UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 3, 2016

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 No. 001-11261

SONOCO PRODUCTS COMPANY

Incorporated under the laws of South Carolina	**I.R.S. Employer Identification No. 57-0248420**

1 N. Second St.
Hartsville, South Carolina 29550
Telephone: 843/383-7000

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 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐(do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock at July 21, 2016:

Common stock, no par value: 100,237,148

SONOCO PRODUCTS COMPANY

INDEX

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(Dollars and shares in thousands)

	July 3, 2016	December 31, 2015*
Assets		
Current Assets		
Cash and cash equivalents	$ 107,748	$ 182,434
Trade accounts receivable, net of allowances	669,085	627,962
Other receivables	46,427	46,801
Inventories:		
Finished and in process	151,213	139,589
Materials and supplies	246,367	245,894
Prepaid expenses	50,913	64,698
	1,271,753	1,307,378
Property, Plant and Equipment, Net	1,109,013	1,112,036
Goodwill	1,151,556	1,140,461
Other Intangible Assets, Net	229,702	245,095
Long-term Deferred Income Taxes	49,247	52,626
Other Assets	153,605	156,089
Total Assets	$ 3,964,876	$ 4,013,685
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	$ 491,044	$ 508,057
Accrued expenses and other	276,579	294,227
Notes payable and current portion of long-term debt	51,719	113,097
Accrued taxes	5,344	7,135
	824,686	922,516
Long-term Debt, Net of Current Portion	1,029,943	1,015,270
Pension and Other Postretirement Benefits	412,572	432,964
Deferred Income Taxes	80,072	72,933
Other Liabilities	41,887	37,129
Commitments and Contingencies		
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares 100,299 and 100,944 shares issued and outstanding at July 3, 2016 and December 31, 2015, respectively	7,175	7,175
Capital in excess of stated value	374,332	404,460
Accumulated other comprehensive loss	(675,518)	(702,533)
Retained earnings	1,846,903	1,803,827
Total Sonoco Shareholders' Equity	1,552,892	1,512,929
Noncontrolling Interests	22,824	19,944
Total Equity	1,575,716	1,532,873
Total Liabilities and Equity	$ 3,964,876	$ 4,013,685

* The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(Dollars and shares in thousands except per share data)

	Three Months Ended		Six Months Ended	
	July 3, 2016	**June 28, 2015**	**July 3, 2016**	**June 28, 2015**
Net sales	$ 1,205,680	$ 1,248,590	$ 2,431,956	$ 2,454,642
Cost of sales	963,667	1,008,274	1,944,690	1,993,936
Gross profit	242,013	240,316	487,266	460,706
Selling, general and administrative expenses	126,611	130,887	260,804	227,552
Restructuring/Asset impairment charges	23,278	10,445	32,506	10,086
Income before interest and income taxes	92,124	98,984	193,956	223,068
Interest expense	14,092	14,237	28,281	28,012
Interest income	548	636	950	1,190
Income before income taxes	78,580	85,383	166,625	196,246
Provision for income taxes	24,790	24,023	53,984	50,244
Income before equity in earnings of affiliates	53,790	61,360	112,641	146,002
Equity in earnings of affiliates, net of tax	2,928	3,269	4,267	4,315
Net income	$ 56,718	$ 64,629	$ 116,908	$ 150,317
Net (income) attributable to noncontrolling interests	(466)	(250)	(742)	(158)
Net income attributable to Sonoco	$ 56,252	$ 64,379	$ 116,166	$ 150,159
Weighted average common shares outstanding:				
Basic	101,281	101,428	101,514	101,406
Diluted	101,873	102,424	102,148	102,362
Per common share:				
Net income attributable to Sonoco:				
Basic	$ 0.56	$ 0.63	$ 1.14	$ 1.48
Diluted	$ 0.55	$ 0.63	$ 1.14	$ 1.47
Cash dividends	$ 0.37	$ 0.35	$ 0.72	$ 0.67

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (unaudited)
(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	July 3, 2016	**June 28, 2015**	**July 3, 2016**	**June 28, 2015**
Net income	$ 56,718	$ 64,629	$ 116,908	$ 150,317
Other comprehensive income/(loss):				
Foreign currency translation adjustments	(17,389)	3,740	13,439	(59,246)
Changes in defined benefit plans, net of tax	3,006	(1,125)	8,954	5,148
Changes in derivative financial instruments, net of tax	2,722	2,449	4,622	1,244
Other comprehensive income/(loss)	(11,661)	5,064	27,015	(52,854)
Comprehensive income	45,057	69,693	143,923	97,463
Net (income) attributable to noncontrolling interests	(466)	(250)	(742)	(158)
Other comprehensive (income)/loss attributable to noncontrolling interests	(726)	(470)	(2,138)	161
Comprehensive income attributable to Sonoco	$ 43,865	$ 68,973	$ 141,043	$ 97,466

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Dollars in thousands)

	Six Months Ended	
	July 3, 2016	June 28, 2015
Cash Flows from Operating Activities:		
Net income	$ 116,908	$ 150,317
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	4,199	2,462
Depreciation, depletion and amortization	105,530	104,024
Gain on reversal of Fox River environmental reserves	—	(32,543)
Share-based compensation expense	9,665	4,353
Equity in earnings of affiliates	(4,267)	(4,315)
Cash dividends from affiliated companies	4,575	1,150
Net (gain)/loss on disposition of assets	11,291	(7,210)
Pension and postretirement plan expense	22,244	27,965
Pension and postretirement plan contributions	(35,647)	(25,118)
Tax effect of share-based compensation exercises	1,290	3,513
Excess tax benefit of share-based compensation	(1,331)	(3,521)
Net increase/(decrease) in deferred taxes	3,613	(9,487)
Change in assets and liabilities, net of effects from acquisitions, dispositions, and foreign currency adjustments:		
Trade accounts receivable	(40,357)	(33,084)
Inventories	(15,998)	(18,020)
Payable to suppliers	(7,669)	14,913
Prepaid expenses	1,377	(7,014)
Accrued expenses	(7,909)	5,941
Income taxes payable and other income tax items	12,197	417
Fox River environmental reserve spending	(580)	(720)
Other assets and liabilities	6,918	(941)
Net cash provided by operating activities	186,049	173,082
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(98,774)	(86,713)
Cost of acquisitions, net of cash acquired	(863)	(15,697)
Cash paid for disposition of assets	(8,436)	—
Proceeds from the sale of assets	3,594	31,006
Investment in affiliates and other, net	169	(2,775)
Net cash used in investing activities	(104,310)	(74,179)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	186,926	40,240
Principal repayment of debt	(248,817)	(23,575)
Net increase in commercial paper	14,000	—
Net increase/(decrease) in outstanding checks	5,255	(1,204)
Excess tax benefit of share-based compensation	1,331	3,521
Cash dividends	(72,679)	(67,379)
Shares acquired	(42,125)	(7,728)
Shares issued	632	1,310
Net cash used in financing activities	(155,477)	(54,815)
Effects of Exchange Rate Changes on Cash	(948)	12,519
Net (Decrease)/Increase in Cash and Cash Equivalents	(74,686)	56,607
Cash and cash equivalents at beginning of period	182,434	161,168
Cash and cash equivalents at end of period	$ 107,748	$ 217,775

See accompanying Notes to Condensed Consolidated Financial Statements

Note 1: Basis of Interim Presentation

In the opinion of the management of Sonoco Products Company (the “Company” or “Sonoco”), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise stated) necessary to state fairly the consolidated financial position, results of operations and cash flows for the interim periods reported herein. Operating results for the three and six months ended July 3, 2016, are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

With respect to the unaudited condensed consolidated financial information of the Company for the three- and six-month periods ended July 3, 2016 and June 28, 2015 included in this Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated August 3, 2016 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a “report” or a “part” of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Note 2: New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, "Financial Instruments - Credit Losses," which requires measurement and recognition of expected versus incurred credit losses for financial assets held. The guidance is effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods. The Company does not expect the implementation of ASU 2016-13 to have a material effect on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplifies several aspects of the accounting for share-based payment transactions, including 1) accounting for income taxes, 2) classification of excess tax benefits in the statement of cash flows, 3) forfeitures, 4) minimum statutory tax withholding requirements, 5) cash flow classification of employee taxes withheld in the form of shares, 6) the practical expedient for estimating the expected term, and 7) intrinsic value. The guidance is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not expect the implementation of ASU 2016-09 to have a material effect on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers," "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," which provides guidance on recording revenue on a gross basis versus a net basis based on the determination of whether an entity is a principal or an agent when another party is involved in providing goods or services to a customer. The amendments in this Update affect the guidance in ASU No. 2014-09 and are effective in the same time frame as ASU 2014-09 as discussed below.

In February 2016, the FASB issued ASU 2016-02, which changes accounting for leases and requires lessees to recognize the assets and liabilities arising from all leases, including those classified as operating leases under previous accounting guidance on the balance sheet and requires disclosure of key information about leasing arrangements to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance. The guidance is effective for reporting periods beginning after December 15, 2018, including interim periods within those fiscal years and requires retrospective application. The Company is still assessing the impact of ASU 2016-02 on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, and not recorded as separate assets. This update was effective for reporting periods beginning after December 15, 2015, and was required to be applied on a retrospective basis. Accordingly, the Company adopted ASU 2015-03 on January 1, 2016. Debt issuance costs totaling $6,584 previously included in "Other Assets" have been reclassified to "Long-Term Debt, Net of Current Portion" on the Company's Condensed Consolidated Balance Sheets as of December 31, 2015.

(Dollars in thousands except per share data)

In May 2014, the FASB issued ASU 2014-09, "Revenue From Contracts With Customers," which changes the definitions/criteria used to determine when revenue should be recognized from being based on risks and rewards to being based on control. Among other changes, ASU 2014-09 changes the manner in which variable consideration is recognized, requires recognition of the time value of money when payment terms exceed one year, provides clarification on accounting for contract costs, and expands disclosure requirements. The effective date for implementation of ASU 2014-09 has been deferred and is now effective for reporting periods beginning after December 15, 2017. The Company is still assessing the impact of ASU 2014-09 on its consolidated financial statements.

During the three- and six-month periods ended July 3, 2016, there have been no other newly issued nor newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company’s financial statements. Further, at July 3, 2016, there were no other pronouncements pending adoption that are expected to have a material impact on the Company’s consolidated financial statements.

Note 3: Acquisitions

The Company completed the acquisition of a small tube and core business in Australia on June 24, 2016. The all-cash purchase price of the business was $863. In conjunction with this acquisition, the Company recorded net tangible assets of $149, identifiable intangibles of $297, and goodwill of $417, none of which is expected to be tax deductible. This acquisition is expected to generate approximately $800 of annual sales in the Paper and Industrial Converted Products segment.

Acquisition-related costs of $822 and $2,082 were incurred in the three months ended July 3, 2016 and June 28, 2015, respectively. These costs totaled $1,148 and $3,247 for the six months ended July 3, 2016 and June 28, 2015, respectively. Acquisition-related costs consist primarily of legal and professional fees and are included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

Note 4: Shareholders' Equity

Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Numerator:				
Net income attributable to Sonoco	$ 56,252	$ 64,379	$ 116,166	$ 150,159
Denominator:				
Weighted average common shares outstanding:				
Basic	101,281,000	101,428,000	101,514,000	101,406,000
Dilutive effect of stock-based compensation	592,000	996,000	634,000	956,000
Diluted	101,873,000	102,424,000	102,148,000	102,362,000
Reported net income attributable to Sonoco per common share:				
Basic	$ 0.56	$ 0.63	$ 1.14	$ 1.48
Diluted	$ 0.55	$ 0.63	$ 1.14	$ 1.47

(Dollars in thousands except per share data)

Certain stock appreciation rights to purchase shares of the Company's common stock are not dilutive because the exercise price is greater than the market price of the stock at the end of the reporting period. These stock appreciation rights may become dilutive in the future if the market price of the Company's common stock appreciates. The average number of stock appreciation rights that were not dilutive and therefore not included in the computation of diluted earnings per share during the three- and six-month periods ended July 3, 2016 and June 28, 2015 was as follows:

	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Anti-dilutive stock appreciation rights	—	595,527	714,872	495,705

No adjustments were made to reported net income attributable to Sonoco in the computations of earnings per share.

Stock Repurchases

On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000,000 shares of the Company's common stock. During the six months ended July 3, 2016, a total of 835,218 shares were repurchased under this authorization at a cost of $37,931; accordingly, at July 3, 2016, a total of 4,164,782 shares remain available for repurchase. These repurchases were made under the Company's previously announced plan to utilize up to $100,000 to repurchase shares during 2016.

The Company frequently repurchases shares of its common stock to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These repurchases, which are not part of a publicly announced plan or program, totaled 99,227 shares in the six months ended July 3, 2016 at a cost of $4,194, and 169,487 shares in the six months ended June 28, 2015 at a cost of $7,728.

Dividend Declarations

On April 20, 2016, the Board of Directors declared a regular quarterly dividend of $0.37 per share. This dividend was paid on June 10, 2016 to all shareholders of record as of May 13, 2016.

On July 20, 2016, the Board of Directors declared a regular quarterly dividend of $0.37 per share. This dividend is payable September 9, 2016 to all shareholders of record as of August 12, 2016.

Note 5: Restructuring and Asset Impairment

The Company has engaged in a number of restructuring actions over the past several years. Actions initiated in 2016 and 2015 are reported as "2016 Actions" and "2015 Actions," respectively. Actions initiated prior to 2015, all of which were substantially complete at July 3, 2016, are reported as "2014 and Earlier Actions."

Following are the total restructuring and asset impairment charges/(credits), net of adjustments, and gains on dispositions recognized by the Company during the periods presented:

	2016		2015	
	Second Quarter	Six Months	Second Quarter	Six Months
Restructuring/Asset impairment:				
2016 Actions	$ 19,632	$ 26,045	$ —	$ —
2015 Actions	3,508	6,274	8,760	7,909
2014 and Earlier Actions	138	187	1,685	2,177
Restructuring/Asset impairment charges	$ 23,278	$ 32,506	$ 10,445	$ 10,086
Income tax benefit	$ (5,425)	(8,345)	$ (3,683)	(15,276)
Costs attributable to noncontrolling interests, net of tax	(38)	(45)	(55)	(70)
Total impact of restructuring/asset impairment charges, net of tax	$ 17,815	$ 24,116	$ 6,707	$ (5,260)

(Dollars in thousands except per share data)

Pre-tax restructuring and asset impairment charges are included in “Restructuring/Asset impairment charges” in the Condensed Consolidated Statements of Income.

When recognizable in accordance with GAAP, the Company expects to recognize future additional charges totaling approximately $3,850 in connection with previously announced restructuring actions. The Company believes that the majority of these charges will be incurred and paid by the end of 2016. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

2016 Actions

During 2016, the Company announced the closure of a packaging services center in Mexico (part of the Display and Packaging segment), a fulfillment service center in Brazil (part of the Display and Packaging segment), a tubes and cores plant in Ecuador (part of the Paper and Industrial Converted Products segment), and a tubes and cores plant in Switzerland (part of the Paper and Industrial Converted Products segment). The Company also began manufacturing rationalization efforts in its Reels division (part of the Paper and Industrial Converted Products segment), completed the sale of a paper mill in France (part of the Paper and Industrial Converted Products segment), and announced the planned sale of a retail security packaging plant in Puerto Rico (part of the Display and Packaging segment), which was subsequently completed on July 5, 2016. In addition, approximately 95 positions were eliminated in the first half of 2016 in conjunction with the Company's ongoing organizational effectiveness efforts.

Below is a summary of 2016 Actions and related expenses by segment and by type incurred and estimated to be incurred through completion.

2016 Actions	Second Quarter 2016	Total Incurred to Date	Estimated Total Cost
Severance and Termination Benefits			
Consumer Packaging	$ 487	$ 1,452	$ 1,702
Display and Packaging	1,277	2,653	3,403
Paper and Industrial Converted Products	1,730	$ 4,141	4,641
Protective Solutions	38	360	360
Corporate	10	1,439	1,439
Asset Impairment / Disposal of Assets			
Consumer Packaging	—	(306)	(306)
Display and Packaging	2,237	2,237	2,237
Paper and Industrial Converted Products	13,279	13,279	13,279
Other Costs			
Consumer Packaging	104	302	652
Display and Packaging	11	11	61
Paper and Industrial Converted Products	459	477	1,327
Total Charges and Adjustments	$ 19,632	$ 26,045	$ 28,795

The following table sets forth the activity in the 2016 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets:

2016 Actions **Accrual Activity** **2016 Year to Date**	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability at December 31, 2015	$ —	$ —	$ —	$ —
2016 charges	10,045	15,210	790	26,045
Cash payments	(6,220)	(7,322)	(472)	(14,014)
Asset write downs/disposals	—	(7,888)	—	(7,888)
Foreign currency translation	(6)	—	(4)	(10)
Liability at July 3, 2016	$ 3,819	$ —	$ 314	$ 4,133

(Dollars in thousands except per share data)

Included in "Asset Impairment/Disposal of Assets" above is a loss of $12,694 from the sale of a paperboard mill in France in May 2016. Included in this loss was the divestiture of $8,436 of cash required in order to consummate the disposition with the acquiror. Other assets divested in connection with the sale included net fixed assets of $3,201, and other tangible assets, net of liabilities disposed, of $1,057. Also included in "Asset Impairment/Disposal of Assets" is the impairment of $1,947 of intangible assets related to the sale of a retail security packaging business in Puerto Rico, which was committed to during the second quarter and completed on July 5, 2016, subsequent to the end of the quarter.

"Other costs" consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance. The Company expects to pay the majority of the remaining 2016 Actions restructuring costs by the end of 2016 using cash generated from operations.

2015 Actions

During 2015, the Company initiated the following restructuring actions in its Consumer Packaging segment: the closure of six rigid paper facilities (two in the United States, one in Canada, one in Russia, one in Germany, and one in the United Kingdom); the closure of a production line at a thermoforming plant in the United States; and the sale of a portion of its metal ends and closures business in the United States. Restructuring actions initiated in the Paper and Industrial Converted Products segment include the closures of a tubes and cores plant and a recycling business in the United States. The Company also recognized an asset impairment charge related to the potential disposition of a paperboard mill in France. Restructuring actions initiated in the Display and Packaging segment consisted of the closure of a printed backer card facility in the United States. In addition, the Company continued to realign its cost structure, resulting in the elimination of approximately 235 positions.

Below is a summary of 2015 Actions and related expenses by segment and by type incurred and estimated to be incurred through completion.

	2016		2015			
2015 Actions	**Second Quarter**	**Six Months**	**Second Quarter**	**Six Months**	**Total Incurred to Date**	**Estimated Total Cost**
Severance and Termination Benefits						
Consumer Packaging	$ 1,044	$ 2,834	$ 2,266	$ 4,468	$ 17,881	$ 18,031
Display and Packaging	86	92	204	204	1,207	1,207
Paper and Industrial Converted Products	62	160	2,035	5,062	8,639	8,639
Protective Solutions	—	—	—	—	39	39
Corporate	—	—	1,033	2,200	2,775	2,775
Asset Impairment / Disposal of Assets						
Consumer Packaging	$ 1,784	1,774	2,502	(4,830)	(2,529)	(2,529)
Display and Packaging	335	335	17	17	809	809
Paper and Industrial Converted Products	—	—	219	221	10,198	10,198
Other Costs						
Consumer Packaging	$ 154	529	420	495	1,929	2,679
Display and Packaging	139	139	—	—	490	540
Paper and Industrial Converted Products	(96)	411	53	61	662	712
Corporate	—	—	11	11	11	11
Total Charges and Adjustments	$ 3,508	$ 6,274	$ 8,760	$ 7,909	$ 42,111	$ 43,111

(Dollars in thousands except per share data)

The following table sets forth the activity in the 2015 Actions restructuring accrual included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets:

2015 Actions **Accrual Activity** **2016 Year to Date**	**Severance and Termination Benefits**	**Asset Impairment/ Disposal of Assets**	**Other Costs**	**Total**
Liability at December 31, 2015	$ 15,376	$ —	$ —	$ 15,376
2016 charges	3,161	2,119	1,242	6,522
Adjustments	(75)	(10)	(163)	(248)
Cash payments	(10,596)	10	(1,072)	(11,658)
Asset write downs/disposals	—	(2,119)	—	(2,119)
Foreign currency translation	(25)	—	5	(20)
Liability at July 3, 2016	$ 7,841	$ —	$ 12	$ 7,853

"Other costs" consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance. The Company expects to pay the majority of the remaining 2015 Actions restructuring costs by the end of 2016 using cash generated from operations.

2014 and Earlier Actions

2014 and Earlier Actions are comprised of a number of plant closures and workforce reductions initiated prior to 2015. Charges for these actions in both 2016 and 2015 relate primarily to the cost of plant closures including severance, equipment removal, plant security, property taxes and insurance.

The Company expects to recognize future pretax charges of approximately $100 associated with 2014 and Earlier Actions.

Below is a summary of expenses/(income) incurred by segment for 2014 and Earlier Actions for the three- and six- month periods ended July 3, 2016 and June 28, 2015.

	2016		**2015**	
2014 & Earlier Actions	**Second Quarter**	**Six Months**	**Second Quarter**	**Six Months**
Consumer Packaging	$ —	$ —	$ 847	$ 879
Display and Packaging	—	—	(17)	(17)
Paper and Industrial Converted Products	55	53	667	1,032
Protective Solutions	83	134	188	283
Total Charges and Adjustments	$ 138	$ 187	$ 1,685	$ 2,177

The accrual for 2014 and Earlier Actions totaled $340 and $824 at July 3, 2016 and December 31, 2015, respectively, and is included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets. The accrual relates primarily to environmental remediation costs at a former paper mill in the United States and unpaid severance. The Company expects the majority of the liability associated with 2014 and Earlier Actions to be paid by the end of 2016 using cash generated from operations.

(Dollars in thousands except per share data)

Note 6: Accumulated Other Comprehensive Loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in the balances of each component of accumulated other comprehensive loss, net of tax as applicable, for the six months ended July 3, 2016 and June 28, 2015:

	Gains and Losses on Cash Flow Hedges	Defined Benefit Pension Items	Foreign Currency Items	Accumulated Other Comprehensive Loss
Balance at December 31, 2015	$ (5,152)	$ (444,244)	$ (253,137)	$ (702,533)
Other comprehensive income/(loss) before reclassifications	2,121	(3,190)	13,439	12,370
Amounts reclassified from accumulated other comprehensive loss to net income	2,523	12,144	—	14,667
Amounts reclassified from accumulated other comprehensive loss to fixed assets	(22)	—	—	(22)
Net current-period other comprehensive income	4,622	8,954	13,439	27,015
Balance at July 3, 2016	$ (530)	$ (435,290)	$ (239,698)	$ (675,518)
Balance at December 31, 2014	$ (5,962)	$ (475,286)	$ (127,603)	$ (608,851)
Other comprehensive income/(loss) before reclassifications	(3,858)	(8,234)	(59,246)	(71,338)
Amounts reclassified from accumulated other comprehensive loss to net income	5,339	13,382	—	18,721
Amounts reclassified from accumulated other comprehensive loss to fixed assets	(237)	—	—	(237)
Net current-period other comprehensive income/(loss)	1,244	5,148	(59,246)	(52,854)
Balance at June 28, 2015	$ (4,718)	$ (470,138)	$ (186,849)	$ (661,705)

(Dollars in thousands except per share data)

The following table summarizes the effects on net income of significant amounts classified out of each component of accumulated other comprehensive loss for the three- and six-month periods ended July 3, 2016 and June 28, 2015:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss — Three Months Ended July 3, 2016	Three Months Ended June 28, 2015	Six Months Ended July 3, 2016	Six Months Ended June 28, 2015	Affected Line Item in the Condensed Consolidated Statements of Net Income
Gains and losses on cash flow hedges					
Foreign exchange contracts	$ (607)	$ (4,201)	$ (2,847)	$ (8,289)	Net sales
Foreign exchange contracts	387	2,106	1,432	4,507	Cost of sales
Commodity contracts	(1,294)	(2,534)	(2,805)	(4,957)	Cost of sales
	(1,514)	(4,629)	(4,220)	(8,739)	Total before tax
	505	1,801	1,697	3,400	Tax benefit
	$ (1,009)	$ (2,828)	$ (2,523)	$ (5,339)	Net of tax
Defined benefit pension items					
Amortization of defined benefit pension items[(a)]	$ (7,368)	$ (8,427)	$ (14,511)	$ (15,872)	Cost of sales
Amortization of defined benefit pension items[(a)]	(2,456)	(2,809)	(4,837)	(5,290)	Selling, general and administrative
	(9,824)	(11,236)	(19,348)	(21,162)	Total before tax
	3,628	4,127	7,204	7,780	Tax benefit
	$ (6,196)	$ (7,109)	$ (12,144)	$ (13,382)	Net of tax
Total reclassifications for the period	$ (7,205)	$ (9,937)	$ (14,667)	$ (18,721)	Net of tax

(a) See Note 10 for additional details.

At July 3, 2016, the Company had commodity contracts outstanding to fix the costs of certain anticipated purchases of natural gas and aluminum, and foreign currency contracts to hedge certain anticipated foreign currency denominated sales and purchases. The amounts included in accumulated other comprehensive loss related to these cash flow hedges were net losses of $708 ($530 after tax) at July 3, 2016, and net losses of $8,036 ($5,152 after tax) at December 31, 2015.

The cumulative tax benefit on Cash Flow Hedges included in Accumulated Other Comprehensive Loss was $178 at July 3, 2016, and $2,884 at December 31, 2015. During the three- and six-month periods ended July 3, 2016, the tax benefit on Cash Flow Hedges changed by $(1,324) and $(2,706), respectively.

The cumulative tax benefit on Defined Benefit Pension Items was $242,802 at July 3, 2016, and $247,788 at December 31, 2015. During the three- and six-month periods ended July 3, 2016, the tax benefit on Defined Benefit Pension Items changed by $(1,423) and $(4,986), respectively.

During the three- and six-month periods ended July 3, 2016, changes in noncontrolling interests included foreign currency translation adjustments of $726 and $2,138, respectively.

(Dollars in thousands except per share data)

Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill by segment for the six months ended July 3, 2016 is as follows:

	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Goodwill at December 31, 2015	$ 487,342	$ 204,629	$ 227,325	$ 221,165	$ 1,140,461
Acquisitions	—	—	417	—	417
Foreign currency translation	8,337	—	2,412	—	10,749
Other	(71)	—	—	—	(71)
Goodwill at July 3, 2016	$ 495,608	$ 204,629	$ 230,154	$ 221,165	$ 1,151,556

In June 2016, the Company acquired a small tubes and cores business in Australia. In connection with this acquisition, the Company recognized $417 of Goodwill. See Note 3 for additional information.

The Company assesses goodwill for impairment annually and from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. As part of this testing, the Company analyzes certain qualitative and quantitative factors in determining goodwill impairment. In its most recent annual assessment, completed in the third quarter of 2015, the Company concluded that there was no impairment of goodwill for any of its reporting units. The assessment reflected a number of significant management assumptions and estimates including the Company's forecast of sales volumes and prices, profit margins, income taxes, capital expenditures and changes in working capital requirements. Changes in these assumptions and/or discount rates could materially impact the Company's conclusions.

Although no reporting units failed the assessments noted above, in management’s opinion, the reporting units having the greatest risk of a significant future impairment if actual results fall short of expectations are Display and Packaging, and Paper and Industrial Converted Products - Europe. Total goodwill associated with these reporting units was approximately $204,600 and $91,400, respectively, at July 3, 2016.

A large portion of sales in the Display and Packaging reporting unit is concentrated in one customer. Subsequent to the annual testing in the third quarter of 2015, this customer informed the Company of its decision not to renew a contract to continue operating a packaging center in Irapuato, Mexico. This triggering event resulted in a reassessment of the most recent annual impairment test for the Display and Packaging reporting unit completed as of the third quarter of 2015. Accordingly, the Company reperformed the impairment analysis for this reporting unit taking into consideration the effect on sales and operating profit of the lower business volume and concluded that goodwill in the Display and Packaging reporting unit was not impaired. The remaining business with this customer is currently under negotiations for contract renewal. If a significant amount of business were lost and not replaced under similar terms, it is likely that a goodwill impairment charge could be incurred. There have been no other triggering events identified between the most recent annual impairment test and July 3, 2016.

(Dollars in thousands except per share data)

Other Intangible Assets

A summary of other intangible assets as of July 3, 2016 and December 31, 2015 is as follows:

	July 3, 2016	December 31, 2015
Other Intangible Assets, gross		
Patents	$ 12,858	$ 12,716
Customer lists	383,247	381,938
Trade names	19,260	19,246
Proprietary technology	17,744	17,738
Land use rights	298	297
Other	1,243	1,223
Other Intangible Assets, gross	$ 434,650	$ 433,158
Accumulated Amortization	$ (204,948)	$ (188,063)
Other Intangible Assets, net	$ 229,702	$ 245,095

Other intangible assets are amortized on a straight-line basis over their respective useful lives, which generally range from three to forty years. The Company has no intangible assets with indefinite lives.

The Company recorded $297 of identifiable intangibles in connection with a 2016 acquisition, the majority of which related to a customer list. These intangibles will be amortized over their expected life of 10 years. See Note 3 for additional information. Also during 2016, the Company recognized the impairment of customer lists totaling $1,947 in connection with the sale of a retail security packaging business in Puerto Rico. See Note 5 for additional information.

Aggregate amortization expense was $8,231 and $8,174 for the three months ended July 3, 2016 and June 28, 2015, respectively, and $16,567 and $16,324, for the six months ended July 3, 2016 and June 28, 2015, respectively. Amortization expense on other intangible assets is expected to total approximately $32,400 in 2016, $31,600 in 2017, $30,800 in 2018, $29,400 in 2019 and $27,700 in 2020.

Note 8: Financial Instruments and Derivatives

The following table sets forth the carrying amounts and fair values of the Company's significant financial instruments for which the carrying amount differs from the fair value.

	July 3, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion	$ 1,029,943	$ 1,154,528	$ 1,015,270	$ 1,081,732

The carrying value of cash and cash equivalents, short-term debt and long-term variable-rate debt approximates fair value. The fair value of long-term debt is determined based on recent trade information in the financial markets of the Company's public debt or is determined by discounting future cash flows using interest rates available to the Company for issues with similar terms and maturities. It is considered a Level 2 fair value measurement.

Cash Flow Hedges

At July 3, 2016 and December 31, 2015, the Company had derivative financial instruments outstanding to hedge anticipated transactions and certain asset and liability related cash flows. These contracts, which have maturities ranging from July 2016 to December 2016, qualify as cash flow hedges under U.S. GAAP. To the extent considered effective, the changes in fair value of these contracts are recorded in other comprehensive income and reclassified to income or expense in the period in which the hedged item impacts earnings. The Company has determined all hedges to be highly effective and as a result no material ineffectiveness has been recorded.

Commodity Cash Flow Hedges

The Company has entered into certain derivative contracts to manage the cost of anticipated purchases of natural gas and aluminum. At July 3, 2016, natural gas swaps covering approximately 8.3 MMBTUs were outstanding. These contracts represent approximately 75% and 75% of anticipated U.S. and Canadian usage for the remainder of 2016 and 2017, respectively. Additionally, the Company had swap contracts covering 2,228 metric tons of aluminum and 1,320 short tons of OCC, representing approximately 54% and 1% of anticipated usage for the remainder of 2016, respectively. The fair values of the Company's commodity cash flow hedges netted to a gain position of $960 at July 3, 2016 and a loss position of $(3,611) at December 31, 2015. The amount of the gain included in Accumulated Other Comprehensive Loss at July 3, 2016, that is expected to be reclassified to the income statement during the next twelve months is $207.

Foreign Currency Cash Flow Hedges

The Company has entered into forward contracts to hedge certain anticipated foreign currency denominated sales and purchases forecast to occur in 2016. The net positions of these contracts at July 3, 2016 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	3,413,426
Mexican peso	purchase	273,554
Canadian dollar	purchase	41,341
Russian ruble	purchase	8,846
British pound	purchase	4,615
Turkish lira	purchase	674
New Zealand dollar	sell	(313)
Australian dollar	sell	(1,018)
Polish zloty	sell	(1,501)
Euro	sell	(5,009)

The fair value of these foreign currency cash flow hedges netted to a loss position of $(1,421) at July 3, 2016 and $(4,612) at December 31, 2015. During the six months ended July 3, 2016, certain foreign currency cash flow hedges related to construction in progress were settled as the related capital expenditures were made. Losses from these hedges totaling $22 were reclassified from accumulated other comprehensive loss and included in the carrying value of the assets acquired. During the next twelve months, a loss of $(1,394) is expected to be reclassified from Accumulated Other Comprehensive Loss to the income statement.

Other Derivatives

The Company routinely enters into forward contracts or swaps to economically hedge the currency exposure of intercompany debt and existing foreign currency denominated receivables and payables. The Company does not apply hedge accounting treatment under ASC 815 for these instruments. As such, changes in fair value are recorded directly to income and expense in the periods that they occur.

The net positions of these contracts at July 3, 2016, were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	32,120,961
Mexican peso	purchase	236,789
Canadian dollar	purchase	22,163
British pound	purchase	20,500
Euro	sell	(14,493)

The fair value of the Company's other derivatives was $(890) and $(2,180) at July 3, 2016 and December 31, 2015, respectively.

(Dollars in thousands except per share data)

The following table sets forth the location and fair values of the Company's derivative instruments at July 3, 2016 and December 31, 2015:

Description	**Balance Sheet Location**	**July 3, 2016**	**December 31, 2015**
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 781	$ 8
Commodity Contracts	Other assets	$ 757	$ —
Commodity Contracts	Accrued expenses and other	$ (576)	$ (3,425)
Commodity Contracts	Other liabilities	$ (2)	$ (194)
Foreign Exchange Contracts	Prepaid expenses	$ 887	$ 156
Foreign Exchange Contracts	Accrued expenses and other	$ (2,308)	$ (4,768)
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Prepaid expenses	$ 32	$ 50
Foreign Exchange Contracts	Accrued expenses and other	$ (922)	$ (2,230)

While certain of the Company's derivative contract arrangements with its counterparties provide for the ability to settle contracts on a net basis, the Company reports its derivative positions on a gross basis. There are no collateral arrangements or requirements in these agreements.

The following tables set forth the effect of the Company's derivative instruments on financial performance for the three months ended July 3, 2016 and June 28, 2015:

	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	**Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)**	**Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)**	**Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)**	**Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)**
Derivatives in Cash Flow Hedging Relationships:					
Three months ended July 3, 2016					
Foreign Exchange Contracts	$ (797)	Net sales	$ (607)	Net sales	$ —
		Cost of sales	$ 387		
Commodity Contracts	$ 3,249	Cost of sales	$ (1,294)	Cost of sales	$ (108)
Three months ended June 28, 2015					
Foreign Exchange Contracts	$ 530	Net sales	$ (4,201)	Net sales	$ —
		Cost of sales	$ 2,106		
Commodity Contracts	$ (1,242)	Cost of sales	$ (2,534)	Cost of sales	$ 70

Description	**Location of Gain or (Loss) Recognized in Income Statement**	**Gain or (Loss) Recognized**
Derivatives not Designated as Hedging Instruments:		
Three months ended July 3, 2016		
Foreign Exchange Contracts	Cost of sales	$ —
	Selling, general and administrative	$ 1,352
Three months ended June 28, 2015		
Foreign Exchange Contracts	Cost of sales	$ —
	Selling, general and administrative	$ 1,293

(Dollars in thousands except per share data)

The following tables set forth the effect of the Company's derivative instruments on financial performance for the six months ended July 3, 2016 and June 28, 2015:

Description	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion)
Derivatives in Cash Flow Hedging Relationships:					
Six months ended July 3, 2016					
Foreign Exchange Contracts	$ 1,570	Net sales	$ (2,847)	Net sales	$ —
		Cost of sales	$ 1,432		
Commodity Contracts	$ 1,516	Cost of sales	$ (2,805)	Cost of sales	$ 2
Six months ended June 28, 2015					
Foreign Exchange Contracts	$ (3,791)	Net sales	$ (8,289)	Net sales	$ —
		Cost of sales	$ 4,507		
Commodity Contracts	$ (3,352)	Cost of sales	$ (4,957)	Cost of sales	$ 110

Description	Location of Gain or (Loss) Recognized in Income Statement	Gain or (Loss) Recognized
Derivatives not Designated as Hedging Instruments:		
Six months ended July 3, 2016		
Foreign Exchange Contracts	Cost of sales	$ —
	Selling, general and administrative	$ 1,116
Six months ended June 28, 2015		
Foreign Exchange Contracts	Cost of sales	$ —
	Selling, general and administrative	$ 761

(Dollars in thousands except per share data)

Note 9: Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 – Observable inputs such as quoted market prices in active markets;

Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table sets forth information regarding the Company's financial assets and financial liabilities, excluding retirement and postretirement plan assets, measured at fair value on a recurring basis:

Description	July 3, 2016	Level 1	Level 2	Level 3
Hedge derivatives, net:				
Commodity contracts	$ 960	$ —	$ 960	$ —
Foreign exchange contracts	(1,421)	—	(1,421)	—
Non-hedge derivatives, net:				
Foreign exchange contracts	(890)	—	(890)	—
Deferred compensation plan assets	477	477	—	—

Description	December 31, 2015	Level 1	Level 2	Level 3
Hedge derivatives, net:				
Commodity contracts	$ (3,611)	$ —	$ (3,611)	$ —
Foreign exchange contracts	(4,612)	—	(4,612)	—
Non-hedge derivatives, net:				
Foreign exchange contracts	(2,180)	—	(2,180)	—
Deferred compensation plan assets	460	460	—	—

As discussed in Note 8, the Company uses derivatives to mitigate the effect of raw material and energy cost fluctuations, foreign currency fluctuations and, from time to time, interest rate movements. Fair value measurements for the Company's derivatives are classified under Level 2 because such measurements are estimated based on observable inputs such as interest rates, yield curves, spot and future commodity prices and spot and future exchange rates.

Certain deferred compensation plan liabilities are funded by assets invested in various exchange traded mutual funds. These assets are measured using quoted prices in accessible active markets for identical assets.

The Company does not currently have any nonfinancial assets or liabilities that are recognized or disclosed at fair value on a recurring basis. None of the Company's financial assets or liabilities is measured at fair value using significant unobservable inputs. There were no transfers in or out of Level 1 or Level 2 fair value measurements during the three- and six-month periods ended July 3, 2016.

(Dollars in thousands except per share data)

Note 10: Employee Benefit Plans

Retirement Plans and Retiree Health and Life Insurance Plans

The Company provides non-contributory defined benefit pension plans for a majority of its employees in the United States and certain of its employees in Mexico and Belgium. The Company also sponsors contributory defined benefit pension plans covering the majority of its employees in the United Kingdom, Canada, and the Netherlands. In addition, the Company provides postretirement healthcare and life insurance benefits to a limited number of its retirees and their dependents in the United States and Canada, based on certain age and/or service eligibility requirements.

The Company froze participation in its U.S. qualified defined benefit pension plan effective December 31, 2003 for newly hired salaried and non-union hourly employees. At that time, the Company adopted a defined contribution plan, the Sonoco Investment and Retirement Plan (SIRP), covering its non-union U.S. employees hired on or after January 1, 2004, and former participants of the U.S. qualified defined benefit pension plan who elected to transfer out of that plan and into the SIRP under a one-time option effective January 1, 2010. On January 1, 2013, the SIRP was merged into the Sonoco Savings Plan and the name was changed to the Sonoco Retirement and Savings Plan. The Company provides an annual contribution to participant accounts in the Sonoco Retirement and Savings Plan, called the Sonoco Retirement Contribution (SRC), equal to 4% of the participant's eligible pay plus 4% of eligible pay in excess of the social security wage base.

On February 4, 2009, the U.S. qualified defined benefit pension plan was amended to freeze plan benefits for all active participants effective December 31, 2018. Remaining active participants in the U.S. qualified plan will become eligible for SRC contributions effective January 1, 2019.

The components of net periodic benefit cost include the following:

	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Retirement Plans				
Service cost	$ 4,799	$ 6,088	$ 9,822	$ 11,341
Interest cost	14,984	17,829	30,310	34,762
Expected return on plan assets	(21,388)	(23,527)	(43,432)	(46,253)
Amortization of net transition obligation	—	41	—	81
Amortization of prior service cost	188	187	381	367
Amortization of net actuarial loss	9,960	11,105	19,556	20,833
Net periodic benefit cost	$ 8,543	$ 11,723	$ 16,637	$ 21,131
Retiree Health and Life Insurance Plans				
Service cost	$ 71	$ 206	$ 156	$ 384
Interest cost	114	225	244	447
Expected return on plan assets	(394)	(414)	(798)	(807)
Amortization of prior service credit	(124)	(26)	(252)	(51)
Amortization of net actuarial gain	(200)	(63)	(337)	(68)
Net periodic benefit income	$ (533)	$ (72)	$ (987)	$ (95)

The Company made aggregate contributions of $22,295 and $12,253 to its defined benefit retirement and retiree health and life insurance plans during the six months ended July 3, 2016 and June 28, 2015, respectively. The Company anticipates that it will make additional aggregate contributions of approximately $10,300 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2016.

Sonoco Retirement Contribution (SRC)

The Sonoco Retirement Contribution, which is funded annually in the first quarter, totaled $13,352 during the six months ended July 3, 2016, and $12,865 during the six months ended June 28, 2015. No additional SRC contributions are expected during the remainder of 2016. The Company recognized expense related to the SRC of $3,577 and $3,302 for the quarters ended July 3, 2016 and June 28, 2015, respectively, and $6,595 and $6,929 for the six-month periods ended July 3, 2016 and June 28, 2015, respectively.

Note 11: Income Taxes

The Company’s effective tax rate for the three- and six-month periods ending July 3, 2016, was 31.5% and 32.4%, respectively, and its effective tax rate for the three- and six-month periods ending June 28, 2015, was 28.1% and 25.6%, respectively. The rates for the three- and six-month periods of both years varied from the U.S. statutory rate due to the favorable effect of certain international operations that are subject to tax rates generally lower than the U.S. rate, the favorable effect of the manufacturer’s deduction on U.S. taxes, and the effect of changes in uncertain tax positions. The effective tax rates for the three- and six-month periods ended June 28, 2015 were further reduced by the recognition of beneficial tax attributes associated with the disposition of the Company's Canton, Ohio metal ends and closures facilities.

The Company and/or its subsidiaries file federal, state and local income tax returns in the United States and various foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, or non-U.S., income tax examinations by tax authorities for years before 2012. With respect to state and local income taxes, the Company is no longer subject to examination for years prior to 2011, with few exceptions. The Company is currently under audit by the Internal Revenue Service for the 2012 and 2013 tax years.

The Company’s total liability for uncertain tax benefits has not changed significantly since December 31, 2015. The Company has $2,400 of reserves for uncertain tax benefits for which it believes it is reasonably possible that a resolution may be reached within the next twelve months. Although the Company’s estimate for the potential outcome for any uncertain tax issue is highly judgmental, management believes that any reasonably foreseeable outcomes related to these matters have been adequately provided for. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the Company’s effective tax rate may fluctuate significantly on a quarterly basis. The Company has operations and pays taxes in many countries outside of the U.S. and taxes on those earnings are subject to varying rates. The Company is not dependent upon the favorable benefit of any one jurisdiction to an extent that loss of those benefits would have a material effect on the Company’s overall effective tax rate.

Note 12: Segment Reporting

The Company reports its financial results in four reportable segments: Consumer Packaging, Display and Packaging, Paper and Industrial Converted Products, and Protective Solutions.

The Consumer Packaging segment includes the following products and services: round and shaped rigid containers and trays (both composite and thermoformed plastic); blow-molded plastic bottles and jars; extruded and injection-molded plastic products; printed flexible packaging; global brand artwork management; and metal and peelable membrane ends and closures.

The Display and Packaging segment includes the following products and services: designing, manufacturing, assembling, packing and distributing temporary, semipermanent and permanent point-of-purchase displays; supply chain management services, including contract packing, fulfillment and scalable service centers; retail packaging, including printed backer cards, thermoformed blisters and heat sealing equipment; and paper amenities, such as coasters and glass covers.

The Paper and Industrial Converted Products segment includes the following products: paperboard tubes and cores; fiber-based construction tubes and forms; wooden, metal and composite wire and cable reels and spools; and recycled paperboard, linerboard, corrugating medium, recovered paper and material recycling services.

The Protective Solutions segment includes the following products: custom-engineered, paperboard-based and expanded foam protective packaging and components; and temperature-assured packaging.

(Dollars in thousands except per share data)

The following table sets forth net sales, intersegment sales and operating profit for the Company's reportable segments. "Segment operating profit" is defined as the segment's portion of "Income before interest and income taxes" excluding restructuring charges, asset impairment charges, acquisition-related costs, and certain other items, if any, the exclusion of which the Company believes improves comparability and analysis of the financial performance of the business. General corporate expenses have been allocated as operating costs to each of the Company's reportable segments. "Other, net" for the six months ended June 28, 2015 is largely comprised of a $32,543 gain from the reversal of environmental liability reserves related to the Fox River environmental claims.

SEGMENT FINANCIAL INFORMATION

	Three Months Ended		Six Months Ended	
	July 3, 2016	June 28, 2015	July 3, 2016	June 28, 2015
Net sales:				
Consumer Packaging	$ 511,007	$ 531,114	$ 1,038,345	$ 1,050,991
Display and Packaging	130,874	141,604	275,141	287,389
Paper and Industrial Converted Products	433,342	448,876	856,416	871,187
Protective Solutions	130,457	126,996	262,054	245,075
Consolidated	$ 1,205,680	$ 1,248,590	$ 2,431,956	$ 2,454,642
Intersegment sales:				
Consumer Packaging	$ 1,596	$ 1,321	$ 2,928	$ 3,001
Display and Packaging	626	451	1,123	848
Paper and Industrial Converted Products	23,536	25,038	49,917	52,589
Protective Solutions	286	457	872	1,065
Consolidated	$ 26,044	$ 27,267	$ 54,840	$ 57,503
Income before interest and income taxes:				
Segment operating profit:				
Consumer Packaging	$ 59,509	$ 57,530	$ 122,374	$ 111,558
Display and Packaging	5,030	1,035	8,311	1,873
Paper and Industrial Converted Products	37,480	38,963	70,779	66,760
Protective Solutions	14,220	13,604	26,246	23,289
Restructuring/Asset impairment charges	(23,278)	(10,445)	(32,506)	(10,086)
Other, net	(837)	(1,703)	(1,248)	29,674
Consolidated	$ 92,124	$ 98,984	$ 193,956	$ 223,068

Note 13: Commitments and Contingencies

Pursuant to U.S. GAAP, accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and that the amounts are reasonably estimable. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings from a variety of sources. Some of these exposures, as discussed below, have the potential to be material.

Environmental Matters

The Company is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates.

Fox River settlement and remaining claim

In March 2014, U.S. Paper Mills Corp. (U.S. Mills), a wholly owned subsidiary of the Company, and five other defendants reached a settlement with the United States Environmental Protection Agency (EPA) and the Wisconsin Department of Natural Resources (WDNR) for natural resource damages and the environmental cleanup of the lower Fox River in Wisconsin. The terms of the settlement, which became final on April 7, 2015, required U.S. Mills to pay $14,700, which was paid in April 2014, and protects U.S. Mills from claims by other parties relating to natural resource damages and the cleanup of the lower Fox River, except claims pursuant to Section 107 of the Comprehensive Environment Response, Compensation and Liability Act (CERCLA).

The finalization of the settlement leaves intact a claim by Appvion, Inc., under Section 107 of CERCLA against eight defendants, including U.S. Mills, to recover response costs allegedly incurred by Appvion consistent with the national contingency plan for responding to release or threatened release of hazardous substances into the lower Fox River. The claim is asserted for approximately $200,000. Although the Company believes that the maximum amount for which the defendants could be liable is substantially less, the court has not yet ruled on the issue.

At December 31, 2015, U.S. Mills had reserves totaling $3,896 for potential liabilities associated with the Appvion claim. Through July 3, 2016, the Company has spent approximately $580 on legal costs related to this claim, leaving a reserve of $3,316 remaining at July 3, 2016. The actual costs that may be incurred associated with the Appvion claim are dependent upon many factors and it is possible that costs could ultimately be higher than the amount provided for in the remaining reserve. Because of the continuing uncertainties surrounding U.S. Mills' possible liability, including a potentially favorable resolution, the Company cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts reserved, and an adverse resolution of these matters could have an adverse effect on the Company's financial position, results of operations and/or cash flows. The Company believes that the maximum additional exposure to its consolidated financial position beyond the amount reserved at is limited to the equity position of U.S. Mills, which was approximately $127,500 at July 3, 2016.

Tegrant

On November 8, 2011, the Company completed the acquisition of Tegrant. During its due diligence, the Company identified several potential environmentally contaminated sites. The total remediation cost of these sites was estimated to be $18,850 at the time of acquisition and an accrual in this amount was recorded on Tegrant's opening balance sheet. Since the acquisition, the Company has spent a total of $774 on remediation of these sites. During 2014 and 2015, the Company increased its reserves for these sites by a total of $392 in order to reflect its best estimate of what it is likely to pay in order to complete the remediation. At July 3, 2016 and December 31, 2015, the Company's accrual for Tegrant's environmental contingencies totaled $18,468 and $18,521, respectively. The Company cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued with respect to this exposure. However, the Company does not believe that the resolution of this matter has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Village of Rockton

The previously disclosed actions instituted by the Village of Rockton against the Company on September 15, 2014, were dismissed with prejudice by stipulation of the parties on April 19, 2016, with no impact to the Company's financial statements.

Other environmental matters

The Company has been named as a potentially responsible party at several other environmentally contaminated sites. All of the sites are also the responsibility of other parties. The potential remediation liabilities are shared with such other parties, and, in most cases, the Company's share, if any, cannot be reasonably estimated at the current time. However, the Company does not believe that the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Summary

As of July 3, 2016 and December 31, 2015, the Company (and its subsidiaries) had accrued $24,542 and $25,195, respectively, related to environmental contingencies. These accruals are included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets.

Other Legal Matters

In addition to those matters described above, the Company is subject to other various legal proceedings, claims, and litigation arising in the ordinary course of business. While the outcome of these matters could differ from management's expectations, the Company does not believe the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Directors of Sonoco Products Company:

We have reviewed the accompanying condensed consolidated balance sheet of Sonoco Products Company and its subsidiaries (the "Company") as of July 3, 2016, and the related condensed consolidated statements of income and comprehensive income for the three and six-month periods ended July 3, 2016 and June 28, 2015 and the condensed consolidated statement of cash flows for the six-month periods ended July 3, 2016 and June 28, 2015. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of income, of comprehensive income, of changes in total equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 29, 2016, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2015, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note 2 to the accompanying condensed consolidated interim financial statements, the Company changed its method of accounting for Debt Issuance Costs in the six-month period ended July 3, 2016. The accompanying December 31, 2015 condensed consolidated balance sheet reflects this change.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
August 3, 2016

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

Statements included in this Quarterly Report on Form 10-Q that are not historical in nature, are intended to be, and are hereby identified as "forward-looking statements" for purposes of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended. In addition, the Company and its representatives may from time to time make other oral or written statements that are also "forward-looking statements." Words such as "estimate," "project," "intend," "expect," "believe," "consider," "plan," "strategy," "opportunity," "commitment," "target," "anticipate," "objective," "goal," "guidance," "outlook," "forecast," "future," "re-envision," "assume,""will," "would," "can," "could," "may," "might," "aspires," "potential," or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding:

- *availability and supply of raw materials, and offsetting high raw material costs;*
- *improved productivity and cost containment;*
- *improving margins and leveraging strong cash flow and financial position;*
- *effects of acquisitions and dispositions;*
- *realization of synergies resulting from acquisitions;*
- *costs, timing and effects of restructuring activities;*
- *adequacy and anticipated amounts and uses of cash flows;*
- *expected amounts of capital spending;*
- *refinancing and repayment of debt;*
- *financial strategies and the results expected of them;*
- *financial results for future periods;*
- *producing improvements in earnings;*
- *profitable sales growth and rates of growth;*
- *market leadership;*
- *research and development spending;*
- *extent of, and adequacy of provisions for, environmental liabilities;*
- *adequacy of income tax provisions, realization of deferred tax assets, outcomes of uncertain tax issues and tax rates;*
- *goodwill impairment charges and fair values of reporting units;*
- *future asset impairment charges and fair values of assets;*
- *anticipated contributions to pension and postretirement benefit plans, fair values of plan assets, long-term rates of return on plan assets, and projected benefit obligations and payments;*
- *creation of long-term value and returns for shareholders;*
- *continued payment of dividends; and*
- *planned stock repurchases.*

Such forward-looking statements are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management. Such information includes, without limitation, discussions as to guidance and other estimates, perceived opportunities, expectations, beliefs, plans, strategies, goals and objectives concerning our future financial and operating performance. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed or forecasted in such forward-looking statements. The risks, uncertainties and assumptions include, without limitation:

- *availability and pricing of raw materials, energy and transportation, and the Company's ability to pass raw material, energy and transportation price increases and surcharges through to customers or otherwise manage these commodity pricing risks;*
- *costs of labor;*
- *work stoppages due to labor disputes;*
- *success of new product development, introduction and sales;*
- *consumer demand for products and changing consumer preferences;*
- *ability to be the low-cost global leader in customer-preferred packaging solutions within targeted segments;*
- *competitive pressures, including new product development, industry overcapacity, and changes in competitors' pricing for products;*

- *ability to maintain or increase productivity levels, contain or reduce costs, and maintain positive price/cost relationships;*
- *ability to negotiate or retain contracts with customers, including in segments with concentration of sales volume;*
- *ability to improve margins and leverage cash flows and financial position;*
- *continued strength of our paperboard-based tubes and cores and composite can operations;*
- *ability to manage the mix of business to take advantage of growing markets while reducing cyclical effects of some of the Company's existing businesses on operating results;*
- *ability to maintain innovative technological market leadership and a reputation for quality;*
- *ability to profitably maintain and grow existing domestic and international business and market share;*
- *ability to expand geographically and win profitable new business;*
- *ability to identify and successfully close suitable acquisitions at the levels needed to meet growth targets, and successfully integrate newly acquired businesses into the Company's operations;*
- *the costs, timing and results of restructuring activities;*
- *availability of credit to us, our customers and suppliers in needed amounts and on reasonable terms;*
- *effects of our indebtedness on our cash flow and business activities;*
- *fluctuations in obligations and earnings of pension and postretirement benefit plans;*
- *accuracy of assumptions underlying projections of benefit plan obligations and payments, valuation of plan assets, and projections of long-term rates of return;*
- *cost of employee and retiree medical, health and life insurance benefits;*
- *resolution of income tax contingencies;*
- *foreign currency exchange rate fluctuations, interest rate and commodity price risk and the effectiveness of related hedges;*
- *changes in U.S. and foreign tax rates, and tax laws, regulations and interpretations thereof;*
- *accuracy in valuation of deferred tax assets;*
- *accuracy of assumptions underlying projections related to goodwill impairment testing, and accuracy of management's assessment of goodwill impairment;*
- *accuracy of assumptions underlying fair value measurements, accuracy of management's assessments of fair value and fluctuations in fair value;*
- *liability for and anticipated costs of environmental remediation actions;*
- *effects of environmental laws and regulations;*
- *operational disruptions at our major facilities;*
- *failure or disruptions in our information technologies;*
- *loss of consumer or investor confidence;*
- *ability to protect our intellectual property rights;*
- *actions of domestic or foreign government agencies and changes in laws and regulations affecting the Company;*
- *international, national and local economic and market conditions and levels of unemployment; and*
- *economic disruptions resulting from terrorist activities and natural disasters.*

More information about the risks, uncertainties and assumptions that may cause actual results to differ materially from those expressed or forecasted in forward-looking statements is provided in the Company's Annual Report on Form 10-K under Item 1A - "Risk Factors" and throughout other sections of that report and in other reports filed with the Securities and Exchange Commission. In light of these various risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. You are, however, advised to review any further disclosures we make on related subjects, and about new or additional risks, uncertainties and assumptions, in our future filings with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K.

COMPANY OVERVIEW

Sonoco is a leading provider of consumer packaging, industrial products, protective packaging and packaging supply chain services, with approximately 330 locations in 34 countries.

Sonoco competes in multiple product categories, with its operations organized and reported in four segments: Consumer Packaging, Display and Packaging, Paper and Industrial Converted Products, and Protective Solutions. The majority of the Company's revenues are from products and services sold to consumer and industrial products companies for use in the packaging of their products for sale or shipment. The Company also manufactures paperboard, primarily from recycled materials, for both internal use and open market sale. Each of the Company's operating units has its own sales staff and maintains direct sales relationships with its customers.

Second Quarter 2016 Compared with Second Quarter 2015

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

Measures calculated and presented in accordance with generally accepted accounting principles are referred to as GAAP financial measures. The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company's Condensed Consolidated Statements of Income for each of the periods presented. These non-GAAP financial measures (referred to as "Base") are the GAAP measures adjusted to exclude (dependent upon the applicable period) restructuring charges, asset impairment charges, acquisition charges, specifically identified tax adjustments and certain other items, if any, the exclusion of which the Company believes improves comparability and analysis of the underlying financial performance of the business. More information about the Company's use of Non-GAAP financial measures is provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 under Item 7 - "Management's discussion and analysis of financial condition and results of operations," under the heading "Use of non-GAAP financial measures."

	For the three months ended July 3, 2016			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[(1)]	Base
Income before interest and income taxes	$ 92,124	$ 23,278	$ 837	$ 116,239
Interest expense, net	13,544	—	—	13,544
Income before income taxes	78,580	23,278	837	102,695
Provision for income taxes	24,790	5,425	233	30,448
Income before equity in earnings of affiliates	53,790	17,853	604	72,247
Equity in earnings of affiliates, net of tax	2,928	—	—	2,928
Net income	56,718	17,853	604	75,175
Net (income) attributable to noncontrolling interests	(466)	(38)	—	(504)
Net income attributable to Sonoco	$ 56,252	$ 17,815	$ 604	$ 74,671
Per diluted common share	$ 0.55	$ 0.17	$ 0.01	$ 0.73

[(1)]Consists primarily of acquisition-related costs.

	For the three months ended June 28, 2015			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments (1)	Base
Income before interest and income taxes	$ 98,984	$ 10,445	$ 1,703	$ 111,132
Interest expense, net	13,601	—	—	13,601
Income before income taxes	85,383	10,445	1,703	97,531
Provision for income taxes	24,023	3,683	3,282	30,988
Income before equity in earnings of affiliates	61,360	6,762	(1,579)	66,543
Equity in earnings of affiliates, net of tax	3,269	—	—	3,269
Net income	64,629	6,762	(1,579)	69,812
Net (income) attributable to noncontrolling interests	(250)	(55)	—	(305)
Net income attributable to Sonoco	$ 64,379	$ 6,707	$ (1,579)	$ 69,507
Per diluted common share	$ 0.63	$ 0.07	$ (0.02)	$ 0.68

(1) Consists primarily of acquisition-related costs and an income tax gain from the release of a valuation allowance against tax loss carryforwards in Spain.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three months ended July 3, 2016 versus the three months ended June 28, 2015.

OVERVIEW

Net sales for the second quarter of 2016 decreased 3.4% to $1,206 million, compared with $1,249 million in the same period last year. The decline in sales was the result of lower selling prices, driven by decreases in recovered paper and resin costs, the previously disclosed loss of contract packaging business in Irapuato, Mexico, and the negative impact of foreign currency translation. These negative factors were somewhat offset by positive changes in volume and mix of products sold.

Net income attributable to Sonoco for the second quarter of 2016 decreased 12.6% to $56.3 million, compared to $64.4 million reported for the same period of 2015. Current quarter net income includes after-tax restructuring and asset impairment charges of $17.8 million and after-tax acquisition charges of $0.6 million. Results for the second quarter of 2015 include after-tax restructuring and asset impairment charges of $6.7 million, and a net after-tax gain from other adjustments of $1.6 million. These other adjustments consisted primarily of acquisition-related costs and a $3.2 million income tax gain resulting from the release of a valuation allowance against tax loss carryforwards in Spain. Adjusted for these items, base net income attributable to Sonoco (base earnings) increased 7.4% to $74.7 million ($0.73 per diluted share) in the second quarter of 2016 versus $69.5 million ($0.68 per diluted share) in 2015.

The higher second quarter 2016 base earnings were largely driven by improvements in both the Consumer Packaging and Display and Packaging segments. Overall, the current quarter benefited from a positive price/cost relationship, lower pension and postretirement benefit costs, and a lower effective tax rate on earnings absent the above items. These gains were partially offset by higher labor, maintenance and other operating costs, and the negative impact of foreign currency translation due to a stronger U.S. dollar. Current-quarter earnings reflect an 82 basis point increase in the Company's overall gross profit margin compared to the prior year's quarter, largely due to the overall favorable price/cost relationship.

OPERATING REVENUE

Net sales for the second quarter of 2016 decreased $43 million from the prior-year quarter.

The components of the sales change were:

	($ in millions)	
Volume/mix	$	9
Selling prices		(11)
Acquisitions and Divestitures		1
Foreign currency translation and other, net		(42)
Total sales decrease	$	(43)

In order to enhance the meaningfulness of reported changes in volume/mix, a $15.9 million reduction in packaging center sales resulting from changes in the level of activity, primarily from the previously reported loss of contract packaging business in Irapuato, Mexico, is classified above as "other" due to the low/inconsistent correlation that typically exists between changes in revenue and operating profit in our packaging center operations.

COSTS AND EXPENSES

A positive price/cost relationship (the relationship of the change in sales prices to the change in costs of materials, energy and freight), which was due to costs decreasing more than selling prices, lower pension expense, and modest productivity improvements benefited gross margin, but were partially offset by higher maintenance, labor, and other costs. The translation impact of a stronger dollar lowered reported cost of goods sold by approximately $16 million compared to the second quarter of 2015. The gross profit margin percentage improved to 20.1% this quarter compared to 19.2% in the prior-year quarter.

Second-quarter selling, general and administrative ("SG&A") costs decreased $4.3 million, or 3.3%, from the prior year quarter reflecting lower pension and post-retirement benefit costs, fixed cost reductions, and the impact of foreign currency translation. These positive factors were partially offset by higher wages and management incentive costs.

Current quarter restructuring and restructuring-related asset impairment charges totaled $23.3 million compared with $10.4 million in the same period last year. Charges in the current quarter include a loss from the May 23, 2016 sale of the Company's paperboard mill in Schweighouse-sur-Moder, France and asset impairment charges related to the sale of the Company's display and packaging business in Juncos, Puerto Rico, that occurred on July 5, 2016. Additional charges in the current quarter are primarily related to the Company's ongoing organizational effectiveness efforts and plant closure costs. Charges in the prior year's second quarter were more than offset by the benefit from a release of a valuation allowance against tax loss carryforwards in Spain. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Net interest expense for the second quarter decreased slightly to $13.5 million, compared with $13.6 million during the second quarter of 2015. The small decrease was due to lower year-over-year debt levels.

The effective tax rate on GAAP and base earnings in the second quarter of 2016 was 31.5% and 29.6%, respectively, compared with 28.1% and 31.8%, respectively, for last year's quarter. The main driver of the year-over-year increase in the GAAP income tax rate is the loss on the sale of the paperboard mill in France for which there was no tax benefit. The year-over-year decrease in the second-quarter base income tax rate was primarily driven by a current-year favorable tax audit resolution and favorable changes in uncertain tax positions in the 2016 quarter.

REPORTABLE SEGMENTS

The following table recaps net sales for the second quarters of 2016 and 2015 (*$ in thousands*):

	Three Months Ended		
	July 3, 2016	June 28, 2015	% Change
Net sales:			
Consumer Packaging	$ 511,007	$ 531,114	(3.8)%
Display and Packaging	130,874	141,604	(7.6)%
Paper and Industrial Converted Products	433,342	448,876	(3.5)%
Protective Solutions	130,457	126,996	2.7 %
Consolidated	$ 1,205,680	$ 1,248,590	(3.4)%

Consolidated operating profits, also referred to as “Income before interest and income taxes” on the Company’s Condensed Consolidated Statements of Income, are comprised of the following (*$ in thousands*):

	Three Months Ended		
	July 3, 2016	June 28, 2015	% Change
Income before interest and income taxes:			
Segment operating profit			
Consumer Packaging	$ 59,509	$ 57,530	3.4 %
Display and Packaging	5,030	1,035	386.0 %
Paper and Industrial Converted Products	37,480	38,963	(3.8)%
Protective Solutions	14,220	13,604	4.5 %
Restructuring/Asset impairment charges	(23,278)	(10,445)	122.9 %
Other, net	(837)	(1,703)	
Consolidated	$ 92,124	$ 98,984	(6.9)%

The following table recaps restructuring/asset impairment charges attributable to each of the Company’s segments during the second quarters of 2016 and 2015 (*$ in thousands*):

	Three Months Ended	
	July 3, 2016	June 28, 2015
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 3,573	$ 6,035
Display and Packaging	4,085	203
Paper and Industrial Converted Products	15,489	2,976
Protective Solutions	121	187
Corporate	10	1,044
Total	$ 23,278	$ 10,445

Segment results viewed by Company management to evaluate segment performance do not include restructuring charges, asset impairment charges, acquisition-related charges, interest expense, income taxes, or certain other items, if any, the exclusion of which the Company believes improves the comparability and analysis of the ongoing operating performance of the business. Accordingly, the term “segment operating profit” is defined as the segment’s portion of “Income before interest and income taxes” excluding those items. All other general corporate expenses have been allocated as operating costs to each of the Company’s reportable segments.

Consumer Packaging

The Consumer Packaging segment includes the following products and services: round and shaped rigid containers and trays (both composite and thermoformed plastic); blow-molded plastic bottles and jars; extruded and injection-molded plastic products; printed flexible packaging; global brand artwork management; and metal and peelable membrane ends and closures.

Segment sales decreased 3.8% over the prior year's quarter due to lower selling prices, stemming primarily from lower resin and metal costs, lower volumes and the negative impact of foreign currency translation. These negative factors were somewhat offset by increased revenue in our Flexibles business due to the small prior-year acquisition of Brazil-based Graffo.

Segment operating profit increased 3.4% over the prior year's quarter as segment operating margins improved to 11.6% of sales compared to 10.8% in the prior-year quarter. Overall, the segment benefited from a positive price/cost relationship and lower pension costs. These positive factors were partially offset by volume decreases as well as higher labor, maintenance and other operating costs, and the negative impact of foreign currency translation.

As is typical from time-to-time in the normal course of business, the Company is currently engaged in a contract renewal negotiation with a major customer in this segment. Although the Company believes it will be successful in this negotiation, it is possible that some, or all, of this business will be lost, or retained at lower margins.

Display and Packaging

The Display and Packaging segment includes the following products and services: designing, manufacturing, assembling, packing and distributing temporary, semipermanent and permanent point-of-purchase displays; supply chain management services, including contract packing, fulfillment and scalable service centers; retail packaging, including printed backer cards, thermoformed blisters and heat sealing equipment; and paper amenities, such as coasters and glass covers.

Reported sales for the quarter were down 7.6% compared to last year’s quarter due primarily to the negative impact of foreign currency translation and the previously reported loss of contract packaging business in Irapuato, Mexico. These declines were partially offset by higher volumes in our international packaging fulfillment businesses.

Operating profits increased $4.0 million from the prior year's quarter due to a positive price/cost relationship and productivity gains.

Paper and Industrial Converted Products

The Paper and Industrial Converted Products segment includes the following products: paperboard tubes and cores; fiber-based construction tubes and forms; wooden, metal and composite wire and cable reels and spools; and recycled paperboard, linerboard, corrugating medium, recovered paper and material recycling services.

Reported segment sales declined approximately 3.5% as the negative impact of foreign currency translation, lower corrugating medium volume and prices, and the divestiture of a paperboard mill in France were only partially offset by the favorable impacts of improved volumes in global tube and core and paperboard and a positive mix of business.

Operating profit decreased 3.8% driven by operating losses in corrugating medium. Reduced volume in corrugating medium, which also had a negative impact on productivity, together with lower selling prices, resulted in a $7.2 million year-over-year reduction in corrugating medium profitability. Excluding corrugating medium, the segment showed significant earnings improvement on solid gains in both volume and manufacturing productivity and lower fixed costs. In addition, segment operating profit benefitted from lower pension expense, which was partially offset by the negative impact of foreign currency translation.

The Company's corrugating medium operation, which consists of only one machine, has been and continues to be under pressure due to market supply in North America exceeding demand. As a result, larger competitors have moved to sell their excess capacity in the export market, which is a key target market for the Company. This has resulted in lower prices and reduced volume for our corrugating medium operation. Management is seeking both near and long-term solutions including, but not limited to, modified run schedules, targeted cost reductions, and strategic partnerships.

Protective Solutions

The Protective Solutions segment includes the following products: custom-engineered, paperboard-based and expanded foam protective packaging and components; and temperature-assured packaging.

Segment sales for the quarter were up 2.7% year over year on strong volume/mix, partially offset by the negative impact of foreign currency translation and lower selling prices.

Operating profits increased 4.5% as solid volume gains, particularly in temperature-assured packaging, and a positive price/cost relationship were partially offset by higher labor, maintenance and other operating costs, a negative mix of business and the negative impact of foreign currency translation.

Six Months Ended July 3, 2016 Compared with Six Months Ended June 28, 2015

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

The following tables reconcile the Company’s non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company’s Condensed Consolidated Statements of Income for each of the periods presented.

	For the six months ended July 3, 2016			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments(1)	Base
Income before interest and income taxes	$ 193,956	$ 32,506	$ 1,248	$ 227,710
Interest expense, net	27,331	—	—	27,331
Income before income taxes	166,625	32,506	1,248	200,379
Provision for income taxes	53,984	8,345	340	62,669
Income before equity in earnings of affiliates	112,641	24,161	908	137,710
Equity in earnings of affiliates, net of tax	4,267	—	—	4,267
Net income	116,908	24,161	908	141,977
Net (income) attributable to noncontrolling interests	(742)	(45)	—	(787)
Net income attributable to Sonoco	$ 116,166	$ 24,116	$ 908	$ 141,190
Per diluted common share	$ 1.14	$ 0.24	$ 0.01	$ 1.38

(1)Consists primarily of acquisition-related costs.

Dollars in thousands, except per share data	For the six months ended June 28, 2015 GAAP	Restructuring/ Asset Impairment (1)	Other Adjustments (2)	Base
Income before interest and income taxes	$ 223,068	$ 10,086	$ (29,674)	$ 203,480
Interest expense, net	26,822	—	—	26,822
Income before income taxes	196,246	10,086	(29,674)	176,658
Provision for income taxes	50,244	15,276	(9,232)	56,288
Income before equity in earnings of affiliates	146,002	(5,190)	(20,442)	120,370
Equity in earnings of affiliates, net of tax	4,315	—	—	4,315
Net income	150,317	(5,190)	(20,442)	124,685
Net (income) attributable to noncontrolling interests	(158)	(70)	—	(228)
Net income attributable to Sonoco	$ 150,159	$ (5,260)	$ (20,442)	$ 124,457
Per diluted common share	$ 1.47	$ (0.05)	$ (0.20)	$ 1.22

(1) Includes disposal and income tax gains related to the sale of a portion of the Company's metal ends and closures business.

(2) Includes acquisition-related costs, a gain from the release of reserves related to the partial settlement of the Fox River environmental claims, and an income tax gain from the release of a valuation allowance against tax loss carryforwards in Spain.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the six months ended July 3, 2016 versus the six months ended June 28, 2015.

OVERVIEW

Net sales for the first half of 2016 decreased 0.9% to $2,432 million, compared with $2,455 million in the same period last year. As a result of the Company's accounting calendar, the first half of 2016 contained 185 days, which is 6 more calendar days than last year's first half. However, for the majority of the Company's operations, the first six months only contained 4 more business days, a 3.2% increase over last year's first six months. This increase, along with other volume gains, were more than offset by the negative impact of foreign currency translation, lower selling prices stemming from a year-over-year decline in recovered paper and resin costs, and lower revenue from our packaging center operations.

Net income attributable to Sonoco for the first six months of 2016 decreased 22.6% to $116.2 million, compared to $150.2 million reported for the same period of 2015. Net income for the current six months includes after-tax restructuring and asset impairment charges of $24.1 million and after-tax acquisition charges of $0.9 million. Results for the first six months of 2015 include an after-tax gain from the reversal of Fox River environmental reserves of $19.9 million, an after-tax gain from the sale of two metal end plants of $16.8 million, and a $3.2 million income tax gain resulting from the release of a valuation allowance against tax loss carryforwards in Spain. These prior year gains were partially offset by after-tax charges of $11.6 million related to restructuring actions and $2.6 million of acquisition-related and other expenses, during the first six months of 2015. Adjusted for these items, base net income attributable to Sonoco (base earnings) increased by 13.4% to $141.2 million ($1.38 per diluted share) in the first half of 2016 versus $124.5 million ($1.22 per diluted share) in the same period last year.

Current year-to-date earnings benefitted from strong operating profit improvements in each of the Company's segments compared to the prior-year period. Overall, the current-year period benefited from a positive price/cost relationship, improved manufacturing productivity, lower pension and postretirement benefit costs, and gains from volume/mix, which showed improvement beyond the positive impact of additional business days. Partially offsetting these positive factors were higher labor, maintenance and other operating costs and the negative impact of foreign currency translation due to a stronger U.S. dollar. Current year-to-date earnings reflect a 127 basis point increase in the Company's overall gross profit margin compared to the prior year's first six months, largely due to the favorable price/cost relationship and improved productivity.

OPERATING REVENUE

Net sales for the first six months of 2016 decreased $23 million from the prior-year period.

The components of the sales change were:

	($ in millions)
Volume/mix	$ 82
Selling prices	(28)
Acquisitions and Divestitures	5
Foreign currency translation and other, net	(82)
Total sales decrease	$ (23)

In order to enhance the meaningfulness of reported changes in volume/mix, a $17.8 million reduction in packaging center sales resulting from changes in the level of activity, primarily from the previously reported loss of contract packaging business in Irapuato, Mexico, is classified above as "other" due to the low/inconsistent correlation that typically exists between changes in revenue and operating profit in our packaging center operations.

COSTS AND EXPENSES

A positive price/cost relationship (the relationship of the change in sales prices to the change in costs of materials, energy and freight), which was due to costs decreasing more than selling prices, together with productivity improvements and lower pension expense all benefited gross margin, but were partially offset by higher maintenance, labor, and other costs. The translation impact of a stronger dollar lowered reported cost of goods sold by approximately $47 million compared to the first six months of 2015. The year-to-date gross profit margin percentage improved to 20.0% compared to 18.8% in the prior-year period.

Selling, general and administrative ("SG&A") costs increased $33.3 million, or 14.6%, from the prior year reflecting last year's $32.5 million reversal of Fox River environmental reserves. Absent that reversal, SG&A costs would have been flat period-over-period. While 2016 SG&A expense also reflects lower pension and postretirement expense as well as a decrease due to the impact of foreign currency translation, these reductions were mostly offset by wage inflation, higher management incentive costs, and the increase in days.

Restructuring and restructuring-related asset impairment charges for the six months ended July 3, 2016 totaled $32.5 million compared with $10.1 million in the same period last year. Charges in the current year include a loss from the May 23, 2016 sale of the Company's paperboard mill in Schweighouse-sur-Moder, France and asset impairment charges related to the July 5, 2016 sale of the Company's display and packaging business in Juncos, Puerto Rico. Additional charges in the current year are primarily related to the Company's ongoing organizational effectiveness efforts and plant closure costs. Charges in the prior-year period reflect the benefit of a pretax gain of $7.6 million from the sale of two metal ends and closures plants. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Net interest expense for the first half of 2016 increased to $27.3 million, compared with $26.8 million during the first half of 2015. The increase was due to the additional days in the current year-to-date accounting period partially offset by lower average year-over-year debt levels.

The effective tax rate on GAAP and base earnings in the the first six months of 2016 was 32.4% and 31.3%, respectively, compared with 25.6% and 31.9%, respectively, for same period last year. The main driver of the year-over-year increase in the GAAP income tax rate is the recognition in the prior year of beneficial tax attributes associated with the 2015 sale of two metal ends and closures plants contrasted with the 2016 sale of the Company's paperboard mill in France at a loss with no tax benefit.

REPORTABLE SEGMENTS

The following table recaps net sales for the six months of 2016 and 2015 (*$ in thousands*):

	Six Months Ended		
	July 3, 2016	June 28, 2015	% Change
Net sales:			
Consumer Packaging	$ 1,038,345	$ 1,050,991	(1.2)%
Display and Packaging	275,141	287,389	(4.3)%
Paper and Industrial Converted Products	856,416	871,187	(1.7)%
Protective Solutions	262,054	245,075	6.9 %
Consolidated	$ 2,431,956	$ 2,454,642	(0.9)%

Consolidated operating profits, also referred to as "Income before interest and income taxes" on the Company's Condensed Consolidated Statements of Income, are comprised of the following (*$ in thousands*):

	Six Months Ended		
	July 3, 2016	June 28, 2015	% Change
Income before interest and income taxes:			
Segment operating profit			
Consumer Packaging	$ 122,374	$ 111,558	9.7 %
Display and Packaging	8,311	1,873	343.7 %
Paper and Industrial Converted Products	70,779	66,760	6.0 %
Protective Solutions	26,246	23,289	12.7 %
Restructuring/Asset impairment charges	(32,506)	(10,086)	222.3 %
Other, net	(1,248)	29,674	
Consolidated	$ 193,956	$ 223,068	(13.1)%

The following table recaps restructuring/asset impairment charges attributable to each of the Company's segments during the six months of 2016 and 2015 (*$ in thousands*):

	Six Months Ended	
	July 3, 2016	June 28, 2015
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 6,585	$ 1,012
Display and Packaging	$ 5,467	$ 203
Paper and Industrial Converted Products	$ 18,521	$ 6,378
Protective Solutions	$ 494	$ 283
Corporate	$ 1,439	$ 2,210
Total	$ 32,506	$ 10,086

Consumer Packaging

Segment sales decreased 1.2% over the prior year's first six months as lower selling prices, stemming primarily from lower resin and metal costs, and the negative impact of foreign currency translation more than offset volume increases due to the additional business days along with acquisitions. Excluding the estimated benefit of additional business days, overall volume was relatively flat as volume improved in global composite cans and flexible packaging, but declined in rigid plastic containers.

Segment operating profit increased 9.7% over the prior year's first half and segment operating margins improved to 11.8 percent of sales during the period. Overall, the segment benefited from a positive price/cost relationship, including a favorable change in LIFO inventory reserves driven by declining commodity prices, productivity improvements and lower pension costs. These positive factors were partially offset by higher labor, maintenance and other operating costs, and the negative impact of foreign currency translation.

Display and Packaging

Reported sales for the first six months of 2016 were down 4.3% compared to last year’s first six months due primarily to the negative impact of foreign currency translation and the previously reported loss of contract packaging business in Irapuato, Mexico. These declines were partially offset by higher volumes in both our international packaging fulfillment and Poland packaging center operations as well as the impact of additional business days.

Operating profits increased $6.4 million year to date compared to the prior-year period primarily due to a positive price/cost relationship and productivity gains.

Paper and Industrial Converted Products

Reported segment sales were down 1.7% compared with the prior year's first six months as volume gains, which were driven primarily by the impact of additional business days, were more than offset by the negative impact of foreign currency translation and lower selling prices stemming from reduced recovered fiber costs. Volume/mix, excluding additional business days, showed improvement in our global tube and core operations, while in our paper operations, gains in North America's paperboard businesses were partially offset by lower corrugating medium sales.

Operating profit improved 6.0% on solid productivity gains, lower pension expense and the benefit from additional days in the quarter, despite a nearly $12 million year-over-year reduction in corrugating medium results, inflation in labor and other operating expenses and the negative impact of foreign currency translation. The decline in corrugating medium results reflects reduced volume, which also had a negative impact on productivity, together with lower selling prices.

Protective Solutions

Segment sales for the six months were up 6.9% year over year on strong volume beyond the impact of additional business days, partially offset by the negative impact of foreign currency translation and lower selling prices.

Operating profits increased 12.7% as volume gains, including the impact of additional days, and a positive price/cost relationship were only partially offset by higher labor, maintenance and other operating costs and the negative impact of foreign currency translation.

OTHER ITEMS

As previously disclosed, the Company had been pursuing the sale or closure of its paperboard mill in Schweighouse-sur-Moder, France, since October 2015 at an expected loss ranging from $12 to $15 million. On May 23, 2016, the sale was successfully completed resulting in the recognition of a $12.7 million loss. This loss is included in "Restructuring/Asset impairment charges" in the Company's Condensed Consolidated Statements of Income for the three- and six-month periods ended July 3, 2016.

The Company continually assesses its operational footprint as well as its overall portfolio of businesses and may consider the disposition of plants and/or business units it considers to be suboptimal or nonstrategic. Should these efforts result in the future sale of any plants or business units, management expects to first seek to utilize the proceeds to invest in growth projects or strategic acquisitions.

Financial Position, Liquidity and Capital Resources

Cash flows provided by operations totaled $186.0 million in the first six months of 2016 compared with $173.1 million during the same period last year, an increase of $13.0 million. Although there was a year-over-year decrease in net income of $33.4 million, the decrease was due in part to losses on disposition of assets which were $18.5 million higher than in the prior-year period. Losses in the current year related to the dispositions of a paperboard mill in France and a retail security packaging operation in Puerto Rico, whereas the prior year included a pretax gain of $7.2 million from the sale of two metal ends and closures plants. In addition, 2015 earnings include a non-cash tax benefit of $9.2 million on the sale of these plants and a non-cash $32.5 million pretax, $19.9 million after tax, benefit from the reversal of Fox River environmental reserves. Higher year-over-year contributions to the Company's pension and postretirement plans, combined with lower non-cash pension and postretirement plan expense, decreased operating cash flow by a total of $16.3 million in the first six months of 2016 from the same period last year. Trade accounts receivable increased in both the current and prior year six-month periods, reflecting higher levels of business activity from their respective prior year ends; however, the magnitude of the increase was not as great in 2016, resulting in the year-over-year use of cash being $7.3 million lower in 2016. Changes in inventories used $16.0 million of cash in the first six months of 2016 compared to using $18.0 million in the first six months of 2015. Inventory levels typically increase during the first six months of the year following a normal seasonal slowdown at year end. Inventory levels at the end of 2015 were lower than at the end of 2014 as a result of a more significant seasonal slowdown in 2015. As such, the subsequent increase in inventories to normal levels resulted in a lower use of cash of $2.0 million during the first six months of 2016 compared to the same period in 2015.

Trade accounts payable used $7.7 million of cash in the first six months of 2016 compared with providing $14.9 million in the first six months of 2015. This difference reflects run rate increases from the respective prior-year-end levels that were much less significant in 2016 than in 2015, as well as higher than normal account payable levels at December 31, 2015 due to inventory pre-buys and timing of payments. Accrued expenses used $7.9 million of cash in the first six months of 2016 compared with providing $5.9 million in the same period last year. The increased use of cash of $13.9 million is primarily due to the timing of payments for restructuring, payroll, and payroll-related taxes and withholdings. Changes in deferred taxes as well as other income tax related items benefitted the comparison of year-over-year operating cash flows by $24.9 million. This benefit was driven in large part by a 2015 change in the expected timing of deductions that impacted income taxes payable for the 2014 tax year, which in turn affected 2015 estimated tax payments. Changes in other assets and liabilities provided $7.9 million of additional cash in 2016 compared to 2015, driven by receipts of cash related to rebates, value added taxes, and customer reimbursable costs in 2016, which were higher than 2015.

Cash used in investing activities was $104.3 million in the first six months of 2016, compared with $74.2 million in the same period last year. The $30.1 million increase in the net use of cash is due in part to a $12.1 million increase in year-over-year spending for property, plant, and equipment due largely to increased capital investment in the Company's rigid paper operations in Europe. Proceeds from the sale of assets were $27.4 million lower year over year as the first six months of 2015 included $29.1 million of cash proceeds from the sale of two metal ends and closures plants. In 2016, the Company divested cash of approximately $8.4 million in connection with the sale of a paperboard mill in France. The change in "investment in affiliates and other, net" is primarily due to the purchase of long-term investment properties in Venezuela in 2015 using locally available cash. Capital spending for the remainder of 2016 is expected to total approximately $100 million.

Cash used by financing activities totaled $155.5 million in the first six months of 2016, compared with $54.8 million in the same period last year, an increased use of cash of $100.7 million. Outstanding debt was $1.08 billion at July 3, 2016 compared with $1.13 billion at December 31, 2015. These balances reflect net repayments of $47.9 million during the first six months of 2016, compared with net borrowings of $16.7 million during the same period last year. The higher net repayments reflect $75.3 million used to settle the Company's 5.625% debentures, which matured on June 15, 2016, partially offset by $14.0 million of proceeds from borrowing under the Company's commercial paper program. The Company paid cash dividends of $72.7 million during the first six months of 2016, an increased use of cash of $5.3 million over the same period last year. Net proceeds from the exercise of stock awards were $0.6 million in the six months ended July 3, 2016, compared with $1.3 million in the same period last year, a decrease of $0.7 million. The company also used $37.9 million of cash to repurchase approximately 825 thousand shares of outstanding stock under a $100 million repurchase program announced in December 2015. The Company expects to spend an additional $62 million on share repurchases during the remainder of 2016.

The Company operates a $350 million commercial paper program, supported by a bank credit facility of the same amount. The revolving bank credit facility is committed through October 2019. There was $14 million and $0 in commercial paper outstanding at July 3, 2016 and December 31, 2015 respectively. Effective May 25, 2016, the Company's wholly-owned subsidiary Sonoco Deutschland Holdings GmbH entered into a Euro 150 million (approximately $168 million) unsecured five-year fixed-rate assignable loan agreement guaranteed by the Company. Proceeds were used primarily to refinance existing obligations, including an outstanding $150 million term loan.
Cash and cash equivalents totaled $107.7 million and $182.4 million at July 3, 2016 and December 31, 2015, respectively. Of these totals, $87.0 million and $96.3 million, respectively, were held outside of the United States by the Company's foreign subsidiaries. Cash held outside of the United States is available to meet local liquidity needs, or for capital expenditures, acquisitions, and other offshore growth opportunities. Under current law, cash repatriated to the United States is subject to federal income taxes, less applicable foreign tax credits. As the Company has domestic liquidity through a combination of operating cash flow generation and access to bank and capital markets borrowings, it has generally considered its offshore cash balances to be indefinitely invested outside the United States and it currently has no plans to repatriate cash balances. Accordingly, as of July 3, 2016, the Company is not providing for U.S. tax liability on these amounts for financial reporting purposes. However, if any such balances were to be repatriated, additional U.S. federal income tax payments could result. Computation of the potential deferred tax liability associated with unremitted earnings deemed to be indefinitely reinvested is not practicable.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either cash deposit or borrowing positions through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its subsidiaries favorable interest terms on both. During the six months ended July 3, 2016, the Company recognized a net decrease in cash and cash equivalents of $0.9 million due to exchange rates as the unfavorable impact of the weakening U.S. dollar on euro-denominated borrowings under this pooling arrangement was only partially offset by the favorable impact of the weakening U.S. dollar on other foreign-denominated cash balances, most notably the Brazilian real and the Canadian dollar.

Certain of the Company's debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenant currently requires the Company to maintain a minimum level of interest coverage, and a minimum level of net worth, as defined in the agreements. As of July 3, 2016, the Company's interest coverage and net worth were substantially above the minimum levels required under these covenants.

The Company anticipates making additional contributions to its pension and postretirement plans of approximately $10 million during the remainder of 2016, which would result in total 2016 contributions of approximately $46 million. Future funding requirements beyond the current year will vary depending largely on actual investment returns, future actuarial assumptions, and legislative actions.

Fair Value Measurements, Foreign Exchange Exposure and Risk Management

Certain assets and liabilities are reported in the Company's financial statements at fair value, the fluctuation of which can impact the Company's financial position and results of operations. Items reported by the Company on a recurring basis at fair value include derivative contracts and pension and deferred compensation related assets. The valuation of the vast majority of these items is based either on quoted prices in active and accessible markets or on other observable inputs.

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. The exposure is well diversified, as the Company's facilities are spread throughout the world, and the Company generally sells in the same countries where it produces. The Company monitors these exposures and may use traditional currency swaps and forward exchange contracts to hedge a portion of forecasted transactions that are denominated in foreign currencies, foreign currency assets and liabilities or net investment in foreign subsidiaries. The Company's foreign operations are exposed to political and cultural risks, but the risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations.

In January 2003, the Venezuelan government suspended the free exchange of bolivars (BsF) for foreign currency and, since January 1, 2010, the Company has considered Venezuela to be a hyperinflationary economy and has accounted for its operations accordingly. Prior to July 1, 2015, the Company used Venezuela's official exchange rate to report the results of its operations in Venezuela. Effective July 1, 2015, the Company began translating its Venezuelan operations using an alternative exchange rate. Accordingly, subsequent to this change, Venezuela operating results and all monetary assets and liabilities in Venezuela are reflected in the consolidated financial statements using DICOM-based rates. The DICOM rate at the end of June 2016 was 628 bolivars to the dollar compared to the official rate of 10 to 1. At July 3, 2016, the carrying value of the Company's net investment in its Venezuela operations was approximately $2.3 million.

At July 3, 2016, the Company had commodity contracts outstanding to fix the cost of a portion of anticipated raw materials and natural gas purchases. The total net fair market value of these instruments was a favorable position of $1.0 million at July 3, 2016, and an unfavorable position of $(3.6) million at December 31, 2015. Natural gas, aluminum, and OCC hedge contracts covering an equivalent of 8.3 MMBTUs, 2,228 metric tons, and 1,320 short tons, respectively, were outstanding at July 3, 2016. Additionally, the Company had various currency contracts outstanding to fix the exchange rate on certain anticipated foreign currency cash flows. The total market value of these instruments was a net unfavorable position of $(1.4) million at July 3, 2016, compared with a net unfavorable position of $(4.6) million at December 31, 2015. These contracts qualify as cash flow hedges and mature within twelve months of their respective reporting dates.

In addition, at July 3, 2016, the Company had various currency contracts outstanding to fix the exchange rate on certain foreign currency assets and liabilities. Although placed as an economic hedge, the Company does not apply hedge accounting to these contracts. The fair value of these currency contracts was a net unfavorable position of $(0.9) million at July 3, 2016 and $(2.2) million at December 31, 2015.

At July 3, 2016, the U.S. dollar had weakened against most of the functional currencies of the Company's foreign operations compared to December 31, 2015, resulting in a translation gain of $13.4 million being recorded in accumulated other comprehensive loss during the six months ended July 3, 2016.

Restructuring and Impairment

Information regarding restructuring charges and restructuring-related asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

New Accounting Pronouncements

Information regarding new accounting pronouncements is provided in Note 2 to the Company’s Condensed Consolidated Financial Statements, included in Part I, Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information about the Company's exposure to market risk is discussed under Part I, Item 2 in this report and was disclosed in its Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the Securities and Exchange Commission on February 29, 2016. There have been no other material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation of our management, including our Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we conducted an evaluation pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our CEO and CFO concluded that such controls and procedures, as of July 3, 2016, the end of the period covered by this Quarterly Report on Form 10-Q, were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information that is required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

As described in the "Remediation" section below, there were changes in our internal control over financial reporting that occurred during the three months ended July 3, 2016 that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Remediation

As previously described in Part II, Item 9A of the 2015 Form 10-K, filed on February 29, 2016, and in Part I, Item 4 of the first quarter 2016 Form 10-Q, filed on May 6, 2016, the Company implemented a redesigned division-level balance sheet review process for its domestic operations to address the material weakness referred to in the reports described above, but the control had not yet operated for a sufficient period of time through the first quarter of 2016. Based upon the appropriate design as well as the testing and evaluation of the effectiveness of the control, our management has concluded that as of July 3, 2016, the previously identified material weakness has been remediated.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to legal proceedings and other exposures appears in Part I - Item 3 - “Legal Proceedings” and Part II - Item 8 - “Financial Statements and Supplementary Data” (Note 14 - “Commitments and Contingencies”) in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, and in Part I - Item 1 - “Financial Statements” (Note 13 - “Commitments and Contingencies”) of this report.

Environmental Matters

The Company has been named as a potentially responsible party (PRP) at several environmentally contaminated sites not owned by the Company. All of the sites are also the responsibility of other parties. The Company's liability, if any, is shared with such other parties, but the Company's share has not been finally determined in most cases. In some cases, the Company has cost-sharing arrangements with other PRPs with respect to a particular site. Such agreements relate to the sharing of legal defense costs or cleanup costs, or both. The Company has assumed, for purposes of estimating amounts to be accrued, that the other parties to such cost-sharing agreements will perform as agreed. It appears that final resolution of some of the sites is years away, and actual costs to be incurred for these environmental matters in future periods is likely to vary from current estimates because of the inherent uncertainties in evaluating environmental exposures. Accordingly, the ultimate cost to the Company with respect to such sites, beyond what has been accrued at July 3, 2016, cannot be determined. As of July 3, 2016 and December 31, 2015, the Company had accrued $24.5 million and $25.2 million, respectively, related to environmental contingencies. The Company periodically reevaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and, when warranted, makes appropriate adjustments.

Fox River settlement and remaining claim

In March 2014, the Company’s wholly owned subsidiary, U. S. Paper Mills Corp. (U.S. Mills) reached a conditional agreement with the U. S. Environmental Protection Agency (EPA) and the Wisconsin Department of Natural Resources (WDNR) to settle claims made by those agencies against U. S. Mills regarding the environmental cleanup of the lower Fox River in Wisconsin and related natural resource damages. U.S. Mills’ portion of the settlement was $14.7 million and was paid in April 2014. The settlement was subject to approval by the United States District Court for the Eastern District of Wisconsin, (District Court). The District Court approved the settlement on February 6, 2015 and the time for appeal of the court’s order expired on April 7, 2015, with no appeal having been taken. The settlement protects U.S. Mills from claims by other parties relating to natural resource damages and the cleanup of the lower Fox River, except claims pursuant to Section 107 of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

The finalization of the settlement leaves intact a claim by Appvion, Inc., under Section 107 of CERCLA against eight defendants, including U.S. Mills, to recover response costs allegedly incurred by Appvion consistent with the national contingency plan for responding to release or threatened release of hazardous substances into the lower Fox River. Appvion’s claim is made in Civil Action No. 8-CV-16-WCG pending in the District Court. The claim is asserted for approximately $200 million. Although the Company believes that the maximum amount for which the defendants could be liable is substantially less, the court has not yet ruled on the issue. The case is presently set for trial in 2017. U.S. Mills plans to continue to defend its interests in the Appvion lawsuit vigorously. The Company also believes that all of its exposure to any liability for the Fox River is contained within its wholly owned subsidiary, U.S. Mills.

At December 31, 2015, the Company had reserves totaling $3.9 million for the Section 107 claim that remains in litigation. Through July 3, 2016, approximately $0.6 million has been spent on legal fees related to this claim, leaving a total of $3.3 million reserved as of July 3, 2016.

Village of Rockton

The previously disclosed actions instituted by the Village of Rockton against the Company on September 15, 2014, were dismissed with prejudice by stipulation of the parties on April 19, 2016, with no impact to the Company’s financial statements.

Other legal matters

Additional information regarding legal proceedings is provided in Note 13 to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased[1]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	(d) Maximum Number of Shares that May Yet be Purchased under the Plans or Programs[2]
4/04/16 - 5/08/16	112,806	$ 47.27	105,000	4,541,278
5/09/16 - 6/05/16	201,193	$ 46.95	199,500	4,341,778
6/05/16 - 7/03/16	179,561	$ 46.86	176,996	4,164,782
Total	493,560	$ 46.99	481,496	4,164,782

1 A total of 12,064 common shares were repurchased in the second quarter of 2016 related to shares withheld to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These shares were not repurchased as part of a publicly announced plan or program.

2 On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000,000 shares of the Company's common stock. A total of 353,722 shares were repurchased under this authorization during the first quarter of 2016 and an additional 481,496 shares were repurchased during the second quarter of 2016. Accordingly, a total of 4,164,782 shares remain available for repurchase at July 3, 2016. As previously announced, the Company expects to utilize up to $100 million to repurchase shares during 2016.

Item 6. Exhibits.

10. Unsecured Five-Year Fixed Rate Assignable Loan Agreement, dated May 23, 2016

15. Letter re: unaudited interim financial information

31. Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(a)

32. Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(b)

101. The following materials from Sonoco Products Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at July 3, 2016 and December 31, 2015, (ii) Condensed Consolidated Statements of Income for the three and six months ended July 3, 2016 and June 28, 2015, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended July 3, 2016 and June 28, 2015, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended July 3, 2016 and June 28, 2015, and (v) Notes to Condensed Consolidated Financial Statements.

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 thereunto duly authorized.

SONOCO PRODUCTS COMPANY
(Registrant)

Date: August 3, 2016

By: /s/ Barry L. Saunders
Barry L. Saunders
Senior Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)

SONOCO PRODUCTS COMPANY

EXHIBIT INDEX

Exhibit Number	Description
10	Unsecured Five-Year Fixed Rate Assignable Loan Agreement, dated May 23, 2016
15	Letter re: unaudited interim financial information
31	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(a)
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(b)
101	The following materials from Sonoco Products Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at July 3, 2016 and December 31, 2015, (ii) Condensed Consolidated Statements of Income for the three and six months ended July 3, 2016 and June 28, 2015, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended July 3, 2016 and June 28, 2015, (iv) Condensed Consolidated Statements of Cash Flows for the six months ended July 3, 2016 and June 28, 2015, and (v) Notes to Condensed Consolidated Financial Statements.

EXHIBIT 10

SCHULDSCHEINDARLEHENSVERTRAG
ASSIGNABLE LOAN AGREEMENT

über ein
relating to a

Festverzinsliches Darlehen
Fixed Rate Loan

im Betrag von
in an amount of

EUR 150.000.000
EUR 150,000,000

fällig am 25. Mai 2021
due on 25 May 2021

an
made to

SONOCO DEUTSCHLAND HOLDINGS GMBH
Fennastr. 94
48529 Nordhorn Deutschland / *Germany*

(die „**Darlehensnehmerin**“)
*(the “**Borrower**”)*

und garantiert von

and guaranteed by

SONOCO PRODUCTS COMPANY
1 North Second Street Hartsville, South Carolina, 29550
USA

(die „**Garantin**")
*(the "**Guarantor**")*

arrangiert von
arranged by

DEUTSCHE BANK AKTIENGESELLSCHAFT
Frankfurt am Main

(die „**Bank**“)
*(the “**Bank**”)*

Nur die deutsche Fassung ist verbindlich; bei dem englischen Text handelt sich um eine un- verbindliche Übersetzung.

§ 1
(Darlehen, Zusicherungen und Gewährleis- tungen)

(1) *Darlehen.* Die Bank gewährt der Darlehens- nehmerin ein Schuldscheindarlehen (das „**Dar- lehen**") im Nennbetrag von

EUR 150.000.000

(in Worten: Euro einhundertfünfzig Millionen), das von der Garantin garantiert wird.

(2) *Zusicherungen.* Die Darlehensnehmerin und die Garantin versichern und gewährleisten ge- genüber der Bank und den Gläubigern dass die Verpflichtungen aus diesem Darlehensvertrag (der „**Darlehensvertrag**" oder der „**Vertrag**") und der Garantie wirksam, bindend und rechtlich durchsetzbar sind, dass die in Anhang 1 aufge- führten Unterlagen zur finanziellen Situation richtig und vollständig sind und dass der letzte geprüfte konsolidierte Finanzabschluss der Ga- rantin ein den tatsächlichen Verhältnissen ent- sprechendes Bild über die Vermögens- und Er- tragslage der Garantin zum Bilanzstichtag ver- mittelt.

(3) *Mittelverwendung.* Die Darlehensnehmerin wird den Darlehensbetrag für allgemeine Unter- nehmenszwecke verwenden.

(4) *Garantie.* Die Garantin verpflichtet sich, eine in Form und Inhalt dem als Anhang 3 beigefüg- ten Muster entsprechende, unbedingte und un- widerrufliche Garantieerklärung (die „**Garantie**") für die ordnungsgemäße Zahlung aller aufgrund des Darlehens von der Darlehensnehmerin zu zahlenden Beträge abzugeben.

§ 2 (Auszahlung, Definitionen)

(1) *Auszahlung des Darlehens.* Der Darlehens- betrag wird am Auszahlungstag auf das Auszah- lungskonto überwiesen.

(2) *Auszahlungsvoraussetzungen.* Die Auszah- lung des Darlehens erfolgt unter folgenden Be- dingungen:

(a) die Darlehensnehmerin hat die in Anhang 1 aufgeführten Dokumente in einer nach Form und Inhalt die Bank zufriedenstellenden Weise bis spätestens zwei Geschäftstage vor dem Auszahlungstag der Bank zur Ver- fügung gestellt;

Only the German version is binding; the English text is a non-binding translation.

§ 1
(Loan, Representations and Warranties)

(1) *Loan.* The Bank grants the Borrower an as- signable loan (*Schuldscheindarlehen*) (the "**Loan**") in the nominal amount of

EUR 150,000,000

(in words: Euro one hundred fifty million), which is guaranteed by the Guarantor.

(2) *Representations and Warranties.* The Bor- rower and the Guarantor represent and warrant to the Bank and the Creditors that their respec- tive obligations under this loan agreement (the "**Loan Agreement**" or the "**Agreement**") and the Guarantee are valid, binding and legally en- forceable, that the documents relating to its fi- nancial condition referred to in Annex 1 are ac- curate and complete and that the most recent audited consolidated financial statements of the Guarantor present a true and fair view of the fi- nancial condition of the Guarantor as of the bal- ance sheet date.

(3) *Use of Proceeds.* The Borrower will use the loan amount for general corporate purposes.

(4) *Guarantee.* The Guarantor shall assume the unconditional and irrevocable guarantee, in con- formity with the form attached hereto as Annex 3 (the "**Guarantee**") for the due payment of all amounts to be paid by the Borrower under the Loan.

§ 2 (Disbursement, Definitions)

(1) *Disbursement of the Loan.* The proceeds of the Loan shall be credited on the Disbursement Date to the Disbursement Account.

(2) *Conditions Precedent to Disbursement.* The disbursement of the Loan shall be subject to the following conditions precedent:

(a) the Borrower having made available to the Bank the documents listed in Annex 1, satis- factory to the Bank as to form and contents, no later than two Business Days prior to the Disbursement Date;

(b) die unter § 1 (2) aufgeführten Zusicherungen und Gewährleistungen sind am Auszah- lungstag zutreffend;

(c) kein Ereignis ist eingetreten oder droht ein- zutreten, das die Bank sofort oder nach Ab- lauf einer Frist zu einer Kündigung dieses Darlehensvertrages berechtigt;

(d) die Garantin hat der Bank die Garantie bis spätestens zwei Geschäftstage vor dem Auszahlungstag zur Verfügung gestellt.

(3) *Bestimmte Definitionen.*

„**Auszahlungskonto**" bezeichnet das Konto Nr. NL06BKMG0261299336(Swift: BKMGNL2AXXX) der Darlehensnehmerin bei der Bank Mendes Gans.

„**Auszahlungstag**" bezeichnet 25. Mai 2016.

„**Fälligkeitstag**" bezeichnet 25. Mai 2021.

„**Geschäftstag**" bezeichnet jeden Tag (ausge- nommen Samstage und Sonntage), an dem das Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) Sys- tem betriebsbereit ist, um Zahlungen abzuwi- ckeln.

„**Gläubiger**" bezeichnen die Bank und/oder et- waige Zessionare.

„**Inländische Tochtergesellschaft**" bezeichnet jede der Tochtergesellschaften der Garantin, (i) die nach dem Recht der Vereinigten Staaten oder eines ihrer Bundesstaaten, Territorien oder Besitzungen oder des Commonwealth of Puerto Rico errichtet wurde, (ii) deren Geschäfte im Wesentlichen in den Vereinigten Staaten oder ihren Territorien oder Besitzungen oder im Commonwealth of Puerto Rico geführt werden oder (iii) deren Vermögenswerte zu wesentli- chen Teilen in den Vereinigten Staaten oder ih- ren Territorien oder Besitzungen oder im Com- monwealth of Puerto Rico belegen sind.

„**Wesentliche Tochtergesellschaft**" bezeichnet Sonoco Deutschland GmbH, Sonoco Consumer Products Europe GmbH and Sonoco Consumer Products Mechelen B.V. und jede weitere Toch- tergesellschaft der Darlehensnehmerin, die ausweislich des jeweils aktuellen, geprüften und testierten, konsolidierten Jahresabschlusses der Garantin und weiterer interner Aufzeichnungen mindestens 10% des Umsatzes oder der Bi- lanzsumme der Darlehensnehmerin ausmacht.

„**Tochtergesellschaft**" bezeichnet jedes im Mehrheitsbesitz der Darlehensnehmerin bzw. der Garantin stehende Unternehmen oder jedes

(b) the representations and warranties under § 1 (2) being accurate on the Disbursement Date;

(c) no event having occurred or being imminent that would entitle the Bank to terminate this Loan Agreement immediately or upon the expiration of a grace period;

(d) the Guarantor has submitted no later than two Business Days prior to the Disburse- ment Date the Guarantee to the Bank.

(3) *Certain Definitions.*

"**Disbursement Account**" means the Bor- rower's account no. NL06BKMG0261299336 (Swift: BKMGNL2AXXX) with Bank Mendes Gans.

"**Disbursement Date**" means 25 May 2016.

"**Maturity Date**" means25 May 2021.

"**Business Day**" means each day (excluding Saturdays and Sundays), on which the Trans- European Automated Real-time Gross Settle- ment Express Transfer (TARGET2) system is operative to settle payments.

"**Creditors**" means the Bank and/or any assign- ees.

"**Domestic Subsidiary**" means any of the Guar- antor's Subsidiaries (i) incorporated under the laws of the United States or any state, territory or possession thereof, or the Commonwealth of Puerto Rico, (ii) the operations of which are sub- stantially conducted in the United States or its territories or possessions, or in the Common- wealth of Puerto Rico, or (iii) a substantial por- tion of the assets of which are located in the United States or its territories or possessions or in the Commonwealth of Puerto Rico.

"**Material Subsidiary**" means Sonoco Deutsch- land GmbH, Sonoco Consumer Products Europe GmbH and Sonoco Consumer Products Mechelen B.V. and any other Subsidiary of the Borrower which according to the most recent audited consolidated financial statements of the Guarantor and further internal accounting re- cords represents at least 10% of the sales reve- nues or total assets of the Borrower.

"**Subsidiary**" means any company which is ma- jority-owned by the Borrower or the Guarantor, respectively, or any company which is directly or von der Darlehensnehmerin bzw. der Garantin direkt oder indirekt abhängige oder kontrollierte Unternehmen.

indirectly controlled by or dependent on the Bor- rower or the Guarantor, respectively.

§ 3 (Verzinsung, Verzugszinsen)

(1) *Zinssatz.* Das Darlehen wird ab dem Aus- zahlungstag (einschließlich) bis zum Fälligkeits- tag (ausschließlich) mit jährlich 1,00% per annum (der „**Zinssatz**“) verzinst.

(2) *Zinszahlungstage.* Die Zinsen sind jährlich nachträglich am 25. Mai eines jeden Jahres, erstmals am 25. Mai 2017, zu zahlen (jeweils ein „**Zinszahlungstag**“). Falls der Zinszahlungs- tag auf einen Tag fällt, der kein Geschäftstag ist, ist die Zahlung am unmittelbar darauf folgenden Geschäftstag zu leisten. Die Gläubiger sind nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verzögerung zu ver- langen.

(3) *Zinstagequotient.* Zinsen für einen Zeitraum von weniger als einem vollen Jahr werden auf der Grundlage der tatsächlich verstrichenen Ta- ge geteilt durch die Anzahl der Tage (365 bzw. 366) im jeweiligen Jahr berechnet.

(4) *Verzugszinsen.* Werden irgendwelche nach diesem Darlehensvertrag zahlbaren Beträge bei Fälligkeit nicht gezahlt, tritt unabhängig von ei- ner Mahnung Verzug ein. In diesem Fall wird der fällige und nicht gezahlte Kapitalbetrag mit den gesetzlichen Verzugszinsen verzinst.* Des Weiteren wird die Darlehensnehmerin jedem Gläubiger den aufgrund eines Verzugs bezüg- lich einer Zinszahlung entstandenen Anlage- schaden (ausschließlich etwaiger Folgeschä- den) ersetzen.

** Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 (1), 247 (1) BGB.*

§ 3
(Interest, Default Interest)

(1) *Rate of Interest.* The Loan bears interest from and including the Disbursement Date to and excluding the Maturity Date at the rate of 1.00% per annum (the “**Rate of Interest**”).

(2) *Interest Payment Dates.* Interest shall be paid annually in arrears on 25 May of each year, the first interest payment being due on 25 May 2017 (each such date an “**Interest Payment Date**”). If any Interest Payment Date falls on a day which is not a Business Day, the relevant payment will be made on the immedi- ately following Business Day. The Creditors shall not be entitled to demand additional inter- est or any other payments in respect of such de- lay.

(3) *Day Count Fraction.* Interest for a period of less than one full year will be calculated on the basis of the actual number of days lapsed, di- vided by the number of days (365 or 366) in the respective year.

(4) *Default Interest.* A default shall occur, irre- spective of any reminder, if any amounts pay- able under this Loan Agreement are not paid when due. Any due and unpaid amount of prin- cipal shall bear interest at the statutory default interest rate.* Furthermore, the Borrower will in- demnify each Creditor for any damages (exclud- ing any consequential damages) resulting from the default in paying any interest amounts when due..

** The annual default interest rate established by law is five percentage points above the base interest rate published by the German Central Bank (Deutsche Bundesbank) from time to time, §§ 288 (1), 247 (1) German Civil Code (BGB).*

§ 4
(Rückzahlung, Kontrollwechsel, Wahlrück- zahlung)

(1) *Rückzahlung bei Fälligkeit.* Das Darlehen ist am Fälligkeitstag zum Nennbetrag zurückzuzah- len. Fällt der Fälligkeitstag nicht auf einen Ge- schäftstag, so ist der nächstfolgende Geschäfts- tag der Fälligkeitstag. Die Gläubiger sind nicht berechtigt, Zinsen oder sonstige Zahlungen auf- grund dieser Verspätung zu verlangen.

(2) *Rückzahlung im Falle eines Kontrollwech- sels.* Falls ein Darlehensnehmerin- Kontrollwechsel oder ein Vorzeitiges Garantin-

§ 4
(Redemption, Change of Control, Optional Redemption)

(1) *Redemption at Maturity.* The Loan shall be repayable at its nominal amount on the Maturity Date. If the Maturity Date is not a Business Day, payment shall be made on the next succeeding Business Day. The Creditors shall not be enti- tled to demand any interest or other payments on account of such delay.

(2) *Redemption in case of Change of Control.* If a Borrower Change of Control or a Guarantor Early Redemption Event (each, an “**Early Re-**

Rückzahlungsereignis (jedes ein „**Vorzeitiges Rückzahlungsereignis**") eintritt, hat jeder Gläubiger das Recht, von der Darlehensnehme- rin die Rückzahlung seines Anteils am Darlehen am dreißigsten Tag nach der Ausübung des Rückzahlungsrechts (dem „**Vorzeitigen Rückzahlungstag**") zum Vorzeitigen Rückzahlungs- betrag zuzüglich aufgelaufener Zinsen bis zum Vorzeitigen Rückzahlungstag (ausschließlich) zu verlangen. Die Darlehensnehmerin hat den Gläubigern den Eintritt eines Vorzeitigen Rück- zahlungsereignisses innerhalb von 30 Tagen nach Eintritt des Vorzeitigen Rückzahlungsereignisses mitzuteilen (die „**Rückzahlungsereig- nis-Mitteilung**"). Die wirksame Ausübung des Rückzahlungsrechts setzt voraus, dass der betreffende Gläubiger der Zahlstelle die Kündigung schriftlich und innerhalb einer Frist von 15 Ta- gen nach einer Rückzahlungsereignis-Mitteilung zu den üblichen Geschäftszeiten übermittelt.

demption Event") occurs, then each Creditor shall have the option to require the Borrower to repay its share in the Loan on the date which falls 30 days after the exercise of the put option (such date the "**Early Redemption Date**") at the Early Redemption Amount together with accrued interest to but excluding the Early Re- demption Date. The Borrower shall give notice of the Early Redemption Event to the Creditors (the "**Early Redemption Event Notification**") within 30 days following the occurrence of the Early Redemption Event. To validly exercise the put option, the relevant Creditor must submit to the Paying Agent a written notice of exercise during normal business hours within a period of 15 days after such an Early Redemption Event Notification has been given.

„**Darlehensnehmerin-Kontrollwechsel**" be- zeichnet den Fall, dass, ohne dass hierzu die vorherige Zustimmung der betreffenden Gläubi- ger eingeholt wurde, die Garantin die direkte oder indirekte Kontrolle über die Darlehensneh- merin aufgibt oder nicht mehr die Mehrheit am Kapital der Darlehensnehmerin hält.

"**Borrower Change of Control**" means that, without the prior consent of the Creditors, the Guarantor gives up the direct or indirect control over the Borrower or does no longer hold the majority of the share capital in the Borrower

„**Vorzeitiges Garantin-Rückzahlungsereignis**" bezeichnet den Fall, dass an einem Tag inner- halb des Zeitraums (der „**Kontrollwechselzeitraum**"), der 60 Tage vor der ersten öffentlichen Bekanntmachung der Garantin bezüglich eines (bevorstehenden) Garantin-Kontrollwechsels beginnt und 60 Tage nach Vollzug des Garan- tin-Kontrollwechsels (dessen Kontrollwechsel- zeitraum nach Vollzug des Garantin-Kontrollwechsels verlängert wird, solange eine der Rating-Agenturen öffentlich erklärt hat, dass sie eine Veränderung des Ratings erwägt) endet, die Garantin von mindestens zwei Rating- Agenturen nicht mehr als Investment-Grade bewertet werden. Sollten zum Beginn eines Kontrollwechselzeitraums zwei Rating- Agenturen kein Rating der Garantin vorliegen haben, wird dies angesehen, als würde die Ga- rantin nicht mehr von mindestens zwei Rating- Agenturen mit Investment-Grade bewertet wer- den. Ein Vorzeitiges Rückzahlungsereignis wird im Zusammenhang mit einem Garantin- Kontrollwechsel solange nicht als eingetreten gelten, wie dieser Garantin-Kontrollwechsel tat- sächlich noch nicht vollzogen ist.

"**Guarantor Early Redemption Event**" means the Guarantor ceases to be rated Investment Grade by at least two Rating Agencies on any date during the period (the "**Change of Control Period**") commencing 60 days prior to the Guarantor's first public announcement of any Guarantor Change of Control (or pending Guar- antor Change of Control) and ending 60 days following consummation of such Guarantor Change of Control (which Change of Control Period will be extended following consummation of a Guarantor Change of Control for so long as any of the Rating Agencies has publicly an- nounced that it is considering a possible ratings change). Unless at least two Rating Agencies are providing a rating for the Guarantor at the commencement of any Change of Control Peri- od, the Guarantor will be deemed to have ceased to be rated Investment Grade by at least two Rating Agencies during that Change of Control Period. No Early Redemption Event will be deemed to have occurred in connection with any particular Guarantor Change of Control unless and until such Guarantor Change of Control has actually been consummated.

„**Garantin-Kontrollwechsel**" bezeichnet , ohne dass hierzu die vorherige Zustimmung der be- treffenden Gläubiger eingeholt wurde,

"**Guarantor Change of Control**" means, with- out the prior consent of the Creditors,

(i) die direkte oder indirekte Veräußerung, Vermietung, Übertragung oder sonstige Ver- fügung (außer im Wege einer Fusion oder eines Unternehmenszusammenschlusses) aller oder im Wesentlichen aller bzw. über alle oder im Wesentlichen alle Vermögens- werte der Garantin und ihrer Tochtergesell- schaften als Ganzes in einer Transaktion oder in einer Reihe von verbundenen Transaktionen an eine „Person" (entsprechend der Verwendung dieses Begriffs in Section 13(d)(3) des Exchange Act), bei der es sich nicht um die Garantin oder eine ihrer Tochtergesellschaften handelt; oder

(ii) die Durchführung einer Transaktion (u.a. einschließlich einer Fusion oder eines Un- ternehmenszusammenschlusses), die dazu führt, dass eine „Person" (entsprechend der Verwendung dieses Begriffs in Section 13(d)(3) des Exchange Act) direkt oder indi- rekt der „wirtschaftliche Eigentümer" (beneficial owner) (gemäß Definition dieses Begriffs in Rules 13d-3 und 13d-5 im Rah- men des Exchange Act) von mehr als 50% der ausstehenden Stimmberechtigten Aktien der Garantin (gemessen an den Stimmrech- ten und nicht an der Zahl der Aktien) wird; oder

(iii) einen Zusammenschluss oder eine Fusion der Garantin mit einer Person oder einen Zusammenschluss oder eine Fusion einer Person mit der Garantin im Rahmen einer Transaktion, bei der die im Umlauf befindli- chen Stimmberechtigten Aktien der Garantin oder die im Umlauf befindlichen Stimmbe- rechtigten Aktien dieser anderen Person in Barmittel, Wertpapiere oder sonstige Ver- mögenswerte umgewandelt oder umge- tauscht werden, es sei denn, es handelt sich um eine Transaktion, bei der die unmittelbar vor der Transaktion im Umlauf befindlichen Stimmberechtigten Aktien der Garantin eine Mehrheit der Stimmberechtigten Aktien (gemessen an den Stimmrechten und nicht an der Zahl der Aktien) der aus der Transak- tion hervorgehenden Person unmittelbar nach dem Wirksamwerden dieser Transak- tion darstellen bzw. in eine solche umge- wandelt oder umgetauscht werden; oder

(iv) den ersten Tag, an dem die Mehrheit der Mitglieder des Board of Directors der Garan- tin keine Fortbestehenden Directors mehr sind; oder

(v) die Verabschiedung eines Plans zur Liqui- dation oder Auflösung der Garantin.

(i) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the Guarantor's assets and the assets of its subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to the Guarantor or any of its subsidiaries; or

(ii) the consummation of any transaction (in- cluding without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the "beneficial owner" (as defined in Rules 13d- 3 and 13d-5 under the Exchange Act), di- rectly or indirectly, of more than 50% of the Guarantor's outstanding Voting Stock, measured by voting power rather than num- ber of shares; or

(iii) the Guarantor consolidates with, or merges with or into, any person, or any person con- solidates with, or merges with or into, the Guarantor, in any such event pursuant to a transaction in which any of the Guarantor's outstanding Voting Stock or the outstanding Voting Stock of such other person is con- verted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Guaran- tor's Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving person immediately after giving effect to such transaction, measured by voting power ra- ther than number of shares; or

(iv) the first day on which the majority of the members of the Guarantor's board of direc- tors cease to be Continuing Directors; or

(v) the adoption of a plan relating to the liquida- tion or dissolution of the Guarantor.

„**Stimmberechtigte Aktien**" einer bestimmten Person bezeichnet jeweils das Aktienkapital die- ser Person, das zu diesem Zeitpunkt allgemein zur Abstimmung über die Wahl der Mitglieder des Geschäftsführungsgremiums dieser Person berechtigt ist.

„**Fortbestehender Director**" bezeichnet jeweils zum Datum der Feststellung jedes Mitglied des Board of Directors der Garantin, das:

(i) am Auszahlungstag des Darlehens ein Mit- glied dieses Board of Directors war; oder

(ii) mit Zustimmung einer Mehrheit der Fortbe- stehenden Directors, die zum Zeitpunkt der Benennung oder Wahl Mitglieder dieses Board of Directors waren, zur Wahl in den Board of Directors benannt oder zum Mit- glied des Board of Directors gewählt wurde.

„**Rating-Agentur**" bezeichnet Fitch Ratings Ltd. („**Fitch**"), Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. („**S&P**") oder Moody's Investors Service, Inc. („**Moody's**").

„**Investment-Grade**" bezeichnet ein Rating von BBB- oder höher im Falle eines Ratings von Fitch, BBB- oder höher im Falle eines Ratings von S&P und Baa3 oder höher im Falle eines Ratings von Moody's.

„**Rating**" bezeichnet das öffentlich bekanntge- machte und von der Garantin angeforderte Ra- ting durch eine Rating-Agentur bezüglich der fi- nanziellen Leistungsfähigkeit der Garantin oder deren nicht-nachrangigen und unbesicherten Verbindlichkeiten.

„**Vorzeitiger Rückzahlungsbetrag**" bezeichnet 101% des Nennbetrags.

(3) *Wahlrückzahlungsrecht der Darlehensneh- merin*. Die Darlehensnehmerin ist berechtigt, das Darlehen eines Gläubigers, ganz aber nicht teilweise, unter Einhaltung einer Kündigungsfrist von 30 Tagen jederzeit (dem "**Wahlrückzah- lungstag**") zum Wahlrückzahlungsbetrag zuzüg- lich bis zum Wahlrückzahlungstag (ausschließ- lich) aufgelaufenen Zinsen zurückzuzahlen.

„**Wahlrückzahlungsbetrag**" bezeichnet den Nennbetrag zuzüglich der Summe der am Be- stimmungstag für den Wahlrückzahlungstag be- rechneten Barwerte des Überschusses (im Falle einer positiven Zahl) von (a) der Zinsen, die auf das Darlehen für die vorgesehene Restlaufzeit an den vorgesehenen Zinszahltagen zahlbar gewesen wären über (b) den Zinsen, die sol- chermaßen auf den Betrag des Darlehens zahl-

"**Voting Stock**" of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

"**Continuing Director**" means, as of any date of determination, any member of the Guarantor's board of directors who:

(i) was a member of such board of directors on the Disbursement Date of the Loan; or

(ii) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"**Rating Agency**" means each of Fitch Ratings Ltd. ("**Fitch**"), Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**").

"**Investment Grade**" means a Rating of BBB- or more favorable in case of a Rating issued by Fitch, BBB- or more favorable in case of a rating issued by S&P and Baa3 or more favorable in case of a Rating issued by Moody's.

"**Rating**" means the publicly announced rating by any Rating Agency solicited by the Guarantor of the Guarantor's financial strength or senior and unsecured indebtedness.

"**Early Redemption Amount**" means 101 per cent. of the nominal amount.

(3) *Early Redemption at the Option of the Bor- rower.* The Borrower has the option to redeem the Loan of any Creditor in whole but not in part only early at any time (the "**Optional Redemp- tion Date**") by giving 30 days' notice prior to the Optional Redemption Date at the Optional Re- demption Amount together with any interest ac- crued until and excluding the Optional Redemp- tion Date.

"**Optional Redemption Amount**" means the nominal amount plus the present value calculat- ed on the Determination Date for the Optional Redemption Date of the sum of the excess (if positive) between (a) the scheduled interest payments that were to be made on the Loan on the Interest Payment Dates and (b) the interest payments that would become payable if the in- terest rate of the Loan would be B + 0.5% p.a.

bar wären, wenn der Zinssatz B + 0,5 % per annum (der „**Wiederanlagesatz**") betrüge, ergibt. Die Barwerte werden auf der Basis des Wiederanlagesatzes berechnet.

„**Bestimmungstag**" bezeichnet den fünften Ge- schäftstag vor dem Wahlrückzahlungstag.

„**B**" bezeichnet die gemittelte Rendite der auf der Bildschirmseite ICAPEURO bei Reuters um 11:00 Uhr deutscher Zeit am Bestimmungstag angezeigten Geld- und Briefkurse von Zins- Swap-Geschäften (Midswaps), berechnet je- weils auf Basis einer linearen Interpolierung zwischen den Werten für den nächst kürzeren angezeigten, ganzjährigen Zeitraum gegenüber der Restlaufzeit des Darlehens und dem nächst längerem angezeigten, ganzjährigen Zeitraum gegenüber der Restlaufzeit des Darlehens. Für den Fall, dass solche Werte nicht wie bestimmt angezeigt werden, werden die betreffenden Werte in der Weise ermittelt, die Banken und andere institutionelle Marktteilnehmer zu dem betreffenden Zeitpunkt anwenden.

§ 5 (Steuern)

(1) *Quellensteuern.* Alle gemäß diesem Vertrag fälligen Beträge werden ohne Abzug oder Einbehalt gegenwärtiger oder zukünftiger Steu- ern, Abgaben oder amtlicher Gebühren gleich welcher Art gezahlt, die in der Relevanten Steu- erjurisdiktion oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhe- bung ermächtigten Gebietskörperschaft oder Behörde gegenüber der Darlehensnehmerin bzw. der Garantin an der Quelle auferlegt, erho- ben oder eingezogen werden („**Quellensteu- ern**"), es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. In die- sem letzteren Fall wird die Darlehensnehmerin die zusätzlichen Beträge an Kapital und Zinsen zahlen, die erforderlich sind, damit der den Gläubigern nach diesem Abzug oder Einbehalt zufließende Nettobetrag jeweils den Beträgen an Kapital und Zinsen entspricht, die den Gläu- bigern zustehen würden, wenn der Abzug oder Einbehalt nicht erforderlich wäre.

Solche zusätzlichen Beträge sind jedoch nicht zahlbar:

(a) wegen Abgaben, die wegen gegenwärtiger oder früherer persönlicher oder geschäftlicher Beziehungen des Gläubigers, für den die Kapi- tal- und Zinszahlungen bestimmt sind, zu der Relevanten Steuerjurisdiktion zu zahlen sind und nicht allein aufgrund der Tatsache, dass Zahlungen in Bezug auf diesen Vertrag aus der

(the "**Reinvestment Yield**"). The present values will be calculated on the basis of the Reinvest- ment Yield.

"**Determination Date**" means the fifth Business Day prior to the Optional Redemption Date.

"**B**" means the average yield of the bid and ask prices of Interest-Swap Transactions (Mids- waps) shown on the Reuters page ICAPEURO at 11.00 a.m. German time which shall be calcu- lated on the basis of linear interpolation between the figure for the next shortest full year period compared to the remaining term of the Loan and the next longest full year period compared to the remaining term of the Loan. In the event that the relevant figures shall not be shown as set out above the relevant figures shall be determined in a manner which banks and other institutional market participants apply at that time.

§ 5 (Taxation)

(1) *Withholding Tax.* All payments due under this Agreement shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed on, levied or collected from the Borrower or the Guarantor at the source in or on behalf of the Relevant Tax Jurisdiction or by or on behalf of any political subdivision or authority therein having power to tax ("**Withholding Taxes**"), unless such deduc- tion or withholding is required by law. In such event, the Borrower shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts re- ceived by the Creditors after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable by the Creditors had no such deduc- tion or withholding been required.

No such additional amounts will, however, be payable:

(a) on account of any duties payable as a result of any present or previous personal or business relationship of the Creditor to whom such pay- ments of principal and interest are to be made with the Relevant Tax Jurisdiction and not merely by reason of the fact that payments with respect to this Agreement are or, for taxation

Relevanten Steuerjurisdiktion stammen oder dort besichert sind oder steuerlich so behandelt werden;

(b) wenn am Tag an dem die Zahlung fällig wird, die Zahlung an den betreffenden Gläubiger ohne Abzug oder Einbehalt hätte geleistet werden können, sofern der Gläubiger ein Qualifizierter Gläubiger gewesen wäre, aber der Gläubiger an jenem Tag kein Qualifizierter Gläubiger ist oder mehr ist, es sein denn dies ist die Folge einer Änderung eines Gesetzes, eines Doppelbe- steuerungsabkommens oder einer veröffentli- chen Praxis oder Anweisung einer zuständigen Steuerbehörde, nach dem Tag, an dem der be- treffende Gläubiger Gläubiger unter diesem Ver- trag wurde; oder

(c) an einen Gläubiger, welcher eine zumutbare Mitwirkungshandlung, wie die Einreichung einer steuerlichen Ansässigkeitsbescheinigung (bspw. im Hinblick auf eine Zahlung einer U.S. ameri- kanischen Person das Formular W-8 BEN), nicht vornimmt.

„**Qualifizierte Gläubiger**" bezeichnet jeden Gläubiger, der in einem Mitgliedsstaat der Euro- päischen Union oder einem Staat ansässig ist, zwischen dem und der Relevante Steuerjurisdik- tion gegenwärtig ein Doppelbesteuerungsab- kommen besteht, das zur vollen Abzugsfähigkeit von Steuern auf Zinsen und sonstige Zahlungen berechtigt.

„**Relevante Steuerjurisdiktion**" bezeichnet die Bundesrepublik Deutschland und die Vereinig- ten Staaten von Amerika.

(2) *Benachrichtigung*. Die Darlehensnehmerin wird die Zahlstelle unverzüglich benachrichtigen, wenn sie zu irgendeiner Zeit gesetzlich verpflich- tet ist, von aufgrund dieses Vertrags fälligen Zahlungen Abzüge oder Einbehalte vorzuneh- men (oder wenn sich die Beträge oder die Be- rechnungsmethode solcher Abzüge oder Einbe- halte ändern).

(3) *Kündigungsrecht*. Falls infolge einer am oder nach dem Tag dieses Vertragsschlusses wirk- sam werdenden Änderung oder Ergänzung der in der Relevanten Steuerjurisdiktion geltenden Rechtsvorschriften oder einer vor diesem Zeit- punkt nicht allgemein bekannten Anwendung oder amtlichen Auslegung solcher Rechtsvor- schriften Quellensteuern auf die Zahlung von Kapital oder Zinsen unter diesem Vertrag anfal- len oder anfallen werden und die Quellensteu- ern, sei es wegen der Verpflichtung zur Zahlung zusätzlicher Beträge gemäß Absatz (1) oder aus

purposes are deemed to be, derived from or se- cured in the Relevant Tax Jurisdiction

(b) if on the date on which the payment falls due, the payment could have been made to the rele- vant Creditor without a deduction or withholding provided the Creditor had been a Qualified Creditor, but on that date that Creditor is not or has ceased to be a Qualified Creditor other than as a result of any change after the date it be- came a Creditor under this agreement in any law or double taxation treaty or any published prac- tice or published concession of any relevant tax- ing authority; or

(c) to a Creditor, who does not cooperate rea- sonably, such as providing a residence certifi- cate for tax reasons (e.g. Form W-8 BEN as re- gards the payment of a US person).

"**Qualified Creditor"** means any creditor having its seat in a member state of the European Un- ion or in a country which has a double taxation treaty with the Relevant Tax Jurisdiction which makes provision for full exemption from tax im- posed on interest or other payments

"**Relevant Tax Jurisdiction**" means the Federal Republic of Germany and the United States of America.

(2) *Notification*. The Borrower shall promptly no- tify the Paying Agent if it is legally obliged at any time to deduct or withhold any amounts from payments due under this Agreement (or if the amounts or method of determination for such deductions or withholdings should be changed).

(3) *Termination Right*. If, as a result of any change in, or amendment to, the laws or regula- tions prevailing in the Relevant Tax Jurisdiction, which change or amendment becomes effective on or after the date as of which this Agreement is made, or as a result of any application or offi- cial interpretation of such laws or regulations not generally known before that date, Withholding Taxes are or will be leviable on payments of principal or interest under this Agreement and, by reason of the obligation to pay additional amounts as provided in subparagraph (1) or

sonstigen Gründen, der Darlehensnehmerin zur Last fallen, ist die Darlehensnehmerin berech- tigt, das gesamte Darlehen des betreffenden Gläubigers (aber nicht nur einen Teil davon) un- ter Einhaltung einer Kündigungsfrist von mindes- tens 30 Tagen jederzeit (dem „**Vorzeitigen Steuer-Rückzahlungstag**") zum Vorzeitigen Steuer-Rückzahlungsbetrag zuzüglich bis zum Vorzeitigen Steuer-Rückzahlungstag (aus- schließlich) aufgelaufener Zinsen zurückzuzah- len. Eine solche Rückzahlung darf jedoch nicht früher als 90 Tage vor dem Zeitpunkt erfolgen, an dem die Darlehensnehmerin erstmals Quel- lensteuern einbehalten oder zahlen müsste, falls eine Zahlung in Bezug auf diesen Vertrag dann geleistet würde.

„**Vorzeitiger Steuer-Rückzahlungsbetrag**" be- zeichnet den Nennbetrag.

(4) *Form der Kündigung.* Die Benachrichtigung über eine vorzeitige Rückzahlung gemäß Absatz
(3) erfolgt schriftlich gegenüber d e r Zahlstelle mit gleichzeitiger Wirkung für alle betroffenen Gläubiger. Sie ist unwiderruflich und muss den Rückzahlungstermin sowie in zusammenfas- sender Form die Tatsachen angeben, die das Kündigungsrecht begründen. Die Zahlstelle wird die Zessionare, von denen sie zu dem Zeitpunkt Kenntnis hat, über eine solche Bekanntmachung einer vorzeitigen Rückzahlung unverzüglich un- terrichten.

Zur Klarstellung: Vorauszahlungen auf die Ein- kommens- oder Körperschaftssteuer wie die deutsche Abgeltungssteuer und die Zinsertrags- steuer sind keine Quellensteuern im Sinne der obigen Bestimmung.

§ 6
(Rang, Negativverpflichtung, weitere Ver- pflichtungen)

(1) *Rang.* Die Verpflichtungen aus diesem Dar- lehensvertrag und aus der Garantie begründen unbedingte, nicht nachrangige und unbesicherte Verbindlichkeiten der Darlehensnehmerin bzw. der Garantin und haben sind gleichrangig mit al- len anderen gegenwärtigen und zukünftigen, unbesicherten und nicht nachrangigen Verbind- lichkeiten der Darlehensnehmerin bzw. der Ga- rantin aus aufgenommenen Kreditmitteln.

(2) *Negativverpflichtung der Darlehensnehmerin.* Die Darlehensnehmerin verpflichtet sich und stellt für ihre Wesentlichen Tochtergesellschaf- ten sicher, dass während der Laufzeit des Dar- lehens und bis zu dessen vollständiger Rück- zahlung keine Finanzverbindlichkeiten durch Be-

otherwise, such Withholding Taxes are to be borne by the Borrower, the Borrower may pre- pay the portion of the relevant Creditor of the Loan in whole (but not in part only) at any time, by giving not less than 30 days' notice (the "**Early Tax Redemption Date**") at the Early Tax Redemption Amount together with interest ac- crued to but excluding the Early Tax Redemp- tion Date, provided that no such prepayment shall be made earlier than 90 days prior to the earliest date on which the Borrower would be obliged to withhold or pay Withholding Taxes were a payment in respect of this Agreement then made.

"**Early Tax Redemption Amount**" means the nominal amount.

(4) *Form of Prepayment Notice.* Any such notice of prepayment referred to in subparagraph (3) shall be given in writing and shall be addressed to the Paying Agent with simultaneous effect for all concerned Creditors. It shall be irrevocable, must specify the date fixed for prepayment and must set forth a statement in summary form of the facts constituting the basis for the termina- tion right. The Paying Agent undertakes promptly to inform the assignees as for the time being have been notified to it about such notice of prepayment.

For the avoidance of doubt: any prepayments on the income or corporate income tax such as the German flat rate interest tax (Abgel- tungssteuer and Zinsertragssteuer) do not con- stitute withholding taxes within the meaning of the above provision.

§ 6
(Status, Negative Pledge, other Undertak- ings)

(1) *Status.* The obligations under this Loan Agreement or the Guarantee constitute uncondi- tional, unsubordinated and unsecured obliga- tions of the Borrower or the Guarantor, as the case may be, and will rank *pari passu* with all other present and future unsecured and unsub- ordinated obligations of the Borrower or the Guarantor, as the case may be, from borrowed moneys.

(2) *Negative Pledge of the Borrower.* The Bor- rower agrees and will ensure with respect to its Material Subsidiaries that during the term of the Loan and until it has been repaid in full, no Fi- nancial Indebtedness is secured by encumber- ing its assets or those of a Material Subsidiary

lastung von Vermögen der Darlehensnehmerin bzw. einer Wesentlichen Tochtergesellschaft besichert werden, ohne dass gleichzeitig die Gläubiger anteilig und in gleichem Rang an sol- chen Sicherheiten teilnehmen. Dies gilt nicht für Sicherheiten, welche:

(i) mit vorheriger Zustimmung der Gläubiger begründet werden; oder

(ii) aufgrund von gesetzlichen Bestimmungen entstehen; oder

(iii) aufgrund von allgemeinen Geschäftsbedin- gungen von Banken oder Sparkassen an Barmitteln oder Wertpapieren entstehen; oder

(iv) einschließlich der Sicherheiten unter Ziffer (iii) gegenüber Banken und Kreditinstituten im Zusammenhang mit einem Darlehens- und/oder Kreditvertrag gewährt werden und in ihrer Gesamtheit nicht mehr als 5% des Anlagevermögens des jeweils letzten Ab- schlusses der Darlehensnehmerin ausma- chen; oder

(v) zusätzlich zu allen Positionen in ihrer Ge- samtheit Relevante Verbindlichkeiten bis zur Höhe von EUR 500.000 besichern.

„**Finanzverbindlichkeiten**" bezeichnen Verbind- lichkeiten (einschließlich dafür gegebener Ga- rantien oder Gewährleistungen, aber ohne Dop- pelzählungen) (i) aus aufgenommenen Kredit- mitteln, die durch Schuldscheindarlehen oder Namensschuldverschreibungen dokumentiert sind oder (ii) aus Wertpapieren, die an einer Börse notiert sind oder werden können oder (iii) aus Darlehen oder sonstigen Kreditverbindlich- keiten.

(3) *Negativverpflichtung der Garantin.* Solange das Darlehen aussteht, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt worden sind, verpflichtet sich die Garantin und stellt für ihre Inländischen Tochtergesellschaften sicher, keine Relevanten Verbindlichkeiten (ein- schließlich dafür gegebener Garantien oder Ge- währleistungen) durch Belastung ihres gegen- wärtigen oder zukünftigen Vermögens oder des Vermögens einer Inländischen Tochtergesell- schaft zu besichern oder eine solche Besiche- rung bestehen zu lassen, ohne gleichzeitig die Gläubiger zur gleichen Zeit anteilig und in glei- chem Rang an solchen Sicherheiten teilnehmen zu lassen. Erlaubte Sicherheiten sind von dieser Negativverpflichtung ausgenommen.

„**Relevante Verbindlichkeiten**" bezeichnet (i)

without at the same time having the Creditors share equally and rateably in such security. This does not apply to liens which:

(i) are established with the prior consent of the Creditors; or

(iii) result from the operation of statutory provi- sions; or

(iv) result from the operation of provisions under standard business terms of banks or saving banks on available cash and securities; or

(v) including liens that fall under item (iii), are granted to banks or credit institutions under a loan agreement and which in total do not represent more than 5% of fixed assets, as set out in the most recent accounts of the Borrower; or

(vi) in addition to all positions, which secure Relevant Indebtedness up to an amount equal to EUR 500,000.

"**Financial Indebtedness**" means indebtedness (including any guarantees or warranties granted in respect thereof, but without double counting)) with respect to (i) borrowed monies documented by assignable loans (*Schuldscheindarlehen*) or promissory notes or (ii) securities which are quoted or capable of being quoted on a stock exchange or (iii) loans or any other credit facility.

(3) *Negative Pledge of the Guarantor.* So long as the Loan remains outstanding, but only until all amounts of principal and interest have been made available to the Paying Agent, the Guar- antor undertakes, and shall procure in respect of its Domestic Subsidiaries, neither to create nor permit to subsist any lien or other security inter- est upon any of its or any of its Domestic Sub- sidiaries' present or future assets to secure any Relevant Indebtedness (including any guaran- tees or indemnities in respect thereof), without at the same time according to the Creditors equally and rateably the same security interest. Permit- ted Liens shall be excluded from this negative pledge.

"**Relevant Indebtedness**" means (i) all obligaalle Verbindlichkeiten aus Kreditmittelaufnah- men, (ii) alle Verbindlichkeiten, die in Teilschuld- verschreibungen, Anleihen, Schuldverschrei- bungen oder anderen vergleichbaren Instrumen- ten verbrieft sind, (iii) alle Verbindlichkeiten aus Akkreditiven oder Bankakzepten oder vergleich- baren Instrumenten (oder damit verbundene Rückzahlungsverpflichtungen), (iv) alle Ver- pflichtungen zur Zahlung der gestundeten Kauf- preise von Vermögenswerten oder Dienstleis- tungen mit Ausnahme von Verbindlichkeiten aus Lieferungen und Leistungen, die im gewöhnli- chen Geschäftsverlauf entstehen, (v) alle Ver- bindlichkeiten aus Leasingvereinbarungen, die nach Maßgabe der allgemein anerkannten Grundsätze der Rechnungslegung, nach der die Garantin bilanziert, zum Zeitpunkt der Berech- nung kapitalisiert werden, und (vi) (ohne Dop- pelzählungen) alle Relevanten Verbindlichkeiten Dritter, die durch die Garantin oder eine Toch- tergesellschaft garantiert sind oder für die die Garantin oder eine Tochtergesellschaft ander- weitig verantwortlich oder haftbar ist (ob auf- grund einer Vereinbarung zum Ankauf von Ver- bindlichkeiten Dritter oder zur Bereitstellung von Mitteln an oder zur Investition in Dritte).

„**Erlaubte Sicherheiten**" bezeichnet:

(i) Sicherheiten an den Vermögenswerten ei- ner Gesellschaft, die zu dem Zeitpunkt, zu dem diese Gesellschaft eine Inländische Tochtergesellschaft wird, bereits bestehen; oder

(ii) Sicherheiten an Vermögenswerten, die zum Zeitpunkt des Erwerbs dieser Vermögens- werte durch die Garantin oder eine Inländi- sche Tochtergesellschaft bereits bestehen, oder Sicherheiten für die Zahlung des ge- samten oder eines Teils des Kaufpreises dieser Vermögenswerte nach Erwerb dieser Vermögenswerte durch die Garantin oder eine Inländische Tochtergesellschaft oder zur Besicherung Relevanter Verbindlichkei- ten, die durch die Garantin oder eine Inlän- dische Tochtergesellschaft vor einem sol- chen Erwerb, zum Zeitpunkt des Erwerbs oder innerhalb eines Zeitraums von 180 Ta- gen nach dem Erwerb eingegangen, über- nommen oder garantiert werden (oder, im Falle von Immobilien, der Baufertigstellung (einschließlich baulicher Verbesserungen bestehender Objekte) oder der Aufnahme des vollständigen Betriebs des betreffenden Objekts, je nachdem, welcher Zeitpunkt spä- ter eintritt), soweit diese Relevanten Ver- bindlichkeiten für Zwecke der Finanzierung des gesamten oder von Teilen des Kauf-

tions for borrowed money, (ii) all obligations evi- denced by bonds, debentures, notes or other similar instruments, (iii) all obligations in respect of letters of credit or bankers acceptances or similar instruments (or reimbursement obliga- tions with respect thereto), (iv) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (v) all obliga- tions as lessee which are capitalized in accord- ance with generally accepted accounting princi- ples applied by the Guarantor, at the time of cal- culation, and (vi) (without double counting) all Relevant Indebtedness of others guaranteed by the Guarantor or any Subsidiary or for which the Guarantor or any Subsidiary is otherwise re- sponsible or liable (whether by agreement to purchase indebtedness of, or to supply funds or to invest in, others).

"**Permitted Liens**" means :

(i) liens on any assets of any corporation exist- ing at the time such corporation becomes a Domestic Subsidiary; or

(ii) liens on any assets existing at the time of the acquisition of such assets by the Guar- antor or any Domestic Subsidiary, or liens to secure the payment of all or any part of the purchase price of such assets upon the ac- quisition of such assets by the Guarantor or any Domestic Subsidiary or to secure any Relevant Indebtedness incurred, assumed or guaranteed by the Guarantor or a Do- mestic Subsidiary prior to, at the time of, or within 180 days after such acquisition (or in the case of real property, the completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, whichever is later) which Relevant Indebtedness is in- curred, assumed or guaranteed for the pur- pose of financing all or any part of the pur- chase price thereof or, in the case of real property, construction or improvements thereon; provided, however, that in the case of any such acquisition, construction or im- provement, the lien shall not apply to any assets theretofore owned by the Guarantor preises dieser Vermögenswerte oder, im Falle von Immobilien, der Errichtung oder baulichen Verbesserungen eingegangen, übernommen oder garantiert werden; wobei jedoch im Falle eines solchen Erwerbs, der Errichtung eines Gebäudes oder von bauli- chen Verbesserungen die Sicherheit nicht an Vermögenswerten bestehen darf, die zu- vor im Eigentum der Garantin oder einer In- ländischen Tochtergesellschaft standen, es sei denn, es handelt sich im Falle der Errich- tung eines Gebäudes oder von baulichen Verbesserungen um die Grundstücke, auf denen sich das errichtete oder verbesserte Objekt befindet; oder

or any Domestic Subsidiary, other than, in the case of any such construction or im- provement, any real property on which the property so constructed, or the improve- ment, is located; or

(iii) Sicherheiten an Vermögenswerten zur Besi- cherung Relevanter Verbindlichkeiten einer Inländischen Tochtergesellschaft gegenüber der Garantin oder einer 100%igen Tochter- gesellschaft; oder

(iii) liens on any assets to secure Relevant In- debtedness of a Domestic Subsidiary to the Guarantor or to any wholly owned Domestic Subsidiary; or

(iv) Sicherheiten an den Vermögenswerten ei- ner Gesellschaft, die zum Zeitpunkt der Fu- sion oder des Zusammenschlusses dieser Gesellschaft mit der Garantin oder einer In- ländischen Tochtergesellschaft oder zum Zeitpunkt des Ankaufs, der Anmietung oder des sonstigen Erwerbs aller oder im We- sentlichen aller Vermögenswerte einer Ge- sellschaft oder eines Unternehmens durch die Garantin oder eine Inländische Tochter- gesellschaft bereits bestehen; oder

(iv) liens on any assets of a corporation existing at the time such corporation is merged into or consolidated with the Guarantor or a Do- mestic Subsidiary or at the time of a pur- chase, lease or other acquisition by the Guarantor or a Domestic Subsidiary of the assets of a corporation or firm as an entirety or substantially as an entirety by the Guar- antor or a Domestic Subsidiary; or

(v) Sicherheiten an den Vermögenswerten der Garantin oder einer Inländischen Tochter- gesellschaft zugunsten der Vereinigten Staaten oder eines ihrer Bundesstaaten oder eines Ministeriums, einer Behörde oder Einrichtung oder Gebietskörperschaft der Vereinigten Staaten oder eines ihrer Bun- desstaaten oder zugunsten eines anderen Landes oder eines seiner Gebietskörper- schaften zur Besicherung von Teil-, Ab- schlags- oder Vorauszahlungen oder sons- tigen Zahlungen im Rahmen eines Vertrags oder einer Vorschrift oder zur Besicherung Relevanter Verbindlichkeiten, die für Zwe- cke der Finanzierung des gesamten oder eines Teils des Kaufpreises (oder, im Falle von Immobilien, Baukosten) der Vermö- genswerte, an denen diese Sicherheiten be- stellt sind, eingegangen oder garantiert wer- den (einschließlich u.a. Sicherheiten, die in Verbindung mit Finanzierungen für Zwecke des Umweltschutzes, der Industrieentwick- lung o.ä. bestellt werden); oder

(v) liens on any of the Guarantor's assets or assets of any Domestic Subsidiary in favor of the United States or any State thereof, or any department, agency or instrumentality or political subdivision of the United States or any State thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or stat- ute or to secure any Relevant Indebtedness incurred or guaranteed for the purpose of fi- nancing all or any part of the purchase price (or, in the case of real property, the cost of construction) of the assets subject to such liens (including, but not limited to, liens in- curred in connection with pollution control, industrial revenue or similar financings); or

(vi) jede Verlängerung, Erneuerung oder Erset-

(vi) any extension, renewal or replacement (or zung (oder aufeinanderfolgende Verlänge- rungen, Erneuerungen oder Ersetzungen) einer der vorstehend genannten Sicherhei- ten in ihrer Gesamtheit oder in Teilen, vo- rausgesetzt, der Nennbetrag der dadurch besicherten Relevanten Verbindlichkeiten übersteigt nicht den Nennbetrag der zum Zeitpunkt der Verlängerung, Erneuerung oder Ersetzung besicherten Relevanten Verbindlichkeiten und die Verlängerung, Er- neuerung oder Ersetzung beschränkt sich auf die Vermögenswerte (in ihrer Gesamt- heit oder in Teilen), an denen die verlänger- te, erneuerte oder ersetzte Sicherheit be- stellt wurde (zuzüglich baulicher Verbesse- rungen und Bauten auf Grundstücken); und

(vii) Sicherheiten, die nach Maßgabe der vorste- henden Bestimmungen nicht erlaubt sind, soweit zum Zeitpunkt und nach Wirksam- werden der Bestellung oder Übernahme dieser Sicherheiten der Gesamtbetrag aller Relevanten Verbindlichkeiten der Garantin und der Inländischen Tochtergesellschaften, die durch Sicherheiten besichert sind, die nach den vorstehenden Bestimmungen nicht erlaubt sind, zusammen mit Zurechen- baren Verbindlichkeiten aus den gemäß § 6
(4) zulässigen Sale and-Lease-Back- Transaktionen sich auf nicht mehr als 10% der Konsolidierten Nettosachanlagen be- läuft.

„**Zurechenbare Verbindlichkeiten**" bezeichnet zum jeweiligen Zeitpunkt den Gesamtbetrag der Barwerte (abgezinst mit einem jährlichen Satz, der dem durchschnittlichen Zinssatz alle von der Garantin ausstehenden Anleihen entspricht, er- mittelt als gewichteter Durchschnitt, wobei die Zinsen halbjährlich dem Kapital zugeschlagen werden) der Verbindlichkeiten der Garantin oder einer Tochtergesellschaft aus Nettomietzahlun- gen während der Restlaufzeit aller Mietverträge (einschließlich der Zeiträume, um die diese Mietverträge verlängert wurden bzw. nach Wahl des Vermieters verlängert werden können). Der Begriff „Nettomietzahlungen" im Rahmen eines Mietvertrags für einen Zeitraum bezeichnet die Summe der Miet- und sonstigen Zahlungen, die während dieses Zeitraums durch den Mieter zu leisten sind, jedoch ohne die Beträge, die durch diesen Mieter im Rahmen des Mietvertrags für Wartung und Reparaturen, Wiederherstellung, Versicherung, Steuern, Veranlagungen, Was- sergeld oder ähnliche Kosten zu zahlen sind, (unabhängig davon, ob sie als Miete oder Miet- nachzahlung deklariert werden) oder der Beträ- ge, die durch diesen Mieter im Rahmen des

successive extensions, renewals or re- placements) in whole or in part of any lien referred to in the foregoing clauses; provid- ed, however, that the principal amount of Relevant Indebtedness secured thereby shall not exceed the principal amount of Relevant Indebtedness so secured at the time of such extension, renewal or replace- ment, and that such extension, renewal or replacement shall be limited to all or a part of the assets which secured the lien so ex- tended, renewed or replaced (plus im- provements and construction on real proper- ty); and

(vii) liens not permitted by the clauses above if at the time of, and after giving effect to, the creation or assumption of any such lien, the aggregate amount of all of our Relevant In- debtedness and all Relevant Indebtedness of the Guarantor and the Domestic Subsidi- aries secured by all such liens not so permit- ted by the clauses above together with the Attributable Debt in respect of Sale and Lease-Back Transactions permitted by § 6
(4) do not exceed 10% of Consolidated Net Tangible Assets.

"**Attributable Debt**" means, as of any particular time, the aggregate of present values (discount- ed at a rate per annum equal to the average in- terest borne by all of the Guarantor's outstand- ing debentures determined on a weighted aver- age basis and compounded semi-annually) of the Guarantor's obligations or obligations of any Subsidiary for net rental payments during the remaining term of all leases (including any peri- od for which such lease has been extended or may, at the option of the lessor, be extended). The term "net rental payments" under any lease of any period means the sum of the rental and other payments required to be paid in such peri- od by the lessee thereunder, not including, however, any amounts required to be paid by such lessee (whether or not designated as rent- al or additional rental) on account of mainte- nance and repairs, reconstruction, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amounts required to be paid by such lessee thereunder contingent upon the amount of sales, maintenance and repairs, re- construction, insurance, taxes, assessments, Mietvertrags in Abhängigkeit von der Höhe des Umsatzes, der Kosten der Wartung, Reparatu- ren und Wiederherstellung, von Versicherungen, Steuern, Veranlagungen, des Wassergelds oder ähnlicher Kosten zu leisten sind.

water rates or similar charges.

„**Konsolidierte Nettosachanlagen**" bezeichnet zum jeweiligen Termin die Summe aller Vermö- genswerte, die in der jüngsten aufgestellten konsolidierten Bilanz der Garantin zum Ende ei- nes Geschäftsquartals, ausgewiesen sind, die in Übereinstimmung mit allgemein anerkannten Grundsätzen der Rechnungslegung, nach der die Garantin bilanziert, zum Zeitpunkt der Be- rechnung erstellt wurde, abzüglich (a) aller kurzfristigen Verbindlichkeiten gemäß Ausweis in dieser Bilanz und (b) der Immateriellen Vermö- genswerte.

"**Consolidated Net Tangible Assets**" means at any date, the total assets appearing on the Guarantor's most recently prepared consolidat- ed balance sheet as of the end of a fiscal quar- ter, prepared in accordance with generally ac- cepted accounting principles applied by the Guarantor at the time of calculation, less (a) all current liabilities as shown on such balance sheet and (b) Intangible Assets.

„**Immaterielle Vermögenswerte**" bezeichnet den Wert (nach Abzug etwaiger entsprechender Rücklagen) gemäß Ausweis oder Berücksichtigung in der Bilanz: (i) aller Handelsnamen, Mar- ken, Lizenzen, Patente, Urheberrechte und Fir- menwerte; (ii) der Organisationskosten; und (iii) der aktiven Rechnungsabgrenzungsposten (mit Ausnahme im Voraus geleisteter Zahlungen wie Versicherungen, Steuern, Zinsen, Provisionen, Mieten und ähnliche Posten sowie abgeschrie- bener immaterieller Vermögenswerte); der Be- griff „Immaterielle Vermögenswerte" umfasst in keinem Fall Produktentwicklungskosten.

"**Intangible Assets**" means the value (net of any applicable reserves), as shown on or re- flected in such balance sheet of: (i) all trade names, trademarks, licenses, patents, copy- rights and goodwill; (ii) organizational costs; and
(iii) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets be- ing amortized); but in no event shall the term "Intangible Assets" include product development costs.

(4) *Beschränkungen bei Sale and Lease-Back- Transaktionen*. Die Garantin wird keine Verein- barungen mit Personen treffen (und dafür Sorge tragen, dass dies auch bei den Tochtergesell- schaften nicht der Fall ist), die die Anmietung von Immobilien oder sonstigen Vermögenswer- ten durch die Garantin oder eine Inländische Tochtergesellschaft vorsehen (es sei denn, die Laufzeit einer solchen Vereinbarung, einschließ- lich Verlängerungsrechten, beträgt nicht mehr als drei Jahre) und in deren Rahmen diese Im- mobilien oder sonstigen Vermögenswerte von der Garantin oder einer Inländischen Tochtergesellschaft an die betreffende Person verkauft oder übertragen wurden bzw. werden sollen (jeweils eine „**Sale and Lease-Back- Transaktion**"), es sei denn:

(i) die Garantin oder die betreffende Inländi- sche Tochtergesellschaft wäre zum Zeit- punkt des Abschlusses einer Sale and Lea- se-Back-Transaktion berechtigt, Relevante Verbindlichkeiten einzugehen, die durch Si- cherheiten an den zu mietenden Immobilien oder sonstigen Vermögenswerten besichert sind, deren Höhe mindestens den Zure-

(4) *Limitations on Sale and Lease-Back Trans- actions*. The Guarantor will not, and will not permit any Subsidiary to, enter into any ar- rangement with any person providing for the leasing by the Guarantor or a Domestic Subsid- iary of any property or assets, other than any such arrangement involving a lease for a term, including renewal rights, for not more than 3 years, whereby such property or asset has been or is to be sold or transferred by the Guarantor or any Domestic Subsidiary to such person (re- ferred to as a "**Sale and Lease-Back Transac- tion**"), unless:

(i) the Guarantor or such Domestic Subsidiary would, at the time of entering into a Sale and Lease-Back Transaction, be entitled to incur Relevant Indebtedness secured by a lien on the property or asset to be leased in an amount at least equal to the Attributable Debt in respect of such Sale and Lease- Back Transaction without equally and ratachenbaren Verbindlichkeiten in Bezug auf diese Sale und Lease-Back-Transaktion entspricht, ohne dass das Darlehen im glei- chen Rang und anteilig zu besichern wäre; oder

(ii) der Erlös aus dem Verkauf der zu mieten- den Immobilien oder sonstigen Vermögens- werte entspricht mindestens dem Marktwert derselben und ein Betrag in Höhe des Net- toerlöses aus dem Verkauf der gemieteten Immobilien oder sonstigen Vermögenswerte wird innerhalb von 180 Tagen nach Wirk- samwerden dieser Sale and Lease-Back- Transaktion für den Kauf oder Erwerb (oder, im Falle von Immobilien, die Errichtung) von Immobilien oder sonstigen Vermögenswer- ten oder die Tilgung (außer bei Fälligkeit oder nach Maßgabe einer zwingenden Til- gungsfonds- oder Rückzahlungsvereinba- rung) von Schuldverschreibungen oder der Fundierten Verbindlichkeiten der Garantin oder einer konsolidierten Inländischen Toch- tergesellschaft, die mit dem Darlehen min- destens im gleichen Rang stehen, verwen- det.

„**Fundierte Verbindlichkeiten**" bezeichnet Re- levante Verbindlichkeiten, die nach Maßgabe ih- rer Bedingungen mehr als ein Jahr nach dem Festlegungstag fällig werden, einschließlich Re- levanter Verbindlichkeiten, die nach Wahl des Schuldners bis zu einem Termin erneuert oder verlängert werden können, der mehr als ein Jahr auf das Datum der Festlegung folgt.

(5) *Beschränkungen bei Unternehmens- zusammenschlüssen, Fusionen und Verkäufen von Vermögenswerten*. Die Garantin schließt sich mit keiner anderen Person zusammen oder fusioniert mir ihr oder überträgt oder vermietet im Wesentlichen ihre gesamten Vermögenswer- te auf bzw. an eine Person, und die Garantin gestattet keiner Person, sich mit der Garantin zusammenzuschließen oder mir ihr zu fusionie- ren oder ihre Vermögenswerte im Wesentlichen insgesamt auf bzw. an die Garantin zu übertra- gen oder zu vermieten, es sei denn,

(i) falls die Garantin sich mit einer anderen Person zusammenschließt oder mit ihr fusi- oniert oder im Wesentlichen ihre gesamten Vermögenswerte auf bzw. an eine Person überträgt oder vermietet, die aus diesem Zusammenschluss oder dieser Fusion her- vorgehende Person oder die Person, die im Wesentlichen die gesamten Vermögenswer- te der Garantin durch Übertragung erwirbt oder anmietet, ist eine Kapitalgesellschaft,

bly securing the Loan; or

(ii) the proceeds of the sale of the property or assets to be leased are at least equal to the fair value of such property or assets and an amount equal to the net proceeds from the sale of the property or assets so leased is applied, within 180 days of the effective date of any such Sale and Lease-Back Transac- tion, to the purchase or acquisition (or, in the case of property, the construction) of proper- ty or assets or to the retirement (other than at maturity or pursuant to a mandatory sink- ing fund or redemption provision) of notes or of the Guarantor's Funded Indebtedness or Funded Indebtedness of a consolidated Domestic Subsidiary ranking on a parity with or senior to the Loan.

"**Funded Indebtedness**" means any Relevant Indebtedness maturing by its terms more than one year from the date of the determination thereof, including any Relevant Indebtedness renewable or extendible at the option of the ob- ligor to a date later than one year from the date of the determination thereof.

(5) *Limitations on Consolidations, Mergers and Sales of Assets*. The Guarantor shall not consol- idate with or merge into any other person or convey, transfer for lease its properties and as- sets substantially as an entirety to any person, and the Guarantor shall not permit any person to consolidate with or merge into the Guarantor or convey, transfer or lease its properties and assets substantially as an entirety to the Guar- antor, unless

(i) in case the Guarantor shall consolidate with or merge into another person or convey, transfer or lease its properties and assets substantially as an entirety to any person, the person formed by such consolidation or into which the Guarantor is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of the Guarantor substantially as an entirety shall be a corporation, partnership eine Personengesellschaft oder ein Trust, die/der nach dem Recht der Vereinigten Staaten von Amerika oder eines ihrer Bun- desstaaten oder des District of Columbia er- richtet wurde und gültigen Bestand hat und ausdrücklich die ordnungsgemäße und pünktliche Zahlung von Kapital, etwaigem Aufgeld und Zinsen auf das Darlehen sowie die Erfüllung oder Beachtung aller Bestim- mungen des Darlehensvertrags übernimmt, die seitens der Garantin zu erfüllen oder zu beachten sind;

(ii) unmittelbar nach der wirksamen Durchfüh- rung dieser Transaktion und Behandlung al- ler aufgrund dieser Transaktion auf die Ga- rantin oder eine Tochtergesellschaft über- gegangenen Verbindlichkeiten, als seien sie durch die Garantin oder diese Tochterge- sellschaft zum Zeitpunkt der Transaktion eingegangen worden, ist kein Kündigungs- grund und kein Ereignis, das nach entspre- chender Mitteilung oder Zeitablauf ein Kün- digungsgrund wäre, eingetreten und hält noch an;

(iii) die Garantin oder ihre Rechtsnachfolgerin trifft, falls aufgrund eines solchen Zusam- menschlusses oder einer solchen Fusion oder Übertragung oder Vermietung Vermö- genswerte der Garantin Grundschulden, Verpfändungen, Pfandrechten, Sicherungs- rechten oder sonstigen Belastungen unter- liegen würden, die nach diesem Darlehens- vertrag nicht zulässig sind, die Maßnahmen, die erforderlich sind, um das Darlehen effek- tiv im gleichen Rang und anteilig mit (oder vorrangig gegenüber) allen dadurch besi- cherten Verbindlichkeiten zu besichern; und

(iv) die Garantin hat den Gläubigern eine Be- scheinigung der Geschäftsleitung und ein Rechtsgutachten geliefert, aus der bzw. dem jeweils hervorgeht, dass dieser Zu- sammenschluss, diese Fusion, dieser Über- tragung oder Vermietung und, soweit ein weiterer Vertrag in Verbindung mit dieser Transaktion erforderlich ist, dieser weitere Vertrag mit diesem § 6 (5) im Einklang ste- hen und dass alle hierin vorgesehenen Vo- raussetzungen für eine solche Transaktion erfüllt sind.

§ 7 (Außerordentliche Kündigung)

(1) *Kündigungsgründe.* Unbeschadet der ge- setzlichen Kündigungsmöglichkeiten, kann jeder Gläubiger seinen Anteil am Darlehen aus wich-

or trust, shall be organized and validly exist- ing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume the due and punctual payment of the principal of and any premium and interest under the Loan and the performance or observance of every covenant of the Loan Agreement on the part of the Guarantor to be performed or observed;

(ii) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Guaran- tor or a Subsidiary as a result of such trans- action as having been incurred by the Guar- antor or such Subsidiary at the time of such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing;

(iii) if, as a result for any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the Guarantor would become subject to a mortgage, pledge, lien, security interest or other en- cumbrance which would not be permitted by this Loan Agreement, the Guarantor or such successor person, as the case may be, shall take such steps as shall be necessary effec- tively to secure the Loan equally and ratably with (or prior to) all indebtedness secured thereby; and

(iv) the Guarantor has delivered to the Creditors an officers' certificate and an opinion of counsel, each stating that such consolida- tion, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this § 6
(5) and that all conditions precedent herein provided for relating to such transaction have been complied with.

§ 7 (Events of Default)

(1) *Events of Default.* Notwithstanding any statu- tory termination rights, each Creditor may termi- nate and demand immediate repayment of its

tigem Grund kündigen und zur sofortigen Rück- zahlung fällig stellen. Ein wichtiger Grund liegt insbesondere in den folgenden Fällen vor:

(a) *Nichtzahlung*. Die Darlehensnehmerin oder die Garantin zahlt (i) Kapital nicht bei Fällig- keit oder (ii) Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeits- tag; oder

(b) *Verletzung einer sonstigen Verpflichtung*. Die Darlehensnehmerin oder die Garantin erfüllt irgendeine andere wesentliche Verpflichtung aus diesem Darlehensvertrag bzw. aus der Garantie nicht ordnungsgemäß und die Erfül- lung ist entweder nicht nachholbar oder wird nicht innerhalb von 60 Tagen nachdem die Darlehensnehmerin bzw. die Garantin eine schriftliche Benachrichtigung hierüber von Gläubigern, die gemeinsam mindestens 10% des Nennbetrags des Darlehens halten ent- sprechend § 13 erhalten hat, nachgeholt; oder

(c) *Nichteinhaltung einer Zusicherung*. Eine der Zusicherungen gemäß § 1 (2) war zum Zeit- punkt ihrer Abgabe nicht zutreffend; oder

(d) *Drittverzugsklausel*. Die Darlehensnehme- rin, die Garantin oder eine Inländische Toch- tergesellschaft ist bei einer Teilschuldver- schreibung, Anleihe, bei Schuldverschrei- bungen oder anderen Finanzverbindlichkei- ten der Darlehensnehmerin oder Relevanten Verbindlichkeiten der Garantin oder bei ei- ner Grundschuld oder einer sonstigen Im- mobilientransaktion oder einem Instrument, durch das laufende oder künftige Finanz- verbindlichkeiten der Darlehensnehmerin oder Relevanten Verbindlichkeiten der Ga- rantin (einschließlich des Darlehens) besi- chert oder verbrieft sind, im Verzug und die- ser Verzug stellt ein Zahlungsversäumnis in Bezug auf solche Verbindlichkeiten mit ei- nem Nennbetrag von mehr als USD
10.000.000 (oder den Gegenwert in anderen Währungen) dar, wenn diese bei Endfällig- keit und nach Ablauf einer anwendbaren Nachfrist fällig und zahlbar sind, oder führt dazu, dass diese Verbindlichkeiten vor dem Datum, zu dem sie ansonsten fällig und zahlbar gewesen wären, für fällig und zahl- bar erklärt werden, ohne dass innerhalb von 15 Tagen, nachdem eine schriftliche Mittei- lung an die Darlehensnehmerin durch die Inhaber von Schuldverschreibungen in ei- nem Nennbetrag in Höhe von mindestens 25% des ausstehenden Betrags unter dem Darlehen im Wege der Express- oder gleich-

share in the Loan for good cause (wichtiger Grund). Such good cause shall in particular be constituted by any of the following:

(a) *Non-Payment*. The Borrower or the Guaran- tor fails (i) to pay principal when due or (ii) interest within 30 days from the relevant due date; or

(b) *Breach of other Obligation*. The Borrower or the Guarantor fails to duly perform any other material obligation arising from the Loan and such failure is either not capable of remedy or is not remedied within 60 days after the Borrower or the Guarantor has received a notice thereof from Creditors of at least 10% in principal amount of the Loan in accor- dance with § 13; or

(c) *Breach of Representation*. One of the repre- sentations under § 1 (2) was incorrect when made; or

(d) *Cross-Default*. The Borrower, the Guarantor or any Domestic Subsidiary defaults under any bond, debenture, note or other evidence of Financial Indebtedness, Relevant Indebt- edness or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evi- denced any of the Borrower's current or fu- ture Financial Indebtedness (including the Loan), the Guarantor's current or future Rel- evant Indebtedness, which default consti- tutes a failure to pay such indebtedness in a principal amount in excess of USD 10,000,000 (or the equivalent in other cur- rencies) when due and payable at final ma- turity after the expiration of any applicable grace period or shall have resulted in such indebtedness in a nominal amount in excess of USD 10,000,000 (or the equivalent in other currencies) becoming or being de- clared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such accelera- tion having been rescinded or annulled, within a period of 15 days after there shall have been given, by overnight mail or other same day or overnight delivery service which can provide evidence of delivery, to the Borrower by the Creditors of at least 25% in outstanding nominal amount of the tägigen Postzustellung oder anderweitig durch einen Express- oder gleichtägigen Zustellungsdienst, bei dem ein Zustellungs- nachweis erbracht werden kann, ergangen ist, in der dieser Verzug dargelegt wird und die Erfüllung der Verbindlichkeiten oder die Aufhebung der vorzeitigen Fälligstellung verlangt wird und angegeben ist, dass es sich bei dieser Mitteilung um die Mitteilung eines Kündigungsgrunds im Rahmen des Darlehensvertrags handelt, diese Verbind- lichkeiten erfüllt werden oder die vorzeitige Fälligstellung aufgehoben wird; oder

(e) *Zahlungseinstellung*. Die Darlehensnehme- rin, die Garantin oder eine Inländische Toch- tergesellschaft stellt ihre Zahlungen ein, oder beginnt Verhandlungen mit ihren Gläu- bigern mit dem Ziel eines Moratoriums; oder

(f) *Insolvenz*. Die Eröffnung eines Insolvenz- verfahrens über das Vermögen der Darle- hensnehmerin, der Garantin oder einer In- ländischen Tochtergesellschaft wird von der Darlehensnehmerin, der Garantin oder der betroffenen Inländischen Tochtergesell- schaft beantragt oder die Darlehensnehme- rin, die Garantin bzw. eine Inländische Tochtergesellschaft ist zahlungsunfähig oder überschuldet (es sei denn, die Zah- lungsunfähigkeit oder Überschuldung wird innerhalb von 30 Tagen beseitigt) oder ein Gericht hat Sicherungsmaßnahmen nach den anwendbaren Insolvenzregeln ange- ordnet; oder

(g) *Einstellung der Geschäftstätigkeit*. Die Dar- lehensnehmerin, die Garantin oder eine In- ländische Tochtergesellschaft stellt ihre Ge- schäftstätigkeit ganz oder überwiegend ein, veräußert alle oder wesentliche Teile ihrer Vermögenswerte oder gibt diese in anderer Weise ab und dieses führt zu einer Gefähr- dung der Rückzahlung des Darlehens, es sei denn, dies ist gesetzlich erforderlich und eine die Vermögenswerte aufnehmende Person übernimmt die Gewähr für die Erfüllung der Verpflichtungen der Darlehensnehmerin aus dem Darlehen bzw. der Garantin aus der Ga- rantie; oder

(h) *Liquidation*. Die Darlehensnehmerin, die Ga- rantin oder eine Inländische Tochtergesell- schaft tritt in Liquidation, es sei denn, dies geschieht im Zusammenhang mit einer Ver- schmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Ge- sellschaft oder im Zusammenhang mit einer Umwandlung und die andere oder neue Ge-

Loan, a written notice specifying such de- fault and requiring the Borrower to cause such indebtedness to be discharged or cause such acceleration to be rescinded or annulled and stating that such notice is a notice of default under the Loan Agreement; or

(e) *Payment Moratorium*. The Borrower, the Guarantor or any Domestic Subsidiary ceases its payments or enters into negotia- tions with its creditors aiming at a payment moratorium; or

(f) *Insolvency*. The institution of insolvency proceedings with respect to the assets of the Borrower, the Guarantor or a Domestic Subsidiary as a result of an application made by the Borrower, the Guarantor or the relevant Domestic Subsidiary or the Bor- rower, the Guarantor or a Domestic Subsid- iary is insolvent or overindebted (unless the insolvency or overindebtedness is remedied within a period of 30 days) or a court has ordered protective measures pursuant to applicable insolvency rules; or

(g) *Cessation of Business*. The Borrower, the Guarantor or a Domestic Subsidiary ceases to carry on all of its business or material part thereof, sells or otherwise disposes of all or materially all of its assets and this results in the repayment of the Loan being threatened, except as may be required by law and in cir- cumstances where such person that ac- quires the relevant assets assumes full liabil- ity for the performance of the obligations of the Borrower under the Loan and the Guar- antor under the Guarantee; or

(h) *Liquidation*. The Borrower, the Guarantor or a Domestic Subsidiary enters into liquidation unless this occurs in connection with a merger or other form of combination with an- other company or in connection with a change in the legal form of the Borrower, the Guarantor or a Domestic Subsidiary and the other or new company assumes all obligasellschaft übernimmt alle Verpflichtungen, die die Darlehensnehmerin im Zusammen- hang mit diesem Darlehen bzw. die Garantin im Zusammenhang mit der Garantie einge- gangen ist; oder

(i) *Unwirksamkeit der Garantie:* Die Garantie ist oder wurde ganz oder teil-weise unwirksam oder undurchsetzbar.

(2) *Form der Kündigung.* Kündigungen müssen schriftlich erfolgen und sind der Darlehensneh- merin über die Zahlstelle zuzuleiten. In den Fäl- len § 7 (1) (a), (d) und (e) wird eine Kündigung erst dann wirksam, wenn die Zahlstelle von In- habern von mindestens 25% des ausstehenden Nennbetrags des Darlehens eine solche Kündi- gungsmitteilung erhalten hat.

(3) *Vorfälligkeitsentschädigung.* Falls das Darle- hen aus einem der in Absatz (1) genannten Gründe ganz oder teilweise vorzeitig zurückge- zahlt wird, wird die Darlehensnehmerin den be- treffenden Gläubigern denjenigen Schaden er- setzen, der den betreffenden Gläubigern aus der vorzeitigen Rückzahlung entsteht.

§ 8 (Zahlungen)

(1) *Zahlungen.* Die Darlehensnehmerin wird sämtliche unter diesem Darlehensvertrag fälli- gen Beträge nicht später als 13:00 Uhr (Frank- furter Zeit) am jeweiligen Fälligkeitstag auf ei- nem Konto der Zahlstelle in gleichtägig verfüg- baren Mitteln anschaffen. Diese Mittel werden von der Zahlstelle nicht verzinst. Aus den derart zur Verfügung gestellten Mitteln wird die Zahl- stelle Kapital und Zinsen sowie etwa sonst fälli- ge Beträge an etwaige Zessionare zahlen, die in der jeweils letzten von der Zahlstelle vor der Zahlung erhaltenen Abtretungsanzeige angege- ben sind. Wenn die Mittel nach dem im ersten Satz bezeichneten Zeitpunkt eingehen und un- beschadet der Forderungen der Gläubiger, wird die Zahlstelle weiterhin vernünftige Anstrengun- gen zur Durchführung der Zahlung aufwenden, haftet aber nicht für irgendwelche Schäden ei- ner verspäteten Zahlung. Die Darlehensnehme- rin wird der Zahlstelle auf Nachfrage unverzüg- lich die Zahlungsreferenz sowie alle erforderli- chen Angaben zur Identifikation der Zahlung in den für die Überweisung genutzten Zahlungs- systemen bestätigen.

(2) *Vorzeitige Zahlung an die Zahlstelle.* Im Fal- le einer wesentlichen Verschlechterung der fi- nanziellen Situation der Darlehensnehmerin ist die Zahlstelle berechtigt, die Anschaffung der unter § 8 (1) fälligen Mittel am Geschäftstag vor

tions of the Borrower under the Loan or of the Guarantor under the Guarantee; or

(i) *Invalidity of Guarantee:* The Guarantee is or has become invalid or unenforceable in whole or in part.

(2) *Form of Termination Notice*. Any notice of termination must be made in writing and sent to the Borrower through the Paying Agent. In the events specified in § 7 (1) (a), (d) and (e), any notice of termination shall become effective only when the Paying Agent has received such no- tices from holders of at least 25% of the out- standing nominal amount of the Loan.

(3) *Prepayment Compensation*. If the Loan is prepaid in whole or in part for any of the reasons referred to in subparagraph (1), the Borrower shall indemnify the relevant Creditors for the damage incurred by them as a result of such prepayment.

§ 8 (Payments)

(1) *Payments.* The Borrower shall make avail- able all amounts due under this Loan Agree- ment in same-day funds in an account of the Paying Agent not later than 1:00 p.m. (Frankfurt time) on the date of the relevant payment. The Paying Agent shall not pay any interest on such funds. From the funds so provided, the Paying Agent shall pay principal, interest and any fur- ther payable amounts to the Creditors specified in the most recent assignment notification re- ceived by the Paying Agent prior to such pay- ment. If the funds are received by the Paying Agent after the time set out in the first sentence of this paragraph and without prejudice to the claims of the Creditors, the Paying Agent shall continue to effect any payment by employing reasonable efforts but shall not be liable for any damages that result from any late payments. Upon request the Borrower will confirm to the Paying Agent without undue delay the payment reference and all other information that is nec- essary to identify the payment in the payment systems that are used for the money transfer.

(2) *Prior Day Funding.* In the event of a material deterioration of the financial situation of the Bor- rower the Paying Agent may ask for funding as set out in § 8 (1) above on the Business Day prior to the relevant payment date of principal or

dem jeweiligen Fälligkeitstag einer Zahlung von Kapital oder Zinsen zu verlangen. Die Zahlstelle wird der Darlehensnehmerin eine solche Vorver- legung der Fälligkeit gemäß § 13 und mit einer Frist von 15 Geschäftstagen mitteilen.

interest under the Loan. The Paying Agent will notify the Borrower of such earlier funding date in accordance with § 13 and with a notice period of 15 Business Days.

(3) *Vorschuss von Mitteln.* Sofern die erforderli- chen Mittel nicht rechtzeitig bei der Zahlstelle eingehen, ist die Zahlstelle im Auftrag der Dar- lehensnehmerin berechtigt, aber nicht verpflich- tet, die Mittel vorzulegen und für eine solche Vorlage Zinsen zu einem Satz, der dem Euro- pean OverNight Index Average („EONIA“) zu- züglich 0,50% per annum entspricht, zu verlan- gen.

(3) *Advance of Funds.* If the necessary funds are not received by the Paying Agent in due time, the Paying Agent shall be entitled but not obliged to advance the necessary funds on be- half of the Borrower and, for such an advance, to charge interest at the rate of the European OverNight Index Average ("EONIA") plus 0.50% per annum.

(4) *Erfüllung.* Ungeachtet der Tatsache, dass al- le Zahlungen auf das Darlehen ausschließlich über die Zahlstelle erfolgen, befreit, wenn und soweit der Darlehensnehmerin die Abtretung an einen Zessionar mindestens 10 Geschäftstage vor dem betreffenden Zahlungstermin angezeigt wird, erst die Zahlung der fälligen Beträge an diesen Zessionar oder eine von ihm bezeichne- te Bank oder andere Institution die Darlehens- nehmerin von ihren jeweiligen Zahlungsver- pflichtungen.

(4) *Discharge of Obligations.* Notwithstanding that all payments under the Loan shall be ef- fected exclusively through the Paying Agent, only the payment to the relevant assignee or to a bank or other institution designated by such assignee shall release the Borrower from its re- spective obligations, if and to the extent that the Borrower has received notification of the as- signment to such assignor at least 10 Business Days before the relevant payment date.

(5) *Anrechnung.* Zahlungen auf das Darlehen werden in der in § 367 (1) BGB vorgesehenen Reihenfolge auf die fälligen Beträge angerech- net (zunächst auf die Kosten, dann auf Zinsen und zuletzt auf das Kapital). Sollten die Zahlun- gen nicht ausreichen, um einen bestimmten fäl- ligen Betrag vollständig zu tilgen, werden die Zahlungen pro rata auf die Gläubiger verteilt.

(5) *Application of Payments.* Payments on the Loan shall be applied in the sequence provided for in § 367 (1) of the German Civil Code to the payable amounts (first to the costs, then to in- terest and finally to the principal). If the pay- ments are not sufficient to fully discharge any relevant due amount the payments shall be dis- tributed among the Creditors on a pro rata ba- sis.

§ 9 (Gegenforderungen)

Die Darlehensnehmerin bzw. die Garantin kann gegenüber Forderungen eines Gläubigers nur aufrechnen, wenn die Forderungen gegen den betreffenden Gläubiger unbestritten oder rechtskräftig festgestellt sind. Solange und so- weit das Darlehen (i) an ein Versicherungsun- ternehmen abgetreten wird und zum Siche- rungsvermögen im Sinne von § 125 Versiche- rungsaufsichtsgesetz gehört oder (ii) an eine Bank abgetreten wird und zu einer aufgrund in- ländischer gesetzlicher Vorschriften gebildeten Deckungsmasse einer Bank gehört oder (iii) an ein deutsches Versorgungswerk abgetreten wird, verzichtet die Darlehensnehmerin bzw. die Garantin im Hinblick auf Forderungen im Zu- sammenhang mit diesem Darlehen, auch im Falle der Insolvenz, auf jede Aufrechnung sowie die Ausübung von Pfandrechten, Zurückbehal-

§ 9 (Counterclaims)

The Borrower and the Guarantor shall only be entitled to set off claims of any Creditor where the claims against such Creditor are unchal- lenged or have been recognized by a final judgement. To the extent that the Loan is as- signed to (i) an insurance company and belongs to the committed assets (Sicherungsvermögen) in accordance with § 125of the German Insur- ance Supervisory Act (Versicherungsauf- sichtsgesetz) or (ii) to a bank and belongs to the committed assets of a bank under any domestic covered bond legislation or (iii) to a German pro- fessional pension fund (Versorgungswerk), the Borrower and the Guarantor waive any right of set-off against the claims under this Loan; also in the event of any insolvency, as well as the exercise of any pledge, right of retention or other rights which could adversely affect the tungsrechten und sonstigen Rechten, durch welche die Forderungen der Gläubiger aus dem Darlehen oder der Garantie beeinträchtigt wer- den können.

§ 10 (Abtretungen, Zahlstellendienst)

(1) *Abtretung.* Jeder Gläubiger ist berechtigt, seine Forderungen aus diesem Darlehen insge- samt oder in Teilbeträgen abzutreten. Die Abtre- tung kann nur in Teilbeträgen von EUR 1.000.000 oder (falls höher) einem ganzzahligen Vielfachen von EUR 500.000 erfolgen.

(2) *Form und Anzeige der Abtretung.* Jede Ab- tretung bedarf der Schriftform und hat in Form und Inhalt dem diesem Vertrag als Anhang 2 beigefügten Muster einer Abtretungserklärung zu entsprechen. Den Zessionaren stehen, so- fern in diesem Vertrag nicht anders bestimmt, die gleichen Rechte, Gestaltungsrechte und An- sprüche zu, die sich für den Zedenten aus die- sem Darlehensvertrag ergeben, einschließlich etwaiger Kündigungsrechte. Die Anzeige der Abtretung gegenüber der Darlehensnehmerin im Sinne von § 409 BGB erfolgt durch Übermittlung der unterzeichneten Abtretungsvereinbarung an die von der Darlehensnehmerin bestellte Zahl- stelle. Die unter diesem § 10 (2) genannten Vo- raussetzungen für eine Abtretung gelten nicht, wenn die Abtretung an eine Notenbank des Eu- rosystems zu Zwecken der Besicherung erfolgt. In solch einem Fall unterliegt die Wirksamkeit der Abtretung zu Sicherungszwecken ausdrück- lich keinen formalen Anforderungen und keiner Anzeigepflicht. Die Zahlstelle verpflichtet sich, die Darlehensnehmerin und die Garantin über eine Abtretung (eines Teils) des Darlehens spä- testens 10 Geschäftstage, nachdem der Zahl- stelle eine solche Abtretung nach § 10 des Dar- lehens angezeigt wurde, zu informieren und un- verzüglich auf Anfrage der Darlehensnehmerin oder der Garantin eine Liste mit den jeweiligen Gläubigern des Darlehens, den Adressen sowie den diesen zustehenden Anteilen am Darlehen zu übersenden.

(3) *Keine Übertragung von Rechten.* Die Darle- hensnehmerin ist nicht berechtigt, Rechte aus diesem Vertrag auf Dritte zu übertragen.

(4) *Zahlstellendienst.* Die Bank übernimmt als Beauftragte der Darlehensnehmerin und der Garantin den Zahlstellendienst (die „**Zahlstel- le**“). Die Zahlstelle handelt ausschließlich als Er- füllungsgehilfin der Darlehensnehmerin und der Garantin und übernimmt keinerlei Verpflichtun- gen gegenüber den Gläubigern und es wird kein

claims of the Creditors under the Loan or the Guarantee.

§ 10
(Assignments, Duties of the Paying Agent)

(1) *Assignment.* Each Creditor may assign in full or in part its claims under this Loan. Partial As- signments can only be made in amounts of EUR 1,000,000 or (if in higher amounts) an integral multiple of EUR 500,000.

(2) *Form and Notification of Assignment.* Any assignment must be made in writing and, as to form and content, should be in accordance with the form of the assignment agreement attached hereto as Annex 2. Unless stated otherwise herein, the Assignees shall have the same rights, rights to alter a legal relationship and ti- tles under this Loan Agreement as the assignor, including any early termination rights. The notifi- cation of the assignment to the Borrower under § 409 of the German Civil Code (BGB) shall be made by submitting the executed assignment agreement to the Paying Agent appointed by the Borrower. The requirements for an assignment referred to in this § 10 (2) shall not apply where the assignment is made for collateral purposes to a central bank within the Eurosystem. In such case, the validity of the assignment for collateral purposes is expressly not subject to any formal requirements and notification duty. The Paying Agent hereby undertakes to notify the Borrower and the Guarantor of an assignment of (a part of) the Loan no later than 10 Business Days af- ter becoming aware of such assignment pursu- ant to § 10 of the Loan Agreement and submit immediately upon request by the Borrower or the Guarantor a list of the current Creditors of the Loan, their addresses as well as their par- ticipation amounts in respect of the Loan.

(3) *No Transfer of Rights*. The Borrower shall not be entitled to transfer to third parties any rights under this Agreement.

(4) *Duties of the Paying Agent.* The Bank shall act as paying agent for the Borrower and the Guarantor (the “**Paying Agent**“). The Paying Agent solely acts as the agent of the Borrower and the Guarantor and does not assume any obligations towards or relationship of agency or trust for any holder. The Paying Agent shall pay

Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet. Die Zahlstelle wird die von der Darlehensnehmerin bzw. der Garantin erbrachten Zahlungen an Kapital und Zinsen an die ihr bis spätestens 10 Geschäfts- tage vor dem Zahlungstermin bekannt gemach- ten Zessionare weiterleiten. Weiterhin wird die Zahlstelle etwaige Mitteilungen der Darlehens- nehmerin bzw. der Garantin oder der Gläubiger an die jeweils andere Partei entsprechend § 13 weiterleiten.

to the assignees notified to it at least 10 Busi- ness Days prior to the payment date any pay- ments of principal and interest made to it by the Borrower or the Guarantor. The Paying Agent shall also forward any communications sent by the Borrower, the Guarantor or the Creditors to the relevant other party as set out in § 13.

(5) *Sorgfaltsstandard.* Die Zahlstelle haftet bei der Ausführung ihrer Aufgaben für die Sorgfalt eines ordentlichen Kaufmanns. Die Zahlstelle übernimmt keine Gewähr für die an die Darle- hensnehmerin oder die Gläubiger weitergeleite- ten Informationen oder Mitteilungen oder die rechtzeitige Geltendmachung jeglicher Rechte der Darlehensnehmerin oder der Gläubiger. In Bezug auf jegliche Haftung für eine Vertragsver- letzung, einschließlich etwaiger Schadensmin- derungspflichten, finden die deutschen gesetzli- chen Bestimmungen Anwendung.

(5) *Standard of Care.* The Paying Agent shall be responsible for the due care of a proper mer- chant for the performance of its duties. The Pay- ing Agent assumes no responsibility for any in- formation or communication it has passed on to the Borrower or the Creditors or for the timely exercise of any rights of the Borrower or the Creditors. For any liability for breach of contract the provisions of German statutory law shall ap- ply, including any duties to mitigate damages.

(6) *Haftungsfreistellung.* Die Darlehensnehmerin bzw. die Garantin verpflichtet sich, die Zahlstelle von sämtlichen Schäden (einschließlich aller angemessen entstandener Kosten für Rechts- berater sowie zu entrichtender Umsatzsteuer) freizustellen, die im Zusammenhang mit diesem Vertrag entstehen und welche nicht auf einer vorsätzlichen oder grob fahrlässigen Pflichtver- letzung der Zahlstelle beruhen. Die Freistel- lungsverpflichtung überdauert die Laufzeit oder Beendigung dieses Vertrages und bleibt unge- achtet der Rückzahlung des Darlehens wirksam.

(6) *Indemnity.* The Borrower and the Guarantor shall indemnify the Paying Agent against any damages (including all adequate legal fees and any value-added tax) arising in connection with this Agreement, unless to the extent such dam- ages arise from the wilful default or gross negli- gence of the Paying Agent. The obligation to in- demnify will survive the term and termination of this Loan Agreement or the repayment of the Loan.

(7) *Kündigung.* Die Darlehensnehmerin kann die Bestellung der Zahlstelle jederzeit mit einer Frist von 30 Tagen schriftlich kündigen. Die Zahlstel- le kann ihre Bestellung als Zahlstelle gegenüber der Darlehensnehmerin jederzeit mit einer Frist von 45 Tagen schriftlich kündigen.

(7) *Termination.* The Borrower may terminate the appointment of the Paying Agent at any time by giving 30 days' written notice. The Paying Agent may resign from its appointment as pay- ing agent at any time by giving 45 days' written notice to the Borrower.

(8) Nachfolgestelle. Ein Rücktritt wird erst mit der Bestellung einer anderen internationalen Bank mit guter Reputation als Nachfolger in der jeweiligen Funktion (die „**Nachfolgestelle**“) durch die Darlehensnehmerin wirksam. Falls ei- ne solche Ernennung nicht innerhalb von 30 Tagen nach der Rücktrittsmitteilung der Zahl- stelle gegenüber der Darlehensnehmerin ge- mäß § 10 (7) 2. Satz erfolgt, ist die Zahlstelle berechtigt, eine Nachfolgestelle im Auftrag und auf Kosten der Darlehensnehmerin zu ernen- nen.

(8) Successor Agent. Any resignation shall be effective upon the appointment by the Borrower of another bank of good reputation as successor in the relevant functions (the "**Successor Agent**"). If such appointment has not been made within 30 days following the Paying Agent's notice of resignation given to the Bor- rower pursuant to § 10 (7) 2nd sentence, the Paying Agent shall be entitled to appoint such Successor Agent on behalf and at the expense of the Borrower.

§ 11 (Stempelsteuern, Kosten)

Die Darlehensnehmerin trägt sämtliche Stem- pelsteuern und Dokumentensteuern, welche im Zusammenhang mit der Ausfertigung oder Un- terzeichnung des Darlehensvertrags bzw. der Garantie oder der Ausführung von Zahlungen zahlbar werden. Im Fall einer von der Darle- hensnehmerin veranlassten Änderung des Ver- trags oder einer Stundung oder eines Verzichts eines Gläubigers übernimmt die Darlehensneh- merin alle dadurch in angemessener Weise ent- standenen Kosten.

§ 11
(Stamp Duties, Expenses)

The Borrower shall bear all stamp duties or document taxes that arise as a result of the execution or delivery of the Loan Agreement or the Guarantee or the execution of any pay- ments. The Borrower shall bear all costs that arise reasonably as a result of a change of the terms of the Loan Agreement requested by the Borrower or a waiver or consent to deferral of any Creditor.

§ 12 (Informationspflichten)

(1) *Übersendung von Dokumenten.* Die Darle- hensnehmerin wird die Gläubiger während der Laufzeit des Darlehens über ihre finanzielle Si- tuation und die Entwicklung ihres Geschäfts in- formieren. Dieses erfolgt durch die Übersen- dung des jeweils aktuellen Jahresabschlusses und, falls vorhanden, von unabhängigen Wirt- schaftsprüfern geprüften und testierten Kon- zernabschlusses der Darlehensnehmerin und der Garantin sowie etwaiger veröffentlichter Zwischenberichte. Die Übersendung dieser Do- kumente an die Gläubiger erfolgt innerhalb von 30 Tagen nach der Veröffentlichung bzw. 60 Tage nach Fertigstellung des betreffenden Ab- schlusses oder Berichts, spätestens jedoch 6 Monate nach dem Ende des betreffenden Ge- schäftsjahres der Darlehensnehmerin elektro- nisch oder in ausreichender Anzahl über die Zahlstelle. Eine Übersendung ist nicht erforder- lich, wenn die genannten Dokumente frei auf ei- ner den Gläubigern bekannten Internetseite ver- fügbar sind.

(2) *Informationspflicht.* Die Darlehensnehmerin wird die Gläubiger über die Zahlstelle unverzüg- lich und unaufgefordert informieren, falls ein Er- eignis eingetreten ist oder einzutreten droht das die Gläubiger sofort, nach Ablauf einer Frist oder Abgabe einer Mahnung zu einer Kündi- gung dieses Darlehensvertrages berechtigen würde. Eine Information erfolgt auch über alle Umstände, die wesentliche nachteilige Auswir- kungen auf die Fähigkeit der Darlehensnehme- rin bzw. der Garantin, ihren Verpflichtungen un- ter diesem Vertrag bzw. unter der Garantie nachzukommen, haben könnten. Weiter wird die Darlehensnehmerin und die Garantin auf jeder- zeit mögliches, begründetes Verlangen eines Gläubigers im Rahmen des gesetzlich Zulässi- gen über ihre wirtschaftliche Lage und den Jah- resabschluss Auskunft erteilen.

§ 12 (Information Covenant)

(1) *Submission of Documents*. During the term of the Loan, the Borrower shall inform the Credi- tors about its financial situation and the devel- opment of its business. Such information shall be effected by submission of the most recent annual accounts and, if available, audited by in- dependent auditors, consolidated accounts of the Borrower and the Guarantor and any pub- lished interim reports. Such documents shall be submitted to the Creditors through the Paying Agent electronically or in sufficient quantities no later than 30 days after the publication or 60 days after the completion of the relevant ac- count or report, but in any event no later than 6 months after the relevant financial year of the Borrower. To the extent such accounts and re- ports are freely available on an internet website of which the Creditors are aware any physical submission is not necessary.

(2) *Information Duty*. The Borrower shall promptly and without any further request inform the Creditors through the Paying Agent of any event that has occurred or is imminent that would entitle the Creditors to terminate the Loan Agreement immediately, upon the expiration of a grace period or following a reminder. Informa- tion shall also be made about all circumstances that may have a material adverse effect on the ability of the Borrower or the Guarantor to meet its obligations under this Loan Agreement or the Guarantee. Furthermore, the Borrower and the Guarantor shall, to the extent legally permissi- ble, provide at any time information about its economic situation and annual accounts upon any Creditor's reasonable request.

(3) *Vertraulichkeit.* Die Bank, die Gläubiger und die Zahlstelle werden sämtliche Maßnahmen ergreifen, damit die ihnen übermittelten Informationen nicht irgendwelchen Dritten außerhalb ih- rer eigenen Organisation (mit Ausnahme ihrer Berater, die zur Verschwiegenheit verpflichtet sind) zur Kenntnis gelangen können. Ungeach- tet dessen ist jeder Gläubiger befugt, Informati- onen aus und im Zusammenhang mit diesem Vertrag offenzulegen (i) an Personen, an (oder durch) die der Gläubiger seine Rechte und/oder Pflichten aus diesem Vertrag (teilweise) abtritt, überträgt oder dies erwägt (sowie deren Bera- ter, die zur Verschwiegenheit verpflichtet sind) und (ii) aufgrund einer Aufforderung eines zu- ständigen Gerichtes, einer staatlichen, Steuer-, Bankaufsichts- oder anderen Behörde oder ähn- lichen Institution oder aufgrund anderer an- wendbarer Regelungen weitergegeben werden muss/soll.

§ 13 (Mitteilungen)

Vorbehaltlich schriftlich oder elektronisch mitge- teilter Änderungen gilt Folgendes für Mitteilun- gen unter diesem Vertrag:

(a) Alle Mitteilungen von Gläubigern zur Weiter- leitung an die Darlehensnehmerin oder Ga- rantin (einschließlich Anzeige von Abtretun- gen oder Kündigungen) und alle Mitteilun- gen der Darlehensnehmerin oder Garantin für die Gläubiger:

Deutsche Bank Aktiengesellschaft GBS FISOS
Frankfurt Issuance and Treasury Support Große Gallusstraße 10-14
60272 Frankfurt am Main Tel.:+49 69 910 31441
Fax:+49 69 910 41325
Email:GTO-FFT.SDO@db.com

(b) Kontaktangaben der Darlehensnehmerin für die Weiterleitung von Mitteilungen:

Sonoco Deutschland Holdings Industriestrasse 6-9
D-77743 Neuried
Tel.:+49 171 5310367
Email:michel.jotz@sonoco.com Attn.:Michel Jotz

(c) Kontaktangaben der Garantin für die Weiter- leitung von Mitteilungen:

Sonoco Products Company Treasurer
Mail Stop B01

(3) *Confidentiality.* The Bank, the Creditors and the Paying Agent shall undertake all measures in order that the information provided to them will not be made available to any third parties outside of the own organisation (except for their advisors who are bound to confidentiality). Not- withstanding the aforesaid, each Creditor is enti- tled to disclose information from and in connec- tion with this agreement to (i) persons to which (or through whom) the Creditor assigns or trans- fers by way of assumption of contract its rights and claims (also partially) under the agreement or envisages to do so (as well as their advisors who are bound to confidentiality) and (ii) whom information is required or requested to be dis- closed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body or pursuant to any applicable law or regulation

§ 13 (Notices)

Subject to any changes notified in writing or electronically the following shall apply to any communications under this Loan Agreement:

(a) All notices of Creditors to be passed on to the Borrower or Guarantor (including notifi- cations of assignment or termination) and all communications of the Borrower or Guaran- tor for Creditors:

Deutsche Bank Aktiengesellschaft GBS FISOS
Frankfurt Issuance and Treasury Support Große Gallusstrasse 10-14
60272 Frankfurt am Main Tel.:+49 69 910 31441
Fax:+49 69 910 41325
Email:GTO-FFT.SDO@db.com

(b) Contact details of the Borrower for for- warded notices:

Sonoco Deutschland Holdings Industriestrasse 6-9
D-77743 Neuried
Tel.:+49 171 5310367
Email:michel.jotz@sonoco.com Attn.:Michel Jotz

(c) Contact details of the Guarantor for for- warded notices:

Sonoco Products Company Treasurer
Mail Stop B01

1 North Second Street Hartsville SC 29550
Tel.:+1 843 383 7000
Fax:+1 843 383 7066

(d) Kommunikationen zwischen Darlehensneh- merin und der Zahlstelle bezüglich der Aus- führung von Zahlungen:

Deutsche Bank Aktiengesellschaft Trust & Securities Services (TSS)
Taunusanlage 12
60325 Frankfurt am Main Deutschland
Tel: +49 69 910 30817
Fax: +49 69 910 38672

§ 14 (Schlussbestimmungen)

(1) *Anwendbares Recht.* Form und Inhalt dieses Vertrages sowie der Garantie sowie die sich da- raus ergebenden Rechte und Pflichten bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand und Erfüllungsort.* Gerichts- stand für alle Rechtsstreitigkeiten aus den in diesem Vertrag sowie in der Garantie geregel- ten Angelegenheiten ist Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor Gerichten in jedem anderen Land, in dem Vermögen der Darlehensnehmerin oder der Ga- rantin belegen ist, geltend machen. Erfüllungsort ist Frankfurt am Main.

(3) *Schriftform.* Jede Änderung dieses Vertrages oder der Garantie (einschließlich der Änderung dieser Schriftformklausel) bedarf der Schrift- form.

(4) *Salvatorische Klausel.* Sollten irgendwelche Bestimmungen dieses Vertrages oder der Ga- rantie ganz oder teilweise rechtsunwirksam sein oder werden, so bleiben die anderen Bestim- mungen dieses Vertrages oder der Garantie in Kraft. Unwirksame Bestimmungen sind dem Sinn und Zweck dieses Vertrages oder der Ga- rantie entsprechend durch wirksame Bestim- mungen zu ersetzen, die in ihrer wirtschaftlichen Auswirkung denjenigen der unwirksamen Be- stimmungen so nahe kommen, wie rechtlich möglich. Entsprechendes gilt für ergänzungsbedürftige Lücken.

(5) *Ausfertigung.* Dieser Vertrag wird in zwei Ausfertigungen unterzeichnet. Die Garantie wird im Original unterzeichnet und der Bank ausge- händigt. Jede Ausfertigung gilt als ein Original. Zum Nachweis der Forderung bedarf es nicht

1 North Second Street Hartsville SC 29550
Tel.:+1 843 383 7000
Fax:+1 843 383 7066

(d) Notices of the Borrower and the Paying Agent relating to the execution of payments:

Deutsche Bank Aktiengesellschaft Trust & Securities Services (TSS)
Taunusanlage 12
60325 Frankfurt am Main Germany
Tel: +49 69 910 30817
Fax: +49 69 910 38672

§ 14
(Final Provisions)

(1) *Governing Law.* This Agreement and the Guarantee, both as to form and content, and the rights and duties arising therefrom shall in all respects be governed by German law.

(2) *Place of Jurisdiction and Place of Perform- ance.* The place of jurisdiction for all proceed- ings arising from matters provided for in this Agreement and the Guarantee shall be Frankfurt am Main. The Creditors may, however, also pur- sue their claims before courts in any other country in which assets of the Borrower or the Guar- antor are located. The place of performance shall be Frankfurt am Main.

(3) *Written Form*. Any amendment of this Agreement or the Guarantee (including any amendment of this clause) shall be valid only if made in writing.

(4) *Partial Invalidity*. Should any of the provi- sions of this Agreement or the Guarantee be or become invalid, in whole or in part, the other provisions of this Agreement or the Guarantee shall remain in force. Invalid provisions shall, according to the intent and purpose of this Agreement or the Guarantee, be replaced by such valid provisions the economic effect of which is as close as legally possible to that of the invalid provisions. The same applies to any gaps for which supplemental clauses would be required.

(5) *Counterparts*. This Agreement shall be signed in two counterparts. The original of the Guarantee shall be signed and handed over to the Bank. Each counterpart shall be considered an original. In order to furnish proof of the claim

der Vorlage des Vertrages. Die diesem Vertrag beigefügten Anhänge gelten als Bestandteil die- ses Vertrages.

the presentation of the Agreement is not re- quired. The Annexes to this Agreement shall be deemed to form part of this Agreement.

(6) *Verbindliche Sprache.* Die Fassung in deut- scher Sprache ist verbindlich und der englische Text ist eine unverbindliche Übersetzung.

(6) *Binding Language*. The German language version is binding and the English language text is a non-binding translation.

§ 15
(Erklärung gemäß dem Geldwäschegesetz)

Die Darlehensnehmerin versichert den Gläubi- gern, dass sie die mit diesem Darlehen gewähr- ten Mittel ausschließlich für ihre eigene Rech- nung aufnimmt und nicht für eine andere Person als wirtschaftlich Berechtigter im Sinne des Geldwäschegesetzes.

§ 15
(Statement according to the German Anti- Money-Laundering Act)

The Borrower confirms to the Creditors that it will borrow the funds granted under this Loan exclusively for its own respective accounts and not for another person as beneficial owner within the meaning of the German Anti-Money- Laundering Act (*Geldwäschegesetz*).

Nordhorn, Hartsville und Frankfurt am Main, 23. Mai 2016

Nordhorn, Hartsville and Frankfurt am Main, 23 May 2016

SONOCO DEUTSCHLAND HOLDINGS GMBH
(als Darlehensnehmerin)
(as Borrower)

SONOCO PRODUCTS COMPANY
(als Garantin)
(as Guarantor)

DEUTSCHE BANK AKTIENGESELLSCHAFT
(als Gläubiger und Zahlstelle)
(as Creditor and Paying Agent)

Anhang 1 / Annex 1

Auszahlungsvoraussetzungen / Conditions Precedent

1. Kopie eines Beschlusses des Vorstandes und (wenn erforderlich) des Aufsichtsrates der Darle- hensnehmerin und der Garantin über die Ausfertigung des Darlehensvertrages bzw. der Garan- tie.
   Copy of a resolution of the board of directors and (if required) the supervisory board of the Bor- rower and the Guarantor authorizing the execution of the Loan Agreement and the Guarantee.
2. Kopie der Satzung der Darlehensnehmerin und der Garantin.
   Copy of articles of association of the Borrower and the Guarantor.
3. Kopie eines aktuellen Auszuges aus dem Handelsregister die Darlehensnehmerin betreffend und eines vergleichbaren Dokumentes/Nachweises die Garantin betreffend.
   Copy of a current extract from the commercial register relating to the Borrower and of a compa- rable document or evidence relating to the Guarantor.
4. Eine Aufstellung mit Namen, Funktionen und Unterschriftsproben aller Personen, die befugt sind, für die Darlehensnehmerin und die Garantin im Zusammenhang mit dem Darlehen bzw. der Ga- rantie zu handeln.
   A list with respect to the Borrower setting forth names, functions and specimen signatures of all persons authorized to act for the Borrower and the Guarantor in relation to the Loan and the Guarantee.
5. Der von der Darlehensnehmerin rechtswirksam unterzeichnete Darlehensvertrag.
   The Loan Agreement duly signed by the Borrower.
6. Die von der Garantin rechtswirksam unterzeichnete Garantie.
   The Guarantee duly signed by the Guarantor.
7. Vorlage des letzten Jahresabschlusses der Darlehensnehmerin und des letzten von unabhängi- gen Wirtschaftsprüfern geprüften (Konzern-) abschlusses der Garantin und aller seitdem verfüg- baren Zwischenberichte.
   Submission of the most recent financial statements of the Borrower and of the most recent au- dited (consolidated) financial statements of the Guarantor and any available interim financial statements since then.
8. Ein die Bank zufriedenstellendes Rechtsgutachten bezüglich deutschen Rechts und bezüglich des Rechts des Staates South Carolina.
   A legal opinion satisfactory to the Bank as to German law and as to the laws of the State of South Carolina.

Anhang 2 / Annex 2 Muster der Abtretungsvereinbarung /

Form of the Assignment Agreement

Abtretungsvereinbarung

zwischen

[]
(„**Zedent**“)

und

[]
(„**Zessionar**“)

§ 1 (Abtretung)

(1) *Abtretung.* Der Zedent tritt hiermit dem Zes- sionar seine Darlehensforderung gegenüber Sonoco Deutschland Holdings GmbH (die „**Dar- lehensnehmerin**“) gemäß dem in Kopie beige- fügten Darlehensvertrag vom 25. Mai 2016 über ein EUR 150.000.000 Darlehen (der „**Darle- hensvertrag**“) einschließlich Zinsen und aller Nebenrechte sowie der Rechte aus der Garantie im Nennbetrag von

EUR [•].000.000
(in Worten: Euro [•] Millionen) mit Wirkung vom [•] 20[•], ab.

(2) *Annahme der Abtretung.* Der Zessionar nimmt diese Abtretung hiermit an.

§ 2 (Anzeige)

(1) *Anzeige der Abtretung.* Der Zedent wird die- se Abtretung der Deutschen Bank Aktiengesell- schaft, GBS FISOS, Frankfurt Issuance & Trea- sury Support, Fax: +49 69 910 41325 [1] (die „**Zahlstelle**“), unter Angabe des Namens und der Anschrift des Zessionars sowie des Datums, von dem ab diesem die Zinsen zustehen, unver- züglich unter Beifügung einer unterzeichneten Ausfertigung dieser Abtretungsvereinbarung an- zeigen.

(2) *Voraussetzungen für eine wirksame Abtre- tung.* Der Zessionar nimmt zur Kenntnis, dass eine weitere Abtretung der ihm hiermit ab- getretenen Darlehensforderungen den Be- schränkungen des § 10 des Darlehensvertrags unterliegt und zu ihrer Wirksamkeit der Zahlstel- le unverzüglich in gleicher Weise anzuzeigen ist.

(3) *Schuldbefreiende Leistung.* Der Zessionar nimmt weiter zur Kenntnis, dass eine Leistung an den letzten der Zahlstelle vor der Leistung

Assignment Agreement

between

[]
(“**Assignor**”)

and

[]
(“**Assignee**”)

§ 1 (Assignment)

(1) *Assignment.* The Assignor hereby assigns to the Assignee its (partial) claim against Sonoco Deutschland Holdings GmbH (the “**Borrower**”) pursuant to the Loan Agreement dated 25 May 2016 relating to the EUR 150,000,000 loan (the “**Loan Agreement**”) a copy of which is attached, together with interest and all rights an- cillary thereto, including those under the Guar- antee, in the nominal amount of

EUR [•],000,000
(in words: Euro [•] million) with effect from [•] 20[•].

(2) *Agreement to the Assignment.* The Assignee hereby agrees to such assignment.

§ 2 (Notification)

(1) *Notification of Assignment.* The Assignor shall immediately notify this assignment in writ- ing to Deutsche Bank Aktiengesellschaft (the “**Paying Agent**”), GBS FISOS, Frankfurt Issu- ance & Treasury Support, Fax: +49 69-910 41325,[2] indicating the name and address of the Assignee as well as the date from which the As- signee shall be entitled to interest together with an executed version of this assignment agree- ment.

(2) *Requirements for valid assignment.* The As- signee acknowledges that any further assign- ment of the claims assigned herewith shall be subject to the limitation and formalities of § 10 of the Loan Agreement and in order to be effective needs to be notified to the Paying Agent in the same manner as this assignment.

(3) *Discharge of obligations.* The Assignee fur- ther acknowledges that any payments made to the most recent Assignor duly notified to the

[1] Im Falle der Änderung der Zahlstelle anzupassen.

[2] To be adopted in case of a change of the Paying Agent.

ordnungsgemäß gemäß § 10 des Darlehensver- trags angezeigten Zedenten die Darlehens- nehmerin von der betreffenden Verbindlichkeit aus dem Darlehen befreit.

Paying Agent in accordance with § 10 of the Loan Agreement shall fully discharge the Bor- rower from its obligations under the Loan Agreement.

§ 3 (Schlussbestimmungen)

(1) *Anwendbares Recht.* Diese Vereinbarung bestimmt sich in jeder Hinsicht nach dem deut- schen Recht.

(2) *Ausfertigungen.* Diese Vereinbarung wurde in drei Ausfertigungen unterzeichnet. Je eine Ausfertigung wird an die Zahlstelle, an den Ze- denten und an den Zessionar ausgehändigt. Je- de der Ausfertigungen gilt als Original.

[*Ort, Datum*]

(Zedent)

(Zessionar)

§ 3
(Final Provisions)

(1) *Governing Law.* This agreement shall in all respects be governed by German law.

(2) *Counterparts.* This agreement will be made in three original copies. One copy each will be retained by the Assignor and Assignee, respec- tively and one copy will be sent to the Paying Agent. Each copy shall be considered an origi- nal.

[*Place, Date*]

(Assignor)

(Assignee)

Anhang 3 / Annex 3

Muster der Garantie / Form of the Guarantee

Deutsche Bank Aktiengesellschaft
-GBS FISOS
Frankfurt Issuance and Treasury Support
Große Gallusstraße 10-14
60272 Frankfurt am Main

GARANTIE
GUARANTEE

auf erstes Anfordern
on first demand

der
of the

SONOCO PRODUCTS COMPANY
1 North Second Stree Hartsville, South Carolina, 29550
USA

(die „**Garantin**")
*(the "**Guarantor**")*

zugunsten gegenwärtiger und künftiger Gläubiger unter dem Darlehen
for the benefit of the present and future Creditors under the Loan

im Nennbetrag von EUR 150.000.000
in the nominal amount of EUR 150,000,000

ausgezahlt an disbursed to

SONOCO DEUTSCHLAND HOLDINGS GMBH
Fennastr. 94
48529 Nordhorn Deutschland / *Germany*

(die „**Darlehensnehmerin**")
*(the "**Borrower**")*

Nur die deutsche Fassung ist verbindlich; bei de englischen Text handelt sich um eine unverbindlic Übersetzung.

The German version is binding and the English text is a non-binding translation.

§ 1 (Garantie, Definitionen)

(1) Die Darlehensnehmerin hat am 25. Mai 2016 einen Darlehensvertrag über EUR 150.000.000 mit einer Verzinsung von 1,00% per annum (der „**Darlehensvertrag**" bzw. das „**Darlehen**") ab- geschlossen.

(2) Die Garantin garantiert den Gläubigern des Darlehens hiermit unbedingt und unwiderruflich die ordnungsgemäße Zahlung aller aufgrund des Darlehens zu zahlenden Beträge und an dem Zahlungsort, die/der in dem Darlehensver- trag festgelegt ist, frei von jeglichen Abzügen oder Einbehalten. Die Garantie erstreckt sich auch auf Ausgleichszahlungen nach § 5 (1) des Darlehensvertrags für den Fall der Erhebung ei- ner Quellensteuer in Deutschland und schließt bei entsprechender Anwendung der Vorschriften des § 5 (1) des Darlehensvertrags eine Ver- pflichtung zur Vornahme von Ausgleichszahlun- gen betreffend Zahlungen unter dieser Garantie ein, soweit solche Zahlungen von der Erhebung einer Quellensteuer nach dem Recht der Verei- nigten Staaten von Amerika betroffen sind.

(3) Begriffe, die in dieser Garantie verwendet werden und in dem Darlehensvertrag definiert sind, haben in dieser Garantie die gleiche Be- deutung wie in dem Darlehensvertrag, soweit sie in dieser Garantie nicht anderweitig definiert sind.

§ 1 (Guarantee, Definitions)

(1) The Borrower has on the date of 25 May 2016 entered into a loan agreement for the amount of EUR 150,000,000 bearing interest at the rate of 1.00 per cent. per annum (the "**Loan Agreement**").

(2) The Guarantor hereby unconditionally and ir- revocably guarantees to the Creditors under the Loan the due payment of all amounts payable under the Loan and at such place of payment as is specified in the Loan Agreement and without any deduction or withholding. The Guarantee also extends to compensation payments for the levy of Withholding Taxes in Germany pursuant to § 5 (1) of the Loan Agreement and, subject to the provisions of § 5 (1) of the Loan Agreement being applicable *mutatis mutandis*, requires to make compensation payments for the levy of withholding taxes under the law of the United States of America which might become payable in relation to payments being made under this Guarantee.

(3) Terms used in this Guarantee and defined in the Loan Agreement in this Guarantee shall have the same meaning as in the Loan Agree- ment unless otherwise defined in this Guaran- tee.

§ 2
(Rang der Garantie)

(1) Diese Garantie stellt einen Vertrag zuguns- ten der jeweiligen Gläubiger als begünstigte Drit- te gemäß § 328 (1) BGB dar, der jedem Gläubi- ger das Recht gibt, Erfüllung der hierin über- nommenen Verpflichtungen unmittelbar von der Garantin zu verlangen und diese Verpflichtun- gen unmittelbar gegen die Garantin durchzuset- zen.

(2) Diese Garantie begründet eine unwiderrufli- che, nicht nachrangige und (vorbehaltlich der Bestimmungen in § 3 dieser Garantie) nicht be- sicherte Verpflichtung der Garantin, die mit allen sonstigen nicht nachrangigen und nicht besi- cherten Verpflichtungen der Garantin wenigs- tens im gleichen Rang steht.

(3) Diese Garantie begründet die selbständige Verpflichtung der Garantin, unter allen Umstän- den Zahlung gemäß den Bestimmungen dieser

§ 2
(Status of the Guarantee)

(1) This Guarantee shall constitute a contract for the benefit of the relevant Creditors as third- party beneficiaries pursuant to § 328 (1) of the German Civil Code (BGB) entitling each Creditor to demand directly from the Guarantor the per- formance of the obligations assumed herein and to enforce such obligations directly against the Guarantor.

(2) This Guarantee constitutes an irrevocable, unsecured (subject to § 3 hereof) and unsubor- dinated obligation of the Guarantor and ranks at least pari passu with all other unsecured and unsubordinated obligations of the Guarantor.

(3) This Guarantee shall constitute the Guaran- tor's independent obligation to pay under any and all circumstances in accordance with the

Garantie zu leisten. Dies gilt unabhängig von der Wirksamkeit des Darlehensvertrages, der Rechtmäßigkeit des Darlehensvertrages, der Durchsetzbarkeit des Darlehensvertrages und ungeachtet aller Einwendungen und Einreden der Darlehensnehmerin oder von dritter Seite.

(4) Die Verpflichtungen der Garantin aus dieser Garantie bleiben auch bei Auflösung oder Ände- rung von Struktur oder Rechtsform der Darle- hensnehmerin in Kraft.

(5) Kein Gläubiger ist verpflichtet, vor der Anfor- derung unter dieser Garantie von der Darle- hensnehmerin oder von irgendeinem Dritten Zahlung zu verlangen, gegen die Darlehens- nehmerin oder einen Dritten gerichtlich vorzuge- hen oder irgendwelche bestellten Sicherheiten zu verwerten.

provisions of this Guarantee. This shall apply ir- respective of the validity of the Loan Agreement, the lawfulness of the Loan Agreement, the en- forceability of the Loan Agreement and notwith- standing all objections and defences of the Bor- rower or any third party.

(4) The Guarantor's obligations under this Guar- antee shall remain valid even in the event of the Borrower's liquidation or any change in its struc- ture or legal form.

(5) No Creditor shall be obliged to demand pay- ment from the Borrower or any third party, to take legal action against the Borrower or any third party or to realize any securities created prior to the demand for payment under this Guarantee.

§ 3
(Negativerklärung, andere Verpflichtungen)

(1) *Negativverpflichtung*. Die Garantin verpflich- tet sich, den Bestimmungen aus § 6 (3) des Dar- lehensvertrags nachzukommen.

(2) *Beschränkungen bei Sale and Lease-Back- Transaktionen*. Die Garantin verpflichtet sich, den Bestimmungen aus § 6 (4) des Darlehens- vertrags nachzukommen.

(3) *Beschränkungen bei Unternehmens- zusammenschlüssen, Fusionen und Verkäufen von Vermögenswerten*. Die Garantin verpflichtet sich, den Bestimmungen aus § 6 (5) des Darle- hensvertrags nachzukommen.

§ 3
(Negative Pledge, other Undertakings)

(1) *Negative Pledge*. The Guarantor undertakes to comply with the provisions set out under § 6 (3) of the Loan Agreement.

(2) *Restriction on Sale and Lease-Back Trans- actions*. The Guarantor undertakes to comply with the provisions set out under § 6 (4) of the Loan Agreement.

(3) *Restriction on Consolidations, Mergers and Sales of Assets*. The Guarantor undertakes to comply with the provisions set out under § 6 (5) of the Loan Agreement.

§ 4
(Beschränkung des Forderungsübergangs)

Solange die Verbindlichkeiten nicht vollständig erfüllt und noch nicht alle aufgrund des Darle- hensvertrages an die Gläubiger zahlbaren Be- träge vollständig und unwiderruflich bei den Gläubigern eingegangen oder von diesen einge- zogen worden sind, wird die Garantin keinen Anspruch geltend machen, der ihr aus vertragli- chen oder anderen rechtlichen Gründen auf- grund der Erfüllung ihrer Verpflichtungen aus dieser Garantie gegen die Darlehensnehmerin zustehen könnte. Von der Darlehensnehmerin bei der Garantin eingehende oder von der Ga- rantin eingezogene Zahlungen nimmt die Garan- tin treuhänderisch für die Gläubiger entgegen und leitet diese sofort an die Gläubiger weiter. Wenn der Garant aus dieser Garantie Zahlung an die Gläubiger leistet, gehen die Rechte der Gläubiger gegen die Darlehensnehmerin auf die Garantin erst dann über, wenn alle aufgrund des Darlehensvertrages an die Gläubiger zahlbaren

§ 4
(Restriction on the Transfer of Claims)

As long as the liabilities have not been met in full and all amounts payable to the Creditors under the Loan Agreement have not been received or collected in full and irrevocably by the Creditors, the Guarantor shall not assert any claim against the Borrower to which it may be entitled for con- tractual reasons or on any other legal grounds due to the performance of its obligations under this Guarantee. The Guarantor shall accept any payments received or collected by it from the Borrower on a trust basis on behalf of the Credi- tors and shall pass them on to the Creditors im- mediately. If the Guarantor makes any payment to the Creditors under this Guarantee, the Credi- tors' rights against the Borrower shall only pass to the Guarantor when all amounts payable to the Creditors under the Loan Agreement have been received or collected in full and irrevocably by the Creditors.

Beträge vollständig und unwiderruflich bei den Gläubigern eingegangen oder von diesen einge- zogen worden sind.

§ 5 (Gegenforderungen)

Die Garantin kann gegenüber Forderungen ei- nes Gläubigers nur aufrechnen, wenn die Forde- rungen gegen den betreffenden Gläubiger unbestritten oder rechtskräftig festgestellt sind. So- lange und soweit das Darlehen an ein Versiche- rungsunternehmen abgetreten wird und zum Sicherungsvermögen im Sinne von § 125 Versi- cherungsaufsichtsgesetz oder zu einer aufgrund inländischer gesetzlicher Vorschriften gebildeten Deckungsmasse gehört, verzichtet die Garantin im Hinblick auf Forderungen im Zusammenhang mit diesem Darlehen, auch im Falle der Insol- venz, auf jede Aufrechnung sowie die Ausübung von Pfandrechten, Zurückbehaltungsrechten und sonstigen Rechten, durch welche die Forderungen der Gläubigerin aus dem Darlehensver- trag beeinträchtigt werden können.

§ 5 (Counterclaims)

The Guarantor shall only be entitled to set off claims of any Creditor where the claims against such Creditor are unchallenged or have been recognized by judgement. To the extent that the Loan is assigned to an insurance company and belongs to the committed assets (*Sicherungs- vermögen*) in accordance with § 125 of the German Insurance Supervisory Act (*Versi- cherungsaufsichtsgesetz*) the Guarantor waives any right of set-off against the claims under this Loan; also in the event of any insolvency, as well as the exercise of any pledge, right of retention or other rights which could adversely af- fect the claims arising from the Loan Agree- ment.

§ 6 (Erlöschen der Garantie)

Diese Garantie gilt vom Tag ihrer Ausstellung und erlischt, sobald alle Beträge, die nach dem Wortlaut des Darlehensvertrages von der Darlehensnehmerin geschuldet sind, vollständig und endgültig befriedigt worden sind. Sollte ein Gläubiger danach in Erfüllung dieses Darlehensvertrages erhaltene Beträge aufgrund eines Insolvenz- oder eines ähnlichen die Darlehens- nehmerin betreffenden Verfahrens wieder herauszugeben verpflichtet sein, dann lebt diese Garantie trotz ihres Erlöschens wieder auf und bleibt weiter in Kraft.

§ 6
(Termination of the Guarantee)

This Guarantee shall be valid from the date of its execution and terminate when all amounts ex- pressed to be owed by the Borrower pursuant to the Loan Agreement have finally been settled in full. If any Creditor is subsequently obliged to re- fund any amounts received in settlement of the Loan Agreement due to insolvency or similar proceedings with respect to the Borrower, this Guarantee shall be reinstated despite its termi- nation and continue to be in force.

§ 7 (Schlussbestimmungen)

(1) Diese Garantie bestimmt sich in jeder Hin- sicht nach dem deutschen Recht.

(2) Gerichtsstand ist Frankfurt am Main. Jeder Gläubiger kann seine Ansprüche gegenüber der Garantin jedoch auch vor Gerichten in jedem anderen Land, in dem Vermögen der Garantin belegen ist, geltend machen.

(3) Falls eine Bestimmung dieser Garantie un- wirksam oder undurchsetzbar ist, bleiben ihre übrigen Bestimmungen wirksam.

(4) Die Garantin verzichtet gemäß § 151 BGB auf die Erklärung der Annahme dieser Garantie durch die Deutsche Bank Aktiengesellschaft.

§ 7
(Final Provisions)

(1) This Guarantee shall be governed in all re- spects by German law.

(2) The place of jurisdiction shall be Frankfurt am Main. Each Creditor may, however, also as- sert its claims against the Borrower before the courts in any other country where assets of the Guarantor are located.

(3) Should any provision of this Guarantee be invalid or unenforceable, the remaining provi- sions shall continue to be valid.

(4) Pursuant to § 151 of the German Civil Code (BGB), the Guarantor waives the declaration of acceptance of this Guarantee by Deutsche Bank

Aktiengesellschaft.

(5) Die Deutsche Bank Aktiengesellschaft, die diese hiermit Garantie annimmt, handelt nicht als Treuhänderin oder in ähnlicher Eigenschaft für die Zessionare.

(5) Deutsche Bank Aktiengesellschaft, which hereby accepts the Guarantee, shall not act as trustee or in any similar capacity on behalf of the Assignees.

(6) *Zustellungsbevollmächtigter.* Die Garantin benennt die Sonoco Deutschland Holdings GmbH, Fennastr. 94, 48529 Nordhorn, Deutschland unwiderruflich als Zustellungsbevollmäch- tigte in Deutschland für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit dieser Garantie.

(6) *Process Agent.* For all legal disputes arising under or in connection with this Guarantee the the Guarantor irrevocably appoint Sonoco Deutschland Holdings GmbH, Fennastr. 94, 48529 Nordhorn, Germany as authorized agent for accepting service of process in Germany.

Hartsville, 25. Mai 2016 / 25 May 2016

SONOCO PRODUCTS COMPANY

(als Garantin) (*as Guarantor*)

DEUTSCHE BANK AKTIENGESELLSCHAFT

(ohne Obligo, Zusicherung oder Haftung)
(without recourse or liability)

EXHIBIT 15

August 3, 2016

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Commissioners:

We are aware that our report dated August 3, 2016 on our review of interim financial information of Sonoco Products Company for the three and six-month periods ended July 3, 2016 and June 28, 2015 and included in the Company's quarterly report on Form 10-Q for the quarter ended July 3, 2016 is incorporated by reference in its Registration Statements on Forms S-8 (File No. 333-206669; File No. 333-206671; File No. 333-206672; File No. 333-206673; File No. 333-206674; and File No. 333-206675).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

EXHIBIT 31

I, M. Jack Sanders, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2016

By: /s/ M. Jack Sanders
M. Jack Sanders
Chief Executive Officer

EXHIBIT 31

I, Barry L. Saunders, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sonoco Products Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2016

By: /s/ Barry L. Saunders
Barry L. Saunders
Senior Vice President and Chief Financial Officer

EXHIBIT 32

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002

The undersigned, who are the chief executive officer and the chief financial officer of Sonoco Products Company, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q for the quarter ended July 3, 2016, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

August 3, 2016

/s/ M. Jack Sanders

M. Jack Sanders
Chief Executive Officer

/s/ Barry L. Saunders

Barry L. Saunders
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Sonoco Products Company (the “Company”) and will be retained by the Company and furnished to the Securities and Exchange Commission upon request. This certification accompanies the Form 10-Q and shall not be treated as having been filed as part of the Form 10-Q.