

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 8, 1994

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 13E-4

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

TREDEGAR INDUSTRIES, INC.  
(Name of Issuer)

TREDEGAR INDUSTRIES, INC.  
(Name of Person(s) Filing Statement)  
COMMON STOCK, NO PAR VALUE PER SHARE  
(Title of Class of Securities)

89465010  
(CUSIP Number of Class of Securities)

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

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

SEPTEMBER 8, 1994  
(Date Tender Offer First Published,  
Sent or Given to Security Holders)

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
\$19,000,000	\$3,800

\*Calculated solely for the purpose of determining the filing fee, based upon the purchase of 1,000,000 shares at \$19.00 per share.

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

AMOUNT PREVIOUSLY PAID:	N/A	FILING PARTY:	N/A
FORM OR REGISTRATION NO.:	N/A	DATE FILED:	N/A

ITEM 1. SECURITY AND ISSUER.

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

(b) This Schedule 13E-4 relates to the offer by the Company to purchase up to 1,000,000 shares (or such lesser number of shares as are properly tendered) of its common stock, no par value per share (the "Shares"), 10,589,390 of which Shares were outstanding as of September 7, 1994, at prices not in excess of \$19.00 nor less than \$17.00 net per Share in cash upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 8, 1994 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"), copies of which are attached as Exhibits (a)(1) and (a)(2), respectively, and incorporated herein by reference. Officers and directors of the Company may participate in the Offer on the same basis as the Company's other shareholders, although the Company has been advised that no director or executive officer of the Company intends to tender any shares pursuant to the Offer. The information set forth in "Introduction" and "The Offer -- Section 1, Number of Shares; Proration" of the Offer to Purchase is incorporated herein by reference.

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

(d) Not applicable.

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

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

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

(a)-(j)The information set forth in "Introduction" and "The Offer -- Section 9, Source and Amount of Funds," "The Offer -- Section 2, Purpose of the Offer; Certain Effects of the Offer," "The Offer -- Section 11, Interest of Directors and Officers; Transactions and Arrangements Concerning Shares" and "The Offer -- Section 12, Effects of the Offer on the Market for Shares; Registration under the Exchange Act" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

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

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

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

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

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

ITEM 7. FINANCIAL INFORMATION.

(a)-(b)The information set forth in "The Offer -- Section 10, Certain Information Concerning the Company" of the Offer to Purchase is incorporated herein by reference, the information set forth on pages 27 through 40 of the Company's Annual Report to Shareholders for the year ended December 31, 1993, filed as Exhibit (g)(1) hereto, is incorporated herein by reference, and the information set forth on pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1994, as amended, filed as Exhibit (g)(2) is incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION.

(a) Not applicable.

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

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

(d) Not applicable.

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

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Form of Offer to Purchase, dated September 8, 1994.

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

(3) Form of Notice of Guaranteed Delivery.

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

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

(6) Form of Memorandum, dated September 8, 1994, to Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan.

(7) Form of Memorandum, dated September 8, 1994, to Participants in the Savings Plan for the Employees of Tredegar Industries, Inc.

(8) Form of Memorandum, dated September 8, 1994, to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan.

(9) Text of Press Release issued by the Company, dated August 29, 1994.

(10) Form of Summary Advertisement, dated September 8, 1994.

(11) Form of Letter to Shareholders of the Company, dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company.

(12) Form of letter to Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan, dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company.

(13) Form of Letter to Participants in the Savings Plan for the Employees of Tredegar Industries, Inc., dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company.

(14) Form of Letter to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan, dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not Applicable.

(g)(1) Pages 27 through 40 of the Company's Annual Report to Shareholders for the year ended December 31, 1993.

(2) Pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1994, as amended.

SIGNATURE

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

September 8, 1994

TREDEGAR INDUSTRIES, INC.

By: /s/ NORMAN A. SCHER

Norman A. Scher

Executive Vice President

## EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
(a)(1)	Form of Offer to Purchase, dated September 8, 1994.	
(2)	Form of Letter of Transmittal (including Certification of Taxpayer Identification Number on Form W-9).	
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(4)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.	
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(14)	Form of Letter to Participants in the Tredegar Industries, Inc. Employee Stock Purchase Plan, dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company.	
(b)	Not applicable.	
(c)	Not applicable.	
(d)	Not applicable.	
(e)	Not applicable.	
( f )	Not applicable.	
(g)(1)	Pages 27 through 40 of the Company's Annual Report to Shareholders for the year ended December 31, 1993.	
(2)	Pages 2 through 7 of the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1994, as amended.	



TREDEGAR INDUSTRIES, INC.  
OFFER TO PURCHASE FOR CASH UP TO  
1,000,000 SHARES OF ITS COMMON STOCK (INCLUDING  
THE ASSOCIATED PREFERRED STOCK PURCHASE RIGHTS)  
AT A PURCHASE PRICE NOT IN EXCESS OF \$19.00  
NOR LESS THAN \$17.00 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M.,  
NEW YORK CITY TIME, ON THURSDAY, OCTOBER 6, 1994, UNLESS THE OFFER IS EXTENDED.

Tredegar Industries, Inc., a Virginia corporation (the "Company"), hereby invites its shareholders to tender shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$19.00 nor less than \$17.00 per Share in cash, as specified by shareholders tendering their Shares, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the Company redeems the Rights, a tender of Shares will constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights. The Company will determine the single per Share price, not in excess of \$19.00 nor less than \$17.00 per Share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$19.00 nor less than \$17.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares acquired in the Offer will be acquired at the Purchase Price. The Company reserves the right, in its sole discretion, to purchase more than 1,000,000 Shares pursuant to the Offer. See Section 15.

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

The Shares are listed and traded on the New York Stock Exchange, Inc. (the "NYSE"). On August 29, 1994, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$16.375. On September 7, 1994, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$18.375. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. SEE SECTION 8.

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

IMPORTANT

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

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

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

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.

THE DATE OF THIS OFFER TO PURCHASE IS SEPTEMBER 8, 1994

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

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SUMMARY

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

PURCHASE PRICE..... The Company will select a single Purchase Price which will be not more than \$19.00 nor less than \$17.00 per Share. All Shares purchased by the Company will be purchased at the Purchase Price even if tendered at or below the Purchase Price. Each shareholder desiring to tender Shares must specify in the Letter of Transmittal the minimum price (not more than \$19.00 nor less than \$17.00 per Share) at which such shareholder is willing to have his or her Shares purchased by the Company.

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

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

BROKERAGE COMMISSIONS..... None.

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

EXPIRATION AND PRORATION DATES..... Thursday, October 6, 1994 at 5:00 P.M., New York City time, unless extended by the Company.

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

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

WITHDRAWAL RIGHTS..... Tendered Shares may be withdrawn at any time until 5:00 P.M., New York City time, on Thursday, October 6, 1994, unless the Offer is extended by the Company, and, unless previously purchased, after 12:00 Midnight on Wednesday, November 2, 1994. See Section 3.

ODD LOTS..... There will be no proration of Shares tendered by any shareholder owning beneficially less than 100 Shares as of September 7, 1994 who tenders all such Shares prior to the Proration Date and who checks the "Odd Lots" box in the Letter of Transmittal.

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

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

INTRODUCTION

Tredegear Industries, Inc., a Virginia corporation (the "Company"), invites its shareholders to tender shares of its Common Stock, no par value per share (the "Shares"), at prices not in excess of \$19.00 nor less than \$17.00 per Share, as specified by shareholders tendering their Shares, upon the terms and subject to the conditions set forth herein and in the related Letter of Transmittal (which together constitute the "Offer"). The Company will determine the single per Share price, not in excess of \$19.00 nor less than \$17.00 per share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and shares not purchased because of proration or conditional tender will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,000,000 Shares pursuant to the Offer. See Section 15.

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

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

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

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

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

The Savings Plan for the Employees of Tredegear Industries, Inc. (the "Savings Plan") holds Shares (approximately 10.2% of the outstanding Shares) in accounts for participants of the Savings Plan. NationsBank of Virginia, N.A. (the "Savings Plan Trustee") serves as trustee for the Savings Plan. Under the terms of the Savings Plan, a

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

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

As of September 7, 1994, the Company had issued and outstanding 10,589,390 Shares and had reserved 850,435 Shares for issuance upon exercise of outstanding stock options. The 1,000,000 Shares that the Company is offering to purchase pursuant to the Offer represent approximately 9.45% of the outstanding Shares. The Shares are listed and traded on the New York Stock Exchange, Inc. (the "NYSE") under the symbol "TG". On August 29, 1994, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$16.375. On September 7, 1994, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$18.375. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. See Section 8.

#### THE OFFER

1. NUMBER OF SHARES; PRORATION. Upon the terms and subject to the conditions of the Offer, the Company will purchase up to 1,000,000 Shares or such lesser number of Shares as are properly tendered (and not withdrawn in accordance with Section 4) prior to the Expiration Date (as defined below) at prices not in excess of \$19.00 nor less than \$17.00 net per Share in cash. The term "Expiration Date" means 5:00 P.M., New York City time, on Thursday, October 6, 1994, unless and until the Company, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 15 for a description of the Company's right to extend, delay, terminate or amend the Offer. The Company reserves the right to purchase more than 1,000,000 Shares pursuant to the Offer. In accordance with applicable regulations of the Securities and Exchange Commission (the "Commission"), the Company may purchase pursuant to the Offer an additional amount of Shares not to exceed 2% of the outstanding Shares without amending or extending the Offer. See Section 15. In the event of an over-subscription of the Offer as described below, Shares tendered at or below the Purchase Price prior to the Expiration Date will be subject to proration, except for Odd Lots as explained below. The proration period also expires on the Expiration Date.

The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$19.00 nor less than \$17.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares purchased in the Offer will be purchased at the Purchase Price.

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

In accordance with Instruction 5 of the Letter of Transmittal, shareholders desiring to tender Shares must specify the price, not in excess of \$19.00 nor less than \$17.00 per Share, at which they are willing to sell their Shares to the Company. As promptly as practicable following the Expiration Date, the Company will, in its sole discretion, determine the Purchase Price that it will pay for Shares properly tendered pursuant to the Offer and not withdrawn, taking into account the number of Shares tendered and the prices specified by tendering shareholders. The Company intends to select the lowest Purchase Price, not in excess of \$19.00 nor less than \$17.00 net per Share in cash, that will enable it to purchase 1,000,000 Shares (or such lesser number of Shares as are properly tendered) pursuant to the Offer. Shares properly tendered pursuant to the Offer at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and conditions of the Offer, including

the proration and conditional tender provisions. All Shares tendered and not purchased pursuant to the Offer, including Shares tendered at prices in excess of the Purchase Price and Shares not purchased because of proration or conditional tender, will be returned to the tendering shareholders at the Company's expense as promptly as practicable following the Expiration Date.

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

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

**ODD LOTS.** For purposes of the Offer, the term "Odd Lots" shall mean all Shares properly tendered prior to the Expiration Date at prices at or below the Purchase Price and not withdrawn by any person (an "Odd Lot Holder") who owned, beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares (and so certified in the appropriate place on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery). In order to qualify for this preference, an Odd Lot Holder must tender all such Shares in accordance with the procedures described in Section 3. As set forth above, Odd Lots will be accepted for payment before proration, if any, of the purchase of other tendered Shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. By accepting the Offer, an Odd Lot Holder would not only avoid the payment of brokerage commissions but also would avoid any applicable odd lot discounts in a sale of such holder's Shares. Any shareholder wishing to tender all of such shareholder's Shares pursuant to this Section should complete the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery.

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

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

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

obtain such preliminary information from the Information Agent or the Dealer Managers and may be able to obtain such information from their brokers.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

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

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

The Offer provides shareholders who are considering a sale of all or a portion of their Shares with the opportunity to determine the price or prices (not in excess of \$19.00 nor less than \$17.00 per Share) at which they are willing to sell their Shares and, subject to the terms and conditions of the Offer, to sell those Shares for cash without the usual transaction costs associated with market sales. In addition, shareholders owning fewer than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions but also will avoid any applicable odd-lot discounts payable on a sale of their Shares in a NYSE transaction. The Offer also allows shareholders to sell a portion of their Shares while retaining a continuing equity interest in the Company if they so desire. Shareholders who determine not to accept the Offer will realize a proportionate increase in their relative equity interest in the Company, and thus in the Company's future earnings and assets, subject to increased risks arising from higher leverage resulting from the purchase of Shares by the Company, and subject to the Company's right to issue additional Shares and other equity securities in the future.

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

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

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

## 3. PROCEDURES FOR TENDERING SHARES.

PROPER TENDER OF SHARES. For Shares to be tendered properly pursuant to the Offer, (a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) including any required signature guarantees and any other documents required by the Letter of Transmittal, must be received prior to 5:00 P.M., New York City time, on the Expiration Date by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase or (b) the tendering shareholder must comply with the guaranteed delivery procedure set forth below. IN ACCORDANCE WITH INSTRUCTION 5 OF THE LETTER

OF TRANSMITTAL, SHAREHOLDERS DESIRING TO TENDER SHARES PURSUANT TO THE OFFER MUST PROPERLY INDICATE IN THE SECTION CAPTIONED "PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED" ON THE LETTER OF TRANSMITTAL THE PRICE (IN MULTIPLES OF \$.125) AT WHICH THEIR SHARES ARE BEING TENDERED. Shareholders who desire to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn previously in accordance with the terms of the Offer) at more than one price. IN ORDER TO PROPERLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH LETTER OF TRANSMITTAL.

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

**SIGNATURE GUARANTEES AND METHOD OF DELIVERY.** No signature guarantee is required (i) if the Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this Section 3, shall include any participant in The Depository Trust Company, Midwest Securities Trust Company or Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") whose name appears on a security position listing as the owner of the Shares) tendered therewith and such holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal; or (ii) if Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company (not a savings bank or a savings and loan association) having an office, branch or agency in the United States (each such entity being hereinafter referred to as an "Eligible Institution"). See Instruction 1 of the Letter of Transmittal. If a certificate for Shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate, or stock power guaranteed by an Eligible Institution.

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

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

**BACKUP FEDERAL INCOME TAX WITHHOLDING.** TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING EQUAL TO 31% OF THE GROSS PAYMENTS MADE TO SHAREHOLDERS FOR SHARES PURCHASED PURSUANT TO THE OFFER, EACH SHAREHOLDER WHO DOES NOT OTHERWISE ESTABLISH AN EXEMPTION FROM SUCH WITHHOLDING MUST PROVIDE THE DEPOSITARY WITH THE SHAREHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND PROVIDE CERTAIN OTHER INFORMATION BY COMPLETING THE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL. Foreign shareholders may be required to submit Form W-8, certifying non-United States status, to avoid backup withholding. See Instructions 14 and 15 of

the Letter of Transmittal. For a discussion of certain federal income tax consequences to tendering shareholders, see Section 14.

**WITHHOLDING FOR FOREIGN SHAREHOLDERS.** Even if a foreign shareholder has provided the required certification to avoid backup withholding, the Depository will withhold federal income taxes equal to 30% of the gross payments payable to a foreign shareholder or his agent unless the Depository determines that an exemption from or a reduced rate of withholding is available pursuant to a tax treaty or an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business in the United States. In order to obtain an exemption from or a reduced rate of withholding pursuant to a tax treaty, a foreign shareholder must deliver to the Depository a properly completed Form 1001. For this purpose, a foreign shareholder is a shareholder that is not (i) a citizen or resident of United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any State or any political subdivision thereof or (iii) any estate or trust the income of which is subject to United States federal income taxation regardless of the source of such income. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depository a properly completed Form 4224. The Depository will determine a shareholder's status as a foreign shareholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (E.G., Form 1001 or Form 4224) unless facts and circumstances indicate that such reliance is not warranted. A foreign shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if such shareholder meets one of the three tests for sale treatment described in Section 14 or is otherwise able to establish that no tax or a reduced amount of tax is due. Backup withholding generally will not apply to amounts subject to the 30% or treaty-reduced rate of withholding.

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

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

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

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

PLAN PARTICIPANTS ARE URGED TO READ THE SEPARATE INSTRUCTION FORM AND RELATED MATERIALS CAREFULLY. ANY DIVIDEND REINVESTMENT PLAN SHARES TENDERED BUT NOT PURCHASED WILL BE RETURNED TO THE PARTICIPANT'S DIVIDEND REINVESTMENT PLAN ACCOUNT.

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

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

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

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

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

4. WITHDRAWAL RIGHTS. Except as otherwise provided in this Section 4, tenders of Shares pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company pursuant to the Offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Wednesday, November 2, 1994.

For a withdrawal to be effective, a notice of withdrawal must be in written, telegraphic or facsimile transmission form and must be received in a timely manner by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering shareholder, the name of the registered holder, if different from that of the person who tendered such Shares, the number of Shares tendered and the number of Shares to be withdrawn. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers shown on the particular certificates for Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry tender set forth in Section 3, the notice of withdrawal also must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility. None of the Company, the Dealer Managers, the Depository, the Information Agent or any other person shall be obligated to give notice of any defects or irregularities in any notice of withdrawal nor shall any of them incur liability for failure to give any such notice. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding.

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

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

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

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Date the Company will accept for payment and pay a single per Share Purchase Price for 1,000,000 Shares (subject to increase or decrease as provided in Section 15) or such lesser number of Shares as are properly tendered at prices not in excess of \$19.00 nor less than \$17.00 per Share and not withdrawn as permitted in Section 4.

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

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

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

ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY, SIGN AND RETURN TO THE DEPOSITARY THE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL MAY BE SUBJECT TO REQUIRED BACKUP FEDERAL INCOME TAX WITHHOLDING OF 31% OF THE GROSS PROCEEDS PAID TO SUCH SHAREHOLDER OR OTHER PAYEE PURSUANT TO THE OFFER. SEE SECTION 3. ALSO SEE SECTION 3 REGARDING FEDERAL INCOME TAX CONSEQUENCES FOR FOREIGN SHAREHOLDERS.

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

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

7. CERTAIN CONDITIONS OF THE OFFER. Notwithstanding any other provision of the Offer, the Company shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of and the payment for Shares tendered, subject to Rule 13e-4(f) under the Exchange Act, if at any time on or after September 8, 1994 and prior to the time of payment for any such Shares (whether any Shares have theretofore been accepted for payment, purchased or paid for pursuant to the Offer) any of the following events shall have occurred (or shall have been determined by the Company to have occurred) that, in the Company's sole judgment in any such case and regardless of the circumstances giving rise thereto (including any action or omission to act by the Company), makes it inadvisable to proceed with the Offer or with such acceptance for payment or payment:

- (a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly (i) challenges the making of the Offer, the acquisition of some or all of the Shares pursuant to the Offer or otherwise relates in any manner to the Offer, or (ii) in the Company's sole judgment, could materially and adversely affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries or materially impair the contemplated benefits of the Offer to the Company;

- (b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or the Company or any of its subsidiaries, by any court or any authority, agency or tribunal that, in the Company's sole judgment, would or might directly or indirectly (i) make the acceptance for payment of, or payment for, some or all of the Shares illegal or otherwise restrict or prohibit consummation of the Offer; (ii) delay or restrict the ability of the Company, or render the Company unable, to accept for payment or pay for some or all of the Shares; (iii) materially impair the contemplated benefits of the Offer to the Company; or (iv) materially and adversely affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries;
- (c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market; (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States; (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States; (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event that, in the Company's sole judgment, might affect, the extension of credit by banks or other lending institutions in the United States; (v) any significant decrease in the market price of the Shares or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the sole judgment of the Company, have a material adverse effect on the Company's business, operations or prospects or the trading in the Shares; (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or (vii) any decline in either the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Industrial Companies by an amount in excess of 10 percent measured from the close of business on September 7, 1994;
- (d) a tender or exchange offer with respect to some or all of the Shares (other than the Offer), or a merger or acquisition proposal for the Company, shall have been proposed, announced or made by another person or shall have been publicly disclosed, or the Company shall have learned that (i) any person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act), other than the Savings Plan, Gabelli Funds, Inc. and Mario J. Gabelli (and the other reporting entities named in their Schedule 13D dated July 12, 1994), or members of the Gottwald family (see Section 11), shall have acquired or proposed to acquire beneficial ownership of more than five percent of the outstanding Shares, or any new group shall have been formed that beneficially owns more than five percent of the outstanding Shares; or
- (e) any change or changes shall have occurred in the business, financial condition, assets, income, operations, prospects or stock ownership of the Company or its subsidiaries that, in the Company's sole judgment, is or may be material to the Company or its subsidiaries.

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

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

FISCAL YEAR	HIGH	LOW	DIVIDENDS
1992:			
1st Quarter.....	\$ 14 1/2	\$ 10	\$.06
2nd Quarter.....	18 1/4	13 3/8	.06
3rd Quarter.....	18 5/8	13 5/8	.06
4th Quarter.....	16 3/4	13 1/2	.06
1993:			
1st Quarter.....	18	15	.06
2nd Quarter.....	16 3/8	13	.06
3rd Quarter.....	13 7/8	12 1/2	.06
4th Quarter.....	15 3/8	12 7/8	.06
1994:			
1st Quarter.....	15 7/8	14 1/8	.06
2nd Quarter.....	15 3/8	14	.06
3rd Quarter (through September 7, 1994).....	18 3/8	14 3/4	.06

On August 29, 1994, the last full trading day on the NYSE prior to the announcement of the Offer, the closing per Share sales price on the NYSE Composite Tape was \$16.375. On September 7, 1994, the last full trading day on the NYSE prior to the commencement of the Offer, the closing per Share sales price on the NYSE Composite Tape was \$18.375. SHAREHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

On July 27, 1994, the Board of Directors declared the fourth quarter regular dividend of \$.06 per Share to be paid on October 1, 1994 to shareholders of record on September 16, 1994. Shareholders of record on September 16, 1994 will receive such dividend notwithstanding any tender of Shares by them pursuant to the Offer. All decisions with respect to the payment of future dividends will be made by the Board of Directors based upon the Company's earnings, financial condition, anticipated cash needs and such other considerations as the Board of Directors deems relevant.

9. SOURCE AND AMOUNT OF FUNDS. Assuming that the Company purchases 1,000,000 Shares pursuant to the Offer at a price not in excess of \$19.00 nor less than \$17.00 per Share, the cost to the Company (including all fees and expenses relating to the Offer) is estimated to be between \$17,330,000 and \$19,330,000. The Company will use part of the proceeds from the disposition of its interest in its 97% owned coal subsidiary, The Elk Horn Coal Corporation ("Elk Horn"), on August 16, 1994 and the Company's other excess cash balances to fund the purchase of the Shares tendered pursuant to the Offer. See Section 10, "Certain Information Concerning the Company -- Recent Events."

10. CERTAIN INFORMATION CONCERNING THE COMPANY.

GENERAL

The Company was formed under the laws of the Commonwealth of Virginia as a wholly owned subsidiary of Ethyl Corporation ("Ethyl") on June 1, 1988. On July 10, 1989, Ethyl distributed all of the outstanding common stock of the Company to Ethyl's shareholders. Since July 10, 1989, the Company has been a publicly held operating company. The Company is engaged directly or through subsidiaries in plastics, metal products and technology businesses. Additional information concerning the Company is contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1993, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994, the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, as amended, and the Company's Current Report on Form 8-K filed on August 31, 1994, copies of which can be obtained from the Company upon request. See "-- Additional Information".

RECENT EVENTS

On July 13, 1994, the Company announced its second-quarter and year-to-date results from continuing operations. Second-quarter sales increased 14% to \$122.9 million. Net income (excluding special items) was 29 cents per share, up from 2 cents in last year's second quarter. Year-to-date sales increased 11% to \$243.9 million. Year-to-date net income (excluding special items) was 52 cents per share, up from 9 cents in 1993. The favorable results were driven by strong performances in the Company's core Plastics and Metal Products segments, partially offset by continued losses in its Technology segment (formerly referred to as the "Other segment").

In August, the Company established two new revolving credit facilities that in the aggregate permit the Company to borrow up to \$235 million. In connection with the new facilities, the Company terminated a \$180 million credit agreement (from which no amounts had been borrowed) and repaid a \$35 million variable-rate term loan. See note (1f) to "Notes to Pro Forma Financial Information" below.

On August 26, 1994, the Company announced that, in the third quarter of 1994, it will record an after-tax charge of \$1.3 million or 12 cents per share for costs related to the shut down of Tredegar Molded Products Company's ("Molded Products") Alsip, Illinois plant. Also in the third quarter of 1994, the Company will take an after-tax charge of \$3.1 million or 29 cents per share associated with the write-off of goodwill resulting from disappointing performance in certain lines of Molded Products' business.

Based upon management's estimates, the Company's 1994 results should continue to compare favorably with 1993 results. However, second-quarter and year-to-date results are not necessarily indicative of future performance.

During 1994, the Company purchased a total of 309,608 Shares for \$4.4 million. The Company has made no purchase of Shares since July 20, 1994.

On August 16, 1994, Elk Horn, the Company's 97% owned coal subsidiary, was acquired by Pen Holdings, Inc., for an aggregate consideration of approximately \$71 million. The Company realized an after-tax gain of approximately \$26 million or \$2.43 per share on the divestiture. After-tax proceeds from the sale totalled approximately \$50 million. Of this amount, \$35 million was used to reduce the Company's outstanding debt. The balance of approximately \$15 million has been invested in short-term securities and will be available to be used to make Share repurchases related to the Offer. See "Selected Historical and Pro Forma Financial Information" included in this Offer to Purchase.

#### CERTAIN FINANCIAL INFORMATION

##### FINANCIAL HIGHLIGHTS

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

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Net sales from continuing operations	\$243,907	\$219,240	\$473,875	\$449,208
Income (loss) from continuing operations (a):				
Historical	(2,019)	2,384	(680)	3,723
Pro forma for disposition of interests in Energy Businesses and Offer at \$19.00	(1,658)	2,754	51	4,463
Earnings (loss) per share from continuing operations (a):				
Historical	(.19)	.22	(.06)	.34
Pro forma for disposition of interests in Energy Businesses and Offer at \$19.00	(.17)	.28	.01	.45

(a) Income (loss) and earnings (loss) per share from continuing operations, adjusted for special items affecting the comparability of operating results among periods and pro forma interest income, are presented below (see notes (1e) and (2a) of "Notes to Pro Forma Financial Information"):

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Income (loss) from continuing operations adjusted for special items:				
Historical	\$ 5,623	\$ 974	\$ 8,966	\$ 4,317
Pro forma for disposition of interests in Energy Businesses, Offer at \$19.00, and interest income	5,984	1,344	9,696	5,057
Earnings (loss) per share from continuing operations adjusted for special items:				
Historical	.52	.09	.83	.40
Pro forma for disposition of interests in Energy Businesses, Offer at \$19.00, and interest income	.61	.14	.98	.51

#### SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

Set forth below is certain selected historical and pro forma consolidated financial information with respect to the Company. Historical financial information was excerpted or derived from the audited financial statements contained in the Company's 1993 Annual Report on Form 10-K and from the unaudited financial statements contained in the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1994, as amended. The historical information below is qualified in its entirety by reference to such reports (which may be inspected or obtained at the offices of the Commission in the manner set forth in " -- Additional Information" below) and the financial information and related notes contained therein.

On February 4, 1994, the Company sold its remaining oil and gas properties and on August 16, 1994, the Company disposed of its interest in Elk Horn (collectively referred to hereinafter as the "Energy Businesses"). The Energy Businesses have been previously reported in the Company's historical financial statements as discontinued operations.

The pro forma information on the financial position of the Company as of June 30, 1994 and December 31, 1993, and the pro forma information on the results of continuing operations for the Company for the six months ended June 30, 1994 and 1993, the twelve months ended June 30, 1994, and the year ended December 31, 1993, are presented for the divestiture of the Energy Businesses and the Offer.

The pro forma information on the Company's financial position for the divestiture of the Energy Businesses assumes that the Company on that date disposed of its interests in the Energy Businesses, repaid certain borrowings, obtained new revolving credit facilities, and invested remaining funds in cash equivalents. The pro forma information on the Company's financial position for the Offer assumes that the Company on that date disposed of its interests in the Energy Businesses, repaid certain borrowings, obtained new revolving credit facilities, and used remaining funds and, if necessary, borrowed funds under the new revolving credit facilities, to purchase 1,000,000 Shares pursuant to the Offer at prices of \$17.00 and \$19.00.

The pro forma information on the Company's results of continuing operations for the divestiture of the Energy Businesses assumes that at the beginning of each period shown, the Company disposed of its interests in the Energy Businesses, repaid certain borrowings and obtained new revolving credit facilities. The pro forma information on the Company's results of continuing operations for the Offer assumes that at the beginning of each period shown, the Company disposed of its interests in the Energy Businesses, repaid certain borrowings, obtained new revolving credit facilities and used remaining funds and, if necessary, borrowed funds under the new revolving credit facilities, to purchase 1,000,000 Shares pursuant to the Offer at prices of \$17.00 and \$19.00. In accordance with Commission rules and regulations, no pro forma interest income is recognized in the pro forma results of continuing operations for any funds assumed invested in cash equivalents or other marketable securities.

The pro forma financial information of the Company is unaudited and does not purport to be indicative of the future results or the financial position of the Company or the net income and financial position that would actually have been attained had the pro forma transactions occurred on the dates or for the periods indicated. See notes (1e) and (2a) of the "Notes to Pro Forma Financial Information" for income and earnings per share from continuing operations adjusted for special items affecting the comparability of operating results among periods and pro forma interest income.

TREDEGAR INDUSTRIES, INC.  
 SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION  
 (IN THOUSANDS EXCEPT PER-SHARE AMOUNTS AND RATIOS)

	FOR THE SIX MONTHS ENDED JUNE 30, 1994					FOR THE SIX MONTHS ENDED JUNE 30, 1993	
	HISTORICAL	PRO FORMA ADJUST.	PRO FORMA	PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES (1A) AND OFFER (2A) \$17.00/SH. PURCHASE PRICE	PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES (2A) \$19.00/SH. PURCHASE PRICE	HISTORICAL	PRO FORMA ADJUST.
<b>RESULTS OF CONTINUING OPERATIONS:</b>							
Net sales	\$243,907		\$243,907	\$243,907	\$243,907	\$219,240	
Other (expense) income, net	(71)	\$ (209)(1b)	(280)	(280)	(280)	(462)	\$ (209)(1b)
	243,836	(209)	243,627	243,627	243,627	218,778	(209)
Cost of goods sold	204,934		204,934	204,934	204,934	185,482	
Selling, general & administrative expenses	23,554		23,554	23,554	23,554	24,706	
Research & development expenses	3,766		3,766	3,766	3,766	4,175	
Interest expense	2,343	(825)(1c)	1,518	1,518	1,542	2,555	(926)(1c)
Unusual items (1e)(2a)	9,521		9,521	9,521	9,521	(2,263)	
	244,118	(825)	243,293	243,293	243,317	214,655	(926)
Income (loss) from continuing operations before income taxes	(282)	616	334	334	310	4,123	717
Income taxes (1e)(2a)	1,737	240(1d)	1,977	1,977	1,968	1,739	280(1d)
Income (loss) from continuing operations (1e)(2a)	\$ (2,019)	\$ 376	\$ (1,643)	\$ (1,643)	\$ (1,658)	\$ 2,384	\$ 437
Earnings (loss) per share from continuing operations (1e)(2a)	\$ (.19)	\$ .04	\$ (.15)	\$ (.17)	\$ (.17)	\$ .22	\$ .04
Shares used to compute earnings (loss) per share	10,808	10,808	10,808	9,808	9,808	10,895	10,895
Ratio of earnings to fixed charges (2c)	.9x		1.2x	1.2x	1.2x	2.3x	
		PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES AND OFFER (2A) \$17.00/SH. PURCHASE PRICE	PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES AND OFFER (2A) \$19.00/SH. PURCHASE PRICE				
<b>RESULTS OF CONTINUING OPERATIONS:</b>							
Net sales	\$219,240	\$219,240	\$219,240				
Other (expense) income, net	(671)	(671)	(671)				
	218,569	218,569	218,569				
Cost of goods sold	185,482	185,482	185,482				
Selling, general & administrative expenses	24,706	24,706	24,706				
Research & development expenses	4,175	4,175	4,175				
Interest expense	1,629	1,703	1,739				
Unusual items (1e)(2a)	(2,263)	(2,263)	(2,263)				
	213,729	213,803	213,839				
Income (loss) from continuing operations before income taxes	4,840	4,766	4,730				
Income taxes (1e)(2a)	2,019	1,990	1,976				
Income (loss) from continuing operations (1e)(2a)	\$ 2,821	\$ 2,776	\$ 2,754				
Earnings (loss) per share from continuing operations (1e)(2a)	\$ .26	\$ .28	\$ .28				
Shares used to compute earnings (loss) per share	10,895	9,895	9,895				

Ratio of earnings to  
fixed charges (2c)

3.1x

3.0x

3.0x

See accompanying notes to pro forma financial information.

TREDEGAR INDUSTRIES, INC.  
 SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION  
 (IN THOUSANDS EXCEPT PER-SHARE AMOUNTS AND RATIOS)

	AS OF AND FOR THE TWELVE MONTHS ENDED JUNE 30, 1994					AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1993	
	HISTORICAL	PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES (1A)		PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES AND OFFER (2A)(2B)		HISTORICAL	PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES (1A) PRO FORMA ADJUST.
		PRO FORMA ADJUST.	PRO FORMA	\$17.00/SH. PURCHASE PRICE	\$19.00/SH. PURCHASE PRICE		
<b>RESULTS OF CONTINUING OPERATIONS:</b>							
Net sales	\$473,875		\$473,875	\$473,875	\$473,875	\$449,208	
Other (expense) income, net	4	\$ (418)(1b)	(414)	(414)	(414)	(387)	\$ (418)(1b)
	473,879	(418)	473,461	473,461	473,461	448,821	(418)
Cost of goods sold	398,738		398,738	398,738	398,738	379,286	
Selling, general & administrative expenses	46,821		46,821	46,821	46,821	47,973	
Research & development expenses	8,732		8,732	8,732	8,732	9,141	
Interest expense	4,832	(1,816)(1c)	3,016	3,157	3,216	5,044	(1,917)(1c)
Unusual items (1e)(2a)	12,236		12,236	12,236	12,236	452	
	471,359	(1,816)	469,543	469,684	469,743	441,896	(1,917)
Income from continuing operations before income taxes	2,520	1,398	3,918	3,777	3,718	6,925	1,499
Income taxes (1e)(2a)	3,200	545(1d)	3,745	3,690	3,667	3,202	585(1d)
Income (loss) from continuing operations (1e)(2a)	\$ (680)	\$ 853	\$ 173	\$ 87	\$ 51	\$ 3,723	\$ 914
Earnings (loss) per share from continuing operations (1e)(2a)	\$ (.06)	\$ .08	\$ .02	\$ .01	\$ .01	\$ .34	\$ .09
Shares used to compute earnings (loss) per share	10,852	10,852	10,852	9,852	9,852	10,895	10,895
Ratio of earnings to fixed charges (2c)	1.5x		2.0x	1.9x	1.9x	2.1x	
<b>FINANCIAL POSITION:</b>							
<b>Assets:</b>							
Cash and cash equivalents	\$ 4,608	\$ 17,550(1f)	\$ 22,158	\$ 4,828	\$ 2,828	\$ --	\$ 11,008(1f)
Other current assets	117,733		117,733	117,733	117,733	116,820	
Property, plant & equipment, net	129,468		129,468	129,468	129,468	135,402	
Other assets & deferred charges	26,162	150(1f)	26,312	26,312	26,312	24,456	150(1f)
Goodwill and other intangibles	35,950		35,950	35,950	35,950	45,729	
Net assets of discontinued operations	21,983	(21,983)(1g)				30,976	(30,976)(1g)
Total assets	\$335,904	\$ (4,283)	\$331,621	\$314,291	\$312,291	\$353,383	\$(19,818)
<b>Liabilities and shareholders' equity:</b>							
Total current liabilities	\$ 64,332		\$ 64,332	\$ 64,332	\$ 64,332	\$ 54,756	
Long-term debt	70,500	\$(35,000)(1f)	35,500	35,500	35,500	97,000	\$(61,000)(1f)
Deferred income taxes	19,071	(2,230)(1b)	16,841	16,841	16,841	23,108	(2,230)(1b)
Other noncurrent liabilities	9,692	6,194(1b)	15,886	15,886	15,886	9,431	6,194(1b)
Shareholders' equity	172,309	26,753(1h)	199,062	181,732	179,732	169,088	37,218(1h)
Total liabilities and shareholders' equity	\$335,904	\$ (4,283)	\$331,621	\$314,291	\$312,291	\$353,383	\$(19,818)
Ending shares outstanding	10,594		10,594	9,594	9,594	10,895	
Book value per share	\$ 16.26		\$ 18.79	\$ 18.94	\$ 18.73	\$ 15.52	
Working capital excluding cash and cash equivalents	\$ 53,401		\$ 53,401	\$ 53,401	\$ 53,401	\$ 62,064	
Net debt (debt less cash and cash equivalents)	\$ 65,892		\$ 13,342	\$ 30,672	\$ 32,672	\$ 97,000	
Debt as a % of total capitalization	29.0%		15.1%	16.3%	16.5%	36.5%	

Net debt as a % of net capitalization 27.7% 6.3% 14.4% 15.4% 36.5%

		PRO FORMA FOR DISPOSAL OF ENERGY BUSINESSES AND OFFER (2A)(2B)	
	PRO FORMA	\$17.00/SH. PURCHASE PRICE	\$19.00/SH. PURCHASE PRICE
<b>RESULTS OF CONTINUING OPERATIONS:</b>			
Net sales	\$449,208	\$449,208	\$449,208
Other (expense) income, net	(805)	(805)	(805)
Cost of goods sold	448,403	448,403	448,403
Selling, general & administrative expenses	379,286	379,286	379,286
Research & development expenses	47,973	47,973	47,973
Interest expense	9,141	9,141	9,141
Unusual items (1e)(2a)	3,127	3,342	3,413
	452	452	452
Income from continuing operations before income taxes	439,979	440,194	440,265
Income taxes (1e)(2a)	8,424	8,209	8,138
Income (loss) from continuing operations (1e)(2a)	3,787	3,703	3,675
Earnings (loss) per share from continuing operations (1e)(2a)	\$ 4,637	\$ 4,506	\$ 4,463
Shares used to compute earnings (loss) per share	\$ .43	\$ .46	\$ .45
Ratio of earnings to fixed charges (2c)	10,895	9,895	9,895
	2.9x	2.8x	2.8x
<b>FINANCIAL POSITION:</b>			
<b>Assets:</b>			
Cash and cash equivalents	\$ 11,008	\$ --	\$ --
Other current assets	116,820	116,820	116,820
Property, plant & equipment, net	135,402	135,402	135,402
Other assets & deferred charges	24,606	24,606	24,606
Goodwill and other intangibles	45,729	45,729	45,729
Net assets of discontinued operations			
Total assets	\$333,565	\$322,557	\$322,557
<b>Liabilities and shareholders' equity:</b>			
Total current liabilities	\$ 54,756	\$ 54,756	\$ 54,756
Long-term debt	36,000	42,322	44,322
Deferred income taxes	20,878	20,878	20,878
Other noncurrent liabilities	15,625	15,625	15,625
Shareholders' equity	206,306	188,976	186,976
Total liabilities and shareholders' equity	\$333,565	\$322,557	\$322,557
Ending shares outstanding	10,895	9,895	9,895
Book value per share	\$ 18.94	\$ 19.10	\$ 18.90
Working capital excluding cash and cash equivalents	\$ 62,064	\$ 62,064	\$ 62,064
Net debt (debt less cash and cash equivalents)	\$ 24,992	\$ 42,322	\$ 44,322
Debt as a % of total capitalization	14.9%	18.3%	19.2%
Net debt as a % of net capitalization	10.8%	18.3%	19.2%

See accompanying notes to pro forma financial information.

NOTES TO PRO FORMA FINANCIAL INFORMATION

1. NOTES TO PRO FORMA FINANCIAL INFORMATION FOR THE DISPOSAL OF THE COMPANY'S INTERESTS IN THE ENERGY BUSINESSES (SEE "CERTAIN FINANCIAL INFORMATION -- SELECTED AND HISTORICAL PRO FORMA FINANCIAL INFORMATION" ABOVE).

- (a) In accordance with Commission rules and regulations, no pro forma interest income is recognized in the pro forma results of continuing operations for funds assumed invested in cash equivalents or other marketable securities. Had such income been recognized assuming an investment in AAA-rated tax-exempt securities with maturities of less than 30 days, pro forma net income would have been increased by approximately \$.2 million, \$.2 million, \$.4 million and \$.3 million for the six months ended June 30, 1994 and 1993, the twelve months ended June 30, 1994 and the year ended December 31, 1993, respectively (see notes (1c) and (1e)).
- (b) In accordance with applicable accounting pronouncements, the pro forma information on the financial position of the Company reflects a \$6.2 million adjustment to other noncurrent liabilities for the recognition of the estimated present value of the unfunded obligation under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act") assumed by the Company under the provisions of the merger agreement relating to the disposition of Elk Horn. 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 pro forma information on the financial position of the Company also reflects a \$2.2 million related adjustment to deferred income taxes for the estimated tax benefit the Company will receive on the present value of the unfunded obligation. The estimated annual interest cost at 7% on the present value of the unfunded obligation is reflected as a pro forma adjustment to other (expense) income, net.
- (c) The adjustments to interest expense reflect the pro forma interest cost savings comprised of the following:

	(IN THOUSANDS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Savings from assumed repayment of debt and new credit agreements (see note (1f))	\$1,113	\$1,279	\$2,442	\$2,608
Reallocation of interest cost historically allocated to the Energy Businesses for financial reporting purposes	(269)	(334)	(588)	(653)
Amortization of transaction costs	(19)	(19)	(38)	(38)
Pro forma interest cost savings	\$ 825	\$ 926	\$1,816	\$1,917

Pro forma interest cost savings were computed using the following pro forma average cash flows:

	(IN THOUSANDS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Average net cash flow (cash flows from operating and investing activities) realized from operations and the disposition of interests in Energy Businesses from beginning of period to dates of disposal	\$62,166	\$72,821	\$66,091	\$71,418
Average variable-rate debt outstanding assumed repaid during the period	(44,232)	(59,731)	(52,457)	(60,207)
Average cash flows assumed invested in cash equivalents during the period (see note (1a))	\$17,934	\$13,090	\$13,634	\$11,211

- (d) Pro forma income tax adjustments are recognized at an assumed combined state and federal income tax rate of approximately 39%.
- (e) Income (loss) and earnings (loss) per share from continuing operations, adjusted for special items affecting the comparability of operating results among periods and pro forma interest income, are presented below:

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Historical income (loss) from continuing operations as reported	\$(2,019)	\$ 2,384	\$ (680)	\$ 3,723
Historical after-tax effects of special items:				
Write-off of APPX Software, Inc. intangibles	7,642		7,642	
Charges associated with the disposal of a Film Products plant in Flemington, N.J.			1,107	1,107
Charges associated with reorganization of corporate functions			549	549
Impact on deferred taxes of 1% increase in the federal income tax rate			348	348
Gain on the sale of Emisphere Technologies, Inc. common stock		(1,410)		(1,410)
Historical income from continuing operations as adjusted for special items	5,623	974	8,966	4,317
Pro forma and other adjustments (after-tax):				
Reflected in the results of continuing operations	376	437	853	914
Interest income (see note (1a))	240	165	358	284
Pro forma income from continuing operations as adjusted for special items and interest income	\$ 6,239	\$ 1,576	\$10,177	\$ 5,515
Earnings (loss) per share from continuing operations:				
Historical:				
As reported	\$ (.19)	\$ .22	\$ (.06)	\$ .34
As adjusted for special items	.52	.09	.83	.40
Pro forma:				
As reflected in the results of continuing operations	(.15)	.26	.02	.43
As adjusted for special items and interest income	.58	.14	.94	.51

- (f) Pro forma adjustments at June 30, 1994 and December 31, 1993 to other assets and deferred charges, long-term debt and cash and cash equivalents are as follows:

	(IN THOUSANDS)	
	6/30/94	12/31/93
Net cash flow (cash flows from operating and investing activities) realized from operations and the disposition of interests in Energy Businesses from end of period to dates of disposal	\$ 52,700	\$ 72,158
Transaction costs capitalized in other assets and deferred charges related to two new revolving credit agreements entered into on August 18 and 19, 1994	(150)	(150)
Prepayment on August 19, 1994 of variable-rate term loan due June 7, 1997	(35,000)	(35,000)
Assumed repayment of variable-rate, revolving credit borrowings (no amounts borrowed at June 30, 1994)		(26,000)
Pro forma increase in cash and cash equivalents	\$ 17,550	\$ 11,008

In accordance with the Company's policy, cash balances in excess of operating needs are invested in marketable securities with maturities of less than one year that have a quality rating of at least A-2/P-2 or AA/Aa. Excess cash arising from the recent disposition of the Company's interest in Elk Horn has been invested in marketable securities with maturities of less than 30 days. These funds coupled with the Company's other excess cash balances are expected to be used to fund the Company's Offer with any remaining funds invested until opportunities, in existing businesses or elsewhere, are identified.

The two new revolving credit agreements permit the Company to borrow up to \$235 million with \$200 million maturing on August 18, 1998 and \$35 million maturing on August 19, 1999. In connection with these new agreements, the Company terminated its \$180 million facility that was due June 16, 1996 (no amounts borrowed). 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 the Company's quarterly debt to total capitalization ratio. Facility fees are also charged on the \$235 million 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

The Company's remaining debt outstanding of \$35.5 million consists primarily of a \$35 million, 7.2% note due 2003 (six-year average remaining maturity at June 30, 1994).

- (g) The pro forma adjustment to net assets of discontinued operations at June 30, 1994 and December 31, 1993 reflects the divestiture of the Energy Businesses' net assets.
- (h) Pro forma adjustments to shareholders' equity at June 30, 1994 and December 31, 1993 are as follows:

	(IN THOUSANDS)	
	6/30/94	12/31/93
Net income recognized from operations of Energy Businesses from end of period to dates of disposal	\$ 1,013	\$ 4,220
After-tax gains recognized from the Company's disposition of its:		
Interest in Elk Horn on August 16, 1994	25,740	25,740
Remaining oil & gas properties on February 4, 1994		3,938
Deferred tax benefit recognized in the first quarter of 1994 on the difference between the financial reporting and income tax basis of Elk Horn		3,320
Total shareholders' equity pro forma adjustments	\$26,753	\$37,218

2. NOTES TO PRO FORMA FINANCIAL INFORMATION FOR THE OFFER (SEE "CERTAIN FINANCIAL INFORMATION -- SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION" ABOVE).

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

Pro forma adjustments to results of continuing operations for the Offer relate to interest expense on pro forma borrowings needed at the beginning of the periods presented to complete the assumed purchase of 1,000,000 Shares at prices of \$17.00 and \$19.00. The Company believes that, based on current balances of cash and cash equivalents, no borrowings will actually be required to fund the Offer.

Shares used to compute earnings (loss) per share were decreased by the assumed purchase of 1,000,000 Shares. Pro forma income tax adjustments for interest expense were recognized at an assumed combined state and federal income tax rate of approximately 39%.

Income (loss) and earnings (loss) per share from continuing operations, adjusted for special items affecting the comparability of operating results among periods and pro forma interest income, are presented below:

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
	FOR THE SIX MONTHS ENDED		FOR THE TWELVE MONTHS ENDED	FOR THE YEAR ENDED
	6/30/94	6/30/93	6/30/94	12/31/93
Pro forma income from continuing operations for the disposition of interests in Energy Businesses as adjusted for special items and interest income (see note (1e))	\$6,239	\$1,576	\$10,177	\$5,515
Pro forma adjustments for the Offer at \$17.00 reflected in the results of continuing operations		(45)	(86)	(131)
Interest income (see notes (1a) & (1e))	(231)	(165)	(350)	(284)
Pro forma income from continuing operations as adjusted for special items, the Offer at \$17.00 and interest income	6,008	1,366	9,741	5,100
Incremental after-tax impact of the Offer at \$19.00	(24)	(22)	(45)	(43)
Pro forma income from continuing operations as adjusted for special items, the Offer at \$19.00 and interest income	\$5,984	\$1,344	\$ 9,696	\$5,057
Pro forma earnings per share from continuing operations as adjusted for special items and interest income for:				
Disposition of interests in Energy Businesses (see note (1e))	\$ .58	\$ .14	\$ .94	\$ .51
Disposition of interests in Energy Businesses and Offer at:				
\$17.00	.61	.14	.99	.52
\$19.00	.61	.14	.98	.51

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

Pro forma adjustments to shareholders' equity for the Offer at June 30, 1994 and December 31, 1993 are as follows:

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)	
	\$17.00/SH. PURCHASE PRICE	\$19.00/SH. PURCHASE PRICE
1,000,000 Shares assumed purchased	\$ 17,000	\$ 19,000
Estimated transaction costs	330	330
Assumed total cost of Offer	\$ 17,330	\$ 19,330

The Offer was assumed to be funded on a pro forma basis by the sources described below:

	(IN THOUSANDS EXCEPT PER-SHARE AMOUNTS)			
	6/30/94	12/31/93	6/30/94	12/31/93
	\$17.00/SH. PURCHASE PRICE	\$19.00/SH. PURCHASE PRICE	\$17.00/SH. PURCHASE PRICE	\$19.00/SH. PURCHASE PRICE
Cash and cash equivalents	\$ 17,330	\$ 19,330	\$ 11,008	\$ 11,008
Assumed borrowings under new revolving credit facilities			6,322	8,322
Total Offer funding	\$ 17,330	\$ 19,330	\$ 17,330	\$ 19,330

(c) RATIO OF EARNINGS TO FIXED CHARGES.

The ratio of earnings to fixed charges has been affected by special items (see note (1e)). The pro forma ratios of earnings to fixed charges at the maximum Offer price of \$19.00, as adjusted for the pretax effects of special items, are 5.7, 2.1, 4.7 and 2.9 for the six months ended June 30, 1994 and 1993, the twelve months ended June 30, 1994 and the year ended December 31, 1993, respectively.

#### ADDITIONAL INFORMATION

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

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

As of September 7, 1994, the Company had issued and outstanding 10,589,390 Shares and had reserved for issuance upon exercise of outstanding stock options 850,435 Shares. The 1,000,000 Shares that the Company is offering to purchase represent approximately 9.45% of the Shares then outstanding. As of September 2, 1994, the Company's directors and executive officers as a group (16 persons) beneficially owned an aggregate of 2,402,107 Shares representing approximately 22.2% of the outstanding Shares, assuming the exercise by such persons of their currently exercisable options. As of September 2, 1994, Floyd D. Gottwald, Jr. and Bruce C. Gottwald, together with members of their immediate families (the "Gottwalds"), including John D. Gottwald, who is President and Chief Executive Officer of the Company, as a group beneficially owned an aggregate of 2,678,328 Shares representing approximately 25.2% of the outstanding Shares, assuming the exercise by such persons of their currently exercisable options. Each of the Company's executive officers or directors (including Floyd D. Gottwald, Jr., Bruce C. Gottwald and John D. Gottwald) has advised the Company that he does not intend to tender any Shares pursuant to the Offer. If the Company purchases 1,000,000 Shares pursuant to the Offer, then after the purchase of Shares pursuant to the Offer, the Company's executive officers and directors as a group would own beneficially approximately 24.5% and the Gottwalds as a group would own beneficially approximately 27.8% of the outstanding Shares immediately after the Offer, assuming the exercise by such persons of their currently exercisable options.

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

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

On June 30, 1989, the Board of Directors of the Company declared a dividend distribution of one Right on each then outstanding share of the Company's common stock. Rights also are issued with shares issued after the initial dividend distribution and before the occurrence of certain specified events as set forth in the Rights Agreement. This summary is qualified in its entirety by the Rights Agreement which the Company has filed with the Commission.

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

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

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

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

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

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

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

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

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

13. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS. The Company is not aware of any license or regulatory permit that appears to be material to the Company's business that might be adversely affected by the Company's acquisition of Shares as contemplated herein or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition

or ownership of Shares by the Company as contemplated herein. Should any such approval or other action be required, the Company presently contemplates that such approval or other action will be sought. The Company is unable to predict whether it may determine that it is required to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offering pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business. The Company's obligations under the Offer to accept for payment and pay for Shares is subject to certain conditions. See Section 7.

#### 14. CERTAIN FEDERAL INCOME TAX CONSEQUENCES.

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

A sale of Shares pursuant to the Offer will constitute a "redemption" under the Internal Revenue Code of 1986 (the "Code") and will be a taxable transaction for federal income tax purposes. If the redemption qualifies as a sale of Shares by a shareholder under Section 302 of the Code, the shareholder will recognize gain or loss equal to the difference between (i) the cash received pursuant to the Offer and (ii) the shareholder's tax basis in the Shares surrendered pursuant to the Offer. If the redemption does not qualify as a sale of Shares under Section 302, the shareholder will not be treated as having sold Shares but will be treated as having received a dividend taxable as ordinary income in an amount equal to the cash received pursuant to the Offer. As described below, whether a redemption qualifies for sale treatment will depend largely on the total number of the shareholder's Shares (including any Shares constructively owned by the Shareholder) that are purchased. A shareholder desiring to obtain sale treatment therefore may want to make a conditional tender, as described in Section 6, to make sure that a minimum number of his Shares (if any) are purchased.

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

A redemption of Shares from a shareholder pursuant to the Offer will result in a "complete redemption" of all the shareholder's stock in the Company if, either (i) the Company purchases all of the Shares actually and constructively owned by the shareholder, or (ii) the shareholder actually owns no Shares after all transfers of Shares pursuant to the Offer, constructively owns only Shares owned by certain family members, and the shareholder

qualifies to and does waive (pursuant to Section 302(c)(2) of the Code) constructive ownership of Shares owned by family members. Any shareholder desiring to waive such constructive ownership of Shares should consult a tax advisor about the applicability of Section 302(c)(2).

A redemption of Shares from a shareholder pursuant to the Offer will be "substantially disproportionate" with respect to the shareholder if the percentage of Shares actually and constructively owned by the shareholder compared to all Shares outstanding immediately after all redemptions of Shares pursuant to the Offer is less than 80% of the percentage of Shares actually and constructively owned by the shareholder compared to all Shares outstanding immediately before such redemptions. If exactly 1,000,000 Shares are redeemed pursuant to the Offer, the number of Shares outstanding after consummation of the Offer will be approximately 90.55% of the number of Shares currently outstanding. Consequently, in that case a shareholder must dispose of more than 27.56% (I.E., 1 minus 80% of 90.55%) of the number of Shares the shareholder actually and constructively owns in order possibly to qualify for a substantially disproportionate redemption. If the Company were to exercise its right to purchase an additional 2% of the outstanding Shares, a shareholder would have to dispose of more than 29.16% (I.E., 1 minus 80% of 88.55% of the number of Shares the shareholder actually and constructively owns in order possibly to qualify for a substantially disproportionate redemption.

A redemption of Shares from a shareholder pursuant to the Offer will be "not essentially equivalent to a dividend" if pursuant to the Offer, the shareholder experiences a "meaningful reduction" in his proportionate interest in the Company, including voting rights, participation in earnings, and liquidation rights, arising from the actual and constructive ownership of Shares. The Service has indicated in a published ruling that a very small reduction in the proportionate interest of a small minority shareholder who does not exercise any control over corporate affairs generally constitutes a "meaningful reduction" in the shareholder's interest in the company. The fact that the redemption fails to qualify as a sale pursuant to the other two tests is not taken into account in determining whether the redemption is "not essentially equivalent to a dividend." If exactly 1,000,000 Shares are redeemed pursuant to the Offer, the number of Shares outstanding will be reduced by approximately 9.45%. Consequently, in that case a shareholder must dispose of more than 9.45% of the number of Shares the shareholder actually and constructively owns in order to have any reduction in the shareholder's proportionate stock interest in the Company. If the Company were to exercise its right to purchase an additional 2% of the outstanding Shares, a shareholder would have to dispose of more than 11.45% of the number of Shares the shareholder actually and constructively owns in order to have any reduction in the shareholder's proportionate interest.

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

If any of the foregoing three tests is satisfied, the shareholder will recognize gain or loss equal to the difference between the amount of cash received pursuant to the Offer and the shareholder's tax basis in the Shares sold. Such gain or loss must be determined separately for each block of Shares sold (I.E., Shares that were acquired in a single transaction), and will be capital gain or loss if the shareholder held the Shares as a capital asset. Capital gain or loss generally will be long-term capital gain or loss if, when the Company accepts the Shares for payment, the shareholder held the Shares for more than one year. Long-term capital gains of individuals, estates and trusts currently are subject to federal income tax at a maximum rate of 28%. Short-term capital gains of individuals, estates and trusts generally are subject to a maximum federal income tax rate of 39.6%. Capital gains of corporations generally are taxed at the federal income tax rates applicable to corporate ordinary income.

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

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

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

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

**15. EXTENSION OF OFFER; TERMINATION; AMENDMENT.** The Company expressly reserves the right, in its sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be deemed by the Company to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depository and making a public announcement thereof. The Company also expressly reserves the right, in its sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 7 hereof by giving oral or written notice of such termination or postponement to the Depository and making a public announcement thereof. The Company's reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that the Company must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, the Company further reserves the right, in its sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by the Company to have occurred, to amend the Offer in any respect (including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of Shares or by decreasing or increasing the number of Shares being sought in the Offer). Amendments to the Offer may be made at any time and from time to time effected by public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to shareholders in a manner reasonably designed to inform shareholders of such change. Without limiting the manner in which the Company may choose to make a public announcement, except as required by applicable law, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Company materially changes the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, the Company will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) promulgated under the Exchange Act. These rules require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If (i) the Company increases or decreases the price to be paid for Shares, the number of Shares being sought in the Offer or the Dealer Managers' soliciting

fees and, in the event of an increase in the number of Shares being sought, such increase exceeds two percent of the outstanding Shares and (ii) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that such notice of an increase or decrease is first published, sent or given in the manner specified in this Section 15, the Offer will be extended until the expiration of such period of ten business days.

16. FEES AND EXPENSES. The Company has retained Goldman, Sachs & Co. ("Goldman Sachs") to act as the Dealer Managers in connection with the Offer. Goldman Sachs will receive a fee for their services as Dealer Managers of \$.15 for each Share purchased by the Company pursuant to the Offer, with a minimum aggregate fee of \$75,000. The Company also has agreed to reimburse Goldman Sachs for certain reasonable out-of-pocket expenses incurred in connection with the Offer, including fees and expenses of counsel, and to indemnify Goldman Sachs against certain liabilities in connection with the Offer, including liabilities under the federal securities laws. Goldman Sachs has rendered various investment banking and other advisory services to the Company in the past, for which they have received customary compensation, and can be expected to render similar services to the Company in the future.

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

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

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

Pursuant to Rule 13e-4 of the General Rules and Regulations under the Exchange Act, the Company has filed with the Commission an Issuer Tender Offer Statement on Schedule 13E-4 which contains additional information with respect to the Offer. Such Schedule 13E-4, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth in Section 10 with respect to information concerning the Company.

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

TREDEGAR INDUSTRIES, INC.

September 8, 1994

CERTAIN TRANSACTIONS INVOLVING SHARES  
EXECUTIVE OFFICERS AND DIRECTORS

During the 40 business days prior to September 8, 1994, the only transactions effected in the Shares by the Company's executive officers and directors were the purchases of Shares through the Savings Plan by the executive officers as follows:

(a) Savings Plan transactions during June 1994 and allocated at the end of July 1994:

PERSONS WHO EFFECTED TRANSACTION	NUMBER OF SHARES	AVERAGE BUY PRICE
Michael W. Giancaspro	105	\$ 14.95
Richard W. Goodrum	231	14.95
John D. Gottwald	114	14.95
Steven M. Johnson	135	14.95
Douglas R. Monk	39	14.95
Anthony J. Rinaldi	127	14.95
Norman A. Scher	230	14.95
Frederick P. Woods	101	14.95

(b) Savings Plan transactions during July 1994 and allocated at the end of August 1994:

PERSONS WHO EFFECTED TRANSACTION	NUMBER OF SHARES	AVERAGE BUY PRICE
Michael W. Giancaspro	94	\$ 15.52
Richard W. Goodrum	134	15.52
John D. Gottwald	125	15.52
Steven M. Johnson	116	15.52
Douglas R. Monk	49	15.52
Anthony J. Rinaldi	3,854	15.74
Norman A. Scher	45	15.52
Frederick P. Woods	100	15.52

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

THE DEPOSITARY FOR THE OFFER IS:  
AMERICAN STOCK TRANSFER & TRUST COMPANY

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

BY FACSIMILE TRANSMISSION:  
(Eligible Institutions  
Only)  
(718) 234-5001  
  
CONFIRM BY TELEPHONE:  
(718) 921-8200  
FOR INFORMATION CALL:  
(718) 921-8200

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

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

THE INFORMATION AGENT FOR THE OFFER IS:

[GEORGESON & COMPANY INC. LOGO]

Wall Street Plaza  
New York, New York 10005  
Banks and Brokers Call  
(212) 440-9800

ALL OTHERS CALL TOLL FREE  
(800) 223-2064

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004

In New York State: (212) 902-1000 (collect)  
Other Areas: (800) 323-5678 (toll free)

September 8, 1994





NOTE: SIGNATURE MUST BE PROVIDED BELOW  
PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY

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

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

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

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

Name of Tendering Institution:  
Check Box of Applicable Book-Entry Facility:  
 The Depository Trust Company  
 The Midwest Securities Trust Company  
 The Philadelphia Depository Company  
Account Number:  
Transaction Code Number:

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

Name(s) of Registered Holder(s):  
Date of Execution of Notice of Guaranteed Delivery:  
Name of Institution which Guaranteed Delivery:  
Check Box of Applicable Book-Entry Transfer Facility and Give Account Number if Delivered by Book-Entry Transfer:  
 The Depository Trust Company  
 Midwest Securities Trust Company  
 Philadelphia Depository Company  
 Account Number:

ODD LOTS  
(SEE INSTRUCTION 8)

To be completed ONLY if the Shares are being tendered by or on behalf of a person owning beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares. The undersigned either (check one box);

- was the beneficial or record owner, as of the close of business on September 7, 1994, of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s) thereof, Shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner, as of the close of business on September 7, 1994, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

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

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

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER  
(SEE INSTRUCTION 9)

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

Minimum number of Shares to be sold: 3

TO AMERICAN STOCK TRANSFER & TRUST COMPANY:

The undersigned hereby tenders to Tredegar Industries, Inc., a Virginia corporation (the "Company"), the above described shares of the Company's common stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at the price per Share indicated in this Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase, dated September 8, 1994 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed, shareholders must tender one Right for each Share tendered to effect a valid tender of Shares. Unless separate certificates for the Rights are issued, a tender of Shares also will constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

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

- (a) deliver certificate(s) for such Shares or transfer ownership of such Shares on the account books maintained by any of the Book-Entry Transfer Facilities, together in either such case with all accompanying evidences of transfer and authenticity, to, or upon the order of, the Company upon receipt by the Depository, as the undersigned's agent, of the aggregate Purchase Price (as defined below) with respect to such Shares;
- (b) present certificates for such Shares for cancellation and transfer on the Company's books; and
- (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, subject to the next paragraph, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to the Company that:

- (a) the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that:
  - (i) the undersigned has a net long position in Shares or equivalent securities at least equal to the Shares tendered within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, and
  - (ii) such tender of Shares complies with Rule 14e-4;
- (b) when and to the extent the Company accepts such Shares for purchase, the Company will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim;
- (c) on request, the undersigned will execute and deliver any additional documents the Depository or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and
- (d) the undersigned has read and agrees to all of the terms of the Offer.

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

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

The undersigned understands that the Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not in excess of \$19.00 nor less than \$17.00 per Share) net to the seller in cash (the "Purchase Price") that it will pay for Shares properly tendered and not withdrawn prior to the Expiration Date pursuant to the Offer, taking into account the number of Shares so tendered and the prices (in multiples of \$.125) specified by tendering shareholders. The undersigned understands that the Company will select the lowest Purchase Price that will allow it to buy 1,000,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$19.00 nor less than \$17.00 per Share) pursuant to the Offer. The undersigned understands that all Shares properly tendered at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including its proration and conditional tender provisions, and that the Company will return all other Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and not withdrawn prior to the Expiration Date and Shares not purchased because of proration or conditional tender.

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

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

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

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

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

CHECK ONLY ONE BOX.

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

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

<input type="checkbox"/> \$17.000	<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.500
<input type="checkbox"/> \$17.125	<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.625
<input type="checkbox"/> \$17.250	<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.750
<input type="checkbox"/> \$17.375	<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$18.875
<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.000
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.375	

SPECIAL PAYMENT INSTRUCTIONS

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

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

Issue:

Check to:  
 Certificates to:

Name(s):

(Please Print)

Address:

(Zip Code)

(Taxpayer Identification or Social Security No.)

SPECIAL DELIVERY INSTRUCTIONS

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

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

Mail:

Check to:  
 Certificates to:

Name(s):

(Please Print)

Address:

(Zip Code)

PLEASE SIGN HERE  
(TO BE COMPLETED BY ALL SHAREHOLDERS)  
(PLEASE COMPLETE AND RETURN THE ENCLOSED FORM W-9)

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

Signature(s) of Owner(s)

Dated: \_\_\_\_\_, 1994

Name(s): \_\_\_\_\_  
(Please Print)

Capacity (full title):

Address: \_\_\_\_\_  
(Include Zip Code)

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

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

NAME OF FIRM:

AUTHORIZED SIGNATURE:

NAME: \_\_\_\_\_  
(Please Print)

Title:

Address: \_\_\_\_\_  
(Include Zip Code)

Area Code and  
Telephone Number:

Dated: \_\_\_\_\_, 1994

## INSTRUCTIONS

### FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

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

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

(b) such Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company (not a savings bank or savings and loan association) having an office, branch or agency in the United States (each such entity, an "Eligible Institution").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) tendered certificates are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal;

then the Depository will deduct from such aggregate Purchase Price the amount of any stock transfer taxes (whether imposed on the registered holder, such other person or otherwise) payable on account of the transfer to such person, unless satisfactory evidence of the payment of such taxes or any exemption from them is submitted.

8. ODD LOTS. As described in Section 1 of the Offer to Purchase, if the Company is to purchase fewer than all Shares tendered before the Expiration Date and not withdrawn, the Shares purchased first will consist of all Shares tendered by any shareholder who each owned of record or owned beneficially, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares, and who tenders all of his or her Shares at or below the Purchase Price (an "Odd Lot Owner"). This preference will not be available unless the box captioned "Odd Lots" is completed.

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

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

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

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

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

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

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

are urged to consult their tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and refund procedures.

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

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

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

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

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

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

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

THE INFORMATION AGENT FOR THE OFFER IS:

[GEORGESON & COMPANY INC. LOGO]

Wall Street Plaza

New York, New York 10005

Banks and Brokers Call

(212) 440-9800

ALL OTHERS CALL TOLL FREE

(800) 223-2064

THE DEPOSITARY FOR THE OFFER IS:

AMERICAN STOCK TRANSFER & TRUST COMPANY

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

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.

85 Broad Street

New York, New York 10004

In New York State: (212) 902-1000 (collect)

Other Areas: (800) 323-5678 (toll free)

IMPORTANT: This Letter of Transmittal or a facsimile hereof (together with certificates for the Shares being tendered and all other required documents), or a Notice of Guaranteed Delivery must be received prior to 5:00 p.m., New York City time, on the Expiration Date. SHAREHOLDERS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR LETTER OF TRANSMITTAL.



real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN) and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form.

How To Obtain a TIN.-If you do not have a TIN, apply for one immediately. To apply, get Form SS-5, Application for a Social Security Card (for individuals), from your local office of the Social Security Administration, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

To complete Form W-9 if you do not have a TIN, write "Applied for" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during that period.

Note: Writing "Applied for" on the form means that you have already applied for a TIN OR that you intend to apply for one in the near future.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

What Is Backup Withholding?-Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

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

1. You do not furnish your TIN to the requester, or
2. The IRS notifies the requester that you furnished an incorrect TIN, or
3. You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or
5. You do not certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in 5 above, other reportable payments are subject to backup withholding only if 1 or 2 above applies. Certain payees and payments are exempt from backup withholding and information reporting. See Payees and Payments Exempt From Backup Withholding, below, and Exempt Payees and Payments under Specific Instructions, below, if you are an exempt payee.

Payees and Payments Exempt From Backup Withholding.-The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except a corporation that provides medical and health care services or bills and collects payments for such

services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

(1) A corporation. (2) An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7). (3) The United States or any of its agencies or instrumentalities. (4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities. (5) A foreign government or any of its political subdivisions, agencies, or instrumentalities. (6) An international organization or any of its agencies or instrumentalities. (7) A foreign central bank of issue. (8) A dealer in securities or commodities required to register in the United States or a possession of the United States. (9) A futures commission merchant registered with the Commodity Futures Trading Commission. (10) A real estate investment trust. (11) An entity registered at all times during the tax year under the Investment Company Act of 1940. (12) A common trust fund operated by a bank under section 584(a). (13) A financial institution. (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List. (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding include the following:

(bullet) Payments to nonresidents aliens subject to withholding under section 1441.

(bullet) Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident partner.

(bullet) Payments of patronage dividends not paid in money.

(bullet) Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

(bullet) Payments of interest on obligations issued by individuals.

Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct TIN to the payer.

(bullet) Payments of tax- exempt interest (including exempt- interest dividends under section 852).

(bullet) Payments described in section 6049(b)(5) to nonresident aliens.

(bullet) Payments on tax-free covenant bonds under section 1451.

(bullet) Payments made by certain foreign organizations.

(bullet) Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

#### Penalties

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

Civil Penalty for False Information With Respect to Withholding.-If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information.-Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

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

#### Specific Instructions

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

If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name or "doing business as" name on the business name line. Enter your name(s)

as shown on your social security card and/or as it was used to apply for EIN on Form SS-4.

Signing the Certification.-

1. Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983. You are required to furnish your correct TIN, but you are not required to sign the certification.

2. Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real Estate Transactions. You must sign the certification. You may cross item 2 of the certification.

4. Other Payments. You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

5. Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, or IRA Contributions. You are required to furnish your correct TIN, but you are not required to sign the certification.

6. Exempt Payees and Payments. If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "EXEMPT" in the block in Part II, and sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, give the requester a completed Form W-8, Certificate of Foreign Status.

7. TIN "Applied for." Follow the instructions under How To Obtain a TIN, on page 1, and sign and date this form.

Signature.-For a joint account, only the person whose TIN is shown in Part I should sign.

Privacy Act Notice.-Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give The Requester

For this type of account:

Give name and SSN of

- |   |   |
|---|---|
| 1. Individual   | The individual  |
| 2. Two or more individuals (joint account)                                    | The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup> |
| 3. Custodian account of a minor (Uniform Gift to Minors Act)                  | The minor <sup>2</sup>  |
| 4. a. The usual revocable savings trust (grantor is also trustee)             | The grantor-trustee <sup>1</sup>  |
| b. So-called trust account that is not a legal or valid trust under state law | The actual owner <sup>1</sup>   |
| 5. Sole proprietorship  | The owner <sup>3</sup>  |
| 6. Sole proprietorship  | The owner <sup>3</sup>  |
| 7. A valid trust, estate, or pension trust                                    | Legal entity <sup>4</sup>   |
| 8. Corporate  | The corporation   |

- |   |                       |
|---|-----------------------|
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization  | The organization      |
| 10. Partnership   | The partnership       |
| 11. A broker or registered nominee  | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity     |

1 List first and circle the name of the person whose number you furnish.

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

3 Show your individual name. You may also enter your business name. You may use your SSN or EIN.

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

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



TREDEGAR INDUSTRIES, INC.

NOTICE OF GUARANTEED DELIVERY OF SHARES OF COMMON STOCK

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

(a) certificates for shares of common stock, no par value per share (the "Shares"), of Tredegar Industries, Inc., a Virginia corporation (the "Company"), cannot be delivered to the Depository prior to the Expiration Date (as defined in Section 1 of the Company's Offer to Purchase dated September 8, 1994 (the "Offer to Purchase")); or

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

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

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

TO: AMERICAN STOCK TRANSFER & TRUST COMPANY

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

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

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

Ladies and Gentlemen:

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

ODD LOTS

To be completed ONLY if the Shares are being tendered by or on behalf of a person owning beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares. The undersigned either (check one box);

- was the beneficial or record owner, as of the close of business on September 7, 1994, of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (a) is tendering for the beneficial owner(s) thereof, Shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by such beneficial owner(s), that each such person was the beneficial owner, as of the close of business on September 7, 1994, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

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

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

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER (SEE INSTRUCTION 9)

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

Minimum number of Shares to be sold:

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

CHECK ONLY ONE BOX.

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

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

<input type="checkbox"/> \$17.000	<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.500
<input type="checkbox"/> \$17.125	<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.625
<input type="checkbox"/> \$17.250	<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.750
<input type="checkbox"/> \$17.375	<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$18.875
<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.000
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.375	

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

Name(s)

Address(es)

Area Code(s) and Telephone Number(s)

SIGN HERE

Signature(s)

Dated:

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

- The Depository Trust Company  
 Midwest Securities Trust Company  
 The Philadelphia Depository Company

Account Number:

GUARANTEE  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

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

Authorized Signature:

Name: (Please Print)

Title:

Name of Firm:

Address:

(Including Zip Code)

Area Code and Telephone Number:

Date: , 1994

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



GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004

TREDEGAR INDUSTRIES, INC.

Offer To Purchase For Cash Up To  
1,000,000 Shares Of Its Common Stock (Including  
The Associated Preferred Stock Purchase Rights)  
At A Purchase Price Not In Excess Of \$19.00  
Nor Less Than \$17.00 Per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M.,  
NEW YORK CITY TIME, ON THURSDAY, OCTOBER 6, 1994, UNLESS THE OFFER IS

EXTENDED.

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

Tredegear Industries, Inc., a Virginia corporation (the "Company"), has appointed us to act as Dealer Managers in connection with its offer to purchase for cash up to 1,000,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$19.00 nor less than \$17.00 per Share, specified by its shareholders, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated September 8, 1994, and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine the single per Share price, not in excess of \$19.00 nor less than \$17.00 per share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and shares not purchased because of proration will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,000,000 Shares pursuant to the Offer. See Sections 1 and 15 of the Offer to Purchase.

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

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

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

1. Offer to Purchase, dated September 8, 1994;
2. Letter to Clients which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
3. Letter, dated September 8, 1994, from John D. Gottwald, President and Chief Executive Officer of the Company, to shareholders of the Company;

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

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

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON THURSDAY, OCTOBER 6, 1994, UNLESS THE OFFER IS EXTENDED.

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

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

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

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

Additional copies of the enclosed material may be obtained from the undersigned, telephone in New York State: (212) 902-1000 (collect) and in other areas: (800) 323-5678 (toll free), or from the Information Agent, Georgeson & Company Inc., telephone: (800) 223-2064 (toll free).

Very truly yours,  
GOLDMAN, SACHS & CO.

Enclosures

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



TREDEGAR INDUSTRIES, INC.  
Offer To Purchase For Cash Up To  
1,000,000 Shares Of Its Common Stock (Including  
The Associated Preferred Stock Purchase Rights)  
At A Purchase Price Not In Excess Of \$19.00  
Nor Less Than \$17.00 Per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M.,  
NEW YORK CITY TIME, ON THURSDAY, OCTOBER 6, 1994, UNLESS THE OFFER IS  
EXTENDED.

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated September 8, 1994, and the related Letter of Transmittal (which together constitute the "Offer") in connection with the Offer by Tredegar Industries, Inc., a Virginia corporation (the "Company"), to purchase up to 1,000,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$19.00 nor less than \$17.00 per Share, specified by tendering shareholders, upon the terms and subject to the conditions set forth in the Offer. Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine the single per Share price, not in excess of \$19.00 nor less than \$17.00 per share, net to the seller in cash (the "Purchase Price"), that it will pay for Shares properly tendered pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 shares (or such lesser number of Shares as are properly tendered). All Shares acquired in the Offer will be acquired at the Purchase Price. All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions. Shares tendered at prices in excess of the Purchase Price and shares not purchased because of proration will be returned. The Company reserves the right, in its sole discretion, to purchase more than 1,000,000 Shares pursuant to the Offer. See Sections 1 and 15 of the Offer to Purchase.

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

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

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

We call your attention to the following:

1. You may tender Shares at prices not in excess of \$19.00 nor less than \$17.00 per Share as indicated in the attached Instruction Form, net to you in cash.

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

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

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

5. The Offer, proration period and withdrawal rights will expire at 5:00 P.M., New York City time, on Thursday, October 6, 1994, unless the Company extends the Offer.

6. The Offer is for 1,000,000 Shares, constituting approximately 9.45% of the Shares outstanding as of September 7, 1994.

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

8. If you beneficially held, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares, and you instruct us to tender on your behalf all such Shares at or below the Purchase Price before the Expiration Date (as defined in the Offer to Purchase) and check the box captioned "Odd Lots" in the attached Instruction Form, the Company, upon the terms and subject to the conditions of the Offer, will accept all such Shares for purchase before proration, if any, of the purchase of other Shares properly tendered at or below the Purchase Price.

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

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

YOUR INSTRUCTION FORM SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION DATE OF THE OFFER. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON THURSDAY, OCTOBER 6, 1994, UNLESS THE COMPANY EXTENDS THE OFFER.

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

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

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

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

(b) SECOND, after purchase of all of the foregoing Shares, all other Shares tendered properly and unconditionally at prices at or below the Purchase Price and not withdrawn prior to the Expiration Date, on a pro rata basis (with appropriate adjustments to avoid purchases of fractional Shares) as described in the Section 1 of the Offer to Purchase; and

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

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

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

#### INSTRUCTION FORM

#### INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below, which are beneficially owned by (us) (me) and registered in your name, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated September 8, 1994, and the related Letter of Transmittal, the receipt of both of which is acknowledged.

Number of Shares to be tendered: \_\_\_\_\_ Shares

3

#### ODD LOTS

(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

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

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

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

#### ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

#### CONDITIONAL TENDER

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

Minimum number of Shares to be sold:

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

CHECK ONLY ONE BOX.

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

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

<input type="checkbox"/> \$17.000	<input type="checkbox"/> \$17.750	<input type="checkbox"/> \$18.500
<input type="checkbox"/> \$17.125	<input type="checkbox"/> \$17.875	<input type="checkbox"/> \$18.625
<input type="checkbox"/> \$17.250	<input type="checkbox"/> \$18.000	<input type="checkbox"/> \$18.750
<input type="checkbox"/> \$17.375	<input type="checkbox"/> \$18.125	<input type="checkbox"/> \$18.875
<input type="checkbox"/> \$17.500	<input type="checkbox"/> \$18.250	<input type="checkbox"/> \$19.000
<input type="checkbox"/> \$17.625	<input type="checkbox"/> \$18.375	



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

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

Name(s):

(Please Print)

(Taxpayer Identification or  
Social Security Number)

Address:

(Including Zip Code)

Area Code and Telephone Number:

Date: , 1994

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



TREDEGAR INDUSTRIES, INC.  
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

To: Participants in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan  
Re: Tredegar Industries, Inc.'s Offer to Purchase for Cash Up to 1,000,000 Shares of its Common Stock  
Date: September 8, 1994

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

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

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

Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their shares at prices not in excess of \$19.00 nor less than \$17.00 per share. The details of the invitation are described in the Company's Offer to Purchase, dated September 8, 1994 (the "Offer to Purchase") and this memorandum (which together constitute the "Offer" for purposes of tendering Shares held in your Dividend Reinvestment Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

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

YOUR DECISION WHETHER TO TENDER

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

HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM

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

YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE ADMINISTRATOR AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, OCTOBER 4, 1994. Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information.

Dividend Reinvestment Plan Participants who desire to tender Shares at more than one price must complete a separate Election Form for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn in accordance with the terms of the Offer) at more than one price. IN ORDER

TO PROPERLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH ELECTION FORM.  
CHANGING YOUR INSTRUCTION TO ADMINISTRATOR

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Administrator to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Administrator. The notice of withdrawal will be effective only if it is in writing and is received by the Administrator at or before 5:00 P.M., New York City Time, on Tuesday, October 4, 1994, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Administrator must specify your name, your social security number, the number of Shares tendered, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Administrator, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call American Stock Transfer & Trust Company, Plan Administrator at (212) 936-5100 to obtain a new Election Form. Any new Election Form must be received by the Administrator at or before 5:00 P.M. New York City Time, on Tuesday, October 4, 1994.

IF YOU HAVE QUESTIONS

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

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

ELECTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below held in the Tredegar Industries, Inc. Dividend Reinvestment and Stock Purchase Plan (the "Dividend Reinvestment Plan"), which are beneficially owned by (us) (me) and held by you under the Dividend Reinvestment Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated September 8, 1994, the receipt of which is acknowledged.

Number of Shares to be tendered:

Shares

ODD LOTS  
(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

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

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

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER

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

Minimum number of Shares to be sold:

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

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

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

- |                                   |                                   |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> \$17.000 | <input type="checkbox"/> \$17.750 | <input type="checkbox"/> \$18.500 |
| <input type="checkbox"/> \$17.125 | <input type="checkbox"/> \$17.875 | <input type="checkbox"/> \$18.625 |
| <input type="checkbox"/> \$17.250 | <input type="checkbox"/> \$18.000 | <input type="checkbox"/> \$18.750 |
| <input type="checkbox"/> \$17.375 | <input type="checkbox"/> \$18.125 | <input type="checkbox"/> \$18.875 |
| <input type="checkbox"/> \$17.500 | <input type="checkbox"/> \$18.250 | <input type="checkbox"/> \$19.000 |
| <input type="checkbox"/> \$17.625 | <input type="checkbox"/> \$18.375 |                                   |

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

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

Name(s):

(Please Print)

(Taxpayer Identification or  
Social Security Number)

Address:

(Including Zip Code)

Area Code and Telephone Number:

Date: , 1994

IMPORTANT: THIS DIVIDEND REINVESTMENT PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED FACSIMILE THEREOF) MUST BE RECEIVED BY THE ADMINISTRATOR PRIOR TO 5:00 P.M. ON TUESDAY, OCTOBER 4, 1994. PARTICIPANTS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR ELECTION FORM.



SAVINGS PLAN FOR THE EMPLOYEES OF  
TREDEGAR INDUSTRIES, INC.

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

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

Date: September 8, 1994

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

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

TREDEGAR INDUSTRIES, INC. IS OFFERING TO PURCHASE SHARES OF ITS COMMON STOCK  
Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their shares at prices not in excess of \$19.00 nor less than \$17.00 per share. The details of the invitation are described in the Company's Offer to Purchase, dated September 8, 1994 (the "Offer to Purchase") and this memorandum (which together constitute the "Offer" for purposes of tendering Shares allocated to your Savings Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

The Letter of Transmittal referred to above and in the Offer to Purchase cannot be used to tender the Shares held in your Savings Plan account: the enclosed Election Form for the Savings Plan is a substitute for the Letter of Transmittal and must be used to tender Shares in your Savings Plan account. Also, please note that if you hold an "odd lot," as described in Section 1 of the Offer to Purchase, in your Savings Plan account, the special odd lot purchase rule will not apply to your Shares in the Savings Plan. That is, the proration provisions that will apply if more than 1,000,000 Shares are properly tendered (as described in Section 1 of the Offer to Purchase) will apply to any Shares tendered from the Savings Plan, even if you are an odd lot holder. You are permitted, however, to make a conditional tender of the Shares allocated to your Savings Plan account. See Section 6 of the Offer to Purchase for the provisions governing conditional tenders.  
YOUR DECISION WHETHER TO TENDER

As a participant in the Savings Plan you may direct NationsBank of Virginia, N.A., the trustee of the Savings Plan (the "Trustee") to tender Shares allocated to your Savings Plan account pursuant to the Offer. PARTICIPANTS CONSIDERING TENDERING SHARES FROM THEIR SAVINGS PLAN ACCOUNT SHOULD REVIEW CAREFULLY THE TAX CONSEQUENCES OF DOING SO. (SEE "POTENTIAL TAX CONSEQUENCES OF TENDERING SHARES" BELOW.) ALSO, THE PROCEEDS FROM ANY SALE OF SHARES FROM YOUR SAVINGS PLAN ACCOUNT WILL NOT BE DISTRIBUTED TO YOU. INSTEAD, ANY PROCEEDS WILL CONTINUE TO BE HELD IN THE SAVINGS PLAN AND WILL BE REINVESTED IN THE GOVERNMENT OBLIGATIONS FUND. (SEE "REINVESTMENT OF SALE PROCEEDS" BELOW).

HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM

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

YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE TRUSTEE AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, OCTOBER 4, 1994. Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information. Your decision to tender (or not to tender) and your reinvestment election are personal decisions you should make based upon your own personal circumstances and desires.

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

**SAVINGS PLAN ACCOUNTS.** Under the Savings Plan, you may direct the Trustee to tender all or part of the Shares that are allocated to your account including Shares that were purchased with Company matching contributions. The label attached below identifies the number of Shares that were allocated to your account as of July 31, 1994. Unallocated Shares (for example, Shares that were recently purchased by the Trustee) are not subject to your tender direction. The Trustee will decide whether and, if so, upon what terms, unallocated Shares will be tendered.

#### REINVESTMENT OF SALE PROCEEDS

If you direct the Trustee to tender Shares allocated to your account in the Savings Plan, proceeds from the sale of the Shares will be invested in the Government Obligations Fund. Proceeds from the sale of unallocated Shares will be invested in the Government Obligations Fund, as well. In accordance with the Savings Plan's investment transfer provisions, you will be able to transfer amounts from the Government Obligations Fund to the Tredegar Common Stock Fund. The first opportunity that you will have to transfer sale proceeds from the Government Obligations Fund to the Tredegar Common Stock Fund will be effective as of November 30, 1994.

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

#### POTENTIAL TAX CONSEQUENCES OF TENDERING SHARES

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

#### CHANGING YOUR INSTRUCTION TO TRUSTEE

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Trustee to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Trustee. The notice of withdrawal will be effective only if it is in writing and is received by the Trustee at or before 5:00 P.M., New York City Time, on Tuesday, October 4, 1994, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Trustee must specify your name, your social security number, the number of Shares tendered, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Trustee, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call Lynn Firebaugh, Manager, Employee Benefits, at (804) 330-1288 to obtain a new Election Form. Any new Election Form must be received by the Trustee at or before 5:00 P.M. New York City Time, on Tuesday, October 4, 1994.

IF YOU HAVE QUESTIONS

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

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

ELECTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below held in the Savings Plan for the Employees of Tredegar Industries, Inc. (the "Savings Plan"), which are beneficially owned by (us) (me) and held by you under the Savings Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated September 8, 1994, the receipt of which is acknowledged. I understand that the label that follows sets forth the number of Shares allocated to me in the various Savings Plan accounts.

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

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

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

CONDITIONAL TENDER

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

Minimum number of Shares to be sold: 3

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

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

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

- [ ] \$17.000 [ ] \$17.750 [ ] \$18.500
[ ] \$17.125 [ ] \$17.875 [ ] \$18.625
[ ] \$17.250 [ ] \$18.000 [ ] \$18.750
[ ] \$17.375 [ ] \$18.125 [ ] \$18.875
[ ] \$17.500 [ ] \$18.250 [ ] \$19.000
[ ] \$17.625 [ ] \$18.375

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

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

Signature:

Name: (Please Print)

(Taxpayer Identification or Social Security Number)

Address: (Including Zip Code)

Area Code and Telephone Number:

Date: , 1994

IMPORTANT: THIS SAVINGS PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED FACSIMILE THEREOF) MUST BE RECEIVED BY THE TRUSTEE PRIOR TO 5:00 P.M. ON TUESDAY, OCTOBER 4, 1994.



TREDEGAR INDUSTRIES, INC.  
EMPLOYEE STOCK PURCHASE PLAN

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

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

Date: September 8, 1994

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

The Stock Purchase Plan is described in the Summary Plan Description ("SPD"). Please refer to the relevant SPD for more information regarding the Stock Purchase Plan.

TREDEGAR INDUSTRIES, INC. IS OFFERING TO PURCHASE SHARES OF ITS COMMON STOCK  
Tredegar Industries, Inc. (the "Company") is inviting its shareholders to tender shares of the Company's common stock, no par value per share (the "Shares"), for sale directly to the Company. Shareholders are being invited to tender their shares at prices not in excess of \$19.00 nor less than \$17.00 per share. The details of the invitation are described in the Company's Offer to Purchase, dated September 8, 1994 (the "Offer to Purchase") and this memorandum (which together constitute the "Offer" for purposes of tendering Shares held in your Stock Purchase Plan account). Copies of the Offer to Purchase and certain related materials (excluding the Letter of Transmittal), which are being sent to the Company's shareholders generally, are enclosed for your review.

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

**YOUR DECISION WHETHER TO TENDER**

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

**HOW TO TENDER SHARES; COMPLETION OF ELECTION FORM**

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

**YOUR ELECTION WILL BE EFFECTIVE ONLY IF YOUR PROPERLY COMPLETED ELECTION FORM IS RECEIVED BY THE CUSTODIAN AT ITS ADDRESS SET FORTH ON THE ENCLOSED RETURN ENVELOPE NO LATER THAN 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, OCTOBER 4, 1994.** Election Forms that are received after this deadline, and Election Forms which are not properly completed, will not be accepted. Examples of improperly completed Election Forms include Forms which are not signed and Forms which contain incorrect or incomplete information. Your decision to tender (or not to tender) is a personal decision you should make based upon your own personal circumstances and desires.

Stock Purchase Plan participants who desire to tender Shares at more than one price must complete a separate Election Form for each price at which Shares are tendered, provided that the same Shares cannot be tendered (unless properly withdrawn in accordance with the terms of the Offer) at more than one price. IN ORDER TO

PREPAY TENDER SHARES, ONE AND ONLY ONE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH ELECTION FORM.

CHANGING YOUR INSTRUCTION TO CUSTODIAN

As more fully described in Section 4 of the Offer to Purchase, tenders will be deemed irrevocable unless withdrawn by the dates specified therein. If you instruct the Custodian to tender Shares, and you subsequently decide to change your instructions, you may do so by sending a notice of withdrawal to the Custodian. The notice of withdrawal will be effective only if it is in writing and is received by the Custodian at or before 5:00 P.M., New York City Time, on Tuesday, October 4, 1994, at the address set forth on the enclosed return envelope. Any notice of change of instruction to the Custodian must specify your name, your social security number, the number of Shares tendered, and the number of Shares to be withdrawn. Upon receipt of a timely written notice of change of instruction to the Custodian, previous instructions to tender with respect to such Shares will be deemed cancelled. If you later wish to retender Shares, you may call American Stock Transfer & Trust Company, Plan Custodian at (212) 936-5100 to obtain a new Election Form. Any new Election Form must be received by the Custodian at or before 5:00 P.M. New York City Time, on Tuesday, October 4, 1994.

IF YOU HAVE QUESTIONS

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

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

ELECTION FORM

INSTRUCTIONS FOR TENDER OF SHARES OF TREDEGAR INDUSTRIES, INC.

Please tender to Tredegar Industries, Inc. (the "Company"), on (our) (my) behalf, the number of Shares indicated below held in the Tredegar Industries, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan"), which are beneficially owned by (us) (me) and held by you under the Stock Purchase Plan, upon terms and subject to the conditions contained in the Offer to Purchase of the Company dated September 8, 1994, the receipt of which is acknowledged.

Number of Shares to be tendered:

Shares

ODD LOTS  
(SEE INSTRUCTION 8)

By checking this box the undersigned represents that the undersigned owned, beneficially or of record, as of the close of business on September 7, 1994, an aggregate of fewer than 100 Shares and is tendering all of such Shares.

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

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

ODD LOT SHARES CANNOT BE CONDITIONALLY TENDERED

CONDITIONAL TENDER

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

Minimum number of Shares to be sold:

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

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED,

THERE IS NO PROPER TENDER OF SHARES

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

- |                                   |                                   |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> \$17.000 | <input type="checkbox"/> \$17.750 | <input type="checkbox"/> \$18.500 |
| <input type="checkbox"/> \$17.125 | <input type="checkbox"/> \$17.875 | <input type="checkbox"/> \$18.625 |
| <input type="checkbox"/> \$17.250 | <input type="checkbox"/> \$18.000 | <input type="checkbox"/> \$18.750 |
| <input type="checkbox"/> \$17.375 | <input type="checkbox"/> \$18.125 | <input type="checkbox"/> \$18.875 |
| <input type="checkbox"/> \$17.500 | <input type="checkbox"/> \$18.250 | <input type="checkbox"/> \$19.000 |
| <input type="checkbox"/> \$17.625 | <input type="checkbox"/> \$18.375 |                                   |

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

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

Signature(s):

Name(s):

(Please Print)

(Taxpayer Identification or  
Social Security Number)

Address:

(Including Zip Code)

Area Code and Telephone Number:

Date: \_\_\_\_\_, 1994

IMPORTANT: THIS STOCK PURCHASE PLAN PARTICIPANT'S ELECTION FORM (OR A MANUALLY SIGNED FACSIMILE THEREOF) MUST BE RECEIVED BY THE CUSTODIAN PRIOR TO 5:00 P.M. ON TUESDAY, OCTOBER 4, 1994. PARTICIPANTS ARE ENCOURAGED TO RETURN A COMPLETED FORM W-9 WITH THEIR ELECTION FORM.



FOR IMMEDIATE RELEASE

TREDEGAR ANNOUNCES SELF-TENDER OFFER

RICHMOND, Va., Aug. 29, 1994 -- The board of directors of Tredegar Industries (NYSE:TG) today authorized a "Dutch auction" self-tender offer for up to one million shares of the company's common stock. The tender price range will be \$17 to \$19 per share. The offer will commence next week with the distribution of the offering materials. The offer will be subject to the terms and conditions that will be described in the offering materials.

As of Aug. 29, Tredegar had 10,587,625 shares of common stock outstanding. The closing price for Tredegar common stock today was \$16 3/8.

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

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

The dealer manager for the offer will be Goldman, Sachs & Co. and the information agent will be Georgeson & Co.

Tredegar Industries is a diversified manufacturer of plastics and metal products.



THIS ANNOUNCEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SHARES. THE OFFER IS MADE SOLELY BY THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL WHICH ARE BEING MAILED TO SHAREHOLDERS OF TREDEGAR INDUSTRIES, INC. ON OR ABOUT SEPTEMBER 8, 1994. WHILE THE OFFER IS BEING MADE TO ALL SHAREHOLDERS OF THE COMPANY, TENDERS WILL NOT BE ACCEPTED FROM OR ON BEHALF OF THE SHAREHOLDERS IN ANY JURISDICTION IN WHICH THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN THOSE JURISDICTIONS WHOSE LAWS REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF THE COMPANY BY GOLDMAN, SACHS & CO. OR ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

Notice of Offer to Purchase for Cash  
by

TREDEGAR INDUSTRIES, INC.

Up To 1,000,000 Shares Of Its Common Stock  
(Including the Associated Preferred Stock Purchase Rights)  
at a purchase price not in excess of  
\$19.00 nor less than \$17.00 per share

Tredegar Industries, Inc., a Virginia corporation (the "Company"), invites shareholders to tender up to 1,000,000 shares of its Common Stock, no par value per share (the "Shares") (including the associated Preferred Stock Purchase Rights (the "Rights") issued pursuant to the rights agreement, dated as of June 15, 1989, as amended, between the Company and the Rights Agent named therein), at prices not in excess of \$19.00 nor less than \$17.00 per Share in cash, as specified by such shareholders, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE  
AT 5:00 P.M., NEW YORK CITY TIME, ON THURSDAY,  
OCTOBER 6, 1994, UNLESS THE OFFER IS EXTENDED

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

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

As promptly as practicable following the Expiration Date (as defined below), the Company will purchase up to 1,000,000 Shares or such lesser number of Shares as are properly tendered (and not withdrawn in accordance with Section 4 of the Offer to Purchase) prior to the Expiration Date at prices not in excess of \$19.00 nor less than \$17.00 net per Share in cash. The term "Expiration Date" means 5:00 P.M., New York City time, on Thursday, October 6, 1994, unless and until the Company, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire.

The Company will select the lowest Purchase Price that will allow it to buy 1,000,000 Shares (or such lesser number of Shares as are properly tendered at prices not in excess of \$19.00 nor less than \$17.00 per Share). All Shares properly tendered at prices at or below the Purchase Price and not withdrawn will be purchased at the Purchase Price, subject to the terms and the conditions of the Offer, including the proration and conditional tender provisions. All Shares purchased in the Offer will be purchased at the Purchase Price. The Company is making the

Offer because the Board of Directors believes that, given the Company's business, assets and prospects and the current market price of the Shares, the purchase of the Shares is an attractive use of the Company's funds.

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

The Company expressly reserves the right, in its sole discretion, at any time and from time to time to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the American Stock Transfer & Trust Company (the "Depository") and making a public announcement thereof.

Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company pursuant to the Offer, may also be withdrawn at any time after 12:00 Midnight, New York City time, on Wednesday, November 2, 1994. For a withdrawal to be effective, a notice of withdrawal must be in written, telegraphic or facsimile transmission form and must be received in a timely manner by the Depository at one of its addresses set forth on the back cover of the Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering shareholder, the name of the registered holder, if different from that of the person who tendered such Shares, the number of Shares tendered and the number of Shares to be withdrawn. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers shown on the particular certificates for Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry tender set forth in the Offer to Purchase, the notice of withdrawal also must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility.

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

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

THE INFORMATION AGENT FOR THE OFFER IS:

[GEORGESON & COMPANY INC. LOGO]

Wall Street Plaza

New York, New York 10005

Call Toll Free (800) 223-2064

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.

85 Broad Street

New York, New York 10004

In New York State: (212) 902-1000 (collect)

Other Areas: (800) 323-5678 (toll free)

September 8, 1994



TO OUR SHAREHOLDERS:

Tredegar Industries, Inc. is offering to purchase up to 1,000,000 shares, or approximately 9.45% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$19.00 nor less than \$17.00 per Share. Tredegar is conducting the tender offer through a procedure commonly referred to as a "Dutch auction." This allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar.

The offer gives shareholders the opportunity to sell their Shares at a price greater than market prices prevailing prior to announcement of the offer. On August 29, 1994, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange (the "NYSE") was \$16.375. On September 7, 1994, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$18.375. In addition, any shareholder whose Shares are purchased in the offering will receive the total purchase price in cash and will not incur the usual transaction costs associated with open-market sales. Any shareholders owning an aggregate of less than 100 Shares whose Shares are purchased pursuant to the offer will avoid the applicable odd lot discounts payable on sales of odd lots on the NYSE.

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

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

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

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

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

Sincerely,  
John D. Gottwald  
President and Chief Executive Officer



[Tredegar Industries, Inc. Letterhead]

September 8, 1994

TO PARTICIPANTS IN THE TREDEGAR INDUSTRIES, INC.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Tredegar Industries, Inc. is offering to purchase up to 1,000,000 shares, or approximately 9.45% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$19.00 nor less than \$17.00 per share. As a participant in Tredegar's Dividend Reinvestment and Stock Purchase Plan, you will be able to tender Shares in your plan account.

The enclosed memorandum to Dividend Reinvestment Plan participants contains information regarding the tender offer that is relevant to Dividend Reinvestment Plan participants. Also enclosed with this letter is the election form that all Dividend Reinvestment Plan participants must complete and return to the plan administrator by October 4, 1994, if they wish to tender their Dividend Reinvestment Plan Shares.

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

As a Dividend Reinvestment Plan participant, you will have the opportunity to sell your plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On August 29, 1994, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$16.375. On September 7, 1994, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$18.375. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares Tredegar seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

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

Sincerely,

John D. Gottwald

President and Chief Executive Officer



[Tredegar Industries, Inc. Letterhead]

September 8, 1994

TO PARTICIPANTS IN THE SAVINGS PLAN FOR

THE EMPLOYEES OF TREDEGAR INDUSTRIES, INC.

Tredegar Industries, Inc. is offering to purchase up to 1,000,000 shares, or approximately 9.45% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$19.00 nor less than \$17.00 per Share. As a participant in Tredegar's Employee Savings Plan, you will be able to tender Shares allocated to your Savings Plan account.

The enclosed memorandum to Savings Plan participants contains information regarding the tender offer that is relevant to Savings Plan participants. Also enclosed with this letter is the election form that Savings Plan participants must complete and return to the plan trustee by October 4, 1994, if they wish to tender their Savings Plan Shares.

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

As a Savings Plan participant, you will have the opportunity to sell your eligible plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On August 29, 1994, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$16.375. On September 7, 1994, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$18.375. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares Tredegar seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

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

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

Sincerely,  
John D. Gottwald  
President and Chief Executive Officer



[Tredegar Industries, Inc. Letterhead]

September 8, 1994

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

Tredegar Industries, Inc. is offering to purchase up to 1,000,000 shares, or approximately 9.45% of the currently outstanding shares, of its common stock (the "Shares") from existing shareholders. The price will not be in excess of \$19.00 nor less than \$17.00 per share. As a participant in Tredegar's Employee Stock Purchase Plan, you will be able to tender Shares in your plan account.

The enclosed memorandum to Employee Stock Purchase Plan participants contains information regarding the tender offer that is relevant to Employee Stock Purchase Plan participants. Also enclosed with this letter is the election form that all Employee Stock Purchase Plan participants must complete and return to the plan custodian by October 4, 1994, if they wish to tender their Employee Stock Purchase Plan Shares.

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

As an Employee Stock Purchase Plan participant, you will have the opportunity to sell your plan Shares at a price greater than market prices prevailing prior to announcement of the offer. On August 29, 1994, the last trading day prior to the announcement of the offer, the closing price per share for Tredegar's common stock on the New York Stock Exchange ("NYSE") was \$16.375. On September 7, 1994, the last trading day prior to the commencement of the offer, the closing price per share for Tredegar's common stock on the NYSE was \$18.375. Tredegar is conducting the offer through a procedure commonly referred to as a "Dutch auction." This procedure allows you to select the lowest price within the specified price range at which you are willing to sell your Shares to Tredegar. Tredegar will pay the same per Share price (the "Purchase Price") for all Shares it purchases in the offering. If the number of Shares properly tendered is equal to or less than the number of Shares the Company seeks to purchase through the offer, the Purchase Price will be the highest price of those specified by tendering shareholders.

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

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

Sincerely,  
John D. Gottwald  
President and Chief Executive Officer

## Report of Independent Accountants

To the Board of Directors and Shareholders of Tredegar Industries, Inc.:  
We have audited the accompanying consolidated balance sheets of Tredegar Industries, Inc., and Subsidiaries ("Tredegar") as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of Tredegar's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tredegar as of December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Notes 14 and 16 to the consolidated financial statements, effective as of the beginning of 1993, Tredegar changed its method of accounting for postretirement benefits other than pensions to conform with Statement of Financial Accounting Standards No. 106 and its method of accounting for income taxes to conform with Statement of Financial Accounting Standards No. 109.

## COOPERS &amp; LYBRAND

Richmond, Virginia

January 17, 1994, except for the information presented in Note 2, for which the date is February 4, 1994.

## Management's Report on the Financial Statements

Tredegar's management has prepared the financial statements and related notes appearing on pages 28 through 39 in conformity with generally accepted accounting principles. In so doing, management makes informed judgments and estimates of the expected effects of events and transactions. Financial data appearing elsewhere in this annual report are consistent with these financial statements.

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

These financial statements have been audited by Coopers & Lybrand, 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.

(table page 28)

## CONSOLIDATED STATEMENTS OF INCOME

Tredegar Industries, Inc., and Subsidiaries

Years Ended December 31 (In thousands, except per-share amounts)	1993	1992	1991
Revenues:			
Net sales	\$449,208	\$445,229	\$439,186
Other (expense) income, net	(387)	226	745
Total	448,821	445,455	439,931
Costs and expenses:			
Cost of goods sold	379,286	370,652	373,429
Selling, general and administrative	47,973	48,130	49,764
Research and development	9,141	5,026	4,541
Interest	5,044	5,615	7,489

Unusual items	452	90	721
Total	441,896	429,513	435,944
Income from continuing operations before income taxes	6,925	15,942	3,987
Income taxes	3,202	6,425	1,468
Income from continuing operations	3,723	9,517	2,519
Income from discontinued operations	6,784	5,795	3,104
Net income before extraordinary item and cumulative effect of changes in accounting principles	10,507	15,312	5,623
Extraordinary item-prepayment premium on extinguishment of debt (net of income tax benefit of \$685)	(1,115)	-	-
Cumulative effect of changes in accounting for:			
Postretirement benefits other than pensions (net of income tax benefit of \$2,545)	(4,150)	-	-
Income taxes	4,300	-	-
Net income	\$9,542	\$15,312	\$5,623
Earnings per share:			
Continuing operations	\$ .34	\$ .88	\$ .24
Discontinued operations	.63	.53	.28
Before extraordinary item and cumulative effect of changes in accounting principles	.97	1.41	.52
Extraordinary item	(.10)	-	-
Cumulative effect of changes in accounting principles	.01	-	-
Net income	\$ .88	\$ 1.41	\$ .52

See accompanying notes to financial statements.

(table page 29)

CONSOLIDATED BALANCE SHEETS  
Tredegar Industries, Inc., and Subsidiaries

December 31 (In thousands, except share amounts)	1993	1992
<b>Assets</b>		
Current assets:		
Accounts and notes receivable	\$ 70,173	\$ 62,137
Inventories	34,211	31,358
Deferred income taxes	11,555	14,515
Prepaid expenses and other	881	4,207
Net assets held for sale	-	1,721
Total current assets	116,820	113,938
Property, plant and equipment, at cost:		
Land and land improvements	7,194	5,368
Buildings	46,608	46,839
Machinery and equipment	270,131	259,151
Total property, plant and equipment	323,933	311,358
Less accumulated depreciation and amortization	188,531	171,595
Net property, plant and equipment	135,402	139,763
Other assets and deferred charges	24,456	26,828
Goodwill and other intangibles	45,729	44,577
Net assets of discontinued operations	30,976	29,804
Total assets	\$353,383	\$354,910
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 19,376	\$ 16,977
Accrued expenses	35,380	40,596
Total current liabilities	54,756	57,573
Long-term debt	97,000	101,500
Deferred income taxes	23,108	32,646
Other noncurrent liabilities	9,431	794
Total liabilities	184,295	192,513
Commitments and contingencies		
Shareholders' equity:		
Common stock (no par value):		
Authorized-50,000,000 shares;		
Issued and outstanding-10,894,904 shares	170,140	170,131
Foreign currency translation adjustment	(283)	(39)
Retained earnings (deficit)	(769)	(7,695)
Total shareholders' equity	169,088	162,397
Total liabilities and shareholders' equity	\$353,383	\$354,910

See accompanying notes to financial statements.

(table page 30)

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

Years ended December 31, 1993, 1992 and 1991	Common Stock Shares	Amount	Retained Earnings (Deficit)	Foreign Currency Translation	Total Shareholders' Equity
(In thousands, except share and per-share data)					
Balance December 31, 1990	10,894,357	\$170,131	(\$23,399)	\$529	\$147,261
Net income	-	-	5,623	-	5,623
Cash dividends declared (\$.24 per share)	-	-	(2,615)	-	(2,615)
Foreign currency translation adjustment	-	-	-	(46)	(46)
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

See accompanying notes to financial statements.

(table page 31)

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

Years Ended December 31 (In thousands)	1993	1992	1991
Cash flows from operating activities:			
Continuing operations:			
Income from continuing operations	\$ 3,723	\$ 9,517	\$ 2,519
Adjustments for noncash items:			
Depreciation	23,117	21,963	24,089
Amortization of intangibles	2,706	914	1,113
Write-off of goodwill and intangibles	-	1,576	-
Deferred income taxes	(1,418)	(98)	1,099
Accrued pension income and postretirement benefits	(621)	(1,086)	(1,447)
Loss (gain) on divestitures and sale of businesses	1,815	-	(2,820)
Gain on sale of investments	(2,263)	(1,092)	-
Changes in assets and liabilities, net of effects from acquisitions:			
Accounts and notes receivable	(7,194)	723	10,337
Inventories	(2,480)	113	6,424
Prepaid expenses	3,347	(1,609)	3,556
Accounts payable and accrued expenses	(1,701)	1,602	(7,273)
Other, net	(1,435)	(1,595)	(2,671)
Net cash provided by continuing operating activities	17,596	30,928	34,926
Net cash used for extraordinary item	(1,115)	-	-
Net cash provided by discontinued operating activities	4,318	536	6,579
Net cash provided by operating activities	20,799	31,464	41,505
Cash flows from investing activities:			
Continuing operations:			
Capital expenditures	(16,480)	(20,705)	(21,360)
Acquisitions (net of \$398, \$294 and \$1,898 cash acquired in 1993, 1992 and 1991, respectively)	(5,099)	(15,922)	(23,254)
Investments	(600)	(1,700)	(2,400)
Proceeds from sales of investments	5,263	1,992	-
Property disposals	3,373	4,025	2,220
Proceeds from sales of businesses	-	3,167	9,123
Other, net	(613)	(661)	(68)
Net cash used in investing activities of continuing operations	(14,156)	(29,804)	(35,739)
Discontinued operations:			
Capital expenditures	(417)	(341)	(5,233)
Property disposals	1,711	152	248
Net cash provided by (used in) investing activities of discontinued operations	1,294	(189)	(4,985)
Net cash used in investing activities	(12,862)	(29,993)	(40,724)
Cash flows from financing activities:			
Dividends paid	(3,270)	(2,616)	(2,615)
Net (decrease) increase in borrowings	(4,500)	1,500	-
Other, net	(167)	(855)	44
Net cash used in financing activities	(7,937)	(1,971)	(2,571)
Decrease in cash and cash equivalents	-	(500)	(1,790)
Cash and cash equivalents at beginning of year	-	500	2,290
Cash and cash equivalents at end of year	\$ -	\$ -	\$ 500
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	\$ 8,332	\$ 6,331	\$8,333
Income tax payments (refunds), net	\$ 6,673	\$ 8,051	(\$2,489)

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

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

### 1. Summary of Significant Accounting Policies

**Organization and Operations.** Tredegar Industries, Inc., and subsidiaries ("Tredegar") became an independent company on July 10, 1989, when Ethyl Corporation ("Ethyl") spun off its plastics, aluminum and energy businesses.

During 1993, Tredegar acquired Polestar Plastics, Inc., a custom molder of precision plastic parts for the medical and electronics markets. During 1992, Tredegar acquired APPX Software, Inc. (formerly Kennedy & Company) (software), 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 is being amortized on a straight-line basis over periods from 7 to 15 years. The operating results of entities acquired have been included in the Consolidated Statements of Income since the date of acquisition.

**Basis of Presentation and Principles of Consolidation.** The consolidated financial statements include 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 1993 presentation.

**Cash Equivalents.** Cash equivalents consist of cash in excess of daily operating requirements invested in marketable securities with maturities of three months or less.

**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 capitalization of interest incurred on capital projects of \$320, \$607 and \$813 in 1993, 1992 and 1991, respectively.

Depreciation is computed primarily by the straight-line method based on the estimated useful lives of the assets. Depletion of coal mineral rights and development costs are computed by the unit-of-production method based on estimated proven recoverable reserves.

Tredegar follows the successful efforts method of accounting for its oil and gas exploration and production activities whereby (i) geological and geophysical costs are expensed as incurred, and (ii) exploratory drilling costs that result in the discovery of proved reserves and development costs, including development of dry holes, are capitalized. Depletion of producing oil and gas properties is computed by the unit-of-production method based on an estimate of proved recoverable oil and gas reserves. Leasehold costs of unproved properties are capitalized and amortized on a composite basis at rates based on past experience and average lease life.

**Goodwill and Other Intangibles.** Goodwill acquired prior to November 1, 1970 (\$19,879), is not being amortized. Goodwill acquired subsequently (\$19,764, \$19,946 and \$18,043 at December 31, 1993, 1992 and 1991, respectively, net of accumulated amortization), is amortized on a straight-line basis over periods from 7 to 40 years. Other intangibles (\$6,086, \$4,752 and \$519 at December 31, 1993, 1992 and 1991, respectively, net of accumulated amortization), consisting primarily of proprietary software technology acquired and the cost of certain non-competition agreements, are being amortized on a straight-line basis over periods from 5 to 7 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 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. Tredegar, through APPX Software, a wholly owned subsidiary, is involved in the development and sale of computer software. 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 \$433 and \$561 at December 31, 1993 and 1992, respectively.

Earnings Per Share. Earnings per share is computed using the weighted average number of shares of common stock outstanding during the period. For the periods presented, stock options have an immaterial dilutive effect. The number of shares used in computing earnings per share were 10,894,802, 10,894,370 and 10,894,357 in 1993, 1992 and 1991, respectively.

## 2. Discontinued Operations

In November 1993, Tredegar announced that it is pursuing the sale of its coal subsidiary, The Elk Horn Coal Corporation ("Elk Horn"). Assuming Elk Horn can be sold on terms agreeable to Tredegar, the sale is expected to be completed by mid-1994, and a gain is expected to be recognized. In addition, on February 4, 1994, Tredegar sold its remaining oil and gas properties for approximately \$8,000. This transaction resulted in a gain of approximately \$6,100 (\$3,900 after income taxes), which will be recognized in 1994. As a result of the potential sale of Elk Horn and the sale of Tredegar's remaining oil and gas properties, the Energy segment is being reported as discontinued operations. Accordingly, information about results of operations, financial condition, cash flows and industry segments has been reclassified where appropriate.

Results from continuing operations are not indicative of future performance because they exclude income that would be generated from reinvestment of divestiture proceeds. Tredegar expects to use these proceeds to repay outstanding borrowings under its revolving credit agreement, with remaining proceeds invested until opportunities, in existing businesses or elsewhere, are identified.

The combined statements of income and net assets of the discontinued Energy segment are presented below:

### Combined Statements of Income Discontinued Energy Segment (Unaudited)

Years Ended December 31	1993	1992	1991
Revenues:			
Net sales	\$33,431	\$32,859	\$34,283
Other expenses, net	(13)	(2)	(8)
Total	33,418	32,857	34,275
Costs and expenses:			
Cost of goods sold	20,381	19,355	25,276
Selling, general & administrative	3,424	3,253	3,333
Interest allocated	653	661	785
Unusual items	(1,424)	-	-
Total	23,034	23,269	29,394
Income from discontinued operations before income taxes	10,384	9,588	4,881
Income taxes	3,600	3,793	1,777
Income from discontinued operations	\$ 6,784	\$ 5,795	\$ 3,104

Combined Statement of Net Assets  
Discontinued Energy Segment (Unaudited)  
December 31

	1993	1992
Current assets:		
Accounts and notes receivable	\$ 6,173	\$ 6,910
Inventories	6,695	3,763
Total current assets	12,868	10,673
Property, plant and equipment:		
Land and land improvements	2,477	2,428
Buildings	471	470
Machinery and equipment	930	982
Coal lands	29,502	22,846
Oil and gas properties	8,782	9,152
Total property, plant & equipment	42,162	35,878
Less accumulated depreciation and depletion	12,958	12,750
Net property, plant and equipment	29,204	23,128
Deferred income taxes	-	1,499
Other assets and deferred charges	184	158
Total assets	42,256	35,458
Current liabilities:		
Accounts payable	1,653	2,259
Accrued expenses	3,308	2,640
Total current liabilities	4,961	4,899
Deferred income taxes	5,434	-
Other noncurrent liabilities	885	755
Total liabilities	11,280	5,654
Net assets of discontinued operations	\$30,976	\$29,804

Transactions between Tredegar and the Energy segment are reflected in the combined financial statements 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 participate in Tredegar's noncontributory defined benefit plan for salaried employees. These employees also participate 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 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 1993 and Accounting Principles Board Opinion No. 11 prior to 1993.

Unusual items totaling \$1,424 in 1993 include gains on the sale of certain oil and gas properties. The significant changes in coal lands and deferred income taxes from December 31, 1992 to December 31, 1993, were due to the write-up of coal lands to their pretax amount in accordance with SFAS No. 109.

Under a new law (the Coal Industry Retiree Health Benefit Act of 1992) (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. Elk Horn was notified in October 1993 that it is responsible for 57 retirees and 143 dependents under the Act. In accordance with applicable pronouncements, premiums of \$371 have been charged to Elk Horn's operating results in 1993. Based upon an actuarial valuation, Tredegar estimates that the present value of the unfunded obligation amounts to approximately \$6,000 (\$3,720 after income taxes). Should Tredegar sell Elk Horn and retain the obligations under the Act, the expected gain will be reduced accordingly.

### 3. Industry Segments

See pages 19 to 24 for net sales, operating profit, identifiable assets and related information about Tredegar's industry segments that are presented for the years 1989-1993. The discussion of segment information is unaudited.

### 4. Accounts and Notes Receivable

Accounts and notes receivable consist of:

December 31	1993	1992
Trade, less allowance for doubtful accounts and sales returns of \$3,216 and \$3,291 in 1993 and 1992	\$69,051	\$61,213
Other	1,122	924
Total	\$70,173	\$62,137

### 5. Inventories

Inventories consist of the following:

December 31	1993	1992
Finished goods	\$ 5,735	\$ 4,699
Work-in-process	5,298	4,380

Raw materials	15,497	15,132
Stores, supplies and other	7,681	7,147
Total	\$34,211	\$31,358

Inventories stated on the LIFO basis amounted to \$15,044 and \$15,748 at December 31, 1993 and 1992, respectively, which are below replacement costs by approximately \$10,590 and \$10,564, 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 \$3,605 and \$2,609 as of December 31, 1993 and 1992, respectively. Such assets are stated at estimated net realizable value and are expected to be sold over the next 1 to 2 years. At December 31, 1992, current assets included net assets held for sale totaling \$1,721, which were sold during 1993.

#### 7. Investments

On February 15, 1991, Tredegar, through a subsidiary, entered into a Stock and Warrant Purchase Agreement (the "Agreement") with Emisphere Technologies, Inc. ("Emisphere"), a pharmaceutical research and development organization that is developing an oral delivery system for drugs currently administered by injection. Pursuant to the Agreement, during 1991 and 1992, Tredegar purchased 428,571 unregistered shares of Emisphere common stock for \$7 per share. Tredegar also purchased 112,500 registered shares of Emisphere common stock for \$8 per share in 1991. In total, Tredegar acquired 541,071 shares of Emisphere's common stock for \$3,900.

In 1992, Tredegar sold its 112,500 registered 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).

As of December 31, 1993, Tredegar, through a subsidiary, owned 5% of a venture capital limited partnership. Tredegar's total capital commitment is \$2,000, with \$800 invested as of December 31, 1993. Additional contributions of \$1,200 are expected to be made over the next two years but will not exceed \$667 in any 12-month period.

#### 8. Goodwill and Other Intangibles

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

December 31	1993	1992
Goodwill and other intangibles	\$60,185	\$53,135
Additions	3,858	8,626
Write-offs & disposals	-	(1,576)
Subtotal	64,043	60,185
Accumulated amortization	(18,314)	(15,608)
Net	\$45,729	\$44,577

#### 9. Accrued Expenses

Accrued expenses consist of the following:

December 31	1993	1992
Workmen's compensation and disabilities	\$ 6,094	\$ 5,597
Payrolls, related taxes and medical and other benefits	6,036	7,098
Vacation	5,298	5,332
Environmental	4,293	5,909
Divestitures	2,709	5,812
Other	10,950	10,848
Total	\$35,380	\$40,596

#### 10. Debt and Credit Agreements

Long-term debt consists of:

December 31	1993	1992
Borrowings under short-term variable-rate credit arrangements	\$ 6,000	\$ 6,500
Variable-rate revolving loan due in 1996	20,000	24,000
Variable-rate term loan due in 1997	35,000	35,000
7.2% note to institutional lender due in 2003	35,000	-
8.6% note to institutional lender	-	35,000
Other	1,000	1,000
Total	\$97,000	\$101,500

At December 31, 1993 and 1992, \$6,000 and \$6,500, respectively, were borrowed under short-term credit arrangements at average interest rates of 3.8% and 5.1%, respectively. The balances outstanding in each year were classified as long-term debt in accordance with Tredegar's intention and ability to refinance such obligations on a long-term basis.

On June 16, 1993, Tredegar paid a \$1,800 (\$1,115 after income taxes) 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 the carrying value of its fixed-rate note approximated its fair value at December 31, 1993.

During the third quarter of 1993, Tredegar's variable-rate revolving credit

agreement was amended to increase the maximum debt allowed under such agreement from \$150,000 to \$180,000. The maturity date under the agreement was extended by one year to June 16, 1996. The agreement provides for a commitment fee of .375% on the unused amount. The agreement also provides for extensions of the maturity date in one-year increments. The interest rate on the revolving loan was 4% and 4.4% at December 31, 1993 and 1992, respectively.

During 1992, Tredegar borrowed \$35,000 under a variable-rate term loan due on June 7, 1997. The interest rate on the term loan was 4.4% and 4.9% at December 31, 1993 and 1992, respectively.

The weighted average interest rate on all variable-rate loans outstanding during the year was 4.2% in 1993, compared with 4.9% in 1992.

Tredegar's loan agreements contain restrictions, among others, on the payment of cash dividends. At December 31, 1993, \$37,415 was available for cash dividend payments.

#### 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 1991-1993 is shown at the bottom of this page.

At December 31, 1993 and 1992, options to purchase 452,352 and 247,473 shares, respectively, were exercisable and 752,900 and 761,900 shares, respectively, were available for grant.

Stock Option Plan Information	Number of Shares		Option Price	
	Options	SARs	Per Share	Aggregate
Outstanding at December 31, 1990	351,100	351,100	\$16.7045	\$5,865
Lapsed in 1991	(47,600)	(47,600)	\$16.7045	(795)
Outstanding at December 31, 1991	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 December 31, 1992	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 December 31, 1993	489,600	451,600	\$12.125 to \$17.00	\$7,233

#### 13. Rental Expense and Contractual Commitments

Rental expense was \$2,936, \$2,026 and \$1,539 for 1993, 1992 and 1991, respectively. Rental commitments under all noncancelable operating leases as of December 31, 1993, are as follows:

1994	\$ 2,883
1995	2,535
1996	1,930
1997	1,112
1998	974
Remainder	2,475
Total	\$11,909

Contractual obligations for plant construction and purchases of real property and equipment amounted to approximately \$2,029 and \$2,062 at December 31, 1993 and 1992, 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 U.S. government and corporate obligations.

The components of net pension income for Tredegar's plans for 1993, 1992 and 1991 are as follows:

	1993	1992	1991
Return on plan assets:			
Actual return	\$18,557	\$7,509	\$18,000
Expected return greater (lower) than actual	(8,097)	2,327	(8,191)
Expected return	10,460	9,836	9,809
Amortization of transition asset	1,231	1,231	1,235
Service cost (benefits earned during the year)	(3,072)	(3,139)	(2,953)
Interest cost on projected benefit obligation	(6,515)	(6,104)	(5,685)
Amortization of prior service costs	(805)	(738)	(729)
Curtailment loss recognized	-	-	(230)
Net pension income	\$ 1,299	\$ 1,086	\$ 1,447

The following table presents a reconciliation of the funded status of Tredegar's pension plans at December 31, 1993, 1992 and 1991, to prepaid pension expense:

	1993	1992	1991
Plan assets at fair value	\$130,603	\$116,587	\$111,714
Actuarial present value of benefit obligations:			
Accumulated benefit obligation (including vested benefits of \$85,828, \$65,400 and \$60,437, respectively)	(89,221)	(68,469)	(63,868)
Projected compensation increase	(11,225)	(15,209)	(15,470)
Projected benefit obligation	(100,446)	(83,678)	(79,338)
Plan assets in excess of projected benefit obligation	30,157	32,909	32,376
Unrecognized net gain	(11,736)	(14,475)	(15,508)
Unrecognized transition asset being amortized principally over 16 years	(6,687)	(7,918)	(9,149)
Unrecognized prior service costs being amortized	5,464	5,631	6,273
Prepaid pension expense	\$17,198	\$16,147	\$13,992

Prepaid pension expense of \$17,198 and \$16,147 is included in "Other assets and deferred charges" in the consolidated balance sheets at December 31, 1993 and 1992, respectively.

Net pension income and plan obligations are calculated using assumptions of discount rates on projected benefit obligations, rates of projected increases in compensation, and expected rates of return on plan assets. The discount rate on projected benefit obligations was assumed to be 7% at December 31, 1993, and 8% at December 31, 1992 and 1991. The rate of projected compensation increase was assumed to be 5% at December 31, 1993, and 5.5% at December 31, 1992 and 1991. 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 (\$612 at December 31, 1993) is being amortized over the average remaining working life of participants in the plan (approximately \$100 annually).

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 32). 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:

	1993
Service cost (benefits earned during the year)	\$186
Interest cost on accumulated postretirement benefit obligation	492
Net postretirement benefit cost	\$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, 1993 and January 1, 1993, to accrued postretirement benefit cost:

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

Accrued postretirement benefit cost of \$7,216 is included in "Other noncurrent liabilities" in the consolidated balance sheet at December 31, 1993.

The discount rate used in determining the accumulated postretirement benefit obligation was 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, 1993, and 5.5% at January 1, 1993. A 14% and 11.2% annual rate of increase in the per-capita cost of covered health care benefits was assumed at December 31, 1993, for the indemnity and managed care plans, respectively. A 15% and 12% annual rate of increase in the per-capita cost of covered health care benefits was assumed at January 1, 1993, for the indemnity and managed care plans, respectively. The rates were assumed to decrease gradually 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 changed by 1%, the accumulated postretirement benefit obligation as of December 31, 1993, would be changed by approximately \$25. The effect of this change on the sum of the service cost and interest cost components of net periodic postretirement benefit cost for 1993 would be immaterial.

#### 15. Savings Plan

Tredegar has a savings plan whereby eligible employees may 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 accrued by Tredegar in 1993, 1992 and 1991, amounted to \$2,146, \$1,818 and \$2,121, 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 32). As permitted under the new standard, prior years' financial statements have not been restated. Deferred income taxes were determined under Accounting Principles Board Opinion No. 11 for years prior to 1993.

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

	1993	1992	1991
Income from continuing operations before income taxes:			
Domestic	\$4,460	\$13,307	\$3,252
Foreign	2,465	2,635	735
Total	\$6,925	\$15,942	\$3,987
Current income taxes:			
Federal	\$2,190	\$ 5,423	(\$621)
State	759	919	849
Foreign	1,671	181	141
Total	4,620	6,523	369
Deferred income taxes:			
Federal	(848)	(378)	1,520
State	(197)	(222)	(537)
Foreign	(721)	502	116
Adjustment for 1% increase in federal statutory rate	348	-	-
Total	(1,418)	(98)	1,099
Total income taxes	\$3,202	\$ 6,425	\$1,468

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

Years Ended December 31	1993	1992	1991
Income tax expense at federal statutory rate	35.0	34.0	34.0
State taxes, net of federal income tax benefit	5.3	2.9	5.2
Foreign Sales Corporation	(3.1)	(3.6)	(13.6)
Adjustment of deferred income taxes for 1% increase in federal statutory rate	5.0	-	-
Research and development tax credit	(5.8)	-	-
Goodwill amortization	5.1	1.0	3.8

Accelerated write-off of certain goodwill	-	2.5	-
Other items, net	4.7	3.5	7.4
Effective income tax rate	46.2	40.3	36.8

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:

	1993	1992	1991
Depreciation	(\$2,002)	\$1,176	(\$1,461)
Divestitures, plant shutdowns and environmental accruals	1,229	(846)	2,992
Employee benefits	309	(132)	(310)
Other items, net	(954)	(296)	(122)
Total	(\$1,418)	(\$98)	\$1,099

Deferred tax liabilities and deferred tax assets as of December 31, 1993 and January 1, 1993, reflecting the adoption of SFAS No. 106 and 109, are as follows:

	December 31, 1993	January 1, 1993
Deferred tax liabilities:		
Depreciation	\$16,982	\$18,984
Pensions	6,642	5,854
Other	2,442	3,776
Total deferred tax liabilities	26,066	28,614
Deferred tax assets:		
Employee benefits	7,899	7,420
Environmental accruals	1,697	2,174
Divestitures	1,279	2,031
Inventory	1,441	1,332
Allowance for doubtful accounts and sales returns	1,169	1,201
Alternative minimum tax credit carryforward	524	732
Other	504	601
Total deferred tax assets	14,513	15,491
Net deferred tax liability	\$11,553	\$13,123

Included in the balance sheet at December 31, 1993:

Noncurrent deferred tax liabilities in excess of assets	\$23,108
Current deferred tax assets in excess of liabilities	11,555
Net deferred tax liability	\$11,553

#### 17. Unusual Items

In 1993, unusual items totaling \$452 include estimated costs related to the planned disposal of a Film Products plant in Flemington, New Jersey (\$1,815), and the reorganization of corporate functions (\$900), partially offset by a gain on the sale of Tredegar's remaining investment in Emisphere (\$2,263) (see Note 7 on page 35).

In 1992, unusual items totaling \$90 include the accelerated write-off of certain goodwill associated with the restructuring of Molded Products (\$1,182) partially offset by the gain on the sale of a portion of Tredegar's investment in Emisphere (\$1,092) (see Note 7 on page 35).

In 1991, the decisions to close the Pomona, California, and LaGrange, Kentucky, Molded Products plants and to sell the Pittsfield, Massachusetts, tooling plant resulted in unusual charges to earnings totaling \$4,412. Management's decision in 1991 to continue to operate Fiberlux resulted in a \$2,797 reversal of the unusual charge accrued in 1990. In addition, a gain on the sale of the Molded Products beverage closure business of \$894 is reflected in unusual items in 1991.

#### 18. Contingencies

Tredegar is involved in various stages of investigation and clean up 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 the estimated 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 Tredegar's 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.

Tredegar Industries, Inc., is a diversified manufacturer of plastics and metal products. Tredegar also has interests in energy, computer software and rational drug design research.

#### Annual Meeting

The annual meeting of shareholders of Tredegar Industries, Inc., will be held on Thursday, May 26, 1994, beginning at 9:00 a.m. E.D.T. at the Atlanta Airport Hilton and Towers in Atlanta, Georgia. Formal notices of the annual meeting, proxies and proxy statements will be mailed to shareholders on or before March 31.

#### Corporate Headquarters

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

#### Number of Employees

Approximately 3,500

#### Counsel

Hunton & Williams  
Richmond, Virginia

#### Independent Accountants

Coopers & Lybrand  
Richmond, Virginia

#### Stock Listing

New York Stock Exchange  
Ticker Symbol: TG

#### Transfer Agent and Registrar

American Stock Transfer & Trust Company  
New York, New York

#### Inquiries

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

#### American Stock Transfer & Trust Company

Shareholder Services Department  
40 Wall Street - 46th Floor  
New York, New York 10005  
Telephone: 212-936-5100

All other inquiries should be directed to:

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

#### Dividend Information

During 1993 and 1992, the Board of Directors declared quarterly dividends of \$.06 per share, or \$.24 per share on an annual basis. All decisions with respect to payment of dividends will be made by the Tredegar Board of Directors based upon Tredegar's earnings, financial condition, anticipated cash needs and such other considerations as the Board deems relevant. See Note 10 of Notes to The Financial Statements on page 35 for details of restrictions on dividends.

#### Market Prices of Common Stock and Shareholder Data

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

	1993		1992	
	High	Low	High	Low
First Quarter	18	15	14 1/2	10
Second Quarter	16 3/8	13	18 1/4	13 3/8
Third Quarter	13 7/8	12 1/2	18 5/8	13 5/8
Fourth Quarter	15 3/8	12 7/8	16 3/4	13 1/2

Tredegar has no preferred stock outstanding.

There were 10,895,611 shares of common stock held by 8,165 shareholders of record on January 31, 1994.

#### Plants, Facilities and Offices

Corporate Headquarters:  
Richmond, Virginia

#### Tredegar Film Products:

Carbondale, Pennsylvania  
Flemington, New Jersey  
Fremont, California  
LaGrange, Georgia  
Manchester, Iowa  
New Bern, North Carolina  
Tacoma, Washington  
Terre Haute, Indiana (2)  
(plant and technical center)  
Kerkrade, the Netherlands  
Sao Paulo, Brazil

#### Molded Products:

Alsip, Illinois

Excelsior Springs, Missouri  
South Grafton, Massachusetts  
St. Petersburg, Florida (3)  
(2 plants and technical center)  
Phillipsburg, Pennsylvania  
State College, Pennsylvania

Fiberlux:  
Pawling, New York  
Purchase, New York (headquarters)  
South Bend, Indiana

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

Brudi:  
Ridgefield, Washington  
Kelso, Washington  
Adelaide, Australia  
Halifax, United Kingdom

Elk Horn Coal:  
Prestonsburg, Kentucky

APPX Software, Inc.:  
Richmond, Virginia

Molecumetics, Ltd.:  
Bellevue, Washington

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

TREDEGAR INDUSTRIES, INC.  
 CONSOLIDATED BALANCE SHEETS  
 (In thousands)  
 (Unaudited)

ASSETS	June 30 1994	December 31 1993
Cash and cash equivalents	\$ 4,608	\$ -
Accounts and notes receivable	74,210	70,173
Inventories	31,308	34,211
Deferred income taxes	11,111	11,555
Prepaid expenses and other	1,104	881
Total current assets	122,341	116,820
Property, plant and equipment, at cost	324,265	323,933
Less accumulated depreciation and amortization	194,797	188,531
Net property, plant and equipment	129,468	135,402
Other assets and deferred charges	26,162	24,456
Goodwill and other intangibles	35,950	45,729
Net assets of discontinued operations	21,983	30,976
Total assets	\$ 335,904	\$ 353,383
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 25,078	\$ 19,376
Accrued expenses	36,581	35,380
Income taxes payable	2,673	-
Total current liabilities	64,332	54,756
Long-term debt	70,500	97,000
Deferred income taxes	19,071	23,108
Other noncurrent liabilities	9,692	9,431
Total liabilities	163,595	184,295
Shareholders' equity:		
Common stock, no par value	165,839	170,140
Foreign currency translation adjustment	84	(283)
Retained earnings (deficit)	6,386	(769)
Total shareholders' equity	172,309	169,088
Total liabilities and shareholders' equity	\$ 335,904	\$ 353,383

See accompanying notes to financial statements.

TREDEGAR INDUSTRIES, INC.  
 CONSOLIDATED STATEMENTS OF INCOME  
 (In thousands, except per-share amounts)  
 (Unaudited)

	Second Quarter Ended		Six Months Ended	
	1994	June 30 1993	1994	June 30 1993
Net sales	\$122,913	\$108,042	\$243,907	\$219,240
Other income (expense), net	160	(192)	(71)	(462)
	123,073	107,850	243,836	218,778
Cost of goods sold	102,684	91,468	204,934	185,482
Selling, general & administrative expenses	12,259	12,278	23,554	24,706
Research & development expenses	1,927	2,246	3,766	4,175
Interest expense	1,166	1,232	2,343	2,555
Unusual items	-	(736)	9,521	(2,263)
	118,036	106,488	244,118	214,655
Income (loss) from continuing operations before income taxes	5,037	1,362	(282)	4,123
Income taxes	1,963	688	1,737	1,739
Income (loss) from continuing operations	3,074	674	(2,019)	2,384
Discontinued operations:				
Income from energy segment operations	1,772	2,154	3,207	3,995
Gain on sale of remaining oil & gas properties (net of income tax of \$2,121)	-	-	3,938	-
Deferred tax benefit on the difference between the financial reporting and income tax basis of The Elk Horn Coal Corporation	-	-	3,320	-
Net income before extraordinary item and cumulative effect of changes in accounting principles	4,846	2,828	8,446	6,379
Extraordinary item - prepayment				

premium on extinguishment of debt (net of income tax benefits of \$685)	-	(1,115)	-	(1,115)
Cumulative effect of changes in accounting for postretirement benefits other than pensions (net of tax) and income taxes	-	-	-	150
Net income	\$ 4,846	\$ 1,713	\$ 8,446	\$ 5,414
Earnings (loss) per share:				
Continuing operations	\$ .29	\$ .06	\$ (.19)	\$ .22
Discontinued operations	.16	.20	.97	.37
Before extraordinary item and cumulative effect of changes in accounting principles	.45	.26	.78	.59
Extraordinary item	-	(.10)	-	(.10)
Cumulative effect of changes in accounting principles	-	-	-	.01
Net income	\$ .45	\$ .16	\$ .78	\$ .50
Shares used to compute earnings per share	10,722	10,895	10,808	10,895

See accompanying notes to financial statements.

TREDEGAR INDUSTRIES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

Six Months  
Ended June 30  
1994                      1993

Cash flows from operating activities:		
Continuing operations:		
Income (loss) from continuing operations	\$(2,019)	\$ 2,384
Adjustments for noncash items:		
Depreciation	11,789	11,380
Amortization of intangibles	1,010	1,281
Write-off of intangibles	9,521	-
Deferred income taxes	(3,593)	363
Accrued pension income and postretirement benefits	177	115
Gain on sale of investments	-	(2,263)
Changes in assets and liabilities:		
Accounts and notes receivable	(4,037)	(4,441)
Inventories	2,903	(3,066)
Prepaid expenses and other	(230)	(654)
Accounts payable	5,702	946
Accrued expenses and income taxes payable	3,625	(4,373)
Other, net	(883)	(1,429)
Net cash provided by continuing operating activities	23,965	243
Net cash used for extraordinary item	-	(1,115)
Net cash provided by discontinued operating activities	11,621	8,000
Net cash provided by operating activities	35,586	7,128
Cash flows from investing activities:		
Continuing operations:		
Capital expenditures	(7,885)	(5,905)
Investments	(1,200)	(200)
Proceeds from sales of investments	-	5,263
Property disposals	2,569	2,208
Other, net	(128)	(334)
Net cash (used in) provided by investing activities of continuing operations	(6,644)	1,032
Discontinued operations:		
Capital expenditures	(16)	(313)
Property disposals	7,853	1,685
Net cash provided by investing activities of discontinued operations	7,837	1,372
Net cash provided by investing activities	1,193	2,404
Cash flows from financing activities:		
Dividends paid	(1,291)	(1,308)
Net decrease in borrowings	(26,500)	(8,100)
Repurchase of Tredegar common stock	(4,333)	-
Other, net	(47)	(124)
Net cash used in financing activities	(32,171)	(9,532)
Increase in cash and cash equivalents	4,608	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	\$ 4,608	\$ -
Supplemental cash flow information:		
Interest payments (net of amount capitalized)	\$ 2,619	\$ 5,249
Income tax payments, net	\$ 5,237	\$ 3,935

See accompanying notes to financial statements.

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

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Industries, Inc. and Subsidiaries ("Tredegar") contain all adjustments necessary to present fairly, in all material respects, Tredegar's consolidated financial position as of June 30, 1994, and the consolidated results of their operations and their cash flows for the six months ended June 30, 1994 and 1993. All such adjustments are deemed to be of a normal recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the 1993 Annual Report. The results of operations for the six months ended June 30, 1994 are not necessarily indicative of the results to be expected for the full year.
2. Certain prior-period amounts have been reclassified to conform to the current presentation.

3. The components of inventories are as follows:

	(In thousands)	
	June 30 1994	December 31 1993
Finished goods	\$ 5,905	\$ 5,735
Work-in-process	3,824	5,298
Raw materials	14,670	15,497
Stores, supplies and other	6,909	7,681
Total	\$ 31,308	\$ 34,211

4. Unusual items in 1994 include the write-off of goodwill and other intangibles in APPX Software, Inc. (\$7.6 million after income taxes or 70 cents per share). The write-off is the result of management's determination that income generated by the acquired products, which historically had been marketed to small and medium-sized companies, will not be sufficient to recover the unamortized costs associated with the intangible software assets purchased by Tredegar in December 1992. The goodwill and other intangibles in APPX Software were being amortized over 5 to 7 years at an annual rate of approximately \$1.5 million after income taxes, or 14 cents per share. Unusual items in 1993 include gains on sales of Emisphere Technologies, Inc. ("Emisphere") common stock (\$460,000 after income taxes, or 4 cents per share for the second quarter and \$1.4 million after income taxes, or 13 cents per share, for the six months).
5. Tredegar is reporting its energy segment as discontinued operations. In February 1994, Tredegar sold its remaining oil and gas properties for approximately \$8 million. In June 1994, Tredegar announced an agreement to sell its 97%- owned subsidiary, The Elk Horn Coal Corporation ("Elk Horn"), to Pen Holdings, Inc. for \$71 million. Assuming completion of the transaction during the third quarter, Tredegar expects to realize an after-tax gain of approximately \$26 million or \$2.43 per share. After-tax proceeds from the sale should be approximately \$50 million. Of this amount, it is expected that \$35 million will be used to repay certain outstanding debt. Remaining proceeds will be invested in marketable securities.

Results of energy segment operations are summarized below:

	(In thousands)			
	Second Quarter		Six Months	
	Ended June 30 1994	1993	Ended June 30 1994	1993
Revenues	\$ 8,443	\$ 7,933	\$ 16,154	\$ 15,931
Costs and expenses:				
Operating costs and expenses	5,530	5,539	10,883	11,019
Interest allocated	133	161	269	334
Unusual items	-	(1,010)	-	(1,424)
Total	5,663	4,690	11,152	9,929
Income before income taxes	2,780	3,243	5,002	6,002
Income taxes	1,008	1,089	1,795	2,007
Income from energy segment operations	\$ 1,772	\$ 2,154	\$ 3,207	\$ 3,995

Unusual items for energy segment operations in 1993 include gains of \$1 million (\$663,000 after income taxes or 6 cents per share) for the second quarter and \$1.4 million (\$938,000 after income taxes or 9 cents per share) for the six months related to sales of certain oil and gas properties.

Discontinued operations in 1994 include a gain of \$6.1 million (\$3.9 million after income taxes or 36 cents per share) related to the sale of Tredegar's remaining oil and gas properties, and a deferred tax benefit of \$3.3 million (31 cents per share) recognized on the difference between the financial reporting basis and income tax basis of Elk Horn in connection with its anticipated sale.

6. Net income and earnings per share, adjusted for nonrecurring items affecting the comparability of operating results, are presented below:

(In thousands, except per-share amounts)  
Second Quarter                      Six Months

	1994	1993	1994	1993
Net income as reported	\$4,846	\$1,713	\$8,446	\$5,414
After-tax effects of nonrecurring items:				
Write-off of APPX				
Software intangibles	-	-	7,642	-
Gain on sale of oil & gas properties	-	(663)	(3,938)	(938)
Deferred tax benefit associated with the expected sale of Elk Horn Coal	-	-	(3,320)	-
Gain on sale of Emisphere	-	(460)	-	(1,410)
Extraordinary charge	-	1,115	-	1,115
Cumulative effect of accounting changes	-	-	-	(150)
Net income as adjusted for nonrecurring items	4,846	1,705	8,830	4,031
Income from discontinued operations as adjusted for nonrecurring items	(1,772)	(1,491)	(3,207)	(3,057)
Net income from continuing operations as adjusted for nonrecurring items	\$3,074	\$ 214	\$5,623	\$ 974
Earnings per share:				
As reported	\$ .45	\$ .16	\$ .78	\$ .50
As adjusted for nonrecurring items	.45	.16	.81	.37
From continuing operations as adjusted for nonrecurring items	.29	.02	.52	.09

7. During the second quarter of 1994, Tredegar purchased 303,000 shares of Tredegar common stock for \$4.3 million. In the first quarter of 1994, Tredegar granted stock options to purchase 381,000 shares of Tredegar common stock at prices not less than the fair market value on the date of grant (\$15.125) and for a term not to exceed 10 years.