

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) January 6, 2008

Tredegar Corporation

(Exact name of Registrant as specified in charter)

Virginia

1-10258

54-1497771

(State or other jurisdiction of
incorporation)

(Commission file
number)

(IRS 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

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry Into a Material Definitive Agreement.

On January 6, 2008, Bon L Holdings Corporation ("Seller") and Idlewood Properties, Inc. ("Idlewood"), both Virginia corporations and subsidiaries of Tredegar Corporation, a Virginia corporation (the "Company"), The William L. Bonnell Company, Inc., a Georgia corporation that is Seller's parent and a subsidiary of the Company (the "Guarantor"), and WXP Holdings, Inc., a Delaware corporation ("Purchaser"), entered into a definitive Purchase Agreement (the "Purchase Agreement") pursuant to which (a) Purchaser will purchase from Seller all outstanding capital stock of (i) Apolo Tool & Die Manufacturing Inc. ("Apolo") and (ii) Bon L Canada Inc. ("Bon L Canada"), both Canadian corporations and subsidiaries of Seller that together conduct the Company's aluminum extrusions operations in Canada, and (b) Purchaser will purchase from Idlewood a promissory note issued by Bon L Canada, for an aggregate purchase price of approximately \$25 million (the "Transaction"). The purchase price is subject to adjustment to the extent that at the closing date, working capital of Bon L Canada and Apolo, which typically has seasonal fluctuations, is above or below its average working capital during 2007.

The Purchase Agreement provides that Seller will subscribe for one common share of Bon L Canada and that the remaining shares of Bon L Canada outstanding immediately prior to the closing of the Transaction will be cancelled. Further, the Guarantor will guarantee the performance of all obligations of Seller and Idlewood under the Purchase Agreement and will be bound by the exclusivity and confidentiality provisions of the Purchase Agreement.

The Purchase Agreement contains customary representations, warranties, covenants and agreements of Seller and Purchaser, indemnification obligations of Seller and Purchaser and termination provisions.

As part of the Transaction, Apolo, Bon L Canada and the Guarantor will enter into a transition services agreement, pursuant to which the Guarantor will provide ongoing operating support of the business during the transition of the business to Purchaser. The parties will also enter into a non-competition and non-solicitation agreement and an agreement for the effective transfer of hedging arrangements associated with fixed-price forward sales contracts.

Completion of the Transaction is subject to the satisfaction or waiver of customary closing conditions, including receipt of any required consents and the absence of certain material adverse effects on the business, assets or financial condition of Bon L Canada and Apolo since November 30, 2007, together with the receipt of applicable regulatory approvals and the expiration of applicable waiting periods. In addition, the completion of the Transaction is subject to confirmatory due diligence by Purchaser with respect to certain limited matters. The closing is expected to occur by late February, 2008.

Item 8.01. Other Events.

On January 7, 2008, the Company issued a press release announcing the Transaction and announcing that the Board of Directors of the Company had authorized the Company to purchase from time to time up to an aggregate of five million shares of the Company's common stock on

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the open market or in privately negotiated transactions. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release issued by the Company on January 7, 2008.

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SIGNATURE

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 hereunto duly authorized.

Date: January 7, 2008

TREDEGAR CORPORATION

By: /s/ D. Andrew Edwards
D. Andrew Edwards
Vice President, Chief Financial Officer
and Treasurer

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit</u>
99.1	Press Release issued by the Company on January 7, 2008.

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NEWS NEWS NEWS



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FOR IMMEDIATE RELEASE

TREDEGAR AGREES TO SELL ALUMINUM EXTRUSION OPERATIONS IN CANADA AND APPROVES SHARE REPURCHASE PROGRAM

RICHMOND, Va., January 7, 2008 – Tredegar Corporation (NYSE:TG) announced today that it has agreed to sell its aluminum extrusions operations in Canada for \$25 million to WXP Holdings, Inc., an affiliate of H.I.G. Capital. Closing for the transaction, which is contingent upon the satisfaction of customary conditions, including the receipt of consents, the absence of material adverse changes, the receipt of any applicable regulatory approvals and the expiration of any applicable waiting periods, and certain confirmatory due diligence, is expected to occur in late February, 2008. Tredegar's earnings press release for the fourth quarter of 2007 is expected to follow the closing of the transaction. The sales price is subject to increase or decrease to the extent that working capital, which typically has seasonal fluctuations, is above or below normalized levels at the closing date. In addition, Tredegar may realize current cash tax benefits from the sale of up to approximately \$11 million. Actual current cash tax benefits are dependent on several factors that will not be known until after the closing date.

Tredegar also disclosed that it plans to spend approximately \$24 million over the next 18 months to expand its aluminum extrusions capacity at its plant in Carthage, Tennessee. The capacity of the new 5,500 ton extrusion press will be dedicated to serving the non-residential construction market.

John D. Gottwald, Tredegar's president and chief executive officer, said: "The sale of our aluminum extrusions operations in Canada will generate cash and eliminate losses that have resulted in the past year from a combination of lower volume and appreciation of the Canadian dollar, which impacts our costs. We're excited about our expansion plans at the Carthage plant. Approximately 60% of our sales of aluminum extrusions from our U.S. operations are related to non-residential construction, and this additional capacity will alleviate limitations that we currently have in this sector."

On November 5, 2007, Tredegar disclosed in its third quarter earnings press release that, due to deteriorating business conditions and financial results relating to its aluminum extrusions operations in Canada, it had recognized an asset impairment charge of \$27.6 million (\$22.7 million or 58 cents per share after taxes). Assuming the sale of these operations under the terms and conditions described

TREDEGAR AGREES TO SELL CANADIAN ALUMINUM OPERATIONS AND APPROVES SHARE REPURCHASE PROGRAM, page 2

above, Tredegar expects to recognize a gain from the sale, comprised primarily of previously unrecognized foreign exchange translation gains that have historically been reflected directly in shareholders' equity (which was \$16.9 million after deferred income taxes as of September 30, 2007) and any current cash tax benefits, partially offset by an expected loss on the difference between the remaining carrying value of the net assets to be sold (assets in excess of liabilities excluding cash and deferred income taxes, which were approximately \$43 million as of September 30, 2007) and the sales price at the closing date.

During the first nine months of 2007, the aluminum extrusion operations in Canada had volume of 46.9 million pounds, net sales of \$119.1 million, an operating loss of \$7 million, depreciation of \$3 million and capital expenditures of \$734,000. During the first nine months of 2006, these operations had volume of 57 million pounds, net sales of \$132.1 million, operating profit of \$981,000, depreciation of \$2.9 million and capital expenditures of \$672,000.

Today Tredegar also announced that its board of directors approved a share repurchase program whereby management is authorized at its discretion to purchase, in the open market or in privately negotiated transactions, up to 5 million shares of Tredegar's outstanding common stock. This share repurchase program replaces Tredegar's previous share repurchase authorization. The authorization has no time limit. During the fourth quarter of 2007, Tredegar repurchased 3.1 million shares for \$48.3 million under its existing authorization. As of January 4, 2008, Tredegar had approximately 34.7 million common shares outstanding.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information contained in this press release may constitute "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. When we use the words "believe," "estimate," "anticipate," "expect," "project," "likely," "may" and similar expressions, we do so to identify forward-looking statements. Such statements are based on our then current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those addressed in the forward-looking statements. It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

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Tredegar does not undertake to update any forward-looking statement made in this press release to reflect any change in management's expectations or any change in conditions, assumptions or circumstances on which such statements are based.

Based in Richmond, Va., Tredegar Corporation is a global manufacturer of plastic films and aluminum extrusions.

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