SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2001

OR

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

For the transition period from ____________________ to ____________________

Commission file number 1-10258

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

Virginia	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

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

The number of shares of Common Stock, no par value, outstanding as of July 31, 2001: 38,113,427.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2001	Dec. 31, 2000
Assets		
Current assets:		
Cash and cash equivalents	$ 71,785	$ 44,530
Receivable from securities brokers	1,742	292
Accounts and notes receivable	100,048	96,652
Income taxes recoverable	3,228	3,857
Inventories	42,868	46,825
Deferred income taxes	13,916	13,788
Prepaid expenses and other	2,952	2,818
Total current assets	236,539	208,762
Property, plant and equipment, at cost	535,060	518,174
Less accumulated depreciation and amortization	256,260	244,667
Net property, plant and equipment	278,800	273,507
Venture capital investments	198,476	232,259
Other assets and deferred charges	52,937	49,661
Goodwill and other intangibles	139,076	139,579
Total assets	$ 905,828	$ 903,768

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	$ 54,091	$ 51,818
Accrued expenses	37,739	36,593
Total current liabilities	91,830	88,411
Long-term debt	264,495	268,102
Deferred income taxes	36,219	40,650
Other noncurrent liabilities	9,320	8,877
Total liabilities	401,864	406,040
Shareholders' equity:		
Common stock, no par value	106,739	106,587
Common stock held in trust for savings restoration plan	(1,212)	(1,212)
Unrealized gain on available-for-sale securities	23,067	29,331
Foreign currency translation adjustment	(4,941)	(5,732)
Loss on derivative financial instruments	(810)	-
Retained earnings	381,121	368,754
Total shareholders' equity	503,964	497,728
Total liabilities and shareholders' equity	$ 905,828	$ 903,768

See accompanying notes to financial statements.

Tredegar Corporation
Consolidated Statements of Income
(In Thousands)
(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Revenues:				
Gross sales	$ 201,442	$ 228,010	$ 396,931	$ 464,520
Freight	3,998	4,507	7,685	8,789
Net sales	197,444	223,503	389,246	455,731
Other income (expense), net	2,237	20,694	(3,688)	33,926
Total	199,681	244,197	385,558	489,657
Costs and expenses:				
Cost of goods sold	160,982	178,608	317,837	365,002
Selling, general and administrative	11,389	13,323	23,331	25,925
Research and development	8,003	5,687	15,257	11,977
Amortization of intangibles	1,242	1,276	2,456	2,552
Interest	3,232	4,307	7,273	8,602
Unusual items	(971)	(525)	629	4,959
Total	183,877	202,676	366,783	419,017
Income from continuing operations before income taxes	15,804	41,521	18,775	70,640
Income taxes	3,691	15,153	4,761	25,809
Income from continuing operations	12,113	26,368	14,014	44,831
Income from discontinued operations	1,396	-	1,396	-
Net income	$ 13,509	$ 26,368	$ 15,410	$ 44,831
Earnings per share:				
Basic:				
Continuing operations	$ .32	$ .70	$ .37	$ 1.19
Discontinued operations	.04	-	.04	-
Net income	$ .36	$ .70	$ .41	$ 1.19
Diluted:				
Continuing operations	$ .31	$ .68	$ .36	$ 1.15
Discontinued operations	.04	-	.04	-
Net income	$ .35	$ .68	$ .40	$ 1.15
Shares used to compute earnings per share:				
Basic	38,055	37,911	38,053	37,815
Diluted	38,838	39,067	38,818	38,999
Dividends per share	$ .04	$ .04	$ .08	$ .08

See accompanying notes to financial statements.

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

	Six Months Ended June 30	
	2001	2000
Cash flows from operating activities:		
Net income from continuing operations	$ 14,014	$ 44,831
Adjustments for noncash items:		
Depreciation	16,099	16,189
Amortization of intangibles	2,456	2,552
Deferred income taxes	(179)	(1,446)
Accrued pension income and postretirement benefits	(5,108)	(3,809)
Loss (gain) on sale of venture capital investments	4,861	(33,541)
Loss on equipment writedowns and divestitures	-	4,768
Changes in assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts and notes receivable	(3,318)	4,783
Inventories	4,080	702
Income taxes recoverable	629	-
Prepaid expenses and other	(135)	(1,701)
Accounts payable	3,458	(7,337)
Accrued expenses and income taxes payable	528	(7,679)
Other, net	2,164	480
Net cash provided by operating activities	39,549	18,792
Cash flows from investing activities:		
Capital expenditures	(22,109)	(39,489)
Venture capital investments	(9,108)	(47,011)
Proceeds from the sale of venture capital investments	26,792	41,451
Proceeds from property disposals and divestitures	353	9,357
Other, net	(1,724)	1,129
Net cash used in investing activities	(5,796)	(34,563)
Cash flows from financing activities:		
Dividends paid	(3,043)	(3,037)
Net (decrease) increase in borrowings	(3,607)	5,000
Proceeds from exercise of stock options (including related income tax benefits realized)	152	3,487
Net cash (used in) provided by financing activities	(6,498)	5,450
Increase (decrease) in cash and cash equivalents	27,255	(10,321)
Cash and cash equivalents at beginning of period	44,530	25,752
Cash and cash equivalents at end of period	$ 71,785	$ 15,431

See accompanying notes to financial statements.

TREDEGAR CORPORATION
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

1. In the opinion of management, the accompanying consolidated financial statements of Tredegar Corporation and Subsidiaries ("Tredegar") contain all adjustments necessary to present fairly, in all material respects, Tredegar's consolidated financial position as of June 30, 2001, and the consolidated results of operations and cash flows for the six months ended June 30, 2001 and 2000. All such adjustments are deemed to be of a normal recurring nature. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Tredegar's Annual Report on Form 10-K for the year ended December 31, 2000. The results of operations for the six months ended June 30, 2001 are not necessarily indicative of the results to be expected for the full year.

   Effective January 1, 2001, we adopted the new accounting standard for derivative instruments and hedging activities issued by the Financial Accounting Standards Board. This standard affects our accounting for futures contracts to hedge aluminum price risk and our interest rate swap agreements to hedge interest rate risk.

2. See pages 10 through 12 for information on unusual items recognized during the quarter and the six months ended June 30, 2001 and 2000.

3. A summary of our venture capital activities for the quarter and six months ended June 30, 2001 and 2000, is provided below:

(In Thousands)	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Carrying value, beginning of period	$ 199,457	$ 224,980	$ 232,259	$ 140,698
Activity for period (pre-tax):				
New investments	4,757	25,408	9,108	47,011
Proceeds from the sale of investments	(17,910)	(25,112)	(28,242)	(43,435)
Realized gains	11,617	20,746	18,862	37,005
Realized losses, write-offs and write-downs	(9,830)	(310)	(23,723)	(3,464)
Increase (decrease) in net unrealized gain on available-for-sale securities	10,385	16,565	(9,788)	84,462
Carrying value, end of period	$ 198,476	$ 262,277	$ 198,476	$ 262,277

Our remaining unfunded commitments to private venture capital funds totaled approximately $40.5 million at June 30, 2001, and $50.9 million at December 31, 2000.

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

Tredegar Corporation
Schedule of Investments at June 30, 2001 and December 31, 2000
(In Thousands, Except Per-Share Amounts)

Investment	Symbol	Yrs. Held(a)	Description	Web Site (www.)
Securities of Public Companies Held:				
Adolor Corporation	ADLR	2.6	Develops pain-management therapeutic drugs	adolor.com
Illumina, Inc.	ILMN	2.6	Fiber optic sensor technology for drug screening	illumina.com
Rosetta Inpharmatics, Inc.	RSTA	4.1	Gene function/drug screening on a chip	rii.com
Vascular Solutions	VASC	3.5	Vascular access site closure system	vascularsolutions.com
SignalSoft Corporation	SGSF	3.3	Wireless caller location detection software	signalsoftcorp.com
Openwave Systems, Inc.	OPWV	1.6	Infrastructure applications for the Internet	openwave.com
Eprise Corporation	EPRS	3.5	Web site maintenance & development tool	eprise.com
CardioGenesis Corporation	CGCP	7.1	Coronary revascularization	eclipsesurg.com
Superconductor Tech., Inc.	SCON	2.0	Manufactures filters for wireless networks	suptech.com
Cisco Systems, Inc.	CSCO	2.0	Worldwide leader in networking for the Internet	cisco.com
Nortel Networks Corporation	NT	3.3	Networking solutions and services	nortelnetworks.com
Total securities of public companies held				
Securities of Private Companies Held:				
CryoGen		5.8	Micro-cryogenic catheters for medical applications	cryogen-inc.com
Sensitech Inc.		4.3	Perishable product mgmt. solutions	sensitech.com
Bell Geospace		4.0	Presentation of 3D data to the oil & gas industry	bellgeo.com
Songbird Medical, Inc.		3.9	Disposable hearing aids	
RedCreek Communications		3.9	Internet and intranet security	redcreek.com
Appliant, Inc.		3.7	Software tools for managing executable software	appliant.com
Ellipsys Technologies, Inc.		3.7	Telephone system error detection	ellipsystech.com
HemoSense		3.6	Point of care blood coagulation time test device	hemosense.com
Moai Technologies, Inc.		3.5	System for holding auctions on the Internet	moai.com
Babycare, Ltd.		3.4	Direct retailing of baby care products in China	
NovaLux, Inc.		3.1	Blue-green light lasers	novalux.com
IRSI		3.1	Optical inspection systems	irsinc.com
Xcyte Therapies, Inc.		2.9	Develops drugs to treat cancer & other disorders	xcytetherapies.com
Advanced Diagnostics, Inc.		2.6	3-D medical imaging equipment	
Praxon, Inc.		2.5	Integrated business communications equipment	praxon.com
AdiCom Wireless, Inc.		2.5	Wireless local loop technology	adicomwireless.com
EndoVasix, Inc.		2.4	Device for treatment of ischemic strokes	endovasix.com
eWireless, inc.		2.4	Technology linking cell phone users & advertising	ewireless.com
Cooking.com, Inc.		2.3	Sales of cooking-related items over the Internet	cooking.com
MediaFlex.com		2.2	Internet-based printing & publishing	mediaflex.com
eBabyCare Ltd.		2.1	Sales of babycare products over the Internet in China	
Kodiak Technologies, Inc.		2.0	Cooling products for organ & pharma transport	kodiaktech.com
Artemis Medical, Inc.		2.0	Medical devices for breast cancer surgery	
CEPTYR, Inc.		1.9	Develops small molecule drugs	ceptyr.com
GreaterGood.com		1.9	Internet marketing targeted at donors to charities	greatergood.com
Etera Corporation		1.8	Sales of branded perennial plants over the Internet	etera.com
ThinkFree.com		1.7	Java-based software complementary to Microsoft Office	thinkfree.com
BroadRiver Communications		1.6	Local DSL provider	purepacket.com
Quarry Technologies, Inc.		1.6	Technology for delivery of differentiated service levels	quarrytech.com
Norborn Medical, Inc.		1.5	Device for treatment of cardiovascular disease	
FastTrack Systems, Inc.		1.4	Clinical trial data management information systems	
Riveon, Inc.		1.4	Web-based data mining software for business managers	
MedManage Systems Inc.		1.2	Management of prescription drug sampling programs	
Linx Communications, Inc.		1.0	Unified communications and messaging systems	
Infinicon, Inc.		1.0	Manufacturer of infiniband input/output products	
Cbyon, Inc.		1.0	Provider of software image data to assist surgeons	
Extreme Devices		.8	Manufacturer of integrated, solid-state electron source	
Subtotal securities of private companies held				

See notes on page 7.

Tredegar Corporation
Schedule of Investments at June 30, 2001 and December 31, 2000
(In Thousands, Except Per-Share Amounts)

	Public Common Stock or Equivalents at 6/30/01			6/30/01 (e)			12/31/00 (e)		
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:									
Adolor Corporation	658	$ 21.60	0%	$ 14,220	$ 14,220	$ 2,693	$ 12,291	$ 12,291	$ 3,000
Illumina, Inc.	1,480	11.78	0%	17,435	17,435	3,520	21,395	21,395	3,925
Rosetta Inpharmatics, Inc.	195	15.50	0%	3,027	3,027	907	13,599	13,599	4,745
Vascular Solutions	861	8.27	0%	7,118	7,118	2,429	5,060	5,060	2,450
SignalSoft Corporation	412	11.50	0%	4,717	4,717	1,330	7,261	7,261	3,006
Openwave Systems, Inc.	1	34.70	0%	49	49	7	2,689	2,689	348
Eprise Corporation	-	-	0%	-	-	-	2,633	2,633	2,382
CardioGenesis Corporation	113	2.94	0%	333	333	616	381	381	2,464
Superconductor Tech., Inc.	-	-	0%	-	-	-	603	603	552
Cisco Systems, Inc.	14	18.20	0%	246	246	200	405	405	200

Nortel Networks Corporation	24	9.03	20%	174	174	117	617	617	117
Total securities of public companies held				47,319	47,319	11,819	66,934	66,934	23,189
Securities of Private Companies Held									
CryoGen				4,430	3,179	3,179	4,265	3,054	3,054
Sensitech Inc.				3,194	2,333	2,333	3,154	2,333	2,333
Bell Geospace				-	-	3,500	-	-	3,500
Songbird Medical, Inc.				8,116	4,210	4,210	8,013	4,210	4,210
RedCreek Communications				706	549	2,256	706	549	2,256
Appliant, Inc.				6,434	3,899	3,899	6,352	3,899	3,899
Ellipsys Technologies, Inc.				-	-	2,275	-	-	2,275
HemoSense				2,769	2,485	2,485	2,733	2,485	2,485
Moai Technologies, Inc.				4,679	2,021	2,021	6,263	2,021	2,021
Babycare, Ltd.				-	-	1,009	-	-	1,009
NovaLux, Inc.				50,724	10,149	10,149	50,801	10,149	10,149
IRSI				2,542	2,542	4,700	14,993	3,825	4,700
Xcyte Therapies, Inc.				5,589	3,795	3,795	5,598	3,795	3,795
Advanced Diagnostics, Inc.				1,556	1,621	1,621	1,321	1,371	1,371
Praxon, Inc.				-	-	2,309	-	-	2,309
AdiCom Wireless, Inc.				-	-	4,062	2,648	2,648	4,062
EndoVasix, Inc.				4,264	4,000	4,000	4,270	4,000	4,000
eWireless, inc.				47,655	2,250	2,250	47,728	2,250	2,250
Cooking.com, Inc.				1,500	1,500	4,500	1,500	1,500	4,500
MediaFlex.com				-	-	3,500	4,085	3,500	3,500
eBabyCare Ltd.				-	-	314	-	-	314
Kodiak Technologies, Inc.				1,934	1,934	1,934	1,694	1,694	1,694
Artemis Medical, Inc.				3,267	2,467	2,467	3,201	2,467	2,467
CEPTYR, Inc.				1,750	1,750	1,750	1,750	1,750	1,750
GreaterGood.com				-	-	3,797	-	-	3,781
Etera Corporation				-	-	5,500	5,269	5,000	5,000
ThinkFree.com				3,773	1,491	1,491	3,696	1,491	1,491
BroadRiver Communications				-	-	4,779	9,136	4,779	4,779
Quarry Technologies, Inc.				2,567	2,567	4,046	3,425	3,425	3,425
Norborn Medical, Inc.				-	-	188	-	-	188
FastTrack Systems, Inc.				7,182	5,479	5,479	7,962	5,134	5,134
Riveon, Inc.				-	-	1,975	1,700	1,700	1,700
MedManage Systems Inc.				4,000	4,000	4,000	4,000	4,000	4,000
Linx Communications, Inc.				3,000	3,000	3,000	3,000	3,000	3,000
Infinicon, Inc.				3,485	3,485	3,485	3,485	3,485	3,485
Cbyon, Inc.				3,500	3,500	3,500	3,500	3,500	3,500
Extreme Devices				5,000	5,000	5,000	5,000	5,000	5,000
Subtotal securities of private companies held				183,616	79,206	120,758	221,248	98,014	118,386

See notes on page 7.

Tredegar Corporation
Schedule of Investments at June 30, 2001 and December 31, 2000
(In Thousands, Except Per-Share Amounts)

Investment	Yrs. Held (a)	Description	Web Site (www.)
Total securities of public companies held (from page 6)			
Subtotal securities of private companies held (from page 6)			
Locus Discovery	.6	Computational chemogenomics technology	
eTunnels	.5	VPNs across all ISPs and companies	
Elixir	.5	Evaluation technology for anti-aging compounds	
Total securities of private companies held			
Limited partnership interests in private venture capital funds (period held of .6 - 8.8 years) (d)			
Total investments			
Estimated taxes on assumed disposal at fair value			
Estimated net asset value ("NAV")			

Tredegar Corporation
Schedule of Investments at June 30, 2001 and December 31, 2000
(In Thousands, Except Per-Share Amounts)

Investment	6/30/01 (e) Estimated Fair Value (b)	6/30/01 (e) Carrying Value (b)	6/30/01 (e) Cost Basis	12/31/00 (e) Estimated Fair Value (b)	12/31/00 (e) Carrying Value (b)	12/31/00 (e) Cost Basis
Total securities of public companies held (from page 6)	47,319	47,319	11,819	66,934	66,934	23,189
Subtotal securities of private companies held (from page 6)	183,616	79,206	120,758	221,248	98,014	118,386
Locus Discovery	3,000	3,000	3,000	3,000	3,000	3,000
eTunnels	3,000	3,000	3,000	3,000	3,000	3,000
Elixir	250	250	250	250	250	250
Total securities of private companies held	189,866	85,456	127,008	227,498	104,264	124,636
Limited partnership interests in private venture capital funds (period held of .6 - 8.8 years) (d)	96,295	65,701	71,041	109,099	61,061	65,271
Total investments	333,480	$ 198,476	$ 209,868	403,531	$ 232,259	$ 213,096
Estimated taxes on assumed disposal at fair value	44,501			68,557		
Estimated net asset value ("NAV")	$ 288,979			$ 334,974		

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 June 30, 2001, Tredegar had ownership interests in 28 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
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)
Array Biopharma	ARRY	Drug discovery research using innovative chemistry (arraybiopharma.com)
Metromedia Fiber Network	MFNX	Provider of high-band width fiber optic communications (mmfn.com)
ASAT Holdings	ASTT	Provider of semiconductor assemply and testing services (asat.com)
Seattle Genetics	SGEN	Biopharmaceuticals for treatment of cancers (seattlegenetics.com)

Indirect Investment	Indirect Interest in Common Shares	Closing Price	Restricted Stock Dis-count	Indirect Estimated Fair Value	Indirect Cost Basis
Universal Access, Inc.	610	6.20	20%	3,025	521
Illumina, Inc.	197	11.78	20%	1,861	333
Adolor Corporation	83	21.60	20%	1,442	411
Array Biopharma	129	9.10	20%	941	279
Metromedia Fiber Network	428	2.04	20%	699	546
ASAT Holdings	175	4.57	20%	640	448
Seattle Genetics	118	6.10	20%	577	219

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

4. Comprehensive income, defined as net income and other comprehensive income, was $20.6 million for the second quarter of 2001 and $36.7 million for the second quarter of 2000. Comprehensive income was $9.1 million for the first six months of 2001 and $98.2 million for the first six months of 2000. Other comprehensive income for both years 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. For 2001, other comprehensive income includes the cumulative-effect adjustment for the adoption of the new accounting standard for derivative financial instruments (see Note 1) and changes in the gains and losses on derivative financial instruments recorded net of deferred income taxes directly in shareholders' equity.

5. The components of inventories are as follows:

	(In Thousands) June 30, 2001	Dec. 31 2000
Finished goods	$7,128	$7,997
Work-in-process	3,922	4,314
Raw materials	20,450	23,889
Stores, supplies and other	11,368	10,625
Total	$42,868	$46,825

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

	(In Thousands) Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Weighted average shares outstanding used to compute basic earnings per share	38,055	37,911	38,053	37,815
Incremental shares issuable upon the assumed exercise of stock options	783	1,156	765	1,184
Shares used to compute diluted earnings per share	38,838	39,067	38,818	38,999

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

7. On April 27, 2001, we entered into a two-year interest rate swap agreement, with a notional amount of $50 million, under which we will pay to a counterparty a fixed interest rate of 4.85% and the counterparty will pay us a variable interest rate based on one-month LIBOR reset each month. This swap has been designated as and will be accounted for as a cash flow hedge. This interest rate swap effectively fixes the rate on $50 million of our $250 million term loan at 4.85% plus the applicable credit spread (currently 62.5 basis points).

On June 22, 2001, we entered into another two-year interest rate swap agreement, with a notional amount of $25 million, under which we will pay to a counterparty a fixed interest rate of 4.64% and the counterparty will pay us a variable interest rate based on one-month LIBOR reset each month. This swap has been designated as and will be accounted for as a cash flow hedge. This interest rate swap effectively fixes the rate on $25 million of our $250 million term loan at 4.64% plus the applicable credit spread (currently 62.5 basis points).

8. Our overall effective tax rate from continuing operations for the quarter ended June 30, 2001 is 23.4% and for the six months ended June 30, 2001 is 25.4% compared with 36.5% in both periods of the prior year. The decline in the overall effective tax rate is due primarily to the $1.9 million tax benefit related to the reversal of income tax contingency accruals upon favorable conclusion of IRS examinations through 1997.

   Second quarter results also include an after-tax gain from discontinued operations of $1.4 million related to the reversal of an income tax contingency accrual upon favorable conclusion of IRS examinations through 1997. The accrual was originally recorded in conjunction with the sale of The Elk Horn Coal Corporation in 1994.

9. In June 2001, the Financial Accounting Standards Board issued two new standards that primarily affect the accounting for acquisitions initiated after June 30, 2001 and the accounting for goodwill. There are transition provisions that may result in the reclassification of carrying values among existing goodwill and other intangible assets. Once adopted, these standards prohibit amortization of goodwill, but require transitional and annual impairment reviews that may result in the recognition of losses, among other requirements. While we have not yet completed our assessment of the impact of these statements on our financial statements, adoption will result in a reduction in our amortization expense but will have no impact on cash flow. We will adopt these standards in the first quarter of 2002.

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

Results of Operations

Second Quarter 2001 Compared with Second Quarter 2000

Net income for the second quarter of 2001 was $13.5 million, down from $26.4 million in 2000 (35 cents per share versus 68 cents per share). Results in the second quarter of 2001 include $123,000 of realized net after-tax gains from venture capital investments compared with a net after-tax gain of $12.2 million (31 cents per share) in the second quarter of 2000. Results in 2001 include an after-tax gain of $2.5 million (seven cents per share) related to the reversal of income tax contingency accruals and related interest received on tax overpayments upon favorable conclusion of certain IRS examinations. Second-quarter results also include $1.4 million (four cents per share) related to the reversal of income tax contingency accruals associated with discontinued operations.

Pre-tax realized gains and losses from venture capital investment activities are included in "Other income (expense), net" in the consolidated statements of income on page 3 and "Venture capital investments" in the operating profit table on page 13. Operating expenses (primarily management fee expenses) for our venture capital investment activities are classified in "Selling, general and administrative expenses" ("SG&A") in the consolidated statements of income and "Venture capital investments" in the operating profit table.

After-tax appreciation in the net asset value ("NAV") of the venture capital investment portfolio during the second quarter was $1.4 million. At June 30, 2001, the NAV of the portfolio was $289 million. For more information on our venture capital investment activities, see pages 14-16 and Note 3 on pages 5-7.

Net sales in the second quarter of 2001 decreased by 12% compared with 2000 due primarily to lower volume in both Aluminum Extrusions (volume down 20%) and Film Products (volume down 6%). For more information on net sales, see the business segment review beginning on page 13.

The gross profit margin during the second quarter of 2001 declined to 18.5% from 20.1% in 2000. The lower profit margin was driven mainly by lower profits in Aluminum Extrusions due to lower volume and higher conversion costs. The impact on profit margin of the decrease in volume in Film Products was offset by higher sales of new higher margin products.

SG&A expenses in the second quarter of 2001 were $11.4 million, down from $13.3 million in 2000 due to lower employee-related costs. The benefit of lower employee costs was partially offset by increased operating expenses at Tredegar Investments and increased expenses at Film Products due to the acquisition of ADMA and Promea in October 2000. As a percentage of net sales, SG&A expenses were 5.8% in the second quarter of 2001 compared with 6% in 2000.

R&D expenses increased to $8 million in the second quarter of 2001 versus $5.7 million in 2000 primarily due to higher spending in Tredegar Biotech in support of increased research and development efforts.

Unusual items in the second quarter of 2001 include a pre-tax gain of $1 million related to interest received on tax overpayments upon favorable conclusion of IRS examinations through 1997 (included in "Corporate expenses, net" in the net sales and operating profit by segment table). Income taxes include a second-quarter tax benefit of $1.9 million related to the reversal of income tax contingency accruals upon favorable conclusion of IRS examinations through 1997. Second-quarter results also include an after-tax gain from discontinued operations of $1.4 million related to the reversal of an income tax contingency accrual upon favorable conclusion of IRS examinations through 1997. The accrual was originally recorded in conjunction with the sale of The Elk Horn Coal Corporation in 1994.

Unusual items in the second quarter of 2000 include a gain of $525,000 ($336,000 after income taxes) on the sale of Fiberlux, Inc., a producer of vinyl extrusions.

Interest income, which is included in "Other income (expense), net" in the consolidated statements of income, was $726,000 in the second quarter of 2001 and $503,000 in 2000. The average tax-equivalent yield earned on cash equivalents was approximately 4.4% in the second quarter of 2001 and 6.3% in the second quarter of last year. 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 decreased to $3.2 million in the second quarter of 2001 from $4.3 million in 2000 due to a lower overall average interest rate and lower average debt outstanding (down $5 million). The average rate on variable-rate debt (approximately $250 million in both quarters) was 5.25% in the second quarter of 2001 versus 7.1% in 2000. The average rate on fixed-rate debt ($14 million in the second quarter of 2001 and $19 million in the second quarter of 2000) was 7.2% in both periods.

The effective tax rate from manufacturing operations, excluding unusual items, decreased to 35.4% in the second quarter of 2001 from 36.5% in 2000 due to lower taxes accrued on income from foreign operations. The overall effective tax rate for the quarter declined to 23.4% due to the impact of the $1.9 million tax benefit related to the reversal of income tax contingency accruals upon favorable conclusion of IRS examinations as noted above.

Six Months 2001 Compared with Six Months 2000

Net income for the first six months of 2001 was $15.4 million, down from $44.8 million in 2000 (40 cents per share versus $1.15 per share). Results for 2001 include $5.2 million (13 cents per share) of realized after-tax losses from venture capital investments compared to a gain of $20 million (51 cents per share) in 2000.

The after-tax depreciation in the NAV through the first six months of this year was $34.7 million.

Net sales for the six months ended June 30, 2001, decreased by 14.6% compared with the same period of last year. The lower net sales are due to lower volume in both Aluminum Extrusions (volume down 24%) and Film Products (volume down 9%). For more information on net sales, see the business segment review beginning on page 13.

The gross profit margin for the first six months of 2001 decreased to 18.3% from 19.9% in 2000 primarily due to lower profit in Aluminum Extrusions resulting from lower volume and higher conversion costs.

SG&A expenses were $23.3 million in 2001, down from $25.9 million in 2000. The decrease is primarily attributable to lower employee-related costs. The benefit of lower employee costs was partially offset by increased operating expenses at Tredegar Investments and increased expenses at Film Products due to the acquisition of ADMA and Promea in October 2000. As a percentage of net sales, SG&A expenses increased to 6% in the first six months of 2001 compared with 5.7% in the same period of 2000 due to overall lower volume.

R&D expenses increased to $15.3 million in 2001 from $12 million in 2000 due to higher spending in Tredegar Biotech in support of increased research and development efforts.

Unusual items for the six months ended June 30, 2001, included:

- a charge of $1.6 million ($1 million after income taxes) for further rationalization in the plastic films business;
- a gain of $1 million ($621,000 after income taxes) for interest received on tax overpayments upon favorable conclusion of IRS examinations through 1997 (included in "Corporate expenses, net" in the net sales and operating profit by segment table); and
- an income tax benefit of $1.9 million related to the reversal of income tax contingency accruals upon favorable conclusion of IRS examinations through 1997 (included in "Income taxes" in the Consolidated Statements of Income).

Unusual items for the six months ended June 30, 2000, totaled $5 million ($3.2 million after income taxes) and included:

- a charge of $5.3 million ($3.4 million after income taxes) for the shutdown of a 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);
- a charge of $191,000 ($122,000 after income taxes) for costs associated with the evaluation of financing and structural options for Tredegar Investments; and
- a gain of $525,000 ($336,000 after income taxes) for the sale of Fiberlux, Inc.

Interest income for 2001 was $1.4 million versus $897,000 in 2000. The average cash and cash equivalents balance was $47.3 million for the six months ended June 30, 2001 versus $22.6 million for the same period in 2000. The average tax-equivalent yield earned on cash equivalents was approximately 5% for 2001 and 6.02% for 2000.

Interest expense decreased to $7.3 million in 2001 from $8.6 million in 2000 due to lower average debt outstanding (down $6 million) and a lower overall average interest rate. The average rate on variable-rate debt ($250 million in both periods) was 6% in 2001 versus 7% in 2000. The average rate on fixed-rate debt ($15 million in 2001 and $20 million in 2000) was 7.2% in both periods.

The effective income tax rate from manufacturing operations, excluding unusual items, decreased to 35.5% in 2001 from 36.5% in 2000 due to lower taxes accrued on income from foreign operations. The overall effective tax rate for the six months ended June 30, 2001, declined to 25.4% due to the impact of the $1.9 million tax benefit related to the reversal of income tax contingency accruals upon favorable conclusion of IRS examinations as mentioned above.

Business Segment Review

The following tables present Tredegar's net sales and operating profit by segment for the second quarter and six months ended June 30, 2001 and 2000.

Net Sales by Segment
(In Thousands)
(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Film Products	$ 90,743	$ 93,904	$ 187,573	$ 193,390
Aluminum Extrusions	105,034	127,605	198,506	256,845
Fiberlux	-	74	-	1,856
Tredegar Biotech:				
Molecumetics	1,573	1,826	2,904	3,452
Therics	94	94	263	188
Total net sales	$ 197,444	$ 223,503	$ 389,246	$ 455,731

Operating Profit by Segment
(In Thousands)
(Unaudited)

	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Film Products:				
Ongoing operations	$ 12,872	$ 12,781	$ 27,966	$ 28,531
Unusual items	-	-	(1,600)	(5,293)
Total Film Products	12,872	12,781	26,366	23,238
Aluminum Extrusions	10,171	17,131	16,552	32,845
Fiberlux:				
Ongoing operations	-	(55)	-	(264)
Unusual items	-	525	-	525
Total Fiberlux	-	470	-	261
Tredegar Biotech:				
Molecumetics	(1,384)	(1,278)	(3,156)	(2,507)
Therics	(3,219)	(2,054)	(5,568)	(3,853)
Total Tredegar Biotech	(4,603)	(3,332)	(8,724)	(6,360)
Tredegar Investments:				
Venture capital investments	191	19,060	(8,071)	31,203
Unusual items	-	-	-	(191)
Total Tredegar Investments	191	19,060	(8,071)	31,012
Total operating profit	18,631	46,110	26,123	80,996
Interest income	726	503	1,414	897
Interest expense	3,232	4,307	7,273	8,602
Corporate expenses, net	321	785	1,489	2,651
Income from continuing operations before income taxes	15,804	41,521	18,775	70,640
Income taxes	3,691	15,153	4,761	25,809
Income from continuing operations	12,113	26,368	14,014	44,831
Income from discontinued operations	1,396	-	1,396	-
Net income	$ 13,509	$ 26,368	$ 15,410	$ 44,831

Second-quarter sales in Film Products declined 3% to $90.7 million while operating profit, excluding unusual items, was up slightly from $12.8 million in 2000 to $12.9 million in 2001. On a year-to-date basis, sales in Film Products decreased 3% to $187.6 million while operating profit, excluding unusual items, was $28 million, down 2%. The decline in sales is primarily due to lower volume reflecting lower demand for our diaper backsheet film. The profit impact of the volume decline in diaper backsheet was partially offset by higher sales of new specialty components for diapers and feminine hygiene products.

In Aluminum Extrusions, second-quarter sales were down 18% to $105 million while operating profit was $10.2 million, down 41% versus the second quarter of 2000. On a year-to-date basis, sales declined 23% to $198.5 million while operating profit was $16.6 million, down 50% compared with the same period of the prior year. Sales and operating profit declined due to lower demand across most of our end markets resulting from general economic weakness.

For Tredegar Biotech, revenue was down for both the quarter and six months ended June 30, 2001 compared with the same periods of the prior year. The second-quarter operating loss in 2001, excluding unusual items, was $4.6 million versus $3.3 million in 2000. On a year-to-date basis, excluding unusual items, the operating loss was $8.7 million in 2001 versus $6.4 million in 2000. The higher losses in 2001 were due primarily to increased spending at both Molecumetics and Therics.

The appreciation in NAV related to venture capital investment activities for the second quarter and six months ended June 30, 2001 and 2000 is summarized below:

(In Millions)	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Net realized gains, losses, write-downs and related operating expenses for venture capital investments reflected in Tredegar's consolidated statements of income (net of tax)	$ .1	$ 12.2	$ (5.2)	$ 20.0
Change in unrealized appreciation of venture capital investments (net of tax)	1.3	49.6	(29.5)	128.6
After-tax appreciation (depreciation) in NAV related to investment performance	$ 1.4	$ 61.8	$ (34.7)	$ 148.6

The following companies held directly in the portfolio, or indirectly through our interests in other venture capital funds, accounted for most of the change in NAV during the quarter and six months ended June 30, 2001:

Investment	Reason for Change	(In Millions) Appreciation (Depreciation) in Estimated NAV 2nd Quarter Ended 6/30/01	Six Months Ended 6/30/01
Public companies:			
Adolor Corporation	Change in stock price	$ 3.3	$ 2.3
Vascular Solutions	Change in stock price	1.1	1.4
SignalSoft Corporation	Change in stock price	0.9	0.9
Copper Mountain	Change in stock price	-	0.8
Rosetta Inpharmatics, Inc.	Change in stock price	3.4	0.2
Openwave Systems, Inc.	Change in stock price	0.9	(0.1)
Illumina, Inc.	Change in stock price	5.0	(1.1)
Eprise Corporation	Change in stock price	-	(1.1)
Cosine Communications	Change in stock price	-	(2.2)
Private companies:			
Quarry Technologies, Inc.	Lower valuation of the company	-	(0.9)
Moai Technologies, Inc.	Lower valuation of the company	-	(1.0)
Riveon	Lower valuation of the company	(1.3)	(1.3)
AdiCom Wireless, Inc.	Lower valuation of the company	-	(1.7)
MediaFlex.com	Lower valuation of the company	-	(2.6)
Etera Corporation	Lower valuation of the company	(3.8)	(3.7)
BroadRiver Communications	Lower valuation of the company	(1.3)	(5.8)
Venture capital funds	Various	(6.0)	(7.4)
IRSI	Lower valuation of the company	-	(8.0)
Other public and private companies	Various	0.2	(1.4)
Appreciation in NAV before operating expenses		2.4	(32.7)
After-tax operating expenses		(1.0)	(2.0)
Appreciation in NAV related to investment performance		$ 1.4	$ (34.7)

The cost basis, carrying value and NAV of the venture capital portfolio is reconciled below:

	(In Millions) June 30, 2001	Dec. 31, 2000
Cost basis of investments	$ 209.9	$ 213.1
Write-downs taken on securities held (charged to earnings)	(47.4)	(26.6)
Unrealized appreciation on public securities held by Tredegar (reflected directly in equity net of deferred income taxes)	36.0	45.8
Carrying value of investments reflected in the balance sheet	198.5	232.3
Unrealized appreciation in private securities held by Tredegar and in its indirect interest in all securities held by venture capital funds	135.0	171.3
Estimated fair value of venture capital investments	333.5	403.6
Estimated income taxes on assumed disposal at fair value	(44.5)	(68.6)
NAV of venture capital investments	$ 289.0	$ 335.0

Changes in NAV for the quarter and six months ended June 30, 2001 and 2000 are summarized below:

(In Millions)	Second Quarter Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
NAV at beginning of period	$ 296.5	$ 276.7	$ 335.0	$ 180.2
After-tax appreciation (depreciation) in NAV related to investment performance (net of operating expenses)	1.4	61.8	(34.7)	148.6
After-tax operating expenses funded by Tredegar	1.1	.9	2.1	1.5
New investments	4.7	25.4	9.1	47.0
Reduction in NAV due to the sale of investments	(14.7)	(17.6)	(22.5)	(30.1)
(Decrease) increase in NAV	(7.5)	70.5	(46.0)	167.0
NAV at end of the period	$ 289.0	$ 347.2	$ 289.0	$ 347.2

Our internal rate of return ("IRR") since inception in 1992 through June 30, 2001, is estimated at 59% (40% after income taxes), but is not necessarily indicative of the IRR that we will generate in the future. IRR is the discount rate that equates the net present value of investment cash inflows with investment cash outflows. The IRR is calculated as an annualized compounded rate of return using actual investment cash flows, modified to incorporate our share of the current valuation of unliquidated holdings and operating expenses (and taxes in case of the after-tax IRR).

Liquidity and Capital Resources

Tredegar's total assets increased to $905.8 million at June 30, 2001, from $903.8 million at December 31, 2000. While the carrying value of venture capital investments decreased $33.8 million to $198.5, total assets increased primarily due to the following:

- Cash and cash equivalents increased ($27.3 million) due to the reasons described on the next page;
- Capital expenditures in excess of depreciation, amortization and asset write-offs ($3.6 million); and
- Higher prepaid pension asset (up $5.4 million) due to pension income recognized during the period.

The carrying value of the venture capital investments decreased compared with December 31, 2000, due to a decrease in unrealized gains on available-for-sale securities of $9.8 million and a decrease in the cost basis of investments of $24 million, net of write-downs taken.

The reasons for the increase in cash and cash equivalents to $71.8 million at June 30, 2001, from $44.5 million at December 31, 2000, are summarized below:

	(In Thousands) Six Months Ended June 30	
	2001	2000
Cash and cash equivalents, beginning of period	$ 44,530	$ 25,752
Cash provided by (used in) operating activities net of capital expenditures and dividends	14,397	(23,734)
Proceeds from the exercise of stock options	152	3,487
Net (decrease) increase in borrowings	(3,607)	5,000
Proceeds from disposal of venture capital investments in excess of (less than) new venture capital investments	17,684	(5,560)
Proceeds from divestitures and property disposals	353	9,357
Other, net	(1,724)	1,129
Net increase (decrease) in cash and cash equivalents	27,255	(10,321)
Cash and cash equivalents, end of period	$ 71,785	$ 15,431

In 2001, cash provided by continuing operating activities, net of capital expenditures and dividends was $14.4 million compared with cash used in operating activities, net of capital expenditures and dividends of $23.7 million in 2000. The change is primarily due to changes in working capital.

Capital expenditures have decreased from $39.5 million in 2000 to $22.1 million in 2001. Capital expenditures in 2001 reflect the normal replacement of machinery and equipment and the following key capital projects:

- Press modernization at the aluminum extrusion plant in Kentland, Indiana;
- A new plastic film manufacturing facility in Shanghai, China; and
- Continued expansion of capacity at the facility in Hungary.

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.

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 12 months, we enter into a combination of forward purchase commitments and futures contracts to acquire aluminum, based on the scheduled deliveries.

We sell to customers in foreign markets through our foreign operations and through exports from U.S. plants. The percentage of consolidated net sales from manufacturing operations related to foreign markets for the six months ended June 30, 2001 and 2000 are presented below:

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

	Six Months Ended June 30			
	2001		2000	
	Exports From U.S.	Foreign Operations	Exports From U.S.	Foreign Operations
Canada	3%	15%	3%	18%
Europe	1	7	1	4
Latin America	3	3	3	2
Asia	3	1	3	1
Total	10%	26%	10%	25%

* Based on consolidated net sales from manufacturing operations (excluding Tredegar Biotech and Tredegar Investments).

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., partially offset by higher U.S. Dollar interest expense on higher 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 pages 14-16 and Note 3 on pages 5-7 for more information.

New Accounting Standards

In June 2001, the Financial Accounting Standards Board issued two new standards that primarily affect the accounting for acquisitions initiated after June 30, 2001 and the accounting for goodwill. There are transition provisions that may result in the reclassification of carrying values among existing goodwill and other intangible assets. Once adopted, these standards prohibit amortization of goodwill, but require transitional and annual impairment reviews that may result in the recognition of losses, among other requirements. While we have not yet completed our assessment of the impact of these statements on our financial statements, adoption will result in a reduction in our amortization expense but will have no impact on cash flow. We will adopt these standards in the first quarter of 2002.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

Tredegar's Annual Meeting of Shareholders was held on May 24, 2001. The following sets forth the vote results with respect to each of the matters voted upon at the meeting:

(a) Election of Directors

Nominee	No. of Votes "For"	No. of Votes "Withheld"
John D. Gottwald	33,382,493	2,105,785
Thomas G. Slater, Jr.	34,753,808	734,470

There were no broker non-votes with respect to the election of directors.

(b) Approval of Auditors

Approval of the designation of PricewaterhouseCoopers LLP as the auditors for Tredegar for the fiscal year ending December 31, 2001:

No. of Votes "For"	No. of Votes "Against"	No. of Abstentions
35,362,873	83,293	42,112

There were no broker non-votes with respect to the approval of auditors.

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

(a) Exhibit No.

None

(b) Reports on Form 8-K. No reports on Form 8-K have been filed for the quarter ended June 30, 2001.

SIGNATURES

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

Tredegar Corporation
(Registrant)

Date: August 3, 2001	/s/ N. A. Scher
	Norman A. Scher Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: August 3, 2001	/s/ Michelle O. Mosier
	Michelle O. Mosier Corporate Controller (Principal Accounting Officer)