

**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 April 2, 2017

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 April 20, 2017:

Common stock, no par value: 99,384,318

SONOCO PRODUCTS COMPANY

INDEX

<u>PART I. FINANCIAL INFORMATION</u>	<u>3</u>
Item 1. <u>Financial Statements:</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets - April 2, 2017 (unaudited) and December 31, 2016 (unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income – Three Months Ended April 2, 2017 (unaudited) and April 3, 2016 (unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income – Three Months Ended April 2, 2017(unaudited) and April 3, 2016 (unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows – Three Months Ended April 2, 2017 (unaudited) and April 3, 2016 (unaudited)</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Report of Independent Registered Public Accounting Firm</u>	<u>27</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>28</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>38</u>
Item 4. <u>Controls and Procedures.</u>	<u>38</u>
<u>PART II. OTHER INFORMATION</u>	<u>39</u>
Item 1. <u>Legal Proceedings.</u>	<u>39</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>40</u>
Item 6. <u>Exhibits.</u>	<u>40</u>

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	April 2, 2017	December 31, 2016*
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 212,790	\$ 257,226
Trade accounts receivable, net of allowances	663,312	625,411
Other receivables	43,003	43,553
Inventories:		
Finished and in process	172,149	127,446
Materials and supplies	258,210	245,368
Prepaid expenses	41,831	49,764
	<u>1,391,295</u>	<u>1,348,768</u>
Property, Plant and Equipment, Net	1,155,192	1,060,017
Goodwill	1,156,674	1,092,215
Other Intangible Assets, Net	273,894	224,958
Deferred Income Taxes	47,371	42,130
Other Assets	165,979	155,115
Total Assets	<u><u>\$ 4,190,405</u></u>	<u><u>\$ 3,923,203</u></u>
<u>Liabilities and Equity</u>		
Current Liabilities		
Payable to suppliers	\$ 521,784	\$ 477,831
Accrued expenses and other	265,818	273,996
Notes payable and current portion of long-term debt	76,712	32,045
Accrued taxes	18,086	18,744
	<u>882,400</u>	<u>802,616</u>
Long-term Debt, Net of Current Portion	1,177,188	1,020,698
Pension and Other Postretirement Benefits	419,180	447,339
Deferred Income Taxes	63,467	59,753
Other Liabilities	39,303	38,092
Commitments and Contingencies		
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares		
99,384 and 99,193 shares issued and outstanding at April 2, 2017 and December 31, 2016, respectively	7,175	7,175
Capital in excess of stated value	319,365	321,050
Accumulated other comprehensive loss	(699,874)	(738,380)
Retained earnings	1,958,577	1,942,513
Total Sonoco Shareholders' Equity	<u>1,585,243</u>	<u>1,532,358</u>
Noncontrolling Interests	23,624	22,347
Total Equity	<u>1,608,867</u>	<u>1,554,705</u>
Total Liabilities and Equity	<u><u>\$ 4,190,405</u></u>	<u><u>\$ 3,923,203</u></u>

* 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	
	April 2, 2017	April 3, 2016
Net sales	\$ 1,172,324	\$ 1,226,276
Cost of sales	952,102	981,023
Gross profit	220,222	245,253
Selling, general and administrative expenses	126,138	134,193
Restructuring/Asset impairment charges	4,111	9,228
Income before interest and income taxes	89,973	101,832
Interest expense	13,085	14,189
Interest income	1,027	402
Income before income taxes	77,915	88,045
Provision for income taxes	25,539	29,194
Income before equity in earnings of affiliates	52,376	58,851
Equity in earnings of affiliates, net of tax	1,954	1,339
Net income	\$ 54,330	\$ 60,190
Net (income) attributable to noncontrolling interests	(597)	(276)
Net income attributable to Sonoco	\$ 53,733	\$ 59,914
Weighted average common shares outstanding:		
Basic	100,112	101,628
Diluted	100,980	102,329
Per common share:		
Net income attributable to Sonoco:		
Basic	\$ 0.54	\$ 0.59
Diluted	\$ 0.53	\$ 0.59
Cash dividends	\$ 0.37	\$ 0.35

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended	
	April 2, 2017	April 3, 2016
Net income	\$ 54,330	\$ 60,190
Other comprehensive income/(loss):		
Foreign currency translation adjustments	30,836	30,828
Changes in defined benefit plans, net of tax	11,299	5,948
Changes in derivative financial instruments, net of tax	(2,949)	1,900
Other comprehensive income	39,186	38,676
Comprehensive income	93,516	98,866
Net (income) attributable to noncontrolling interests	(597)	(276)
Other comprehensive (income) attributable to noncontrolling interests	(680)	(1,412)
Comprehensive income attributable to Sonoco	\$ 92,239	\$ 97,178

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended	
	April 2, 2017	April 3, 2016
Cash Flows from Operating Activities:		
Net income	\$ 54,330	\$ 60,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	337	—
Depreciation, depletion and amortization	49,008	53,572
Share-based compensation expense	3,026	4,840
Equity in earnings of affiliates	(1,954)	(1,339)
Cash dividends from affiliated companies	1,950	1,150
Net (gain) on disposition of assets	(46)	(1,242)
Pension and postretirement plan expense	12,353	10,657
Pension and postretirement plan contributions	(43,557)	(32,042)
Tax effect of share-based compensation exercises	—	1,120
Excess tax benefit of share-based compensation	—	(1,161)
Net increase in deferred taxes	463	220
Change in assets and liabilities, net of effects from acquisitions, dispositions, and foreign currency adjustments:		
Trade accounts receivable	(10,002)	(41,623)
Inventories	(9,752)	(11,218)
Payable to suppliers	14,684	(17,213)
Prepaid expenses	(1,224)	4,427
Accrued expenses	(11,550)	(6,171)
Income taxes payable and other income tax items	10,283	28,415
Other assets and liabilities	(951)	13,805
Net cash provided by operating activities	67,398	66,387
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(50,455)	(55,685)
Cost of acquisitions, net of cash acquired	(221,417)	—
Proceeds from the sale of assets	1,481	2,592
Investment in affiliates and other, net	133	46
Net cash used in investing activities	(270,258)	(53,047)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	170,297	13,787
Principal repayment of debt	(17,637)	(10,993)
Net change in commercial paper	41,000	—
Net increase in outstanding checks	2,742	9,841
Excess tax benefit of share-based compensation	—	1,161
Cash dividends	(36,840)	(35,396)
Shares acquired	(5,539)	(18,931)
Shares issued	—	559
Net cash used in financing activities	154,023	(39,972)
Effects of Exchange Rate Changes on Cash	4,401	(3,464)
Net Decrease in Cash and Cash Equivalents	(44,436)	(30,096)
Cash and cash equivalents at beginning of period	257,226	182,434
Cash and cash equivalents at end of period	<u>\$ 212,790</u>	<u>\$ 152,338</u>

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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 months ended April 2, 2017, are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. 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, 2016.

With respect to the unaudited condensed consolidated financial information of the Company for the three-month periods ended April 2, 2017 and April 3, 2016 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 May 3, 2017 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 March 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-07, “*Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*,” which requires an employer to report service cost in the same line item as other compensation costs arising from employees during the period. The other components of net benefit cost as defined are required to be presented separately from the service cost component and outside a subtotal of income from operations, if one is presented, or disclosed. This update also allows only the service cost component to be eligible for capitalization when applicable and is effective for periods beginning after December 15, 2017. The amendments should be applied retrospectively for the presentation of the components of net benefit cost in the income statement and prospectively for the capitalization of the service cost component. The Company does not expect the implementation of ASU 2017-07 to have a material effect on its financial position or results of operations.

In February 2017, the FASB issued ASU 2017-05, “*Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*,” which defined the term “in-substance nonfinancial asset” and clarified that an entity should identify each distinct nonfinancial asset or in-substance nonfinancial asset promised to a counterparty who is a noncustomer and derecognize each asset when a counterparty obtains control of it. The update also clarifies the applicable accounting treatment for certain transactions involving a partial sale of a nonfinancial asset (or in-substance nonfinancial asset) and the exchange or retaining of noncontrolling interests. This update is effective for periods beginning after December 15, 2017, and should be applied at the same time as the amendments in ASU 2014-09, which is discussed later in this Note. The Company does not expect the implementation of ASU 2017-05 to have a material effect on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, “*Simplifying the Test for Goodwill Impairment*,” eliminating the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under ASU 2017-04, goodwill impairment testing will be performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. The new standard is effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019, and should be applied on a prospective basis. The Company does not expect the implementation of ASU 2017-04 to have a material impact on its consolidated financial statements.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

In January 2017, the FASB issued ASU 2017-01, "*Clarifying the Definition of a Business*," providing guidance to entities to assist with evaluating when a set of transferred assets and activities (collectively, the "set") is a business and provides a screen to determine when a set is not a business. Under the new guidance, when substantially all of the fair value of gross assets acquired (or disposed of) is concentrated in a single identifiable asset, or group of similar assets, the assets acquired would not represent a business. Also, to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to produce outputs. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and should be applied on a prospective basis to any transactions occurring within the period of adoption. The Company does not expect the implementation of ASU 2017-01 to have a material impact on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, "*Restricted Cash*," requiring that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The guidance is effective for periods beginning after December 15, 2017, on a retrospective basis. The Company does not expect the implementation of ASU 2016-18 to have a material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, "*Intra-Entity Transfers of Assets Other Than Inventory*" as part of its simplification initiative to reduce complexity in accounting standards. This update requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The guidance is effective for periods beginning after December 15, 2017 on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company does not expect the implementation of ASU 2016-16 to have a material effect on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*," providing clarification on eight cash flow classification issues, including 1) debt prepayment or debt extinguishment costs, 2) settlement of relatively insignificant debt instruments, 3) contingent consideration payments, 4) insurance claim settlements, 5) life insurance settlements, 6) distributions received from equity method investees, 7) beneficial interests in securitization transactions, and 8) separately identifiable cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company does not expect the implementation of ASU 2016-15 to have a material effect on its consolidated financial statements.

In June 2016, the 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 impacts several aspects of the accounting for share-based payment transactions, including among others, the classification of excess tax benefits in the statements of income and cash flows and accounting for forfeitures. The Company's adoption of this update effective January 1, 2017 resulted in the recognition of \$1,632 of excess tax benefits in the income statement during the quarter ended April 2, 2017. In accordance with the provisions of this ASU, excess tax benefits have also been recognized on a prospective basis within the operating section of the consolidated statement of cash flows for the period ended April 2, 2017, rather than the financing section. Pursuant to adoption of the new ASU, the Company recorded a cumulative charge to retained earnings of \$318 for the elimination of estimated forfeitures associated with the Company's share-based compensation. The Company has elected to recognize forfeitures prospectively as they occur beginning January 1, 2017.

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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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 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. ASU 2014-09 is effective for reporting periods beginning after December 15, 2017. Although the Company will not complete its final assessment and quantification of the impact of ASU 2014-09 on its consolidated financial statements until adoption, it expects the adoption to have the effect of accelerating the timing of revenue recognition compared to current standards for those arrangements under which the Company is producing customer-specific products without alternative use and would be entitled to payment for work completed, including a reasonable margin. The Company plans to adopt ASU 2014-09 in the first quarter of fiscal 2018 following the modified retrospective transition method.

During the three-month period ended April 2, 2017, 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 April 2, 2017, 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

On March 14, 2017, the Company completed the acquisition of Packaging Holdings, Inc. and subsidiaries, including Peninsula Packaging LLC ("Packaging Holdings"), for \$221,417, net of cash acquired. Final consideration will be subject to an adjustment for the change in working capital to the date of close. Packaging Holdings manufactures thermoformed packaging for a wide range of whole fresh fruits, pre-cut fruits and produce, prepared salad mixes, as well as baked goods in retail supermarkets from five manufacturing facilities, including four in the United States and one in Mexico. The Company financed the transaction with a combination of cash and borrowings from a new \$150,000 three-year term loan.

The provisional fair values of the assets acquired and liabilities assumed in connection with the acquisition of Packaging Holdings are as follows:

Trade accounts receivable	\$	14,535
Inventories		42,428
Property plant and equipment		77,267
Goodwill		60,018
Other intangible assets		54,000
Trade accounts payable		(21,655)
Other net tangible assets /(liabilities)		(5,176)
Net assets	\$	<u>221,417</u>

The allocation of the purchase price to the assets acquired and liabilities assumed was based on the Company's preliminary estimates of their fair value, based on information currently available. Factors comprising goodwill, a portion of which is expected to be deductible for income tax purposes, include increased access to certain markets as well as the value of the assembled workforce. As the acquisition was completed close to the end of the reporting period, management is continuing to finalize its valuation of certain assets and liabilities including, but not limited to: identifiable intangible assets; property, plant and equipment; deferred income taxes; and capital leases. Management expects to complete its valuations in the second or third quarter of 2017. Packaging Holding's financial results are included in the Company's

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Consumer Packaging segment and the business will operate as the Peninsula brand of thermoformed packaging products within the Company's global plastics division.

The Company has accounted for this acquisition as a business combination under the acquisition method of accounting, in accordance with the business combinations subtopic of the Accounting Standards Codification and, accordingly, has included its results of operations in the Company's consolidated statements of net income from the date of acquisition. The Company does not believe this acquisition is a material transaction subject to the disclosures and supplemental pro-forma information required by ASC 805. Accordingly, this information is not presented.

During the period ended April 2, 2017, the Company finalized its valuations of the assets and liabilities acquired in conjunction with the 2016 acquisitions of Plastic Packaging Inc. ("PPI") and Laminar Medica ("Laminar") based on information obtained about facts and circumstances that existed as of their respective acquisition dates. As a result, measurement period adjustments were made to the previously disclosed provisional fair values of PPI's net assets that increased identifiable intangibles by \$1,400, increased property, plant and equipment by \$400, increased the deferred tax liability by \$706, and decreased goodwill by \$1,094. The measurement period adjustments to the previously disclosed provisional fair values of Laminar's net assets increased goodwill by \$161 and decreased property, plant and equipment by \$161.

Acquisition-related costs of \$4,325 and \$326 were incurred in the three months ended April 2, 2017 and April 3, 2016, 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 (dollars and shares in thousands, except per share data):

	Three Months Ended	
	April 2, 2017	April 3, 2016
Numerator:		
Net income attributable to Sonoco	\$ 53,733	\$ 59,914
Denominator:		
Weighted average common shares outstanding:		
Basic	100,112	101,628
Dilutive effect of stock-based compensation	868	701
Diluted	100,980	102,329
Net income attributable to Sonoco per common share:		
Basic	\$ 0.54	\$ 0.59
Diluted	\$ 0.53	\$ 0.59

Potentially dilutive securities are calculated in accordance with the treasury stock method, which assumes the proceeds from the exercise of all dilutive stock appreciation rights (SARs) are used to repurchase the Company's common stock. Certain SARs are not dilutive because either the exercise price is greater than the average market price of the stock during the reporting period or assumed repurchases from proceeds from the exercise of the SARs were antidilutive. These stock appreciation rights may become dilutive in the future if the market price of the Company's common stock appreciates.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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-month periods ended April 2, 2017 and April 3, 2016 was as follows (in thousands):

	Three Months Ended	
	April 2, 2017	April 3, 2016
Anti-dilutive stock appreciation rights	356	1,430

No adjustments were made to 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 shares of the Company's common stock. A total of 2,030 shares were purchased during 2016 at a cost of \$100,000, leaving a total of 2,970 shares remaining available for repurchase at December 31, 2016. No shares were repurchased under this authorization during the three months ended April 2, 2017. At April 2, 2017, a total of 2,970 shares remain available for repurchase.

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 105 shares in the three months ended April 2, 2017 at a cost of \$5,539, and 87 shares in the three months ended April 3, 2016 at a cost of \$3,613.

Dividend Declarations

On February 8, 2017, the Board of Directors declared a regular quarterly dividend of \$0.37 per share. This dividend was paid on March 10, 2017 to all shareholders of record as of February 22, 2017.

On April 19, 2017, the Board of Directors declared a regular quarterly dividend of \$0.39 per share. This dividend is payable June 9, 2017 to all shareholders of record as of May 12, 2017.

Note 5: Restructuring and Asset Impairment

The Company has engaged in a number of restructuring actions over the past several years. Actions initiated in 2017 and 2016 are reported as "2017 Actions" and "2016 Actions," respectively. Actions initiated prior to 2016, all of which were substantially complete at April 2, 2017, are reported as "2015 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:

	Three Months Ended	
	April 2, 2017	April 3, 2016
Restructuring/Asset impairment:		
2017 Actions	\$ 2,304	\$ —
2016 Actions	1,155	6,413
2015 and Earlier Actions	652	2,815
Restructuring/Asset impairment charges	\$ 4,111	\$ 9,228
Income tax benefit	(1,298)	(2,920)
Less: Costs attributable to noncontrolling interests, net of tax	(2)	(7)
Restructuring/asset impairment charges attributable to Sonoco, net of tax	\$ 2,811	\$ 6,301

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

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

When recognizable in accordance with GAAP, the Company expects to recognize future additional charges totaling approximately \$1,500 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 2017. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

2017 Actions

The Company eliminated approximately 32 positions in the first quarter of 2017 in conjunction with its ongoing organizational effectiveness efforts.

Below is a summary of 2017 Actions and related expenses by segment and by type incurred and estimated to be incurred through completion.

	2017 Actions	First Quarter 2017	Estimated Total Cost
Severance and Termination Benefits			
Consumer Packaging	\$	967	\$ 1,467
Display and Packaging		106	106
Paper and Industrial Converted Products		541	630
Protective Solutions		75	75
Corporate		456	456
Other Costs			
Consumer Packaging		159	159
Paper and Industrial Converted Products		—	6
Total Charges and Adjustments	\$	2,304	\$ 2,899

The following table sets forth the activity in the 2017 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets:

2017 Actions	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Accrual Activity				
2017 Year to Date				
Liability at December 31, 2016	\$ —	\$ —	\$ —	\$ —
2017 charges	2,145	—	159	2,304
Cash payments	(1,147)	—	(159)	(1,306)
Asset write downs/disposals	—	—	—	—
Foreign currency translation	—	—	—	—
Liability at April 2, 2017	\$ 998	\$ —	\$ —	\$ 998

The Company expects to pay the majority of the remaining 2017 Actions restructuring costs by the end of 2017 using cash generated from operations.

2016 Actions

During 2016, the Company closed four tubes and cores plants - one in the United States, one in Canada, one in Ecuador, and one in Switzerland (all part of the Paper and Industrial Converted Products segment), a packaging services center in Mexico (part of the Display and Packaging segment) and a fulfillment service center in Brazil (part of the Display and Packaging segment). The Company also began manufacturing rationalization efforts in its Reels division (part of the Paper and Industrial Converted Products segment) and completed the sales of a paper mill in France (part of the Paper and Industrial Converted Products segment) and a retail security packaging plant in Puerto Rico (part of the Display and Packaging segment). In addition, the Company continued to realign its cost structure, resulting in the elimination of approximately 180 positions.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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	First Quarter 2017	First Quarter 2016	Total Incurred to Date	Estimated Total Cost
Severance and Termination Benefits					
Consumer Packaging	\$	1	\$ 965	\$ 2,408	\$ 2,408
Display and Packaging		(13)	1,376	4,291	4,291
Paper and Industrial Converted Products		98	2,411	5,985	6,183
Protective Solutions		(1)	322	677	677
Corporate		—	1,429	1,550	1,550
Asset Impairment / Disposal of Assets					
Consumer Packaging	\$	—	(306)	(306)	(306)
Display and Packaging		96	—	2,808	2,808
Paper and Industrial Converted Products		—	—	13,300	13,300
Other Costs					
Consumer Packaging	\$	—	198	731	731
Display and Packaging		229	—	515	515
Paper and Industrial Converted Products		690	18	1,988	2,188
Protective Solutions		55	—	205	205
Total Charges and Adjustments	\$	1,155	\$ 6,413	\$ 34,152	\$ 34,550

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	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Accrual Activity				
2017 Year to Date				
Liability at December 31, 2016	\$ 3,558	\$ —	\$ 640	\$ 4,198
2017 charges	85	96	974	1,155
Adjustments	—	—	—	—
Cash payments	(1,661)	—	(945)	(2,606)
Asset write downs/disposals	—	(96)	(318)	(414)
Foreign currency translation	2	—	6	8
Liability at April 2, 2017	\$ 1,984	\$ —	\$ 357	\$ 2,341

“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 2017 using cash generated from operations.

2015 and Earlier Actions

2015 and Earlier Actions are comprised of a number of plant closures and workforce reductions initiated prior to 2016. Charges for these actions in both 2017 and 2016 relate primarily to the cost of plant closures including severance, asset impairment, equipment removal, plant security, property taxes and insurance.

The Company expects to recognize future pretax charges of approximately \$500 associated with 2015 and Earlier Actions.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Below is a summary of expenses/(income) incurred by segment for 2015 and Earlier Actions for the three month periods ended April 2, 2017 and April 3, 2016.

	2015 and Earlier Actions	First Quarter 2017	First Quarter 2016
Consumer Packaging		\$ (27)	\$ 2,155
Display and Packaging		83	6
Paper and Industrial Converted Products		565	603
Protective Solutions		24	51
Corporate		7	—
Total Charges and Adjustments		\$ 652	\$ 2,815

The accrual for 2015 and Earlier Actions totaled \$1,992 and \$3,608 at April 2, 2017 and December 31, 2016, respectively, and is included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets. The accrual relates primarily to unpaid severance. The Company expects the majority of the liability associated with 2015 and Earlier Actions to be paid by the end of 2017 using cash generated from operations.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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 three months ended April 2, 2017 and April 3, 2016:

	Gains and Losses on Cash Flow Hedges	Defined Benefit Pension Items	Foreign Currency Items	Accumulated Other Comprehensive Loss
Balance at December 31, 2016	\$ 1,939	\$ (453,821)	\$ (286,498)	\$ (738,380)
Other comprehensive income/(loss) before reclassifications	(2,626)	4,924	30,156	32,454
Amounts reclassified from accumulated other comprehensive loss to net income	(365)	6,375	—	6,010
Amounts reclassified from accumulated other comprehensive loss to fixed assets	42	—	—	42
Other comprehensive income/(loss)	(2,949)	11,299	30,156	38,506
Balance at April 2, 2017	<u>\$ (1,010)</u>	<u>\$ (442,522)</u>	<u>\$ (256,342)</u>	<u>\$ (699,874)</u>
Balance at December 31, 2015	\$ (5,152)	\$ (444,244)	\$ (253,137)	\$ (702,533)
Other comprehensive income before reclassifications	411	—	30,828	31,239
Amounts reclassified from accumulated other comprehensive loss to net income	1,514	5,948	—	7,462
Amounts reclassified from accumulated other comprehensive loss to fixed assets	(25)	—	—	(25)
Other comprehensive income	1,900	5,948	30,828	38,676
Balance at April 3, 2016	<u>\$ (3,252)</u>	<u>\$ (438,296)</u>	<u>\$ (222,309)</u>	<u>\$ (663,857)</u>

"Other comprehensive income before reclassifications" during the three months ended April 2, 2017, includes \$5,071 of "Defined Benefit Pension Items" related to the release of a portion of the valuation allowance on deferred tax assets related to the pension plan of a foreign subsidiary.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

The following table summarizes the effects on net income of significant amounts reclassified from each component of accumulated other comprehensive loss for the three-month periods ended April 2, 2017 and April 3, 2016:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss Three Months Ended		Affected Line Item in the Condensed Consolidated Statements of Net Income
	April 2, 2017	April 3, 2016	
Gains and losses on cash flow hedges			
Foreign exchange contracts	\$ 1,040	\$ (2,240)	Net sales
Foreign exchange contracts	(725)	1,045	Cost of sales
Commodity contracts	248	(1,511)	Cost of sales
	563	(2,706)	Total before tax
	(198)	1,192	Tax benefit
	\$ 365	\$ (1,514)	Net of tax
Defined benefit pension items			
Amortization of defined benefit pension items ^(a)	\$ (7,588)	\$ (7,143)	Cost of sales
Amortization of defined benefit pension items ^(a)	(2,529)	(2,381)	Selling, general and administrative
	(10,117)	(9,524)	Total before tax
	3,742	3,576	Tax benefit
	\$ (6,375)	\$ (5,948)	Net of tax
Total reclassifications for the period	\$ (6,010)	\$ (7,462)	Net of tax

(a) See Note 10 for additional details.

	Three months ended April 2, 2017			Three months ended April 3, 2016		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items	\$ 30,156	\$ —	\$ 30,156	\$ 30,828	\$ —	\$ 30,828
Defined benefit pension items:						
Other comprehensive income/(loss) before reclassifications	(147)	5,071	4,924	—	—	—
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	10,117	(3,742)	6,375	9,524	(3,576)	5,948
Net other comprehensive income/(loss) from defined benefit pension items	9,970	1,329	11,299	9,524	(3,576)	5,948
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	(4,048)	1,422	(2,626)	601	(190)	411
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	(563)	198	(365)	2,706	(1,192)	1,514
Amounts reclassified from accumulated other comprehensive income/(loss) to fixed assets	42	—	42	(25)	—	(25)
Net other comprehensive income/(loss) from cash flow hedges	(4,569)	1,620	(2,949)	3,282	(1,382)	1,900
Other comprehensive income/(loss)	\$ 35,557	\$ 2,949	\$ 38,506	\$ 43,634	\$ (4,958)	\$ 38,676

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill by segment for the three months ended April 2, 2017 is as follows:

	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Goodwill at December 31, 2016	\$ 435,590	\$ 203,414	\$ 221,983	\$ 231,228	\$ 1,092,215
Acquisitions	58,924	—	—	161	59,085
Foreign currency translation	3,157	—	2,113	104	5,374
Goodwill at April 2, 2017	<u>\$ 497,671</u>	<u>\$ 203,414</u>	<u>\$ 224,096</u>	<u>\$ 231,493</u>	<u>\$ 1,156,674</u>

The acquisition of Packaging Holdings, Inc. ("Packaging Holdings") in March 2017 resulted in the recognition of \$60,018 of goodwill. In addition, measurement period adjustments were made in the first quarter of 2017 to the provisional fair values of the assets acquired and the liabilities assumed in the November 2016 acquisition of Plastic Packaging, Inc. ("PPI") and the September 2016 acquisition of Laminar Medica ("Laminar"). These measurement period adjustments resulted in a \$1,094 reduction in the goodwill associated with PPI and a \$161 increase in the goodwill associated with Laminar. 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. The Company completed its most recent annual goodwill impairment testing during the third quarter of 2016. As part of this testing, the Company analyzed certain qualitative and quantitative factors in determining goodwill impairment. During this most recent testing, management concluded that goodwill associated with the Company's Paper and Industrial Converted Products - Brazil reporting unit had become impaired as a result of the continued deterioration of economic conditions in Brazil. Accordingly, as previously disclosed, an impairment charge totaling \$2,617, the entire amount of goodwill associated with this reporting unit, was recognized during the third quarter of 2016.

Based on its assessments, the Company concluded that there was no impairment of goodwill for any of its other reporting units. The assessments 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 other 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 \$203,414 and \$88,073, respectively, at April 2, 2017. A large portion of sales in the Display and Packaging reporting unit is concentrated in one customer, the majority of which is under contract until 2021.

There have been no triggering events identified between the most recent annual impairment test and April 2, 2017.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Other Intangible Assets

A summary of other intangible assets as of April 2, 2017 and December 31, 2016 is as follows:

	April 2, 2017	December 31, 2016
Other Intangible Assets, gross:		
Patents	\$ 28,165	\$ 13,164
Customer lists	400,545	362,162
Trade names	23,924	19,902
Proprietary technology	20,729	20,721
Land use rights	290	288
Other	1,711	1,701
Other Intangible Assets, gross	<u>\$ 475,364</u>	<u>\$ 417,938</u>
Accumulated Amortization:		
Patents	(5,112)	(5,647)
Customer lists	(180,622)	(172,292)
Trade names	(2,892)	(2,733)
Proprietary technology	(11,719)	(11,236)
Land use rights	(42)	(41)
Other	(1,083)	(1,031)
Total Accumulated Amortization	<u>\$ (201,470)</u>	<u>\$ (192,980)</u>
Other Intangible Assets, net	<u><u>\$ 273,894</u></u>	<u><u>\$ 224,958</u></u>

The Packaging Holdings acquisition in March 2017 resulted in the addition of \$54,000 of intangible assets, the majority of which related to customer lists. In addition, measurement period adjustments were made in the first quarter of 2017 to the provisional fair values of the assets acquired and the liabilities assumed in the November 2016 acquisition of PPI which resulted in the recognition of an additional \$1,400 of intangible assets, all of which related to customer lists. These intangible assets will be amortized over an expected average useful life of 9.1 years.

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.

Aggregate amortization expense was \$7,211 and \$8,336 for the three months ended April 2, 2017 and April 3, 2016, respectively. Amortization expense on other intangible assets is expected to total approximately \$33,800 in 2017, \$34,700 in 2018, \$33,600 in 2019, \$31,900 in 2020 and \$29,900 in 2021.

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.

	April 2, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion	<u>\$ 1,177,188</u>	<u>\$ 1,286,950</u>	<u>\$ 1,020,698</u>	<u>\$ 1,116,336</u>

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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Cash Flow Hedges

At April 2, 2017 and December 31, 2016, 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 to December 2019, 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 April 2, 2017, natural gas swaps covering approximately 8.3 MMBTUs were outstanding. These contracts represent approximately 92%, 55%, and 35% of anticipated U.S. and Canadian usage for the remainder of 2017, 2018 and 2019, respectively. Additionally, the Company had swap contracts covering 3,629 metric tons of aluminum, representing approximately 61% of anticipated usage for the remainder of 2017. The fair values of the Company's commodity cash flow hedges netted to gain positions of \$1,923 at April 2, 2017 and \$3,636 at December 31, 2016. The amount of the gain included in Accumulated Other Comprehensive Loss at April 2, 2017, that is expected to be reclassified to the income statement during the next twelve months is \$1,671.

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 2017. The net positions of these contracts at April 2, 2017 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	1,553,369
Mexican peso	purchase	448,498
Canadian dollar	purchase	42,831
Russian ruble	purchase	11,964
Turkish lira	purchase	6,318
British pound	purchase	2,254
New Zealand dollar	sell	(510)
Australian dollar	sell	(654)
Polish zloty	sell	(2,142)
Euro	sell	(5,244)

The fair value of these foreign currency cash flow hedges netted to loss positions of \$(3,034) at April 2, 2017 and \$(185) at December 31, 2016. During the three months ended April 2, 2017, 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 \$42 were reclassified from accumulated other comprehensive loss and included in the carrying value of the assets acquired. During the next twelve months, losses of \$(3,043) are 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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

The net positions of these contracts at April 2, 2017, were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	2,260,800
Mexican peso	purchase	231,676
Canadian dollar	purchase	11,911

The fair value of the Company's other derivatives was \$(633) and \$(696) at April 2, 2017 and December 31, 2016, respectively.

The following table sets forth the location and fair values of the Company's derivative instruments at April 2, 2017 and December 31, 2016:

Description	Balance Sheet Location	April 2, 2017	December 31, 2016
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	\$ 1,973	\$ 3,240
Commodity Contracts	Other assets	\$ 209	\$ 527
Commodity Contracts	Accrued expenses and other	\$ (51)	\$ (89)
Commodity Contracts	Other liabilities	\$ (208)	\$ (42)
Foreign Exchange Contracts	Prepaid expenses	\$ 197	\$ 761
Foreign Exchange Contracts	Accrued expenses and other	\$ (3,231)	\$ (946)
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Prepaid expenses	\$ 53	\$ 194
Foreign Exchange Contracts	Accrued expenses and other	\$ (686)	\$ (890)

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 April 2, 2017 and April 3, 2016:

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) Recognized 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 April 2, 2017					
Foreign Exchange Contracts	\$ (2,692)	Net sales	\$ 1,040	Net sales	\$ —
		Cost of sales	\$ (725)		
Commodity Contracts	\$ (1,356)	Cost of sales	\$ 248	Cost of sales	\$ (335)
Three months ended April 3, 2016					
Foreign Exchange Contracts	\$ 2,317	Net sales	\$ (2,240)	Net sales	\$ —
		Cost of sales	\$ 1,045		
Commodity Contracts	\$ (1,766)	Cost of sales	\$ (1,511)	Cost of sales	\$ 110

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

Description	Location of Gain or (Loss) Recognized in Income Statement	Gain or (Loss) Recognized
Derivatives not Designated as Hedging Instruments:		
<u>Three months ended April 2, 2017</u>		
Foreign Exchange Contracts	Cost of sales	\$ —
	Selling, general and administrative	\$ (567)
<u>Three months ended April 3, 2016</u>		
Foreign Exchange Contracts	Cost of sales	\$ —
	Selling, general and administrative	\$ (498)

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	April 2, 2017	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	\$ 1,923	\$ —	\$ —	\$ 1,923	\$ —
Foreign exchange contracts	\$ (3,034)	\$ —	\$ —	\$ (3,034)	\$ —
Non-hedge derivatives, net:					
Foreign exchange contracts	\$ (633)	\$ —	\$ —	\$ (633)	\$ —
Deferred compensation plan assets	\$ 364	\$ —	\$ 364	\$ —	\$ —
Description	December 31, 2016	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	\$ 3,636	\$ —	\$ —	\$ 3,636	\$ —
Foreign exchange contracts	\$ (185)	\$ —	\$ —	\$ (185)	\$ —
Non-hedge derivatives, net:					
Foreign exchange contracts	\$ (696)	\$ —	\$ —	\$ (696)	\$ —
Deferred compensation plan assets	\$ 349	\$ —	\$ 349	\$ —	\$ —

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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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 non-financial assets or liabilities that are recognized or disclosed at fair value on a recurring basis. None of the Company's financial assets or liabilities are 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-month period ended April 2, 2017.

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 for newly hired salaried and non-union hourly employees effective December 31, 2003. To replace this benefit, the Company provides non-union U.S. employees hired on or after January 1, 2004, with an annual contribution, called the Sonoco Retirement Contribution (SRC), to their participant accounts in the Sonoco Retirement and Savings Plan. The SRC is equal to 4% of the participant's eligible pay plus 4% of eligible pay in excess of the social security wage base. Also eligible for the SRC are former participants of the U.S. qualified defined benefit pension plan who elected to transfer out of that plan under a one-time option effective January 1, 2010.

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	
	April 2, 2017	April 3, 2016
Retirement Plans		
Service cost	\$ 4,712	\$ 5,023
Interest cost	14,701	15,326
Expected return on plan assets	(20,838)	(22,044)
Amortization of prior service cost	231	193
Amortization of net actuarial loss	10,168	9,596
Net periodic benefit cost	<u>\$ 8,974</u>	<u>\$ 8,094</u>
Retiree Health and Life Insurance Plans		
Service cost	84	85
Interest cost	120	130
Expected return on plan assets	(414)	(404)
Amortization of prior service credit	(127)	(128)
Amortization of net actuarial gain	(155)	(137)
Net periodic benefit income	<u>\$ (492)</u>	<u>\$ (454)</u>

The Company made aggregate contributions of \$29,491 and \$18,690 to its defined benefit retirement and retiree health and life insurance plans during the three months ended April 2, 2017 and April 3, 2016, respectively. The Company anticipates that it will make additional aggregate contributions of approximately \$14,000 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2017.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

In February 2017, the Company initiated a program through which it offered certain terminated vested participants in the U.S. qualified retirement plans the opportunity to receive their benefits early as either a lump sum or an annuity. This population comprises approximately 15% of the projected benefit obligation of these plans. At the close of the election period, approximately 51% of the eligible participants elected to take the early payment. These payments will be distributed from plan assets in May and June 2017. As a result of settling these obligations, the Company expects that it will be required to recognize a non-cash pre-tax settlement charge of approximately \$34,000 in the second quarter of 2017.

Sonoco Retirement Contribution (SRC)

The Sonoco Retirement Contribution, which is funded annually in the first quarter, totaled \$14,066 during the three months ended April 2, 2017, and \$13,352 during the three months ended April 3, 2016. No additional SRC contributions are expected during the remainder of 2017. The Company recognized expense related to the SRC of \$3,871 and \$3,018 for the quarters ended April 2, 2017 and April 3, 2016, respectively.

Note 11: Income Taxes

The Company's effective tax rate for the three-month periods ending April 2, 2017 and April 3, 2016 was 32.8%, and 33.2%, respectively. The rates for both of these periods varied from the U.S. statutory rate due primarily to the favorable effect of certain international operations that are subject to tax rates generally lower than the U.S. rate. The 2017 quarter also varied from the statutory rate due to the Company's January 1, 2017, adoption of ASU 2016-09 regarding accounting for share-based compensation, which requires excess tax benefits to be utilized as an offset to tax expense.

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 2012, with few exceptions. The Company is currently under audit by the Internal Revenue Service for the 2012 and 2013 tax years.

The Company's reserve for uncertain tax benefits has decreased by approximately \$2,400 since December 31, 2016, due to the agreement to settle a prior year's audit. The anticipated payment has been accrued for as a current payable and should be fully settled in the second quarter. The Company has \$0 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.

As previously disclosed, the Company received a draft Notice of Proposed Adjustment ("NOPA") from the Internal Revenue Service (IRS) in February 2017 proposing an adjustment to income for the 2013 tax year based on the IRS's recharacterization of a distribution of an intercompany note made in 2012, and the subsequent repayment of the note over the course of 2013, as if it were a cash distribution made in 2013. In March 2017, the Company received a draft NOPA proposing penalties of \$18,000 associated with the IRS's recharacterization, as well as an Information Document Request ("IDR") requesting the Company's analysis of why such penalties should not apply. The Company responded to this IDR in April 2017. At the time the distribution was paid in 2012, it was characterized as a dividend to the extent of earnings and profits, with the remainder as a tax free return of basis and taxable capital gain. As the IRS proposes to recharacterize the distribution, the entire distribution would be characterized as a dividend. The incremental tax liability associated with the income adjustment proposed in the NOPA would be approximately \$84,000, excluding interest and the previously referenced penalties. Should a final NOPA be issued, the Company intends to file a protest to the proposed deficiency with the IRS, which will cause the matter to be referred to the Appeals Division of the IRS. The Company strongly believes the position of the IRS with regard to this matter is inconsistent with applicable tax laws and existing Treasury

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

regulations, and that the Company's previously reported income tax provision for the year in question is appropriate. However, there can be no assurance that this matter will be resolved in the Company's favor. Regardless of whether the matter is resolved in the Company's favor, the final resolution of this matter could be expensive and time consuming to defend and/or settle. While the Company believes that the amount of tax originally paid with respect to this distribution is correct, and accordingly has not provided additional reserve for tax uncertainty, there is still a possibility that an adverse outcome of the matter could have a material effect on its results of operations and financial condition.

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); extruded and injection-molded plastic products; printed flexible packaging; global brand artwork management; and metal and peelable membrane ends and closures. This segment also included blow-molded plastic bottles and jars through November 7, 2016, when the Company completed the sale of its rigid plastics blow molding operations.

The Display and Packaging segment includes the following products and services: point-of-purchase displays; supply chain management services; retail packaging, including printed backer cards, thermoformed blisters and heat sealing equipment; and paperboard specialties, 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.

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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

SEGMENT FINANCIAL INFORMATION

	Three Months Ended	
	April 2, 2017	April 3, 2016
Net sales:		
Consumer Packaging	\$ 482,181	\$ 527,338
Display and Packaging	114,635	144,267
Paper and Industrial Converted Products	442,502	423,074
Protective Solutions	133,006	131,597
Consolidated	<u>\$ 1,172,324</u>	<u>\$ 1,226,276</u>
Intersegment sales:		
Consumer Packaging	\$ 1,223	\$ 1,332
Display and Packaging	750	497
Paper and Industrial Converted Products	28,373	26,381
Protective Solutions	399	586
Consolidated	<u>\$ 30,745</u>	<u>\$ 28,796</u>
Income before interest and income taxes:		
Segment operating profit:		
Consumer Packaging	\$ 58,010	\$ 62,865
Display and Packaging	3,183	3,281
Paper and Industrial Converted Products	24,723	33,299
Protective Solutions	10,861	12,026
Restructuring/Asset impairment charges	(4,111)	(9,228)
Other, net	(2,693)	(411)
Consolidated	<u>\$ 89,973</u>	<u>\$ 101,832</u>

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

In January 2017, U.S. Paper Mills Corp. (U.S. Mills), a wholly owned subsidiary of the Company, obtained Court approval of a final settlement of cost recovery claims made by Appvion, Inc. for \$3,334. The settlement, as well as related legal and professional fees totaling \$315, were funded during the first quarter of 2017. As a result of the settlement becoming final, the Company and U.S. Mills have resolved all pending or threatened legal proceedings related to the Fox River matter, as well as any such proceedings known to be contemplated by government authorities.

Spartanburg

In connection with its acquisition of Tegrant in November 2011, the Company identified potential environmental contamination at a site in Spartanburg, South Carolina. The total remediation cost of the Spartanburg site was estimated to be \$17,400 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 \$701 on remediation of the Spartanburg site. During previous years, the Company has increased its reserves for this site by a total of \$117 in order to reflect its best estimate of what it is likely to pay in order to complete the remediation. At April 2, 2017 and December 31, 2016, the Company's accrual for environmental contingencies related to the Spartanburg site totaled \$16,816 and \$16,821, 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.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share data)
(unaudited)

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 April 2, 2017 and December 31, 2016, the Company (and its subsidiaries) had accrued \$20,828 and \$24,515, 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 as of April 2, 2017, and the related condensed consolidated statements of income and comprehensive income, and cash flows for the three-month periods ended April 2, 2017 and April 3, 2016. 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, 2016, 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 March 1, 2017, which included a paragraph describing a change in the manner of accounting for Debt Issuance Costs in the 2016 financial statements, 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, 2016 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
May 3, 2017

SONOCO PRODUCTS COMPANY

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;

SONOCO PRODUCTS COMPANY

- *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.

SONOCO PRODUCTS COMPANY

COMPANY OVERVIEW

Sonoco is a leading provider of consumer packaging, industrial products, protective packaging and packaging supply chain services, with approximately 323 locations in 33 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.

First Quarter 2017 Compared with First Quarter 2016

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, 2016 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 April 2, 2017			
	GAAP	Restructuring/ Asset Impairment	Other Adjustments ⁽¹⁾	Base
<i>Dollars in thousands, except per share data</i>				
Income before interest and income taxes	\$ 89,973	\$ 4,111	\$ 2,693	\$ 96,777
Interest expense, net	12,058	—	—	12,058
Income before income taxes	77,915	4,111	2,693	84,719
Provision for income taxes	25,539	1,298	(641)	26,196
Income before equity in earnings of affiliates	52,376	2,813	3,334	58,523
Equity in earnings of affiliates, net of tax	1,954	—	—	1,954
Net income	54,330	2,813	3,334	60,477
Net (income) attributable to noncontrolling interests	(597)	(2)	—	(599)
Net income attributable to Sonoco	\$ 53,733	\$ 2,811	\$ 3,334	\$ 59,878
Per diluted common share	\$ 0.53	\$ 0.03	\$ 0.03	\$ 0.59

⁽¹⁾Consists primarily of acquisition-related costs, partially offset by insurance settlement gains. Also includes net tax charges totaling \$1,434 primarily related to the settlement of a tax audit in Canada.

SONOCO PRODUCTS COMPANY

For the three months ended April 3, 2016

<i>Dollars in thousands, except per share data</i>	GAAP	Restructuring/ Asset Impairment	Other Adjustments ⁽¹⁾	Base
Income before interest and income taxes	\$ 101,832	\$ 9,228	\$ 411	\$ 111,471
Interest expense, net	13,787	—	—	13,787
Income before income taxes	88,045	9,228	411	97,684
Provision for income taxes	29,194	2,920	104	32,218
Income before equity in earnings of affiliates	58,851	6,308	307	65,466
Equity in earnings of affiliates, net of tax	1,339	—	—	1,339
Net income	60,190	6,308	307	66,805
Net (income) attributable to noncontrolling interests	(276)	(7)	—	(283)
Net income attributable to Sonoco	\$ 59,914	\$ 6,301	\$ 307	\$ 66,522
Per diluted common share	\$ 0.59	\$ 0.06	\$ 0.00	\$ 0.65

⁽¹⁾ Consists primarily of acquisition-related costs.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three months ended April 2, 2017 versus the three months ended April 3, 2016.

OVERVIEW

Net sales for the first quarter of 2017 decreased 4.4% to \$1,172 million, compared with \$1,226 million in the same period last year. The decline in sales was the result of previously disclosed divestitures, the most significant of which was the Company's rigid plastic blowmolding operations. Additionally, lower volumes, especially in global rigid paper containers, contributed to the lower year-over-year sales. These factors were somewhat offset by increased sales prices and sales from acquisitions. Sales price increases primarily reflect higher raw material costs, a portion of which the Company was able to pass on to customers.

Net income attributable to Sonoco for the first quarter of 2017 decreased 10.3% to \$53.7 million, compared to \$59.9 million reported for the same period of 2016. Current quarter net income includes after-tax restructuring and asset impairment charges of \$2.8 million and other after-tax, non-base charges totaling \$3.3 million. These other charges consist primarily of acquisition-related costs and the settlement of a tax audit in Canada, partially offset by insurance settlement gains. Results for the first quarter of 2016 include after-tax restructuring and asset impairment charges of \$6.3 million, and after-tax acquisition-related costs of \$0.3 million. Adjusted for these items, base net income attributable to Sonoco (base earnings) decreased 10.0% to \$59.9 million, \$0.59 per diluted share, in the first quarter of 2017 from \$66.5 million, \$0.65 per diluted share, in 2016.

The lower first quarter 2017 earnings were the result of volume declines and unfavorable product mix, particularly in global rigid paper containers and retail packaging and fulfillment, and negative price/cost impact in the Company's Paper and Industrial Converted Products segment as the Company was able to recover only a portion of the steep increases in old corrugated containers (OCC) prices experienced during this year's first quarter due largely to the timing of contract resets with its customers. The divestiture of the Company's rigid plastic blowmolding operations in November 2016 also contributed to the lower year-over-year quarterly earnings. These factors were partially offset by fixed-cost productivity and lower management incentive costs.

SONOCO PRODUCTS COMPANY

OPERATING REVENUE

Net sales for the first quarter of 2017 decreased \$54 million from the prior-year quarter.

The components of the sales change were:

	(\$ in millions)	
Volume/mix	\$	(29)
Selling prices		33
Acquisitions and Divestitures		(34)
Foreign currency translation and other, net		(24)
Total sales decrease	\$	(54)

In order to enhance the meaningfulness of reported changes in volume/mix, an \$18 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

The gross profit margin percentage declined to 18.8% this quarter compared to 20.0% in the prior-year quarter. The 121 basis point decline in gross profit margin was largely attributable to a negative price/cost relationship (the relationship of the change in sales prices to the change in costs of materials, energy and freight) in the Company's Paper and Industrial Converted Products segment. The negative price/cost relationship resulted primarily from a steep increase in OCC prices experienced during the first quarter of 2017 as the Company was able to recover only a portion of the higher costs due largely to the timing of contract resets with its customers. The translation impact of a stronger dollar lowered reported cost of goods sold by approximately \$8 million compared to the first quarter of 2016.

First-quarter selling, general and administrative ("SG&A") costs decreased \$8.1 million, or 6.0%, from the prior year's quarter. This decrease was driven by the previously mentioned dispositions, net of acquisitions, fixed cost reductions, lower management incentive costs and the impact of foreign currency translation. These factors were partially offset by increased legal and professional fees related to acquisitions and potential acquisitions as well as higher wages.

Current quarter restructuring costs and asset impairment charges totaled \$4.1 million compared with \$9.2 million in the same period last year. 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 first quarter decreased to \$12.1 million, compared with \$13.8 million during the first quarter of 2016. The decrease was due to lower year-over-year average daily debt levels.

The effective tax rate on GAAP and base earnings in the first quarter of 2017 was 32.8% and 30.9%, respectively, compared with 33.2% and 33.0%, respectively, for last year's quarter. The year-over-year decrease in the GAAP and base rates was primarily due to the adoption of FASB Accounting Standards Update 2016-9 regarding accounting for share-based compensation, which requires excess tax benefits to be utilized as an offset to tax expense. The Company adopted ASU 2016-09 effective January 1, 2017 using the prospective method. The decrease in the GAAP rate was less than the change in the base rate due to expenses related to the settlement of an audit in Canada, a non-base item.

SONOCO PRODUCTS COMPANY

REPORTABLE SEGMENTS

The following table recaps net sales for the first quarters of 2017 and 2016 (\$ in thousands):

	Three Months Ended		
	April 2, 2017	April 3, 2016	% Change
Net sales:			
Consumer Packaging	\$ 482,181	\$ 527,338	(8.6)%
Display and Packaging	114,635	144,267	(20.5)%
Paper and Industrial Converted Products	442,502	423,074	4.6 %
Protective Solutions	133,006	131,597	1.1 %
Consolidated	<u>\$ 1,172,324</u>	<u>\$ 1,226,276</u>	(4.4)%

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		
	April 2, 2017	April 3, 2016	% Change
Income before interest and income taxes:			
Segment operating profit:			
Consumer Packaging	\$ 58,010	\$ 62,865	(7.7)%
Display and Packaging	3,183	3,281	(3.0)%
Paper and Industrial Converted Products	24,723	33,299	(25.8)%
Protective Solutions	10,861	12,026	(9.7)%
Restructuring/Asset impairment charges	(4,111)	(9,228)	(55.5)%
Other, net	(2,693)	(411)	
Consolidated	<u>\$ 89,973</u>	<u>\$ 101,832</u>	(11.6)%

The following table recaps restructuring/asset impairment charges attributable to each of the Company’s segments during the first quarters of 2017 and 2016 (\$ in thousands):

	Three Months Ended	
	April 2, 2017	April 3, 2016
Restructuring/Asset impairment charges:		
Consumer Packaging	\$ 1,100	\$ 3,012
Display and Packaging	501	1,382
Paper and Industrial Converted Products	1,894	3,032
Protective Solutions	153	373
Corporate	463	1,429
Total	<u>\$ 4,111</u>	<u>\$ 9,228</u>

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.

SONOCO PRODUCTS COMPANY

Consumer Packaging

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

Segment sales decreased 8.6% from the prior year's quarter due to the divestiture of the Company's rigid plastic blowmolding operations, lower volumes and the negative impact of foreign currency translation from a stronger U.S. dollar year over year. These factors were partially offset by sales from acquired businesses and modest sales price increases.

Segment operating profit decreased 7.7% from the prior year's quarter due to the divestiture of the Company's rigid plastic blowmolding operations and lower composite can volume in Europe and North America. In addition, results were negatively impacted by higher labor, maintenance, and other operating expenses. These negative factors were partially offset by a favorable price/cost relationship and fixed-cost productivity.

Display and Packaging

The Display and Packaging segment includes the following products and services: designing, manufacturing, assembling, packing and distributing temporary, semi-permanent 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 20.5% compared to last year's quarter due primarily to the previously disclosed discontinuation of the Company's contract packaging business in Irapuato, Mexico. Lower volumes in our domestic displays and retail security packaging businesses and foreign currency translation also negatively impacted year-over-year sales.

Segment operating profit decreased \$0.1 million, or 3.0%, from the prior year's quarter due to lower volume/mix in domestic display and retail packaging, which was mostly offset by fixed-cost productivity.

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 increased approximately 4.6% as higher recovered paper prices more than offset the impacts of the divestiture of a paperboard mill in France and foreign currency translation.

Operating profit decreased 25.8% as the average price for OCC in the Company's U.S. and Canada operations increased nearly 90 percent from the prior year's quarter, resulting in a significant negative price/cost relationship as the Company was able to recover only a portion of the higher costs due largely to the timing of contract resets with its customers. Additionally, higher labor, maintenance, and other operating expenses decreased quarter-over-quarter operating profit. The Company expects the segment's margins to improve from first-quarter levels as it anticipates being able to more fully recover the higher raw material costs through scheduled contract resets and announced price adjustments.

Although the Company's corrugating medium operation continues to be a significant drag on segment profitability, results were essentially flat year over year. This 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, strategic partnerships, and potential closure of the operation.

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 1.1% year over year as sales from acquisitions were partially offset by unfavorable changes in volume/mix.

SONOCO PRODUCTS COMPANY

Operating profits decreased 9.7% on unfavorable changes in volume/mix and a negative price/cost relationship. These were partially offset by fixed-cost productivity improvements.

OTHER ITEMS

Critical Accounting Policies and Estimates

Income taxes

As previously disclosed, the Company received a draft Notice of Proposed Adjustment (“NOPA”) from the Internal Revenue Service (IRS) in February 2017 proposing an adjustment to income for the 2013 tax year based on the IRS’s recharacterization of a distribution of an intercompany note made in 2012, and the subsequent repayment of the note over the course of 2013, as if it were a cash distribution made in 2013. In March 2017, the Company received a draft NOPA proposing penalties of \$18.0 million associated with the IRS’s recharacterization, as well as an Information Document Request (“IDR”) requesting the Company’s analysis of why such penalties should not apply. The Company responded to this IDR in April 2017. At the time of the distribution in 2012, it was characterized as a dividend to the extent of earnings and profits, with the remainder as a tax free return of basis and taxable capital gain. As the IRS proposes to recharacterize the distribution, the entire distribution would be characterized as a dividend. The incremental tax liability associated with the income adjustment proposed in the NOPA would be approximately \$84.0 million, excluding interest and the previously referenced penalties. Should a final NOPA be issued, the Company intends to file a protest to the proposed deficiency with the IRS, which will cause the matter to be referred to the Appeals Division of the IRS. The Company strongly believes the position of the IRS with regard to this matter is inconsistent with applicable tax laws and existing Treasury regulations, and that the Company’s previously reported income tax provision for the year in question is appropriate. However, there can be no assurance that this matter will be resolved in the Company’s favor. Regardless of whether the matter is resolved in the Company’s favor, the final resolution of this matter could be expensive and time consuming to defend and/or settle. While the Company believes that the amount of tax originally paid with respect to this distribution is correct, and accordingly has not provided additional reserve for tax uncertainty, there is still a possibility that an adverse outcome of the matter could have a material effect on its results of operations and financial condition.

Pension and postretirement benefit plans

In February 2017, the Company initiated a program through which it offered certain terminated vested participants in the U.S. qualified retirement plans the opportunity to receive their benefits early as either a lump sum or an annuity. This population comprises approximately 15% of the projected benefit obligation of these plans. At the close of the election period, approximately 51% of the eligible participants elected to take the early payment. These payments will be distributed from plan assets in May and June 2017. As a result of settling these obligations, the Company expects that it will recognize a non-cash pre-tax settlement charge of approximately \$34.0 million in the second quarter of 2017.

Financial Position, Liquidity and Capital Resources

Cash flows provided by operations totaled \$67.4 million in the three months ended April 2, 2017 compared with \$66.4 million during the same period last year, an increase of \$1.0 million. The year-over-year decrease in net income of \$5.9 million was more than compensated for by comparatively positive changes in working capital, offset by higher net income tax payments, increased pension contributions and other changes in asset and liabilities.

Although the first quarter of both 2016 and 2017 saw increased rates of business activity following seasonal year-end slow downs, working capital changes consumed significantly more cash in the prior-year quarter. Trade accounts receivable consumed less cash in the current quarter compared to the prior-year quarter, reflecting improved collection activity, including higher levels of marginally-past-due balances at December 31, 2016 collected during the current-year quarter. As a result, there was a \$31.6 million smaller quarterly increase in receivables year over year. Increases in inventories consumed \$9.8 million in the first quarter 2017 compared with \$11.2 million consumed in the same period last year. These increases are commensurate with increased business activity from their respective year-ends. Trade accounts payable provided \$14.7 million of cash in the three months ended April 2, 2017 compared with consuming \$17.2 million in the same period last year. Although the first quarter of both 2016 and 2017 saw increased rates of business activity following seasonal year-end slow downs, higher levels of deferred payments at December 31, 2015 that were subsequently paid in the first quarter of 2016 were a primary contributor to the year-over-year difference in the cash flow impact.

Reductions in accrued expenses used \$11.6 million of cash in the three months ended April 2, 2017 compared with using \$6.2 million in the same period last year. The increased use of cash of \$5.4 million is primarily due to final settlement of

SONOCO PRODUCTS COMPANY

environmental claims related to Fox River and 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 consumed \$18.4 million more cash year-over-year. The increased consumption in the current quarter is the result of additional cash paid for taxes year over year, as well as a lower federal refund of prior-year over-payments. Changes in prepaid expenses decreased operating cash flow \$5.7 million year-over-year due primarily to timing of payments. Changes in other assets and liabilities used \$14.8 million of additional cash in 2017 compared to 2016, largely attributable to the collection of miscellaneous receivables in the first quarter 2016 that were outstanding at the end of 2015. Similar miscellaneous receivable items were not outstanding at the end of 2016. Higher year-over-year contributions to the Company's pension and postretirement plans decreased operating cash flow by a total of \$11.5 million in the three months ended April 2, 2017 from the same period last year.

Cash used in investing activities was \$270.3 million in the three months ended April 2, 2017, compared with \$53.0 million in the same period last year. The \$217.2 million increase in the net use of cash is due largely to the current-quarter acquisition of Packaging Holdings, Inc. for \$221.4 million and a year-over-year reduction in proceeds from the sale of assets of \$1.1 million. Purchases of property, plant, and equipment were \$5.2 million lower year-over-year due largely to normal periodic fluctuations in the timing and level of capital investment activity. Capital spending for the remainder of 2017 is expected to total approximately \$140 million. The Company is continuing to explore strategic acquisition opportunities which may result in the use of additional cash. Given the nature of acquisitions, the timing and amounts of such utilization are not predictable. The Company expects that acquisitions requiring funding in excess of cash on hand would be financed using available borrowing capacity.

Cash provided by financing activities totaled \$154.0 million in the three months ended April 2, 2017, \$194.0 million more than the \$40.0 million use of cash in the same period last year. Outstanding debt was \$1,253.9 million at April 2, 2017 compared with \$1,052.7 million at December 31, 2016. Net debt borrowings provided \$193.7 million during the three months ended April 2, 2017, including a \$150 million term loan used to fund the Packaging Holdings acquisition and \$41.0 million in commercial paper. The Company paid cash dividends of \$36.8 million during the three months ended April 2, 2017, an increase of \$1.4 million over the same period last year.

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 \$41.0 million and \$0 commercial paper outstanding at April 2, 2017 and December 31, 2016, respectfully. On March 13, 2017, the Company entered into a \$150 million unsecured three-year fixed-rate assignable loan agreement the proceeds from which were used to fund the acquisition of Packaging Holdings.

Cash and cash equivalents totaled \$212.8 million and \$257.2 million at April 2, 2017 and December 31, 2016, respectively. Of these totals, \$184 million and \$175 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. Because the Company has domestic liquidity through a combination of on-going operating cash flow 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 the Company currently has no plans to repatriate any of these cash balances. Accordingly, as of April 2, 2017, the Company is not providing for any deferred tax liability on the foreign earnings associated with these balances. However, if any such balances were to be repatriated, additional 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 the bank 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 three months ended April 2, 2017, the Company reported a net increase in cash and cash equivalents of \$4.4 million due to a weaker U.S. dollar relative to certain foreign currencies, most notably the Brazilian real, Mexican peso and the euro.

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 April 2, 2017, the Company's interest coverage and net worth were substantially above the minimum levels required under these covenants.

SONOCO PRODUCTS COMPANY

The Company anticipates making additional contributions to its pension and postretirement plans of approximately \$14 million during the remainder of 2017, which would result in total 2017 contributions of approximately \$57 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 at fair value on a recurring basis 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 operations are located throughout the world, and the Company generally sells in the same countries where it produces with both revenue and costs transacted in the local currency. 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, geopolitical and cultural risks, but the risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations.

Prior to July 1, 2015, the Company used Venezuela's official exchange rate to report the results of its operations in Venezuela. As a result of significant inflationary increases, and to avoid distortion of its consolidated results from translation of its Venezuelan operations, the Company concluded that it was an appropriate time to begin translating its Venezuelan operations at an alternative exchange rate. Accordingly, effective July 1, 2015, the Company began translating its Venezuelan operating results and all monetary assets and liabilities in Venezuela using the alternative rate known as the SIMADI rate (replaced in 2016 by the DICOM rate). At April 2, 2017, the carrying value of the Company's net investment in its Venezuelan operations was approximately \$2.8 million. In addition, at April 2, 2017, the Company's Accumulated Other Comprehensive Loss included a translation loss of \$3.8 million related to its Venezuelan operations which would need to be reclassified to net income in the event of a complete exit of the business or a deconsolidation of these operations.

At April 2, 2017, 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 \$1.9 million and \$3.6 million at April 2, 2017 and December 31, 2016, respectively. Natural gas and aluminum hedge contracts covering an equivalent of 8.3 MMBTUs and 3,629 metric tons, respectively, were outstanding at April 2, 2017. 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 \$(3.0) million at April 2, 2017, compared with a net unfavorable position of \$(0.2) million at December 31, 2016. These contracts qualify as cash flow hedges and mature within twelve months of their respective reporting dates.

In addition, at April 2, 2017, 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 \$(0.6) million at April 2, 2017 and \$(0.7) million at December 31, 2016.

At April 2, 2017, the U.S. dollar had weakened against most of the functional currencies of the Company's foreign operations compared to December 31, 2016, resulting in a translation gain of \$30.2 million being recorded in accumulated other comprehensive loss during the three months ended April 2, 2017.

SONOCO PRODUCTS COMPANY

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, 2016, which was filed with the Securities and Exchange Commission on March 1, 2017. 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 April 2, 2017, 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

There have been no changes in the Company's internal control over financial reporting occurring during the three months ended April 2, 2017, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

SONOCO PRODUCTS COMPANY

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, 2016, 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 April 2, 2017, cannot be determined. As of April 2, 2017 and December 31, 2016, the Company had accrued \$20.8 million and \$24.5 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

In January 2017, U.S. Paper Mills Corp. (U.S. Mills), a wholly owned subsidiary of the Company, obtained Court approval of a final settlement of cost recovery claims made by Appvion, Inc. for \$3.3 million. The settlement, as well as related legal and professional fees totaling \$0.3 million, were funded during the first quarter of 2017. As a result of the settlement becoming final, the Company and U.S. Mills have resolved all pending or threatened legal proceedings related to the Fox River matter, as well as any such proceedings known to be contemplated by government authorities.

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.

SONOCO PRODUCTS COMPANY

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
1/01/17 - 2/05/17	9,494	\$ 53.57	—	2,969,611
2/06/17 - 3/05/17	93,507	\$ 52.75	—	2,969,611
3/06/17 - 4/02/17	1,810	\$ 53.77	—	2,969,611
Total	104,811	\$ 52.84	—	2,969,611

- 1 A total of 104,811 common shares were repurchased in the first quarter of 2017 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 2,030,389 shares were repurchased under this authorization during 2016 at a cost of \$100.0 million. No shares were repurchased during the three-month period ended April 2, 2017. Accordingly, a total of 2,969,611 shares remain available for repurchase at April 2, 2017.

Item 6. Exhibits.

10. [Three-year Term Loan Agreement dated March 13, 2017 between the Registrant and Bank of America, N.A.](#)
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 April 2, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at April 2, 2017 and December 31, 2016, (ii) Condensed Consolidated Statements of Income for the three months ended April 2, 2017 and April 3, 2016, (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended April 2, 2017 and April 3, 2016, (iv) Condensed Consolidated Statements of Cash Flows for the three months ended April 2, 2017 and April 3, 2016, and (v) Notes to Condensed Consolidated Financial Statements.

SONOCO PRODUCTS COMPANY

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: May 3, 2017

By: /s/ Barry L. Saunders

Barry L. Saunders

Senior Vice President and Chief Financial Officer

(principal financial officer)

/s/ James W. Kirkland

James W. Kirkland

Corporate Controller

(principal accounting officer)

SONOCO PRODUCTS COMPANY

EXHIBIT INDEX

Exhibit Number	Description
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March 13, 2017

Sonoco Products Company
One North Second Street
Hartsville, SC 29550
Attn: Treasurer

Re: Term Loan Facility

Ladies and Gentlemen:

BANK OF AMERICA, N.A. (the "Lender") is pleased to make available to SONOCO PRODUCTS COMPANY, a South Carolina corporation (the "Borrower"), a term loan facility on the terms and subject to the conditions set forth below. Terms not defined herein have the meanings assigned to them in Exhibit A hereto.

1. The Facility.

- (a) **The Term Loan.** Subject to the terms and conditions set forth herein, the Lender agrees to make a term loan to the Borrower (the "Term Loan"), which is due and payable on the Maturity Date, in an aggregate principal amount of \$150,000,000, to be advanced on the Closing Date. Amounts repaid on the Term Loan may not be reborrowed. The Term Loan shall be comprised of one or more individual Base Rate Loans and/or Eurodollar Rate Loans as set forth herein.
- (b) **Borrowings, Conversions, Continuations.** The Borrower may request that the Term Loan be (i) made as or converted to Base Rate Loans by irrevocable notice to be received by the Lender not later than 1:00 p.m. on the Business Day of the borrowing or conversion, or (ii) made or continued as, or converted to, Eurodollar Rate Loans by irrevocable notice to be received by the Lender not later than 1:00 p.m. three Business Days prior to the Business Day of the borrowing, continuation or conversion. If the Borrower fails to give a notice of conversion or continuation prior to the end of any Interest Period in respect of any Eurodollar Rate Loan, the Borrower shall be deemed to have requested that such Term Loan be converted to a Base Rate Loan on the last day of the applicable Interest Period. If the Borrower requests that a Term Loan be continued as or converted to a Eurodollar Rate Loan, but fails to specify an Interest Period with respect thereto, the Borrower shall be deemed to have selected an Interest Period of one month. Notices pursuant to this Paragraph 1(b) may be given by telephone if promptly confirmed in writing.

Each Eurodollar Rate Loan shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Base Rate Loan shall be in a minimum principal amount of \$5,000,000 or a whole multiple of \$100,000 in excess thereof. There shall not be more than five different Interest Periods in effect at any time.

- (c) **Interest.** At the option of the Borrower, the Term Loan shall bear interest at a rate per annum equal to (i) the Eurodollar Rate plus 1.15%; or (ii) the Base Rate plus 0.15%.

Interest on Base Rate Loans when the Base Rate is determined by the Lender's "prime rate" shall be calculated on the basis of a year of 365 or 366 days and actual days elapsed. All other interest hereunder shall be calculated on the basis of a year of 360 days and actual days elapsed.

The Borrower promises to pay interest (i) for each Eurodollar Rate Loan, (A) on the last day of the applicable Interest Period, and, if the Interest Period is longer than three months, on the respective dates that fall every three months after the beginning of the Interest Period, and (B) on the date of any conversion of such Term Loan to a Base Rate Loan; (ii) for Base Rate Loans, on the last Business Day of each calendar quarter; and (iii) for the Term Loan, on the Maturity Date. If the time for any payment is extended by operation of law or otherwise, interest shall continue to accrue for such extended period.

After the date any principal amount of the Term Loan is due and payable (whether on the Maturity Date, upon acceleration or otherwise), or after any other monetary obligation hereunder shall have become due and payable (in each case without regard to any applicable grace periods), the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Base Rate plus 2%. Furthermore, while any Event of Default exists, the Borrower shall pay interest on the principal amount of the Term Loan at a rate per annum equal to the Base Rate plus 2%. Accrued and unpaid interest on past due amounts shall be payable on demand.

In no case shall interest hereunder exceed the amount that the Lender may charge or collect under applicable law.

- (d) **Evidence of Loans.** The Term Loan and all payments thereon shall be evidenced by the Lender's loan accounts and records; provided, however, that upon the request of the Lender, the Term Loan may be evidenced by a promissory note in the form of Exhibit B hereto in addition to such loan accounts and records. Such loan accounts, records and promissory note shall be conclusive absent manifest error of the amount of the Term Loan and payments thereon. Any failure to record the Term Loan or payment thereon or any error in doing so shall not limit or otherwise affect the obligation of the Borrower to pay any amount owing with respect to the Term Loan.
- (e) **Repayment.** The Borrower promises to pay the Term Loan then outstanding on the Maturity Date.

The Borrower shall make all payments required hereunder not later than 1 p.m. on the date of payment in same day funds in Dollars at the office of the Lender located at Bank of America, N.A., 901 Main St., Dallas, TX 75202-3714, Attn: Denise Alexander, Telephone: 972-338-3797, Facsimile: 214-530-3148, Email: dalexander9@baml.com or such other address as the Lender may from time to time designate in writing and in accordance with the following wiring instructions (or such other wiring instructions as the Lender may from time to time designate in writing):

Bank of America, N.A.
ABA: 026009593
Acct #: 1366072250600
Acct Name: Wire Clearing Acct for Syn Loans - LIQ
Reference: Sonoco Product Company

All payments by the Borrower to the Lender hereunder shall be made to the Lender in full without set-off or counterclaim and free and clear of and exempt from, and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties or charges of whatsoever nature imposed by any government or any political subdivision or taxing authority thereof. The Borrower shall reimburse the Lender for any taxes imposed on or withheld from such payments (other than taxes imposed on the Lender's income, and franchise taxes imposed on the Lender, by the jurisdiction under the laws of which the Lender is organized or any political subdivision thereof).

- (f) **Prepayments.** The Borrower may, upon three Business Days' notice, in the case of Eurodollar Rate Loans, and upon same-day notice in the case of Base Rate Loans, prepay the Term Loan on any Business Day; provided that the Borrower pays all Breakage Costs (if any) associated with such prepayment on the date of such prepayment. Prepayments of Eurodollar Rate Loans must be accompanied by a payment of interest on the amount so prepaid. Prepayments of Eurodollar Rate Loans must be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Prepayments of Base Rate Loans must be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding.
- (g) **Application of the Facility.** The proceeds of the Term Loan established hereby shall be used by the Borrower and its Subsidiaries solely to consummate the PHI Acquisition.

2. Conditions Precedent to Loans.

- (a) **Conditions Precedent to Initial Loan.** As a condition precedent to the initial Term Loan hereunder, the Lender must receive the following from the Borrower in form satisfactory to the Lender:
 - (i) the enclosed duplicate of this Agreement duly executed and delivered on behalf of the Borrower;
 - (ii) a certified borrowing resolution or other evidence of the Borrower's authority to borrow;
 - (iii) a certificate of incumbency;
 - (iv) if requested by the Lender, a promissory note as contemplated in Paragraph 1(d) above;

- (v) any fees required to be paid on or before the Closing Date;
 - (vi) unless waived by the Lender, payment of all fees, charges and disbursements of counsel to the Lender (directly to such counsel if requested by the Lender) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of fees, charges and disbursements as shall constitute its reasonable estimate of fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Lender); and
 - (vii) such other documents and certificates (including legal opinions) as the Lender may reasonably request.
- (b) **Conditions to Each Borrowing, Continuation and Conversion.** As a condition precedent to each borrowing (including the initial borrowing), continuation and conversion of the Term Loan:
- (i) the Borrower must furnish the Lender with, as appropriate, a notice of borrowing, continuation or conversion;
 - (ii) with respect to a borrowing, each representation and warranty set forth in Paragraph 3 below shall be true and correct in all material respects as if made on the date of such borrowing; and
 - (iii) no Default shall have occurred and be continuing on the date of such borrowing, continuation or conversion.

Each notice of borrowing and notice of continuation or conversion shall be deemed a representation and warranty by the Borrower that the conditions referred to in clauses (ii) and (iii) above have been met.

3. **Representations and Warranties.** The Borrower represents and warrants that the proceeds of the Term Loan has been and shall be used by the Borrower and its Subsidiaries solely in connection with the PHI Acquisition. The Borrower hereby further agrees that the representations and warranties contained in Article V of the Incorporated Agreement (the “Incorporated Representations”) are hereby incorporated by reference and shall be as binding on the Borrower as if fully set forth herein. Notwithstanding the above, with respect to the Incorporated Representations, (i) the representations and warranties contained in Section 5.05 of the Incorporated Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.01(a) of the Incorporated Agreement and (ii) the references to the “Closing Date” in Sections 5.05(b) and (c) and 5.15 of the Incorporated Agreement shall be deemed to refer to the Closing Date hereof.

4. **Covenants.** So long as principal of and interest on the Term Loan or any other amount payable hereunder or under any other Loan Document remains unpaid or unsatisfied, the Borrower shall comply with all the covenants and agreements applicable to it contained in Articles VI (Affirmative Covenants) and VII (Negative Covenants) of the Incorporated Agreement, including for purposes of this Paragraph 4

each Additional Incorporated Agreement Covenant. The covenants and agreements of the Borrower referred to in the preceding sentence (including all exhibits, schedules and defined terms referred to therein) are hereby (or, in the case of each Additional Incorporated Agreement Covenant, shall, upon its effectiveness, be) incorporated herein by reference as if set forth in full herein with appropriate substitutions, including the following:

- (a) all references to “this Agreement” shall be deemed to be references to this Agreement;
- (b) all references to “the Borrower” shall be deemed to be references to the Borrower;
- (c) all references to “the Administrative Agent”, “the Lenders” and the “Required Lenders” shall be deemed to be references to the Lender;
- (d) all references to “Default” and “Event of Default” shall be deemed to be references to a Default and an Event of Default, respectively; and
- (e) all references to “Loans” shall be deemed to be references to the Term Loan.

All such covenants and agreements so incorporated herein by reference shall survive any termination, cancellation, discharge or replacement of the Incorporated Agreement.

Any financial statements, certificates or other documents received by the Lender under the Incorporated Agreement shall be deemed delivered hereunder, it being agreed that the requirement to deliver any such financial statements, certificates and other documents required to be delivered by the covenants and agreements so incorporated herein by reference shall survive any termination, cancellation, discharge or replacement of the Incorporated Agreement.

5. Events of Default. The following are “Events of Default”:

- (a) The Borrower fails to pay any principal of the Term Loan as and on the date when due; or
- (b) The Borrower fails to pay any interest on the Term Loan, or any fee due hereunder, or any portion thereof, within three days after the date when due; or the Borrower fails to pay any other fee or amount payable to the Lender under any Loan Document, or any portion thereof, within five days after the date due; or
- (c) The Borrower fails to comply with (i) any covenant or agreement incorporated herein by reference pursuant to Paragraph 4 above, subject to any applicable grace period and/or notice requirement set forth in Section 8.01(c) of the Incorporated Agreement (it being understood and agreed that any such notice requirement shall be met by the Lender’s giving the applicable notice to the Borrower hereunder) or (ii) any other provision of such Paragraph 4; or
- (d) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower herein, in any other Loan Document, or in any document

delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

- (e) Any "Event of Default" specified in Article VIII of the Incorporated Agreement (including for purposes of this Paragraph 5(e) each Additional Incorporated Agreement Event of Default) occurs and is continuing, without giving effect to any waiver or amendment thereof pursuant to the Incorporated Agreement, it being agreed that each such "Event of Default" shall survive any termination, cancellation, discharge or replacement of the Incorporated Agreement.

Upon the occurrence of an Event of Default, the Lender may declare all sums outstanding hereunder and under the other Loan Documents, including all interest thereon, to be immediately due and payable, whereupon the same shall become and be immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all of which are hereby expressly waived; provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States of America, all sums outstanding hereunder and under each other Loan Document, including all interest thereon, shall become and be immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, all of which are hereby expressly waived.

6. Miscellaneous.

- (a) The parties hereto hereby agree that the provisions set forth in Sections 1.02 1.03, 1.04 and 1.05 and Article III (other than Section 3.06) of the Incorporated Agreement (the "Additional Incorporated Provisions") are incorporated by reference (with such adjustments or modifications as necessary to maintain the substance of the provisions contained therein) and shall be binding on the parties hereto as if set forth fully herein. The incorporation by reference to the Incorporated Agreement of the Incorporated Representations, the Incorporated Covenants, the Incorporated Events of Default and the Additional Incorporated Provisions shall survive the termination of the Incorporated Agreement. The Incorporated Representations, the Incorporated Covenants, the Incorporated Events of Default and the Additional Incorporated Provisions (including all exhibits, schedules and defined terms referred to therein) are hereby incorporated herein by reference as if set forth in full herein with appropriate substitutions, including the following (with such adjustments or modifications as necessary to maintain the substance of the provisions contained therein): (a) all references to "**this Agreement**" shall be deemed to be references to this Agreement; (b) all references to "**the Administrative Agent**" shall be deemed to be references to the Lender, (c) all references to "**the Lenders**" shall be deemed to be references to the Lender, (d) all references to "**the Required Lenders**" shall be deemed to be references to the Lender; (e) all references to "**Default**" and "**Event of Default**" shall be deemed to be references to a Default and an Event of Default, respectively; (f) all references to "**the Loans**" shall be deemed to be references to the Term Loan; (g) all references to "**Revolving Loans**" shall be deemed to be references to the Term Loan; (h) all references to "**Eurodollar Rate Loan**" shall be deemed to be references to Eurodollar Rate Loan as defined herein; and (i) all references

as to “**Loan Document**” or “**Loan Documents**” or any similar reference shall be deemed refer to this Agreement as well as the other Loan Documents.

- (b) No amendment or waiver of any provision of this Agreement (including any provision of the Incorporated Agreement incorporated herein by reference pursuant to Paragraph 4 above and any waiver of Paragraph 5(d) or Paragraph 5(e) above) or of any other Loan Document and no consent by the Lender to any departure therefrom by the Borrower shall be effective unless such amendment, waiver or consent shall be in writing and signed by a duly authorized officer of the Lender, and any such amendment, waiver or consent shall then be effective only for the period and on the conditions and for the specific instance specified in such writing. No failure or delay by the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other rights, power or privilege.
- (c) Except as otherwise expressly provided herein, notices and other communications to each party provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, to the address provided from time to time by such party. Any such notice or other communication sent by overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). All notices and other communications sent by the other means listed in the first sentence of this paragraph shall be effective upon receipt. Notwithstanding anything to the contrary contained herein, all notices (by whatever means) to the Lender pursuant to Paragraph 1(b) hereof shall be effective only upon receipt. Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e mail, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Lender. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Lender otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement); provided that, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified in writing by such Person for such purpose, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

The Lender shall be entitled to rely and act upon any notices (including telephonic notices of borrowings, conversions and continuations) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Indemnitee from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Lender may be recorded by the Lender, and the Borrower hereby consents to such recording.

- (d) This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign its rights and obligations hereunder. The Lender may at any time, at its own expense, (i) assign all or any part of its rights and obligations hereunder to any other Person with the consent of the Borrower, such consent not to be unreasonably withheld, provided that no such consent shall be required if the assignment is to an affiliate of the Lender or if a Default exists, and (ii) grant to any other Person participating interests in all or part of its rights and obligations hereunder without notice to the Borrower. The Borrower agrees to execute any documents reasonably requested by the Lender in connection with any such assignment. All information provided by or on behalf of the Borrower to the Lender or its affiliates may be furnished by the Lender to its affiliates and to any actual or proposed assignee or participant.
- (e) The Borrower shall pay the Lender, on demand, all reasonable out-of-pocket expenses and legal fees (including the allocated costs for in-house legal services) incurred by the Lender in connection with the enforcement of this Agreement or any instruments or agreements executed in connection herewith.
- (f) The Borrower shall indemnify the Lender, its affiliates, and their respective partners, directors, officers, employees, agents and advisors (collectively the "Indemnitees") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, (ii) the Term Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Subsidiary, or any Environmental Liability related in any way to the Borrower or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity

shall not as to any Indemnitee, be available (A) to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby and (B) with respect to a dispute among two or more Indemnities which does not arise as a result of the action or inaction of the Borrower. The agreements in this Paragraph 6(f) shall survive the repayment, satisfaction or discharge of all the other obligations and liabilities of the Borrower under the Loan Documents. All amounts due under this Paragraph 6(f) shall be payable within ten Business Days after demand therefor.

- (g) To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan or the use of the proceeds thereof. Nothing contained in this Paragraph 6(g) shall be deemed to restrict the Borrower's right to pursue any and all legal remedies available to the Borrower for breach of any representation, covenant, warranty or other agreement set forth in any Loan Document.
- (h) If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- (i) This Agreement may be executed in one or more counterparts, and each counterpart, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same instrument.

- (j) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE LENDER OR ANY affiliates, partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of the Lender IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS PARAGRAPH 6(j). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN PARAGRAPH 6(j). NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO

SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

- (k) THE BORROWER AND THE LENDER EACH HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.
- (l) The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), the Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Lender, provide all documentation and other information that the Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.
- (m) The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation amendments or other modifications, notices of borrowing, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Lender, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Lender is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it.
- (n) If an Event of Default shall have occurred and be continuing, the Lender and each of its affiliates is hereby authorized at any time and from time to time, to the fullest extent

permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any such affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch or office of the Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of the Lender and its affiliates under this paragraph are in addition to other rights and remedies (including other rights of setoff) that the Lender or its affiliates may have. The Lender agrees to notify the Borrower promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

- (o) **THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS CONSTITUTE THE ENTIRE CONTRACT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS, ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF.**

[Signatures Appear on the Following Page]

Please indicate your acceptance of the Term Loan on the foregoing terms and conditions by returning an executed copy of this Agreement to the undersigned not later than _____, 2017.

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

Accepted and Agreed to as of the date first written above:

SONOCO PRODUCTS COMPANY

By: _____
Name: _____
Title: _____

U.S. Taxpayer Identification Number: _____

Date: _____

LETTER LOAN AGREEMENT
SONOCO PRODUCTS COMPANY

DEFINITIONS

Additional Incorporated Agreement Covenant:	A covenant or agreement that is added to Articles VI (Affirmative Covenants) or VII (Negative Covenants) of the Incorporated Agreement after the date hereof, as such covenant or agreement is in effect on the date so added, without giving effect to any subsequent amendment or other modification thereof.
Additional Incorporated Agreement Event of Default:	An "Event of Default" that is added to Article VIII of the Incorporated Agreement after the date hereof, as such "Event of Default" is in effect on the date so added, without giving effect to any subsequent amendment or other modification thereof.
Agreement:	This letter agreement, as amended, restated, extended, supplemented or otherwise modified in writing from time to time.
Base Rate:	For any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate <u>plus</u> 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its "prime rate" and (c) the Eurodollar Rate <u>plus</u> 1.00%; provided, that, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement The Lender's prime rate is a rate set by the Lender based upon various factors including the Lender's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by the Lender shall take effect at the opening of business on the day specified in the public announcement of such change.
Base Rate Loan:	A Loan bearing interest based on the Base Rate.
Breakage Costs:	Any loss, cost or expense incurred by the Lender (including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by the Lender to maintain the relevant Eurodollar Rate Loan or from fees payable to terminate the deposits from which such funds were obtained) as a result of (i) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or (ii) any failure by the Borrower (for a reason other than the failure of the Lender to make the Term Loan when all conditions to making such Term Loan have been met by the Borrower in accordance with the terms hereof) to prepay, borrow, continue or convert any Eurodollar Rate Loan on a date or in the amount notified by the Borrower. The certificate of the Lender as to its costs of funds, losses and expenses incurred shall be conclusive absent manifest error.

Business Day:	Any day other than a Saturday, Sunday, or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the State of New York or the state where the Lender's lending office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.
Closing Date	March 13, 2017.
Code:	The Internal Revenue Code of 1986.
Default:	Any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.
Dollar or \$:	The lawful currency of the United States of America.
Environmental Laws:	Any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.
Environmental Liability:	Any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.
Eurodollar Rate:	<p>(a) For any Interest Period with respect to any Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate or a comparable or successor rate, which rate is approved by the Lender ("<u>LIBOR</u>"), as published on the applicable Bloomberg screen page (or such other commercially available source providing quotations as may be designated by the Lender from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and</p> <p>(b) For any interest rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m. London time determined two Business Days prior to such date for U.S. Dollar deposits with a term of one month commencing that day;</p> <p><u>provided</u> that to the extent a comparable or successor rate is approved by the Lender in connection herewith, the approved rate shall be applied in a manner</p>

consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Lender, such approved rate shall be applied in a manner as otherwise reasonably determined by the Lender; provided, further that if the Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

Eurodollar Rate Loan:	A Loan bearing interest based on the Eurodollar Rate.
Event of Default:	Has the meaning set forth in <u>Paragraph 5</u> .
Federal Funds Rate:	For any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; <u>provided</u> that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender; <u>provided</u> that if the Federal Funds Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.
Hazardous Materials:	All explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.
Incorporated Agreement:	The Credit Agreement, dated as of October 2, 2014, among the Borrower, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Unless otherwise specified herein, all references to the Incorporated Agreement shall mean the Incorporated Agreement as in effect on the date hereof, without giving effect to any amendment, supplement or other modification thereto or thereof after the date hereof.
Indemnitee:	Has the meaning set forth in <u>Paragraph 6(f)</u> .
Interest Period:	<p>For each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter (in each case, subject to availability), as selected by the Borrower in its notice to the Lender; <u>provided</u> that:</p> <p>(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;</p>

(ii) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

Loan Documents:	This Agreement, the promissory note and fee letter, if any, delivered in connection with this Agreement.
Material Adverse Effect:	(a) A material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower to perform its obligations under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document.
Maturity Date:	March 13, 2020.
Person:	Any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.
PHI Acquisition:	The Acquisition of Packaging Holdings by Sonoco Plastics, Inc., a Pennsylvania corporation (" <u>Sonoco Plastics</u> "), on terms and conditions and pursuant to the Agreement and Plan of Merger dated February 15, 2017 (the " <u>PHI Merger Agreement</u> ") by and among Sonoco Plastics, as acquirer, Sequoia 2017, Inc., a Delaware corporation, as merger sub, Packing Holdings, as company, Odyssey Investment Partners, LLC, a Delaware limited liability company, in its capacity as holder representative, and the Borrower, as parent guarantor.
Packaging Holdings:	Packaging Holdings, Inc., a Delaware corporation.
Subsidiary:	With respect to any Person, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" refer to a Subsidiary or Subsidiaries of the Borrower.

FORM OF PROMISSORY NOTE

\$150,000,000 March 13, 2017

FOR VALUE RECEIVED, the undersigned, SONOCO PRODUCTS COMPANY, a South Carolina corporation (the “Borrower”), hereby promises to pay to the order of BANK OF AMERICA, N.A. (the “Lender”) the principal sum of ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000) or, if less, the aggregate unpaid principal amount of all Term Loans made by the Lender to the Borrower pursuant to the letter agreement, dated as of even date herewith (such letter agreement, as it may be amended, restated, extended, supplemented or otherwise modified from time to time, being hereinafter called the “Agreement”), between the Borrower and the Lender, on the Maturity Date. The Borrower further promises to pay interest on the unpaid principal amount of the Term Loans evidenced hereby from time to time at the rates, on the dates, and otherwise as provided in the Agreement.

The loan account records maintained by the Lender shall at all times be conclusive evidence, absent manifest error, as to the amount of the Term Loans and payments thereon; provided, however, that any failure to record any Term Loan or payment thereon or any error in doing so shall not limit or otherwise affect the obligation of the Borrower to pay any amount owing with respect to the Term Loans.

This promissory note is the promissory note referred to in, and is entitled to the benefits of, the Agreement, which Agreement, among other things, contains provisions for acceleration of the maturity of the Term Loans evidenced hereby upon the happening of certain stated events and also for prepayments on account of principal of the Term Loans prior to the maturity thereof upon the terms and conditions therein specified.

Unless otherwise defined herein, terms defined in the Agreement are used herein with their defined meanings therein. This promissory note shall be governed by, and construed in accordance with, the laws of the State of New York.

SONOCO PRODUCTS COMPANY

By: _____ Name:
Title:

May 3, 2017

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

Commissioners:

We are aware that our report dated May 3, 2017 on our review of interim financial information of Sonoco Products Company for the three month periods ended April 2, 2017 and April 3, 2016 and included in the Company's quarterly report on Form 10-Q for the quarter ended April 2, 2017 is incorporated by reference in its Registration Statement on Forms S-8 (File No. 333-206669, dated August 31, 2015; File No. 333-206671, dated August 31, 2015; File No. 333-206672, dated August 31, 2015; File No. 333-206673, dated August 31, 2015; File No. 333-206674, dated August 31, 2015; and File No. 333-206675, dated August 31, 2015) and Form S-3 (File No. 333-213559, dated September 9, 2016).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

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: May 3, 2017

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

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: May 3, 2017

By: /s/ Barry L. Saunders

Barry L. Saunders
Senior Vice President and Chief Financial
Officer

**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 April 2, 2017, 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.

May 3, 2017

/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.

