Destroyed Southern Plug Plant to Permanently Close

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BASTROP, La., Dec 14, 2010 (BUSINESS WIRE) -- Southern Plug and Manufacturing, Inc., a unit of Sonoco Products Company, today announced that it will permanently close its Bastrop molded plug manufacturing plant. The plant, located at 6566 Mer Rouge Road, has been shut down since it was destroyed by fire on November 5, 2010. The Southern Plug plant, which began operation in 1978, employed 50 full-time workers and primarily produced molded plugs used in tubes and cores for the paper industry.

"This was an extremely difficult decision, particularly considering the impact it will have on the plant's employees and their families," said James Harrell, vice president, North American Converting for Sonoco. "Since fire destroyed the plant, we have been working with our customers to provide alternative supply sources while developing a longer-term solution. However, the loss of the Bastrop supply is transforming the market for molded plugs. Given these changes and the risk to supply created by a single large site, it is clear that development of a new dedicated manufacturing facility will no long meet the needs of the market.

"Sonoco will remain in the molded plug business," Harrell emphasized. "However, to meet the future needs of our customers, we will be developing a more diversified supply system, which includes using existing Sonoco plant sites as well as joint production and supply agreements with other producers. This strategy will allow us to reduce the risk to supply and better meet the broad geographic needs of our customers throughout North America."

As a result of the permanent closure, Bastrop employees will receive severance payments, extended benefits and career outplacement services. After the plant was shut down, the Company provided employees with two weeks of additional pay, bonus pay, plus accrued vacation and holiday pay. Under the plant closure program, employees will receive severance pay that is equal to one week's pay for each year of employment, with a minimum of four weeks pay. As a bridge during the holidays, employees also will receive one additional week of pay in addition to the severance payment. During the paid severance period, each individual will receive extended employee benefits as well as outplacement services and career counseling. Qualified workers will be able to apply for certain open positions within Sonoco's U.S. operations.

"We worked quickly to make a decision so that Bastrop employees knew where they stood and could make future plans. We realize that nothing will replace an existing job, but we do want to provide these workers with a bridge to a new career or, if eligible, into retirement," said Harrell. "We also want to thank everyone in the Bastrop community who has reached out to our employees and to Southern Plug. State, parish and city economic development personnel worked hard with local officials to help develop a competitive local redevelopment opportunity. Unfortunately, the market has changed, and our customers' needs call for a new supply solution."

About Sonoco

Based in Hartsville, S.C., and founded in 1899, Sonoco is a global manufacturer of consumer and industrial packaging and provider of packaging services, with more than 300 operations in 35 countries, serving some 85 nations. For more information on the Company, visit our Web site at www.sonoco.com.

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