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, 1994

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, 1995:* $123,563,074.38

Number of shares of Common Stock outstanding as of January 31, 1995: 8,996,758

*In determining this figure, an aggregate of 2,619,309 shares of Common Stock, reported in the registrant's proxy statement for the 1995 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, 1995, as reported by The Wall Street Journal.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Tredegar Industries, Inc.'s Annual Report to Shareholders for the year ended December 31, 1994 (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 1995 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") was formed under the laws of the Commonwealth of Virginia as a subsidiary of Ethyl Corporation ("Ethyl") on June 1, 1988. On July 10, 1989, Ethyl distributed all of the outstanding Tredegar common stock, no par value (the "Common Stock"), to the holders of Ethyl common stock at the close of business on that day. Since July 10, 1989, Tredegar has been a publicly held operating company. Tredegar is engaged directly or through subsidiaries in plastics, metal products and technology businesses (primarily software and rational drug design research).

On February 4, 1994, Tredegar sold its remaining oil and gas properties for approximately $8 million and recognized an after-tax gain of $3.9 million. On August 16, 1994, The Elk Horn Coal Corporation ("Elk Horn"), Tredegar's 97% owned coal subsidiary, was acquired through merger by Pen Holdings, Inc., for an aggregate consideration of $71 million ($67.5 million after minority interests and transaction costs). Tredegar realized an after-tax gain on the transaction of $25.7 million. In the first quarter of 1994, Tredegar recognized an income tax benefit of $3.3 million on the difference between the financial reporting and income tax basis of Elk Horn. The divestiture of Elk Horn completes Tredegar's exit from its energy businesses. Tredegar's Energy segment has been reported as discontinued operations.

The following discussion of Tredegar's continuing businesses should be read in conjunction with the information contained on pages 15-16, 18-26 and 28 of the Annual Report referred to in Item 7 below.

Plastics

The Plastics segment is composed of the Film Products division ("Film Products"), Tredegar Molded Products Company ("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 products, including diapers, 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 the largest U.S. supplier of embossed and permeable films for disposable personal products. In each of the last three years, this class of products accounted for more than 20% of the consolidated revenues of Tredegar.

Film Products supplies embossed films to domestic and international manufacturers for use as backsheet in such disposable products as baby diapers, adult incontinent products, feminine hygiene pads and hospital underpads. Film Products' primary customer for embossed films for backsheet is The Procter & Gamble Company ("P&G"), the leading 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.

In 1991, Film Products' U.S. disposable diaper backsheet volume declines due to downgauging (i.e., making thinner films) were offset by higher volume from increased P&G market share. In 1992, Film Products' U.S. disposable diaper backsheet volume declined significantly due to lower P&G market share. The economic recession caused many consumers to seek lower priced private label diapers. In 1993, P&G's U.S. diaper market share stabilized resulting in backsheet volumes roughly equal to 1992. On an international basis, 1993 backsheet sales were slightly higher than 1992. Overall, 1993 backsheet volumes were higher than 1992 but below 1990 and 1991 levels. In 1994, Film Products' North American backsheet volumes increased due to new customers and increased film gauging for several products. International backsheet shipments also increased in 1994 primarily due to higher export volume to the Far East and improved volumes in Film Products' Sao Paulo, Brazil, facility.

Film Products supplies permeable films to P&G for use as topsheet in adult incontinent products, feminine hygiene 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.

In 1991, permeable film volumes improved over 1990 due to higher international sales, primarily in the Far East. In 1992, permeable film volumes improved over 1991 due to higher sales in all geographic areas. In 1993, permeable film volumes declined in the U.S. and Far East, partially offset by increases in Europe and Latin America. Overall, 1993 permeable film volumes were below 1992 and level with 1991. In 1994, permeable volumes improved over 1993 volumes due to higher sales to Europe, North America and Latin America, partially offset by lower sales to the Far East. Overall, 1994 sales were slightly higher than 1993, but slightly lower than 1992.

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 under the name MONAX (Registered). These are high strength, high moisture barrier films that allow both cost and source reduction opportunities over current packaging mediums. During 1995, Film Products will concentrate on increasing awareness of MONAX (Registered) film and the promotion of heat sealable versions that were commercialized in 1994. The heat sealable film can be sold directly to end-users in food, industrial, and medical packaging markets.

Film Products also produces coextruded and monolayer permeable fabrics under the name of VisPore (Registered). 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 (Registered), are used as masking films that 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 profitability of this division. Resin prices began increasing in the second half of 1994 and were generally followed by an increase in related selling prices.

Research and Development. Film Products has a technical center in Terre Haute, Indiana. Film Products holds 36 U.S. patents and ten U.S. trademarks. Expenditures for research and development have averaged approximately $3.1 million per year during the past three years.

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 the leading U.S. producer of lip balm sticks. Molded Products competes with various large producers in the packaging market.

In August 1994, Molded Products announced its intention to close its Alsip, Illinois, plant and transfer its packaging business to a new facility in Graham, North Carolina, and other Molded Products facilities in an effort to reduce costs while improving service to customers in the eastern U.S.

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 resin 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. During 1994, resin prices began to increase. Molded Products' management believes that there will be an adequate supply of these resins in the immediate future.

Research and Development. Molded Products owns seven U.S. patents and four U.S. trademarks and has spent an average of $0.2 million 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, Inc. ("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, acquired by Tredegar in April 1991, 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 a 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 more than 40 percent of product cost. Aluminum ingot prices increased significantly during 1994 and were generally followed by an increase in related selling prices; however, there is no assurance that further increases 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 twelve U.S. trademarks.

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.

During 1992, Brudi acquired the assets of a materials handling company in Halifax, England, to serve the European market.

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

Technology

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

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 is the result of management's determination that income generated by the acquired products will not be sufficient to recover the unamortized costs associated with the intangible software assets purchased. On January 31, 1995, APPX Software announced a restructuring aimed at eliminating its operating losses, which were $4.7 million ($3.1 million after income tax benefits or 30 cents per share) in 1994. While new product development activities will be curtailed, APPX Software intends to continue to sell, maintain and support existing products. In connection with the restructuring, Tredegar expects to recognize a charge ranging from $2.1 million to $2.8 million ($1.4 million to $1.8 million after income tax benefits) in the first quarter of 1995. The market for software products is very competitive and characterized by short product life cycles.

During 1992, 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.

APPX Software owns four U.S. copyrights. Molecumetics holds one U.S. trademark. Molecumetics has filed a number of patent applications with respect to its technology. Businesses included in the Technology segment spent $5.4 million in 1994, $5.6 million in 1993 and $1.9 million in 1992 for research and development.

Miscellaneous

Patents, Licenses and Trademarks. Tredegar considers patents, licenses and trademarks to be of significance to its Plastics segment and its APPX Software and Molecumetics 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 1994, 1993 and 1992, approximately $8.3 million, $9.1 million and $5.0 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 (the "EPA") 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 3,500 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	Production of plastic films
LaGrange, Georgia	
Manchester, Iowa	
New Bern, North Carolina	
Tacoma, Washington (leased)	
Terre Haute, Indiana (2) (technical center and production facility)	
Kerkrade, the Netherlands	
Sao Paulo, Brazil	
San Juan, Argentina (a)	
Alsip, Illinois (b)	Production of molds and molded plastic products
Excelsior Springs, Missouri	
South Grafton, Massachusetts	
Graham, North Carolina (leased) (c)	
St. Petersburg, Florida (3) (technical center and two production facilities)	
Phillipsburg, Pennsylvania (leased)	
State College, Pennsylvania (leased)	
Pawling, New York	Production of vinyl extrusions, windows and patio doors
Purchase, New York (headquarters) (leased)	
South Bend, Indiana	

(a) Acquired by Tredegar during the first quarter of 1995.

(b) Tredegar has announced the closing or other disposition of this plant.

(c) Scheduled to be operational in the second quarter of 1995.

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 Kelso, Washington Adelaide, Australia Halifax, England	Production of uprights and attachments

Technology

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

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	40	President and Chief Executive Officer
Richard W. Goodrum	66	Executive Vice President and Chief Operating Officer
Norman A. Scher	57	Executive Vice President, Chief Financial Officer and Treasurer
Michael W. Giancaspro	40	Vice President, Corporate Planning
Steven M. Johnson	44	Vice President, Corporate Development
Douglas R. Monk	49	Vice President and President, Aluminum Extrusions
Anthony J. Rinaldi	57	Vice President and President, Film Products
Frederick P. Woods	50	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 pages 47 and 48 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 five years ended December 31, 1994, contained in the "Five-Year Summary" on page 14 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 1994, 1993 and 1992 contained on pages 15, 16, 18 through 26 and 28 of the Annual Report is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements contained on pages 30 through 33, the notes to financial statements contained on pages 34 through 46, the report of independent accountants on page 29, and the information under the caption "Selected Quarterly Financial Data (Unaudited)" on page 27 and related notes on page 28 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 6 of the Proxy Statement under the caption "Stock Ownership" is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

The information contained on pages 8 through 15 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 5 through 8 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 29 to 46 in the Annual Report and are incorporated herein by reference in Item 8.

Report of independent accountants.

Consolidated balance sheets as of December 31, 1994 and 1993.

Consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 1994, 1993 and 1992.

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 3.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, 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 August 18, 1994, among Tredegar Industries, Inc., the banks named therein, Chemical Bank as Administrative Agent and NationsBank of Virginia, N.A., as Co-Agent (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, and incorporated herein by reference)

4.5 Credit Agreement dated as of August 19, 1994 among Tredegar, the banks named therein, and LTCB Trust Company, as Agent (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, 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 Per Share Earnings
13	Tredegar Annual Report to Shareholders for the year ended December 31, 1994 (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 24, 1995

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 24, 1995.

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/ James F. Miller (James F. Miller)	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 3.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, 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 August 18, 1994, among Tredegar Industries, Inc., the banks named therein, Chemical Bank as Administrative Agent and NationsBank of Virginia, N.A., as Co-Agent (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, and incorporated herein by reference)	
4.5	Credit Agreement dated as of August 19, 1994 among Tredegar Industries, Inc., the banks named therein, and LTCB Trust Company, as Agent (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, 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)
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*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)

	1994	1993	1992
Income from continuing operations	$ 1,417	$ 3,723	$ 9,517
Income from discontinued operations	37,218	6,784	5,795
Net income before extraordinary item and cumulative effect of changes in accounting principles	38,635	10,507	15,312
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	$38,635	$9,542	$15,312
Earnings per share as reported:			
Income from continuing operations	$ 0.13	$ 0.34	$ 0.88
Income from discontinued operations	3.60	0.63	0.53
Net income before extraordinary items and cumulative effect of changes in accounting principles	3.73	0.97	1.41
Extraordinary item	--	(0.10)	--
Changes in accounting principles	--	0.01	--
Net income	$ 3.73	$ 0.88	$ 1.41
PRIMARY EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (1)	60	34	34
Weighted average common shares outstanding during period	10,349	10,895	10,894
Weighted average common shares and common stock equivalents	10,409	10,929	10,928
Primary earnings per share (2)	$ 3.71	$ 0.87	$ 1.40
FULLY DILUTED EARNINGS PER SHARE:			
Shares issuable upon the assumed exercise of outstanding stock options (3)	90	38	35
Weighted average common shares outstanding during period	10,349	10,895	10,894
Weighted average common shares and common stock equivalents	10,439	10,933	10,929
Fully diluted earnings per share (2)	$ 3.70	$ 0.87	$ 1.40

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

(2) Common stock equivalents had an immaterial dilutive effect.

(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.

FINANCIAL CONTENTS

FINANCIAL REVIEW

TREDEGAR INDUSTRIES, INC., AND SUBSIDIARIES

FIVE-YEAR SUMMARY

Years Ended December 31 (In thousands, except per-share data)	1994	1993	1992	1991	1990
RESULTS OF OPERATIONS (a):					
Net sales	$502,208	$449,208	$445,229	$439,186	$505,884
Other (expense) income, net	(296)	(387)	226	745	861
	501,912	448,821	445,455	439,931	506.745
Cost of goods sold	419,823	379,286	370,652	373,429	450,843
Selling, general & administrative expenses	47,978	47,973	48,130	49,764	54,457
Research and development expenses	8,275	9,141	5,026	4,541	4,850
Interest expense (b)	4,008	5,044	5,615	7,489	7,101
Unusual items	16,494(c)	452(d)	90(e)	721(f)	32,915(g)
	496,578	441,896	429,513	435,944	550,166
Income (loss) from continuing operations before income taxes	5,334	6,925	15,942	3,987	(43,421)
Income taxes	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued operations (h)	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	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)	$ 38,635	$ 9,542	$ 15,312	$ 5,623	($24,686)
SHARE DATA:					
Earnings (loss) per share:					
Continuing operations (a)	$ .13	$ .34	$ .88	$ .24	($2.54)
Discontinued operations (h)	3.60	.63	.53	.28	.35
Before extraordinary item and cumulative effect of accounting changes	3.73	.97	1.41	.52	(2.19)
Net income (loss)	3.73	.88	1.41	.52	(2.19)
Equity per share	19.11	15.52	14.91	13.79	13.52
Cash dividends declared per share	.24	.24	.24	.24	.24
Weighted average shares outstanding	10,349	10,895	10,894	10,894	11,296
Shares outstanding at end of period	8,992	10,895	10,894	10,894	10,894
Closing market price per share:					
High	18.63	18.00	18.63	10.75	15.75
Low	14.00	12.50	10.00	6.38	7.00
End of year	7.38	15.00	15.50	10.00	7.38
Total return to shareholders (i)	17.4%	(1.7)%	57.4%	38.8%	(52.0)%
FINANCIAL POSITION AND OTHER DATA:					
Total assets	$318,345	$353,383	$354,910	$335,415	$339,114
Working capital excluding cash and cash equivalents	53,087	62,064	56,365	60,341	70,890

Current ratio	1.9:1	2.1:1	2.0:1	2.1:1	2.2:1
Cash and cash equivalents	9,036	-	-	500	2,290
Net assets of discontinued operations	-	30,976	29,804	24,356	22,846
Debt	38,000	97,000	101,500	100,000	100,000
Shareholders' equity	171,878	169,088	162,397	150,223	147,261
Ending capital employed for continuing operations (j)	200,842	235,112	234,093	225,367	222,125
Average capital employed for continuing operations (j)	217,977	234,603	229,730	223,746	230,136
Unleveraged after-tax earnings from continuing operations (excluding special items) (a) (k)	15,565	7,394	13,500	7,609	139
Return on average capital employed for continuing operations (excluding special items) (a) (l)	7.1%	3.2%	5.9%	3.4%	.1%
Net debt (debt less cash and cash equivalents) as a % of net capitalization	14.4%	36.5%	38.5%	39.8%	39.9%
Depreciation (continuing operations)	23,491	23,117	21,963	24,089	23,641
Amortization of intangibles (continuing operations)	1,354	2,706	914	1,113	764
Capital expenditures (continuing operations)	15,579	16,480	20,705	21,360	34,799
Acquisitions and other investments	1,400	5,699	17,622	25,654	-
Gross margin as % of net sales (continuing operations)	16.4%	15.6%	16.8%	15.0%	10.9%
Effective income tax rate (continuing operations, excluding special items) (a)	38.3%	41.5%	37.5%	37.0%	21.1%

Refer to Notes to Financial Tables on page 28.

SEGMENT TABLES

Tredegar Industries, Inc., and Subsidiaries

NET SALES

Segment (In thousands)	1994	1993	1992	1991	1990
Plastics:					
Ongoing operations (m)	$276,730	$255,524	$274,606	$281,613	$ 273,983
Plants closed and businesses sold	-	-	-	-	10,717(n)
	276,730	255,524	274,606	281,613	284,700
Metal Products:					
Ongoing operations	222,761	190,690	170,623	157,573	193,347
Plants closed and businesses sold	-	-	-	-	27,837(n)
	222,761	190,690	170,623	157,573	221,184
Technology (o)	2,717	2,994	-	-	-
Total (p)	$502,208	$449,208	$445,229	$439,186	$ 505,884

OPERATING PROFIT

Segment (In thousands)	1994	1993	1992	1991	1990
Plastics:					
Ongoing operations	$33,192	$22,649	$ 27,749	$ 23,638	$13,202
Plants closed and businesses sold	-	-	-	-	(1,799)(n)
Unusual items	(6,973)(c)	(1,815)(d)	(1,182)(e)	(721)(f)	(2,831)(g)
	26,219	20,834	26,567	22,917	8,572
Metal Products:					
Ongoing operations	10,955	8,141	4,693	(2,377)	(1,713)
Plants closed and businesses sold	-	-	-	-	(3,304)(n)
Unusual items	-	-	-	-	(30,084)(g)
	10,955	8,141	4,693	(2,377)	(35,101)
Technology (o):					
Ongoing operations	(8,888)	(9,704)	(1,865)	-	-
Unusual items	(9,521)(c)	2,263 (d)	1,092 (e)	-	-
	(18,409)	(7,441)	(773)	-	-
Operating profit (loss)	18,765	21,534	30,487	20,540	(26,529)
Interest expense (b)	4,008	5,044	5,615	7,489	7,101
Corporate expenses, net	9,423	9,565(d)	8,930	9,064	9,791
Income (loss) from continuing operations before income taxes	5,334	6,925	15,942	3,987	(43,421)
Income taxes	3,917	3,202	6,425	1,468	(14,734)
Income (loss) from continuing operations (a)	1,417	3,723	9,517	2,519	(28,687)
Income from discontinued operations (h)	37,218	6,784	5,795	3,104	4,001
Net income (loss) before extraordinary item and cumulative effect of accounting changes	$38,635	$ 10,507	$ 15,312	$ 5,623	($24,686)

Refer to Notes to Financial Tables on page 28.

IDENTIFIABLE ASSETS

Segment (In thousands)	1994	1993	1992	1991	1990
Plastics	$164,242	$171,070	$170,066	$162,762	$176,282
Metal Products	119,944	120,454	122,109	121,416	116,391
Technology (o)	7,316	15,247	16,856	3,334	750
Identifiable assets	291,502	306,771	309,031	287,512	293,423
Net assets held for sale (q)	5,018	3,605	4,330	13,600	13,908
General corporate	21,825	12,031	11,745	9,947	8,937
Net assets of discontinued operations (h)	-	30,976	29,804	24,356	22,846
Total	$318,345	$353,383	$354,910	$335,415	$339,114

DEPRECIATION AND AMORTIZATION

Segment (In thousands)	1994	1993	1992	1991	1990
Plastics	$15,697	$15,315	$13,996	$15,682	$13,602
Metal Products	7,285	7,512	8,178	8,831	10,236
Technology (o)	1,293	2,311	-	-	-
Subtotal	24,275	25,138	22,174	24,513	23,838
General corporate	570	685	703	689	567
Total	$24,845	$25,823	$22,877	$25,202	$24,405

CAPITAL EXPENDITURES

Segment (In thousands)	1994	1993	1992	1991	1990
Plastics	$10,114	$ 9,810	$15,655	$12,952	$24,145
Metal Products	4,997	2,386	3,320	7,985	9,509
Technology (o)	277	1,844	1,414	-	-
Subtotal	15,388	14,040	20,389	20,937	33,654
General corporate	191	2,440	316	423	1,145
Total capital expenditures	15,579	16,480	20,705	21,360	34,799
Acquisitions and other investments	1,400	5,699	17,622	25,654	-
Total capital expenditures, acquisitions and investments	$16,979	$22,179	$38,327	$47,014	$34,799

Refer to Notes to Financial Tables on page 28.

SHAREHOLDER VALUE

Tredegar's primary objective is to enhance shareholder value. The ultimate measure of value creation is total return on common stock. During 1994, the total return on Tredegar's common stock was 17.4%. This compares favorably to the negative total return for the S&P SmallCap 600(R) Index in which Tredegar is included.

Key operational value drivers affecting total return include sales growth rate, operating profit margin, income tax rate and fixed and working capital investment. Tredegar attributes its favorable total return in 1994 primarily to an increase in profits and cash flow in Film Products and Aluminum Extrusions, and the positive reaction of its stock price to the "Dutch auction" tender offer and subsequent share repurchases (see Shareholders' Equity on page 22). The strong performance of our core businesses was partially offset by operating losses in the Technology segment and disappointing performance in Molded Products.

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 1995 proxy statement.

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

Year	Number of Options	Per Share Exercise Price
1989	31,900	$16.7045
1992	30,000	$12.1250
1994	22,500	$15.1250
	15,000	$24.0000

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

RESULTS OF OPERATIONS

1994 SUMMARY

Tredegar's 1994 earnings increased significantly over 1993 due to divestiture-related gains and strong results in the company's core plastics and aluminum businesses. Net income was $38.6 million or $3.73 per share versus $9.5 million or 88 cents per share in 1993.

In the third quarter,Tredegar divested its Elk Horn Coal subsidiary for $71 million, realizing an after-tax gain of $25.7 million. Earlier in the year, Tredegar sold its remaining oil and gas properties for $8 million, realizing an after-tax gain of $3.9 million. Tredegar used the proceeds from these transactions to repay debt and purchase shares of its common stock. The Elk Horn divestiture completed Tredegar's exit from its energy businesses. The Energy segment is being reported as discontinued operations. Details regarding these divestitures, including combined financial statements for discontinued operations, are presented in Note 2 on page 36.

The following analysis refers to Tredegar's continuing operations.

Net income from continuing operations in 1994 was $1.4 million or 13 cents per share, compared with $3.7 million or 34 cents per share in 1993. Results for 1994 and 1993 include several special items that affect comparability between periods.

Excluding special items, net income from continuing operations was $13.5 million or $1.30 per share, up significantly from $4.3 million or 39 cents per share in 1993. The increase was due primarily to higher volumes in Film Products and Aluminum Extrusions.

SPECIAL ITEMS

Special charges affecting continuing operations in 1994 totaled $16.5 million ($12.1 million after income 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 planned 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 resulted from continued disappointing results in certain lines of business. The plant closing relates to a planned 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.

The write-off in APPX Software is the result of management's determination that income generated by the acquired products will not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992. In addition, on January 31, 1995, APPX Software announced a restructuring aimed at eliminating its operating losses, which were $4.7 million ($3.1 million after income tax benefits or 30 cents per share) in 1994. While new product development activities will be curtailed, APPX Software intends to continue to sell, maintain and support existing products. In connection with the restructuring,Tredegar expects to recognize a charge ranging from $2.1 million to $2.8 million ($1.4 million to $1.8 million after income tax benefits) in the first quarter of 1995. Further details regarding the restructuring are presented in Note 19 on page 46.

The goodwill and other intangibles written off in Molded Products and APPX Software were being amortized over a remaining period of 5 to 8 years at an annual rate of approximately $1.9 million after income taxes.

Special items affecting continuing operations in 1993 resulted in a net charge of $452,000 ($594,000 after income taxes) and included:

- (bullet) fourth-quarter charges of $1.8 million ($1.1 million after taxes) for the sale of a Film Products plant in Flemington, New Jersey, and $900,000 ($549,000 after taxes) for the reorganization of corporate functions

- (bullet) a third-quarter charge of $348,000 related to the adjustment of deferred income tax balances for the one percent increase in the federal income tax rate

- (bullet) gains in the first and second quarters totaling $2.3 million ($1.4 million after taxes) on the sale of Emisphere Technologies, Inc. ("Emisphere") common stock

The sale of the Flemington facility in 1994 completed Film Products' exit from the non-strategic, conventional films business (single layer, blown polyethylene film used primarily for general purpose industrial packaging). In July 1993, Film Products announced the planned closing of its Fremont, California, plant and the consolidation of capacity at its facility in Tacoma, Washington. The Fremont plant was expected to close by May 1994, but an increase in sales and production volume and corresponding need for capacity resulted in its continued operation in 1994. The plant ceased production in December 1994. No provision for the Fremont shutdown was recorded in 1993 or 1994 since the estimated net realizable value of the facility exceeds the total of its carrying value and expected shutdown and disposal costs.

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 segment information on pages 24-26.

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 represent the pretax effect of special items described on page 18.

INTEREST EXPENSE

Interest expense has been allocated between continuing operations and discontinued operations based on relative capital employed (see Note 2 on page 36). 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 the year declined 35.7% to $61.6 million, down from $95.8 million. 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 special 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 44 for additional tax rate information.

1993 VERSUS 1992

REVENUES

Net sales from continuing operations increased 1% in 1993 due to significantly higher volume in Aluminum Extrusions. Plastics revenues declined, particularly in Molded Products. For further discussion, see segment information on pages 24-26.

OPERATING COSTS AND EXPENSES

Tredegar's gross profit margin decreased to 15.6% in 1993 from 16.8% in 1992. Profit margins were hurt by lower volume and higher costs related to unused capacity in Film Products and Molded Products, and the inclusion of APPX Software's operating losses in 1993 results. The unfavorable effect of these items on gross margin was partially offset by higher volumes and improved manufacturing efficiencies, including lower scrap rates and customer returns, in Aluminum Extrusions.

Selling, general and administrative expenses for continuing operations decreased slightly in 1993 due to cost reduction efforts, partially offset by the inclusion in 1993 of APPX Software.

Research and development expenses increased to $9.1 million in 1993 from $5 million in 1992 due to higher spending at Molecumetics, software development costs at APPX Software and product development efforts in Film Products.

Unusual charges of $452,000 in 1993 represent the pretax effect of special items described on page 18.

INTEREST EXPENSE

Interest expense allocated to continuing operations declined 10% in 1993 due to lower interest rates and lower outstanding debt. The weighted average interest rate on consolidated debt outstanding was 5.6% for the year, compared with 6.1% in 1992. Average consolidated debt outstanding during these periods totaled $95.8 million and $101.3 million, respectively. Interest expense of $653,000 and $661,000 was allocated to discontinued operations in 1993 and 1992, respectively.

INCOME TAXES

The effective tax rate for continuing operations (excluding special items) increased to 41.5% in 1993 from 37.5% in 1992 due to a higher state income tax rate, an increase in non-deductible goodwill amortization and relatively lower income, partially offset by the research and development tax credit. See Note 16 on page 44 for additional effective tax rate information.

EXTRAORDINARY ITEM

On June 16, 1993,Tredegar paid a prepayment penalty to an institutional lender in the amount of $1.8 million ($1.1 million after income tax benefits) to refinance its $35 million, 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 million will begin in 1997.

ACCOUNTING CHANGES

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 Statement of Financial Accounting Standards ("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 $6.7 million and a noncurrent, deferred income tax benefit of $2.5 million, resulting in an after-tax charge of $4.2 million.

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 $4.3 million in the first quarter of 1993.

FINANCIAL CONDITION

ASSETS

Total assets at December 31, 1994, were $318.4 million, a decrease of $35 million from December 31, 1993. The decrease is primarily attributable to the write-offs of goodwill and other intangibles in APPX Software and Molded Products, and the use of divestiture proceeds to repay debt and purchase Tredegar common stock. In addition, depreciation related to continuing operations exceeded capital expenditures by approximately $7.9 million. Accounts receivable and inventories increased primarily as a result of higher sales. The ratio of current assets to current liabilities was 1.9 to 1 at December 31, 1994, compared with 2.1 to 1 at December 31, 1993.

LIABILITIES

Total liabilities decreased to $146.5 million at December 31, 1994, from $184.3 million at December 31, 1993, due primarily to the repayment of debt ($59 million) with divestiture proceeds and cash generated from operating activities. Higher accounts payable reflects higher raw material costs not fully reflected in inventories as a result of the LIFO pricing method. Other noncurrent liabilities increased as a result of a $6.2 million charge ($4 million after income tax benefits) recognized for the present value of the unfunded obligation under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act") assumed by Tredegar in the divestiture of Elk Horn. This charge was reflected as a reduction to the gain on the disposal. The noncurrent deferred income tax liability declined primarily as a result of higher depreciation for financial reporting purposes than tax purposes, and the reversal of deferred tax liabilities associated with the write-off of intangibles.

On August 19, 1994, Tredegar used a portion of the proceeds from the Elk Horn divestiture to prepay its $35 million variable-rate term loan due June 7, 1997. On August 18 and 19, 1994,Tredegar established two new revolving credit facilities that permit it to borrow up to $235 million (no amounts borrowed at December 31, 1994) with $200 million maturing on August 18, 1998, and $35 million maturing on August 19, 1999. In connection with these new agreements, Tredegar terminated its $180 million facility that was due June 16, 1996. Tredegar's total borrowing capacity is limited by loan covenants, including a covenant that limits the maximum debt-to-total capitalization ratio to 60%. Under this restriction, Tredegar had credit available of $219.8 million at December 31, 1994. See Note 10 on page 39 for additional information concerning Tredegar's credit agreements.

Net debt (debt less cash and cash equivalents) as a percentage of net capitalization was 14.4% and 36.5% at December 31, 1994 and 1993, respectively. The average interest rate on debt outstanding at December 31, 1994, was 7.1% compared with 5.3% at the end of 1993. The higher rate reflects proportionally higher fixed-rate debt. The average yield on cash and cash equivalents at December 31, 1994 was 6.2%. There were no balances of cash and cash equivalents at December 31, 1993.

SHAREHOLDERS' EQUITY

On August 29, 1994, Tredegar's Board of Directors authorized a "Dutch auction" tender offer for up to one million shares of Tredegar's common stock at prices ranging from $17 to $19 per share. The offer expired on October 6, 1994. Because more than one million shares were tendered, Tredegar purchased 1,211,857 shares, the maximum permitted without requiring an extension of the offer. The purchase price was $18.25 per share. The total cost to purchase the tendered shares was $22.5 million. In addition, during 1994 Tredegar purchased 698,382 shares of its common stock in the open market and in privately negotiated transactions for $11.6 million. In aggregate, Tredegar purchased 1,910,239 shares or 18% of its common stock in 1994 for $34.1 million, or $17.85 per share.

At December 31, 1994, Tredegar had 8,992,258 shares of common stock outstanding with a total market capitalization of $156.2 million compared to 10,894,904 shares outstanding at December 31, 1993, and a total market capitalization of $163.4 million. Under a standing authorization from its Board of Directors, Tredegar may purchase an additional 1.4 million shares in the open market or in privately negotiated transactions at prices management deems appropriate. See Note 12 on page 41 for information regarding stock options.

CASH FLOWS

Overall cash and cash equivalents increased $9 million in 1994. The major sources of cash during 1994 were the divestiture of Elk Horn ($67.5 million after minority interests and transaction costs), cash from continuing operating activities in excess of capital expenditures and dividends ($21 million), cash from discontinued operating activities in excess of capital expenditures ($3.5 million, including $8 million from the liquidation of coal trading working capital and income taxes paid on divestiture gains), proceeds from the sale of Tredegar's remaining oil and gas properties ($8 million), and proceeds from other property disposals ($3.5 million) related primarily to facilities previously shut down. Cash was used primarily to repay debt ($59 million), to purchase 1,910,239 shares of Tredegar common stock ($34.1 million) and for technology-related investments in which Tredegar's ownership is equal to or less than 5% ($1.4 million).

Net cash provided by continuing operations increased to $39.1 million in 1994, compared with $17.6 million in 1993. The increase was due primarily to improved operating results and better working capital management. Net cash provided by discontinued operations decreased to $3.4 million in 1994 from $4.3 million in 1993 due to lower operating profits resulting from divestitures and income taxes paid on divestiture-related gains, partially offset by the liquidation of working capital from Tredegar's coal trading business.

Net cash used in investing activities of continuing operations decreased to $13.3 million in 1994 from $14.2 million in 1993 due primarily to lower capital expenditures. Capital expenditures for continuing operations of $15.6 million and $16.5 million in 1994 and 1993, respectively, represent primarily the ongoing fixed capital required to support Tredegar's business units at their current operating levels. Net cash provided by investing activities of discontinued operations in 1994 increased significantly over 1993 as Tredegar completed the disposal of its energy businesses and received proceeds of approximately $75.4 million.

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.

Net cash from continuing operations decreased to $17.6 million in 1993 from $30.9 million in 1992 due to lower operating results and additional working capital investment to support higher sales at the end of the year. Net cash used in 1993 for the prepayment penalty on extinguishment of debt was $1.1 million. Net cash provided by discontinued operating activities increased to $4.3 million in 1993 from $536,000 in 1992 due to lower incremental working capital investment in the coal trading business.

Net cash used in investing activities of continuing operations declined to $14.2 million in 1993 from $29.8 million in 1992 as a result of lower capital expenditures and lower spending for acquisitions. Proceeds from asset disposals totaled $8.6 million in 1993 and $9.2 million in 1992. The decrease in capital expenditures in 1993 for continuing operations was primarily due to unfavorable market conditions in Film Products and Molded Products, resulting in unused capacity. During the 1990-1992 period, Tredegar expanded capacity in Film Products. Net cash was provided by investing activities of discontinued operations in 1993 due to the sale for $1.7 million of certain oil and gas properties, partially offset by capital expenditures.

In 1992, overall net cash provided by consolidated operating activities exceeded capital expenditures and dividends by $7.8 million. This excess cash flow, combined with proceeds from asset disposals, net borrowings and cash available from 1991, funded acquisitions and other investments of $17.6 million.

Normal operating cash requirements over the next 3 to 5 years are expected to be met from continuing operations. The amount and timing of any additions to capital will depend on Tredegar's specific cash requirements and the cost of such capital.

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 products, including diapers, and in molded products for industrial, household, personal care, medical and electronic products. Fiberlux produces vinyl extrusions, 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 and Brazil, where it produces films primarily for the European and Latin American markets.

Film Products is the largest U.S. supplier of embossed and permeable films for disposable personal products. In each of the last three years, this class of products accounted for more than 20% of the consolidated revenues of Tredegar.

Film Products supplies embossed films 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 for backsheet is the Procter & Gamble Company ("P&G"), the leading disposable diaper manufacturer.

Film Products also supplies permeable films to P&G for use as liners in adult incontinent products, feminine hygiene 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.

SALES

Tredegar Film Products' sales improved in 1994 due to higher domestic backsheet and permeable film 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. While selling prices began increasing at year-end due to higher raw material costs, average prices for 1994 were relatively flat. Film Products' 1993 sales were down due primarily to lower volume in industrial films, domestic permeable films, domestic backsheet film for private label manufacturers and the discontinuance of certain unprofitable agricultural product lines. The volume decrease in 1993 was partially offset by higher sales volume from foreign operations and domestic backsheet film supplied to P&G.

Tredegar 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. Molded Products' 1993 sales declined due to significantly lower technical services revenues and lower volume in tooling, packaging and industrial products, partially offset by the inclusion of the Polestar business since its acquisition date of July 31, 1993.

Fiberlux's sales increased in both 1994 and 1993 due to improved building and construction markets and new product introductions.

OPERATING PROFIT

Excluding unusual or special items (see page 18), Plastics segment operating profit increased 46.5% 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. Ongoing cost reduction programs were another important performance driver.

Plastics segment operating profit (excluding unusual or special items) in 1993 declined $5.1 million, or 18.4%, from 1992 due to lower profits in both Film Products and Molded Products. A major cause of the decline in Film Products was disappointing demand for industrial films, permeable films for domestic markets, and backsheet film for private-label diaper manufacturers. In recent years, Film Products has invested in new capacity and printing capabilities aimed at meeting anticipated customer needs. These expected sales did not materialize in 1993 and the costs associated with these investments reduced profitability.

Molded Products' operating profit in 1993 declined due to lower volume, especially lower tooling and technical sales, and higher conversion costs. The decline was partially off-set by the inclusion of Polestar results since July 31, 1993, the effective date of acquisition.

IDENTIFIABLE ASSETS

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. The 1993 increase in Plastics segment identifiable assets was primarily due to the acquisition of Polestar.

DEPRECIATION, AMORTIZATION AND CAPITAL EXPENDITURES

Depreciation increased 2.5% in 1994 as higher depreciation at the films plant in Tacoma and the additional 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. No significant capital spending has yet occurred at the new Molded Products facility in Graham, North Carolina.

Depreciation increased in 1993 due to the start-up of the Tacoma plant. Plastics capital expenditures decreased in 1993 due to unused capacity in Film Products and Molded Products as a result of unfavorable market conditions and higher spending for capacity expansions in Film Products from 1990 through 1992.

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.

SALES

Metal Products sales increased 16.8% 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.

Metal Products sales increased 11.8% in 1993 due primarily to higher volume in Aluminum Extrusions. Improved economic conditions and efforts to increase volume with new and existing customers contributed to the improvement.

OPERATING PROFIT

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.

Metal Products operating profit increased significantly in 1993, driven by an 11% increase in volume in Aluminum Extrusions. Operating profits were also up due to improved manufacturing efficiency, reduced scrap rates and customer returns. Selling, general and administrative costs in Aluminum Extrusions also declined.

IDENTIFIABLE ASSETS

Metal Products identifiable assets decreased in 1994 and in 1993 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

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. Capital spending in Metal Products declined in 1993 as a result of higher capital spending in prior years.

Although consistently higher than capital spending, depreciation has decreased in each of the last five years as capital spending reached a peak in 1990.

TECHNOLOGY SEGMENT

The Technology segment is comprised primarily of APPX Software, a supplier of flexible software development environments and business applications software, Molecumetics, which conducts rational drug design research using synthetic chemistry techniques, and certain technology-related investments in which Tredegar's ownership is equal to or less than 5% (see Note 7 on page 38 for additional information). See discussion regarding the restructuring of APPX Software on page 18.

The Technology segment had sales of $2.7 million in 1994, down slightly from 1993. Technology segment sales consist primarily of revenues from APPX Software.

Excluding unusual or special items (see page 18), the Technology segment generated operating losses of $8.9 million in 1994 compared to operating losses of $9.7 million in 1993.

Technology segment identifiable assets and depreciation and amortization decreased 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
1994				
Net sales (continuing operations)	$120,994	$122,913	$132,191	$126,110
Gross profit (continuing operations)	18,744	20,229	21,728	21,684

Operating profit (loss) (continuing operations)	(1,239)	8,466	2,918	8,620
Income (loss) from continuing operations (r)	(5,093)	3,074	(278)	3,714
Income from discontinued operations (h)	8,693	1,772	26,753	-
Net income	3,600	4,846	26,475	3,714
Earnings (loss) per share:				
Continuing operations (r)	(.47)	.29	(.02)	.40
Discontinued operations (h)	.80	.16	2.52	-
Net income	.33	.45	2.50	.40
Shares used to compute earnings per share	10,896	10,722	10,590	9,205
1993				
Net sales (continuing operations)	$111,198	$108,042	$113,922	$116,046
Gross profit (continuing operations)	17,184	16,574	18,095	18,069
Operating profit (continuing operations)	6,226	4,802	5,821	4,685
Income from continuing operations (r)	1,710	674	1,145	194
Income from discontinued operations (h)	1,841	2,154	1,162	1,627
Net income before extraordinary item and cumulative effect of changes in accounting principles	3,551	2,828	2,307	1,821
Net income	3,701	1,713	2,307	1,821
Earnings per share:				
Continuing operations (r)	.16	.06	.10	.02
Discontinued operations (h)	.17	.20	.11	.15
Before extraordinary item and cumulative effect of changes in accounting principles	.33	.26	.21	.17
Net income	.34	.16	.21	.17
Shares used to compute earnings per share	10,895	10,895	10,895	10,895

Refer to Notes to Financial Tables on page 28.

NOTES TO FINANCIAL TABLES

(In thousands, except per-share amounts)

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

	1994	1993	1992	1991	1990
Income (loss) from continuing operations as reported	$ 1,417	$3,723	$ 9,517	$2,519	($28,687)
After-tax effects of special items related to continuing operations:					
Unusual charges, net (c-g)	12,051	246	502	447	24,424
Impact on deferred taxes of 1% increase in federal income tax rate	-	348	-	-	-
Income from continuing operations as adjusted for special items	$13,468	$4,317	$10,019	$2,966	($4,263)
Earnings (loss) per share from continuing operations:					
As reported	$ .13	$ .34	$ .88	$ .24	($2.54)
As adjusted for special items	$ 1.30	$ .39	$ .93	$ .27	($.38)

Included in the above amounts are net losses (excluding special items) of the Technology segment of $5,791 ($.56 per share), $6,568 ($.60 per share) and $1,349 ($.12 per share) in 1994, 1993 and 1992, respectively. See page 18 and Note 19 on page 46 regarding the restructuring of APPX Software.

(b) Interest expense has been allocated between continuing and discontinued operations based on relative capital employed. See Note 2 on page 36.

(c) 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).

(d) 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).

(e) 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).

(f) 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).

(g) 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.

(h) 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 2 on page 36.

(i) 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.

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

(k) Unleveraged after-tax earnings from continuing operations (excluding special items) is net income (loss) from continuing operations plus after-tax interest expense minus after-tax interest income plus after-tax special items.

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

(m) Net sales include sales to P&G totaling $163,120, $145,631 and $145,560 in 1994, 1993 and 1992, respectively.

(n) Includes results to August 1.

(o) In 1993, Tredegar began reporting its business development activities, primarily investments in high-technology businesses (APPX Software, Molecumetics, Emisphere and technology-related investments in which Tredegar's ownership is equal to or less than 5%), as a separate segment. See page 18 and Note 19 on page 46 regarding the restructuring of APPX Software.

(p) Export sales totaled $63,345, $52,642 and $48,566 in 1994, 1993 and 1992, respectively. The majority of these export sales were made by the Plastics segment.

(q) Net assets held for sale include $1,721 in current assets in 1992 and $5,018, $3,605 and $2,609 in non-current assets in 1994, 1993 and 1992, respectively.

(r) Quarterly income and earnings per share from continuing operations, adjusted for special items affecting the comparability of operating results between quarters, are presented below:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1994				
Income	$2,549	$3,074	$ 4,131	$ 3,714
Earnings per share	.23	.29	.39	.40
1993				
Income	$ 760	$ 214	$ 1,493	$ 1,850
Earnings per share	.07	.02	.13	.17

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, 1994 and 1993, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1994. 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 statments. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tedegar as of December 31, 1994 and 1993, and the consolidated results of their operations and cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 14 and 16 to the consolidated financial statments, 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.

(signature of Coopers & Lybrand L.L.P.)

Richmond, Virginia
January 16, 1995, except for the information presented in Note 19, for which the date is January 31, 1995.

MANAGEMENT'S REPORT ON THE FINANCIAL STATEMENTS

Tredegar's management has prepared the financial statements and related notes appearing on pages 30 through 46 in conformity with generally accepted 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)	1994	1993	1992
REVENUES:			
Net sales	$502,208	$449,208	$445,229
Other (expense) income, net	(296)	(387)	226
Total	501,912	448,821	445,455
COSTS AND EXPENSES:			
Cost of goods sold	419,823	379,286	370,652
Selling, general and administrative	47,978	47,973	48,130
Research and development	8,275	9,141	5,026
Interest	4,008	5,044	5,615
Unusual items	16,494	452	90
Total	496,578	441,896	429,513
Income from continuing operations before income taxes	5,334	6,925	15,942
Income taxes	3,917	3,202	6,425
Income from continuing operations	1,417	3,723	9,517
Discontinued operations:			
Income from energy segment operations	4,220	6,784	5,795
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	38,635	10,507	15,312
Extraordinary item-prepayment premium on 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	$ 38,635	$ 9,542	$ 15,312
EARNINGS PER SHARE:			
Continuing operations	$ .13	$ .34	$ .88
Discontinued operations	3.60	.63	.53
Before extraordinary item and cumulative effect of accounting changes	3.73	.97	1.41
Extraordinary item	-	(.10)	-
Cumulative effect of accounting changes	-	.01	-
Net income	$ 3.73	$ .88	$ 1.41

See accompanying notes to financial statements.

CONSOLIDATED BALANCE SHEETS

Tredegar Industries, Inc., and Subsidiaries

December 31 (In thousands, except share amounts)	1994	1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,036	$ -
Accounts and notes receivable	73,248	70,173

Inventories	35,369	34,211
Income taxes recoverable	2,534	-
Deferred income taxes	14,014	11,555
Prepaid expenses and other	696	881
Total current assets	134,897	116,820
Property, plant and equipment, at cost:		
Land and land improvements	6,789	7,194
Buildings	50,181	46,608
Machinery and equipment	261,154	270,131
Total property, plant and equipment	318,124	323,933
Less accumulated depreciation and amortization	194,505	188,531
Net property, plant and equipment	123,619	135,402
Other assets and deferred charges	29,073	24,456
Goodwill and other intangibles	30,756	45,729
Net assets of discontinued operations	-	30,976
Total assets	$318,345	$ 353,383
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31,486	$ 19,376
Accrued expenses	41,288	35,380
Total current liabilities	72,774	54,756
Long-term debt	38,000	97,000
Deferred income taxes	20,336	23,108
Other noncurrent liabilities	15,357	9,431
Total liabilities	146,467	184,295
Commitments and contingencies		
Shareholders' equity:		
Common stock (no par value):		
Authorized 50,000,000 shares;		
Issued and outstanding - 8,992,258 shares in 1994 and 10,894,904 shares in 1993	136,150	170,140
Foreign currency translation adjustment	327	(283)
Retained earnings (deficit)	35,401	(769)
Total shareholders' equity	171,878	169,088
Total liabilities and shareholders' equity	$318,345	$ 353,383

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31, 1994, 1993 and 1992	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, 1991	10,894,357	$170,131	($20,391)	$ 483	$150,223
Net income	-	-	15,312	-	15,312
Cash dividends declared ($.24 per share)	-	-	(2,616)	-	(2,616)
Issued upon exercise of SARs	44	-	-	-	-
Foreign currency translation adjustment	-	-	-	(522)	(522)
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

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31 (In thousands)	1994	1993	1992
Cash flows from operating activities:			
Continuing operations:			
Income from continuing operations	$ 1,417	$ 3,723	$9,517
Adjustments for noncash items:			
Depreciation	23,491	23,117	21,963
Amortization of intangibles	1,354	2,706	914
Write-off of intangibles	14,394	-	1,576

Deferred income taxes	(6,907)	(1,418)	(98)
Accrued pension income and postretirement benefits	(623)	(621)	(1,086)
Loss on divestitures	2,100	1,815	-
Gain on sale of investments	-	(2,263)	(1,092)
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts and notes receivable	(3,075)	(7,194)	723
Inventories	(1,158)	(2,480)	113
Income taxes recoverable and other prepaid expenses	(2,349)	3,347	(1,609)
Accounts payable and accrued expenses	12,311	(1,701)	1,602
Other, net	(1,873)	(1,435)	(1,595)
Net cash provided by continuing operating activities	39,082	17,596	30,928
Net cash used for extraordinary item	-	(1,115)	-
Net cash provided by discontinued operating activities	3,435	4,318	536
Net cash provided by operating activities	42,517	20,799	31,464
Cash flows from investing activities:			
Continuing operations:			
Capital expenditures	(15,579)	(16,480)	(20,705)
Acquisitions (net of $398 and $294 cash acquired in 1993 and 1992, respectively)	-	(5,099)	(15,922)
Investments	(1,400)	(600)	(1,700)
Proceeds from sales of investments	-	5,263	1,992
Property disposals	3,519	3,373	4,025
Proceeds from sales of businesses	-	-	3,167
Other, net	186	(613)	(661)
Net cash used in investing activities of continuing operations	(13,274)	(14,156)	(29,804)
Discontinued operations:			
Capital expenditures	(16)	(417)	(341)
Property disposals	7,924	1,711	152
Proceeds from sale of business	67,485	-	-
Net cash provided by (used in) investing activities of discontinued operations	75,393	1,294	(189)
Net cash provided by (used in) investing activities	62,119	(12,862)	(29,993)
Cash flows from financing activities:			
Dividends paid	(2,465)	(3,270)	(2,616)
Net (decrease) increase in borrowings	(59,000)	(4,500)	1,500
Repurchases of Tredegar common stock	(34,105)	-	-
Other, net	(30)	(167)	(855)
Net cash used in financing activities	(95,600)	(7,937)	(1,971)
Increase (decrease) in cash and cash equivalents	9,036	-	(500)
Cash and cash equivalents at beginning of year	-	-	500
Cash and cash equivalents at end of year	$ 9,036	$ -	$ -
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	$ 4,412	$ 8,332	$ 6,331
Income tax payments, net	$ 26,388	$ 6,673	$ 8,051

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 OPERATIONS

Tredegar Industries, Inc., and subsidiaries ("Tredegar") is a diversified manufacturer of plastics and metal products. Tredegar also has interests in various technologies, including computer software and rational drug design research. In August 1994, Tredegar completed the divestiture of its energy businesses (see Note 2 on page 36).

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 Folium Plasticos Especiais (plastic film) 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.

CONSOLIDATION

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 1994 presentation.

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, 1994, Tredegar had approximately $9,000 invested primarily in securities with maturities of one month or less. There were no funds invested at December 31, 1993.

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 $206, $320 and $607 in 1994, 1993 and 1992, respectively. Maintenance and repairs of property, plant and equipment were $19,400, $17,300 and $17,900 in 1994, 1993 and 1992, 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 ($19,629), is not being amortized and relates primarily to Tredegar's Aluminum Extrusions business. Goodwill acquired subsequently ($9,752, $19,764 and $19,946 at December 31, 1994, 1993 and 1992, respectively, net of accumulated amortization) that was not written off in 1994 (see Note 8 on page 39) 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 ($1,375, $6,086 and $4,752 at December 31, 1994, 1993 and 1992, respectively, net of accumulated amortization) consist primarily of software technology acquired in 1992 and written off in 1994 (see Note 8 on page 39), and the cost of certain non-competition agreements that are being amortized on a straight-line basis over 5 years.

PENSION PLANS

Annual costs of pension plans are determined actuarially in compliance with Statement of Financial Accounting Standards ("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 Opinion ("APB") 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.

Capitalized software costs are included in "Other assets and deferred charges" and totaled $260 and $433 at December 31, 1994 and 1993, respectively.

EARNINGS PER SHARE

Earnings per share is computed using the weighted average number of shares of common stock outstanding for each period presented. For the periods presented, stock options have an immaterial dilutive effect. The number of shares used in computing earnings per share were 10,349,420, 10,894,802 and 10,894,370 in 1994, 1993 and 1992, respectively.

2 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 interests 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 (expense) income, net."

At December 31, 1994, the accrued cost for Tredegar's obligation under the Act was $6,102, including an unfunded obligation of $5,720 and an unrecognized gain of $382. The discount rate used in determining the unfunded obligation was 8.25% at December 31, 1994 and 7% at August 16, 1994. The medical premium trend rate was assumed to be 13% at December 31, 1994 and 14% at August 16, 1994, with a gradual decrease to 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, 1994 would increase by approximately $500. The effect of this increase on the annual interest cost component of the net periodic cost would be $42.

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

COMBINED STATEMENTS OF INCOME
DISCONTINUED ENERGY SEGMENT

(UNAUDITED)

	JANUARY 1, 1994 TO AUGUST 16, 1994	1993	1992
Net sales	$19,868	$33,431	$32,859
Costs and expenses:			
Operating costs and expenses	13,229	23,818	22,610
Interest allocated	337	653	661
Unusual items	-	(1,424)	-
Total	13,566	23,047	23,271
Income from Energy segment operations before income taxes	6,302	10,384	9,588
Income taxes	2,082	3,600	3,793
Income from Energy segment operations	$ 4,220	$ 6,784	$ 5,795

COMBINED STATEMENT OF NET ASSETS
DISCONTINUED ENERGY SEGMENT
(UNAUDITED)

	AUGUST 16, 1994	December 31, 1993
Current assets:		
Accounts and notes receivable	$ 1,831	$ 6,173
Inventories	-	6,695
Deferred income taxes	3,320	-
Total current assets	5,151	12,868
Net property, plant and equipment	26,980	29,204
Other assets and deferred charges	137	184
Total assets	32,268	42,256
Total current liabilities	2,876	4,961
Deferred income taxes	7,511	5,434
Other noncurrent liabilities	934	885
Total liabilities	11,321	11,280
Net assets of discontinued operations	$20,947	$30,976

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 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 and APB No. 11 prior to 1993.

3 BUSINESS SEGMENTS

See pages 15 to 16 and 24 to 26 for net sales, operating profit, identifiable assets and related information about Tredegar's segments that are presented for the years 1990-1994. The discussion of segment information is unaudited.

4 ACCOUNTS AND NOTES RECEIVABLE

December 31	1994	1993
Trade, less allowance for doubtful accounts and sales returns of $5,211 and $3,216 in 1994 and 1993	$71,470	$69,051
Other	1,778	1,122
Total	$73,248	$70,173

5 INVENTORIES

Inventories consist of the following:

December 31	1994	1993
Finished goods	$ 4,970	$ 5,735
Work-in-process	5,243	5,298
Raw materials	18,004	15,497
Stores, supplies and other	7,152	7,681
Total	$35,369	$34,211

Inventories stated on the LIFO basis amounted to $15,736 and $15,044 at December 31, 1994 and 1993, respectively, which are below replacement costs by approximately $18,100 and $10,590, respectively.

6 NET ASSETS HELD FOR SALE

Included in "Other assets and deferred charges" are net assets held for sale, primarily land and buildings related to closed facilities, totaling $5,018 and $3,605 as of December 31, 1994 and 1993, respectively. Such assets are stated at estimated net realizable value and are expected to be sold over the next 1 to 2 years.

7 INVESTMENTS

As of December 31, 1994, Tredegar,through a subsidiary,owned 5% of a venture capital limited partnership. Tredegar's total capital commitment is $2,000, with $1,200 and $800 invested at December 31, 1994 and 1993, respectively. Additional contributions of $800 are expected to be made over the next year. In addition, during 1994 Tredegar invested an aggregate of $1,000 in the restricted convertible preferred stock of two separate medical technology companies. Tredegar's ownership in each of these companies on a fully diluted basis is less than 5%. Tredegar's investments are carried at the lower of cost or estimated fair value and are included in "Other assets and deferred charges."

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	1994	1993
Goodwill and other intangibles	$ 64,043	$ 60,185
Additions and reclassifications	775	3,858
Write-offs	(14,394)	-
Subtotal	50,424	64,043
Accumulated amortization	(19,668)	(18,314)
Net	$ 30,756	$ 45,729

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 resulted from continued disappointing results in certain lines of its business. The write-off in APPX Software is the result of management's determination that income generated by the acquired products will not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992. See Note 19 on page 46 regarding the restructuring of APPX Software.

9 ACCRUED EXPENSES

Accrued expenses consist of the following:

December 31	1994	1993
Payrolls, related taxes and medical and other benefits	$ 7,378	$ 6,036
Workmen's compensation and disabilities	6,116	6,094
Vacation	5,478	5,298
Environmental	4,153	4,293
Divestitures	3,284	2,709
Other	14,879	10,950
Total	$41,288	$35,380

10 DEBT AND CREDIT AGREEMENTS

Long-term debt consists of:

December 31	1994	1993
Borrowings under short-term variable-rate credit arrangements	$ 2,500	$ 6,000
Variable-rate revolving loans	-	20,000
Variable-rate term loan due in 1997	-	35,000
7.2% note to institutional lender due in 2003	35,000	35,000
Other	500	1,000
Total	$38,000	$97,000

On August 19, 1994, Tredegar used a portion of the proceeds received from the divestiture of Elk Horn (see Note 2 on page 36) to prepay its $35,000 variable-rate term loan due June 7, 1997. On August 18 and 19, 1994, Tredegar established two new revolving credit facilities that permit it to borrow up to $235,000 (no amounts borrowed at December 31, 1994) with $200,000 maturing on August 18, 1998 and $35,000 maturing on August 19, 1999. In connection with these new agreements, Tredegar terminated its $180,000 facility that was due June 16, 1996. The new agreements provide 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. Facility fees are also charged on the $235,000 commitment amount. The weighted average spreads and facility fees charged under the new agreements at various debt-to-total capitalization levels are as follows:

Debt-to-Total Capitalization Ratio	(Basis Points) Spread	Facility Fee
Less than or equal to 35%	31.1	19.7
Greater than 35% and less than or equal to 50%	39.6	23.6
Greater than 50%	49.3	26.5

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. Tredegar estimates that an equivalent rate for similar debt would be 9.2% at December 31, 1994. On this basis, the estimated fair value of Tredegar's fixed-rate note would be $31,900.

At December 31, 1994 and 1993, $2,500 and $6,000, respectively, were borrowed under short-term credit arrangements at an average interest rate of 5% and 3.8%, respectively. The balances outstanding were classified as long-term debt in accordance with Tredegar's ability to refinance such obligations on a long-term basis.

The weighted average interest rate on all variable-rate loans outstanding during 1994 was 4.9%, compared with 4.2% in 1993.

Tredegar's loan agreements contain restrictions, among others, on the payment of cash dividends and the maximum debt-to-total capitalization ratio permitted (60%). At December 31, 1994, $61,266 was available for cash dividend payments, and $219,817 was available to borrow under the 60% debt-to-total capitalization ratio restriction.

11 SHAREHOLDER RIGHTS AGREEMENT

Pursuant to a Rights Agreement dated as of June 15, 1989 (as amended), between Tredegar and American Stock Transfer and Trust Company as Rights Agent (the "Rights Agreement"), 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 1992 - 1994 is shown below:

	Number of Shares		Option Price	
	Option	SAR	Per Share	Aggregate
Outstanding at 12/31/91	303,500	303,500	$16.7045	$ 5,070
Granted in 1992	210,000	192,000	$12.125 to $17.00	2,627
Lapsed in 1992	(25,400)	(25,400)	$16.7045	(424)
SARs exercised in 1992	(1,500)	(1,500)	$16.7045	(25)
Outstanding at 12/31/92	486,600	468,600	$12.125 to $17.00	7,248
Granted in 1993	20,000	-	$12.875	258
Lapsed in 1993	(11,000)	(11,000)	$16.7045	(184)
SARs exercised in 1993	(6,000)	(6,000)	$12.125 to $16.7045	(89)
Outstanding at 12/31/93	489,600	451,600	$12.125 to $17.00	7,233
Granted in 1994	386,000	-	$15.125 to $24.00	6,609
Lapsed in 1994	(37,500)	(11,000)	$12.875 to $17.00	(568)
Options exercised in 1994	(6,000)	(6,000)	$12.125 to $16.7045	(87)
SARs exercised in 1994	(27,000)	(27,000)	$12.125 to $16.7045	(413)
Outstanding at 12/31/94	805,100	407,600	$12.125 to $24.00	$12,774

At December 31, 1994 and 1993, options to purchase 431,130 and 452,352 shares, respectively, were exercisable and 404,400 and 752,900 shares, respectively, were available for grant.

13 RENTAL EXPENSE AND CONTRACTUAL COMMITMENTS

Rental expense was $3,337, $2,936 and $2,026 for 1994, 1993 and 1992, respectively. Rental commitments under all noncancelable operating leases as of December 31, 1994, are as follows:

1995	$ 2,960
1996	2,191
1997	1,356
1998	1,224
1999	1,023
Remainder	3,259
Total	$12,013

Contractual obligations for plant construction and purchases of real property and equipment amounted to approximately $4,493 and $2,029 at December 31, 1994 and 1993, respectively.

14 RETIREMENT PLANS & 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 1994, 1993 and 1992 are as follows:

	1994	1993	1992
Return on plan assets:			
Actual return	($572)	$18,557	$ 7,509
Expected return greater (lower) than actual	11,494	(8,097)	2,327
Expected return	10,922	10,460	9,836
Amortization of transition asset	1,231	1,231	1,231
Service cost (benefits earned during the year)	(3,016)	(3,072)	(3,139)
Interest cost on projected benefit obligation	(6,885)	(6,515)	(6,104)
Amortization of prior service costs and gains or losses	(942)	(805)	(738)
Net pension income	$ 1,310	$ 1,299	$ 1,086

The following table presents a reconciliation of the funded status of Tredegar's pension plans at December 31, 1994, 1993 and 1992, to prepaid pension expense:

	1994	1993	1992
Plan assets at fair value	$125,390	$ 130,603	$116,587
Actuarial present value of benefit obligations:			
Accumulated benefit obligation (including vested benefits of $77,858, $85,828 and $65,400, respectively)	(80,422)	(89,221)	(68,469)
Projected compensation increase	(9,296)	(11,225)	(15,209)
Projected benefit obligation	(89,718)	(100,446)	(83,678)
Plan assets in excess of projected benefit obligation	35,672	30,157	32,909
Unrecognized net gain being amortized	(16,862)	(11,736)	(14,475)
Unrecognized transition asset being amortized	(5,456)	(6,687)	(7,918)
Unrecognized prior service costs being amortized	5,354	5,464	5,631
Prepaid pension expense	$ 18,708	$ 17,198	$ 16,147

Prepaid pension expense of $18,708 and $17,198 is included in "Other assets and deferred charges" in the consolidated balance sheets at December 31, 1994 and 1993, 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 8.25% at December 31, 1994, 7% at December 31, 1993 and 8% at December 31, 1992. The rate of projected compensation increase was assumed to be 5% at December 31, 1994, 5% at December 31, 1993 and 5.5% at December 31, 1992. The expected long-term rate of return on plan assets was assumed to be 9% 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 ($613 and $612 at December 31, 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 34). In accordance with the new standard, prior years' financial statements have not been restated. Previously, such expenses were accounted for on a cash basis.

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

	1994	1993
Service cost (benefits earned during the year)	($177)	($186)
Interest cost on accumulated postretirement benefit obligation	(492)	(492)
Recognition of gains (losses)	(18)	-
Net postretirement benefit cost	($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, 1994 and 1993, and January 1, 1993, to accrued postretirement benefit cost:

	DECEMBER 31, 1994	December 31, 1993	January 1, 1993
Plan assets at fair value	$ -	$ -	$ -
Accumulated postretirement benefit obligation (APBO):			
Retirees	(3,085)	(3,001)	(3,411)
Other fully eligible participants	(1,593)	(2,408)	(1,749)
Other active participants	(1,852)	(1,755)	(1,535)
Total APBO	(6,530)	(7,164)	(6,695)
APBO in excess of plan assets	(6,530)	(7,164)	(6,695)
Unrecognized gain	(1,124)	(52)	-
Accrued postretirement benefit cost	($7,654)	($7,216)	($6,695)

Accrued postretirement benefit cost of $7,654 and $7,216 is included in "Other noncurrent liabilities" in the consolidated balance sheets of December 31, 1994 and 1993, respectively.

The discount rate used in determining the accumulated postretirement benefit obligation was 8.25% at December 31, 1994, 7% at December 31, 1993 and 8% at January 1, 1993. The rate of annual pay increase for life insurance benefits was assumed to be 5% at December 31, 1994, 5% at December 31, 1993 and 5.5% at January 1, 1993. The rate of increase in the per-capita cost of covered health care benefits for the indemnity plan was assumed to be 13% at December 31, 1994, 14% at December 31, 1993 and 15% at January 1, 1993. The rate of increase in the per-capita cost of covered health care benefits for the managed care plans was assumed to be 10.4% at December 31, 1994, 11.2% at December 31, 1993 and 12% at January 1, 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, 1994, would increase by approximately $30. The effect of this increase on the sum of the service cost and interest cost components of net periodic postretirement benefit cost for 1994 would be $6.

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. Contributions by Tredegar in 1994, 1993 and 1992 amounted to $2,059, $2,146 and $1,818, respectively.

Tredegar also has a non-qualified plan that restores matching benefits for employees suspended from the savings plan due to certain limitations imposed by income tax regulations. Tredegar's liability under this plan was $327 and $189 at December 31, 1994 and 1993, 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 34). As permitted under the new standard, prior years' financial statements have not been restated. Deferred income taxes were determined under APB No. 11 for years prior to 1993.

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

	1994	1993	1992
Income from continuing operations before income taxes:			
Domestic	$ 2,346	$ 4,460	$13,307
Foreign	2,988	2,465	2,635
Total	$ 5,334	$ 6,925	$15,942
Current income taxes:			
Federal	$ 8,375	$ 2,190	$ 5,423

	1994	1993	1992
State	1,622	759	919
Foreign	827	1,671	181
Total	10,824	4,620	6,523
Deferred income taxes:			
Federal	(6,741)	(848)	(378)
State	(424)	(197)	(222)
Foreign	258	(721)	502
Adjustment for 1% increase in federal statutory rate	-	348	-
Total	(6,907)	(1,418)	(98)
Total income taxes	$ 3,917	$ 3,202	$ 6,425

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		
	1994	1993	1992
Income tax expense at federal statutory rate	35.0	35.0	34.0
Write-off of certain goodwill	31.1	-	2.5
State taxes, net of federal income tax benefit	14.6	5.3	2.9
Research and development tax credit	(7.5)	(5.8)	-
Foreign Sales Corporation	(6.6)	(3.1)	(3.6)
Adjustment of deferred income taxes for 1% increase in federal statutory rate	-	5.0	-
Goodwill amortization	3.0	5.1	1.0
Other items, net	3.8	4.7	3.5
Effective income tax rate	73.4	46.2	40.3

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 were as follows:

	1994	1993	1992
Write-offs of certain goodwill and other intangibles	($3,643)	$ -	$ -
Depreciation	(3,472)	(2,002)	1,176
Divestitures, plant shutdowns and environmental accruals	778	1,229	(846)
Employee benefits	169	309	(132)
Other items, net	(739)	(954)	(296)
Total	($6,907)	($1,418)	($98)

Deferred tax liabilities and deferred tax assets as of December 31, 1994 and 1993, are as follows:

	1994	1993
Deferred tax liabilities:		
Depreciation	$13,510	$16,982
Pensions	7,214	6,642
Other	1,348	2,442
Total deferred tax liabilities	22,072	26,066
Deferred tax assets:		
Employee benefits	8,302	7,899
Allowance for doubtful accounts and sales returns	1,957	1,169
Inventory	1,651	1,441
Environmental accruals	1,525	1,697
Divestitures	673	1,279
Alternative minimum tax credit carryforward	-	524
Other	1,642	504
Total deferred tax assets	15,750	14,513
Net deferred tax liability	$ 6,322	$11,553
Included in the balance sheet:		
Noncurrent deferred tax liabilities in excess of assets	$20,336	$23,108
Current deferred tax assets in excess of liabilities	14,014	11,555
Net deferred tax liability	$ 6,322	$11,553

17 UNUSUAL ITEMS

In 1994, unusual items totaling $16,494 include the write-off of certain Molded Products goodwill ($4,873) (see Note 8 on page 39), 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 39).

In 1993, unusual items totaling $452 include estimated costs related to the planned disposal of a Films 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 38).

In 1992, unusual items totaling $90 include the write-off of certain goodwill associated with the restructuring of Molded Products ($1,182), offset by the gain on the sale of a portion of Tredegar's investment in Emisphere ($1,092) (see Note 7 on page 38).

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.

19 SUBSEQUENT EVENT

On January 31, 1995, APPX Software announced a restructuring aimed at eliminating its operating losses. While new product development activities will be curtailed, APPX Software intends to continue to sell, maintain and support existing products.

Tredegar expects to recognize a charge in the first quarter of 1995 ranging from $2,100 to $2,800 ($1,350 to $1,800 after income tax benefits) in connection with the restructuring. The restructuring charge includes estimated losses on the disposal of assets, severance costs and costs for the termination of leases and certain contracts.

APPX Software incurred operating losses in 1994 of $4,712 ($3,127 after income tax benefits or $.30 per share) on revenues of $2,517. In addition, during the first quarter of 1994, Tredegar recognized a pretax charge of $9,521 in connection with the write-off of goodwill and other intangibles associated with APPX Software (see Note 8 on page 39).

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
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
Swing-Shift Brudi Pacific Pty Ltd	Queensland Australia
Tredegar Brasil Industria de Plasticos Ltda.	Brazil
Tredegar Development Corporation	Virginia
Tredegar Exploration, Inc.	Virginia
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. 33-29582, File No. 33-31047, File No. 33-47800 and File No. 33-50276) of our report dated January 16, 1995 (except for the information presented in Note 19, for which the date is January 31, 1995), on our audits of the consolidated financial statements of Tredegar Industries, Inc. and Subsidiaries as of December 31, 1994 and 1993, and for each of the three years in the period ended December 31, 1994, which report appears on page 29 of the 1994 Annual Report to Shareholders of Tredegar industries, Inc.

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

Richmond, Virginia
March 16, 1995

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The schedule contains summary financial information extracted from the Balance Sheet for the period ended December 31, 1994 and the Statement of Income for the 12 months ended December 31, 1994 and is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1994
DEC-31-1994
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501,912
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419,823
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