	$2,500
7.2% note to institutional lender due in 2003	35,000	35,000
Other	-	500
Total	$35,000	$38,000

On September 7, 1995, Tredegar replaced its two revolving credit facilities dated August 18 and 19, 1994, with one new five-year facility that permits borrowings of up to $275,000 (no amounts borrowed at December 31, 1995). The new facility provides for interest to be charged at a base rate (generally the London Interbank Offered Rate) plus a spread that is dependent on Tredegar's quarterly debt-to-total capitalization ratio. A facility fee is also charged on the $275,000 commitment amount. The spread and facility fee charged at various debt-to-total capitalization levels are as follows:

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

In addition, a utilization fee of 10 basis points is charged on the outstanding principal amount when more than $137,500 is borrowed under the agreement.

On June 16, 1993, Tredegar paid a $1,800 ($1,115 after income tax benefits) prepayment premium to an institutional lender to refinance its $35,000, 8.6% fixed-rate debt that was due in September 1994. The new note carries a fixed rate of 7.2% and matures in June 2003. Annual principal payments of $5,000 will begin in 1997. At December 31, 1995, the prepayment value of the note was $37,000 and Tredegar estimates that an equivalent rate for similar debt would be 6.5%.

At December 31, 1994, $2,500 was borrowed under a short-term credit arrangement at an interest rate of 5%. The balance outstanding was classified as long-term debt in accordance with Tredegar's ability to refinance such obligation on a long-term basis.

The weighted average interest rate on all variable-rate loans outstanding during 1995 was 6.7% compared with 4.9% in 1994.

Tredegar's loan agreements contain restrictions, among others, on the payment of cash dividends and the maximum debt-to-total capitalization ratio permitted (65% through September 30, 1996, and 60% thereafter). At December 31, 1995, $53,505 was available for cash dividend payments, and $275,000 was available to borrow under the 65% debt-to-total capitalization ratio restriction.

11 SHAREHOLDER RIGHTS AGREEMENT

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

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

The Rights will expire on June 30, 1999.

12 STOCK OPTION PLANS

Tredegar has two stock option plans whereby stock options may be granted to purchase a specified number of shares of Tredegar common stock at a price not less than the fair market value on the date of grant and for a term not to exceed 10 years. In addition to the stock options, recipients may also be granted stock appreciation rights ("SARs") and restricted stock.

Activity for 1993 - 1995 is shown below:

	Number of Shares		Option Price	
	Option	SAR	Per Share	Aggregate
Outstanding at 12/31/92	729,900	702,900	$ 8.09 to $11.34	$ 7,248
Granted in 1993	30,000	-	$ 8.59	258
Lapsed in 1993	(16,500)	(16,500)	$11.14	(184)
SARs exercised in 1993	(9,000)	(9,000)	$ 8.09 to $11.14	(89)
Outstanding at 12/31/93	734,400	677,400	$ 8.09 to $11.34	7,233
Granted in 1994	579,150	-	$10.09 to $16.00	6,609
Lapsed in 1994	(56,250)	(16,500)	$ 8.59 to $11.34	(568)
Options exercised in 1994	(9,000)	(9,000)	$ 8.09 to $11.14	(87)
SARs exercised in 1994	(40,500)	(40,500)	$ 8.09 to $11.14	(413)
Outstanding at 12/31/94	1,207,800	611,400	$ 8.09 to $16.00	12,774
Granted in 1995	219,000	-	$11.59 to $12.50	2,727
Lapsed in 1995	(10,350)	(2,250)	$10.09 to $11.59	(108)
Options exercised in 1995	(177,750)	(57,000)	$ 8.09 to $16.00	(1,817)
SARs exercised in 1995	(49,125)	(49,125)	$ 8.09 to $11.14	(508)
Outstanding at 12/31/95	1,189,575	503,025	$ 8.09 to $16.00	$13,068

At December 31, 1995 and 1994, options to purchase 883,974 and 646,695 shares, respectively, were exercisable and 397,800 and 606,600 shares, respectively, were available for grant.

SFAS No. 123, "Accounting for Stock-Based Compensation," was issued in October 1995 and allows companies to either (i) use existing methods to account for stock-based compensation arrangements with additional pro forma disclosures of the fair value-based method or (ii) adopt the statement's fair value-based method. Tredegar will adopt the new standard in 1996 and has elected to use existing methods with pro forma disclosures of the fair value-based method.

13 RENTAL EXPENSE AND CONTRACTUAL COMMITMENTS

Rental expense was $3,355, $3,337 and $2,936 for 1995, 1994 and 1993, respectively. Rental commitments under all noncancelable operating leases as of December 31, 1995, are as follows.

1996	$ 2,557
1997	2,464
1998	2,223
1999	1,885
2000	1,606
Remainder	2,513
Total	$13,248

Contractual obligations for plant construction and purchases of real property and equipment amounted to approximately $4,679 and $4,493 at December

31, 1995 and 1994, respectively.

14 RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

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

The components of net pension income for Tredegar's plans for 1995, 1994 and 1993 are as follows:

	1995	1994	1993
Return on plan assets:			
Actual return	$28,434	$ (572)	$18,557
Expected return greater (lower) than actual	(17,065)	11,494	(8,097)
Expected return	11,369	10,922	10,460
Amortization of transition asset	1,231	1,231	1,231
Service cost (benefits earned during the year)	(2,376)	(3,016)	(3,072)
Interest cost on projected benefit obligation	(7,192)	(6,885)	(6,515)
Amortization of prior service costs and gains or losses	(99)	(942)	(805)
Net pension income	$ 2,933	$ 1,310	$ 1,299

The following table presents a reconciliation of the funded status of Tredegar's pension plans at December 31, 1995, 1994 and 1993, to prepaid pension expense:

	1995	1994	1993
Plan assets at fair value	$147,600	$125,390	$130,603
Actuarial present value of benefit obligations:			
Accumulated benefit obligation (including vested benefits of $90,895, $77,858 and $85,828, respectively)	(93,077)	(80,422)	(89,221)
Projected compensation increase	(11,097)	(9,296)	(11,225)
Projected benefit obligation	(104,174)	(89,718)	(100,446)
Plan assets in excess of projected benefit obligation	43,426	35,672	30,157
Unrecognized net gain being amortized	(21,863)	(16,862)	(11,736)
Unrecognized transition asset being amortized	(4,226)	(5,456)	(6,687)
Unrecognized prior service costs being amortized	4,581	5,354	5,464
Prepaid pension expense	$ 21,918	$ 18,708	$ 17,198

Prepaid pension expense of $21,918 and $18,708 is included in "Other assets and deferred charges" in the consolidated balance sheets at December 31, 1995 and 1994, respectively.

Net pension income and plan obligations are calculated using assumptions of discount rates on projected benefit obligations, estimated rates of projected increases in compensation and expected rates of return on plan assets. The discount rate on projected benefit obligations was assumed to be 7.5% at December 31, 1995, 8.25% at December 31, 1994 and 7% at December 31, 1995, 8.25% at December 31, 1994 and 7% at December 31, 1993. The rate of projected compensation increase and the expected long-term rate of return on plan assets were assumed to be 5% and 9%, respectively, each year. Net pension income is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

In December 1993, Tredegar established a non-qualified supplemental pension plan covering certain employees. The plan is designed to restore all or a part of the pension benefits that would have been payable to designated participants from Tredegar's principal pension plans if it were not for limitations imposed by income tax regulations. The projected benefit obligation relating to this unfunded plan ($658, $613 and $612 at December 31, 1995, 1994 and 1993, respectively) is being amortized over the average remaining working life of participants in the plan (approximately $100 annually), and is included in the above pension information.

In addition to providing pension benefits, Tredegar provides postretirement life insurance and health care benefits for certain groups of employees. Tredegar and retirees share in the cost of postretirement health care benefits, with employees retiring after July 1, 1993, receiving a fixed subsidy from Tredegar to cover a portion of their health care premiums. Effective January 1, 1993, Tredegar adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (see Note 1 on page 40). Previously, such expenses were accounted for on a cash basis.

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

	1995	1994	1993
Service cost (benefits earned during the year)	$(118)	$(177)	$(186)
Interest cost on accumulated postretirement benefit obligation	(493)	(492)	(492)
Recognition of gains (losses)	74	(18)	-
Net postretirement benefit cost	$(537)	$(687)	$(678)

The following table presents a reconciliation of the funded status of Tredegar's postretirement life insurance and health care benefit plans at December 31, 1995, 1994 and 1993, to accrued postretirement benefit cost:

	1995	1994	1993
Plan assets at fair value	$ -	$ -	$ -
Accumulated postretirement benefit obligation (APBO):			
Retirees	(3,438)	(3,085)	(3,001)
Other fully eligible participants	(1,396)	(1,593)	(2,408)
Other active participants	(1,957)	(1,852)	(1,755)
Total APBO	(6,791)	(6,530)	(7,164)
APBO in excess of plan assets	(6,791)	(6,530)	(7,164)
Unrecognized gain	(1,219)	(1,124)	(52)
Accrued postretirement benefit cost	$(8,010)	$(7,654)	$(7,216)

Accrued postretirement benefit cost of $8,010 and $7,654 is included in "Other noncurrent liabilities" in the consolidated balance sheets of December 31, 1995 and 1994, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation was 7.5% at December 31, 1995, 8.25% at December 31, 1994, and 7% at December 31, 1993. The rate of annual pay increase for life insurance benefits was assumed to be 5% each year. The rate of increase in the per-capita cost of covered health care benefits for the indemnity plan was assumed to be 12% at December 31, 1995, 13% at December 31, 1994, and 14% at December 31, 1993. The rate of increase in the per-capita cost of covered health care benefits for the managed care plans was assumed to be 9.7% at December 31, 1995, 10.4% at December 31, 1994, and 11.2% at December 31, 1993. The rates for the per-capita cost of covered health care benefits were assumed to decrease gradually for the indemnity and managed care plans to 6% and 5%, respectively, in year 2002 and remain at that level thereafter. Net postretirement benefit cost is determined using assumptions as of the beginning of each year. Funded status is determined using assumptions as of the end of each year.

If the health care cost trend rate assumptions were increased by 1%, the accumulated postretirement benefit obligation as of December 31, 1995, would increase by approximately $26. The effect of this increase on the sum of the service cost and interest cost components of net periodic postretirement benefit cost for 1995 would be $3.

15 SAVINGS PLAN

Tredegar has a savings plan that allows eligible employees to voluntarily contribute a percentage of their compensation. Under the provisions of the plan, Tredegar matches a portion of the employee's contribution to the plan with shares of Tredegar common stock. Tredegar also has an unfunded non-qualified plan that restores matching benefits for employees suspended from the savings plan due to certain limitations imposed by income tax regulations. Charges recognized by Tredegar for these plans in 1995, 1994 and 1993 amounted to $2,060, $2,059 and $2,146, respectively. Tredegar's unfunded liability under the restoration plan was $723 and $327 at December 31, 1995 and 1994, respectively.

16 INCOME TAXES

Effective January 1, 1993, Tredegar adopted SFAS No. 109, "Accounting for Income Taxes," which requires use of the asset and liability method of accounting for deferred income taxes (see Note 1 on page 40). Deferred income taxes were determined under APB Opinion No. 11 for years prior to 1993.

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

	1995	1994	1993
Income from continuing operations before income taxes:			
Domestic	$36,494	$ 2,346	$ 4,460
Foreign	1,828	2,988	2,465
Total	$38,322	$ 5,334	$ 6,925
Current income taxes:			
Federal	$10,050	$ 8,375	$ 2,190
State	1,996	1,622	759
Foreign	683	827	1,671
Total	12,729	10,824	4,620
Deferred income taxes:			
Federal	1,448	(6,741)	(848)
State	136	(424)	(197)
Foreign	(44)	258	(721)
Adjustment for 1% increase in federal statutory rate	-	-	348
Total	1,540	(6,907)	(1,418)
Total income taxes	$14,269	$ 3,917	$ 3,202

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

	Percent of Income From Continuing Operations Before Income Taxes		
	1995	1994	1993
Income tax expense at federal statutory rate	35.0	35.0	35.0
State taxes, net of federal income tax benefit	3.6	14.6	5.3
Research and development tax credit	(1.0)	(7.5)	(5.8)
Foreign Sales Corporation	(1.3)	(6.6)	(3.1)
Adjustment of deferred income taxes for 1% increase in federal statutory rate	-	-	5.0
Write-off of certain goodwill	.1	31.1	-
Goodwill amortization	.2	3.0	5.1
Other items, net	.6	3.8	4.7
Effective income tax rate	37.2	73.4	46.2

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

	1995	1994	1993
Depreciation	$ (14)	$(3,472)	$(2,002)
Divestitures, plant shutdowns and environmental accruals	743	778	1,229
Employee benefits	499	169	309
Write-offs of certain goodwill and other intangibles	-	(3,643)	-
Other items, net	312	(739)	(954)
Total	$1,540	$(6,907)	$(1,418)

Deferred tax liabilities and deferred tax assets as of December 31, 1995 and 1994, are as follows:

	1995	1994
Deferred tax liabilities:		
Depreciation	$ 13,496	$ 13,510
Pensions	8,274	7,214
Other	2,130	1,348
Total deferred tax liabilities	23,900	22,072
Deferred tax assets:		
Employee benefits	8,863	8,302
Allowance for doubtful accounts and sales returns	2,005	1,957
Inventory	1,493	1,651
Divestitures	834	673
Environmental accruals	621	1,525
Other	2,748	1,642
Total deferred tax assets	16,564	15,750
Net deferred tax liability	$ 7,336	$ 6,322
Included in the balance sheet:		
Noncurrent deferred tax liabilities in excess of assets	$ 22,218	$ 20,336
Current deferred tax assets in excess of liabilities	14,882	14,014
Net deferred tax liability	$ 7,336	$ 6,322

17 UNUSUAL ITEMS

In 1995, unusual items totaling $78 (income, net) include a gain on the sale of Regal Cinema shares ($728), a charge related to the restructuring of APPX Software ($2,400) and a recovery in connection with a Film Products product liability lawsuit ($1,750). The APPX Software restructuring charge includes estimated losses on the disposal of assets, severance costs and cost for the termination of leases and certain contracts. The restructuring, which occurred in the first quarter of 1995, was aimed at eliminating operating losses. Such losses were $478 in the first quarter of 1995 and $4.7 million in 1994. While new product development activities have been curtailed, APPX Software continues to sell, maintain and support existing products. For the post-restructuring period April 1 to December 31, 1995, APPX Software had an operating profit of $382.

In 1994, unusual items totaling $16,494 include the write-off of certain Molded Products goodwill ($4,873) (see Note 8 on page 43), costs related to the closing of a Molded Products plant in Alsip, Illinois ($2,100), and the write-off of goodwill and other intangibles in APPX Software ($9,521) (see Note 8 on page 43).

In 1993, unusual items totaling $452 include estimated costs related to the disposal of a Film Products plant in Flemington, New Jersey ($1,815), and the reorganization of corporate functions ($900), offset by a gain on the sale of a portion of Tredegar's investment in Emisphere ($2,263) (see Note 7 on page 43).

18 CONTINGENCIES

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

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

DISCONTINUED OPERATIONS

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

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

At December 31, 1995 and 1994, the accrued costs for Tredegar's obligation under the Act were $6,000 and $6,102, respectively, including an unfunded obligation of $4,703 and $5,720, respectively, and an unrecognized gain of $1,297 and $382, respectively. The discount rate used in determining the unfunded obligation was 7.5% and 8.25% at December 31, 1995 and 1994, respectively, and 7% at August 16, 1994. The medical premium trend rate was assumed to be 12% and 13% at December 31, 1995 and 1994, respectively, and 14% at August 16, 1994, with a gradual decrease to 6% in year 2004, 6.75% in year 2003 and 5.5% in year 2005, respectively, and remaining at that level thereafter. The accrued cost was determined using assumptions at the end of each period, and the net periodic cost was determined using assumptions as of the beginning of each period. If the medical premium trend rate were increased by 1%, the obligation at December 31, 1995, would increase by approximately $218. The effect of this increase on the annual interest cost component of the net period cost would be $16.

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

Condensed Statements of Income
Discontinued Energy Segment

(Unaudited)	January 1, 1994 to August 16, 1994	1993
Net sales	$19,868	$33,431
Costs and expenses:		
Operating costs and expenses	13,229	23,818
Interest allocated	337	653
Unusual items	-	(1,424)
Total	13,566	23,047
Income from Energy segment operations before income taxes	6,302	10,384
Income taxes	2,082	3,600
Income from Energy segment operations	$ 4,220	$ 6,784

Unusual items totaling $1,424 in 1993 include gains on the sale of certain oil and gas properties.

Transactions between Tredegar and the Energy segment are reflected as though they are settled immediately and there are no amounts due to or from Tredegar at the end of any period. All of the Energy segment's full-time employees participated in Tredegar's noncontributory defined benefit plan for salaried employees. These employees also participated in Tredegar's welfare (medical, life and disability) and savings plans. Accordingly, related costs have been allocated to discontinued operations. Interest expense was allocated to discontinued operations operations. Interest expense was allocated to discontinued operations based upon the ratio of the Energy segment's capital employed (net assets) to Tredegar's consolidated capital employed.

For federal income tax purposes, results of the Energy segment's operations through the date of disposal have been included in Tredegar's consolidated tax return. The Energy segment's provision for income taxes represents its allocated share of Tredegar's income tax expense. The allocated share approximates income tax expense that would have been incurred had the Energy segment (i) filed a separate consolidated tax return, and (ii) separately computed income taxes in accordance with SFAS No. 109 in 1994 and 1993.

SHAREHOLDER INFORMATION

ANNUAL MEETING

The annual meeting of shareholders of Tredegar Industries, Inc., will be held on May 21, 1996, beginning at 9:30 a.m. E.D.T. at the Tredegar Iron Works in Richmond, Virginia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or before March 31.

CORPORATE HEADQUARTERS
1100 Boulders Parkway
Richmond, Virginia 23225
804-330-1000

NUMBER OF EMPLOYEES
Approximately 3,300

COUNSEL
Hunton & Williams
Richmond, Virginia

INDEPENDENT ACCOUNTANTS
Coopers & Lybrand, L.L.P.
Richmond, Virginia

STOCK LISTING
New York Stock Exchange
Ticker Symbol: TG

TRANSFER AGENT AND REGISTRAR
American Stock Transfer & Trust Company
New York, New York

INQUIRIES

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

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

All other inquiries should be directed to:

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

INTERIM REPORT DISTRIBUTION

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

DIVIDEND INFORMATION

During 1995 and 1994, the Board of Directors declared quarterly dividends of $.06 per share, or $.24 per share on an annual basis. All decisions with respect to payment of dividends will be made by the Board of Directors based upon Tredegar's earnings, financial condition, anticipated cash needs and such other considerations as the Board deems relevant. See Note 10 of Notes to Financial Statements on page 44 for details of restrictions on dividends.

MARKET PRICES OF COMMON STOCK AND SHAREHOLDER DATA

The following table shows the reported high and low closing prices of Tredegar's common stock by quarter for the past two years, adjusted for the 3-for-2 stock split.

	1995		1994	
	High	Low	High	Low
First Quarter	$13.92	$11.58	$10.58	$ 9.50
Second Quarter	16.58	13.42	10.25	9.33
Third Quarter	21.25	17.25	12.42	9.83
Fourth Quarter	23.17	18.33	12.42	11.42

Tredegar has no preferred stock outstanding.

There were 12,185,300 shares of common stock held by 6,555 shareholders of record on January 31, 1996.

PLANTS, FACILITIES AND OFFICES

CORPORATE HEADQUARTERS:
Richmond, Virginia

TREDEGAR FILM PRODUCTS:
Carbondale, Pennsylvania

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

TREDEGAR MOLDED PRODUCTS:
Alsip, Illinois
Excelsior Springs, Missouri
Graham, North Carolina
South Grafton, Massachusetts
St. Petersburg, Florida (2)
(2 plants including a technical center)
Philipsburg, Pennsylvania
State College, Pennsylvania

FIBERLUX:
Pawling, New York
Purchase, New York

ALUMINUM EXTRUSIONS:
Carthage, Tennessee
Kentland, Indiana
Newnan, Georgia

BRUDI:
Ridgefield, Washington
Adelaide, Australia
Halifax, United Kingdom

APPX SOFTWARE:
Richmond, Virginia

MOLECUMETICS:
Bellevue, Washington

Publication Design: Communication Design, Inc., Richmond, Virginia

Exhibit 21

TREDEGAR INDUSTRIES, INC.
Virginia

Name of Subsidiary	Jurisdiction of Incorporation
APPX Software, Inc.	Virginia
The William L. Bonnell Company, Inc.	Georgia
Brudi, Inc.	Oregon
Brudi Limited	United Kingdom
Brudi Pacific Pty Ltd	Queensland Australia
Capitol Products Corporation	Pennsylvania
Fiberlux, Inc.	Virginia
Idlewood Properties, Inc.	Virginia
Massie Tool, Mold & Die, Inc.	Florida
Molecumetics Institute, Ltd.	Virginia
Molecumetics, Ltd.	Virginia
Polestar Plastics Manufacturing Company	Virginia
Strauss 9 de Julio S.A.	Argentina
Tredegar Brazil Industria De Plasticos Ltda.	Brazil
Tredegar Development Corporation	Virginia
Tredegar Exploration, Inc.	Virginia
Tredegar Film Products Argentina S.A.	Argentina
Tredegar Film Products, B.V.	Netherlands
Tredegar Foreign Sales Corporation	U.S. Virgin Islands
Tredegar Investments, Inc.	Virginia
Tredegar Molded Products Company	Virginia
Virginia Techport, Inc.	Virginia

EXHIBIT 23.1

CONSENT OF COOPERS & LYBRAND L.L.P.

We consent to the incorporation by reference in the registration statements of Tredegar Industries, Inc. on Form S-3 (File No. 33-57268) and on Forms S-8 (File No. 33-31047, File No. 33-50276 and File No. 33-64647) of our report dated January 17, 1996 on our audits of the consolidated financial statements of Tredegar Industries, Inc., and subsidiaries as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, which report appears on page 35 of the 1995 Annual Report to Shareholders of Tredegar Industries, Inc.

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

Richmond, Virginia
March 25, 1996

THE SCHEDULE CONTAINS UNAUDITED SUMMARY FINANCIAL INFORMATION FOR TREDEGAR INDUSTRIES, INC. AND SUBSIDIARIES EXTRACTED FROM THE BALANCE SHEET AS OF DECEMBER 31, 1995 AND THE STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

12-MOS
DEC-31-1995
DEC-31-1995
2,145
0
77,003
5,330
33,148
126,402
326,526
204,074
314,052
69,753
35,000
0
0
112,908
57,613
314,052
589,454
588,785
490,510
490,510
55,501
1,413
3,039
38,322
14,269
24,053
0
0
0
24,053
1.80
0.00