SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

OR

[ ] TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to __________

Commission File Number 1-10258

TREDEGAR CORPORATION

(Exact name of registrant as specified in its charter)

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

1100 Boulders Parkway, Richmond, Virginia	23225
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 804-330-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

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

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

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

Aggregate market value of voting stock held by non-affiliates of the registrant as of February 15, 2001: * $465,908,824

Number of shares of Common Stock outstanding as of February 15, 2001: 38,108,027

* In determining this figure, an aggregate of 12,367,208 shares of Common Stock beneficially owned by Floyd D. Gottwald, Jr., Bruce C. Gottwald, John D. Gottwald, William M. Gottwald and the members of their immediate families has been excluded because the shares are held by affiliates. The aggregate market value has been computed based on the closing price in the New York Stock Exchange Composite Transactions on February 15, 2001, as reported by The Wall Street Journal.

Documents Incorporated By Reference

Portions of the Tredegar Corporation ("Tredegar") Proxy Statement for the 2001 Annual Meeting of Shareholders (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K. We expect to file our Proxy Statement with the Securities and Exchange Commission and mail it to shareholders around March 27, 2001.

Index to Annual Report on Form 10-K
Year Ended December 31, 2000

* Items 11 and 12 and portions of Item 10 are incorporated by reference from the Proxy Statement.

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

PART I

Item 1. BUSINESS

Description of Business

Tredegar Corporation ("Tredegar") is engaged directly or through subsidiaries in the manufacture of plastic films and aluminum extrusions. We also have two operating subsidiaries focused on healthcare-related technologies and an investment subsidiary.

Film Products

Tredegar Film Products Corporation ("Film Products") manufactures plastic films for disposable personal hygiene products (primarily feminine hygiene and diaper products) and packaging, medical, industrial and agricultural products. These products are produced at various locations throughout the United States and are sold both directly and through distributors. Film Products also has plants in The Netherlands, Hungary, Brazil, Argentina, China and Italy where it produces films for European, Latin American and Asian markets. On October 13, 2000, Film Products acquired ADMA s.r.l. and Promea Engineering s.r.l. for consideration of approximately $3.1 million (including transaction costs and debt assumed and net of cash acquired). ADMA manufactures films used primarily in personal hygiene markets while Promea manufactures equipment to produce hygienic films and laminates. Both companies are located in Italy. On May 17, 1999, Film Products acquired Exxon Chemical Company's plastic film business ("Exxon Films") for approximately $205 million (including transaction costs). The acquisition included 350 employees and two plants. The plants are located in Lake Zurich, Illinois, and Pottsville, Pennsylvania, and manufacture films used primarily in packaging, personal hygiene and medical markets. Film Products competes in all of its markets on the basis of product quality, price and service.

Film Products produces film for several major market categories: hygiene, packaging and industrial.

Hygiene. Film Products is one of the largest U.S. suppliers of permeable, breathable, elastomeric and embossed films for disposable personal hygiene products. In each of the last three years, this class of products accounted for more than 30% of Tredegar's consolidated net sales.

Film Products supplies permeable films for use as liners in feminine hygiene products and adult incontinent products. Film Products also supplies breathable, embossed and elastomeric films and nonwoven film laminates for use as backsheet and other components for hygienic products such as baby diapers, adult incontinent products and feminine hygiene products. Film Products' primary customer for permeable, breathable and elastomeric films and nonwoven film laminates is The Procter & Gamble Company ("P&G"), a leading global personal hygiene product manufacturer. Net sales to P&G totaled $242.4 million in 2000, $250 million in 1999 and $233.5 million in 1998 (these amounts include plastic film sold to others that converted the film into materials used in products manufactured by P&G).

P&G and Tredegar have had a successful long-term relationship based on cooperation, product innovation and continuous process improvement. The loss or significant reduction of sales associated with P&G would have a material adverse effect on our business.

Packaging & Industrial. Film Products produces a broad line of packaging films with an emphasis on paper and industrial packaging, as well as laminating films. These include both coextruded and monolayer films produced by either the blown or cast processes. These products give our customers a competitive advantage by providing a thin gauge film that is readily printable and convertible on conventional processing equipment. Packaging and industrial films sold directly or indirectly to P&G constitute over 40% of overall packaging and industrial films sales volume and somewhat less of related revenue.

Coextruded and monolayer permeable films under the VisPore(R) name are also sold by Film Products. These films are used to regulate fluid and vapor transmission in many industrial, medical, agricultural and packaging markets. Specific examples include filter plies for surgical masks and other medical applications, permeable ground cover, natural cheese mold release cloths and rubber bale wrap.

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

Raw Materials. The primary raw materials used by Film Products are low-density and linear low-density polyethylene resins, which are obtained from domestic and foreign suppliers at competitive prices. We believe there will be an adequate supply of polyethylene resins in the immediate future.

Research and Development. Film Products has technical centers in Terre Haute, Indiana, and Lake Zurich, Illinois, and holds 51 U.S. patents and 11 U.S. trademarks. Expenditures for research and development have averaged $6.6 million per year during the past three years.

Aluminum Extrusions

Aluminum Extrusions is composed of The William L. Bonnell Company, Inc., Bon L Manufacturing Company, Bon L Campo Limited Partnership and Bon L Canada Inc. (together, "Aluminum Extrusions"), which produce soft alloy aluminum extrusions primarily for the building and construction, distribution, transportation, electrical and consumer durables markets. The operations associated with Bon L Canada Inc. were acquired in 1998 (see Note 2 on page 48).

Aluminum Extrusions manufactures mill (unfinished), anodized and painted aluminum extrusions for sale directly to fabricators and distributors that use aluminum extrusions to produce curtain walls, architectural shapes, tub and shower doors, window components, ladders, running boards, boat windshields, bus bars, tractor-trailer shapes, snowmobiles and furniture, among other products. Sales are made primarily in the United States and Canada, principally east of the Rocky Mountains. Aluminum Extrusions competes primarily on the basis of product, quality, price and service.

A breakdown of Aluminum Extrusion sales volume by market segment over the last three years is shown below:

% of Aluminum Extrusions Sales Volume by Market Segment			
	2000	1999	1998
Building and construction	51	48	51
Distribution	16	18	9
Transportation	12	14	15
Electrical	8	7	7
Consumer durables	5	5	7
Other	8	8	11
Total	100	100	100

Raw Materials. The primary raw materials used by Aluminum Extrusions consist of aluminum ingot, aluminum scrap and various alloys, which are purchased from domestic and foreign producers in open-market purchases and under short-term contracts. We do not expect critical shortages of aluminum or other required raw materials and supplies.

Intellectual Property. Aluminum Extrusions holds nine U.S. trademarks.

Technology

Our technology interests include Molecumetics, Ltd., Therics, Inc. and Tredegar Investments, Inc. On October 23, 2000, we announced a series of strategic initiatives aimed at accelerating the growth of Molecumetics and Therics. See pages 18 to 19 for more information.

Molecumetics. Molecumetics operates a drug discovery research laboratory in Bellevue, Washington, where it uses patented chemistry to develop new drug candidates for licensing to pharmaceutical and biotechnology companies. Molecumetics has entered into a number of research collaboration and license agreements, which are described below. Each of these agreements, except for the agreement with ChoongWae Pharma Corporation ("ChoongWae"; see below) and initially, the agreement with Athersys, Inc. ("Athersys"; see below), provides for research and development ("R&D") support funding. Each of these agreements, again except for the ChoongWae and Atherysys agreements, also provide for additional payments if Molecumetics achieves certain milestones based on the clinical progression of program compounds, as well as future royalties if sales of products from the programs occur. Revenues recognized to date relate entirely to payments received for R&D support, including revenues of $6.9 million in 2000, $7.6 million in 1999 and $5.7 million in 1998. See Note 1 on page 42 for more information on revenue recognition.

To date, Molecumetics has not achieved any contractually defined milestones nor does it have licensed products for which royalties are received. Any discussion of the possibility of achieving milestones or realizing future royalties would be speculative at this time. Molecumetics' operating losses were $5.6 million in 2000, $3.4 million in 1999 and $3.5 million in 1998.

In 2000, Molecumetics entered into a collaboration agreement with Athersys for the development of small-molecule drug candidates. Under the agreement, Athersys will use its novel RAGE-VTTM (Random Activation of Gene Expression for Validated Targets) technology to provide Molecumetics with twelve cell lines expressing validated targets of interest. Molecumetics will use its chemistry-based "screen-to-IND" technology platform to develop novel small-molecule drug candidates against the validated targets. Under the terms of the agreement, Molecumetics can access the targets by paying a licensing fee or through a co-development option. The co-development option allows both companies to co-invest in particular projects and share in the downstream value that is created.

In 1999, Molecumetics entered into a research collaboration agreement with Pharmacia Corporation ("Pharmacia") to identify and develop orally active modulators of Cysteinyl aspartate-specific proteinases ("Caspases"). Caspases play a central role in apoptosis, the inappropriate control of which contributes to the underlying pathology in many human diseases. Under the agreement, Molecumetics uses its SMART Library(R) technology to optimize lead compounds, and Pharmacia is responsible for in-vivo testing and all pre-clinical and clinical development activities. Pharmacia also has worldwide exclusive rights to develop and commercialize the resulting compounds.

In 1999, Molecumetics expanded its existing relationship with Asahi Chemical Industry Co., Ltd. ("Asahi") by signing a multi-year research collaboration agreement for the discovery and development of new drugs for treatment of central nervous system, cardiovascular, inflammatory and metabolic therapeutic areas. The new agreement replaces a 1997 collaboration agreement between the two companies that focused solely on cardiovascular disorders. Under the terms of the current agreement, the companies mutually select multiple molecular targets to pursue in the agreed-upon therapeutic areas. Molecumetics is responsible for providing libraries of compounds for identifying lead compounds. The two companies share the screening responsibilities and the optimization of lead compounds. Asahi is responsible for the pre-clinical development of the compounds in Japan and other Asian countries. Molecumetics retains all rights to the compounds in North America and Europe.

In 1998, Molecumetics and Bristol-Myers Squibb Company ("BMS") entered into a three-year research alliance aimed at developing new drugs for the treatment of inflammatory and immunological diseases. The collaborative research is focused on the identification of small-molecule transcription factor inhibitors. Molecumetics also is supplying BMS with 150,000 of its proprietary compounds for broad-based screening against a wide variety of disease targets.

In 1998, Molecumetics signed a two-year license and supply agreement with ChoongWae, a Korean pharmaceutical company (which agreement, in early 2001, was extended for an additional six months). Under terms of the agreement, ChoongWae synthesizes and delivers certain key chemical intermediates to Molecumetics in exchange for licensing rights to the jointly developed tryptase inhibitors in certain Asian countries. Molecumetics retains the rights to these compounds in all other countries. Tryptase inhibitors could be used to treat asthma, inflammatory bowel disease and psoriasis. The intermediates supplied by ChoongWae are not commercially available, and Molecumetics uses them in its tryptase inhibitors and other programs, and for synthesis of proprietary compounds using its SMART Library(R) technology. Under the agreement, no cash payment is involved. No revenue has been recognized, and Molecumetics expenses the costs associated with the jointly developed tryptase inhibitors program as incurred.

In September 1997, Molecumetics signed a research and licensing collaboration agreement with Teijin Limited ("Teijin") for the optimization and development of Molecumetics' orally active inhibitors of thrombin, a key protease in the blood coagulation cascade. The resulting therapeutic drugs would be useful for treating a variety of blood-clotting disorders. Under the terms of the agreement, Molecumetics is responsible for the optimization of its lead compounds using its SMART Library(R) technology. The two companies collaborate on preclinical studies. Teijin is responsible for the clinical development, approval and marketing of the compounds in Japan and other Asian countries. Molecumetics retains all rights to the compounds in North America and Europe.

Molecumetics holds 16 U.S. patents and 2 U.S. trademarks, and has filed a number of other patent applications with respect to its technology. Molecumetics spent approximately $12.3 million in 2000, $10.8 million in 1999 and $8.5 million in 1998 on research and development activities. Through December 31, 2000, we have invested $40.7 million in Molecumetics.

Therics. On April 8, 1999, Tredegar acquired the assets of Therics for cash consideration of approximately $13.6 million (including transaction costs). Before the acquisition, Tredegar owned approximately 19% of Therics. Upon the final liquidation of the former Therics, Tredegar paid approximately $10.2 million to effectively acquire the remaining 81% ownership interest.

Based in Princeton, New Jersey, Therics is developing new microfabrication technology that has potential applications in bone replacement and reconstructive products as well as drug delivery and tissue engineering. Its primary focus is on commercializing the TheriForm(TM) process, a new and unique process for manufacturing bioimplantable reconstructive body parts and oral and implantable drugs. With respect to bone replacement and reconstructive products, this technology can take very sensitive, biologically compatible materials and fabricate them into anatomically accurate bone replacement products with precise internal microarchitectures. This technology can also be used in drug delivery as it enables drug companies to build precise amounts of active drugs and excipients in specific locations within each tablet. As a result, the internal architecture of each tablet can be designed to provide unique release profiles that are tailored to meet medical needs.

In connection with the acquisition, Tredegar recognized a charge of $3.5 million (classified as an unusual item in the consolidated statement of income) in the second quarter of 1999 related to the write-off of acquired in-process research and development (primarily the TheriForm process). The amount of the charge was determined through an independent third-party analysis using the income approach. At the date of acquisition, the TheriForm(TM) process was 90% complete and will be considered technologically feasible upon the successful manufacture of an FDA-validated product. The uncertainties involved include the ability to:

- Meet machine performance objectives in a sustainable manufacturing environment;
- Produce machines for large-scale commercial production;
- Meet customer requirements with regard to price and performance objectives; and
- Achieve technological and commercial feasibility within the anticipated cost structure and timetable.

The technology has no alternative future use for which technological feasibility has been achieved. Therics had revenues of $403,000 and an operating loss of $8 million in 2000 and revenues of $161,000 and an operating loss of $5.2 million for the period from the acquisition date (April 8, 1999) through December 31, 1999.

In 1999, Therics signed a five-year collaboration agreement with Warner-Lambert Company, which merged with Pfizer, Inc. in 2000, aimed at developing formulations of several model compounds to be chosen by the parties, which formulations could then be used as templates for the development of the same or different compounds. Therics will receive R&D support funding for its work under this agreement.

Revenues recognized by Therics to date relate entirely to payments received for R&D support. See Note 1 on page 42 for more information on revenue recognition.

Therics is exclusively licensed in the healthcare field under 15 U.S. patents, owns 1 U.S. patent, has applied for 9 U.S. trademarks, and has filed a number of other patent applications with respect to its technology. Therics spent approximately $8.2 million on research and development activities in 2000. For the period from the acquisition date to the end of 1999, Therics spent approximately $4.5 million on research and development activities. Through December 31, 2000, we have invested $26.4 million in Therics.

Tredegar Investments. Tredegar Investments is our investment subsidiary. Its investments represent high-risk stakes in technology start-up companies, primarily in the areas of communications, life sciences and information technology. Its primary objective is to generate high after-tax internal rates of return commensurate with the level of risk involved. More information, including a schedule of investments, is provided in the business segment review on pages 27-33, and in Note 7 on page 53.

On October 23, 2000, we announced strategic initiatives for our Technology segment, including our intent to harvest our existing investment portfolio (see pages 18 to 19 for further information). We intend to fund existing commitments and support existing portfolio companies.

As a result of our decision to reduce future venture activities, the former management group of Tredegar Investments, which consisted of five venture capital professionals, formed an independent venture capital partnership (Perennial Ventures) that will raise and deploy cash from outside investors. We have entered into a three-year agreement whereby Perennial Ventures will also manage Tredegar Investments' existing portfolio of direct investments.

General

Patents, Licenses and Trademarks. Tredegar considers patents, licenses and trademarks to be of significance for Film Products, Molecumetics and Therics. We routinely apply for patents on significant developments with respect to all of those businesses. Our patents have remaining terms ranging from 1 to 17 years. We also have licenses under patents owned by third parties.

Research and Development. Tredegar spent approximately $27.6 million in 2000, $22.3 million in 1999 and $14.5 million in 1998 on research and development activities.

Backlog. Backlogs are not material to our operations.

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

Employees. Tredegar employed approximately 3,500 people at December 31, 2000.

Item 2. PROPERTIES

General

Most of the improved real property and the other assets used in our operations are owned, and none of the owned property is subject to an encumbrance that is material to our consolidated operations. We consider the condition of the plants, warehouses and other properties and assets owned or leased by us to be generally good. We also consider the geographical distribution of our plants to be well-suited to satisfying the needs of our customers.

We believe that the capacity of our plants is adequate to meet our immediate needs. Our plants generally have operated at 65-95 percent of capacity. Our corporate headquarters offices are located at 1100 Boulders Parkway, Richmond, Virginia 23225.

Our principal plants and facilities are listed below:

Film Products		Principal Operations
Locations in the United States	Locations in Foreign Countries	
Carbondale, Pennsylvania LaGrange, Georgia Lake Zurich, Illinois New Bern, North Carolina Pottsville, Pennsylvania Tacoma, Washington (leased) Terre Haute, Indiana (2) (technical center and production facility)	Retsag, Hungary Guangzhou, China (leased) Kerkrade, The Netherlands Roccamontepiano, Italy San Juan, Argentina Sao Paulo, Brazil Shanghai, China	Production of plastic films

Aluminum Extrusions		Principal Operations
Locations in the United States	Locations in Canada	
Carthage, Tennessee El Campo, Texas Kentland, Indiana Newnan, Georgia	Aurora, Ontario Pickering, Ontario Richmond Hill, Ontario Ste. Therese, Quebec	Production of aluminum extrusions, fabrication and finishing

Technology

Molecumetics leases its laboratory space in Bellevue, Washington. Therics leases space in Princeton, New Jersey. Through December 31, 2000, Tredegar Investments leased office space in Seattle, Washington, and Palo Alto, California. Subsequent to December 31, 2000, Tredegar Investments was relocated to Richmond, Virginia.

Item 3. LEGAL PROCEEDINGS

None

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

None

PART II

Item 5. MARKET FOR TREDEGAR'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Prices of Common Stock and Shareholder Data

Our common stock is traded on the New York Stock Exchange under the ticker symbol TG. We have no preferred stock outstanding. There were 38,084,407 shares of common stock held by 5,217 shareholders of record on December 31, 2000.

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

	2000		1999	
	High	Low	High	Low
First quarter	$ 32.00	$ 18.13	$32.38	$22.50
Second quarter	27.94	19.00	32.94	20.50
Third quarter	23.19	17.31	23.69	20.38
Fourth quarter	19.06	15.00	23.19	16.06

Dividend Information

On May 20, 1998, we declared a three-for-one stock split payable on July 1, 1998, to shareholders of record on June 15, 1998. Accordingly, all historical references to per-share amounts, shares repurchased and the shares used to compute earnings per share have been restated to reflect the split.

The quarterly dividend rate was increased to:

- 2.67 cents per share effective January 1, 1997;
- 3 cents per share effective October 1, 1997; and
- 4 cents per share effective July 1, 1998.

All decisions with respect to payment of dividends will be made by the Board of Directors based upon earnings, financial condition, anticipated cash needs and such other considerations as the Board deems relevant. See Note 9 on page 56 for minimum shareholders' equity required.

Annual Meeting

Our annual meeting of shareholders will be held on May 24, 2001, beginning at 9:30 a.m. EDT at The Jefferson Hotel in Richmond, Virginia. Formal notice of the annual meeting, proxies and proxy statements will be mailed to shareholders around March 27.

Inquiries

Inquiries concerning stock transfers, dividends, 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
59 Maiden Lane
New York, New York 10038
Phone: 800-937-5449
Web site: http://www.amstock.com

All other inquiries should be directed to:

Tredegar Corporation
Corporate Communications Department
1100 Boulders Parkway
Richmond, Virginia 23225
Phone: 800-411-7411
E-mail: invest@tredegar.com
Web site: http://www.tredegar.com

Quarterly Information

We do not generate or distribute quarterly reports to shareholders. Information on quarterly results can be obtained from our Web site and from quarterly Form 10-Qs filed with the Securities and Exchange Commission.

Counsel	Independent Accountants
Hunton & Williams Richmond, Virginia	PricewaterhouseCoopers LLP Richmond, Virginia

Item 6. SELECTED FINANCIAL DATA

The tables that follow on pages 11-17 present certain selected financial and segment information for the eight years ended December 31, 2000.

EIGHT-YEAR SUMMARY

Tredegar Corporation and Subsidiaries

Years Ended December 31	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands, except per-share data)								
Results of Operations (a):								
Gross sales	886,379	$835,632	$710,742	$589,049	$530,099	$595,610	$508,550	$455,531
Freight	(17,125)	(15,221)	(10,946)	(8,045)	(6,548)	(6,156)	(6,342)	(6,323)
Net sales	869,254	820,411	699,796	581,004	523,551	589,454	502,208	449,208
Other income (expense), net	138,204	(4,362)	4,015	17,015	4,248	(669)	(296)	(387)
	1,007,458	816,049	703,811	598,019	527,799	588,785	501,912	448,821
Cost of goods sold	706,817	648,254	553,184	457,896	417,014	489,931	418,469	376,580
Selling, general & administrative expenses	52,937	47,357	39,493	37,035	39,719	48,229	47,978	47,973
Research and development expenses	27,593	22,313	14,502	13,170	11,066	8,763	8,275	9,141
Amortization of intangibles	5,025	3,430	205	50	256	579	1,354	2,706
Interest expense (b)	17,319	9,088	1,318	1,952	2,176	3,039	4,008	5,044
Unusual items	23,220 (c)	4,065 (d)	(101)(e)	(2,250)(f)	(11,427)(g)	(78) (h)	16,494 (i)	452 (j)
	832,911	734,507	608,601	507,853	458,804	550,463	496,578	441,896
Income from continuing operations before income taxes	174,547	81,542	95,210	90,166	68,995	38,322	5,334	6,925
Income taxes	63,171	28,894	31,054 (e)	31,720	23,960	14,269	3,917	3,202 (j)
Income from continuing operations (a)	111,376	52,648	64,156	58,446	45,035	24,053	1,417	3,723
Income from discontinued Energy segment operations (a)	-	-	4,713	-	-	-	37,218	6,784
Net income before extraordinary item and cumulative effect of accounting changes	111,376	52,648	68,869	58,446	45,035	24,053	38,635	10,507
Extraordinary item - prepayment premium on extinguishment of debt (net of tax)	-	-	-	-	-	-	-	(1,115)
Cumulative effect of accounting changes	-	-	-	-	-	-	-	150
Net income	$111,376	$52,648	$68,869	$58,446	$45,035	$24,053	$38,635	$ 9,542
Diluted earnings per share:								
Continuing operations (a)	2.86	1.36	1.66	1.48	1.15	.60	.03	.08
Discontinued Energy segment operations(a)	-	-	.12	-	-	-	.79	.14
Before extraordinary item and cumulative effect of accounting changes	2.86	1.36	1.78	1.48	1.15	.60	.82	.22
Net income	2.86	1.36	1.78	1.48	1.15	.60	.82	.19

Refer to notes to financial tables on page 17.

EIGHT-YEAR SUMMARY

Tredegar Corporation and Subsidiaries

Years Ended December 31	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands, except per-share data)								
Share Data:								
Equity per share	$ 13.07	$ 9.88	$ 8.46	$ 7.34	$ 5.79	$ 4.67	$ 4.25	$ 3.45
Cash dividends declared per share	.16	.16	.15	.11	.09	.06	.05	.05
Weighted average common shares outstanding during the period	37,885	36,992	36,286	36,861	36,624	38,748	46,572	49,029
Shares used to compute diluted earnings per share during the period	38,908	38,739	38,670	39,534	39,315	40,110	46,842	49,182
Shares outstanding at end of period	38,084	37,661	36,661	37,113	36,714	36,528	40,464	49,029
Closing market price per share:								
High	32.00	32.94	30.67	24.65	15.13	7.72	4.14	4.00
Low	15.00	16.06	16.13	12.54	6.83	3.86	3.11	2.78
End of year	17.44	20.69	22.50	21.96	13.38	7.17	3.86	3.33
Total return to shareholders (k)	(14.9)%	(7.3) %	3.1 %	65.0 %	87.8 %	87.2 %	17.4 %	(1.7)%
Financial Position:								
Total assets	903,768	792,487	457,178	410,937	341,077	314,052	318,345	353,383
Working capital excluding cash, cash equivalents and broker receivables	75,529	80,594	52,050	30,279	31,860	54,504	53,087	62,064
Current ratio	2.4:1	2.0:1	1.9:1	3.1:1	3.2:1	1.8:1	1.9:1	2.1:1
Cash and cash equivalents	44,530	25,752	25,409	120,065	101,261	2,145	9,036	-
Receivable from securities brokers	292	-	-	-	-	-	-	-
Venture capital investments:								
Cost basis	213,096	135,469	60,617	25,826	6,048	3,410	2,200	800
Carrying value	232,259	140,698	60,024	33,513	6,048	3,410	2,200	800
Estimated fair value	403,531	205,363	70,841	40,757	15,000	5,700	2,300	800
Net asset value	334,974	180,201	67,160	35,382	11,777	4,876	2,264	800
Ending consolidated capital employed(l)	721,008	616,476	309,886	182,481	146,284	203,376	200,842	266,088
Capital employed of divested and discontinued operations (Molded Products, Brudi and the Energy segment) (a)	-	-	-	-	-	60,144	59,267	98,903
Debt	268,102	270,000	25,000	30,000	35,000	35,000	38,000	97,000
Shareholders' equity (net book value)	497,728	372,228	310,295	272,546	212,545	170,521	171,878	169,088
Equity market capitalization (m)	664,090	779,112	824,873	814,940	491,050	261,784	156,236	163,430
Net debt (cash) (debt less cash, cash equivalents and broker receivables) as a % of net capitalization	31.0 %	39.6 %	(0.1) %	(49.4)%	(45.3)%	16.2 %	14.4 %	36.5 %

Refer to notes to financial tables on page 17.

SEGMENT TABLES
Tredegar Corporation and Subsidiaries

Net Sales (n)

Segment	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands)								
Film Products	$ 380,202	$ 342,300	$ 286,965	$ 298,862	$ 257,306	$ 237,770	$ 188,672	$ 177,052
Fiberlux (o)	1,856	9,092	11,629	10,596	10,564	11,329	11,479	10,239
Aluminum Extrusions	479,889	461,241	395,455	266,585	219,044	221,657	193,870	166,465
Technology:								
Molecumetics	6,904	7,617	5,718	2,583	36	-	200	-
Therics	403	161	-	-	-	-	-	-
Other	-	-	29	2,378	2,090	1,953	2,517	2,994
Total ongoing operations(p)	869,254	820,411	699,796	581,004	489,040	472,709	396,738	356,750
Divested operations (a):								
Molded Products	-	-	-	-	21,131	84,911	76,579	68,233
Brudi	-	-	-	-	13,380	31,834	28,891	24,225
Total	$ 869,254	$ 820,411	$ 699,796	$ 581,004	$ 523,551	$ 589,454	$ 502,208	$ 449,208

Refer to notes to financial tables on page 17.

SEGMENT TABLES
Tredegar Corporation and Subsidiaries

Operating Profit

Segment	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands)								
Film Products:								
Ongoing operations	$ 47,112	$ 59,554	$ 53,786	$ 50,463	$ 43,158	$ 36,019	$ 34,726	$ 22,320
Unusual items	(22,163)(c)	(1,170)(d)	-	-	680 (g)	1,750 (h)	-	(1,815)(j)
	24,949	58,384	53,786	50,463	43,838	37,769	34,726	20,505
Fiberlux:								
Ongoing operations	(264)	57	1,433	845	1,220	452	950	557
Unusual items	762 (c)	-	-	-	-	-	-	-
	498	57	1,433	845	1,220	452	950	557
Aluminum Extrusions:								
Ongoing operations	52,953	56,501	47,091	32,057	23,371	16,777	11,311	7,964
Unusual items	(1,628)(c)	-	(664)(e)	-	-	-	-	-
	51,325	56,501	46,427	32,057	23,371	16,777	11,311	7,964
Technology:								
Molecumetics	(5,589)	(3,421)	(3,504)	(4,488)	(6,564)	(4,769)	(3,534)	(3,324)
Therics	(8,024)	(5,235)	-	-	-	-	-	-
Venture capital investments	130,879	(7,079)	615	13,880	2,139	(695)	-	-
Other	-	-	(428)	(267)	(118)	(566)	(5,354)	(6,380)
Unusual items	(191)(c)	(3,607)(d)	765 (e)	-	-	(1,672)(h)	(9,521)(i)	2,263 (j)
	117,075	(19,342)	(2,552)	9,125	(4,543)	(7,702)	(18,409)	(7,441)
Divested operations (a):								
Molded Products	-	-	-	-	1,011	2,718	(2,484)	(228)
Brudi	-	-	-	-	231	222	(356)	177
Unusual items	-	-	-	2,250 (f)	10,747 (g)	-	(6,973)(i)	-
	-	-	-	2,250	11,989	2,940	(9,813)	(51)
Total operating profit	193,847	95,600	99,094	94,740	75,875	50,236	18,765	21,534
Interest income (q)	2,578	1,419	2,279	4,959	2,956	333	544	-
Interest expense (b)	17,319	9,088	1,318	1,952	2,176	3,039	4,008	5,044
Corporate expenses, net	4,559	6,389	4,845	7,581	7,660	9,208	9,967	9,565 (j)
Income from continuing operations before income taxes	174,547	81,542	95,210	90,166	68,995	38,322	5,334	6,925
Income taxes	63,171	28,894	31,054 (e)	31,720	23,960	14,269	3,917	3,202
Income from continuing operations	111,376	52,648	64,156	58,446	45,035	24,053	1,417	3,723
Income from discontinued Energy segment operations (a)	-	-	4,713	-	-	-	37,218	6,784
Net income before extraordinary item and cumulative effect of accounting changes	$ 111,376	$ 52,648	$ 68,869	$ 58,446	$ 45,035	$ 24,053	$ 38,635	$ 10,507

Refer to notes to financial tables on page 17.

SEGMENT TABLES
Tredegar Corporation and Subsidiaries

Identifiable Assets

Segment	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands)								
Film Products	$ 367,526	$ 360,517	$ 132,241	$ 123,613	$ 116,520	$ 118,096	$ 108,862	$ 109,916
Fiberlux	-	7,859	7,811	6,886	6,203	6,330	6,448	6,667
Aluminum Extrusions	210,434	216,258	201,518	101,855	83,814	80,955	89,406	89,498
Technology:								
Molecumetics	4,757	4,749	5,196	2,550	2,911	2,018	1,536	1,926
Therics	9,609	9,905	-	-	-	-	-	-
Investments and other(r)	236,698	145,028	61,098	34,611	7,760	5,442	5,780	13,321
Identifiable assets for ongoing operations	829,024	744,316	407,864	269,515	217,208	212,841	212,032	221,328
Nonoperating assets held for sale	-	-	-	-	-	6,057	5,018	3,605
General corporate	30,214	22,419	23,905	21,357	22,608	20,326	12,789	12,031
Cash and cash equivalents	44,530	25,752	25,409	120,065	101,261	2,145	9,036	-
Divested operations (a):								
Molded Products	-	-	-	-	-	44,173	48,932	54,487
Brudi	-	-	-	-	-	28,510	30,538	30,956
Net assets of discontinued Energy segment operations (a)	-	-	-	-	-	-	-	30,976
Total	$ 903,768	$ 792,487	$ 457,178	$ 410,937	$ 341,077	$ 314,052	$ 318,345	$ 353,383

Refer to notes to financial tables on page 17.

SEGMENT TABLES
Tredegar Corporation and Subsidiaries

Depreciation and Amortization

Segment	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands)								
Film Products	$23,122	$ 18,751	$ 11,993	$ 10,947	$ 11,262	$ 9,766	$ 9,097	$ 9,200
Fiberlux	151	498	544	515	507	577	644	826
Aluminum Extrusions	9,862	9,484	8,393	5,508	5,407	5,966	5,948	6,240
Technology:								
Molecumetics	1,734	1,490	1,260	996	780	592	573	443
Therics	1,782	1,195	-	-	-	-	-	-
Investments and other	18	22	21	135	161	197	720	1,868
Subtotal	36,669	31,440	22,211	18,101	18,117	17,098	16,982	18,577
General corporate	315	253	254	313	390	481	570	685
Total ongoing operations	36,984	31,693	22,465	18,414	18,507	17,579	17,552	19,262
Divested operations (a):								
Molded Products	-	-	-	-	1,261	5,055	5,956	5,289
Brudi	-	-	-	-	550	1,201	1,337	1,272
Total	$36,984	$ 31,693	$ 22,465	$ 18,414	$ 20,318	$ 23,835	$ 24,845	$ 25,823

Capital Expenditures, Acquisitions and Investments

Segment	2000	1999	1998	1997	1996	1995	1994	1993
(In thousands)								
Film Products	$53,161	$ 25,296	$ 18,456	$ 15,354	$ 11,932	$ 10,734	$ 6,710	$ 6,561
Fiberlux	425	812	1,477	530	417	465	416	14
Aluminum Extrusions	21,911	16,388	10,407	6,372	8,598	5,454	4,391	1,870
Technology:								
Molecumetics	2,133	1,362	3,561	366	1,594	894	178	939
Therics	1,730	757	-	-	-	-	-	-
Investments and other	86	-	54	5	14	-	99	905
Subtotal	79,446	44,615	33,955	22,627	22,555	17,547	11,794	10,289
General corporate	384	606	115	28	143	231	191	2,440
Capital expenditures for ongoing operations	79,830	45,221	34,070	22,655	22,698	17,778	11,985	12,729
Divested operations (a):								
Molded Products	-	-	-	-	1,158	6,553	2,988	3,235
Brudi	-	-	-	-	104	807	606	516
Total capital expenditures	79,830	45,221	34,070	22,655	23,960	25,138	15,579	16,480
Acquisitions and other	6,316	215,227	72,102	13,469	-	3,637	-	5,099
Venture capital investments	93,058	81,747	35,399	20,801	3,138	1,904	1,400	600
Total	$179,204	$ 342,195	$ 141,571	$ 56,925	$ 27,098	$ 30,679	$ 16,979	$ 22,179

Refer to notes to financial tables on page 17.

NOTES TO FINANCIAL TABLES

(In thousands, except per-share amounts)

(a) On August 16, 1994, Tredegar completed the divestiture of its coal subsidiary, The Elk Horn Coal Corporation. On February 4, 1994, we sold our remaining oil and gas properties. As a result of these events, we report the Energy segment as discontinued operations. In 1998, discontinued operations includes gains for the reimbursement of payments made by us to the United Mine Workers of America Combined Benefit Fund (the "Fund") and the reversal of a related accrued liability established to cover future payments to the Fund (see Note 18 on page 67). On March 29, 1996, we sold Molded Products. During the second quarter of 1996, we completed the sale of Brudi. The operating results for Molded Products were historically reported as part of the Plastics segment on a combined basis with Film Products and Fiberlux. Likewise, results for Brudi were combined with Aluminum Extrusions and reported as part of the Metal Products segment. Accordingly, results for Molded Products and Brudi have been included in continuing operations. We began reporting Molded Products and Brudi separately in our segment disclosures in 1995 after announcing our intent to divest these businesses.

(b) Interest expense has been allocated between continuing and discontinued operations based on relative capital employed (see (a)).

(c) Unusual items for 2000 include a charge of $17,870 related to excess capacity in the plastic films business, a charge of $1,628 related to restructuring at our aluminum plant in El Campo, Texas, a charge of $4,293 for the shutdown of the plastic films manufacturing facility in Manchester, Iowa, a gain of $762 for the sale of Fiberlux, and a charge of $191 for costs associated with the evaluation of financing and structural options for the Technology Group.

(d) Unusual items for 1999 include a charge for costs associated with the evaluation of financing and structural options for the Technology Group ($149), a gain on the sale of corporate real estate ($712), a charge related to a write-off of in-process research and development expenses associated with the Therics acquisition ($3,458, see Note 2 on page 51) and a charge for the write-off of excess packaging film capacity ($1,170).

(e) Unusual items for 1998 include a charge related to the shutdown of the powder-coat paint line in the production facility in Newnan, Georgia ($664) and a gain on the sale of APPX Software ($765). Income taxes include a tax benefit of $2,001 related to the sale, including a tax benefit for the excess of APPX Software's income tax basis over its financial reporting basis.

(f) Unusual items for 1997 include a gain of $2,250 related to the redemption of preferred stock received in connection with the 1996 divestiture of Molded Products.

(g) Unusual items for 1996 include a gain on the sale of Molded Products ($19,893), a gain on the sale of a former plastic films manufacturing site in Fremont, California ($1,968), a charge related to the loss on the divestiture of Brudi ($9,146) and a charge related to the write-off of specialized machinery and equipment due to excess capacity in certain industrial packaging films ($1,288).

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

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

(j) Unusual items in 1993 include estimated costs related to the sale of a Film Products plant in Flemington, New Jersey ($1,815), and the reorganization of corporate functions ($900), partially offset by the gain on the sale of our remaining investment in Emisphere Technologies, Inc. ($2,263). Income taxes includes a tax charge of $348 for the impact on deferred taxes of a one percent increase in the federal income tax rate.

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

(l) Consolidated capital employed is debt plus shareholders' equity minus cash, cash equivalents and broker receivables.

(m) Equity market capitalization is the closing market price per share for the period times the shares outstanding at the end of the period.

(n) Net sales represents gross sales less freight.

(o) Fiberlux was sold on April 10, 2000.

(p) Net sales include sales to P&G totaling $242,359 in 2000, $250,020 in 1999 and $233,493 in 1998. These amounts include plastic film sold to others that converted the film into materials used in products manufactured by P&G.

(q) Interest income was insignificant prior to 1994.

(r) Included in the investments and other category of the Technology segment are APPX Software (sold in 1998 - see (e)) and venture capital investments in which our ownership is less than 20% (see Note 7 on page 53).

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

Tredegar is a manufacturer of plastic film and aluminum extrusions. We also have two operating subsidiaries focused on healthcare-related technologies and an investment subsidiary. Descriptions of our businesses and interests are provided on pages 1-7.

Our manufacturing businesses are quite different from our technology interests. Our manufacturing businesses can be analyzed and valued by traditional measures of earnings and cash flow, and because they generate positive ongoing cash flow, they can be leveraged with borrowed funds.

Our technology operating companies, Molecumetics and Therics, are start-up companies active in drug research, drug delivery and tissue engineering. Each generates operating losses and negative cash flow in the form of net R&D expenditures. Neither has licensed products to date, and revenues consist entirely of collaboration revenues (R&D support payments). They may never generate profits or positive cash flow. If they were stand-alone, independent operations, they would typically be financed by private venture capital.

Our investment subsidiary represents high-risk stakes in technology start-up companies, primarily in the areas of communications, life sciences and information technology. Our primary objective in the investment area is to generate high after-tax internal rates of return commensurate with the level of risk involved.

In summary, we have a variety of business interests with dramatically different risk profiles, which makes the communication of operating results more difficult, especially since we have only one class of stock. As a result, the segment information presented on pages 13-17, and the business segment review on pages 27-33, are critical to the understanding of our operating results and business risks.

On October 23, 2000, we announced a series of strategic inititatives aimed at accelerating the growth of Therics and Molecumetics. We will significantly increase Therics' product development spending and are exploring external financing and other strategic alternatives to fund the growth of Molecumetics.

We will use cash generated by our existing venture capital investments to support more aggressive spending at Therics. As part of the plan, we will reduce future investments in our venture portfolio, which is expected to yield positive cash flows over the next few years. This cash is expected to be more than adequate to fund the increased spending at Therics.

We plan to invest approximately $60 million ($40 million net of expected tax benefits) in Therics over the next three years, with the goal of achieving substantial revenue and profit growth by 2004. We believe Therics is making encouraging progress in its development of bone replacement and reconstructive products as well as implantable and oral drugs. Therics' operating losses could reach $25 million per year in 2001 and 2002. Our goal is for Therics to begin generating revenue and reducing losses in 2003, with rapid growth in sales and profits thereafter.

Our plan is to pursue the quickest route to profitability by focusing on commercializing our bone replacement products while continuing to develop our drug delivery and tissue engineering technologies. We expect the first of our bone replacement products to clear FDA regulatory hurdles in early 2002. Full-scale marketing efforts are planned to begin in 2002.

We also announced the exploration of external financing and other strategic alternatives for Molecumetics. Molecumetics uses proprietary chemistry and an integrated set of drug discovery capabilities to accelerate the identification of novel drug candidates. External financing would fund higher spending levels and reduce new cash outlays from Tredegar. However, due to accounting principles, our earnings may reflect up to $10 million per year in operating losses from Molecumetics in 2001 and 2002.

In order to accelerate efforts to build our technology operations, we have decided to harvest our existing venture portfolio. We intend to fund existing commitments and support existing portfolio companies.

Results of Operations

2000 versus 1999

Revenues. Net sales in 2000 increased by 6% over 1999 due primarily to the acquisition of Exxon Films and overall higher selling prices driven by higher raw material costs. Assuming the acquisition of Exxon Films occurred at the beginning of 1999, pro forma net sales for 1999 were relatively flat with 2000. Higher sales in Aluminum Extrusions (up 4%), due primarily to raw material driven price increases, were partially offset by lower pro forma sales in Film Products (down 1%). Net gains from investment activities totaled $130.9 million ($83.8 million after income taxes) in 2000. Net losses from investment activities totaled $7.1 million ($4.5 million after income taxes) in 1999.

Pretax realized gains and losses from investment activities are included in "Other income (expense), net" in the consolidated statements of income on page 38 and in "Venture capital investments" in the operating profit table on page 14. Beginning April 1, 1998, we began classifying the stand-alone operating expenses (primarily employee compensation and benefits and leased office space and equipment) for our investment activities with gains and losses in "Venture capital investments" in the operating profit table. Prior to that time they were classified in the "Other" category of the technology segment. These expenses, which continue to be reported in selling, general and administrative expenses in the consolidated statements of income, totaled $5.1 million in 2000, $2.5 million in 1999, $2.1 million in 1998 and $1.7 million for the nine months ended December 31, 1998.

For more information on net sales and investment activities, see the business segment review on pages 27-33.

Operating Costs and Expenses. The gross profit margin during 2000 declined to 19% from 21% during 1999. Lower gross profit margins in Film Products were due mainly to overall lower volume and higher production costs for new products. Lower margins in Aluminum Extrusions were due primarily to lower volume, higher per-unit conversion costs and competitive pricing pressures.

Selling, general and administrative expenses ("SG&A") in 2000 were $52.9 million, up from $47.4 million in 1999 primarily due to:

- The acquisition of Exxon Films (impact of approximately $2 million);
- A $3.5 million charge for doubtful accounts related to two diaper film customers; and
- Increased operating expenses relative to our investment portfolio (increase of approximately $2.6 million).

As a percentage of net sales, SG&A expenses increased to 6.1% in 2000 compared with 5.8% in 1999.

R&D expenses increased to $27.6 million in 2000 from $22.3 million in 1999 primarily due to:

- Higher spending at Therics in support of its development of bone replacement and reconstructive products combined with a full year of spending at Therics in 2000 versus nine months in 1999 (combined impact of $3.7 million);
- Higher spending at Molecumetics in support of collaboration programs (up $1.5 million); and
- Higher product development spending at Film Products (up $130,000).

Unusual charges (net) in 2000 totaled $23.2 million ($14.9 million after income taxes) and included:

- A fourth-quarter charge of $1.6 million ($1 million after taxes) related to restructuring at our aluminum plant in El Campo, Texas;
- A fourth-quarter gain of $237,000 ($152,000 after taxes) related to the second-quarter sale of the assets of Fiberlux, Inc.; o A third-quarter charge of $17.9 million ($11.4 million after taxes) for the write-off of excess production capacity at our plastic film plants in Lake Zurich, Illinois, and Terre Haute, Indiana, including an impairment loss for equipment of $7.9 million and write-off of the related goodwill of $10 million;
- A third-quarter reversal of $1 million ($640,000 after taxes) related to the first quarter charge for the shutdown of the Manchester, Iowa, production facility due to revised estimates;
- A second-quarter gain of $525,000 ($336,000 after taxes) for the sale of the assets of Fiberlux, Inc.;
- A first-quarter charge of $5.3 million ($3.4 million after taxes) for the shutdown of our plastic films manufacturing facility in Manchester, Iowa, including an impairment loss for building and equipment ($4.1 million), severance costs ($700,000), and excess inventory and other items ($450,000); and
- A first-quarter charge of $191,000 ($122,000 after taxes) for costs associated with the evaluation of financing and structural options for the Technology Group.

For more information on costs and expenses, see the business segment review on pages 27-33.

Interest Income and Expense. Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, increased to $2.6 million in 2000 from $1.4 million in 1999 due to higher average cash equivalents balance (see "Cash Flows" on page 24 for more information) and higher yields. The average tax-equivalent yield earned on cash equivalents was approximately 6.2% in 2000 and 5.1% in 1999. Our policy permits investment of excess cash in marketable securities that have the highest credit ratings and maturities of less than one year. The primary objectives of our policy are safety of principal and liquidity.

Interest expense increased to $17.3 million in 2000 from $9.1 million in 1999 due to higher average debt outstanding and higher average interest cost. Average debt outstanding was approximately $269.7 million (average of $252.5 million variable-rate debt and average of $17.2 million fixed-rate debt) in 2000 compared to $165.3 million (average of $143 million variable-rate debt and average of $22.3 million fixed-rate debt) in 1999. Average interest cost was 7.2% in 2000 (7.2% average for both variable-rate debt and fixed-rate debt) compared to 6.2% in 1999 (6.1% average on variable-rate debt and 7.2% on fixed-rate debt). The impact on interest expense of higher average debt (see "Cash Flows" on page 24 for more information) and higher average interest was partially offset by higher capitalized interest ($2.7 million in 2000 versus $1.6 million in 1999) from higher capital expenditures.

Income Taxes. The effective tax rate, excluding unusual items and venture capital investment activities, was approximately 36.5% in 2000 compared to 35.5% in 1999. The increase during 2000 was mainly due to higher taxes accrued on unremitted earnings from foreign operations. The overall effective tax rate was 36.2% in 2000 compared to 35.4% in 1999. The increase in the overall rate during 2000 is due to higher taxes accrued on unremitted earnings from foreign operations, lower benefit from foreign sales corporation ("FSC") and lower benefit from R&D credits offset by lower state income tax rates. While the dollar amount of benefit from R&D and FSC is higher, the relative percentage is lower due to the increase in income attributable to venture capital gains. See Note 15 on page 64 for additional tax rate information.

1999 versus 1998

Revenues. Net sales in 1999 increased by 17% over 1998 due primarily to acquisitions. Pro forma net sales were up 1.4% for the year ($863.7 million in 1999 versus $851.6 million in 1998) as higher pro forma sales in Aluminum Extrusions (up 4.5%) and higher R&D support revenues at Molecumetics were offset by lower pro forma sales in Film Products (down 1.9%). Pro forma sales assume that acquisitions occurred at the beginning of 1998. Net losses from investment activities totaled $7.1 million ($4.5 million after income taxes) in 1999. Net gains from investment activities totaled $615,000 ($394,000 after income taxes) in 1998.

For more information on net sales and investment activities, see the business segment review on pages 27-33.

Operating Costs and Expenses. The gross profit margin during 1999 remained unchanged at 21%, as a decline in the gross profit margin at Film Products was offset by an increase in margins at Aluminum Extrusions. Lower gross profit margins in Film Products were due mainly to lower volume and weakness in international markets. Higher margins in Aluminum Extrusions were primarily due to strong demand and higher volume.

SG&A expenses in 1999 were $47.4 million, up from $39.5 million in 1998 due primarily to:

- The acquisition of Exxon Films (impact of approximately $4 million);
- A full year of SG&A for the aluminum extrusion plants in Canada acquired in 1998 (impact of approximately $1.5 million); and
- Increases in SG&A salaries and wages (up approximately 4%).

As a percentage of net sales, SG&A expenses increased to 5.8% in 1999 compared with 5.6% in 1998.

R&D expenses increased to $22.3 million in 1999 from $14.5 million in 1998 due to the acquisition of Therics (impact of $4.5 million), higher spending at Molecumetics in support of collaboration programs (up $2.3 million) and higher product development spending at Film Products (up $1 million).

Unusual charges (net) in 1999 totaled $4.1 million ($2.6 million after income taxes) and included:

- A fourth-quarter charge of $149,000 ($95,000 after taxes) for costs associated with the evaluation of financing and structural options for the Technology Group;
- A third-quarter gain of $712,000 ($456,000 after taxes) on the sale of corporate real estate (included in "Corporate expenses, net" in the operating profit table on page 14);
- A second-quarter charge of $3.5 million ($2.2 million after taxes) related to the write-off of in-process R&D expenses associated with the Therics acquisition (see page 5 for more information); and
- A second-quarter charge of $1.2 million ($749,000 after taxes) for the write-off of excess packaging film capacity.

For more information on costs and expenses, see the business segment review on pages 27-33.

Interest Income and Expense. Interest income decreased to $1.4 million in 1999 from $2.3 million in 1998 due to lower average cash equivalents balance (see "Cash Flows" on page 24 for more information) and yields. The average tax-equivalent yield earned on cash equivalents was approximately 5.1% in 1999 and 5.6% in 1998.

Interest expense increased to $9.1 million in 1999 from $1.3 million in 1998 due to higher average debt outstanding of $165.3 million (average of $143 million variable-rate debt and average of $22.3 million fixed-rate debt) in 1999 compared to $27.3 million in 1998 (all fixed-rate debt). The impact on interest expense of higher average debt (see "Cash Flows" on page 24 for more information) was partially offset by:

- Lower average interest cost of 6.2% in 1999 (6.1% average on variable-rate debt and 7.2% on fixed-rate debt) versus 7.2% in 1998 (all fixed-rate debt); and
- Higher capitalized interest from higher capital expenditures ($1.6 million in 1999 versus $915,000 in 1998).

Income Taxes. The effective tax rate, excluding unusual items and investment activities, was approximately 35.5% in 1999 compared to 35% in 1998. The increase during 1999 was due to a higher effective state income tax rate and lower tax-exempt interest income, partially offset by a higher R&D tax credit from higher R&D expenses. See Note 15 on page 64 for additional tax rate information.

Financial Condition

Assets

Total assets increased to $903.8 million at December 31, 2000, from $792.5 million at December 31, 1999, mainly due to:

- An increase in the carrying value of venture capital investments from net new investments and appreciation in available-for-sale securities (combined impact of $91.6 million);
- Net cash generated during the year ($18.7 million - see page 24);
- Capital expenditures in excess of depreciation, amortization and asset write-offs ($19.8 million); and
- Higher prepaid pension assets due to pension income recognized during the year (up $7.7 million).

The above increase in total assets was partially offset by decreases in accounts receivable and inventories (down $31.5 million) due primarily to lower sales in the fourth quarter of 2000 versus the fourth quarter of 1999.

Liabilities and Available Credit

Total liabilities were $406 million at December 31, 2000, down from $420.3 million at December 31, 1999, primarily due to the impact of the following:

- Lower accounts payable consistent with lower levels of inventory and sales (down $9.7 million); and
- Lower accrued expenses due to lower accrued interest and lower accrued employee related costs (down $8.4 million).

The above decreases in liabilities were partially offset by an increase in the deferred income tax liability of $7.4 million, including an increase due to higher unrealized appreciation from available-for-sale securities (up $11.8 million).

Debt outstanding of $268.1 million at December 31, 2000, consisted of a $250 million term loan maturing in 2005, a note payable with a remaining balance of $15 million and other debt assumed in acquisitions of $3.1 million. We also have a revolving credit facility that permits borrowings of up to $275 million (no amounts borrowed at December 31, 2000). The facility matures on July 9, 2002. See Note 9 on page 56 for more information on debt and credit agreements.

Shareholders' Equity

At December 31, 2000, Tredegar had 38,084,407 shares of common stock outstanding and a total market capitalization of $664.1 million, compared with 37,661,140 shares outstanding and a total market capitalization of $779.1 million at December 31, 1999.

We purchased 35,000 shares of our common stock for $629,000 ($17.97 per share) during 2000. During 1999, we did not purchase any shares of our common stock. During 1998, we purchased 1,667,054 shares of our common stock for $36.8 million ($22.06 per share). Since becoming an independent company in 1989, we have purchased a total of 20.2 million shares, or 35% of our issued and outstanding common stock, for $116.1 million ($5.75 per share). Under a standing authorization from our board of directors, we may purchase an additional four million shares in the open market or in privately negotiated transactions at prices management deems appropriate.

Cash Flows

The reasons for the changes in cash and cash equivalents during 2000, 1999 and 1998, are summarized below:

(In Millions)	2000	1999	1998
Cash and cash equivalents, beginning of year	$ 25.8	$ 25.4	$120.1
Cash provided by (used in) continuing operating activities, net of capital expenditures and dividends (including income taxes associated with venture capital net gains or losses)	(64.3)	40.8	33.2
Cash used by discontinued operations	-	-	(1.9)
Proceeds from the exercise of stock options (including related income tax benefits realized by Tredegar)	3.9	7.4	6.2
Acquisitions (see Note 2 on page 48)	(3.1)	(215.2)	(60.9)
Repurchases of Tredegar common stock	(.6)	-	(36.8)
New venture capital investments, net of pretax proceeds from disposals (see Note 7 on page 53)	76.9	(77.8)	(29.9)
Proceeds from the sale of Fiberlux	8.0	-	-
Other, net	3.0	.2	.4
Net increase (decrease) in borrowings	(5.1)	245.0	(5.0)
Net increase (decrease) in cash and cash equivalents	18.7	.4	(94.7)
Cash and cash equivalents, end of year	$ 44.5	$ 25.8	$ 25.4

In 2000, cash used in continuing operating activities, net of capital expenditures and dividends, was $64.3 million compared to cash provided by operating activities, net of capital expenditures and dividends, of $40.8 million in 1999. This change is due primarily to income taxes paid on net gains from investments (up $55 million), and higher capital expenditures (up $34.6 million), lower cash generated by manufacturing operations and higher spending at Molecumetics and Therics.

Capital expenditures in 2000 reflect the normal replacement of machinery and equipment and:

- A new feminine pad topsheet film production line at the plant in Terre Haute, Indiana;
- Machinery and equipment purchased for the manufacture of breathable and elastomeric films (these films are replacing traditional diaper backsheet and other components in order to improve comfort and fit);
- Expansion of capacity in Brazil for disposable films for hygiene products, such as feminine pads and diapers;
- Continued expansion of capacity at the Hungary facility, which produces disposable films for hygiene products marketed in Europe;
- A new plastic film manufacturing facility in Shanghai, China (this plant will make film for primarily hygiene products and should begin production in the second quarter of 2001);
- Press modernization at the aluminum extrusion plant in Kentland, Indiana; and
- The second phase of a modernization program at the aluminum extrusion plant in Newnan, Georgia (the first phase was completed in 1996).

Cash provided by continuing operating activities, net of capital expenditures and dividends, increased $7.6 million in 1999 due primarily to higher cash flow from operating activities, partially offset by higher capital expenditures (up $11.2 million).

Capital expenditures in 1999 reflect the normal replacement of machinery and equipment and:

- Machinery and equipment purchased for the Hungary facility;
- Machinery and equipment purchased for the manufacture of breathable and elastomeric films;
- Further expansion of diaper backsheet film capacity in Brazil;
- Commercial production capacity for new film products; and
- Second phase of a modernization program at the aluminum extrusion plant in Newnan, Georgia.

Cash provided by continuing operating activities, net of capital expenditures and dividends was $33.2 million in 1998, down from $39.5 million in 1997 due primarily to higher capital expenditures for manufacturing and research operations and higher dividends, partially offset by improved operating results. Cash used by discontinued operations of $1.9 million was due to the recapture of tax deductions previously taken on the UMWA Fund liability, partially offset by reimbursements received from the UMWA Fund.

Capital expenditures increased $11.4 million in 1998. Capital expenditures in 1998 reflect the normal replacement of machinery and equipment and:

- The new facility in Hungary;
- Machinery and equipment purchased for the manufacture of breathable and elastomeric films;
- Expansion of diaper backsheet film capacity in Brazil;
- The second phase of a modernization program at the aluminum extrusion plant in Newnan, Georgia; and
- Expansion of Molecumetics' research lab in Bellevue, Washington.

Quantitative and Qualitative Disclosures about Market Risk

Tredegar has exposure to the volatility of interest rates, polyethylene and polypropylene resin prices, aluminum ingot and scrap prices, foreign currencies, emerging markets and technology stocks. See Note 9 on page 56 regarding credit agreements and interest rate exposures.

Changes in resin prices, and the timing of those changes, could have a significant impact on profit margins in Film Products; however, those changes are generally followed by a corresponding change in selling prices. Profit margins in Aluminum Extrusions are sensitive to fluctuations in aluminum ingot and scrap prices but are also generally followed by a corresponding change in selling prices; however, there is no assurance that higher ingot costs can be passed along to customers.

In the normal course of business, we enter into fixed-price forward sales contracts with certain customers for the sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge our exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than twelve months, we enter into a combination of forward purchase commitments and futures contracts to acquire or hedge aluminum, based on the scheduled deliveries. See Note 6 on page 52 for more information.

We sell to customers in foreign markets through our foreign operations and through exports from U.S. plants. The percentage of sales, pretax income and total assets for manufacturing operations related to foreign markets for 2000 and 1999 are presented below:

Tredegar Corporation - Manufacturing Operations
Percentage of Net Sales, Pretax Income and Total Assets Related to Foreign Markets

	2000					1999				
	% of Total Net Sales*		% of Total Pretax Income*		% Total Assets	% of Total Net Sales*		% of Total Pretax Income*		% Total Assets -
	Exports From U.S.	Foreign Oper- ations	Exports From U.S.	Foreign Oper- ations	Foreign Oper- ations*	Exports From U.S.	Foreign Oper- ations	Exports From U.S.	Foreign Oper- ations	Foreign Oper- ations*
Canada	3	18	9	12	14	3	19	5	11	15
Europe	1	4	2	9	6	1	4	3	6	4
Latin America	3	2	9	4	3	3	2	7	2	2
Asia	4	1	6	3	2	4	1	5	2	1
Total % exposure to foreign markets	11	25	26	28	25	11	26	20	21	22

* The percentages for foreign markets are relative to Tredegar's total net sales, pretax income and total assets from manufacturing operations (consolidated net sales, pretax income and total assets from continuing operations excluding Therics, Molecumetics and venture capital investment activities and unusual items).

We attempt to match the pricing and cost of our products in the same currency and generally view the volatility of foreign currencies and emerging markets, and the corresponding impact on earnings and cash flow, as part of the overall risk of operating in a global environment. Exports from the U.S. are generally denominated in U.S. Dollars. Our foreign operations in emerging markets have agreements with certain customers that index the pricing of our products to the U.S. Dollar, the German Mark or the Euro. Our foreign currency exposure on income from foreign operations in Europe primarily relates to the German Mark and the Euro. We believe that our exposure to the Canadian Dollar has been substantially neutralized by the U.S. Dollar-based spread (the difference between selling prices and aluminum costs) generated from Canadian casting operations and exports from Canada to the U.S. The acquisition of Exxon Films on May 17, 1999, has increased the proportion of assets located in the U.S. It has also increased the amount of operating profit earned in the U.S., but this has been more than offset by higher U.S. Dollar interest expense on debt related to the acquisition.

We have investments in private venture capital fund limited partnerships and early-stage technology companies, including the stock of privately-held companies and the restricted and unrestricted stock of companies that have recently registered shares in initial public offerings. The portfolio is subject to risks typically associated with investments in technology start-up companies, which include business failure, illiquidity and stock market volatility. Furthermore, publicly traded stocks of emerging, technology-based companies have higher volatility and risk than the U.S. stock market as a whole. See the business segment review which begins below and Note 7 on page 53 for more information.

New Accounting Standards

The Financial Accounting Standards Board has issued a new standard affecting the accounting for derivative instruments and hedging activities. It requires us to recognize all derivatives as either assets or liabilities on the balance sheet and measure those instruments at fair value. Changes in the fair value of the derivative instruments are either recognized periodically in income or other comprehensive income. The accounting for our futures contracts to hedge aluminum price risk will be affected by this new standard. We have adopted this standard effective January 1, 2001. The adoption did not have a material effect on our results of operations or financial position.

Business Segment Review

Film Products

Sales. Film Products sales increased by 11% in 2000 due to the acquisition of Exxon Films on May 17, 1999 (see Note 2 on page 48) and raw material driven price increases. Total volume for the year was up 2% due to the acquisition of Exxon Films. On a pro forma basis (assuming the acquisition of Exxon Films occurred at the beginning of 1998), annual sales for Film Products declined by 1% and volume declined by 11%. The decline in volume was due to:

- Lower volumes in traditional diaper backsheet due to the transition to cloth-like breathable materials;
- Lower volume due to the continuing decline in market share of a major customer; and
- Lower volume due to the loss of some traditional diaper backsheet business in foreign markets to local competition in those markets.

Film Products sales increased by 19% in 1999 due to the acquisition of Exxon Films, partially offset by lower volume in existing operations. Lower volume from existing operations (down 4.6%) was due to:

- The transition to breathable and elastomeric films;
- Lower volume due to decline in the market share of a major customer; and
- Weakness in international markets (volume was down 3.7% for European operations and down 13.3% for Latin American operations).

On a pro forma basis (assuming the acquisition of Exxon Films occurred at the beginning of 1998), Film Products sales declined by almost 2% to $386 million in 1999 from $393 million in 1998.

Operating Profit. Film Products operating profit (excluding unusual items) was $47.1 million in 2000, down from $59.6 million in 1999. The decline in operating profit was due to:

- Manufacturing inefficiencies associated with the rollout of cloth-like breathable film backsheet for diapers;
- Lower volume from the transition to new products and lower customer market share as noted above;
- Higher costs related to new product development and commercialization efforts; and
- A third-quarter charge of $3.5 million for doubtful accounts related to two diaper film customers.

Film Products operating profit (excluding unusual items) was $59.6 million in 1999, up from $53.8 million in 1998 due to the acquisition of Exxon Films, partially offset by lower profit from existing operations. Lower profit from existing operations (down $6.9 million or 12.8%) was due to:

- Lower volume from the transition to new products and lower customer market share as noted above;
- Weakness in international markets (profits down $2.3 million for foreign operations), including a decline in profits in Brazil (down $2 million due primarily to the economic impact of the devaluation of the Real) and lower profits from European operations (down $2.8 million due mainly to lower volume and higher losses of $900,000 from start-up of the new plant in Hungary), partially offset by higher profits in China (up $2.6 million); and
- Higher product development spending (up $1 million).

Identifiable Assets. Identifiable assets in Film Products were $367.5 million in 2000, up from $360.5 million in 1999 due primarily to the impact of the following:

- Capital expenditures in excess of depreciation and amortization ($30 million);
- A decrease in accounts receivable and inventory reflecting lower sales volume (down $11.9 million); and
- The write-off of goodwill in connection with the write-off of excess production capacity ($10 million).

Identifiable assets in Film Products were $360.5 million in 1999, up from $132.2 million in 1998 due primarily to:

- The acquisition of Exxon Films (assets acquired totaled $210 million, including goodwill of $115 million);
- Higher receivables and inventories (up $9 million) reflecting primarily higher raw material costs from higher plastic resin prices at the end of the year; and
- Capital expenditures in excess of depreciation and amortization ($6.5 million).

Depreciation, Amortization and Capital Expenditures. Depreciation and amortization for Film Products was $23.1 million in 2000, up from $18.8 million in 1999 due to the acquisition of Exxon Films and capital expenditures (up $27.9 million over 1999). Depreciation and amortization for Film Products was $18.8 million in 1999, up from $12 million in 1998 due to the acquisition of Exxon Films. The acquisition of Exxon Films generated goodwill of $115.2 million, $10 million of which was written off in 2000 due to excess production capacity. The remainder is being amortized over thirty years.

Capital expenditures in Film Products in 2000 reflect the normal replacement of machinery and equipment and:

- A new feminine pad topsheet film production line at our plant in Terre Haute, Indiana;
- Machinery and equipment purchased for the manufacture of breathable and and elastomeric films;
- Expansion of capacity in Brazil for disposable films for hygiene products;
- A new plastic film manufacturing facility in Shanghai, China; and
- Continued expansion of capacity at the Hungary facility.

Capital expenditures in Film Products in 1999 reflect the normal replacement of machinery and equipment and:

- Machinery and equipment purchased for the Hungary facility;
- Machinery and equipment purchased for the manufacture of breathable and elastomeric films;
- Further expansion of diaper backsheet film capacity in Brazil; and
- Commercial production capacity for new products.

Fiberlux

Fiberlux was sold during the second quarter of 2000 for a gain of $762,000 ($487,680 after income taxes). Fiberlux was not material to the consolidated results of operations.

Aluminum Extrusions

Sales. Sales in Aluminum Extrusions increased by 4% in 2000 primarily due to higher average selling prices reflecting higher raw material costs. Volume declined by 4% due to weakening demand from transportation, distribution and construction markets during the second half of the year (see our market segments in the table on page 3).

Sales in Aluminum Extrusions increased by 17% in 1999 due to acquisitions in 1998 (see Note 2 on page 48) and higher volume from strong demand, partially offset by lower average selling prices. Volume was up 10.6% on a comparable basis excluding acquisitions. Lower average selling prices (down about 6 cents per pound or 4%) were due primarily to lower average raw material (aluminum) costs. On a pro forma basis, assuming acquisitions in Aluminum Extrusions in 1997 and 1998 occurred at the beginning of 1997, sales increased by 4.5% in 1999.

Operating Profit. Operating profit (excluding unusual items) decreased by 6% in 2000 primarily due to lower volumes resulting from weakening demand in our major markets during the latter half of the year, higher per-unit conversion costs and competitive pricing pressures.

Operating profit increased by 20% in 1999 due to higher volume and acquisitions as noted above. Operating results were adversely affected by press and furnace repairs and resulting downtime at the El Campo, Texas, facility, and expenses and disruptions associated with the second phase of the press modernization project at the Newnan, Georgia plant (the first phase was completed in 1996).

Identifiable Assets. Identifiable assets in Aluminum Extrusions were $210.4 million in 2000, down from $216.3 million in 1999 due primarily to a decrease in accounts receivable of $15.2 million reflecting lower sales in the fourth quarter of 2000 compared to the fourth quarter of 1999, partially offset by capital expenditures in excess of depreciation and amortization of $12 million.

Identifiable assets in Aluminum Extrusions were $216.3 million in 1999, up from $201.5 million in 1998, due primarily to:

- Capital expenditures in excess of depreciation and amortization ($6.9 million); and
- Higher accounts receivable (up $7 million) from higher sales in the fourth quarter of 1999 compared to the fourth quarter of 1998.

Depreciation, Amortization and Capital Expenditures. Depreciation and amortization for Aluminum Extrusions was $9.9 million in 2000, up slightly from $9.5 million in 1999 due primarily to capital expenditures. Depreciation and amortization was $9.5 million in 1999, up from $8.4 million in 1998 due to acquisitions.

Capital expenditures in 2000 and 1999 reflect the normal replacement of machinery and equipment and:

- The second phase of a press modernization program at the plant in Newnan, Georgia (total capital outlays for this project were approximately $11 million with $3.5 million spent in 2000, $6.2 million spent in 1999 and $1.3 million spent in 1998); and
- The modernization of one of the presses at our plant in Kentland, Indiana in 2000.

Technology

Revenues recognized to date for technology operating companies, Molecumetics and Therics (Therics was acquired on April 8, 1999), relate entirely to payments received for R&D support, including revenues of $7.3 million in 2000, $7.8 million in 1999 and $5.7 million in 1998. Operating losses (excluding unusual items) from technology operating companies increased by $5 million in 2000 due to increased spending for R&D efforts at both Molecumetics and Therics. R&D support revenues from collaboration arrangements decreased at Molecumetics in 2000 ($6.9 million in 2000 compared to $7.6 million in 1999). This decrease was slightly offset by higher revenue at Therics (up $242,000).

Operating losses at Molecumetics decreased to $3.4 million in 1999 from $3.5 million in 1998. R&D support revenues from collaboration agreements at Molecumetics were $7.6 million in 1999, up from $5.7 million in 1998. See pages 3-6 for more information on Molecumetics and Therics.

Changes in Technology segment identifiable assets over the last three years are summarized below:

(In Millions)	2000	1999	1998
Technology segment identifiable assets, beginning of year	$ 159.6	$ 66.3	$ 37.2
Molecumetics:			
Capital expenditures, primarily expansion of its research lab in Bellevue, Washington	2.1	1.4	3.6
Depreciation	(1.7)	(1.5)	(1.3)
Therics:			
Assets acquired (see Note 2 on page 48)	-	13.6	-
Write-off of in-process R&D (unusual item, see pages 5-6)	-	(3.5)	-
Capital expenditures	1.7	.8	-
Depreciation	(.9)	(.5)	-
Amortization of intangibles	(.9)	(.7)	-
Tredegar Investments (see Note 7 on page 53)			
New investments	93.1	81.7	35.4
Proceeds from the sale of investments, including broker receivables at end of period	(170.3)	(3.9)	(5.5)
Realized gains	154.9	3.1	4.6
Realized losses, write-offs and write-downs	(19.0)	(7.7)	(2.3)
Transfer of carrying value of Therics out of portfolio (acquired by Tredegar)	-	(3.4)	-
Increase (decrease) in unrealized gain on available-for-sale securities	32.8	10.9	(5.7)
Other (primarily increase in deferred income tax asset in 1999)	(.3)	3.0	.3
Net increase in Technology segment identifiable assets	91.5	93.3	29.1
Technology segment identifiable assets, end of year	$ 251.1	$ 159.6	$ 66.3

Tredegar Investments is our investment subsidiary. A schedule of investments is provided in Note 7 on page 53. Information on how we account for and value our investments is provided in Note 1 on page 42.

The appreciation (depreciation) in net asset value related to investment performance for the last three years is summarized below:

	(In Millions) 2000	1999	1998
Net realized gains, losses, writedowns and related operating expenses for investments reflected in consolidated statements of income (net of tax)	$ 83.8	$ (4.5)	$ .4
Change in unrealized appreciation of investments (net of tax)	89.2	41.4	(1.4)
Appreciation (depreciation) in net asset value related to investment performance	$ 173.0	$ 36.9	$ (1.0)

The appreciation was driven by a combination of events including acquisitions, initial public offerings and private investment asset write-ups. The following companies held directly in the portfolio, or held indirectly through our interests in other venture capital funds, accounted for the appreciation in net asset value in 2000:

Investment	Reason for Change	(In Millions) 2000
Public companies:		
Openwave Systems, Inc.	Acquisition of Software.com, a direct holding*	$ 36.4
Lucent Technologies, Inc.	Acquisition of Chromatis Networks, a direct holding*	14.1
Superconductor Tech., Inc.	Change in stock price*	10.1
Illumina, Inc.	Initial public offering, a direct holding	9.9
Copper Mountain Networks	Acquisition of OnPrem Networks, Inc., a direct holding*	8.4
Adolor Corporation	Initial public offering, a direct holding	6.2
Nortel Networks Corporation	Acquisition of EPiCON, a direct holding*	4.9
Rosetta Inpharmatics, Inc.	Initial public offering, a direct holding	4.7
Cisco Systems, Inc.	Change in stock price*	3.7
Sonus Networks	Initial public offering, an indirect holding	3.2
Cosine Communications	Initial public offering, an indirect holding	2.3
Eclipse Surgical Technologies	Change in stock price	(2.1)
Digital Island, Inc.	Change in stock price*	(3.1)
Private companies:		
eWireless, inc.	New round of financing at higher valuation	28.8
NovaLux, Inc.	New round of financing at higher valuation	24.2
Venture capital funds	Various	16.3
IRSI	New round of financing at higher valuation	7.1
BroadRiver Communications	New round of financing at higher valuation	2.7
GreaterGood.com	Lower valuation	(2.4)
Cooking.com	Lower valuation	(3.5)
Other public and private companies	Various	2.9
Appreciation in net asset value before operating expenses		174.8
After-tax operating and other expenses		(1.8)
Appreciation in net asset value related to investment performance		$ 173.0

* Significant portion of position liquidated in 2000.

The cost basis, carrying value and net asset value of our investment portfolio is reconciled below:

	(In Millions) December 31 2000	1999	1998
Cost basis of investments	$ 213.1	$ 135.5	$ 60.6
Writedowns taken on securities held (charged to earnings)	(26.6)	(7.8)	(2.7)
Unrealized appreciation on public securities held by Tredegar (reflected directly in equity net of deferred income taxes)	45.8	13.0	2.1
Carrying value of investments reflected in the balance sheet	232.3	140.7	60.0
Unrealized appreciation in private securities held by Tredegar and in its indirect interest in all securities held by venture capital funds	171.3	64.7	10.8
Estimated fair value of investments	403.6	205.4	70.8
Estimated income taxes on assumed disposal at fair value	(68.6)	(25.2)	(3.7)
Estimated net asset value of investments	$ 335.0	$ 180.2	$ 67.1

Changes in net asset value are summarized below:

	(In Millions) 2000	1999	1998
Net asset value at beginning of period	$ 180.2	$ 67.1	$ 35.4
After-tax appreciation (depreciation) in net asset value related to investment performance (net of operating expenses)	173.0	36.9	(1.0)
After-tax operating expenses funded by Tredegar	4.2	1.6	1.0
New investments	93.1	81.7	35.4
Transfer of the net asset value of Therics out of portfolio (acquired by Tredegar)	-	(4.3)	-
Reduction in net asset value due to the sale of investments	(115.5)	(2.8)	(3.7)
Increase (decrease) in net asset value	154.8	113.1	31.7
Net asset value at end of the period	$ 335.0	$ 180.2	$ 67.1

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See discussion of quantitative and qualitative disclosures about market risk on page 26 of Management's Discussion and Analysis.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the index on page 36 for references to the report of independent accountants, management's report on the financial statements, the consolidated financial statements and selected quarterly financial data.

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

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF TREDEGAR

The information concerning directors and persons nominated to become directors of Tredegar included in the Proxy Statement under the heading "Election of Directors" is incorporated herein by reference.

The information included in the Proxy Statement under the heading "Stock Ownership" is incorporated herein by reference.

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

Name	Age	Title
John D. Gottwald	46	President and Chief Executive Officer
Douglas R. Monk	55	Executive Vice President and Chief Operating Officer
Norman A. Scher	63	Executive Vice President and Chief Financial Officer
Edward A. Cunningham	43	Vice President Corporate Communications and Investor Relations
D. Andrew Edwards	42	Vice President, Finance and Treasurer
Larry J. Scott	50	Vice President, Audit
Nancy M. Taylor	40	Vice President, Law and Corporate Secretary
William J. Wetmore	47	Vice President, The William L. Bonnell Company, Inc.

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

Douglas R. Monk. Mr. Monk was elected Executive Vice President and Chief Operating Officer on November 18, 1998, and is responsible for our manufacturing operations. Mr. Monk has served as a Vice President since August 29, 1994, and served as President of The William L. Bonnell Company, Inc. and Capitol Products Corporation from February 23, 1993 to December 1, 1998.

Edward A. Cunningham. Mr. Cunningham was elected Vice President, Corporate Communications and Investor Relations on May 24, 2000. Mr. Cunningham served as Director of Corporate Communications and Investor Relations from March 1, 1994 until May 24, 2000. From July 10, 1989, until March 1, 1994, he served as Manager of Corporate Communications.

D. Andrew Edwards. Mr. Edwards was elected Vice President, Finance and Treasurer on November 18, 1998. Mr. Edwards has served as Treasurer since May 22, 1997. From October 19, 1992 until July 10, 2000, Mr. Edwards served as Controller.

Larry J. Scott. Mr. Scott was elected Vice President, Audit on May 24, 2000. Mr. Scott served as Director of Internal Audit since February 25, 1994.

Nancy M. Taylor. Ms. Taylor was elected Vice President, Law on November 18, 1998. Ms. Taylor has served as Secretary since February 25, 1994. From May 22, 1997 until July 25, 2000, she served as General Counsel. From February 25, 1994 until May 22, 1997, Ms. Taylor served as Corporate Counsel. She served as Assistant General Counsel from September 1, 1991 until February 25, 1994.

William J. Wetmore. Mr. Wetmore was elected Vice President on May 24, 2000. He has also served as President of The William L. Bonnell Company, Inc. and Capitol Products Corporation since December 1, 1998. Mr. Wetmore served as Director of Operations for our Aluminum Extrusions Division since October 1, 1996. He was the plant manager of The William L. Bonnell Company, Inc.'s plant in Carthage, Tennessee prior to that time.

Item 11. EXECUTIVE COMPENSATION

The information included in the Proxy Statement under the heading "Compensation of Executive Officers and Directors" is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

OWNERS AND MANAGEMENT

The information included in the Proxy Statement under the heading "Stock Ownership" is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND

REPORTS ON FORM 8-K

(a) List of documents filed as a part of the report:

(1) Financial statements:

Tredegar Corporation
Index to Financial Statements and Supplementary Data

(2) Financial statement schedules:

None

(3) Exhibits:

See Exhibit Index on page 71.

(b) Reports on Form 8-K

We did not file or amend any reports on Form 8-K during the last quarter of the year ended December 31, 2000.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Tredegar Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of Tredegar Corporation and Subsidiaries ("Tredegar") at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Richmond, Virginia

January 18, 2001

MANAGEMENT'S REPORT ON THE FINANCIAL STATEMENTS

Tredegar's management has prepared the financial statements and related notes appearing on pages 38-67 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 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 PricewaterhouseCoopers LLP, independent accountants. Their audit was made in accordance with generally accepted auditing standards and included a review of Tredegar's internal accounting controls to the extent considered necessary to determine audit procedures.

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

CONSOLIDATED STATEMENTS OF INCOME

Tredegar Corporation and Subsidiaries

Years Ended December 31	2000	1999	1998
(In thousands, except per-share amounts)			
Revenues:			
Gross sales	$886,379	$ 835,632	$ 710,742
Freight	(17,125)	(15,221)	(10,946)
Net sales	869,254	820,411	699,796
Other income (expense), net	138,204	(4,362)	4,015
Total	1,007,458	816,049	703,811
Costs and expenses:			
Cost of goods sold	706,817	648,254	553,184
Selling, general and administrative	52,937	47,357	39,493
Research and development	27,593	22,313	14,502
Amortization of intangibles	5,025	3,430	205
Interest	17,319	9,088	1,318
Unusual items	23,220	4,065	(101)
Total	832,911	734,507	608,601
Income from continuing operations before income taxes	174,547	81,542	95,210
Income taxes	63,171	28,894	31,054
Income from continuing operations	111,376	52,648	64,156
Income from discontinued operations	-	-	4,713
Net income	$111,376	$ 52,648	$ 68,869
Earnings per share:			
Basic:			
Continuing operations	$ 2.94	$ 1.42	$ 1.77
Discontinued operations	-	-	.13
Net income	$ 2.94	$ 1.42	$ 1.90
Diluted:			
Continuing operations	$ 2.86	$ 1.36	$ 1.66
Discontinued operations	-	-	.12
Net income	$ 2.86	$ 1.36	$ 1.78

See accompanying notes to financial statements.

CONSOLIDATED BALANCE SHEETS

Tredegar Corporation and Subsidiaries

December 31	2000	1999
(In thousands, except share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	$ 44,530	$ 25,752
Receivable from securities brokers	292	-
Accounts and notes receivable	96,652	121,820
Income taxes recoverable	3,857	-
Inventories	46,825	53,129
Deferred income taxes	13,788	11,230
Prepaid expenses and other	2,818	2,657
Total current assets	208,762	214,588
Property, plant and equipment, at cost:		
Land and land improvements	12,125	12,328
Buildings	62,631	62,466
Machinery and equipment	443,418	392,771
Total property, plant and equipment	518,174	467,565
Less accumulated depreciation	244,667	224,158
Net property, plant and equipment	273,507	243,407
Venture capital investments	232,259	140,698
Other assets and deferred charges	49,661	41,250
Goodwill and other intangibles	139,579	152,544
Total assets	$903,768	$ 792,487
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 51,818	$ 61,476
Accrued expenses	36,593	45,030
Income taxes payable	-	1,736
Total current liabilities	88,411	108,242
Long-term debt	268,102	270,000
Deferred income taxes	40,650	33,205
Other noncurrent liabilities	8,877	8,812
Total liabilities	406,040	420,259
Commitments and contingencies (Notes 7, 12 and 17) Shareholders' equity:		
Common stock (no par value):		
Authorized 150,000,000 shares;		
Issued and outstanding - 38,084,407 shares in 2000 and 37,661,140 in 1999	106,587	103,327
Common stock held in trust for savings restoration plan (53,871 shares in 2000 and 1999)	(1,212)	(1,212)
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	29,331	8,330
Foreign currency translation adjustment	(5,732)	(1,672)
Retained earnings	368,754	263,455
Total shareholders' equity	497,728	372,228
Total liabilities and shareholders' equity	$903,768	$ 792,487

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tredegar Corporation and Subsidiaries

Years Ended December 31 (In thousands)	2000	1999	1998
Cash flows from operating activities:			
Net income from continuing operations	$ 111,376	$ 52,648	$64,156
Adjustments for noncash items:			
Depreciation	31,959	28,263	22,260
Amortization of intangibles	5,025	3,430	205
Write-off of intangibles	9,950	3,725	-
Deferred income taxes	(4,673)	1,456	431
Accrued pension income and postretirement benefits	(6,648)	(2,904)	(3,931)
Loss (gain) on sale of venture capital investments	(135,969)	4,622	(2,267)
Loss (gain) on equipment writedowns and divestitures	13,080	458	(101)
Allowance for doubtful accounts	5,630	1,854	660
Net cash used by discontinued operating activities	-	-	(1,910)
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Accounts and notes receivable	17,994	(15,147)	(4,931)
Inventories	4,176	(2,120)	(4,035)
Income taxes recoverable and other prepaid expenses	(3,691)	1,059	1,263
Accounts payable and accrued expenses	(23,990)	15,547	665
Other, net	(2,642)	(871)	(1,691)
Net cash provided by operating activities	21,577	92,020	70,774
Cash flows from investing activities:			
Capital expenditures	(79,830)	(45,221)	(34,070)
Acquisitions (net of cash acquired of $2,393 in 2000 and $1,097 in 1998; excludes debt assumed of $3,234 in 2000 and equity issued of $11,219 in 1998)	(3,082)	(215,227)	(60,883)
Venture capital investments	(93,058)	(81,747)	(35,399)
Proceeds from the sale of venture capital investments	169,988	3,936	5,462
Proceeds from property disposals and divestitures	9,497	1,424	747
Other, net	1,635	(1,326)	(74)
Net cash provided by (used in) investing activities	5,150	(338,161)	(124,217)
Cash flows from financing activities:			
Dividends paid	(6,077)	(5,950)	(5,404)
Net increase (decrease) in borrowings	(5,132)	245,000	(5,000)
Repurchases of Tredegar common stock	(629)	-	(36,774)
Tredegar common stock purchased by trust for savings restoration plan	-	-	(192)
Proceeds from exercise of stock options (including related income tax benefits realized)	3,889	7,434	6,157
Net cash provided by (used in) financing activities	(7,949)	246,484	(41,213)
Increase (decrease) in cash and cash equivalents	18,778	343	(94,656)
Cash and cash equivalents at beginning of period	25,752	25,409	120,065
Cash and cash equivalents at end of period	$ 44,530	$ 25,752	$25,409
Supplemental cash flow information:			
Interest payments (net of amount capitalized)	$ 20,648	$ 5,554	$ 1,333
Income tax payments, net	$ 72,181	$ 24,367	$34,464

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Tredegar Corporation and Subsidiaries

(In thousands, except share and per-share data)	Common Stock Shares	Common Stock Amount	Retained Earnings	Trust for Savings Restoration Plan	Accumulated Other Comprehensive Income (Loss): Unrealized Gain on Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss): Foreign Currency Translation	Total Shareholders' Equity
Balance December 31, 1997	37,113,735	$ 115,291	$ 153,292	$ (1,020)	$ 5,020	$ (37)	$ 272,546
Comprehensive income:							
Net income	-	-	68,869	-	-	-	68,869
Other comprehensive loss:							
Available-for-sale securities adjustment, net of reclassification adjustment (net of tax benefit of $2,049)	-	-	-	-	(3,644)	-	(3,644)
Foreign currency translation adjustment (net of tax benefit of $1,336)	-	-	-	-	-	(2,482)	(2,482)
Comprehensive income							62,743
Cash dividends declared ($.15 per share)	-	-	(5,404)	-	-	-	(5,404)
Shares issued for acquisition	380,172	11,219	-	-	-	-	11,219
Repurchases of Tredegar common stock	(1,667,054)	(36,774)	-	-	-	-	(36,774)
Issued upon exercise of stock options (including related income tax benefits of $2,521)	833,898	6,157	-	-	-	-	6,157
Tredegar common stock purchased by trust for savings restoration plan	-	-	-	(192)	-	-	(192)
Balance December 31, 1998	36,660,751	95,893	216,757	(1,212)	1,376	(2,519)	310,295
Comprehensive income:							
Net income	-	-	52,648	-	-	-	52,648
Other comprehensive income:							
Available-for-sale securities adjustment, net of reclassification adjustment (net of tax of $3,911)	-	-	-	-	6,954	-	6,954
Foreign currency translation adjustment (net of tax of $466)	-	-	-	-	-	847	847
Comprehensive income							60,449
Cash dividends declared ($.16 per share)	-	-	(5,950)	-	-	-	(5,950)
Issued upon exercise of stock options (including related income tax benefits of $3,007)	1,000,389	7,434	-	-	-	-	7,434
Balance December 31, 1999	37,661,140	103,327	263,455	(1,212)	8,330	(1,672)	372,228
Comprehensive income:							
Net income	-	-	111,376	-	-	-	111,376
Other comprehensive income (loss):							
Available-for-sale securities adjustment, net of reclassification adjustment (net of tax of $11,813)	-	-	-	-	21,001	-	21,001
Foreign currency translation adjustment (net of tax benefit of $2,186)	-	-	-	-	-	(4,060)	(4,060)
Comprehensive income							128,317
Cash dividends declared ($.16 per share)	-	-	(6,077)	-	-	-	(6,077)
Repurchases of Tredegar common stock	(35,000)	(629)					(629)
Issued upon exercise of stock options (including related income tax benefits of $633)	458,267	3,889	-	-	-	-	3,889
Balance December 31, 2000	38,084,407	$ 106,587	$ 368,754	$ (1,212)	$ 29,331	$ (5,732)	$ 497,728

See accompanying notes to financial statements.

Tredegar Corporation and Subsidiaries
(In thousands, except Tredegar share and per-share amounts and unless otherwise stated)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations. Tredegar Corporation and subsidiaries ("Tredegar") is engaged in the manufacture of plastic films and aluminum extrusions. We also have two operating subsidiaries focused on healthcare-related technologies and an investment subsidiary. For more information on our products, principal markets and customers, see the "Description of Business" on pages 1-7 and the segment tables on pages 13-17. During the years 1998 through 2000, we made several acquisitions (see Note 2).

Basis of Presentation. The consolidated financial statements include the accounts and operations of Tredegar and all of its majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated. Certain previously reported amounts have been reclassified to conform to the 2000 presentation.

On May 20, 1998, we declared a three-for-one stock split payable on July 1, 1998, to shareholders of record on June 15, 1998. All historical references to shares, per-share amounts, stock option data and market prices of our common stock have been restated to reflect the split.

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

Revenue Recognition. Revenue from the sale of products is recognized when delivery of product to the customer has occurred, the price of the product is fixed and determinable, and collectibility is reasonably assured. Amounts billed to customers related to freight have been classified as gross sales in the accompanying consolidated statements of income. The cost of freight has been classified as a separate line in the accompanying consolidated statements of income.

Contract research revenue from collaboration agreements with our technology operating companies (Molecumetics and Therics) is accounted for under the percentage-of-completion method. Under the percentage-of-completion method, contract research support payments received in advance are recorded as deferred revenue and recognized as revenue only after the services to which they relate have been performed. The application of this revenue recognition method is dependent on the contractual arrangement of each agreement. Accordingly, revenue is recognized on the proportional achievement of deliveries against a compound delivery schedule or as development labor is expended against a total research and development labor plan, as appropriate. A contract is considered substantially complete when the remaining costs and potential risks associated with that contract are insignificant in amount. There is little or no profit generated from contract research support programs. At December 31, 2000, no contractually defined milestones had been achieved and there were no licensed products. Accordingly, no milestone-driven revenue or royalties have been recognized.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand in excess of daily operating requirements and highly liquid investments with maturities of three months or less when purchased. At December 31, 2000 and 1999, Tredegar had approximately $40,000 and $25,000, respectively, invested in securities with maturities of two months or less.

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

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

Aluminum Forward Sales, Purchase and Futures Contracts. In the normal course of business, we enter into a combination of forward purchase commitments and futures contracts to acquire or hedge aluminum. Gains and losses on these contracts are designated and effective as hedges of aluminum price and margin exposure on forward sales contracts and, accordingly, are recorded as adjustments to the cost of inventory (see Note 6).

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

Property, plant and equipment includes capitalized interest of $2,744 in 2000, $1,550 in 1999 and $915 in 1998.

Depreciation is computed primarily by the straight-line method based on the estimated useful lives of the assets, which range from 15 to 40 years for buildings and land improvements and generally 2 to 20 years for machinery and equipment.

Investments. We have investments in private venture capital fund limited partnerships and early-stage technology companies, including the stock of privately held companies and the restricted and unrestricted stock of companies that have recently registered shares in initial public offerings. These investments individually represent ownership interests of less than 20%.

The securities of public companies held by us (common stock listed on Nasdaq) are classified as available-for-sale and stated at fair value, with unrealized holding gains or losses excluded from earnings and reported net of deferred income taxes in a separate component of shareholders' equity until realized. The securities of private companies held by us (primarily convertible preferred stock) are accounted for at the lower of cost or estimated fair value. Ownership interests of less than or equal to 5% in private venture capital funds are accounted for at the lower of cost or estimated fair value, while ownership interests in excess of 5% in such funds are accounted for under the equity method.

We write-down or write-off an investment and recognize a loss when events indicate the investment is permanently impaired. For private securities and ownership interests in private venture capital funds, permanent impairment is deemed to exist whenever the estimated fair value at quarterly valuation dates is below carrying value. For available-for-sale securities, permanent impairment is deemed to exist if analyst reports or other information on the company indicates that recovery of value above cost basis is unlikely within several quarters.

The fair value of securities of public companies is determined based on closing price quotations, subject to estimated restricted stock discounts. Restricted securities are securities for which an agreement exists not to sell shares for a specified period of time, usually 180 days. Also included within the category of restricted securities are unregistered securities, the sale of which must comply with an exemption to the Securities Act of 1933 (usually SEC Rule 144). These unregistered securities are either the same class of stock that is registered and publicly traded or are convertible into a class of stock that is registered and publicly traded. Restricted issues of the same class of stock that is publicly traded are classified as available-for-sale securities if the securities can be reasonably expected to qualify for sale within one year. We estimate discounts to apply to restricted stock based on the circumstances surrounding each security, including the restriction period, the average trading volume of the security relative to our holdings and the discount applied by other venture capital funds with similar restrictions, if known.

We estimate the fair value of securities of private companies using purchase cost, prices of recent significant private placements of securities of the same issuer, changes in financial condition and prospects of the issuer, and estimates of liquidation value. The fair value of ownership interests in private venture capital funds is based on our estimate of our distributable share of fund net assets using, among other information:

- The general partners' estimate of the fair value of nonmarketable securities held by the funds (which is usually the indicative value from the latest round of financing or a reduced amount if events subsequent to the financing imply a lower valuation);
- Closing bid prices of publicly traded securities held by the funds, subject to estimated restricted stock discounts; and
- Fund formulas for allocating profits, losses and distributions.

The limited partnership agreements for each venture capital fund that we participate in are similar. Generally, 80% of the capital transaction gain or loss and net income or loss is allocated to all partners in proportion to their respective total capital contributions. The remaining 20% is allocated to the general partner. Should the allocation of losses lead to a negative balance in the capital account of the general partner, the amount of loss necessary to bring the general partner's capital account to zero is reallocated to limited partners. If the capital accounts of the limited partners include reallocated loss from the general partner, the 20% share of capital transaction gains allocable to the general partner is first applied to the limited partners until the loss is restored in the ratio of 99:1 in favor of the limited partners. The remaining reallocated capital transaction gains or net income or loss, if any, are allocated to the general partner and limited partners according to their normal allocation percentages.

Because of the inherent uncertainty associated with the valuations of restricted securities or securities for which there is no public market, estimates of fair value may differ significantly from the values that would have been used had a ready market for the securities existed. The portfolio is subject to risks typically associated with investments in technology start-up companies, which include business failure, illiquidity and stock market volatility. Furthermore, publicly traded stocks of emerging, technology-based companies usually have higher volatility and risk than the U.S. stock market as a whole.

Gains and losses recognized are included in "Other income (expense), net" in the consolidated statements of income on page 38 and "Venture capital investments" in the operating profit table on page 50. Beginning April 1, 1998, we began classifying the stand-alone operating expenses (primarily employee compensation and benefits and leased office space and equipment) for our venture capital investment activities with gains and losses in "Venture capital investments" in the operating profit table. Prior to that time they were classified in the "Other" category of the technology segment. These expenses, which continue to be reported in selling, general and administrative expenses in the consolidated statements of income, totaled $5,096 in 2000, $2,457 in 1999, $2,073 in 1998 and $1,651 for the nine months ended December 31, 1998.

Goodwill and Other Intangibles. The components of goodwill and other intangibles at December 31, 2000 and 1999, and related amortization periods are as follows:

December 31	2000	1999	Amortization Periods
Goodwill at acquisition date related to:			
The acquisition of the assets of the plastic films business of Exxon Chemical Company (May 17, 1999)	$115,243	$ 115,243	30 years
Acquisitions prior to November 1, 1970, and relating to Aluminum Extrusions	19,484	19,484	Not amortized
The acquisition of Exal Aluminum Inc. (June 11, 1998)	13,074	13,074	40 years
The acquisition of the assets of Therics, Inc. (April 8, 1999)	4,908	4,908	10 years
The acquisiton of the stock of ADMA and Promea (October 13, 2000)	3,537	-	30 years
Other Therics intangibles at acquisition date:			
In-process R&D	3,458	3,458	Immediate write-off
Tradename	2,236	2,236	10 years
Workforce	881	881	5 years
Other (primarily patent rights and licenses acquired)	603	603	No more than 17 yrs.
Total at cost	163,424	159,887	
Accumulated amortization	(8,910)	(3,885)	
Accumulated write-off of goodwill and in-process R&D acquired	(13,408)	(3,458)	
Accumulated impact of foreign currency translation and other	(1,527)	-	
Net	$139,579	$ 152,544	

We evaluate the periods of amortization continually to determine whether events and circumstances warrant revised estimates of useful lives.

Impairment of Long-Lived Assets. We review long-lived tangible and intangible assets for possible impairment on a quarterly basis. For assets to be held and used in operations, if events indicate that an asset may be impaired, we estimate the future unlevered cash flows expected to result from the use of the asset and its eventual disposition. Assets (including intangibles) are grouped for this purpose at the lowest level for which there are identifiable and independent cash flows. If the sum of these undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of the impairment loss is based on the estimated fair value of the asset.

Assets to be disposed of are reported at the lower of their carrying amount or estimated fair value less cost to sell, with an impairment loss recognized for any write-downs required.

Pension Costs and Postretirement Benefit Costs Other than Pensions. Pension costs and postretirement benefit costs other than pensions are accrued over the period employees provide service to the company. Our policy is to fund our pension plans at amounts not less than the minimum requirements of the Employee Retirement Income Security Act of 1974 and to fund postretirement benefits other than pensions when claims are incurred.

Postemployment Benefits. We periodically provide certain postemployment benefits purely on a discretionary basis. Related costs for these programs are accrued when it is probable that benefits will be paid. All other postemployment benefits are either accrued under current benefit plans or are not material to our financial position or results of operations.

Income Taxes. Income taxes are recognized during the period in which transactions enter into the determination of income for financial reporting purposes, with deferred income taxes being provided at enacted statutory tax rates on the differences between the financial reporting and tax bases of assets and liabilities (see Note 15). We accrue U.S. federal income taxes on unremitted earnings of our foreign subsidiaries.

Foreign Currency Translation. The financial statements of foreign subsidiaries, where the local currency is the functional currency, are translated into U.S. Dollars using exchange rates in effect at the period end for assets and liabilities and average exchange rates during each reporting period for results of operations. Adjustments resulting from the translation of these financial statements are reflected as a separate component of shareholders' equity.

The financial statements of foreign subsidiaries where the U.S. Dollar is the functional currency, and which have certain transactions in a local currency, are remeasured as if the functional currency were the U.S. Dollar. The remeasurement of local currencies into U.S. Dollars creates translation adjustments which are included in income. Transaction and remeasurement gains or losses included in income were not material in 2000, 1999 and 1998.

Earnings Per Share. Basic earnings per share is computed using the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed using the weighted average common and potentially dilutive common equivalent shares outstanding, determined as follows:

	2000	1999	1998
Weighted average shares outstanding used to compute basic earnings per share	37,884,656	36,991,974	36,286,476
Incremental shares issuable upon the assumed exercise of stock options	1,023,160	1,747,504	2,383,147
Shares used to compute diluted earnings per share	38,907,816	38,739,478	38,669,623

Incremental shares issuable upon the assumed exercise of outstanding stock options are computed using the average market price during the related period.

Stock Options. Stock options, stock appreciation rights ("SARs") and restricted stock grants are accounted for under APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations whereby:

- No compensation cost is recognized for fixed stock option or restricted stock grants unless the quoted market price of the stock at the measurement date (ordinarily the date of grant or award) is in excess of the amount the employee is required to pay; and
- Compensation cost for SARs is recognized and adjusted up through the date of exercise or forfeiture based on the estimated number of SARs expected to be exercised multiplied by the difference between the market price of our stock and the amount the employee is required to pay.

The company provides additional pro forma disclosures of the fair value based method (see Note 11).

Comprehensive Income. Comprehensive income, which is included in the consolidated statement of shareholders' equity, is defined as net income and other comprehensive income. Other comprehensive income includes changes in unrealized gains and losses on available-for-sale securities and foreign currency translation adjustments recorded net of deferred income taxes directly in shareholders' equity.

The available-for-sale securities adjustment included in the consolidated statement of shareholders' equity is comprised of the following components:

	2000	1999	1998
Available-for-sale securities adjustment:			
Unrealized net holding gains (losses) arising during the period	$ 185,584	$ 12,295	$ (3,426)
Income taxes	(66,810)	(4,426)	1,233
Reclassification adjustment for net losses (gains) realized in income	(152,770)	(1,429)	(2,267)
Income taxes	54,997	514	816
Available-for-sale securities adjustment	$ 21,001	$ 6,954	$ (3,644)

2 ACQUISITIONS

On October 13, 2000, Tredegar acquired the stock of ADMA s.r.l. ("ADMA") and Promea Engineering s.r.l. ("Promea") for cash consideration of $3,082 (including transaction costs and debt assumed of $3,234 and net of cash acquired of $2,393). ADMA manufactures films used primarily in personal hygiene markets while Promea manufactures equipment to produce hygienic films and laminates. Both companies are headquartered in Chieti, Italy, and share a manufacturing site in Roccamontepiano, Italy.

On May 17, 1999, Tredegar acquired the assets of Exxon Chemical Company's plastic films business ("Exxon Films") for cash consideration of approximately $205,007 (including transaction costs). The acquisition was funded with borrowings under our revolving credit facility, and has since been refinanced by a term loan (see Note 9). The asset-purchase structure, unlike a stock-purchase transaction, allows Tredegar to deduct for tax purposes over time the full value of depreciable fixed assets and intangibles (goodwill).

In addition to the above mentioned acquisitions, Tredegar acquired:

- The assets of Therics, Inc. ("Therics") on April 8, 1999;
- The stock of Canadian-based Exal Aluminum Inc. ("Exal") on June 11, 1998; and
- Two Canadian-based aluminum extrusion and fabrication plants from Reynolds Metals Company ("Reynolds") on February 6, 1998.

The assets of Therics were acquired for cash consideration of $13,600 (including transaction costs). Before the acquisition, Tredegar owned approximately 19% of Therics. Upon the final liquidation of the former Therics, Tredegar paid approximately $10,220 to effectively acquire the remaining 81% ownership interest. Tredegar recognized a nonrecurring charge of $3,458 (classified in unusual items in the consolidated statements of income) in the second quarter of 1999 related to the write-off of acquired in-process R&D (see more information on pages 5-6).

Exal was acquired for $44,106 (including transaction costs), which was comprised of cash consideration of $32,887 ($31,790 net of cash acquired) and 380,172 shares of Class I non-voting preferred shares of Tredegar's Bon L Canada subsidiary (the "Class I Shares").

The Class I Shares were exchangeable into shares of Tredegar common stock on a one-for-one basis. Each Class I Share was economically equivalent to one share of Tredegar common stock and accordingly accounted for in the same manner. All Class I Shares were exchanged during 2000.

The aluminum extrusion plants acquired in the Exal transaction are located in Pickering, Ontario and Aurora, Ontario. Both facilities manufacture extrusions for distribution, transportation, electrical, machinery and equipment, and building and construction markets. The Pickering facility also produces aluminum logs and billet for internal use and for sale to customers.

The two Canadian-based aluminum extrusion and fabrication plants were acquired from Reynolds for cash consideration of $29,093 (including transaction costs). The plants are located in Ste-Therese, Quebec, and Richmond Hill, Ontario. Both facilities manufacture products used primarily in building and construction, transportation, electrical, machinery and equipment, and consumer durables markets.

Selected 1999 and 1998 historical and pro forma financial information for Tredegar is as follows (assumes the acquisitions occurred at the beginning of 1998):

Selected Historical and Pro Forma Financial Information

	Historical		Pro Forma (Unaudited)	
	1999	1998	1999	1998
Net sales	$820,411	$699,796	$863,706	$851,631
Income from continuing operations	52,648	64,156	51,323	56,332
Diluted earnings per share from continuing operations	1.36	1.66	1.32	1.45

These acquisitions were accounted for using the purchase method. No goodwill arose from the acquisitions of the former Reynolds plants since the estimated fair value of the identifiable net assets acquired equaled the purchase price. Goodwill (the excess of the purchase price over the estimated fair value of identifiable net assets acquired) and identifiable intangibles arising from the acquisitions of ADMA, Promea, Exxon Films, Therics and Exal are summarized in Note 1. The operating results for the acquired business have been included in the consolidated statements of income since the dates acquired.

3 BUSINESS SEGMENTS

Information by business segment and geographic area for the last three years is provided in the tables below. There are no accounting transactions between segments and no allocations to segments. Film Products' primary customer for permeable, breathable and elastomeric films and nonwoven film laminates is The Procter & Gamble Company ("P&G"). Net sales to P&G totaled $242,359 in 2000, $250,020 in 1999 and $233,493 in 1998. These amounts include plastic film sold to others that converted the film into materials used in products manufactured by P&G.

	Net Sales			Operating Profit		
	2000	1999	1998	2000	1999	1998
Film Products:						
Ongoing operations	$ 380,202	$ 342,300	$ 286,965	$ 47,112	$ 59,554	$ 53,786
Unusual items (a)	-	-	-	(22,163)	(1,170)	-
	380,202	342,300	286,965	24,949	58,384	53,786
Fiberlux:						
Ongoing operations	1,856	9,092	11,629	(264)	57	1,433
Unusual items (a)	-	-	-	762	-	-
	1,856	9,092	11,629	498	57	1,433
Aluminum Extrusions:						
Ongoing operations	479,889	461,241	395,455	52,953	56,501	47,091
Unusual items (a)	-	-	-	(1,628)	-	(664)
	479,889	461,241	395,455	51,325	56,501	46,427
Technology:						
Molecumetics	6,904	7,617	5,718	(5,589)	(3,421)	(3,504)
Therics	403	161	-	(8,024)	(5,235)	-
Venture capital investments	-	-	-	130,879	(7,079)	615
Other	-	-	29	-	-	(428)
Unusual items (a)	-	-	-	(191)	(3,607)	765
	7,307	7,778	5,747	117,075	(19,342)	(2,552)
Total (b)	$ 869,254	$ 820,411	$ 699,796	193,847	95,600	99,094
Interest income				2,578	1,419	2,279
Interest expense				17,319	9,088	1,318
Corporate expenses, net (a)				4,559	6,389	4,845
Income from continuing operations before income taxes				174,547	81,542	95,210
Income taxes (a)				63,171	28,894	31,054
Income from continuing operations				111,376	52,648	64,156
Income from discontinued Energy segment operations (a)				-	-	4,713
Net income				$ 111,376	$ 52,648	$ 68,869

(a) See Note 16 for more information on unusual items, and Note 18 for more information on divested and discontinued operations.

(b) The difference between consolidated gross sales as reported in the consolidated statements of income on page 41 and segment net sales reported above is freight of $17,125 in 2000, $15,221 in 1999 and $10,946 in 1998.

December 31	Identifiable Assets 2000	1999	1998
Film Products	$ 367,526	$ 360,517	$ 132,241
Fiberlux	-	7,859	7,811
Aluminum Extrusions	210,434	216,258	201,518
Technology:			
Molecumetics	4,757	4,749	5,196
Therics	9,609	9,905	-
Investments and other	236,698	145,028	61,098
Subtotal	829,024	744,316	407,864
General corporate	30,214	22,419	23,905
Cash and cash equivalents	44,530	25,752	25,409
Total	$ 903,768	$ 792,487	$ 457,178

	Depreciation and Amortization 2000	1999	1998	Capital Expenditures 2000	1999	1998
Film Products	$ 23,122	$ 18,751	$ 11,993	$ 53,161	$ 25,296	$ 18,456
Fiberlux	151	498	544	425	812	1,477
Aluminum Extrusions	9,862	9,484	8,393	21,911	16,388	10,407
Technology:						
Molecumetics	1,734	1,490	1,260	2,133	1,362	3,561
Therics	1,782	1,195	-	1,730	757	-
Investments and other	18	22	21	86	-	54
Subtotal	36,669	31,440	22,211	79,446	44,615	33,955
General corporate	315	253	254	384	606	115
Total	$ 36,984	$ 31,693	$ 22,465	$ 79,830	$ 45,221	$ 34,070

	Net Sales by Geographic Area 2000	1999	1998
United States	$ 558,387	$ 528,243	$460,330
Exports from the United States to:			
Canada	26,802	25,365	23,393
Latin America	26,224	23,453	19,764
Europe	9,685	8,815	4,116
Asia	31,437	30,156	30,548
Foreign operations:			
Canada	153,713	152,379	104,189
Europe	35,579	29,588	31,150
Latin America	21,713	18,054	24,785
Asia	5,714	4,358	1,521
Total (b)	$ 869,254	$ 820,411	$699,796

December 31	Identifiable Assets by Geographic Area 2000	1999	1998
United States	$ 673,687	$ 605,659	$ 282,332
Canada	89,663	96,786	92,829
Europe	36,337	22,349	12,781
Latin America	18,308	14,421	15,084
Asia	11,029	5,101	4,838
General corporate	30,214	22,419	23,905
Cash and cash equivalents	44,530	25,752	25,409
Total	$ 903,768	$ 792,487	$ 457,178

4 ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable consist of the following:

December 31	2000	1999
Trade, less allowance for doubtful accounts and sales returns of $6,375 in 2000 and $4,046 in 1999	$ 94,561	$ 118,643
Other	2,091	3,177
Total	$ 96,652	$ 121,820

5 INVENTORIES

Inventories consist of the following:

December 31	2000	1999
Finished goods	$ 7,997	$ 9,928
Work-in-process	4,314	4,322
Raw materials	23,889	29,174
Stores, supplies and other	10,625	9,705
Total	$ 46,825	$ 53,129

Inventories stated on the LIFO basis amounted to $18,400 at December 31, 2000 and $28,826 at December 31, 1999, which are below replacement costs by approximately $13,719 at December 31, 2000 and $14,857 at December 31, 1999.

6 ALUMINUM FORWARD SALES, PURCHASE AND FUTURES CONTRACTS

In the normal course of business, we enter into fixed-price forward sales contracts with certain customers for the sale of fixed quantities of aluminum extrusions at scheduled intervals. In order to hedge our exposure to aluminum price volatility under these fixed-price arrangements, which generally have a duration of not more than 12 months, we enter into a combination of forward purchase commitments and futures contracts to acquire or hedge aluminum, based on the scheduled deliveries. These contracts involve elements of credit and market risk that are not reflected on our balance sheet, including the risk of dealing with counterparties and their ability to meet the terms of the contracts. The counterparties to the company's forward purchase commitments are major aluminum brokers and suppliers, and the counterparties to the company's futures contracts are major financial institutions. Fixed-price forward sales contracts are only made available to our best and most credit-worthy customers.

The off-balance sheet asset or liability at December 31, 2000 and 1999, relating to the forward purchase commitments and futures contracts (which was substantially offset by an unrealized loss or gain on the related fixed-price forward sales contracts), consists of the following:

December 31	2000	1999
Millions of pounds of aluminum under forward purchase commitments and futures contracts	46.7	34.6
Weighted average market price of aluminum (cents per pound):		
At date of contracts	71.0	72.3
At end of year	74.5	78.7
Off-balance sheet asset on forward purchase commitments and futures contracts (in thousands)	$ 1,635	$ 2,214

7 INVESTMENTS

A summary of our investment activities is provided below:

	2000	1999	1998
Carrying value of venture capital investments, beginning of period	$ 140,698	$ 60,024	$ 33,513
Venture capital investment activity for period (pre-tax amounts):			
New investments	93,058	81,747	35,399
Proceeds from the sale of investments, including broker receivables at end of period	(170,280)	(3,936)	(5,462)
Realized gains	154,928	3,112	4,582
Realized losses, write-offs and write-downs	(18,959)	(7,734)	(2,315)
Transfer of carrying value of Therics out of portfolio (acquired by Tredegar)	-	(3,380)	-
Increase (decrease) in net unrealized gain on available-for-sale securities	32,814	10,865	(5,693)
Carrying value of venture capital investments, end of period	$ 232,259	$ 140,698	$ 60,024

Our remaining unfunded commitments to private venture capital funds totaled approximately $50,860 at December 31, 2000, which we expect to fund over the next two years. We have entered into a three-year agreement whereby Perennial Ventures will manage our existing portfolio of direct investments. The agreement calls for management fee payments of $6 million in 2001, $5 million in 2002 and $4 million in 2003.

A schedule of investments is provided on the next two pages.

Tredegar Corporation
Schedule of Investments at December 31, 2000 and 1999
(In Thousands, Except Per-Share Amounts)

Investment	Symbol	Yrs. Held (a)	Description	Web Site (www.)
Securities of Public Companies Held:				
Illumina, Inc. (e)	ILMN	2.1	Fiber optic sensor technology for drug screening	illumina.com
Rosetta Inpharmatics, Inc. (e)	RSTA	3.6	Gene function/drug screening on a chip	rii.com
Adolor Corporation (e)	ADLR	2.1	Develops pain-management therapeutic drugs	adolor.com
SignalSoft Corporation (e)	SGSF	2.8	Wireless caller location detection software	signalsoftcorp.com
Vascular Solutions (e)	VASC	3.0	Vascular access site closure system	vascularsolutions.
Openwave Systems, Inc. (f)	OPWV	1.1	Infrastructure applications for the Internet	openwave.com
Eprise Corporation (e)	EPRS	3.0	Web site maintenance & development tool	eprise.com
Cisco Systems, Inc. (f)	CSCO	1.5	Worldwide leader in networking for the Internet	cisco.com
Nortel Networks Corporation (f)	NT	2.8	Networking solutions and services	nortelnetworks.com
Superconductor Tech., Inc.	SCON	1.5	Manufactures filters for wireless networks	suptech.com
Eclipse Surgical Technologies	ESTI	6.6	Coronary revascularization	eclipsesurg.com
Caliper Technologies Corp.	CALP	2.9	Lab on a chip	calipertech.com
Copper Mountain Networks	CMTN	.4	Digital subscriber line communication products	coppermountain.com
Akamai Technologies, Inc.	AKAM	1.1	Global delivery service of Internet content	eclipsesurg.com
Total securities of public companies held				
Securities of Private Companies Held:				
CryoGen		5.3	Micro-cryogenic catheters for medical applications	cryogen-inc.com
Sensitech Inc.		3.8	Perishable product mgmt. solutions	sensitech.com
Bell Geospace		3.5	Presentation of 3D data to the oil & gas industry	bellgeo.com
Songbird Medical, Inc.		3.4	Disposable hearing aids	
RedCreek Communications		3.4	Internet and intranet security	redcreek.com
Appliant, Inc.		3.2	Software tools for managing executable software	appliant.com
Ellipsys Technologies, Inc.		3.2	Telephone system error detection	ellipsystech.com
HemoSense		3.1	Point of care blood coagulation time test device	hemosense.com
Moai Technologies, Inc.		3.0	System for holding auctions on the Internet	moai.com
Babycare, Ltd.		2.9	Direct retailing of baby care products in China	
NovaLux, Inc.		2.6	Blue-green light lasers	novalux.com
IRSI		2.6	Optical inspection systems	irsinc.com
Xcyte Therapies, Inc.		2.4	Develops drugs to treat cancer & other disorders	xcytetherapies.com
Advanced Diagnostics, Inc.		2.1	3-D medical imaging equipment	
Praxon, Inc.		2.0	Integrated business communications equipment	praxon.com
AdiCom Wireless, Inc.		2.0	Wireless local loop technology	adicomwireless.com
EndoVasix, Inc.		1.9	Device for treatment of ischemic strokes	endovasix.com
eWireless, inc.		1.9	Technology linking cell phone users & advertising	ewireless.com
Cooking.com, Inc.		1.8	Sales of cooking-related items over the Internet	cooking.com
MediaFlex.com		1.7	Internet-based printing & publishing	mediaflex.com
eBabyCare Ltd.		1.6	Sales of babycare products over the Internet in China	
Kodiak Technologies, Inc.		1.5	Cooling products for organ & pharma transport	kodiaktech.com
Artemis Medical, Inc.		1.5	Medical devices for breast cancer surgery	
CEPTYR, Inc.		1.4	Develops small molecule drugs	ceptyr.com
GreaterGood.com		1.4	Internet marketing targeted at donors to charities	greatergood.com
Etera Corporation		1.3	Sales of branded perennial plants over the Internet	etera.com
ThinkFree.com		1.2	Java-based software complementary to Microsoft Office	thinkfree.com
BroadRiver Communications		1.1	Local DSL provider	purepacket.com
Quarry Technologies, Inc.		1.1	Technology for delivery of differentiated service levels	quarrytech.com
Norborn Medical, Inc.		1.0	Device for treatment of cardiovascular disease	
FastTrack Systems, Inc.		.9	Clinical trial data management information systems	
Riveon, Inc.		.9	Web-based data mining software for business managers	
MedManage Systems Inc.		.7	Management of prescription drug sampling programs	
Linx Communications, Inc.		.5	Unified communications and messaging systems	
Infinicon, Inc.		.5	Manufacturer of infiniband input/output products	
Cbyon, Inc.		.5	Provider of software image data to assist surgeons	
Extreme Devices		.3	Manufacturer of integrated, solid-state electron source	
Subtotal securities of private companies held				

See notes on page 55.

Tredegar Corporation
Schedule of Investments at December 31, 2000 and 1999
(In Thousands, Except Per-Share Amounts)

	Public Common Stock or Equivalents at 12/31/00			12/31/00 (g)			12/31/99 (g)		
Investment	Shares Held	Closing Price	Estimated Restricted Stock Discount(c)	Estimated Fair Value(b)	Carrying Value(b)	Cost Basis	Estimated Fair Value(b)	Carrying Value(b)	Cost Basis
Securities of Public Companies Held:									
Illumina, Inc. (e)	1,665	$ 16.06	20%	$ 21,395	$ 21,395	$ 3,925	$ 6,853	$ 3,925	$ 3,925
Rosetta Inpharmatics, Inc. (e)	1,062	16.00	20%	13,599	13,599	4,745	4,558	3,000	3,000
Adolor Corporation (e)	698	22.00	20%	12,291	12,291	3,000	2,613	2,000	2,000
SignalSoft Corporation (e)	925	9.81	20%	7,261	7,261	3,006	5,624	2,996	2,996
Vascular Solutions (e)	857	7.38	20%	5,060	5,060	2,450	4,409	2,450	2,450
Openwave Systems, Inc. (f)	70	47.94	20%	2,689	2,689	348	2,000	2,000	2,000
Eprise Corporation (e)	1,480	1.81	2%	2,633	2,633	2,382	7,309	2,900	2,900
Cisco Systems, Inc. (f)	13	38.25	20%	405	405	200	6,276	6,276	2,000
Nortel Networks Corporation (f)	24	32.06	20%	617	617	117	2,945	750	750
Superconductor Tech., Inc.	191	3.62	13%	603	603	552	4,613	3,000	3,000

Eclipse Surgical Technologies	453	0.84	n/a	381	381	2,464	3,342	3,342	2,464
Caliper Technologies Corp.		- -	20%	-	-	-	8,386	8,386	1,000
Copper Mountain Networks		- -	20%	-	-	-	1,460	1,460	1,460
Akamai Technologies, Inc.	-	-	20%	-	-	-	536	536	57
Total securities of public companies held				66,934	66,934	23,189	60,924	43,021	30,002
Securities of Private Companies Held:									
CryoGen				4,265	3,054	3,054	3,759	2,553	2,553
Sensitech Inc.				3,154	2,333	2,333	2,000	2,000	2,000
Bell Geospace				-	-	3,500	-	-	3,500
Songbird Medical, Inc.				8,013	4,210	4,210	5,922	3,960	3,960
RedCreek Communications				706	549	2,256	2,071	2,071	2,256
Appliant, Inc.				6,352	3,899	3,899	5,036	2,599	2,599
Ellipsys Technologies, Inc.				-	-	2,275	1,987	1,987	2,737
HemoSense				2,733	2,485	2,485	1,735	1,485	1,485
Moai Technologies, Inc.				6,263	2,021	2,021	7,389	2,021	2,021
Babycare, Ltd.				-	-	1,009	1,009	1,009	1,009
NovaLux, Inc.				50,801	10,149	10,149	5,193	3,183	3,183
IRSI				14,993	3,825	4,700	2,848	2,825	3,700
Xcyte Therapies, Inc.				5,598	3,795	3,795	3,000	3,000	3,000
Advanced Diagnostics, Inc.				1,321	1,371	1,371	705	705	705
Praxon, Inc.				-	-	2,309	2,661	2,309	2,309
AdiCom Wireless, Inc.				2,648	2,648	4,062	3,000	3,000	3,000
EndoVasix, Inc.				4,270	4,000	4,000	2,500	2,500	2,500
eWireless, inc.				47,728	2,250	2,250	2,250	2,250	2,250
Cooking.com, Inc.				1,500	1,500	4,500	7,021	4,500	4,500
MediaFlex.com				4,085	3,500	3,500	1,500	1,500	1,500
eBabyCare Ltd.				-	-	314	120	120	120
Kodiak Technologies, Inc.				1,694	1,694	1,694	1,194	1,194	1,194
Artemis Medical, Inc.				3,201	2,467	2,467	800	800	800
CEPTYR, Inc.				1,750	1,750	1,750	1,750	1,750	1,750
GreaterGood.com				-	-	3,781	3,200	3,200	3,200
Etera Corporation				5,269	5,000	5,000	3,000	3,000	3,000
ThinkFree.com				3,696	1,491	1,491	1,001	1,001	1,001
BroadRiver Communications				9,136	4,779	4,779	1,797	1,797	1,797
Quarry Technologies, Inc.				3,425	3,425	3,425	3,000	3,000	3,000
Norborn Medical, Inc.				-	-	188	188	188	188
FastTrack Systems, Inc.				7,962	5,134	5,134	-	-	-
Riveon, Inc.				1,700	1,700	1,700	-	-	-
MedManage Systems Inc.				4,000	4,000	4,000	-	-	-
Linx Communications, Inc.				3,000	3,000	3,000	-	-	-
Infinicon, Inc.				3,485	3,485	3,485	-	-	-
Cbyon, Inc.				3,500	3,500	3,500	-	-	-
Extreme Devices				5,000	5,000	5,000	-	-	-
Subtotal securities of private companies held				221,248	98,014	118,386	77,636	61,507	66,817

See notes on page 55.

Tredegar Corporation
Schedule of Investments at December 31, 2000 and 1999
(In Thousands, Except Per-Share Amounts)

Investment	Yrs. Held (a)	Description	Web Site (www.)	12/31/00(g) Estimated Fair Value(b)	12/31/00(g) Carrying Value (b)	12/31/00(g) Cost Basis	12/31/99 (g) Estimated Fair Value (b)	12/31/99 (g) Carrying Value (b)	12/31/99 (g) Cost Basis
Total securities of public companies held (from page 54)				66,934	66,934	23,189	60,924	43,021	30,002
Subtotal securities of private companies held (from page 54)				221,248	98,014	118,386	77,636	61,507	66,817
Locus Discovery	.1	Computational chemogenomics technology		3,000	3,000	3,000	-	-	-
eTunnels	.0	VPNs across all ISPs and companies		3,000	3,000	3,000	-	-	-
Elixir	.0	Evaluation technology for anti-aging compounds		250	250	250	-	-	-
Total securities of private companies held				227,498	104,264	124,636	77,636	61,507	66,817
Limited partnership interests in private venture capital funds (period held of .1 - 7.5 years) (d)				109,099	61,061	65,271	66,803	36,170	38,650
Total investments				403,531	$ 232,259	$213,096	205,363	$ 140,698	$135,469
Estimated taxes on assumed disposal at fair value				68,557			25,162		
Estimated net asset value ("NAV")				$ 334,974			$ 180,201		

Notes:

(a) The period held for an investment in a company or a venture capital fund is computed using the initial investment date and the current valuation date. If a company has merged with another company, then the initial investment date is the date of the investment in the predecessor company.

(b) Amounts are shown net of carried interest estimated using realized and unrealized net gains to date. Amounts may change due to changes in estimated carried interest, and such changes are not expected to be material. Carried interest is the portion of value payable to portfolio managers based on realized net gains and is a customary incentive in the venture capital industry.

(c) Restricted securities are securities for which an agreement exists not to sell shares for a specified period of time, usually 180 days. Also included within the category of restricted securities are unregistered securities, the sale of which must comply with an exemption to the Securities Act of 1933 (usually SEC Rule 144). These unregistered securities are either the same class of stock that is registered and publicly traded or are convertible into a class of stock that is registered and publicly traded.

(d) At December 31, 2000, Tredegar had ownership interests in 27 venture capital funds, including an indirect interest in the following public companies, among others (disposition of shares held by venture funds, including distributions to limited partners, is at the sole discretion of the general partner of the fund):

Indirect Investment	Symbol	Description
Cosine Communications	COSN	Communications platforms for network service providers (cosinecom.com)
Universal Access, Inc.	UAXS	Wholesale provider of high bandwidth services (universalaccessinc.com)
Illumina, Inc.	ILMN	Fiber optic sensor technology for drug screening (illumina.com)
Adolor Corporation	ADLR	Develops pain-management therapeutic drugs (adolor.com)
Lucent Technologies, Inc.	LU	Developer and manufacturer of communications systems (lucent.com)
Paradigm Genetics, Inc.	PDGM	Industrialization of the process of determining gene function (paragen.com)
Rosetta Inpharmatics, Inc.	RSTA	Gene function/drug screening on a chip (rii.com)
ASAT Holdings	ASTT	Provider of semiconductor assemply and testing services (asat.com)
Genomica Corporation	GNOM	Software for accelerating drug discovery and development (genomica.com)
SignalSoft Corporation	SGSF	Wireless caller location detection software (signalsoftcorp.com)

Indirect Investment	Indirect Interest in Common Shares	Closing Price	Average Restricted Stock Discount	Indirect Estimated Fair Value	Indirect Cost Basis
Cosine Communications	403	$ 13.88	20%	$ 4,476	$ 562
Universal Access, Inc.	605	8.00	20%	3,872	521
Illumina, Inc.	196	16.06	20%	2,512	333
Adolor Corporation	82	22.00	20%	1,451	411
Lucent Technologies, Inc.	70	13.50	n/a	939	62
Paradigm Genetics, Inc.	92	10.00	0%	924	163
Rosetta Inpharmatics, Inc.	57	16.00	20%	733	256
ASAT Holdings	173	5.00	20%	691	448
Genomica Corporation	102	6.75	20%	550	296
SignalSoft Corporation	49	9.81	20%	386	163

(e) The company was privately held at 12/31/99 and has subsequently gone public.

(f) Public company stock received from the acquisition of a private company in the portfolio.

(g) Our portfolio is subject to risks typically associated with investments in technology start-up companies, which include business failure, illiquidity and stock market volatility.

8 ACCRUED EXPENSES

Accrued expenses consist of the following:

December 31	2000	1999
Payrolls, related taxes and medical and other benefits	$ 14,698	$ 15,547
Workmen's compensation and disabilities	4,790	5,480
Vacation	4,550	7,353
Contract research revenues received in advance	497	501
Environmental, plant shutdowns and divestitures	391	205
Other	11,667	15,944
Total	$ 36,593	$ 45,030

9 DEBT AND CREDIT AGREEMENTS

On October 20, 1999, Tredegar borrowed $250,000 under a term loan agreement dated October 13, 1999. A portion of the term loan proceeds ($230,000) was used to repay all of the outstanding borrowings at that time under our revolving credit facility. The balance ($20,000) was invested in cash equivalents and is being used to fund capital expenditures and venture capital commitments. The revolving credit facility permits borrowings of up to $275,000 (no amounts borrowed at December 31, 2000 and 1999) and matures on July 9, 2002, with an annual extension of one year permitted subject to the approval of participating banks. Tredegar also has a note payable with a remaining balance of $15,000. Total debt due and outstanding at December 31, 2000, is summarized below:

Debt Due and Outstanding at 12/31/00

Year Due	Note Payable	Term Loan	Other	Total Debt Due
2001	$ 5,000	$ -	$ 857	$ 5,857
2002	5,000	-	902	5,902
2003	5,000	50,000	765	55,765
2004	-	75,000	461	75,461
2005	-	125,000	117	125,117
Total	$ 15,000	$ 250,000	$ 3,102	$ 268,102

The term loan and revolving credit agreements provide for interest to be charged at a base rate (generally the London Interbank Offered Rate ("LIBOR")) plus a spread that is dependent on our quarterly debt-to-total capitalization ratio. The fully-borrowed spread over LIBOR charged at the various debt-to-total capitalization levels are as follows:

Fully-Borrowed Spread Over LIBOR Under Credit Agreements (Basis Points)

Debt-to-Total Capitalization Ratio	Revolver	Term Loan
> 55% and <= 60%	50.0	100.0
> 50% and <= 55%	50.0	87.5
> 40% and <= 50%	37.5	75.0
> 35% and <= 40%	37.5	62.5
> 30% and <= 35%	30.0	62.5
<= 30%	30.0	50.0

Interest is payable on the note semi-annually at 7.2% per year. The $5,000 principal payment due on the note in June 2001 has been classified as long-term in accordance with our ability to refinance such obligation on a long-term basis. At December 31, 2000, the prepayment value of the note was $15,305.

Our loan agreements contain restrictions, among others, on the minimum shareholders' equity required and the maximum debt-to-total capitalization ratio permitted (60%). At December 31, 2000, shareholders' equity was in excess of the minimum required by $290,296, and $275,000 was available to borrow under the 60% debt-to-total capitalization ratio restriction.

10 SHAREHOLDER RIGHTS AGREEMENT

Pursuant to a Rights Agreement dated as of June 30, 1999, between Tredegar and American Stock Transfer and Trust Company as Rights Agent (the "Rights Agreement"), one Right is attendant to each share of our 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 $150 (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 our common stock or announces a tender offer which would result in ownership by a person or group of 10% or more of our common stock. Any action by a person or group whose beneficial ownership is reported on Amendment No. 4 to the Schedule 13D filed with respect to Tredegar on May 20, 1997, 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, 2009.

11 STOCK OPTION PLANS

We have two stock option plans under which stock options may be granted to purchase a specified number of shares of common stock at a price no lower than the fair market value on the date of grant and for a term not to exceed 10 years. One of those option plans is a directors' stock plan. In addition, we have two other stock option plans under which there are options that remain outstanding, but no future grants can be made. Employee options ordinarily vest one to two years from the date of grant. The outstanding options granted to directors vest over three years. The option plans also permit the grant of restricted stock. The current option plans do not provide for SARs and no SARs have been granted since 1992. The SARs that remain outstanding were granted in tandem with stock options and the share appreciation that can be realized upon their exercise is limited to the fair market value on the date of grant. As such, it is more likely that related stock options will be exercised rather than SARs when the price of our common stock is in excess of $7.42 per share (our closing price on December 31, 2000 was $17.44).

Had compensation cost for our stock-based compensation plans been determined in 2000, 1999 and 1998 based on the fair value at the grant dates, our income and diluted earnings per share from continuing operations would have been reduced to the pro forma amounts indicated below:

	2000	1999	1998
Income from continuing operations:			
As reported	$ 111,376	$ 52,648	$ 64,156
Pro forma	106,268	49,199	62,696
Diluted earnings per share from continuing operations:			
As reported	2.86	1.36	1.66
Pro forma	2.73	1.27	1.62

The fair value of each option was estimated as of the grant date using the Black-Scholes option-pricing model. The assumptions used in this model for valuing stock options granted during 2000, 1999 and 1998 are provided below:

	2000	1999	1998
Dividend yield	.8%	.7%	.6%
Volatility percentage	40.0%	40.0%	28.0%
Weighted average risk-free interest rate	6.7%	4.8%	5.5%
Holding period (years):			
Officers	7.0	7.0	n/a
Management	5.0	5.0	5.0
Other employees (and directors in 1998)	3.0	3.0	3.6
Weighted average market price at date of grant			
Officers and management (management only in 1998)	$19.92	$23.36	$29.94
Other employees (and directors in 1998)	19.75	23.53	29.82
Weighted average exercise price for options granted where exercise price exceeds market price			
Officers	21.24	37.89	n/a
Management	20.70	34.90	n/a

Stock options granted during 2000, 1999 and 1998, and their estimated fair value at the date of grant, are provided below:

	2000	1999	1998
Stock options granted (number of shares):			
Where exercise price equals market price:			
Officers	98,200	n/a	n/a
Management	272,310	33,200	59,985
Other employees (and directors in 1998)	105,500	92,400	28,590
Where exercise price exceeds market price:			
Officers	98,200	416,000	n/a
Management	80,100	444,700	n/a
Total	654,310	986,300	88,575
Estimated weighted average fair value of options per share at date of grant:			
Where exercise price equals market price:			
Officers	$ 9.89	n/a	n/a
Management	8.55	$ 10.25	$ 10.06
Other employees (and directors in 1998)	6.47	7.33	8.16
Where exercise price exceeds market price:			
Officers	9.11	7.79	n/a
Management	7.50	6.58	n/a
Total estimated fair value of stock options granted	$ 5,477	$ 7,186	$ 837

A summary of our stock options outstanding at December 31, 2000, 1999 and 1998, and changes during those years, is presented below:

	Number of Shares		Exercise Price Per Share				
	Options	SARs	Range			Wgted. Ave.	Aggre-gate
Outstanding at 12/31/97	3,778,095	1,090,035	2.70	to	21.00	6.48	24,500
Granted in 1998	88,575	-	28.61	to	29.94	29.82	2,641
Lapsed in 1998	-	-	-	to	-	-	-
Options exercised in 1998	(833,898)	(494,550)	2.70	to	21.00	4.36	(3,636)
Outstanding at 12/31/98	3,032,772	595,485	2.70	to	29.94	7.75	23,505
Granted in 1999	986,300	-	23.31	to	46.63	34.75	34,274
Lapsed in 1999	(33,960)	-	3.37	to	46.63	28.06	(953)
Options exercised in 1999	(1,000,389)	(430,650)	2.70	to	18.37	4.43	(4,427)
Outstanding at 12/31/99	2,984,723	164,835	$ 2.70	to	$ 46.63	$17.56	$ 52,399
Granted in 2000	654,310	-	17.88	to	25.44	20.70	13,544
Lapsed in 2000	(208,300)	-	19.75	to	46.63	32.97	(6,868)
Options exercised in 2000	(479,243)	(47,000)	2.70	to	21.00	7.72	(3,700)
Outstanding at 12/31/00	2,951,490	117,835	$ 2.70	to	$ 46.63	$18.76	$ 55,375

The following table summarizes additional information about stock options outstanding and exercisable at December 31, 2000:

Range of Exercise Prices			Options Outstanding at December 31, 2000 Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable at December 31, 2000 Shares	Wgted. Ave. Exercise Price
$ 2.70	to	$ 3.73	123,835	1.2	$ 2.78	123,835	$2.78
3.37	to	5.34	419,200	3.2	4.13	419,200	4.13
3.87	to	4.17	241,550	4.2	4.16	241,550	4.16
7.38	to	9.67	250,970	5.1	8.52	250,970	8.52
16.55	to	19.75	740,000	6.2	18.39	325,550	16.66
20.44	to	25.65	495,360	5.7	23.17	99,200	21.00
28.61	to	34.97	384,575	5.6	31.54	5,400	28.61
40.80	to	46.63	296,000	5.0	43.72	-	-
$ 2.70	to	$ 46.63	2,951,490	5.0	$ 18.76	1,465,705	$8.79

Stock options exercisable totaled 1,941,348 shares at December 31, 1999 and 2,944,197 shares at December 31, 1998. Stock options available for grant totaled 1,193,375 shares at December 31, 2000, 1,800,825 shares at December 31, 1999 and 1,338,825 shares at December 31, 1998.

12 RENTAL EXPENSE AND CONTRACTUAL COMMITMENTS

Rental expense was $4,457 in 2000, $4,408 in 1999 and $3,517 in 1998. Rental commitments under all noncancelable operating leases as of December 31, 2000, are as follows:

Year	Amount
2001	$ 3,063
2002	2,358
2003	1,439
2004	1,047
2005	614
Remainder	668
Total	$ 9,189

Contractual obligations for plant construction and purchases of real property and equipment amounted to $10,665 at December 31, 2000 and $13,975 at December 31, 1999.

13 RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFITS

We have noncontributory and contributory defined benefit (pension) 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. Pension plan assets consist principally of domestic and international common stocks and domestic and international government and corporate obligations. In addition to providing pension benefits, we provide 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 to cover a portion of their health care premiums.

Assumptions used for financial reporting purposes to compute net benefit income or cost and benefit obligations, and the components of net periodic benefit income or cost, are as follows:

	Pension Benefits			Other Post-Retirement Benefits		
	2000	1999	1998	2000	1999	1998
Weighted-average assumptions:						
Discount rate, end of year	7.50%	7.50%	6.75%	7.50%	7.50%	6.75%
Rate of compensation increases, end of year	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Expected long-term return on plan assets, during the year	9.00%	9.00%	9.00%	n/a	n/a	n/a
Rate of increase in per-capita cost of covered health care benefits:						
Indemnity plans, end of year	n/a	n/a	n/a	8.00%	8.00%	9.00%
Managed care plans, end of year	n/a	n/a	n/a	6.60%	6.60%	7.40%
Components of net periodic benefit income (cost):						
Service cost	$ (4,152)	$(4,462)	$(2,725)	$ (149)	$ (169)	$ (137)
Interest cost	(10,521)	(9,868)	(8,960)	(567)	(544)	(494)
Employee contributions	263	225	-	-	-	-
Other	(90)	(118)	-	93	-	-
Expected return on plan assets	19,832	17,513	15,684	-	-	-
Amortization of:						
Net transition asset	221	898	899	-	-	-
Prior service costs and gains or losses	1,643	(642)	(393)	75	71	57
Net periodic benefit income (cost)	$ 7,196	$3,546	$4,505	$ (548)	$ (642)	$ (574)

The following tables reconcile the changes in benefit obligations and plan assets in 2000 and 1999, and reconcile the funded status to prepaid or accrued cost at December 31, 2000 and 1999:

	Pension Benefits		Other Post-Retirement Benefits	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 142,593	$ 142,296	$ 7,769	$ 7,642
Acquisitions	-	6,216	-	-
Service cost	3,889	4,462	149	169
Interest cost	10,521	9,868	567	544
Plan amendments	129	621	(93)	(37)
Effect of discount rate change	-	(13,993)	-	(712)
Employee contributions	263	(293)	-	-
Other	204	566	342	612
Benefits paid	(7,682)	(7,150)	(615)	(449)
Benefit obligation, end of year	$ 149,917	$ 142,593	$ 8,119	$ 7,769
Change in plan assets:				
Plan assets at fair value, beginning of year	$ 274,176	$ 221,818	$ -	$ -
Acquisition	-	-	-	-
Actual return on plan assets	(988)	58,617	-	-
Employee contributions	263	225	-	-
Employer contributions	628	784	614	449
Other	(90)	(118)	-	-
Benefits paid	(7,682)	(7,150)	(614)	(449)
Plan assets at fair value, end of year	$ 266,307	$ 274,176	$ -	$ -
Reconciliation of prepaid (accrued) cost:				
Funded status of the plans	$ 116,390	$ 131,583	$ (8,119)	$ (7,769)
Unrecognized net transition (asset) obligation	(58)	(280)	-	-
Unrecognized prior service cost	2,317	3,235	-	-
Unrecognized net (gain) loss	(73,896)	(97,436)	(899)	(1,364)
Prepaid (accrued) cost, end of year	$ 44,753	$ 37,102	$ (9,018)	$ (9,133)

Net benefit income or cost is determined using assumptions at the beginning of each year. Funded status is determined using assumptions at the end of each year.

The rates for the per-capita cost of covered health care benefits were assumed to decrease gradually to 6% for the indemnity plan and 5% for the managed care plan in 2002, and remain at that level thereafter. At December 31, 2000, the effect of a 1% change in the health care cost trend rate assumptions would be immaterial.

Prepaid pension cost of $44,753 at December 31, 2000, and $37,102 at December 31, 1999, is included in "Other assets and deferred charges" in the consolidated balance sheets. Accrued postretirement benefit cost of $9,018 at December 31, 2000, and $9,133 at December 31, 1999, is included in "Other noncurrent liabilities" in the consolidated balance sheets.

We also have 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 our principal pension plans if it were not for limitations imposed by income tax regulations. The projected benefit obligation relating to this unfunded plan was $1,172 at December 31, 2000, and $2,044 at December 31, 1999. Pension expense recognized was $448 in 2000, $478 in 1999 and $152 in 1998. This information has been included in the preceding pension benefit tables.

14 SAVINGS PLAN

We have a savings plan that allows eligible employees to voluntarily contribute a percentage (generally 10%) of their compensation. Under the provisions of the plan, we match a portion (generally 50%) of the employee's contribution to the plan with shares of our common stock. We also have a non-qualified plan that restores matching benefits for employees suspended from the savings plan due to certain limitations imposed by income tax regulations. Charges recognized for these plans were $2,738 in 2000, $2,514 in 1999 and $2,255 in 1998. Our liability under the restoration plan was $1,276 at December 31, 2000 (consisting of 73,177 phantom shares of our common stock) and $1,670 at December 31, 1999 (consisting of 80,720 phantom shares of our common stock) valued at the closing market price on that date.

The Tredegar Corporation Benefits Plan Trust (the "Trust") purchased 7,200 shares of our common stock in 1998 for $192 and 46,671 shares of our common stock in 1997 for $1,020, as a partial hedge against the phantom shares held in the restoration plan. There were no shares purchased in 2000 or 1999. The cost of the shares held by the Trust is shown as a reduction to shareholders' equity in the consolidated balance sheets.

15 INCOME TAXES

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

	2000	1999	1998
Income from continuing operations before income taxes:			
Domestic	$159,558	$ 68,865	$ 83,882
Foreign	14,989	12,677	11,328
Total	$174,547	$ 81,542	$ 95,210
Current income taxes:			
Federal	$ 58,944	$ 19,612	$ 23,824
State	3,694	1,694	1,803
Foreign	5,206	6,132	4,996
Total	67,844	27,438	30,623
Deferred income taxes:			
Federal	(6,900)	944	692
State	(310)	497	147
Foreign	2,537	15	(408)
Total	(4,673)	1,456	431
Total income taxes	$ 63,171	$ 28,894	$ 31,054

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 Before Income Taxes		
	2000	1999	1998
Income tax expense at federal statutory rate	35.0	35.0	35.0
State taxes, net of federal income tax benefit	1.3	1.8	1.3
Excess of income tax basis over financial reporting basis for APPX Software (see Note 16)	-	-	(2.4)
Foreign Sales Corporation	(.6)	(1.1)	(1.1)
Research and development tax credit	(.4)	(.7)	(.3)
Tax-exempt interest income	-	-	(.2)
Goodwill amortization	.1	.1	.1
Other items, net	.8	.3	.2
Effective income tax rate	36.2	35.4	32.6

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

	2000	1999	1998
Depreciation	$ 4,290	$ 2,583	$ 72
Employee benefits	3,864	2,195	1,617
Asset write-offs, divestitures and environmental accruals	(9,062)	119	497
Write-downs of venture capital investments	(6,385)	(1,731)	(478)
Allowance for doubtful accounts and sales returns	(1,036)	(247)	(130)
Tax benefit on NOL carryforwards of certain foreign subsidiaries	915	(246)	(755)
Other items, net	2,741	(1,217)	(392)
Total	$ (4,673)	$ 1,456	$ 431

Deferred tax liabilities and deferred tax assets at December 31, 2000 and 1999, are as follows:

December 31	2000	1999
Deferred tax liabilities:		
Depreciation	$ 24,421	$ 20,131
Pensions	16,694	13,893
Unrealized gain on available-for-sale securities	16,499	4,686
Other	3,816	918
Total deferred tax liabilities	61,430	39,628
Deferred tax assets:		
Employee benefits	7,664	8,727
Write-downs of venture capital investments	8,594	2,209
Inventory	1,375	1,317
Tax benefit on NOL carryforwards of certain foreign subsidiaries	396	1,311
Foreign currency translation adjustment	3,086	900
Deductible tax goodwill in excess of book goodwill	858	892
Allowance for doubtful accounts and sales returns	1,851	815
Asset write-offs, divestitures and environmental accruals	9,137	75
Other	1,607	1,407
Total deferred tax assets	34,568	17,653
Net deferred tax liability	$ 26,862	$ 21,975
Included in the balance sheet:		
Noncurrent deferred tax liabilities in excess of assets	$ 40,650	$ 33,205
Current deferred tax assets in excess of liabilities	13,788	11,230
Net deferred tax liability	$ 26,862	$ 21,975

16 UNUSUAL ITEMS

In 2000, unusual charges (net) totaling $23,220 ($14,861 after income taxes) included:

- A fourth-quarter charge of $1,628 ($1,042 after taxes) related to restructuring at our aluminum plant in El Campo, Texas, including an impairment loss for equipment of $1,492 and severance of $136;
- A fourth-quarter gain of $237 ($152 after taxes) related to the second-quarter sale of the assets of Fiberlux, Inc.;
- A third-quarter charge of $17,870 ($11,437 after taxes) for the write-off of excess production capacity at our plastic film plants in Lake Zurich, Illinois, and Terre Haute, Indiana, including an impairment loss for equipment of $7,920 and write-off of the related goodwill of $9,950;
- A third-quarter reversal of $1,000 ($640 after taxes) related to the first quarter charge for the shutdown of the Manchester, Iowa, production facility due to revised estimates;
- A second-quarter gain of $525 ($336 after taxes) for the sale of the assets of Fiberlux, Inc.;
- A first-quarter charge of $5,293 ($3,388 after taxes) for the shutdown of our plastic films manufacturing facility in Manchester, Iowa, including an impairment loss for building and equipment ($4,143), severance costs ($700), and excess inventory and other items ($450); and
- A first-quarter charge of $191 ($122 after taxes) for costs associated with the evaluation of financing and structural options for the Technology Group.

As noted above, we recorded impairment losses on long-lived assets due to excess production capacity and operating inefficiencies. The losses recognized represent the differences between the carrying value of the assets and related goodwill and the estimated fair values of the assets.

In 1999, unusual charges (net) totaling $4,065 ($2,602 after income taxes) included:

- A fourth-quarter charge of $149 ($95 after taxes) for costs associated with the evaluation of financing and structural options for the Technology Group;
- A third-quarter gain of $712 ($456 after taxes) on the sale of corporate real estate (included in "Corporate expenses, net" in the operating profit table on page 50);
- A second-quarter charge of $3,458 ($2,213 after taxes) related to the write-off of in-process R&D expenses associated with the Therics acquisition (see page 5 for more information); and
- A second-quarter charge of $1,170 ($749 after taxes) for the write-off of excess packaging film capacity.

In 1998, unusual income (net) totaling $101 ($2,341 after income tax benefits) included:

- A fourth-quarter charge of $664 ($425 after taxes) related to the shutdown of the powder-coat paint line at the aluminum extrusion facility in Newnan, Georgia; and
- A first-quarter gain of $765 ($2,766 after tax benefits) on the sale of APPX Software on January 16, 1998.

Income taxes for continuing operations in 1998 include a tax benefit of $2,001 related to the sale of APPX Software, reflecting a tax benefit for the excess of its income tax basis over its financial reporting basis.

17 CONTINGENCIES

We are involved in various stages of investigation and cleanup relating to environmental matters at certain plant locations. Where we have determined the nature and scope of any required environmental cleanup activity, estimates of cleanup costs have been obtained and accrued. As we continue efforts to assure compliance with environmental laws and regulations, additional contingencies may be identified. If additional contingencies are identified, our practice is to determine the nature and scope of those contingencies, obtain and accrue estimates of the cost of remediation, and perform remediation. We do not believe that additional costs that could arise from those activities will have a material adverse effect on our financial position. However, those costs could have a material adverse effect on quarterly or annual operating results at that time.

We are involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsels' evaluation of these actions, we believe that we have sufficiently accrued for possible losses and that the actions will not have a material adverse effect on our financial position. However, the resolution of the actions in a future period could have a material adverse effect on quarterly or annual operating results at that time.

18 DIVESTED AND DISCONTINUED OPERATIONS

On August 16, 1994, the Elk Horn Coal Corporation ("Elk Horn"), our former 97% owned coal subsidiary, was acquired by Pen Holdings, Inc. In accordance with applicable accounting pronouncements, a $6,194 charge ($3,964 after income tax benefits) was recognized as a reduction to the gain on the disposal of Elk Horn for the estimated present value of the portion of the unfunded obligation under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act") assumed by us in the divestiture transaction. Under the Act, former employers were 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 ("UMWA").

We were relieved of any liability under the Act as the result of a 1998 Supreme Court ruling. Accordingly, in 1998 we recognized:

- A third-quarter gain of $5,300 ($3,421 after taxes) for the reversal of the remaining accrued obligation established to cover future payments to the UMWA Combined Benefit Fund (the "UMWA Fund"); and

- A fourth-quarter gain of $2,019 ($1,292 after taxes) for the reimbursement of payments made by us to the UMWA Fund.

These gains were reported net of income taxes in discontinued operations consistent with the treatment of Elk Horn when sold.

During the first quarter of 1998, we sold all of the outstanding capital stock of APPX Software (see Note 16).

SELECTED QUARTERLY FINANCIAL DATA

Tredegar Corporation and Subsidiaries
(In thousands, except per-share amounts)
(Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2000					
Net sales	$232,228	$223,503	$215,627	$197,896	$869,254
Gross profit	45,834	44,895	38,457	33,251	162,437
Net income	18,463	26,368	47,038	19,507	111,376
Earnings per share:					
Basic	.49	.70	1.24	.51	2.94
Diluted	.47	.68	1.21	.50	2.86
Shares used to compute earnings per share:					
Basic	37,718	37,911	37,944	37,962	37,885
Diluted	38,970	39,067	38,847	38,781	38,908
1999					
Net sales	$179,541	$194,840	$215,911	$230,119	$820,411
Gross profit	39,302	40,854	44,522	47,479	172,157
Net income	15,298	10,190	12,315	14,845	52,648
Earnings per share:					
Basic	.42	.28	.33	.40	1.42
Diluted	.39	.26	.32	.38	1.36
Shares used to compute earnings per share:					
Basic	36,724	36,852	37,098	37,286	36,992
Diluted	38,800	38,798	38,718	38,699	38,739

SIGNATURES

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

TREDEGAR CORPORATION
(Registrant)

Dated: February 27, 2001

By /s/ John D. Gottwald

John D. Gottwald
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 27, 2001.

Signature	Title
/s/ John D. Gottwald - ------------------------------------ (John D. Gottwald)	President and Director (Principal Executive Officer)
/s/ N. A. Scher - ------------------------------------ (Norman A. Scher)	Executive Vice President and Director (Principal Financial Officer)
/s/ Michelle O. Mosier - ------------------------------------ (Michelle O. Mosier)	Corporate Controller (Principal Accounting Officer)
/s/ Austin Brockenbrough, III - ------------------------------------ (Austin Brockenbrough, III)	Director
/s/ Phyllis Cothran - ------------------------------------ (Phyllis Cothran)	Director
/s/ R. W. Goodrum - ------------------------------------ (Richard W. Goodrum)	Director
/s/ Floyd D. Gottwald, Jr. - ------------------------------------ (Floyd D. Gottwald, Jr.)	Director

/s/ William M. Gottwald - ----------------------------------- (William M. Gottwald)	Director
/s/ Richard L. Morrill - ----------------------------------- (Richard L. Morrill)	Director
/s/ Emmett J. Rice - ----------------------------------- (Emmett J. Rice)	Director
/s/ Thomas G. Slater, Jr. - ----------------------------------- (Thomas G. Slater, Jr.)	Director

EXHIBIT INDEX

3.1	Amended and Restated Articles of Incorporation of Tredegar (filed as Exhibit 3.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and incorporated herein by reference)
3.2	Amended By-laws of Tredegar (filed as Exhibit 3 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, and incorporated herein by reference)
3.3	Articles of Amendment (filed as Exhibit 3.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1999, and incorporated herein by reference)
4.1	Form of Common Stock Certificate (filed as Exhibit 4.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
4.2	Rights Agreement, dated as of June 30, 1999, by and between Tredegar and American Stock Transfer & Trust Company, as Rights Agent (filed as Exhibit 99.1 to the Registration Statement on Form 8-A, filed June 16, 1999, as amended, and incorporated herein by reference)
4.3	Loan Agreement dated June 16, 1993 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993, and incorporated herein by reference)
4.3.1	Consent and Agreement dated September 26, 1995, between Tredegar Industries, Inc. and Metropolitan Life Insurance Company (filed as Exhibit 4.2 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, and incorporated herein by reference)
4.3.2	First Amendment to Loan Agreement dated as of October 31, 1997 between Tredegar and Metropolitan Life Insurance Company (filed as Exhibit 4.3.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference)
4.4	Revolving Credit Facility Agreement dated as of July 9, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed as Exhibit 4.1 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and incorporated herein by reference)
4.4.1	First Amendment to Revolving Credit Facility Agreement dated as of October 31, 1997 among Tredegar Industries, Inc., the banks named therein, The Chase Manhattan Bank as Administrative Agent, NationsBank, N.A. as Documentation Agent and Long-Term Credit Bank of Japan, Limited as Co-Agent (filed as Exhibit 4.4.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1997, and incorporated herein by reference)
4.5	Credit Agreement, dated October 13, 1999, among Tredegar, the banks named therein, Bank of America, N.A. as Administrative Agent, the Bank of New York and Crestar Bank as Co-Document Agents (filed as Exhibit 4 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, and incorporated herein by reference)
10.1	Reorganization and Distribution Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.2	Employee Benefits Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.2 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)

10.3	Tax Sharing Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.3 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
10.4	Indemnification Agreement dated as of June 1, 1989, between Tredegar and Ethyl (filed as Exhibit 10.5 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.5	Tredegar 1989 Incentive Stock Option Plan (included as Exhibit A to the Prospectus contained in the Form S-8 Registration Statement No. 33-31047, and incorporated herein by reference)
*10.5.1	Amendment to the Tredegar 1989 Incentive Stock Option Plan (filed as Exhibit 10.5.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference)
*10.6	Tredegar Bonus Plan (filed as Exhibit 10.7 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1989, and incorporated herein by reference)
*10.7	Tredegar 1992 Omnibus Stock Incentive Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1991, and incorporated herein by reference)
*10.7.1	Amendment to the Tredegar 1992 Omnibus Incentive Plan (filed as Exhibit 10.7.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference)
*10.8	Tredegar Industries, Inc. Retirement Benefit Restoration Plan (filed as Exhibit 10.13 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
*10.8.1	Amendment to the Tredegar Retirement Benefit Restoration Plan (filed as Exhibit 10.8.1 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference)
*10.9	Tredegar Industries, Inc. Savings Plan Benefit Restoration Plan (filed as Exhibit 10.14 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1993, and incorporated herein by reference)
10.10	Tredegar Industries, Inc. Amended and Restated Incentive Plan (included as Exhibit 99.2 to the Form S-8 Registration Statement No. 333-88177, and incorporated herein by reference)
*10.11	Consulting Agreement made as of April 1, 2000 between Tredegar and Richard W. Goodrum (filed as Exhibit 10 to Tredegar's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, and incorporated herein by reference)
*10.12	Tredegar Industries, Inc. Directors' Stock Plan (filed as Exhibit 10.12 to Tredegar's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated herein by reference)
21	Subsidiaries of Tredegar
23.1	Consent of Independent Accountants

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

TREDEGAR CORPORATION
Virginia

Name of Subsidiary	Jurisdiction of Incorporation
ADMA srl	Italy
AUS Corporation	Virginia
Bon L Aluminum LLC	Virginia
Bon L Campo Limited Partnership	Texas
Bon L Canada Inc.	Canada
Bon L Holdings Corporation	Virginia
The William L. Bonnell Company, Inc.	Georgia
Bon L Manufacturing Company	Pennsylvania
Goodlands Holding S.A.	Italy
Guangzhou Tredegar Films Company Limited	China
Idlewood Properties, Inc.	Virginia
Molecumetics Institute, Ltd.	Virginia
Molecumetics, Ltd.	Virginia
PROMEA Engineering srl	Italy
TFP Netherlands C.V.	Netherlands
TGI Fund I, LC	Virginia
TGI Fund II, LC	Virginia
TGI Fund III, LLC	Virginia
TGI Fund IV, LLC	Virginia
Therics, Inc.	Virginia
Tredegar Brazil Industria De Plasticos Ltda.	Brazil
Tredegar Development Corporation	Virginia
Tredegar Exploration, Inc.	Virginia
Tredegar Far East Corporation	Virginia
Tredegar Film Products Argentina S.A.	Argentina
Tredegar Film Products, B.V.	Netherlands
Tredegar Film Products Co. Shanghai, Ltd.	China
Tredegar Film Products Corporation	Virginia
Tredegar Film Products Italia S.r.l.	Italy
Tredegar Film Products (Japan) Ltd.	Virginia
Tredegar Film Products Kft	Hungary
Tredegar Film Products (Latin America), Inc.	Virginia
Tredegar Film Products - Lake Zurich, Inc.	Virginia
Tredegar Film Products - Pottsville, Inc.	Virginia
Tredegar Film Products (U.S.) LLC	Virginia
Tredegar Films Development, Inc.	Virginia
Tredegar Foreign Sales Corporation	U.S. Virgin Islands
Tredegar Reserves, Inc.	Virginia
Tredegar Investments, Inc.	Virginia

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Tredegar Corporation on Form S-3 (File No. 33-57268) and on Forms S-8 (File No. 33-31047, File No. 33-50276, File No. 33-64647, File No. 333-12985, File No. 333-63487 and File No. 333-88177) of our report dated January 18, 2001, on our audits of the consolidated financial statements of Tredegar Corporation and subsidiaries as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000, which report is included in the Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Richmond, Virginia
February 27, 2001