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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2012

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, SC 29550
Telephone: 843/383-7000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
No par value common stock	New York Stock Exchange, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

The aggregate market value of voting common stock held by nonaffiliates of the registrant (based on the New York Stock Exchange closing price) on July 1, 2012, which was the last business day of the registrant's most recently completed second fiscal quarter, was $2,922,749,774. Registrant does not (and did not at July 1, 2012) have any non-voting common stock outstanding.

As of February 8, 2013, there were 101,004,010 shares of no par value common stock outstanding.

Documents Incorporated by Reference

Portions of the Proxy Statement for the annual meeting of shareholders to be held on April 17, 2013, which statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates, are incorporated by reference in Part III.

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SONOCO PRODUCTS COMPANY

Forward-looking statements

Statements included in this Annual Report on Form 10-K 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. The words "estimate," "project," "intend," "expect," "believe," "consider," "plan," "strategy," "opportunity," "target," "anticipate," "objective," "goal," "guidance," "outlook," "forecast," "future," "will," "would," "aspires" or the negative thereof, and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding offsetting high raw material costs; improved productivity and cost containment; adequacy of income tax provisions; refinancing of debt; realization of synergies resulting from acquisitions; adequacy of cash flows; anticipated amounts and uses of cash flows; effects of acquisitions and dispositions; adequacy of provisions for environmental liabilities; financial strategies and the results expected from them; sales growth; market leadership; continued payments of dividends; stock repurchases; producing improvements in earnings; financial results for future periods; goodwill impairment charges; expected amounts of capital spending; anticipated contributions to benefit plans; and creation of long-term value for shareholders. 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, expectations, beliefs, plans, strategies 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 and uncertainties include, without limitation:

- availability and pricing of raw materials;
- success of new product development and introduction;
- ability to maintain or increase productivity levels and contain or reduce costs;
- 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;
- international, national and local economic and market conditions;
- availability of credit to us, our customers and/or suppliers in needed amounts and/or on reasonable terms;
- fluctuations in obligations and earnings of pension and postretirement benefit plans;
- pricing pressures, demand for products and ability to maintain market share;
- continued strength of our paperboard-based tubes and cores and composite can operations;
- anticipated results of restructuring activities;
- resolution of income tax contingencies;
- ability to successfully integrate newly acquired businesses into the Company's operations;
- ability to win new business and/or identify and successfully close suitable acquisitions at the levels needed to meet growth targets;
- rate of growth in foreign markets;
- foreign currency, interest rate and commodity price risk and the effectiveness of related hedges;
- actions of government agencies and changes in laws and regulations affecting the Company;
- liability for and anticipated costs of environmental remediation actions;
- 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;
- accuracy in valuation of deferred tax assets;
- loss of consumer or investor confidence; and
- economic disruptions resulting from terrorist activities.

The Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report on Form 10-K might not occur.

References to our website address

References to our website address and domain names throughout this Annual Report on Form 10-K are for informational purposes only, or to fulfill specific disclosure requirements of the Securities and Exchange Commission's rules or the New York Stock Exchange Listing Standards. These references are not intended to, and do not, incorporate the contents of our websites by reference into this Annual Report on Form 10-K.

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PART I

Item 1. Business

(A) General development of business –

The Company is a South Carolina corporation founded in Hartsville, South Carolina, in 1899 as the Southern Novelty Company. The name was subsequently changed to Sonoco Products Company (the "Company" or "Sonoco"). Sonoco is a manufacturer of industrial and consumer packaging products and a provider of packaging services, with 347 locations in 34 countries.

Information about the Company's acquisitions, dispositions, joint ventures and restructuring activities is provided in Notes 3 and 4 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(B) Financial information about segments –

The Company reports its financial results in four reportable segments – Consumer Packaging, Paper and Industrial Converted Products, Display and Packaging, and Protective Solutions. Effective the fourth quarter of 2012, the Company changed the name of what had been called Packaging Services to Display and Packaging and what had been called Protective Packaging to Protective Solutions to better describe the segments' business activities. Information about the Company's reportable segments is provided in Note 16 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(C) Narrative description of business –

Products and Services – The following discussion outlines the principal products produced and services provided by the Company.

Consumer Packaging

The Consumer Packaging segment accounted for approximately 40%, 44% and 44% of the Company's consolidated net sales in 2012, 2011 and 2010, respectively. The operations in this segment consist of 79 plants throughout the world. The products, services and markets of the Consumer Packaging segment are as follows:

Products and Services	*Markets*
Round composite cans, shaped rigid paperboard containers, fiber caulk/adhesive tubes, aluminum, steel and peelable membrane easy-open closures for composite and metal cans; plastic bottles, jars, jugs, cups and trays; printed flexible packaging, rotogravure cylinder engraving, global brand management	Snacks, nuts, cookies, crackers, hard-baked goods, desserts, candy, gum, frozen concentrate, powdered and liquid beverages, non-carbonated beverages, ready-to-drink products, powdered infant formula, coffee, refrigerated dough, frozen entrees, processed food, vegetables, fruit, seafood, poultry, soup, pasta, dairy, sauces, dips, fresh-cut produce, pet food, home and personal care, adhesives

Sonoco's rigid packaging – paper-based products – is the Company's second largest revenue-producing group of products and services, representing approximately 17%, 19% and 21% of consolidated net sales in 2012, 2011 and 2010, respectively.

Paper and Industrial Converted Products

The Paper and Industrial Converted Products segment accounted for approximately 38%, 42% and 42% of the Company's consolidated net sales in 2012, 2011 and 2010, respectively. This segment serves its markets through 220 plants on five continents. Sonoco's paper operations provide the primary raw material for the Company's fiber-based packaging. Sonoco uses approximately 56% of the paper it manufactures, and the remainder is sold to third parties. This vertical integration strategy is supported by 20 paper mills with 30 paper machines and 49 recycling facilities throughout the world. In 2012, Sonoco had the capacity to manufacture approximately 1.8 million tons of recycled paperboard. The products, services and markets of the Paper and Industrial Converted Products segment are as follows:

Products and Services	*Markets*
Recycled paperboard, chipboard, tubeboard, lightweight corestock, boxboard, linerboard, corrugating medium, specialty grades; paperboard tubes and cores, concrete forms, pallets, molded plugs, reels; collection, processing and recycling of old corrugated containers, paper, plastics, metal, glass and other recyclable materials	Converted paperboard products, spiral winders, beverage insulators, construction, film, flowable products, metal, paper mill, shipping and storage, tape and label, textiles, wire and cable, municipal, residential, customers' manufacturing and distribution facilities

Sonoco's tubes and core products are the Company's largest revenue-producing group of products, representing approximately 24%, 25% and 27% of consolidated net sales in 2012, 2011 and 2010, respectively.

Display and Packaging

The Display and Packaging segment accounted for approximately 10%, 10% and 11% of the Company's consolidated net sales in 2012, 2011 and 2010, respectively. The products, services and markets of the Display and Packaging segment are as follows:

Products and Services	*Markets*
Point-of-purchase displays, custom packaging, fulfillment, primary package filling, supply chain management, paperboard specialties	Automotive, beverages, candy, electronics, personal care, baby care, food, cosmetics, fragrances, hosiery, office supplies, toys, home and garden, medical, over-the-counter drugs, sporting goods, hospitality industry, advertising

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Protective Solutions

The Protective Solutions segment accounted for approximately 12%, 4% and 3% of the Company's consolidated net sales in 2012, 2011 and 2010, respectively. The products, services and markets of the Protective Solutions segment are as follows:

Products and Services	*Markets*
Highly engineered, custom-designed protective, temperature-assurance and retail security packaging solutions	Consumer electronics, automotive, appliances, medical devices, temperature-sensitive pharmaceuticals and food, heating and air conditioning, office furnishings, fitness equipment, promotional and palletized distribution

Product Distribution – Each of the Company's operating units has its own sales staff, and maintains direct sales relationships with its customers. For those customers that buy from more than one business unit, the Company often assigns a single representative or team of specialists to handle that customer's needs. Some of the units have service staff at the manufacturing facility that interacts directly with customers. The Paper and Industrial Converted Products segment also has a customer service center located in Hartsville, South Carolina, which is the main contact point between its North American business units and its customers. Divisional sales personnel also provide sales management, marketing and product development assistance as needed. Typically, product distribution is directly from the manufacturing plant to the customer, but in some cases, product is warehoused in a mutually advantageous location to be shipped to the customer as needed.

Raw Materials – The principal raw materials used by the Company are recovered paper, paperboard, steel, aluminum and plastic resins. Raw materials are purchased from a number of outside sources. The Company considers the supply and availability of raw materials to be adequate to meet its needs.

Patents, Trademarks and Related Contracts – Most inventions and product and process innovations are generated by Sonoco's development and engineering staff, and are important to the Company's internal growth. Patents have been granted on many inventions created by Sonoco staff in the United States and other countries. These patents are managed globally by a Sonoco intellectual capital management team through the Company's subsidiary, Sonoco Development, Inc. (SDI). SDI globally manages patents, trade secrets, confidentiality agreements and license agreements. Some patents have been licensed to other manufacturers. Sonoco also licenses a few patents from outside companies and universities. U.S. patents expire after 17 or 20 years, depending on the patent issue date. New patents replace many of the abandoned or expired patents. A second intellectual capital subsidiary of Sonoco, SPC Resources, Inc., globally manages Sonoco's trademarks, service marks, copyrights and Internet domain names. Most of Sonoco's products are marketed worldwide under trademarks such as Sonoco ®, Sonotube®, Safe-top®, Sealed-safe®, Duro® and Durox®. Sonoco's registered web domain names such as www.sonoco.com and www.sonotube.com provide information about Sonoco, its people and products. Trademarks and domain names are licensed to outside companies where appropriate.

Seasonality – The Company's operations are not seasonal to any significant degree, although the Consumer Packaging and Display and Packaging segments normally report slightly higher sales and operating profits in the second half of the year, when compared with the first half.

Working Capital Practices – The Company is not required to carry any significant amounts of inventory to meet customer requirements or to assure itself continuous allotment of goods.

Dependence on Customers – On an aggregate basis during 2012, the five largest customers in the Paper and Industrial Converted Products segment, the Consumer Packaging segment and the Protective Solutions segment accounted for approximately 7%, 33% and 22%, respectively, of each segment's net sales. The dependence on a few customers in the Display and Packaging segment is more significant, as the five largest customers in this segment accounted for approximately 64% of that segment's sales.

Sales to the Company's largest customer represented approximately 9% of consolidated revenues in 2012. This concentration of sales volume resulted in a corresponding concentration of credit, representing approximately 8% of the Company's consolidated trade accounts receivable at December 31, 2012. The Company's next largest customer comprised approximately 5% of the Company's consolidated revenues for the year ended December 31, 2012.

Backlog – Most customer orders are manufactured with a lead time of three weeks or less. Therefore, the amount of backlog orders at December 31, 2012, was not material. The Company expects all backlog orders at December 31, 2012, to be shipped during 2013.

Competition – The Company sells its products in highly competitive markets, which include paper, textile, film, food, chemical, packaging, construction, and wire and cable. All of these markets are influenced by the overall rate of economic activity and their behavior is principally driven by supply and demand. Because we operate in highly competitive markets, we regularly bid for new and continuing business. Losses and/or awards of business from our largest customers, customer changes to alternative forms of packaging, and the repricing of business, can have a significant effect on our operating results. The Company manufactures and sells many of its products globally. The Company, having operated internationally since 1923, considers its ability to serve its customers worldwide in a timely and consistent manner a competitive advantage. The Company also believes that its technological leadership, reputation for quality, and vertical integration are competitive advantages. Expansion of the Company's product lines and global presence is driven by the rapidly changing needs of its major customers, who demand high-quality, state-of-the-art, environmentally compatible packaging, wherever they choose to do business. It is important to be a low-cost producer in order to compete effectively. The Company is constantly focused on productivity improvements and other cost-reduction initiatives utilizing the latest in technology.

Research and Development – Company-sponsored research and development expenses totaled approximately $20.2 million in 2012, $18.8 million in 2011 and $17.8 million in 2010. Customer-sponsored research and development expenses were not material in any of these periods. Significant projects in Sonoco's Consumer Packaging segment include a broad range of cost-reduction projects, high-value flexible packaging enhancements, rigid plastic containers technology and next-generation composite packaging. During 2012, the Paper and Industrial Converted Products segment continued to invest in efforts to design and develop new products for the construction industry and for the film and tape industries. In addition, efforts were focused on enhancing performance characteristics of the Company's tubes and cores in the textile, film and paper packaging areas, as well as on projects aimed at enhancing productivity. Research and development projects in the Company's Protective Solutions segment were primarily focused on developing new temperature-assurance solutions for the pharmaceuticals market.

Compliance with Environmental Laws – Information regarding compliance with environmental laws is provided in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Risk Management," and in Note 14 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Number of Employees – Sonoco had approximately 19,900 employees worldwide as of December 31, 2012.

(D) Financial information about geographic areas –

Financial information about geographic areas is provided in Note 16 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, and in the information about market risk in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Risk Management" of this Annual Report on Form 10-K.

(E) Available information –

The Company electronically files with the Securities and Exchange Commission (SEC) its annual reports on Form 10-K, its quarterly reports on Form 10-Q, its periodic reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 (the "1934 Act"), and proxy materials pursuant to Section 14 of the 1934 Act. The SEC maintains a site on the Internet, *www.sec.gov*, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Sonoco also makes its filings available, free of charge, through its website, *www.sonoco.com*, as soon as reasonably practical after the electronic filing of such material with the SEC.

Executive Officers of the Registrant –

Name	*Age*	*Position and Business Experience for the Past Five Years*
Executive Committee		
Harris E. DeLoach Jr.	68	Chairman of the Board & Chief Executive Officer since 2010. Previously Chairman of the Board, President & Chief Executive Officer 2005-2010; President & Chief Executive Officer 2000-2005; Chief Operating Officer April-July 2000; Sr. Executive Vice President, Global Industrial Products/ Paper/Molded Plastics 1999-2000. Joined Sonoco in 1985. (Retiring as Chief Executive Officer effective March 31, 2013).
M. Jack Sanders	59	President, Chief Operating Officer and Chief Executive Officer-elect since December 2012. Previously President and Chief Operating Officer 2010-2012; Executive Vice President, Consumer January-December 2010; Executive Vice President, Industrial 2008-2010; Sr. Vice President, Global Industrial Products 2006-2008; Vice President, Global Industrial Products January-October 2006; Vice President, Industrial Products, N.A. 2001-2006. Joined Sonoco in 1987.
Vicki B. Arthur	54	Vice President, Protective Solutions since January 2013. Previously Vice President, Protective Packaging, N.A. & Integration Leader 2012-2013; Vice President Global Corporate Accounts 2008-2012; Division Vice President, Global Corporate Accounts 2007-2008; Division Vice President & General Manager-Kraft 2005-2007; Staff Vice President & Treasurer 2002-2005. Joined Sonoco in 1984.
R. Howard Coker	50	Group Vice President, Global Rigid Paper & Plastics since January 2013. Previously Vice President, Global Rigid Paper & Closures 2011-2013; Vice President & General Manager, Rigid Paper & Closures, N.A. 2009-2011; Division Vice President & General Manager, Rigid Paper & Closures 2008-2009; Division Vice President & General Manager, Sonoco Phoenix 2006-2008; Director of Sales 2002-2005. Joined Sonoco in 1985.

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Name	*Age*	*Position and Business Experience for the Past Five Years*
John M. Colyer Jr	52	Sr. Vice President, Global Industrial Products & Protective Solutions since January 2013. Previously Vice President, Global Paper & Industrial Converted Products 2012-2013; Vice President, Global Industrial Converting 2010-2012; Vice President North American Converted Products 2009-2010; Vice President, Industrial Converted Products N.A. 2008-2009; Division Vice President & General Manager, Industrial Products, N.A. 2006-2008; Division Vice President, Manufacturing, Industrial Products 2004-2006. Joined Sonoco in 1983.
Rodger D. Fuller	51	Group Vice President, Paper/Tubes and Cores N.A. since January 2013. Previously Vice President, Global Rigid Plastics & Corporate Customers 2011-2013; Vice President, Global Rigid Paper & Plastics January-October 2011; Vice President, Global Rigid Paper & Closures 2008-2011; Vice President, Rigid Paper & Plastics N.A. 2005-2008; Division Vice President & General Manager, Consumer Products N.A. 2000-2005. Joined Sonoco in 1985.
Ronald G. Leach	55	Vice President, Global Protective Packaging since November 2011. Previously President & Chief Executive Officer, Tegrant Corporation 2007-2011; President, SCA Packaging N.A. 2003-2007; President and Chief Executive Officer, Alloyd Company, Inc., 2002-2003. Joined Sonoco in November 2011. (Retiring effective March 31, 2013).
Allan H. McLeland	46	Vice President, Human Resources since 2011. Previously Staff Vice President, Human Resources, Industrial 2010-2011; Director of Human Resources, Industrial 2009-2010; Director, Talent Management 2006-2009; Director, Organizational Development & Staffing 2002-2006. Joined Sonoco in 1993.
Marty F. Pignone	56	Vice President, Primary Materials Group N.A. since December 2012. Previously Vice President, Global Operating Excellence 2011-2012; Vice President, Global Manufacturing, Industrial 2008-2011; Vice President, Paper N.A. 2005-2008. Joined Sonoco in 1997.
Barry L. Saunders	53	Vice President & Chief Financial Officer since May 2011. Previously Vice President & Corporate Controller & Chief Accounting Officer 2008-2011; Staff Vice President & Corporate Controller & Chief Accounting Officer 2002-2008. Joined Sonoco in 1989.
Robert C. Tiede	54	Sr. Vice President, Global Consumer Packaging & Services since January 2013. Previously Vice President Global Flexibles & Packaging Services 2009-2013; Division Vice President & General Manager, Flexible Packaging 2007-2009; President Sonoco-CorrFlex 2004-2007. Joined Sonoco in 2004.
Other Corporate Officers		
Ritchie L. Bond	56	Vice President, Treasurer & Corporate Secretary since 2011. Previously Staff Vice President, Treasurer & Corporate Secretary 2009-2011; Staff Vice President & Treasurer 2005-2009. Joined Sonoco in 2005.
James A. Harrell III	51	Vice President, Tubes & Cores N.A. since 2010. Previously Vice President & General Manager, Industrial Converted Products 2009-2010; Division Vice President & General Manager, Paper, N.A. 2008-2009; Staff Vice President, Global Operating Excellence, Industrial Products 2007-2008; Division Vice President, Industrial Products/ Paper, Europe 2002-2007. Joined Sonoco in 1985.
Kevin P. Mahoney	57	Sr. Vice President, Corporate Planning since 2011. Previously Vice President, Corporate Planning 2000-2011. Joined Sonoco in 1987.
Robert L. Puechl	57	Vice President, Global Flexible Packaging since 2011. Previously Vice President, Global Rigid Plastics 2010-2011; Division Vice President & General Manager, Molded Plastics 2008-2010; Division Vice President & General Manager, Molded Plastics & Caulk 2002-2008. Joined Sonoco in 1986.

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Name	*Age*	*Position and Business Experience for the Past Five Years*
Roger P. Schrum	57	Vice President, Investor Relations & Corporate Affairs since 2009. Previously Staff Vice President, Investor Relations & Corporate Affairs 2005-2009. Joined Sonoco in 2005.
Marcy J. Thompson	51	Vice President, Rigid Paper N.A. since 2011. Previously Division Vice President and General Manager, Sonoco Recycling, Inc. 2009-2011; Division Vice President and General Manager, Industrial Products Division, N.A. 2008-2009; Division Vice President, Sales and Marketing, Industrial, N.A. 2006-2009. Joined Sonoco in 2006.

Item 1A. Risk factors

Risk factors relating to Sonoco's business

The Company is subject to environmental regulations and liabilities that could weaken operating results.

Federal, state, provincial, foreign and local environmental requirements, including the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and particularly those relating to air and water quality, are significant factors in the Company's business and generally increase its costs of operations. The Company may be found to have environmental liability for the costs of remediating soil or water that is, or was, contaminated by the Company or a third party at various sites that are now, or were previously, owned, used or operated by the Company. Legal proceedings may result in the imposition of fines or penalties, as well as mandated remediation programs that require substantial, and in some instances, unplanned capital expenditures.

The Company has incurred in the past, and may incur in the future, fines, penalties and legal costs relating to environmental matters, and costs relating to the damage of natural resources, lost property values and toxic tort claims. The Company has made expenditures to comply with environmental regulations and expects to make additional expenditures in the future. As of December 31, 2012, approximately $75.6 million was reserved for environmental liabilities. Such reserves are established when it is considered probable that the Company has some liability. In part because nearly all of the Company's potential environmental liabilities are joint and severally shared with others, the Company's maximum potential liability cannot be reasonably estimated. However, the Company's actual liability in such cases may be substantially higher than the reserved amount. Additional charges could be incurred due to changes in law, or the discovery of new information, and those charges could have a material adverse effect on operating results.

Changes to laws and regulations dealing with environmental issues, including climate change, are made or proposed with some frequency and some of the proposals, if adopted, might, directly or indirectly, result in a material reduction in the operating results of one or more of the Company's operating units.

General economic conditions in the United States may change, having a negative impact on the Company's earnings.

Domestic sales accounted for approximately 66% of the Company's consolidated revenues in 2012. Even with the Company's diversification across various markets and customers, due to the nature of the Company's products and services, general economic downturns can have an adverse impact on the Company's reported results.

Conditions in foreign countries where the Company operates may reduce earnings.

The Company has operations throughout North and South America, Europe, Australia and Asia, with 347 facilities in 34 countries. In 2012, approximately 34% of consolidated sales came from operations and sales outside of the United States. Accordingly, economic conditions, political situations, and changing laws and regulations in those countries may adversely affect revenues and income.

Raw materials price increases may reduce net income.

Most of the raw materials the Company uses are purchased from third parties. Principal examples are recovered paper, steel, aluminum and resin. Prices for these raw materials are subject to substantial fluctuations that are beyond the Company's control and can adversely affect profitability. Many of the Company's long-term contracts with customers permit limited price adjustments to reflect increased raw material costs. Although both contractual and noncontractual prices may be increased in an effort to offset increases in raw materials costs, such adjustments may not occur quickly enough, or be sufficient to prevent a materially adverse effect on net income and cash flow.

The Company may encounter difficulties integrating acquisitions, restructuring operations or closing or disposing of facilities.

The Company has made numerous acquisitions in recent years, and may actively seek new acquisitions that management believes will provide meaningful opportunities in the markets it serves. Acquired businesses may not achieve the expected levels of revenue, profit or productivity, or otherwise perform as expected.

Acquisitions also involve special risks, including, without limitation, the potential assumption of unanticipated liabilities and contingencies, and difficulties in integrating acquired businesses. While management believes that acquisitions will improve the Company's competitiveness and profitability, no assurance can be given that acquisitions will be successful or accretive to earnings. If actual performance in an acquisition falls significantly short of the projected results, or the assessment of the relevant facts and circumstances changes, it is possible that a noncash impairment charge of any related goodwill would be required.

The Company has closed higher-cost facilities, sold non-core assets and otherwise restructured operations in an effort to improve cost competitiveness and profitability. Some of these activities are ongoing, and there is no guarantee that any such activities will achieve the Company's goals and not divert the attention of management or disrupt the ordinary operations of the Company. Moreover, production capacity, or the actual amount of products produced, may be reduced as a result of these activities.

Energy price increases may reduce net income.

Some of the Company's manufacturing operations require the use of substantial amounts of electricity and natural gas, which may be subject to significant price increases as the result of changes in overall supply and demand. Energy usage is forecasted and monitored, and the Company may, from time to time, use commodity futures or swaps in an attempt to reduce the impact of energy price increases. The Company cannot guarantee success in these efforts, and could suffer adverse effects to net income and cash flow should the Company be unable to pass higher energy costs through to its customers.

Changes in pension plan assets or liabilities may reduce net income and shareholders' equity.

The Company has an aggregate projected benefit obligation for its defined benefit plans of approximately $1.8 billion. The calculation of this obligation is sensitive to the underlying discount rate assumption. Reductions in the long-term yield of high-quality debt instruments would result in a higher projected benefit obligation and higher net periodic benefit cost. A higher projected benefit obligation may result in a change in funded status that significantly reduces shareholders' equity. The Company has total assets of approximately $1.3 billion funding a portion of the projected benefit obligation. Decreases in fair value of these assets may result in higher net periodic benefit costs and changes in the funded status that significantly reduce shareholders' equity.

The Company may not be able to develop new products acceptable to the market.

For many of the Company's businesses, organic growth depends meaningfully on new product development. If new products acceptable to the Company's customers are not developed in a timely fashion, its growth potential may be hindered.

The Company may not be able to locate suitable acquisition candidates.

If significant acquisition candidates that meet the Company's specific criteria are not located, the Company's potential for growth may be restricted.

The Company, or its customers, may not be able to obtain necessary credit or, if so, on reasonable terms.

The Company operates a $350 million commercial paper program, supported by a five-year bank credit facility of an equal amount committed by a syndicate of eight banks until October 2017. In the event that disruptions in global credit markets were to become so severe that the Company was unable to issue commercial paper, it has the contractual right to draw funds directly on the underlying bank credit facility. The Company believes that the lenders have the ability to meet their obligations under the facility. However, if these obligations are not met, the Company may be forced to seek more costly or cumbersome forms of credit. Should such credit be unavailable for an extended time, it would significantly affect the Company's ability to operate its business and execute its plans. In addition, the Company's customers may experience liquidity problems as a result of the current economic environment that could negatively affect the Company's ability to collect receivables and maintain business relationships.

Foreign exchange rate fluctuations may reduce the Company's earnings.

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. Generally, each of the Company's foreign operations both produces and sells in its respective local currency, limiting the Company's exposure to foreign currency transactions. The Company monitors its exposures and, from time to time, may use forward currency contracts to hedge certain forecasted currency transactions or foreign currency denominated assets and liabilities. In addition to potential transaction losses, the Company's reported results of operations and financial position could be negatively affected by exchange rates when the activities and balances of its foreign operations are translated into U.S. dollars for financial reporting purposes.

The Company is subject to cyber-security risks related to certain customer, employee, vendor and other Company data.

The Company uses information technologies to securely manage operations and various business functions and relies upon various technologies to process, store and report on its business and to interact with customers, vendors and employees. Despite its security design and controls, and those of its third party providers, the Company could become subject to cyber attacks which could result in operational disruptions or the misappropriation of sensitive data. There can be no assurance that such disruptions or misappropriations and the resulting repercussions would not be material to its results of operations, financial condition or cash flows.

Item 1B. Unresolved staff comments

There are no unresolved written comments from the SEC staff regarding the Company's periodic or current 1934 Act reports.

Item 2. Properties

The Company's corporate offices are owned and operated in Hartsville, South Carolina. There are 102 owned and 85 leased facilities used by operations in the Paper and Industrial Converted Products segment, 33 owned and 46 leased facilities used by operations in the Consumer Packaging segment, four owned and 16 leased facilities used by operations in the Display and Packaging segment, and 12 owned and 34 leased facilities used by the Protective Solutions segment. Europe, the most significant foreign geographic region in which the Company operates, has 51 manufacturing locations.

Item 3. Legal proceedings

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 agreements 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 cannot be determined. As of December 31, 2012 and 2011, the Company had accrued $75.6 million and $78.6 million, respectively, related to environmental contingencies. The Company periodically re-evaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and, when warranted, makes appropriate adjustments.

Fox River

The Company believes the environmental issues regarding the Fox River, which are discussed below in some detail, currently represent the Company's greatest loss exposure for alleged environmental liability. The Company also believes that all of its exposure to such liability for the Fox River is contained within its wholly owned subsidiary, U.S. Paper Mills Corp. (U.S. Mills). Accordingly, regardless of the amount of liability that U.S. Mills may ultimately bear, the Company believes its maximum additional pretax loss for Fox River issues will essentially be limited to the equity position of U.S. Mills, which was approximately $91 million at December 31, 2012.

The extent of U.S. Mills' potential liability remains subject to many uncertainties. The Company periodically re-evaluates U.S. Mills' potential liability and the appropriate reserves based on information available to it. U.S. Mills' eventual liability, which may be paid out over several years, will depend on a number of factors. In general, the most significant factors include: (1) the total remediation costs for the sites for which U.S. Mills is found to have liability and the share of such costs U.S. Mills is required to bear; (2) the total natural resource damages for such sites and the share of such costs U.S. Mills is required to bear; and (3) U.S. Mills' costs to defend itself in this matter.

U.S. Mills was officially notified by governmental entities in 2003 that it, together with a number of other companies, had been identified as a PRP for environmental claims under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and other statutes, arising out of the presence of polychlorinated biphenyls (PCBs) in sediments in the lower Fox River and in the bay of Green Bay in Wisconsin. U.S. Mills was named as a PRP because scrap paper purchased by U.S. Mills as a raw material for its paper making processes more than 30 years before allegedly included carbonless copy paper that contained PCBs, some of which were included in wastewater from U.S. Mills' manufacturing processes that was discharged into the Fox River. The Company acquired the stock of U.S. Mills in 2001, and the alleged contamination predates the acquisition. Although Sonoco was also notified that it was a PRP, its only involvement is as a subsequent shareholder of U.S. Mills. As such, the Company has responded that it has no separate responsibility apart from U.S. Mills.

The governmental entities making such claims against U.S. Mills and the other PRPs have been coordinating their actions, including the assertion of claims against the PRPs. Additionally, certain claimants have commenced a related natural resource damage lawsuit against U.S. Mills and the other PRPs.

A review of the circumstances leading to U.S. Mills' being named a PRP and the current status of the remediation effort and related lawsuits is set forth below.

In July 2003, the U.S. Environmental Protection Agency (EPA) and Wisconsin Department of Natural Resources (WDNR) issued their final cleanup plan (known as a Record of Decision, or ROD) for a portion of the Fox River. The ROD addressed the lower part of the Fox River and portions of Green Bay, where the EPA and WDNR (the Governments) estimate the bulk of the sediments that need to be remediated are located. In two portions of the lower part of the Fox River covered by the ROD–Operable Units (OUs) 3 and 4 – the Governments selected large-scale dredging as the cleanup approach. OU 3 is the section of the Fox River running downstream from Little Rapids to the De Pere dam, and OU 4 runs from the De Pere dam downstream to the mouth of the Fox River at Green Bay. U.S. Mills' De Pere plant is just below the De Pere dam and, prior to 1972, discharged wastewater into the river downstream of the dam in OU 4. In the ROD, the Governments estimated that approximately 6.5 million cubic yards of sediment would be removed from OUs 3 and 4 at an estimated cost of approximately $284 million ($26.5 million for OU 3 and $257.5 million for OU 4). The Governments also identified "capping" the riverbed with appropriate materials as a "contingent remedy" to be evaluated during the remedial design process. For Green Bay (OU 5), the Governments selected monitored natural attenuation as the cleanup approach at an estimated cost of approximately $40 million. The Governments also indicated that some limited dredging near the mouth of the river might be required, which would ultimately be determined during the design stage of the project. Earlier, in January 2003, the Governments had issued their ROD for the upper portions of the Fox River–OUs 1 and 2. Combining the then current cost estimates from both RODs, it appeared that the Governments expected the selected remedies for all five OUs to cost approximately $400 million, exclusive of contingencies. In March 2004, NCR Corporation (NCR) and Georgia-Pacific Corporation (G-P) entered into an Administrative Order on Consent (AOC) with the Governments to perform engineering design work for the cleanup of OUs 2 – 5.

In the course of the ongoing design work, additional sampling and data analysis identified elevated levels of PCBs in certain areas of OU 4 near the U.S. Mills' De Pere plant (the OU 4 hotspot). In November 2005, the Governments notified U.S. Mills and NCR that they would be required to design and undertake a removal action that would involve dredging, dewatering and disposing of the PCB-contaminated sediments from the OU 4 hotspot. In furtherance of this notification, on April 12, 2006, the United States and the State of Wisconsin sued NCR and U.S. Mills in the U.S. District Court for the Eastern District of Wisconsin in Milwaukee (Civil Action No. 06-C-0484). NCR and U.S. Mills agreed to a Consent Decree with the United States and the State of Wisconsin pursuant to which the site is to be cleaned up on an expedited basis and NCR and U.S. Mills started removing contaminated sediment in May 2007. Although the defendants specifically did not admit liability for the allegations of the complaint, they are bound by the terms of the Consent Decree.

NCR and U.S. Mills reached agreement between themselves that each would fund 50% of the costs of remediation of the OU 4 hotspot, which from 2006, when project implementation began, through the end of 2012 has totalled slightly more than $25 million. U.S. Mills' environmental reserve at December 31, 2012, includes $3.2 million for its share of the estimated remaining costs under the funding agreement for remediation of the OU 4 hotspot. The actual costs associated with cleanup of this particular site are dependent upon many factors, and it is reasonably possible that remediation costs could be higher than the current estimate of project costs. Under the terms of the agreement, the parties reserved their rights to make claims against each other, as well as third parties, to reallocate the remediation costs of the Site. Accordingly, the Company's ultimate share of the liability for remediation of the Site could be greater or less than 50% of the total cost.

At the time of the Company's acquisition of U.S. Mills in 2001, U.S. Mills and the Company estimated U.S. Mills' liability for the Fox River cleanup at a nominal amount based on government reports and conversations with the Governments about the anticipated limited extent of U.S. Mills' responsibility, the belief, based on U.S. Mills' prior assertions, that no significant amount of PCB-contaminated raw materials had been used at the U.S. Mills plants, and the belief that any PCB contamination in the Fox River, other than a de minimis amount, was not caused by U.S. Mills. It appeared at that time that U.S. Mills and the Governments would be able to resolve the matter and dismiss U.S. Mills as a PRP for a nominal payment. Accordingly, no significant reserve was established at the time. However, the Governments subsequently declined to enter into such a settlement. Nonetheless, U.S. Mills continued to believe that its liability exposure was very small based on its continuing beliefs that no significant amount of PCB-contaminated raw materials had been used at the U.S. Mills plants and that any significant amount of PCB contamination in the section of the Fox River located adjacent to its plant was not caused by U.S. Mills.

In May/June 2005, U.S. Mills first learned of elevated levels of PCBs in the Fox River adjacent to its De Pere plant (the OU 4 hotspot). U.S. Mills, while still not believing its De Pere plant was the source of this contamination, entered into the consent decree to remediate the OU 4 hotspot as discussed above.

In June 2006, U.S. Mills first received the results of tests it initiated on the U.S. Mills property that suggested that the De Pere plant may have processed as part of its furnish more than the de minimis amounts of PCB-contaminated paper reflected in the records available to the Company. This information seemed to contradict the Company's previous understanding of the history of the De Pere plant. Based on these most recent findings, it is possible that U.S. Mills might be responsible for a larger portion of the remediation than previously anticipated. The total estimated cost set forth in the ROD for remediation of OU 4 was approximately $257.5 million and the estimated cost of monitoring OU 5 was approximately $40 million (a 2007 amendment to the ROD estimated the cost of OUs 2 – 5 at $390 million). There are two alleged PRPs located in OU 4 (of which the smaller is the plant owned by U.S. Mills). It is possible that U.S. Mills and the owners of the other plant, together with NCR, the original generator of the carbonless copy paper, could be required to bear a majority of the remediation costs of OU 4, and share with other PRPs the cost of monitoring OU 5. U.S. Mills has discussed possible remediation scenarios with other PRPs who have indicated that they expect U.S. Mills to bear an unspecified but meaningful share of the costs of OU 4 and OU 5.

In February 2007, the EPA and WDNR issued a general notice of potential liability under CERCLA and a request to participate in remedial action implementation negotiations relating to OUs 2 – 5 to eight PRPs, including U.S. Mills. The notice requested that the PRPs indicate their willingness to participate in negotiations concerning performance of the remaining elements of the remedial action for OUs 2 – 5 and the resolution of the government entities' claims for unreimbursed costs and natural resource damages. On April 9, 2007, U.S. Mills, in conjunction with other PRPs, presented to the EPA and the WDNR a proposed schedule to mediate the allocation issues among eight PRPs, including U.S. Mills. Non-binding mediation began in May 2007 and continued as bilateral/multilateral negotiations although no agreement among the parties occurred.

On November 13, 2007, the EPA issued a unilateral Administrative Order for Remedial Action pursuant to Section 106 of CERCLA. The order requires U.S. Mills and the seven other respondents jointly to take various actions to cleanup OUs 2 – 5. The order covers planning and design work as well as dredging and disposing of contaminated sediments and the capping of dredged and less contaminated areas of the river bottom. The order also provides for a $32.5 thousand per day penalty for failure by a respondent to comply with its terms as well as exposing a non-complying respondent to potential treble damages. Even though U.S. Mills has reserved its rights to contest liability for any portion of the work, it is cooperating with the other respondents to comply with the order, although its financial contribution will likely be determined by the lawsuit commenced in June 2008 and discussed below.

On June 12, 2008, NCR and Appleton Papers, Inc. (API), as plaintiffs, commenced suit in the United States District Court for the Eastern District of Wisconsin (No. 08-CV-0016-WCG) against U.S. Mills, as one of a number of defendants, seeking a declaratory judgment allocating among all the parties the costs and damages associated with the pollution and cleanup of the Lower Fox River. The suit also seeks damages from the defendants for amounts already spent by the plaintiffs, including natural resource damages, and future amounts to be spent by all parties with regard to the pollution and cleanup of the Lower Fox River. The court limited discovery to information regarding when each party knew, or should have known, that recycling NCR brand carbonless paper would result in the discharge of PCBs to a water body and what action, if any, each party took to avoid the risk of further contamination. On December 16, 2009, the court issued an order which concluded that, under the equities of the case, NCR and API were not entitled to any contribution from U.S. Mills and other defendants, thereby granting the defendants' motions for summary judgment and denying the plaintiffs' motions for summary judgment. Although an order has been issued by the court, no appealable final judgment has been entered yet; nevertheless, NCR has reported that it intends to appeal the ruling, presumably after entry of the final judgment. Subsequent to the December 2009 ruling, U.S. Mills and other defendants made motions to have the court rule that, on the same basis as the December 2009 ruling, NCR would be responsible for any costs that U.S. Mills and the other defendants might incur, past, present and future. These motions have been granted by the court, but are also subject to being appealed. U.S. Mills plans to continue to defend the suit vigorously.

On October 14, 2010, the United States and the State of Wisconsin filed suit against NCR, API, U.S. Mills and nine other defendants in the United States District Court for the Eastern District of Wisconsin (No. 10-CV-00910-WCG) pursuant to Sections 106 and 107 of CERCLA. The plaintiffs seek to recover unreimbursed costs incurred for activities undertaken in response to the release and threatened release of hazardous substances from facilities at or near the Lower Fox River and Green Bay as well as damages for injury to, loss of, and destruction of natural resources resulting from such releases. The plaintiffs also seek a ruling that the defendants are liable for future response costs of the plaintiffs and requiring the defendants to comply with the unilateral Administrative Order for Remedial Action discussed above. The Company does not believe that the remedies sought in the suit materially expand the Company's potential liability beyond what has been previously disclosed in this report or in the Company's prior filings. U.S. Mills has entered into a stipulation with the plaintiffs that, in exchange for U.S. Mills' admitting that it is liable for discharging PCB containing wastewater into the river, the plaintiffs would not seek an injunction in this proceeding against U.S. Mills requiring it to participate in the completion of the Fox River remediation. U.S. Mills plans to continue to defend its interests in the suit vigorously.

As of December 31, 2012, U.S. Mills' environmental reserve for potential liabilities associated with the remediation of OUs 2 – 5 (not including amounts accrued for remediation of the OU 4 hotspot) totaled $50.8 million. Because of the continuing uncertainties in the estimated costs of remediation and continuing uncertainties surrounding U.S. Mills' allocable share, including a potentially favorable resolution, it is impossible to state with any reasonable degree of certainty that any estimate is a better estimate than the amount recorded. However, because the discharges of hazardous materials into the environment occurred before the Company acquired U.S. Mills, and U.S. Mills has been operated as a separate subsidiary of the Company, the Company does not believe that it bears financial responsibility for these legacy environmental liabilities of U.S. Mills. Therefore, the Company continues to believe that the maximum additional pretax exposure to its consolidated financial position is limited to the equity position of U.S. Mills, which was approximately $91 million at December 31, 2012.

The actual costs associated with cleanup of the Fox River site are dependent upon many factors, and it is reasonably possible that total remediation costs could be higher than the current estimates of project costs, which range from $390 million to more than $600 million for OUs 2 – 5. Some, or all, of any costs incurred by U.S. Mills may be subject to recoupment from other parties, but no amounts have been recognized in the financial statements of the Company for any such potential recoveries. Given the ongoing remedial design work being conducted, and the initial stages of remediation, it is possible there could be some additional changes to some elements of the reserve within the next year or thereafter, although that is difficult to predict.

Similarly, U.S. Mills does not have a basis for estimating the possible cost of any natural resource damage claims against it. Accordingly, reserves have not been provided for this potential liability. However, for the entire river remediation project, the lowest estimate in the Governments' 2000 report on natural resource damages was $176 million. Nevertheless, the court has ruled, subject to appeal, that natural resource damages are recoverable by U.S. Mills and other PRPs from NCR.

In addition to its potential liability for OUs 4 and 5, U.S. Mills may have a contingent liability to Menasha Corporation to indemnify it for any amount for which it may be held liable in excess of insurance coverage for any environmental liabilities of a plant on OU 1 that U.S. Mills purchased from Menasha. Due to the uncertainty of Menasha's liability and the extent of the insurance coverage as well as any defenses that may be asserted to any such claim, U.S. Mills has not established a reserve for this contingency.

Other legal matters

Additional information regarding legal proceedings is provided in Note 14 to the Consolidated Financial Statements of this Annual Report on Form 10-K.

Item 4. Mine safety disclosures

Not applicable.

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PART II

Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities

The Company's common stock is traded on the New York Stock Exchange under the stock symbol "SON." As of December 31, 2012, there were approximately 50,000 shareholder accounts. Information required by Item 201(d) of Regulation S-K can be found in Part III, Item 12 of this Annual Report on Form 10-K. The following table indicates the high and low sales prices of the Company's common stock for each full quarterly period within the last two years as reported on the New York Stock Exchange, as well as cash dividends declared per common share:

	High	Low	Cash Dividends
2012			
First Quarter	$ 34.83	$ 31.02	$ .29
Second Quarter	$ 33.91	$ 29.57	$ .30
Third Quarter	$ 31.67	$ 28.61	$ .30
Fourth Quarter	$ 32.51	$ 29.00	$ .30
2011			
First Quarter	$ 36.89	$ 33.96	$ .28
Second Quarter	$ 36.95	$ 32.71	$ .29
Third Quarter	$ 36.05	$ 27.62	$ .29
Fourth Quarter	$ 33.64	$ 26.10	$ .29

The Company made the following purchases of its securities during the fourth quarter of 2012:

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]
10/01/12 – 11/04/12	22,150	$ 32.66	—	5,000,000
11/05/12 – 12/02/12	38	$ 29.15	—	5,000,000
12/03/12 – 12/31/12	170	$ 29.72	—	5,000,000
Total	22,358	$ 32.64	—	5,000,000

[1] A total of 22,358 common shares were repurchased in the fourth quarter of 2012 related to shares withheld to satisfy employee tax withholding obligations in association with the exercise of certain share-based compensation awards. These shares were not repurchased as part of a publicly announced plan or program.

[2] On April 19, 2006, the Company's Board of Directors authorized the repurchase of up to 5,000,000 shares of the Company's common stock. This authorization rescinded all previous existing authorizations and does not have a specific expiration date. From December 2010 through March 2011, a total of 2,000,000 shares were repurchased under this program. On April 20, 2011, the Company's Board of Directors reinstated 2,000,000 shares to its authorization, returning the total number of shares available for future repurchase to 5,000,000 as of that date. No shares were repurchased under this authorization subsequent to this reinstatement; accordingly, a total of 5,000,000 shares remained available for repurchase at December 31, 2012.

The Company did not make any unregistered sales of its securities during 2012.

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Item 6. Selected financial data

The following table sets forth the Company's selected consolidated financial information for the past five years. The information presented below should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Annual Report on Form 10-K and the Company's historical Consolidated Financial Statements and the Notes thereto included in Item 8 of this Annual Report on Form 10-K. The selected statement of income data and balance sheet data are derived from the Company's Consolidated Financial Statements.

	Years ended December 31				
(Dollars and shares in thousands except per share data)	*2012*	*2011*	*2010*	*2009*	*2008*
Operating Results					
Net sales	**$ 4,786,129**	$ 4,498,932	$ 4,124,121	$ 3,597,331	$ 4,122,385
Cost of sales and operating expenses	**4,406,212**	4,139,626	3,761,945	3,317,744	3,772,751
Restructuring/Asset impairment charges	**32,858**	36,826	23,999	26,801	100,061
Interest expense	**64,114**	41,832	37,413	40,992	53,401
Interest income	**(4,129)**	(3,758)	(2,307)	(2,427)	(6,204)
Loss from the early extinguishment of debt	**—**	—	48,617	—	—
Income before income taxes	**287,074**	284,406	254,454	214,221	202,376
Provision for income taxes	**103,759**	78,423	64,485	66,818	54,797
Equity in earnings of affiliates, net of tax	**(12,805)**	(12,061)	(11,505)	(7,742)	(9,679)
Net income	**196,120**	218,044	201,474	155,145	157,258
Net (income)/loss attributable to noncontrolling interests	**(110)**	(527)	(421)	(3,663)	7,350
Net income attributable to Sonoco	**$ 196,010**	$ 217,517	$ 201,053	$ 151,482	$ 164,608
Per common share					
Net income attributable to Sonoco:					
Basic	**$ 1.93**	$ 2.15	$ 1.98	$ 1.50	$ 1.64
Diluted	**1.91**	2.13	1.96	1.50	1.63
Cash dividends	**1.19**	1.15	1.11	1.08	1.07
Weighted average common shares outstanding:					
Basic	**101,804**	101,071	101,599	100,780	100,321
Diluted	**102,573**	102,173	102,543	101,029	100,986
Actual common shares outstanding at December 31	**100,847**	100,211	100,510	100,149	99,732
Financial Position					
Net working capital	**$ 455,661**	$ 467,958	$ 376,867	$ 190,934	$ 231,794
Property, plant and equipment, net	**1,034,906**	1,013,622	944,136	926,829	973,442
Total assets	**4,176,065**	3,992,799	3,281,014	3,062,580	3,086,466
Long-term debt	**1,099,454**	1,232,966	603,941	462,743	656,847
Total debt	**1,373,062**	1,286,632	620,890	580,796	689,825
Total equity	**1,503,214**	1,425,408	1,507,693	1,380,630	1,174,518
Current ratio	**1.4**	1.6	1.5	1.2	1.3
Total debt to total capital[1]	**47.7%**	47.4%	29.2%	29.6%	37.0%

[1] Calculated as total debt divided by the sum of total debt and total equity.

Item 7. Management's discussion and analysis of financial condition and results of operations

General overview

Sonoco is a leading manufacturer of consumer and industrial packaging products and provider of packaging services with 347 locations in 34 countries. The Company's operations are organized, managed and reported in four segments, Consumer Packaging, Paper and Industrial Converted Products, Protective Solutions and Display and Packaging. Generally, the Company serves two broad end-use markets, consumer and industrial, which, period to period, can exhibit different economic characteristics from each other. Geographically, approximately 66% of sales are generated in the United States, 16% in Europe, 7% in Canada and 11% in other regions.

Beginning in the fourth quarter of 2012, the Company changed the names of its segments. The segment previously referred to as Protective Packaging is now called Protective Solutions and the segment previously referred to as Packaging Services is now called Display and Packaging. There were no changes in the composition of either segment.

The Company is a market-share leader in many of its product lines, particularly in tubes, cores and composite containers. Competition in most of the Company's businesses is intense. Demand for the Company's products and services is primarily driven by the overall level of consumer consumption of non-durable goods; however, certain product and service groups are tied more directly to durable goods, such as appliances and construction. The businesses that supply and/or service consumer product companies tend to be, on a relative basis, more recession resistant than those that service industrial markets.

Financially, the Company's objective is to deliver average annual double-digit total returns to shareholders over time. To meet that target, the Company focuses on three major areas: driving profitable sales growth, improving margins and leveraging the Company's strong cash flow and financial position. Operationally, the Company's goal is to be the acknowledged leader in high quality, innovative, value-creating packaging solutions within targeted customer market segments.

Over the next three to four years, the Company aspires to grow sales to between \$5.5 and \$6.0 billion, increase base earnings per share annually by approximately 10% and increase return on net assets employed to between 11% and 12%. Achieving these goals will be difficult in the current low-growth environment. The Company's expected growth drivers continue to be organic sales growth, including new product sales, expansion in emerging international markets and strategic acquisitions.

The Company's plan to improve margins focuses on leveraging fixed costs, improving productivity, and maintaining a positive price/cost relationship (raising selling price at least enough to recover inflation in material, energy and freight costs).

Use of Non-GAAP financial measures

To assess and communicate the financial performance of the Company, Sonoco management uses, both internally and externally, certain financial performance measures that are not in conformance with generally accepted accounting principles ("non-GAAP" financial measures). These non-GAAP financial measures reflect the Company's GAAP operating results adjusted to remove amounts relating to restructuring initiatives, asset impairment charges, environmental charges, acquisition-related costs, excess insurance recoveries, losses from the early extinguishment of debt, and certain other items, if any, the exclusion of which management believes improves the period-to-period comparability and analysis of the underlying financial performance of the business. The adjusted non-GAAP results are identified using the term "base," for example, "base earnings."

The Company's base financial performance measures are not in accordance with, nor an alternative for, measures conforming to generally accepted accounting principles and may be different from non-GAAP measures used by other companies. The Company uses the non-GAAP "base" performance measures presented herein for internal planning and forecasting purposes, to evaluate its ongoing operations, and to evaluate the ultimate performance of management and each business unit against plan/forecast.

Reconciliations of GAAP to base results are presented on pages 19 and 20 in conjunction with management's discussion and analysis of the Company's results of operations. Whenever reviewing a non-GAAP financial measure, readers are encouraged to review the related reconciliation to fully understand how it differs from the related GAAP measure.

2012 overview and 2013 outlook

2012 proved to be another challenging year and results came in lower than management had expected when the year began. Key expectations for 2012 were that overall volumes would increase by around 1%, price/cost would be slightly positive, and productivity would improve and more than offset inflation in labor and other costs. However, unexpected commodity cost increases reduced consumer spending for packaged food, and the European recession and slowing emerging market economies worked to reduce demand in the Company's industrial-related businesses. In addition, several temporary operating issues served to increase costs and constrain the improvement in productivity.

Although actual price/cost was better than expected, the overall impact on profitability from volume and mix was negative and productivity gains, while improved over the prior year, were not enough to fully offset inflation in labor and other costs. Overall gross profit margin increased 80 basis points in 2012 to 17.6%, however, it was about 100 basis points lower than expected. In addition, Tegrant results, although accretive, were below projections. Nevertheless, with the benefit of the Tegrant acquisition Sonoco was able to generate record sales and gross profits in 2012 and was able to significantly improve free cash flow. The Company also made significant progress integrating Tegrant, successfully achieving targeted synergies and further expanding its new Protective Solutions segment.

Pension and postretirement benefit expenses were significantly higher in 2012, but in line with expectations. The effective tax rate on base earnings was generally in line with expectations and the prior year; however, the rate on GAAP earnings was higher than usual primarily due to taxes incurred in connection with the repatriation of accumulated offshore cash and was significantly higher than the rate in 2011 due primarily to a prior year beneficial adjustment to deferred tax valuation reserves.

As noted above, late in 2012, the Company initiated the repatriation of approximately $260 million of accumulated offshore cash, of which, $233 million was received in January 2013 and used to pay down outstanding debt. An additional $27 million is expected to be repatriated during the balance of 2013.

The aggregate unfunded position of the Company's various defined benefit plans increased from $433 million at December 31, 2011, to $479 million at the end of 2012. Contributions totaling $75 million in 2012, and better than assumed returns on plan assets experienced during the year, were more than offset by the impact of lower discount rates.

The Company generated $404 million in cash from operations during 2012, compared with $245 million in 2011. The majority of the year-over-year increase is attributable to lower 2012 pension contributions and a smaller amount of cash used to fund working capital increases.

Outlook

Entering 2013, the Company remains cautious regarding the future pace and sustainability of the global economic recovery. Accordingly, management is focused on selectively pursuing opportunities to grow its businesses, optimizing operations and developing cost-management contingency plans in the event business should unexpectedly weaken. The majority of the Company's targeted growth projects fall within its Consumer Packaging and Protective Solutions segments or emerging markets.

Management expects 2013 overall volume to increase around 1.5%, reflecting a continuation of the weak economic recovery, and price/cost to be relatively flat. However, volume in the Protective Solutions segment is expected to increase in the range of 4% to 5% driven largely by new and expanded business in the automotive and life science markets. Average costs for the Company's primary material inputs - recovered paper, steel tinplate, plastic resins and film - are projected to be largely unchanged, and manufacturing productivity is expected to be strong enough to more than offset inflation in labor and other costs. As a result, overall gross profit margin is expected to improve to around 18.5% and EBIT margins to improve modestly to around 8.2%.

Management's outlook for 2013 reflects a $12 million increase in pension and postretirement benefit plan expenses due largely to higher year-over-year amortization of actuarial losses, loss of favorable amortization of prior service credits in the U.S. Health and Life Insurance Plans related to plan amendments made in prior years that became fully amortized in 2012, and the addition of Tegrant. Total contributions to the Company's domestic and international pension and postretirement plans are expected to be approximately $43 million.

The consolidated effective tax rate on base earnings is expected to be approximately 33.2% in 2013 compared with 32.1% in 2012.

Acquisitions and joint ventures

On November 8, 2011, the Company completed the acquisition of the privately held Tegrant Holding Corp. ("Tegrant"), a leading provider of highly engineered protective, temperature-assured and retail security packaging solutions. The cost of the Tegrant acquisition was $550.0 million in cash paid at the time of the purchase plus an additional $0.5 million paid in February 2012 for changes in working capital levels to the date of the closing. Tegrant, headquartered in DeKalb, Illinois, operates more than 30 manufacturing, design and testing facilities in the United States, Mexico and Ireland and employs more than 2,000 persons. Tegrant operates three strategic business units. Protexic™ Brands, the largest business unit, is a manufacturer of molded expanded foam serving a number of industries including high technology, consumer electronics, automotive, appliances and medical devices. Tegrant's Thermosafe® Brands unit is a leading provider of temperature-assured solutions, primarily used in packaging temperature-sensitive pharmaceuticals and food. Tegrant's Alloyd Brands® business unit is a leading manufacturer and designer of high-visibility packaging, printed products, sealing equipment, and tooling for retail and medical markets. The acquisition was funded with proceeds from the issuance of senior unsecured debentures and a portion of the proceeds from a three-year term loan.

Also during 2011, the Company completed the acquisitions of several small tube and core businesses in New Zealand and Australia at a total cost of $7.2 million in cash, a rigid paperboard containers business in the United Kingdom at a cost of $4.7 million in cash, and a recycling business in Greenville, South Carolina, at a cost of $5.0 million in cash.

The Company completed four acquisitions during 2010 at a recorded cost of $138.3 million, of which $137.8 million was paid in cash with the remainder representing contingent consideration paid in 2011. These acquisitions consisted of Associated Packaging Technologies, Inc. (APT), a supplier of thermoformed containers to the frozen food industry (Consumer Packaging segment), Madem Reels USA, Inc., a manufacturer of nailed wood and plywood reels for the wire and cable industry (Paper and Industrial Converted Products segment), and two small tubes and cores businesses in Canada and Greece (Paper and Industrial Converted Products segment). At the time of the acquisition, APT operated four manufacturing facilities (two in the United States, one in Canada and one in Ireland) and employed more than 400 persons. The all-cash purchase price of APT, including the cost of paying off certain obligations, was approximately $120.0 million. The all-cash purchase price for Madem Reels was $10.7 million, plus contingent consideration of $0.5 million which was paid in the first quarter of 2011. The aggregate cost of the Canadian and Greek tube and core businesses was $7.1 million in cash.

In conjunction with its 2009 acquisition of EconoReel Corporation, the Company recorded a contingent purchase liability of $2.2 million. As of December 31, 2012, the Company expects payments related to this contingent purchase liability to total approximately $1.6 million through November 30, 2013, the end of the contingent payment period. Accordingly, the Company recognized a pretax gain of $0.6 million in 2012 for that portion of the contingent liability not expected to be paid.

The Company has accounted for these acquisitions as purchases and, accordingly, has included their results of operations in the Company's consolidated statements of net income from the respective dates of acquisition.

See Note 3 to the Consolidated Financial Statements for further information about acquisition activities.

Restructuring and asset impairment charges

Due to its geographic footprint (347 locations in 34 countries) and the cost-competitive nature of its businesses, the Company is constantly seeking the most cost-effective means and structure to serve its customers and to respond to fundamental changes in its markets. As such, restructuring costs have been and are expected to be a recurring component of the Company's operating costs. The amount of these costs can vary significantly from year to year depending upon the scope and location of the restructuring activities.

The following table recaps the impact of restructuring and asset impairment charges on the Company's net income for the periods presented (dollars in thousands):

	Year Ended December 31		
	2012	2011	2010
Exit costs:			
2012 actions	$ 18,195	$ —	$ —
2011 actions	7,061	20,861	—
2010 and earlier actions	(825)	3,448	14,038
Asset impairments:	8,427	12,517	9,961
Total charges	$ 32,858	$ 36,826	$ 23,999
Income tax benefit	(9,836)	(11,506)	(9,295)
Equity method investments, net of tax	22	17	671
Impact of noncontrolling interests, net of tax	116	200	139
Total impact of restructuring/asset impairment charges, net of tax	$ 23,160	$ 25,537	$ 15,514

During 2012, the Company announced the closures of a paper mill in Germany and a paperboard-based protective packaging operation in the United States. In addition, the Company continued its manufacturing rationalization efforts in its blow-molding businesses, including the previously announced closure of a facility in Canada, and realigned its cost structure resulting in the elimination of approximately 165 positions.

During 2011, the Company announced the closures of a flexible packaging facility in Canada, a thermoformed plastic packaging facility in Canada, a tube and core facility in France, and both a fulfillment service center and a point-of-purchase display manufacturing facility in the United States. The Company also sold two small businesses, a plastics operation in Brazil and a tubes and cores operation in the United States, and realigned its fixed cost structure resulting in the elimination of approximately 160 positions.

During 2010, the Company recorded a pretax asset impairment charge of $12.6 million pursuant to notification from a large customer that the Company's contract to provide certain packaging would not be renewed in its entirety. The expected loss of business caused the Company to conclude that certain affected assets in its Consumer Packaging segment had been impaired. This loss was partially offset by net gains of $2.6 million, arising principally from the sale of land and buildings at previously closed sites within Europe.

The Company expects to recognize future additional costs totaling approximately $5.7 million 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 2013. As noted above, the Company regularly evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions may be undertaken. Restructuring and asset impairment charges are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the Company operates.

See Note 4 to the Consolidated Financial Statements for further information about restructuring activities and asset impairment charges.

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Reconciliations of GAAP to non-GAAP financial measures

The following tables reconcile the Company's non-GAAP financial measures to their most directly comparable GAAP financial measures for each of the years presented:

	For the year ended December 31, 2012				
Dollars and shares in thousands, except per share data	*GAAP*	*Restructuring/ Asset Impairment*	*Acquisition Related Cost*	*Tax Related Adjustments & Other*[1]	*Base*
Income before interest and income taxes	$ 347,059	$ 32,858	$ 311	$ (4,800)	$ 375,428
Interest expense, net	59,985	—	—	—	59,985
Income before income taxes	$ 287,074	$ 32,858	$ 311	$ (4,800)	$ 315,443
Provision for income taxes	103,759	9,836	99	(12,302)	101,392
Income before equity in earnings of affiliates	$183,315	$ 23,022	$ 212	$ 7,502	$214,051
Equity in earnings of affiliates, net of tax	12,805	22	—	—	12,827
Net income	$196,120	$ 23,044	$ 212	$ 7,502	$ 226,878
Less: Net (income)/loss attributable to noncontrolling interests, net of tax	(110)	116	—	—	6
Net income attributable to Sonoco	$196,010	$ 23,160	$ 212	$ 7,502	$ 226,884
Per diluted common share	$ 1.91	$ 0.22	$ 0.00	$ 0.08	$ 2.21

(1) Consists primarily of insurance settlement gains totaling $4,800 pretax ($3,289 after tax) on a facility destroyed by fire in 2010 and a facility in Thailand damaged by a flood in 2011, and additional tax expense of $11,744 associated with a planned repatriation of cash.

	For the year ended December 31, 2011				
Dollars and shares in thousands, except per share data	*GAAP*	*Restructuring/ Asset Impairment*	*Acquisition Related Cost*	*Tax Related Adjustments & Other*[2]	*Base*
Income before interest and income taxes	$ 322,480	$ 36,826	$ 12,290	$ (4,953)	$ 366,643
Interest expense, net	38,074	—	—	—	38,074
Income before income taxes	$ 284,406	$ 36,826	$ 12,290	$ (4,953)	$ 328,569
Provision for income taxes	78,423	11,506	3,667	13,146	106,742
Income before equity in earnings of affiliates	$ 205,983	$ 25,320	$ 8,623	$ (18,099)	$221,827
Equity in earnings of affiliates, net of tax	12,061	17	—	—	12,078
Net income	$ 218,044	$ 25,337	$ 8,623	$ (18,099)	$ 233,905
Less: Net (income)/loss attributable to noncontrolling interests, net of tax	(527)	200	—	—	(327)
Net income attributable to Sonoco	$217,517	$ 25,537	$ 8,623	$ (18,099)	$ 233,578
Per diluted common share	$ 2.13	$ 0.25	$ 0.09	$ (0.18)	$ 2.29

(2) Consists of insurance settlement gains on a facility destroyed by fire in 2010 totaling $4,953 pretax ($3,130 after tax) and reductions in tax expense from valuation allowance adjustments on deferred tax assets totaling $14,969.

Dollars and shares in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Acquisition Related Cost	Tax Related Adjustments & Other(3)	Base
	For the year ended December 31, 2010				
Income before interest and income taxes	$338,177	$ 23,999	$ 1,909	$ —	$ 364,085
Interest expense, net	35,106	—	—	—	35,106
Loss from early extinguishment of debt	(48,617)	—	—	48,617	—
Income before income taxes	$254,454	$ 23,999	$ 1,909	$ 48,617	$ 328,979
Provision for income taxes	64,485	9,295	558	27,089	101,427
Income before equity in earnings of affiliates	$189,969	$ 14,704	$ 1,351	$ 21,528	$ 227,552
Equity in earnings of affiliates, net of tax	11,505	671	—	—	12,176
Net income	$201,474	$ 15,375	$ 1,351	$ 21,528	$ 239,728
Less: Net (income)/loss attributable to noncontrolling interests, net of tax	(421)	138	—	—	(283)
Net income attributable to Sonoco	$201,053	$ 15,513	$ 1,351	$ 21,528	$ 239,445
Per diluted common share	$ 1.96	$ 0.15	$ 0.01	$ 0.22	$ 2.34

(3) Consists of loss from the early extinguishment of debt of $48,617 pretax ($31,657 after tax), tax benefits related to a regulatory clarification of a 2009 tax law change in Mexico of $5,474, and tax benefits related to the release of a valuation allowance on capital loss carryforwards of $4,655.

Results of operations – 2012 versus 2011

For 2012, net income attributable to Sonoco was $196.0 million, compared with $217.5 million for 2011. Net income in 2012 was negatively impacted by after-tax restructuring and acquisition charges, net of gains from property sales and excess insurance recoveries, totaling $20.1 million, and net income tax charges of $10.8 million relating primarily to the repatriation of accumulated offshore cash. Earnings in 2011 were negatively impacted by an after-tax charge of $25.5 million from restructuring expenses and asset impairments and an after-tax charge of $8.6 million from acquisition-related costs and adjustments; these items were partially offset by an after-tax gain of $3.1 million from insurance proceeds in excess of recorded losses and a $15.0 million reduction in tax expense resulting from valuation allowance adjustments on deferred tax assets.

Base earnings in 2012 were $226.9 million ($2.21 per diluted share), compared with $233.6 million ($2.29 per diluted share) in 2011. This 2.9% year-over-year decline was the result of lower volume and a negative mix of business together with higher labor, pension and other costs; these items were partially offset by a positive price/cost relationship, productivity gains and the addition of Tegrant.

The consolidated effective tax rate was 36.1%, compared with 27.6% in 2011 and the effective tax rate on base earnings was 32.1%, compared with 32.5% in 2011. The increase in the GAAP rate was due primarily to 2012 taxes associated with repatriation of accumulated offshore cash and a 2011 benefit from deferred tax valuation adjustments. The decrease in the base tax rate was due to a higher proportion of the Company's 2012 income being generated in low tax rate jurisdictions.

Consolidated net sales for 2012 were $4.8 billion, a $287 million, or 6.4%, increase from 2011.

The components of the sales change were:

($ in millions)	
Volume/Mix	$ 6
Selling price	(45)
Acquisitions	406
Currency exchange rate/Other	(80)
Total sales increase	$ 287

Acquisition sales were almost entirely attributable to Tegrant, which was acquired in November 2011. Excluding acquisitions, reported sales would have been down 2.5% due to lower prices and the impact of exchange rates. Although volume was essentially flat overall, results were mixed across the Company's various businesses. Volume was up in Paper and Industrial Converted Products and in Display and Packaging, but was down in the Consumer Packaging segment. For the most part, price changes for the Company's products are driven by changes in the underlying product costs. Selling prices had the greatest impact on Paper and Industrial Converted Products, where they declined in response to lower recovered paper prices. However, selling prices were higher in the Consumer Packaging segment, primarily reflecting contract price resets to pass through higher paper and tinplate steel costs, and, to a lesser extent, higher film and resin costs. Total domestic sales were $3.2 billion, up 12% from 2011 levels. International sales were $1.6 billion, down 3% from 2011.

Costs and expenses/margins

Cost of sales was up $200.3 million from the prior year; however, excluding the impact of acquisitions, cost of sales would have been down, in line with the decrease in sales. Lower market pricing for recovered paper benefitted costs in our industrial businesses, while Consumer Packaging was negatively impacted by higher tinplate steel and other costs. Price/cost (the relationship of the change in sales prices to the change in costs of materials, energy and freight) was positive relative to the prior year, but the benefit was offset by higher labor, pension and other costs. Gross profit margins improved year over year from 16.8% to 17.6% due largely to the addition of higher-margin Tegrant sales. Positive price/cost also contributed to the improvement.

In 2012, aggregate pension and postretirement expenses increased $16.0 million to $52.9 million, versus $36.9 million in 2011. Approximately 75% of these expenses are reflected in cost of sales, with the balance in selling, general and administrative expenses. The higher expense was primarily the result of higher actuarial loss amortization due to lower discount rates.

The acquisition of Tegrant was responsible for almost all of the $66.2 million increase in selling, general and administrative expenses. Excluding acquisitions, these costs would have been up slightly more than 1%, driven primarily by higher pension expense and general inflation, partially offset by the impact of foreign exchange rates. Base earnings before interest and income taxes were 7.3% of sales, virtually unchanged from last year.

Restructuring and restructuring related asset impairment charges totaled $32.9 million and $36.8 million in 2012 and 2011, respectively. Additional information regarding restructuring actions and impairments is provided in Note 4 to the Company's Consolidated Financial Statements.

Research and development costs, all of which were charged to expense, were $20.2 million and $18.8 million in 2012 and 2011, respectively. Management expects research and development spending in 2013 to be consistent with 2012 levels.

Net interest expense totaled $60.0 million for the year ended December 31, 2012, compared with $38.1 million in 2011. The increase was due primarily to higher average debt levels. In November 2011, the Company issued $500 million of senior unsecured notes consisting of $250 million of 4.375% Notes due 2021 and an additional $250 million of its 5.75% Notes due 2040. These funds were used for the Tegrant acquisition. Additionally, the Company entered into a $150 million three-year Term Loan Agreement, using a substantial portion of the proceeds to reduce outstanding commercial paper and the remainder for the Tegrant acquisition. This term loan was repaid in January 2013.

Reportable segments

Consolidated operating profits, also referred to as "Income before interest and income taxes" on the Consolidated Statements of Income, are comprised of the following:

($ in millions)	*2012*	*2011*	*% Change*
Segment operating profit			
Consumer Packaging	**$ 176.8**	$ 191.5	(7.7)%
Paper and Industrial Converted Products	**141.4**	138.2	2.3%
Display and Packaging	**18.5**	21.7	(14.8)%
Protective Solutions	**38.8**	15.2	154.8%
Restructuring/Asset impairment charges	**(32.9)**	(36.8)	(10.8)%
Acquisition-related costs	**(0.3)**	(12.3)	(97.5)%
Property insurance gains	**4.8**	5.0	(3.1)%
Consolidated operating profits	**$ 347.1**	$ 322.5	7.6%

Segment results viewed by Company management to evaluate segment performance do not include (depending upon the applicable period) restructuring charges, asset impairment charges, acquisition-related charges, specifically identified tax adjustments, debt tender charges, and certain other items, if any, the exclusion of which the Company believes improves comparability and analysis. Accordingly, the term "segment operating profits" is defined as the segment's portion of "Income before interest and income taxes" excluding those items. General corporate expenses, with the exception of restructuring charges, asset impairment charges, acquisition-related charges, debt tender charges, net interest expense and income taxes, have been allocated as operating costs to each of the Company's reportable segments.

See Note 16 to the Company's Consolidated Financial Statements for more information on reportable segments.

Consumer Packaging

($ in millions)	*2012*	*2011*	*% Change*
Trade sales	**$ 1,912.6**	$ 1,977.3	(3.3)%
Segment operating profits	**176.8**	191.5	(7.7)%
Depreciation, depletion and amortization	**75.6**	80.3	(5.9)%
Capital spending	**58.3**	60.8	(4.1)%

Sales decreased year over year primarily due to lower volume in rigid paper and plastic containers, a significant driver of which was lower demand for our customers' products. In addition, demand for many of the segment's products declined as the effect of higher agricultural commodity costs on retail prices weighed down consumer spending on packaged food. Selling prices were slightly higher throughout the segment, but most notably in rigid paper containers, reflecting the pass through of higher costs relative to the prior year. The benefit to trade sales of higher selling prices was largely offset by the impact of foreign exchange rates. Domestic sales were approximately $1,465 million, down 0.5%, or $7 million, from 2011, while international sales were approximately $448 million, down 12.3%, or $57 million, from 2011.

The decrease in segment operating profits was driven by lower volume together with a negative mix of business. These declines were partially offset by productivity improvements and a positive price/cost relationship, net of higher labor, pension and other costs. As a result, operating profit margins declined to 9.3% from 9.7% in 2011. The Company's thermoformed plastics business saw a significant year-over-year decline in operating profits. This reduction was primarily due to lower demand for dual-ovenable trays in the frozen food industry and production inefficiencies resulting from the consolidation of operations and management changes. The Company expects thermoformed plastics operations to stabilize and its results to rebound in 2013.

Significant capital spending in the Consumer Packaging segment included spending on projects to increase rigid paper and rigid plastic container production capacity, productivity projects and upgrades to the production management and information system.

Paper and Industrial Converted Products

($ in millions)	2012	2011	% Change
Trade sales	$ **1,840.8**	$ 1,892.2	(2.7)%
Segment operating profits	**141.4**	138.2	2.3%
Depreciation, depletion and amortization	**83.3**	86.6	(3.7)%
Capital spending	**112.3**	86.8	29.3%

Lower selling prices, primarily due to lower average market costs for old corrugated containers (OCC), together with the impact of foreign exchange rates, accounted for most of the reported decrease in segment trade sales. Trade sales benefitted from increased volume in reels and paper/recycling, which was partially offset by lower tubes and cores demand in most regions of the world. Tubes and cores market share is estimated to have remained relatively flat year over year. Total domestic sales in the segment decreased $7 million, or 0.7%, to $1,019 million while international sales decreased $45 million, or 5.2%, to $822 million, with approximately $43 million of the decrease a result of unfavorable foreign exchange rates.

The increase in segment operating profit reflects the impact of higher overall volume, as improved productivity and an overall positive price/cost relationship were offset by higher labor, pension and other costs. Operating profits from converted products improved due to positive price/cost and increased reels volume despite lower volume in tubes and cores. Those improvements were partially offset in paper/recycling as the impact of negative price/cost, extended machine downtime for capital improvements and major repair/maintenance costs exceeded the benefit from higher volumes.

Significant capital spending in the segment included installation work on a new biomass boiler, the modification of several paper machines, primarily in North America and Europe, productivity projects and the replacement of the Company's Thailand facility which was damaged by a flood in 2011.

Display and Packaging

($ in millions)	2012	2011	% Change
Trade sales	$ **477.6**	$ 471.5	1.3%
Segment operating profits	**18.5**	21.7	(14.8)%
Depreciation, depletion and amortization	**7.7**	7.4	3.5%
Capital spending	**3.3**	4.6	(27.9)%

The year-over-year increase in trade sales was driven by an improvement in international packaging fulfillment activities which was partially offset by the previously disclosed loss in 2011 of a contract packaging customer and the negative impact of foreign currency translation. Domestic sales decreased $31 million, or 16.1%, to $162 million, while international sales increased $37 million, or 13.7%, to $316 million. The decrease in domestic sales was due to the above mentioned lost customer and the relocation of a customer's operations to Mexico. The increase in international sales was a result of increased service center volume in Poland and Mexico, offset by the impact of exchange rates.

Operating profit for the segment decreased primarily due to the lost contract packaging customer and the impact of foreign currency translation, which were partially offset by improved productivity. In addition, prior year results benefited from higher-margin business associated with the customer relocation and transition activities for the above mentioned lost customer.

Capital spending in the segment included capacity expansion in South America and Poland, some manufacturing consolidation in the United States, as well as numerous productivity and customer development projects in the United States, Europe and South America.

Protective Solutions

($ in millions)	2012	2011	% Change
Trade sales	$ **555.0**	$ 158.0	251.4%
Operating profits	**38.8**	15.2	154.8%
Depreciation, depletion and amortization	**33.8**	5.6	501.8%
Capital spending	**14.8**	3.9	279.9%

Sales in the Protective Solutions segment increased due to the acquisition of Tegrant as volume was off approximately 2% in the Company's legacy protective packaging business on weak demand, particularly in the appliance market. However, higher volume and an improved mix of business at Tegrant during the period following the anniversary of its November 8, 2011, acquisition also contributed to the improvement in sales and operating profits. For the year, operations within Tegrant generally performed in line with expectations, except for retail packaging, where customer churn and lower consumer demand in the Company's served markets resulted in lower than expected sales and operating profit. In addition, Tegrant experienced higher manufacturing costs in 2012 associated with temporary production inefficiencies related to the integration of businesses it had previously acquired. These production inefficiencies have been resolved.

Domestic sales were approximately $520 million, up 300% from 2011, and international sales were $35 million, an increase of 25% from 2011. These increases were the result of the acquisition of Tegrant.

Capital spending in the segment included numerous productivity and customer development projects, primarily in the newly acquired Tegrant operations.

Financial position, liquidity and capital resources

Cash flow

Operating activities

Cash flow from operations totaled $403.9 million in 2012 and $245.3 million in 2011, a year-over-year increase of $158.6 million. Lower pension and postretirement plan contributions accounted for approximately $67.0 million of the increase. Changes in working capital levels also had a significant effect on year-over-year cash flows. Trade accounts receivable added $1.2 million to operating cash flows in 2012 as business activity was relatively flat the latter part of 2012 compared with 2011. Trade accounts receivable used $(52.5) million in 2011, for a year-over-year change of $53.7 million, reflecting significantly higher business activity in the latter part of 2011 compared with 2010. The Company's ongoing inventory reduction initiatives provided $16.2 million of operating cash flow in 2012, compared with $3.4 million in 2011, a change of $12.8 million. Other assets and liabilities added $10.2 million to operating cash flow in 2012, compared with using $(14.3) million in 2011, a change of $24.5 million. The majority of this change related to non-trade receivables (business interruption insurance claims and value added tax) that were recorded in 2011 and converted to cash in 2012.

Cash flow from operations totaled $245.3 million in 2011 and $375.1 million in 2010, a year-over-year decrease of $129.8 million. Higher pension and postretirement plan contributions accounted for approximately $112.9 million of the decrease, while decreases in accrued expenses, driven mainly by higher incentive compensation payments in 2011 than in 2010, accounted for a year-over-year reduction in operating cash flows of $31.9 million. Trade accounts receivable levels increased year over year at both December 31, 2011 and 2010, reflecting higher levels of business activity; however, the magnitude of the increase was lower in 2011 resulting in a year-over-year increase in operating cash flows of $13.9 million. Inventories provided cash of $3.4 million in 2011 compared with using $57.1 million of cash in 2010. The change of $60.5 million was due to the build up of inventories in response to higher levels of business activity at December 31, 2010, whereas inventory levels remained somewhat flat year over year at December 31, 2011. The year-over-year improvement in cash provided by inventories was virtually offset by a $57.1 million negative change in cash used by payable to suppliers reflecting payments in 2011 for the inventory purchased at the end of 2010.

Cash flow from operations totaled $375.1 million in 2010 and $390.9 million in 2009, a year-over-year decrease of $15.8 million. Lower year-over-year pension and postretirement plan contributions accounted for an increase in cash flows from operations of approximately $93.0 million. This, and the effect of higher earnings in 2010, was more than offset by an increase in trade accounts receivable stemming from higher levels of business activity and an increased use of cash to fund inventory required by these higher levels of activity.

Investing activities

Cash flow used by investing activities was $183.4 million in 2012, compared with $729.2 million in 2011. This decrease was due primarily to lower year-over-year acquisition spending. The Company acquired Tegrant in November 2011 at a cost of $550 million and completed several smaller acquisitions during 2011 at a total cost of $16.9 million. Acquisition spending in 2012 was limited to a $0.5 million payment for the finalization of the Tegrant purchase. Capital spending increased to $214.9 million in 2012 from $173.4 million in 2011 due in part to the continuation of work on a biomass boiler project at the Hartsville manufacturing complex. Spending on this $75 million project will be complete in 2013. Proceeds from the sale of assets increased year over year by $20.8 million reflecting the sales of several facilities that had been closed as part of restructuring initiatives and insurance proceeds from casualty losses. Capital spending is expected to total approximately $210 million in 2013.

Cash flow used by investing activities was $729.2 million in 2011, compared with $283.7 million in 2010. This increase was due to higher year-over-year acquisition spending driven primarily by the $550 million acquisition of Tegrant in November 2011. Additionally, capital spending increased to $173.4 million in 2011 from $145.9 million in 2010 due in part to construction work on the biomass boiler at our Hartsville manufacturing complex.

Cash flow used by investing activities was $283.7 million in 2010, compared with $91.5 million in 2009. This increase was due largely to a $132.3 million increase in acquisition spending driven primarily by the acquisitions of APT and Madem Reels USA, Inc. Additionally, capital spending increased to $145.9 million in 2010 from $104.1 million in 2009. This increase in capital spending represented a return to a more normal historic level as business conditions improved.

Financing activities

Net cash provided (used) by financing activities totaled $(27.4) million in 2012, compared with $507.5 million in 2011, a change of $(534.9) million. Net borrowings increased $85.7 million in 2012, compared with $660.9 million in 2011. The prior year included an increase in debt to fund the $550 million acquisition of Tegrant. Cash dividends increased 4.2% to $119.8 million in 2012 from $115.0 million in 2011. The Company completed an announced stock buyback of its common shares during 2011. Accordingly, share repurchases were lower in 2012 than in 2011 resulting in a favorable year-over-year change of $45.3 million.

Net cash provided (used) by financing activities totaled $507.5 million in 2011, compared with $(116.6) million in 2010. During the fourth quarter of 2011, the Company issued $500 million of senior unsecured notes consisting of $250 million of new 4.375% Notes due 2021, and an additional $250 million of its 5.75% Notes due 2040. These funds were used for the Tegrant acquisition. Additionally, the Company entered into a $150 million three-year term loan agreement, using a substantial portion of the proceeds to reduce outstanding commercial paper and the remainder for the Tegrant acquisition. Cash dividends increased 2.9% to $115.0 million in 2011 from $111.8 million in 2010, and the Company repurchased approximately 1.4 million shares of its common stock at a cost of $49.4 million during 2011. Net proceeds from the exercise of stock awards totaled $21.3 million in 2011, compared with $23.2 million in 2010. Net borrowings, inclusive of the financing activities described above, increased $660.9 million in 2011, compared with $42.4 million in 2010.

Net cash (used) by financing activities totaled $(116.6) million in 2010, compared with $(219.7) million in 2009. In November 2010, the Company issued $350 million of new 5.75% bonds due November 2040, and used $294.0 million of the proceeds to tender for and redeem approximately 55% of its other outstanding bonds. The cash cost of the tender included $244.1 million of principal, $49.2 million of market adjustment and premium paid to tendering bondholders, plus bank and other fees totaling $0.7 million. Additionally, the Company paid off $100 million of 6.75% bonds that matured in November 2010. Cash dividends increased 3.6% to $111.8 million in 2010 from $107.9 million in 2009, and the Company repurchased approximately 0.7 million shares of its common stock at a cost of $24.7 million during 2010. Net proceeds from the exercise of stock awards totaled $23.2 million in 2010. Net borrowings increased $42.4 million in 2010, compared with net repayments of $116.2 million in 2009.

Current assets increased year over year by $188.2 million to $1,499.9 million at December 31, 2012. The increase resulted primarily from higher levels of cash on hand which were utilized early in 2013 to pay down debt. Current liabilities increased year over year by $200.5 million to $1,044.2 million at December 31, 2012, primarily due to an increase in the current portion of long-term debt. These increases were partially offset by lower trade accounts payable. The Company's current ratio was 1.4 at December 31, 2012, and 1.6 at December 31, 2011.

Contractual obligations

The following table summarizes contractual obligations at December 31, 2012:

	Payments Due In					
($ in millions)	*Total*	*2013*	*2014-2015*	*2016-2017*	*Beyond 2017*	*Uncertain*
Debt obligations	$1,373.1	$273.6	$ 3.6	$ 230.5	$ 865.4	$ —
Interest payments[1]	1,139.2	63.6	113.9	107.1	854.6	—
Operating leases	134.9	42.0	42.4	22.8	27.7	—
Income tax contingencies[2]	26.7	—	—	—	—	26.7
Purchase obligations[3]	302.4	86.4	100.7	68.7	46.6	—
Total contractual obligations[4]	$ 2,976.3	$465.6	$ 260.6	$ 429.1	$ 1,794.3	$ 26.7

[1] Includes interest payments on outstanding fixed-rate, long-term debt obligations, as well as financing fees on the backstop line of credit.
[2] Due to the nature of this obligation, the Company is unable to estimate the timing of the cash outflows.
[3] Includes only long-term contractual commitments. (Does not include short-term obligations for the purchase of goods and services used in the ordinary course of business.)
[4] Excludes potential cash funding requirements of the Company's retirement plans and retiree health and life insurance plans.

Capital resources

The Company's cash balances are held in numerous locations throughout the world. At December 31, 2012 and 2011, approximately $346.7 million and $151.1 million, respectively, of the Company's reported cash and cash equivalents balances of $373.1 million and $175.5 million, respectively, were held outside of the United States by its foreign subsidiaries. The balance at December 31, 2011, is exclusive of the intercompany borrowings from foreign subsidiaries at year end under a short-term lending arrangement to the parent as discussed below. The cash held outside 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 U.S. is subject to federal income taxes, less applicable foreign tax credits. As we enjoy ample domestic liquidity through a combination of operating cash flow generation and access to bank and capital markets borrowings, we have generally considered our offshore cash balances to be indefinitely invested outside the United States and, accordingly, had not provided for U.S. federal tax liability on these amounts for financial reporting purposes. In January 2013, the Company repatriated $233 million of its offshore cash, utilizing it to pay down existing debt. The Company intends to repatriate an additional $27 million during the balance of 2013. The transactions to repatriate these funds were initiated in late 2012 and, accordingly, the Company recognized U.S. federal tax expense on these amounts in its 2012 financial statements. The Company has no plans to repatriate other cash balances held outside the United States. However, if such balances were to be repatriated, additional U.S. federal income tax payments in future years could result. Computation of the potential deferred tax liability associated with unremitted earnings deemed to be indefinitely reinvested is not practicable. We utilize a variety of tax planning and financing strategies to ensure that our worldwide cash is available in the locations where it is needed.

Under Internal Revenue Service rules, U.S. corporations may borrow funds from foreign subsidiaries for up to 30 days without unfavorable tax consequences. At various times throughout 2012 and 2011, including December 31, 2011, the Company utilized this rule to access offshore cash in lieu of issuing commercial paper. Amounts outstanding under the rule at December 31, 2011, totaled $145 million. These short-term lending arrangements were subsequently settled within the allowable period, resulting in equivalent increases in commercial paper outstanding and cash on hand. The Company did not access any offshore cash under this rule at December 31, 2012. Depending on its immediate offshore cash needs, the Company may choose to access such funds again in the future as allowed under the rule.

The Company currently operates a $350 million commercial paper program, supported by a committed bank credit facility of the same amount. In October 2012, the Company entered into an amended and restated credit agreement for that facility with a syndicate of eight banks. The bank credit facility is committed through October 2017. If circumstances were to prevent the Company from issuing commercial paper, it has the contractual right to draw funds directly on the underlying bank credit facility. Outstanding commercial paper totaled $152 million and $27 million at December 31, 2012 and 2011, respectively.

The Company's total debt at December 31, 2012, was $1,373.1 million, a year-over-year increase of $86.4 million stemming primarily from higher levels of outstanding commercial paper. At December 31, 2011, the Company accessed $145 million of offshore cash under a short-term lending arrangement in lieu of issuing commercial paper, whereas no such funds were accessed at December 31, 2012.

As noted above, in January 2013 the Company repatriated a total of $233 million of accumulated offshore cash, using $135 million to pay off the balance of a term loan entered into in November 2011 to fund the purchase of Tegrant Holding Corporation. The remainder of the repatriated cash was utilized to pay down commercial paper. The Company intends to repatriate an additional $27 million during 2013 and also to use those funds to repay debt.

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 a cash deposit or borrowing position through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both.

Acquisitions and internal investments are key elements of the Company's growth strategy. The Company believes that cash on hand, cash generated from operations and the available borrowing capacity under its existing credit agreement will enable it to support this strategy. Although the Company currently has no intent to do so, it may obtain additional financing in order to pursue its growth strategy. Although the Company believes that it has excess borrowing capacity beyond its current lines, there can be no assurance that such financing would be available or, if so, at terms that are acceptable to the Company.

The Company's various U.S and international defined benefit pension and postretirement plans were underfunded at the end of 2012 by approximately $479 million. During 2012, the Company contributed approximately $75 million to its benefit plans. The Company anticipates that benefit plan contributions in 2013 will total approximately $43 million. Future funding requirements will depend largely on actual investment returns and future actuarial assumptions. Participation in the U.S. qualified defined benefit pension plan is frozen for salaried and non-union hourly U.S. employees hired on or after January 1, 2004. In February 2009, the plan was further amended to freeze service credit earned effective December 31, 2018. This change is expected to moderately reduce the volatility of long-term funding exposure and expenses.

Total equity increased $77.8 million during 2012 as net income of $196.1 million was offset by other comprehensive losses totaling $15.0 million and dividend payments of $121.3 million. The primary components of other comprehensive loss were a $25.0 million translation gain from the impact of a weaker U.S. dollar on the Company's foreign investments and a $41.5 million net defined benefit plan adjustment reflecting actuarial losses in the Company's various defined benefit plans, which resulted primarily from lower discount rates partially offset by higher than expected returns on plan assets. Total equity decreased $82.3 million during 2011, as net income of $218.0 million was offset by other comprehensive losses totaling $167.5 million and dividend payments of $116.2 million. The primary components of other comprehensive loss were a $39.1 million translation loss from the impact of a stronger U.S. dollar on the Company's foreign investments and a $127.8 million net defined benefit plan adjustment reflecting actuarial losses in the Company's various defined benefit plans resulting from lower discount rates and lower than expected returns on plan assets.

The Company's Board of Directors has authorized the repurchase of up to 5 million shares of the Company's common stock. On December 3, 2010, the Company announced it would immediately begin repurchasing 2 million shares of the 5 million shares authorized. During 2010, a total of 0.7 million shares were repurchased under this program at a cost of $23.2 million. During the first quarter of 2011, an additional 1.3 million shares were repurchased at a cost of $46.3 million, completing the announced buyback. On April 20, 2011, the Company's Board of Directors reinstated 2 million shares to its authorization. No additional shares have been repurchased since the reinstatement. Accordingly, at December 31, 2012, a total of 5 million shares remain available for repurchase.

Although the ultimate determination of whether to pay dividends is within the sole discretion of the Board of Directors, the Company plans to increase dividends as earnings grow. Dividends per common share were $1.19 in 2012, $1.15 in 2011 and $1.11 in 2010. On February 13, 2013, the Company declared a regular quarterly dividend of $0.30 per common share payable on March 8, 2013, to shareholders of record on February 27, 2013.

Off-balance sheet arrangements

The Company had no material off-balance sheet arrangements at December 31, 2012.

Risk management

As a result of operating globally, the Company is exposed to changes in foreign exchange rates. The exposure is well diversified, as the Company's facilities are spread throughout the world, and the Company generally sells in the same countries where it produces. The Company monitors these exposures and may use traditional currency swaps and forward exchange contracts to hedge a portion of forecasted transactions that are denominated in foreign currencies, foreign currency assets and liabilities or net investment in foreign subsidiaries. The Company's foreign operations are exposed to political and cultural risks, but the risks are mitigated by diversification and the relative stability of the countries in which the Company has significant operations. The Company has operations in Venezuela that, beginning January 1, 2010, are being accounted for as hyperinflationary. These operations have net assets of approximately $4 million and annual net sales of approximately $10 million. Accounting for these operations as hyperinflationary did not have a material effect on the Company's financial statements during any of the periods presented. The February 2013 announced devaluation of the Venezuelan currency is not expected to have a material impact on the Company's 2013 financial statements.

The Company is exposed to interest-rate fluctuations as a result of using debt as a source of financing for its operations. The Company may, from time to time, use traditional, unleveraged interest-rate swaps to manage its mix of fixed and variable rate debt and to control its exposure to interest rate movements within select ranges.

The Company is a purchaser of various raw material inputs such as recovered paper, energy, steel, aluminum and resin. The Company generally does not engage in significant hedging activities, other than for energy and, from time to time, aluminum, because there is usually a high correlation between the primary input costs and the ultimate selling price of its products. Inputs are generally purchased at market or at fixed prices that are established with individual vendors as part of the purchase process for quantities expected to be consumed in the ordinary course of business. On occasion, where the correlation between selling price and input price is less direct, the Company may enter into derivative contracts such as futures or swaps to manage the effect of price fluctuations.

At December 31, 2012, the Company had contracts outstanding to hedge the price on a portion of anticipated commodity and energy purchases as well as to hedge certain foreign exchange risks for various periods through December 2015. These contracts included swaps to cover approximately 7.3 million MMBTUs of natural gas representing approximately 77% and 38% of anticipated U.S. and Canadian natural gas usage for 2013 and 2014, respectively. Additionally, the Company had swap contracts covering 4,161 metric tons of aluminum, representing approximately 41% of anticipated usage for 2013, and 14,625 short tons of OCC representing approximately 2% of anticipated usage for 2013. Both the aluminum and OCC hedges relate to fixed-price customer contracts. At December 31, 2012, the Company had a number of foreign currency contracts in place as both designated and undesignated hedges of either anticipated foreign currency denominated transactions or existing financial assets and liabilities. At December 31, 2012, the total notional amount, in U.S. dollar terms, was $352 million, of which $249 million related to the euro, $52 million to the Canadian dollar, $25 million to the Mexican peso and $9 million to the British pound sterling.

The fair market value of derivatives was a net unfavorable position of $10.1 million at December 31, 2012, and a net unfavorable position of $14.1 million at December 31, 2011. Derivatives are marked to fair value using published market prices, if available, or estimated values based on current price quotes and a discounted cash flow model. See Note 9 to the Consolidated Financial Statements for more information on financial instruments.

The Company is subject to various federal, state and local environmental laws and regulations concerning, among other matters, solid waste disposal, wastewater effluent and air emissions. Although the costs of compliance have not been significant due to the nature of the materials and processes used in manufacturing operations, such laws also make generators of hazardous wastes and their legal successors financially responsible for the cleanup of sites contaminated by those wastes. The Company has been named a potentially responsible party at several environmentally contaminated sites. These regulatory actions and a small number of private party lawsuits are believed to represent the Company's largest potential environmental liabilities. The Company has accrued $75.6 million (including $54.0 million associated with U.S. Mills) at December 31, 2012, compared with $78.6 million at December 31, 2011 (including $56.8 million associated with U.S. Mills), with respect to these sites. See "Environmental Charges," Item 3 – Legal Proceedings and Note 14 to the Consolidated Financial Statements for more information on environmental matters.

Results of operations – 2011 versus 2010

Consolidated net sales for 2011 were $4.5 billion, a $375 million, or 9.1%, increase from 2010.

The components of the sales change were:

($ in millions)	
Volume/Mix	$ 16
Selling price	176
Acquisitions	135
Currency exchange rate/Other	48
Total sales increase	$ 375

Higher selling prices and acquisitions were key drivers and together accounted for more than 80% of the sales increase. Although volume was modestly positive overall, results were mixed across the Company's various businesses. Volume was essentially flat overall as a slight increase in consumer-related businesses was largely offset by other declines. The impact of higher selling prices was more predominant in the Paper and Industrial Converted Products segment, where the gains were principally driven by higher recovered paper prices. Significantly higher prices were also seen in the Consumer Packaging segment due to higher material costs, primarily plastic resins and tinplate steel. In addition, year-over-year sales benefited from acquisitions, primarily the June 2010 acquisition of APT and the November 2011 acquisition of Tegrant. Total domestic sales were $2.8 billion, up 6% from 2010 levels. International sales were $1.7 billion, up 15% from 2010.

Costs and expenses

Higher input prices, acquisitions and the impact of exchange rates combined to increase the Company's 2011 total cost of sales from prior year levels. Market prices for recovered paper, the Company's most significant raw material in dollar terms, were higher in 2011 than 2010. Prices paid for resins, metal, energy and freight were also up year over year. Acquisitions accounted for approximately $120 million of the year-over-year increase in reported cost of sales. Gross profit margins declined year over year due largely to negative mix and the impact of inflation in labor and other costs more than offsetting productivity improvements, which, while positive, were lower than recent years' experience and management's expectations.

In 2011, aggregate pension and postretirement expenses decreased $15.7 million to $36.9 million, versus $52.6 million in 2010. Approximately 75% of these expenses are reflected in cost of sales, with the balance in selling, general and administrative expenses. The lower expense resulted in part from higher total expected returns on assets due to the strong investment performance in 2010 and an $85 million contribution made on January 13, 2011. Also contributing to the year-over-year decrease was lower amortization expense resulting primarily from a plan amendment that split the U.S. qualified defined benefit plan into two separate plans, one including only active participants and another including only inactive participants. Actuarial losses on the combined plan in 2010 were amortized over the average remaining service life of the active participants. Following the split into two plans at the beginning of 2011, the basis for amortizing actuarial losses for the inactive plan changed to the average remaining life expectancy of the plan participants, a longer period of time than the average remaining service life of the active participants.

Selling, general and administrative expenses as a percentage of sales declined to 8.8% for the year from 9.8% in 2010, and decreased in total by $7.9 million year over year. This decrease in spending was largely due to lower incentive compensation costs, lower pension expense, and insurance proceeds partially offset by acquisitions and exchange rates.

Research and development costs, all of which were charged to expense, were $18.8 million and $17.8 million in 2011 and 2010, respectively. Management expects research and development spending in 2012 to be consistent with 2011 levels, excluding the impact of acquisitions on reported amounts.

Net interest expense totaled $38.1 million for the year ended December 31, 2011, compared with $35.1 million in 2010. The increase was due primarily to higher average debt levels. In November 2011, the Company issued $500 million of senior unsecured notes consisting of $250 million of 4.375% Notes due 2021 and an additional $250 million of its 5.75% Notes due 2040. These funds were used for the Tegrant acquisition. Additionally, the Company entered into a $150 million three-year Term Loan Agreement, using a substantial portion of the proceeds to reduce outstanding commercial paper and the remainder for the Tegrant acquisition. In November 2010, the Company issued $350 million of new 5.75% thirty-year bonds, and used the majority of the proceeds to tender for and redeem approximately 55% in principal amount of its other outstanding bonds. This debt extinguishment resulted in a pretax charge of $48.6 million in 2010.

Reportable segments

Consolidated operating profits, also referred to as “Income before interest and income taxes” on the Consolidated Statements of Income, are comprised of the following:

($ in millions)	*2011*	*2010*	*% Change*
Segment operating profit			
Consumer Packaging	$ 191.5	$ 196.0	(2.3)%
Paper and Industrial Converted Products	138.2	136.4	1.3%
Display and Packaging	21.7	14.2	53.5%
Protective Solutions	15.2	17.5	(13.0)%
Restructuring/Asset impairment charges	(36.8)	(24.0)	(53.4)%
Acquisition-related costs	(12.3)	(1.9)	(543.8)%
Property insurance gains	5.0	—	100.0%
Loss from early extinguishment of debt	—	(48.6)	100.0%
Consolidated operating profits	$ 322.5	$ 289.6	11.4%

Consumer Packaging

($ in millions)	*2011*	*2010*	*% Change*
Trade sales	$ 1,977.3	$ 1,798.5	9.4%
Segment operating profits	191.5	196.0	(2.3)%
Depreciation, depletion and amortization	80.3	74.7	7.5%
Capital spending	60.8	66.3	(8.3)%

Sales increased year over year primarily due to higher selling prices, the July 2010 acquisition of APT, and increased volume of flexible packaging and plastics products. Overall segment volumes, excluding the acquisition of APT, were up slightly over 1%. Selling prices were higher throughout the segment, reflecting increases in the cost of most major inputs. Domestic sales were approximately $1,472 million, up 8.8%, or $119 million, from 2010, while international sales were approximately $505 million, up 13.2%, or $59 million, from 2010.

Segment operating profits decreased as the benefits of higher volume, productivity improvements and lower pension costs were more than offset by negative price/cost and other inflation. Higher materials costs, including paper, metal and resins accounted for the majority of the increase in total costs and fully offset the benefit of higher prices.

Significant capital spending in the Consumer Packaging segment included projects to increase rigid paper and rigid plastic container production capacity in the United States and productivity projects throughout the segment.

Paper and Industrial Converted Products

($ in millions)	2011	2010	% Change
Trade sales	$ 1,892.2	$ 1,744.0	8.5%
Segment operating profits	138.2	136.4	1.3%
Depreciation, depletion and amortization	86.6	84.4	2.6%
Capital spending	86.8	63.9	35.8%

Reported segment sales were up almost entirely due to higher selling prices and exchange rates. Increased volume in reels and paper was offset by lower tubes and cores volume in almost every region of the world on weaker demand. Tubes and cores market share is estimated to have remained relatively flat year over year. Higher selling prices, primarily due to higher average market costs for OCC, accounted for most of the reported revenue increase. Domestic sales increased $68 million, or 7.1%, to $1,026 million. International sales increased $81 million, or 10.3%, to $867 million, with approximately $47 million of the increase a result of favorable foreign exchange rates.

While relatively flat overall volume and a negative mix were a drag on operating results, they were more than offset by a positive price/cost relationship and productivity improvements. Lower pension expenses offset nearly all of the inflation seen in other costs. Although positive, productivity improvements were below both historical levels and management's expectations for the year, due largely to volume that was both tepid and unpredictable, making it difficult to drive and maintain production efficiencies from period to period.

Significant capital spending included the modification of several paper machines, primarily in North America and Europe, productivity projects throughout the segment, and the replacement of a portion of the molded plug equipment destroyed by fire in 2010.

Display and Packaging

($ in millions)	2011	2010	% Change
Trade sales	$ 471.5	$ 477.2	(1.2)%
Segment operating profits	21.7	14.2	52.8%
Depreciation, depletion and amortization	7.4	8.8	(15.9)%
Capital spending	4.6	8.3	(44.9)%

As a result of bidding activity conducted in the fourth quarter of 2009 by a major customer, the Company lost approximately $45 million of that customer's annual business beginning in mid-2010. The year-over-year impact of this lost business totaled approximately $19 million in 2011. Further, another of the segment's customers consolidated its business with another vendor beginning in July 2011. Growth from new business, largely in Poland and Mexico, was able to offset much of the 2011 revenue impact from the lost business. Domestic sales decreased to approximately $193 million, a 29.6% reduction, while international sales increased 36.9% to approximately $278 million. The increase in international sales was a result of increased service center volume in Poland and Mexico and, to a lesser extent, the impact of exchange rates.

Segment operating profits were higher as positive price/cost and mix, along with lower pension expense and overhead costs, all contributed to the year-over-year improvement. A customer relocation and the lost business mentioned above worked to reduce overhead costs while the mix of business during these transitions was favorable to segment profitability. In addition, 2011 operating profits benefited from non-recurring incentive payments related to the transition of business to the alternate vendor.

Capital spending included capacity expansion in South America and Poland, some manufacturing consolidation in the United States, as well as numerous productivity and customer development projects in the United States and Europe.

Protective Solutions

($ in millions)	2011	2010	% Change
Trade sales	$ 158.0	$ 104.4	51.3%
Operating profits	15.2	17.5	(13.1)%
Depreciation, depletion and amortization	5.6	1.8	211.1%
Capital spending	3.9	0.9	314.1%

Sales in the Protective Solutions segment increased due to the acquisition of Tegrant as volume was off approximately 8% in the Company's legacy protective packaging business on weak demand, particularly in the appliance market. Domestic sales were approximately $130 million, up 71.1% from 2010, and international sales were approximately $28 million, essentially unchanged from 2010.

Operating profits in this segment decreased due primarily to lower volume and negative price/cost in the legacy business. The decrease was partially mitigated by productivity improvements, cost controls, favorable exchange rates and the inclusion of Tegrant's post-acquisition results.

Capital spending included numerous productivity and customer development projects in the newly acquired Tegrant operations as well as the legacy protective packaging operations.

Critical accounting policies and estimates

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis, including but not limited to those related to inventories, bad debts, derivatives, income taxes, intangible assets, restructuring, pension and other postretirement benefits, environmental liabilities, and contingencies and litigation. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates. The impact of and any associated risks related to estimates, assumptions and accounting policies are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as in the Notes to the Consolidated Financial Statements, if applicable, where such estimates, assumptions and accounting policies affect the Company's reported and expected financial results.

The Company believes the accounting policies discussed in the Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K are critical to understanding the results of its operations. The following discussion represents those policies that involve the more significant judgments and estimates used in the preparation of the Company's Consolidated Financial Statements.

Impairment of long-lived, intangible and other assets

Assumptions and estimates used in the evaluation of potential impairment can result in adjustments affecting the carrying values of long-lived, intangible and other assets and the recognition of impairment expense in the Company's Consolidated Financial Statements. The Company evaluates its long-lived assets (property, plant and equipment), definite-lived intangible assets and other assets (including notes receivable and equity investments) for impairment whenever indicators of impairment exist, or when it commits to sell the asset. If the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible asset group is less than the carrying value of that asset group, an asset impairment charge is recognized. Key assumptions and estimates used in the cash flow model generally include price levels, sales growth, profit margins and asset life. The amount of an impairment charge, if any, is calculated as the excess of the asset's carrying value over its fair value, generally represented by the discounted future cash flows from that asset or, in the case of assets the Company evaluates for sale, as estimated proceeds less costs to sell. The Company takes into consideration historical data and experience together with all other relevant information available when estimating the fair values of its assets. However, fair values that could be realized in actual transactions may differ from the estimates used to evaluate impairment. In addition, changes in the assumptions and estimates may result in a different conclusion regarding impairment.

Impairment of goodwill

In accordance with ASC 350, the Company assesses its 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. If the carrying value of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized for the excess. The Company's reporting units are one level below its operating segments, as determined in accordance with ASC 350.

The Company completed its most recent annual goodwill impairment testing during the third quarter of 2012. When assessing goodwill, the Company considers certain qualitative and quantitative factors. Qualitative factors include the macroeconomic environment, Company stock price and market capitalization movement, business strategy changes, and significant customer wins and losses. Quantitative factors include the amount by which the estimated fair value of a reporting unit exceeds its current carrying value, current year operating performance as compared to prior projections, and implied fair values from comparable trading and transaction multiples. Based on the results of its qualitative and quantitative assessments performed during the year, the Company has concluded that there has been no impairment of goodwill for any of its reporting units.

When the Company estimates the fair value of a reporting unit, it does so using a discounted cash flow model based on projections of future years' operating results and associated cash flows, together with comparable trading and transaction multiples. The Company's model discounts future cash flows, forecasted over a 10-year period, with an estimated residual growth rate. The Company's projections incorporate management's best estimates of the expected future results, which include expectations related to new business awards, and, where applicable, improved operating margins. Future cash flows are discounted to present value using a discount rate management believes is commensurate with the risks inherent in the cash flows.

The Company's assessments, whether qualitative or quantitative, incorporate management's expectations for the future, including forecasted growth rates and/or margin improvements. Therefore, should there be changes in the relevant facts and circumstances and/or expectations, management's assessment regarding goodwill impairment may change as well.

Although no reporting units have failed a qualitative or quantitative assessment of goodwill impairment, in management's opinion, the reporting units with significant goodwill having the greatest risk of future impairment if actual results are not as expected are Plastics – Blowmolding, Rigid Paper – Europe and Plastics – Thermoforming. Total goodwill associated with these reporting units was approximately $130 million, $10 million and $53 million, respectively, at December 31, 2012.

Plastics – Blowmolding manufactures blow-molded plastic containers primarily for use in nonfood applications. This reporting unit is the result of the purchase of Matrix Packaging in May 2007 which was acquired to be a growth platform for the Company and to provide an avenue into the health and beauty market. Since that time, the Company has continued to invest significantly in the business, and current projections for this reporting unit reflect management's expectations for revenue growth as well as improvements in operating margins. Sales growth is expected to be driven by new business from key nonfood customers, expansion into more food-based applications and collaboration with large-scale packaging service providers. Should the sales growth and margin improvements not materialize, a goodwill impairment charge may be incurred. Based on the valuation work performed for the current year test, the estimated fair value of Plastics – Blowmolding exceeded its carrying value by approximately 29%.

Rigid Paper – Europe manufactures round and shaped composite paperboard cans, single-wrap paperboard packages and fiber cartridges. Results in this unit declined substantially during the global recession, experiencing declines in both volume and profit margins. Recovery in this business following the global recession has not occurred as quickly as management previously anticipated due to ongoing economic issues in the Eurozone and certain market opportunities that are evolving more slowly than expected. Although delayed, management expects a significant recovery in sales volume over the next several years and an improvement in profit margins due to price/cost, productivity gains and fixed cost leverage. However, should the projected improvements fall short of management's expectations, a goodwill impairment charge may be incurred. In its evaluation of goodwill impairment, management estimated that the fair value of Rigid Paper – Europe exceeded its carrying value by approximately 80%.

Plastics – Thermoforming primarily manufactures monolayer, coated and barrier and non-barrier laminated tubs, cups, spools and trays. Historically, one of its more significant product categories has been dual-ovenable trays for the frozen foods markets. The Company has been seeing a shift away from these trays to less expensive microwave only trays, which has put pressure on sales and margins within this business. This shift, together with production inefficiencies in the latter half of 2012 associated with the consolidation of operations and management changes, resulted in current year operating results that fell short of expectations. Management is working to address the production issues experienced in late 2012 and is currently developing the operational capacity to pursue identified new business opportunities. These actions are expected to begin driving meaningful sales and margin growth within the coming year. However, should the expected sales growth and margin improvements not materialize, a goodwill impairment charge may be incurred.

Although goodwill of the Display and Packaging reporting unit is not currently considered to be at risk of impairment, a large portion of sales in this unit is concentrated in one customer and will be up for renegotiation over the next few years. Management expects to retain this business; however, if a significant amount is lost and not replaced, it is possible that a goodwill impairment charge may be incurred. Total goodwill associated with this reporting unit was approximately $158 million at December 31, 2012. Based on its assessment of fair value performed for the current year test, the estimated fair value of Display and Packaging exceeded its carrying value by approximately 48%.

Holding the other valuation assumptions constant, Plastics – Blowmolding's projected operating profits across all future periods would have to decline approximately 20% before the reporting unit's carrying value is deemed to be in excess of its fair value. The corresponding percentages for Rigid Paper – Europe, Plastics – Thermoforming and Display and Packaging are approximately 30%, 40% and 40%, respectively. The future operating performance of these units is dependent upon a number of variables that cannot be predicted with certainty.

During the time subsequent to the annual evaluation, and at December 31, 2012, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management's opinion that no such events have occurred.

Income taxes

The Company follows ASC 740, Accounting for Income Taxes, which requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not such assets will not be realized. Deferred tax assets generally represent expenses recognized for financial reporting purposes, which will result in tax deductions over varying future periods. The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

For those tax positions where it is more likely than not that a tax benefit will be sustained, the Company has recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. For those positions not meeting the more-likely-than-not standard, no tax benefit has been recognized in the financial statements. Associated interest has also been recognized, where applicable.

The estimate for the potential outcome of any uncertain tax issue is highly judgmental. The Company believes it has adequately provided for any reasonably foreseeable outcome related to these matters. 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 limitations on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the eventual resolution of these matters could have a different impact on the effective rate than currently reflected or expected.

Stock-based compensation plans

The Company utilizes share-based compensation in the form of stock options, stock appreciation rights, restricted stock units and other share-based awards. Certain awards are in the form of contingent stock units where both the ultimate number of units and the vesting period are performance based. The amount and timing of compensation expense associated with these performance-based awards are based on estimates regarding future performance using measures defined in the plans. In 2012, the performance measures consisted of Earnings per Share and Return on Net Assets Employed. Changes in estimates regarding the future achievement of these performance measures may result in significant fluctuations from period to period in the amount of compensation expense reflected in the Company's Consolidated Financial Statements.

The Company uses an option-pricing model to determine the grant date fair value of its stock options and stock appreciation rights. Inputs to the model include a number of subjective assumptions. Management routinely assesses the

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assumptions and methodologies used to calculate estimated fair value of share-based compensation. Circumstances may change and additional data may become available over time that results in changes to these assumptions and methodologies, which could materially impact fair value determinations.

Pension and postretirement benefit plans

The Company has significant pension and postretirement benefit liabilities and costs that are measured using actuarial valuations. The actuarial valuations employ key assumptions that can have a significant effect on the calculated amounts. The key assumptions used at December 31, 2012, in determining the projected benefit obligation and the accumulated benefit obligation for U.S. retirement and retiree health and life insurance plans include: discount rates of 4.26% and 3.73% for the active and inactive qualified retirement plans, respectively, 3.64% for the nonqualified retirement plans, and 3.16% for the retiree health and life insurance plan; and rates of compensation increases ranging from 3.51% to 6.82%. The key assumptions used to determine 2012 net periodic benefit cost for U.S. retirement and retiree health and life insurance plans include: discount rates of 4.76% and 4.33% for the active and inactive qualified retirement plans, respectively, 4.23% for the nonqualified retirement plans, and 3.76% for the retiree health and life insurance plan; an expected long-term rate of return on plan assets of 8.0% and 7.7% for the active and inactive qualified retirement plans, respectively; and rates of compensation increases ranging from 4.15% to 6.02%.

During 2012, the Company recorded total pension and postretirement benefit expenses of approximately $52.9 million, compared with $36.9 million during 2011. The 2012 amount reflects $85.3 million of expected returns on plan assets at an average assumed rate of 7.4% and interest cost of $71.0 million at a weighted-average discount rate of 4.56%. The 2011 amount reflects $85.5 million of expected returns on plan assets at an assumed rate of 7.7% and interest cost of $72.5 million at a weighted-average discount rate of 5.23%. During 2012, the Company made contributions to its pension and postretirement plans of $75.1 million. In the prior year, the Company made contributions to its pension and postretirement plans totaling $142.1 million, including an $85.0 million contribution made in January 2011 to its U.S. qualified defined benefit pension plan designated for the 2010 plan year. Contributions vary from year to year depending on various factors, the most significant being the market value of assets and interest rates. Cumulative net actuarial losses were approximately $745 million at December 31, 2012, and are primarily the result of low discount rates and the poor asset performance in 2008. Actuarial losses/gains outside of the 10% corridor defined by U.S. GAAP are amortized over the average remaining service life of the plan's active participants or the average remaining life expectancy of the plan's inactive participants (if all, or almost all, of the plan's participants are inactive).

The Company is projecting total benefit plan expense in 2013 to be approximately $12 million higher than in 2012 due primarily to higher amortization expense, the inclusion of Tegrant employees in the Sonoco Investment and Retirement Plan effective January 1, 2013, and lowering the expected long-term rate of return for the active and inactive qualified retirement plans from 8.0% to 7.85% and from 7.7% to 7.55%, respectively. The higher amortization expense is due primarily to additional actuarial losses recorded in 2012 driven by lower discount rates and the conclusion of the amortization period for prior service credits related to 2004 amendments made to the Company's U.S. Retiree Health and Life Insurance plans.

The Company adjusts its discount rates at the end of each fiscal year based on yield curves of high-quality debt instruments over durations that match the expected benefit payouts of each plan. The expected rate of return assumption is derived by taking into consideration the targeted plan asset allocation, projected future returns by asset class and active investment management. A third party asset return model was used to develop an expected range of returns on plan investments over a 12- to 15-year period, with the expected rate of return selected from a best estimate range within the total range of projected results. The Company periodically rebalances its plan asset portfolio in order to maintain the targeted allocation levels. The rate of compensation increase assumption is generally based on salary and incentive increases. A key assumption for the U.S. retiree health and life insurance plan is a medical cost trend rate beginning at 8.3% for post-age 65 participants and trending down to an ultimate rate of 6.16% in 2045. The ultimate trend rate of 6.16% represents the Company's best estimate of the long-term average annual medical cost increase over the duration of the plan's liabilities. It provides for real growth in medical costs in excess of the overall inflation level.

Other assumptions and estimates impacting the projected liabilities of these plans include inflation, participant withdrawal and mortality rates and retirement ages. The Company annually re-evaluates assumptions used in projecting the pension and postretirement liabilities and associated expense. These judgments, assumptions and estimates may affect the carrying value of pension and postretirement plan net assets and liabilities and pension and postretirement plan expenses in the Company's Consolidated Financial Statements. The sensitivity to changes in the critical assumptions for the Company's U.S. plans as of December 31, 2012, is as follows:

Assumption ($ in millions)	*Percentage Point Change*	*Projected Benefit Obligation Higher/(Lower)*	*Annual Expense Higher/ (Lower)*
Discount rate	-.25 pts	$ 45.5	$ 2.6
Expected return on assets	-.25 pts	N/A	$ 2.3

See Note 12 to the Consolidated Financial Statements for additional information on the Company's pension and postretirement plans.

Recent accounting pronouncements

Information regarding recent accounting pronouncements is provided in Note 2 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and qualitative disclosures about market risk

Information regarding market risk is provided in this Annual Report on Form 10-K under the following items and captions: “Conditions in foreign countries where the Company operates may reduce earnings” and “Foreign exchange rate fluctuations may reduce the Company’s earnings” in Item 1A-Risk Factors; “Risk Management” in Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations; and in Note 8 to the Consolidated Financial Statements in Item 8 – Financial Statements and Supplementary Data.

Item 8. Financial statements and supplementary data

The Consolidated Financial Statements and Notes to the Consolidated Financial Statements are provided on pages F-1 through F-29 of this report. Selected quarterly financial data is provided in Note 18 to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and directors of Sonoco Products Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Sonoco Products Company and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 1, 2013

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CONSOLIDATED BALANCE SHEETS

Sonoco Products Company

(Dollars and shares in thousands) *At December 31*	*2012*	*2011*
Assets		
Current Assets		
Cash and cash equivalents	**$ 373,084**	$ 175,523
Trade accounts receivable, net of allowances of $7,252 in 2012 and $7,125 in 2011	**619,761**	606,785
Other receivables	**36,311**	43,378
Inventories		
Finished and in process	**159,193**	157,891
Materials and supplies	**224,079**	237,431
Prepaid expenses	**65,395**	63,896
Deferred income taxes	**22,073**	26,806
	1,499,896	1,311,710
Property, Plant and Equipment, Net	**1,034,906**	1,013,622
Goodwill	**1,110,505**	1,104,776
Other Intangible Assets, Net	**276,809**	304,600
Long-term Deferred Income Taxes	**90,936**	87,256
Other Assets	**163,013**	170,835
Total Assets	**$ 4,176,065**	$ 3,992,799
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	**$ 426,786**	$ 436,732
Accrued expenses and other	**281,532**	292,123
Accrued wages and other compensation	**56,004**	55,680
Notes payable and current portion of long-term debt	**273,608**	53,666
Accrued taxes	**6,305**	5,551
	1,044,235	843,752
Long-term Debt	**1,099,454**	1,232,966
Pension and Other Postretirement Benefits	**461,881**	420,048
Deferred Income Taxes	**15,649**	16,154
Other Liabilities	**51,632**	54,471
Commitments and Contingencies		
Sonoco Shareholders' Equity		
Serial preferred stock, no par value		
Authorized 30,000 shares		
0 shares issued and outstanding as of December 31, 2012 and 2011		
Common shares, no par value		
Authorized 300,000 shares		
100,847 and 100,211 shares issued and outstanding at December 31, 2012 and 2011, respectively	**7,175**	7,175
Capital in excess of stated value	**445,492**	427,484
Accumulated other comprehensive loss	**(475,826)**	(460,299)
Retained earnings	**1,512,145**	1,437,435
Total Sonoco Shareholders' Equity	**1,488,986**	1,411,795
Noncontrolling Interests	**14,228**	13,613
Total Equity	**1,503,214**	1,425,408
Total Liabilities and Equity	**$ 4,176,065**	$ 3,992,799

The Notes beginning on page F-6 are an integral part of these financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

Sonoco Products Company

(Dollars and shares in thousands except per share data)

Years ended December 31	*2012*	*2011*	*2010*
Net sales	**$ 4,786,129**	$ 4,498,932	$ 4,124,121
Cost of sales	**3,942,497**	3,742,149	3,356,589
Gross profit	**843,632**	756,783	767,532
Selling, general and administrative expenses	**463,715**	397,477	405,356
Restructuring/Asset impairment charges	**32,858**	36,826	23,999
Income before interest and income taxes	**347,059**	322,480	338,177
Interest expense	**64,114**	41,832	37,413
Interest income	**4,129**	3,758	2,307
Loss from the early extinguishment of debt	**—**	—	48,617
Income before income taxes	**287,074**	284,406	254,454
Provision for income taxes	**103,759**	78,423	64,485
Income before equity in earnings of affiliates	**183,315**	205,983	189,969
Equity in earnings of affiliates, net of tax	**12,805**	12,061	11,505
Net income	**196,120**	218,044	201,474
Net (income) attributable to noncontrolling interests	**(110)**	(527)	(421)
Net income attributable to Sonoco	**$ 196,010**	$ 217,517	$ 201,053
Weighted average common shares outstanding:			
Basic	**101,804**	101,071	101,599
Assuming exercise of awards	**769**	1,102	944
Diluted	**102,573**	102,173	102,543
Per common share			
Net income attributable to Sonoco:			
Basic	**$ 1.93**	$ 2.15	$ 1.98
Diluted	**$ 1.91**	$ 2.13	$ 1.96
Cash dividends	**$ 1.19**	$ 1.15	$ 1.11

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Sonoco Products Company

(Dollars in thousands)

Years ended December 31	*2012*	*2011*	*2010*
Net income	**$ 196,120**	$ 218,044	$ 201,474
Other comprehensive income/(loss):			
Foreign currency translation adjustments	**25,016**	(39,051)	8,119
Changes in defined benefit plans, net of tax	**(41,498)**	(127,798)	13,621
Change in derivative financial instruments, net of tax	**1,460**	(672)	(2,906)
Comprehensive income	**181,098**	50,523	220,308
Comprehensive (income) attributable to noncontrolling interests	**(615)**	(438)	(1,653)
Comprehensive income attributable to Sonoco	**$ 180,483**	$ 50,085	$ 218,655

The Notes beginning on page F-6 are an integral part of these financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

Sonoco Products Company

(Dollars and shares in thousands)	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling Interests
January 1, 2010	$ 1,380,630	100,149	$ 7,175	$ 421,632	$ (310,469)	$ 1,248,043	$ 14,249
Net income	201,474					201,053	421
Other comprehensive income/(loss):							
Translation gain	8,119				6,887		1,232
Defined benefit plan adjustment[1]	13,621				13,621		
Derivative financial instruments[1]	(2,906)				(2,906)		
Other comprehensive income	18,834				17,602		1,232
Dividends	(112,941)					(112,941)	
Issuance of stock awards	28,550	1,099		28,550			
Shares repurchased	(24,658)	(738)		(24,658)			
Stock-based compensation	15,804			15,804			
December 31, 2010	$ 1,507,693	100,510	$ 7,175	$ 441,328	$ (292,867)	$ 1,336,155	$ 15,902
Net income	218,044					217,517	527
Other comprehensive income/(loss):							
Translation loss	(39,051)				(38,962)		(89)
Defined benefit plan adjustment[1]	(127,798)				(127,798)		
Derivative financial instruments[1]	(672)				(672)		
Other comprehensive loss	(167,521)				(167,432)		(89)
Dividends	(116,237)					(116,237)	
Issuance of stock awards	26,487	1,100		26,487			
Shares repurchased	(49,442)	(1,399)		(49,442)			
Stock-based compensation	12,102			12,102			
Purchase of noncontrolling interest	(5,718)			(2,991)			(2,727)
December 31, 2011	$ 1,425,408	100,211	$ 7,175	$ 427,484	$ (460,299)	$ 1,437,435	$ 13,613
Net income	196,120					196,010	110
Other comprehensive income/(loss):							
Translation gain	25,016				24,511		505
Defined benefit plan adjustment[1]	(41,498)				(41,498)		
Derivative financial instruments[1]	1,460				1,460		
Other comprehensive loss	(15,022)				(15,527)		505
Dividends	(121,300)					(121,300)	
Issuance of stock awards	13,324	763		13,324			
Shares repurchased	(4,167)	(127)		(4,167)			
Stock-based compensation	8,851			8,851			
December 31, 2012	$ 1,503,214	100,847	$ 7,175	$ 445,492	$ (475,826)	$ 1,512,145	$ 14,228

1 net of tax

The Notes beginning on page F-6 are an integral part of these financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Sonoco Products Company

(Dollars in thousands) *Years ended December 31*	*2012*	*2011*	*2010*
Cash Flows from Operating Activities			
Net income	**$ 196,120**	$ 218,044	$ 201,474
Adjustments to reconcile net income to net cash provided by operating activities			
Asset impairment	**8,427**	12,518	9,962
Loss from early extinguishment of debt	**—**	—	48,617
Depreciation, depletion and amortization	**200,403**	179,871	169,665
Share-based compensation expense	**8,851**	12,102	15,804
Equity in earnings of affiliates	**(12,805)**	(12,061)	(11,505)
Cash dividends from affiliated companies	**9,329**	11,676	17,123
(Gain)/Loss on disposition of assets	**(6,690)**	1,907	1,422
Pension and postretirement plan expense	**52,856**	36,853	52,599
Pension and postretirement plan contributions	**(75,059)**	(142,097)	(29,194)
Tax effect of share-based compensation exercises	**5,698**	5,965	5,063
Excess tax benefit of share-based compensation	**(2,682)**	(4,018)	(4,209)
Net increase in deferred taxes	**18,989**	11,036	12,498
Change in assets and liabilities, net of effects from acquisitions, dispositions and foreign currency adjustments			
Trade accounts receivable	**1,190**	(52,484)	(66,410)
Inventories	**16,157**	3,423	(57,071)
Payable to suppliers	**(16,010)**	(13,798)	43,255
Prepaid expenses	**1,114**	(2,559)	(1,330)
Accrued expenses	**(4,059)**	(12,174)	19,757
Income taxes payable and other income tax items	**(5,350)**	7,344	(49,993)
Fox River environmental reserves	**(2,796)**	(1,959)	(1,687)
Other assets and liabilities	**10,232**	(14,314)	(704)
Net cash provided by operating activities	**403,915**	245,275	375,136
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	**(214,862)**	(173,372)	(145,910)
Cost of acquisitions, net of cash acquired	**(503)**	(566,908)	(137,835)
Proceeds from the sale of assets	**31,967**	11,121	8,486
Investment in affiliates and other	**26**	—	(8,450)
Net cash used by investing activities	**(183,372)**	(729,159)	(283,709)
Cash Flows from Financing Activities			
Proceeds from issuance of debt	**7,568**	680,919	365,415
Principal repayment of debt	**(46,820)**	(17,054)	(358,927)
Net increase (decrease) in commercial paper borrowings	**125,000**	(3,000)	30,000
Excess cash costs of early extinguishment of debt	**—**	—	(49,888)
Net change in overdrafts	**(1,600)**	(8,533)	(71)
Cash dividends – common	**(119,771)**	(114,958)	(111,756)
Proceeds from early settlement of interest rate swap	**—**	—	5,939
Excess tax benefit of share-based compensation	**2,682**	4,018	4,209
Purchase of noncontrolling interest	**—**	(5,718)	—
Shares acquired	**(4,167)**	(49,442)	(24,658)
Shares issued	**9,739**	21,253	23,155
Net cash (used) provided by financing activities	**(27,369)**	507,485	(116,582)
Effects of Exchange Rate Changes on Cash	**4,387**	(6,327)	(1,841)
Increase (Decrease) in Cash and Cash Equivalents	**197,561**	17,274	(26,996)
Cash and cash equivalents at beginning of year	**175,523**	158,249	185,245
Cash and cash equivalents at end of year	**$ 373,084**	$ 175,523	$ 158,249
Supplemental Cash Flow Disclosures			
Interest paid, net of amounts capitalized	**$ 66,171**	$ 34,296	$ 37,464
Income taxes paid, net of refunds	**$ 84,422**	$ 54,078	$ 96,918

The Notes beginning on page F-6 are an integral part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sonoco Products Company (dollars in thousands except per share data)

1. Summary of significant accounting policies

Basis of presentation

The Consolidated Financial Statements include the accounts of Sonoco Products Company and its majority-owned subsidiaries (the “Company” or “Sonoco”) after elimination of intercompany accounts and transactions.

Investments in affiliated companies in which the Company shares control over the financial and operating decisions, but in which the Company is not the primary beneficiary, are accounted for by the equity method of accounting. Income applicable to these equity investments is reflected in “Equity in earnings of affiliates, net of tax” in the Consolidated Statements of Income. The aggregate carrying value of equity investments is reported in “Other Assets” in the Company’s Consolidated Balance Sheets and totaled $110,687 and $108,702 at December 31, 2012 and 2011, respectively.

Affiliated companies in which the Company held a significant investment at December 31, 2012, included:

Entity	*Ownership Interest Percentage at December 31, 2012*
RTS Packaging JVCO	35.0%
Cascades Conversion, Inc.	50.0%
Cascades Sonoco, Inc.	50.0%
Showa Products Company Ltd.	20.0%
Conitex Sonoco Holding BVI Ltd.	30.0%

Also included in the investment totals above is the Company’s 19.5% ownership in a small Chilean tube and core business accounted for under the cost method.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company records revenue when title and risk of ownership pass to the customer, and when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the sales price to the customer is fixed or determinable and when collectability is reasonably assured. Certain judgments, such as provisions for estimates of sales returns and allowances, are required in the application of the Company’s revenue policy and, therefore, the results of operations in its Consolidated Financial Statements. Shipping and handling expenses are included in “Cost of sales,” and freight charged to customers is included in “Net sales” in the Company’s Consolidated Statements of Income.

The Company has rebate agreements with certain customers. These rebates are recorded as reductions of sales and are accrued using sales data and rebate percentages specific to each customer agreement. Accrued customer rebates are included in “Accrued expenses and other” in the consolidated balance sheets.

Accounts receivable and allowance for doubtful accounts

The Company’s trade accounts receivable are non-interest bearing and are recorded at the invoiced amounts. The allowance for doubtful accounts represents the Company’s best estimate of the amount of probable credit losses in existing accounts receivable. Provisions are made to the allowance for doubtful accounts at such time that collection of all or part of a trade account receivable is in question. The allowance for doubtful accounts is monitored on a regular basis and adjustments are made as needed to ensure that the account properly reflects the Company’s best estimate of uncollectible trade accounts receivable. Trade accounts receivable balances that are more than 180 days past due are generally 100% provided for in the allowance for doubtful accounts. Account balances are charged off against the allowance for doubtful accounts when the Company determines that the receivable will not be recovered.

Sales to one of the Company’s customers accounted for approximately 9% of the Company’s net sales in 2012, 9% in 2011 and 10% in 2010, primarily in the Display and Packaging and Consumer Packaging segments. Receivables from this customer accounted for approximately 8% of the Company’s total trade accounts receivable at both December 31, 2012 and 2011. The Company’s next largest customer comprised approximately 5% of the Company’s net sales in 2012, 2011 and 2010.

Research and development

Research and development costs are charged to expense as incurred and include salaries and other directly related expenses. Research and development costs totaling approximately $20,200 in 2012, $18,800 in 2011 and $17,800 in 2010 are included in “Selling, general and administrative expenses” in the Company’s Consolidated Statements of Income.

Restructuring and asset impairment

Costs associated with exit or disposal activities are recognized when the liability is incurred. If assets become impaired as a result of a restructuring action, the assets are written down to fair value, less estimated costs to sell, if applicable. A number of significant estimates and assumptions are involved in the determination of fair value. The Company considers historical experience and all available information at the time the estimates are made; however, the amounts that are ultimately realized upon the sale of divested assets may differ from the estimated fair values reflected in the Company’s Consolidated Financial Statements.

Cash and cash equivalents

Cash equivalents are composed of highly liquid investments with an original maturity of three months or less. Cash equivalents are recorded at cost, which approximates market.

Inventories

Inventories are stated at the lower of cost or market. The last-in, first-out (LIFO) method is used for the valuation of certain of the Company’s domestic inventories, primarily metal, internally manufactured paper and paper purchased from third parties.

The LIFO method of accounting was used to determine the costs of approximately 19% and 18% of total inventories at December 31, 2012 and 2011, respectively. The remaining inventories are determined on the first-in, first-out (FIFO) method.

If the FIFO method of accounting had been used for all inventories, total inventory would have been higher by $19,476 and $20,184 at December 31, 2012 and 2011, respectively.

Property, plant and equipment

Plant assets represent the original cost of land, buildings and equipment, less depreciation, computed under the straight-line method over the estimated useful lives of the assets, and are reviewed for impairment whenever events indicate the carrying value may not be recoverable.

Equipment lives generally range from three to 11 years, and buildings from 15 to 40 years.

Timber resources are stated at cost. Depletion is charged to operations based on the estimated number of units of timber cut during the year.

Goodwill and other intangible assets

The Company evaluates its goodwill for impairment at least annually, and more frequently if indicators of impairment are present. In performing the impairment test, the Company first makes an assessment regarding the likelihood of impairment. If it is not more likely than not that goodwill is impaired for any of its reporting units, no further testing is performed. Otherwise, the Company uses discounted future cash flows to estimate the fair value of each reporting unit it believes may have a goodwill impairment giving consideration to multiples it believes could be obtained in a sale. If the fair value of the reporting unit exceeds the carrying value of the reporting unit's assets, including goodwill, there is no impairment. If not, and the carrying value of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized for the excess. Goodwill is not amortized.

Intangible assets are amortized, usually on a straight-line basis, over their respective useful lives, which generally range from three to 40 years. The Company evaluates its intangible assets for impairment whenever indicators of impairment exist. The Company has no intangibles with indefinite lives.

Income taxes

The Company provides for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting requirements and tax laws. Assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Derivatives

The Company uses derivatives to mitigate the effect of fluctuations in some of its raw material and energy costs, foreign currency fluctuations and interest rate movements. The Company purchases commodities such as recovered paper, metal and energy generally at market or at fixed prices that are established with the vendor as part of the purchase process for quantities expected to be consumed in the ordinary course of business. The Company may enter into commodity futures or swaps to manage the effect of price fluctuations. The Company may use foreign currency forward contracts and other risk management instruments to manage exposure to changes in foreign currency cash flows and the translation of monetary assets and liabilities on the Company's consolidated financial statements. The Company is exposed to interest-rate fluctuations as a result of using debt as a source of financing for its operations. The Company may from time to time use traditional, unleveraged interest rate swaps to adjust its mix of fixed and variable rate debt to manage its exposure to interest rate movements.

The Company records its derivatives as assets or liabilities on the balance sheet at fair value using published market prices or estimated values based on current price and/or rate quotes and discounted estimated cash flows. Changes in the fair value of derivatives are recognized either in net income or in other comprehensive income, depending on the designated purpose of the derivative. It is the Company's policy not to speculate in derivative instruments.

Reportable segments

The Company identifies its reportable segments by evaluating the level of detail reviewed by the chief operating decision maker, gross profit margins, nature of products sold, nature of the production processes, type and class of customer, methods used to distribute product, and nature of the regulatory environment. Of these factors, the Company believes that the most significant are the nature of its products and the type of customers served.

Contingencies

Pursuant to U.S. GAAP for accounting for contingencies, accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and that the amounts are reasonably estimable. Amounts so accrued are not discounted.

2. New accounting pronouncements

In June 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. This update eliminated the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity and provided the entity with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company selected the two statement approach and has included the additional statement in this Annual Report on Form 10-K.

In February 2013, the Financial Accounting Standards Board issued ASU no. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income. This update requires an entity to present on the face of the financial statements where net income is presented, or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The requirements of this update are effective prospectively for reporting periods beginning after December 15, 2012.

During the year ended December 31, 2012, there have been no other newly issued nor newly applicable accounting pronouncements that have, or are expected to have, a significant impact on the Company's financial statements. Further, at December 31, 2012, there were no other pronouncements pending adoption that are expected to have a significant impact on the Company's financial statements.

3. Acquisitions

The Company completed five acquisitions during 2011 at an aggregate cost of $566,908 in cash. These acquisitions were accounted for as business combinations under the acquisition method of accounting, in accordance with the business combinations subtopic of the Accounting Standards Codification. The most significant of these was the November 8, 2011, acquisition of privately held Tegrant Holding Corporation ("Tegrant"), a leading provider of highly engineered protective, temperature-assurance and retail security packaging solutions. Tegrant, headquartered in DeKalb, Illinois, operates more than 30 manufacturing, design and testing facilities in the United States, Mexico and Ireland and employs more than 2,000 persons. Tegrant operates three strategic, complementary business units. Protexic™ Brands, the largest business unit, is a manufacturer of molded expanded foam serving a number of industries including high technology, consumer electronics, automotive, appliances and medical devices. Tegrant's Thermosafe® Brands unit is a leading provider of temperature-assurance solutions, primarily used in packaging temperature-sensitive pharmaceuticals and food. Tegrant's Alloyd Brands® business unit is a leading manufacturer and designer of high-visibility packaging, printed products, sealing equipment, and tooling for retail and medical markets.

The cost of the Tegrant acquisition was $550,000 in cash paid at the time of the purchase plus an additional $503 paid in February 2012 for changes in working capital levels to the date of the closing. The allocation of the purchase price of Tegrant to the tangible and intangible assets acquired and liabilities assumed was finalized during the measurement period which ended in the fourth quarter of 2012. Following is a summary of the fair values of the assets acquired and liabilities assumed at the acquisition date:

Trade accounts receivable	$	61,969
Inventories		38,036
Prepaid expenses		1,136
Property, plant and equipment		92,748
Goodwill		269,953
Other intangible assets		187,830
Payables to suppliers		(31,154)
Accrued expenses and other		(41,506)
Total debt		(3,966)
Deferred income taxes, net		(14,695)
Other long-term liabilities		(9,848)
Total net assets	$	550,503

Goodwill recorded in connection with the acquisition totaled $269,953. Factors comprising goodwill include efficiencies derived by the elimination of certain redundant functions and expenses due to synergies with our existing business, the ability to leverage product offerings across a broader customer base, and the value of the assembled workforce. The Company expects approximately $67,000 of the goodwill to be tax deductible. Of the $187,830 of acquired intangibles, $160,300 was assigned to customer relationships with an average expected life of 12 years, $17,600 to trade names with an expected life of 40 years, and $9,930 to proprietary technology and other intangibles with an average expected life of nine years.

Also during 2011, the Company completed the acquisitions of several small tube and core businesses in New Zealand and Australia at a total cost of $7,181 in cash, a rigid paperboard containers business in the United Kingdom at a cost of $4,698 in cash, and a recycling business in Greenville, South Carolina, at a cost of $5,029 in cash. In conjunction with these acquisitions, the Company recorded net tangible assets of $6,606, identifiable intangibles of $4,062 and goodwill of $6,240, the majority of which is expected to be tax deductible.

The Company completed four acquisitions during 2010 at an aggregate cost of $137,835 in cash. These acquisitions consisted of Associated Packaging Technologies, Inc. (APT), a supplier of thermoformed containers to the frozen food industry, Madem Reels USA, Inc., a manufacturer of nailed wood and plywood reels for the wire and cable industry, a small tube and core business in Canada, and a small tube and core business in Greece. The all-cash purchase price of APT, including the cost of paying off various obligations, was $119,968. In conjunction with this acquisition, the Company recorded net tangible assets of $72,895, identifiable intangibles of $22,100 and goodwill of $24,973 (the majority of which will be tax deductible). The all-cash purchase price for Madem Reels was $10,714, plus contingent consideration of $500, which was paid in the first quarter of 2011. In conjunction with this acquisition, the Company recorded net tangible assets of $8,263 and identifiable intangibles of $2,451. The aggregate cost of the Canadian and Greek tube and core businesses was $7,153 in cash. In conjunction with these acquisitions, the Company recorded net tangible assets of $3,026 and identifiable intangibles of $4,127.

Acquisition-related costs of $311, $12,290 and $1,909 were incurred in connection with 2012, 2011 and 2010 acquisitions, respectively. These costs, consisting primarily of legal and professional fees, are included in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income.

The Company has accounted for these acquisitions as purchases and, accordingly, has included their results of operations in the Company's consolidated statements of net income from the respective dates of acquisition.

4. Restructuring and asset impairment

The Company has engaged in a number of restructuring actions over the past several years. Actions initiated in 2012 and 2011 are reported as "2012 Actions" and "2011 Actions," respectively. Actions initiated prior to 2011, all of which were substantially complete at December 31, 2012, are reported as "2010 and Earlier Actions."

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Following are the total restructuring and asset impairment charges, net of adjustments, recognized by the Company during the periods presented:

	Year Ended December 31		
	2012	2011	2010
Restructuring-related charges:			
2012 Actions	$ 24,681	$ —	$ —
2011 Actions	8,313	34,785	—
2010 and Earlier Actions	(136)	2,041	11,427
Total restructuring-related charges	$ 32,858	$ 36,826	$ 11,427
Other asset impairments	—	—	12,572
Restructuring/Asset impairment charges	$ 32,858	$ 36,826	$ 23,999
Income tax benefit	(9,836)	(11,506)	(9,295)
Equity method investments, net of tax	22	17	671
Impact of noncontrolling interests, net of tax	116	200	138
Total impact of restructuring/asset impairment charges, net of tax	$ 23,160	$ 25,537	$ 15,513

Pretax restructuring and asset impairment charges are included in “Restructuring/Asset impairment charges” in the Consolidated Statements of Income.

The Company expects to recognize future additional costs totaling approximately $5,650 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 2013. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions may be undertaken.

2012 actions

During 2012, the Company announced the planned closures of a paper mill in Germany (part of the Paper and Industrial Converted Products segment) and a paperboard-based protective packaging operation in the United States (part of the Protective Solutions segment). In addition, the Company continued its manufacturing rationalization efforts in its blowmolding business (part of the Consumer Packaging segment), including the planned closure of a facility in Canada, and realigned its cost structure resulting in the elimination of approximately 165 positions.

Below is a summary of 2012 Actions and related expenses by type incurred and estimated to be incurred through completion.

2012 Actions	Year Ended December 31, 2012	Estimated Total Cost
Severance and Termination Benefits		
Paper and Industrial Converted Products	$ 10,329	$ 10,779
Consumer Packaging	2,571	2,721
Display and Packaging	1,301	1,301
Protective Solutions	1,595	1,595
Corporate	297	297
Asset Impairment/Disposal of Assets		
Paper and Industrial Converted Products	2,404	2,404
Consumer Packaging	2,921	2,921
Protective Solutions	161	161
Other Costs		
Paper and Industrial Converted Products	1,294	1,644
Consumer Packaging	861	1,561
Display and Packaging	11	11
Protective Solutions	936	1,036
Total Charges and Adjustments	$ 24,681	$ 26,431

The following table sets forth the activity in the 2012 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Consolidated Balance Sheets:

2012 Actions Accrual Activity	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability, December 31, 2011	$ —	$ —	$ —	$ —
2012 charges	16,093	5,486	3,102	24,681
Cash receipts/(payments)	(9,735)	600	(3,015)	(12,150)
Asset write downs/disposals	—	(6,086)	—	(6,086)
Foreign currency translation	(45)	—	(7)	(52)
Liability, December 31, 2012	$ 6,313	$ —	$ 80	$ 6,393

“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 2012 Actions restructuring costs by the end of 2013 using cash generated from operations.

2011 actions

During 2011, the Company announced the closures in Canada of a flexible packaging facility and a thermoformed plastic packaging facility (parts of the Consumer Packaging segment), a tube and core facility in France (part of the Paper and Industrial Converted Products segment), and a fulfillment service center and a point-of-purchase display facility both in the United States (parts of the Display and Packaging segment). The Company also sold two small businesses, a plastics operation in Brazil and a tubes and cores operation in the United States, and realigned its fixed cost structure resulting in the elimination of approximately 160 positions.

Below is a summary of 2011 Actions and related expenses by type incurred and estimated to be incurred through completion.

2011 Actions	Year Ended December 31, 2012	2011	Total Incurred to Date	Estimated Total Cost
Severance and Termination Benefits				
Paper and Industrial Converted Products	$ 390	$ 9,128	$ 9,518	$ 9,718
Consumer Packaging	3,356	7,014	10,370	10,370
Display and Packaging	346	845	1,191	1,191
Protective Solutions	280	1,109	1,389	1,389
Asset Impairment/Disposal of Assets				
Paper and Industrial Converted Products	126	161	287	287
Consumer Packaging	(3,586)	10,212	6,626	6,626
Display and Packaging	(791)	3,486	2,695	2,695
Protective Solutions	—	65	65	65
Other Costs				
Paper and Industrial Converted Products	2,575	347	2,922	4,072
Consumer Packaging	4,030	1,405	5,435	7,285
Display and Packaging	827	433	1,260	1,260
Protective Solutions	760	580	1,340	1,540
Total Charges and Adjustments	$ 8,313	$ 34,785	$ 43,098	$ 46,498

The following table sets forth the activity in the 2011 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Consolidated Balance Sheets:

2011 Actions Accrual Activity	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability, December 31, 2010	$ —	$ —	$ —	$ —
2011 charges	18,096	13,924	2,765	34,785
Cash receipts/(payments)	(7,352)	5,627	(2,685)	(4,410)
Asset write downs/disposals	—	(19,551)	—	(19,551)
Foreign currency translation	(424)	—	—	(424)
Liability, December 31, 2011	$ 10,320	$ —	$ 80	$ 10,400
2012 charges	4,448	1,157	8,192	13,797
Adjustments	(76)	(5,408)	—	(5,484)
Cash receipts/(payments)	(12,708)	15,010	(8,256)	(5,954)
Asset write downs/disposals	—	(10,759)	—	(10,759)
Foreign currency translation	54	—	—	54
Liability, December 31, 2012	$ 2,038	$ —	$ 16	$ 2,054

During 2012, the Company completed the sale of the land and building associated with a former flexible packaging facility in Canada and a former fulfillment service center in the United States. The majority of the 2012 activity in “Asset Impairment/Disposal of Assets” in the table above relates to these sales.

Included in 2011 charges above is a loss of $6,689 from the sale of a plastics business in Brazil for which the Company received net proceeds of $3,849. Annual sales of this business were approximately $27,000. Partially offsetting the loss was a gain of $1,053 from the sale of a small tubes and cores business in the United States for which the Company received net proceeds of $1,150. Additional impairment charges totaling $8,288 were recorded in 2011 related primarily to the difference between fair market value and net book value of a fulfillment service center building held for sale and the write down of thermoformed plastic manufacturing equipment not redeployed upon the closure of a manufacturing facility in Canada. Other impairment charges stemmed from the announced closure of a flexible packaging facility in Canada and the subsequent decision not to use certain machinery and equipment acquired in the 2010 acquisition of a tube and core business in Greece.

“Other Costs” consist primarily of lease termination costs and costs related to plant closures including the cost of equipment removal, utilities, plant security, property taxes and

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insurance. The Company expects to pay the majority of the remaining 2011 Actions restructuring costs by the end of 2013 using cash generated from operations.

2010 and earlier actions

2010 and Earlier Actions are comprised of a number of plant closures and workforce reductions initiated prior to 2011.

Below is a summary of 2010 and Earlier Actions and related expenses by type incurred.

2010 and Earlier Actions	Year Ended December 31, 2012	2011	2010
Severance and Termination Benefits			
Paper and Industrial Converted Products	**$ (59)**	$ 545	$ 4,329
Consumer Packaging	**(8)**	130	1,083
Display and Packaging	**—**	(3)	1,593
Protective Solutions	**—**	—	60
Corporate	**—**	11	312
Asset Impairment/Disposal of Assets			
Paper and Industrial Converted Products	**(1,861)**	(968)	(3,009)
Consumer Packaging	**—**	(10)	535
Display and Packaging	**—**	(429)	(136)
Other Costs			
Paper and Industrial Converted Products	**1,741**	2,057	5,024
Consumer Packaging	**51**	464	1,123
Display and Packaging	**—**	244	513
Total Charges and Adjustments	**$ (136)**	$ 2,041	$ 11,427

The following table sets forth the activity in the 2010 and Earlier Actions restructuring accrual included in "Accrued expenses and other" on the Company's Consolidated Balance Sheets:

2010 and Earlier Actions Accrual Activity	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability, December 31, 2010	$ 6,248	$ —	$ 770	$ 7,018
2011 charges	674	254	3,529	4,457
Adjustments	8	(1,661)	(763)	(2,416)
Cash receipts/(payments)	(3,121)	5,872	(3,321)	(570)
Asset write downs/disposals	—	(4,465)	—	(4,465)
Foreign currency translation	3	—	12	15
Liability, December 31, 2011	$ 3,812	$ —	$ 227	$ 4,039
2012 charges	45	(661)	1,792	1,176
Adjustments	(112)	(1,200)	—	(1,312)
Cash receipts/(payments)	(648)	6,309	(1,945)	3,716
Asset write downs/disposals	—	(4,448)	—	(4,448)
Foreign currency translation	4	—	—	4
Liability, December 31, 2012	$ 3,101	$ —	$ 74	$ 3,175

"Adjustments" consists primarily of a gain in 2012 on the sale of the land and buildings associated with a previously closed paper mill in Canada and 2011 gains from the sales of both the land and buildings at a former tube and core facility in Canada and machinery and equipment at a point-of-purchase display facility in the United States. "Other Costs" consist primarily of lease termination costs and costs related to plant closures including the cost of equipment removal, utilities, plant security, property taxes and insurance. The Company expects to recognize future pretax charges of approximately $500 associated with 2010 and Earlier Actions.

The accrual for 2010 and Earlier Actions relates primarily to a pension withdrawal liability associated with a former paper mill in the United States and building lease terminations. The Company expects to pay the majority of the remaining 2010 and Earlier Actions restructuring costs by the end of 2013 using cash generated from operations.

Other asset impairments

In addition to the restructuring charges discussed above, the Company recorded a pretax asset impairment charge of $12,572 in 2010 as a result of notification from a large customer that the Company's contract to provide certain packaging would not be renewed in its entirety. The expected loss of business caused the Company to conclude that certain affected assets in its Consumer Packaging segment had been impaired.

5. Cash and cash equivalents

At December 31, 2012 and 2011, outstanding checks totaling $11,790 and $12,989, respectively, were included in "Payable to suppliers" on the Company's Consolidated Balance Sheets. In addition, outstanding payroll checks of $446 and $848 as of December 31, 2012 and 2011, respectively, were included in "Accrued wages and other compensation" on the Company's Consolidated Balance Sheets.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either cash deposit or borrowing positions through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both. The Company's Consolidated Balance Sheets reflect a net cash deposit under this pooling arrangement of $11,060 and $3,569 as of December 31, 2012 and 2011, respectively.

6. Property, plant and equipment

Details of the Company's property, plant and equipment at December 31 are as follows:

	2012	2011
Land	$ **78,520**	$ 75,798
Timber resources	**39,787**	39,806
Buildings	**467,888**	453,106
Machinery and equipment	**2,567,403**	2,495,276
Construction in progress	**142,689**	102,708
	3,296,287	3,166,694
Accumulated depreciation and depletion	**(2,261,381)**	(2,153,072)
Property, plant and equipment, net	$ **1,034,906**	$ 1,013,622

Estimated costs for completion of capital additions under construction totaled approximately $125,000 at December 31, 2012.

Depreciation and depletion expense amounted to $171,905 in 2012, $163,198 in 2011 and $156,529 in 2010.

The Company has certain properties and equipment that are leased under noncancelable operating leases. Future minimum rentals under noncancelable operating leases with terms of more than one year are as follows: 2013 – $42,000; 2014 – $22,800; 2015 – $19,600; 2016 – $13,700; 2017 – $9,100 and thereafter – $27,700. Total rental expense under operating leases was approximately $68,200 in 2012, $58,200 in 2011 and $49,500 in 2010.

7. Goodwill and other intangible assets

Goodwill

The changes in the carrying amount of goodwill by segment for the year ended December 31, 2012, are as follows:

	Consumer Packaging	Paper and Industrial Converted Products	Display and Packaging	Protective Solutions	Total
Balance as of January 1, 2012	$ 424,062	$ 252,476	$ 158,023	$ 270,215	$ 1,104,776
Foreign currency translation	3,513	2,230	—	(14)	5,729
Balance as of December 31, 2012	$ 427,575	$ 254,706	$ 158,023	$ 270,201	$ 1,110,505

The Company assesses its 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 2012. When assessing goodwill, the Company considers certain qualitative and quantitative factors. Qualitative factors include the macroeconomic environment, Company stock price and market capitalization movement, business strategy changes, and significant customer wins and losses. Quantitative factors include the amount by which the estimated fair value exceeded its current carrying value, current year operating performance as compared to prior projections, and implied fair values from comparable trading and transaction multiples. Based on the results of its qualitative and quantitative assessments performed during the year, the Company has concluded that there has been no impairment of goodwill for any of its reporting units.

When the Company estimates the fair value of a reporting unit, it does so using a discounted cash flow model based on projections of future years' operating results and associated cash flows, together with comparable trading and transaction multiples. The Company's model discounts future cash flows, forecasted over a ten-year period, with an estimated residual growth rate. The Company's projections incorporate management's best estimates of the expected future results, which include expectations related to new business, and, where applicable, improved operating margins. Future cash flows are discounted to present value using a discount rate commensurate with the risks inherent in the cash flows.

The Company's assessments, whether qualitative or quantitative, incorporate management's expectations for the future, including forecasted growth rates and/or margin improvements. Therefore, should there be changes in the relevant facts and circumstances and/or expectations, management's assessment regarding goodwill impairment may change as well.

Although no reporting units failed the qualitative or quantitative assessments noted above, in management's opinion, the reporting units with significant goodwill having the greatest risk of future impairment if actual results in the future are not as expected are Plastics – Blowmolding, Rigid Paper – Europe and Plastics —Thermoforming. Total goodwill associated with these reporting units was approximately $130,400, $10,000 and $53,200, respectively, at December 31, 2012. Although goodwill of the Display and Packaging reporting unit is not currently at risk for impairment, a large portion of sales in this unit is concentrated in one customer and will be up for negotiation over the next few years. Management expects to retain this business; however, if a significant amount is lost and not replaced, it is possible that a goodwill impairment charge may be incurred. Total goodwill associated with this reporting unit was approximately $158,000 at December 31, 2012.

There have been no triggering events subsequent to the completion of the annual goodwill impairment testing in the third quarter of 2012.

Other intangible assets

Details at December 31 are as follows:

	2012	2011
Other Intangible Assets, Gross:		
Patents	$ **2,224**	$ 2,222
Customer lists	**345,133**	343,564
Trade names	**21,214**	21,175
Proprietary technology	**17,844**	17,818
Land use rights	**350**	360
Other	**4,944**	4,925
Other Intangible Assets, Gross	$ **391,709**	$ 390,064
Accumulated Amortization	$ **(114,900)**	$ (85,464)
Other Intangible Assets, Net	$ **276,809**	$ 304,600

Aggregate amortization expense on intangible assets was $28,498, $16,673 and $13,136 for the years ended December 31, 2012, 2011 and 2010, respectively. Amortization expense on intangible assets is expected to approximate $28,300 in 2013, $27,800 in 2014, $26,300 in 2015, $26,000 in 2016 and $25,600 in 2017.

8. Debt

Debt at December 31 was as follows:

	2012	2011
Commercial paper, average rate of 0.37% in 2012 and 0.36% in 2011	**$ 152,000**	$ 27,000
Term loan, due November 2014	**135,000**	150,000
6.5% debentures due November 2013	**118,358**	119,149
5.625% debentures due November 2016	**75,129**	75,093
9.2% debentures due August 2021	**4,321**	4,321
4.375% debentures due November 2021	**248,991**	248,877
5.75% debentures due November 2040	**604,688**	604,856
Foreign denominated debt, average rate of 5.5% in 2012 and 5.3% in 2011	**20,358**	43,240
Other notes	**14,217**	14,096
Total debt	**1,373,062**	1,286,632
Less current portion and short-term notes	**273,608**	53,666
Long-term debt	**$ 1,099,454**	$ 1,232,966

The Company currently operates a $350,000 commercial paper program, supported by a committed bank credit facility of the same amount. In October 2012, the Company entered into an amended and restated credit agreement for that facility with a syndicate of eight banks. The bank credit facility is committed through October 2017. If circumstances were to prevent the Company from issuing commercial paper, it has the contractual right to draw funds directly on the underlying bank credit facility. Outstanding commercial paper totaled $152,000 and $27,000 at December 31, 2012 and 2011, respectively.

Under Internal Revenue Service rules, U.S. corporations may borrow funds from foreign subsidiaries for up to 30 days without unfavorable tax consequences. At various times throughout 2012 and 2011, including December 31, 2011, the Company utilized this rule to access offshore cash in lieu of issuing commercial paper. Amounts outstanding under the rule at December 31, 2011 totaled $145,000. The Company did not access any offshore cash under this rule at December 31, 2012. These short-term lending arrangements were subsequently settled within the allowable period, resulting in equivalent increases in commercial paper outstanding and cash on hand. Depending on its immediate offshore cash needs, the Company may choose to access such funds again in the future as allowed under the rule.

In the fourth quarter of 2011, the Company issued through public offering a total of $500,000 of debentures pursuant to an effective shelf registration statement. The issuance comprised $250,000 of 4.375% debentures due 2021 and $250,000 of 5.75% debentures due 2040. The new 2040 debentures constituted a further issuance of the 5.75% notes due 2040, which were issued in November 2010. Also in the fourth quarter of 2011, the Company entered into a $150,000 term loan agreement with a three-year maturity. Proceeds from the new debentures and the term loan were used to fund the Company's November 2011 acquisition of Tegrant.

In January 2013, the Company repatriated a total of $233,000 of accumulated offshore cash, using $135,000 to pay off the balance of the term loan. The remainder of the repatriated cash was utilized to pay down commercial paper.

Proceeds from the issuance of $350,000 of 5.75% debentures in November 2010 were used largely to purchase the tenders of a portion of the Company's outstanding 6.5%, 5.625% and 9.2% debentures. In conjunction with these purchases, the Company recognized a pretax loss from the early extinguishment of debt in 2010 totaling $48,617 pretax.

At December 31, 2012, the Company had approximately $124,000 available under unused short-term lines of credit. These short-term lines of credit are for general Company purposes, with interest at mutually agreed-upon rates.

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. As of December 31, 2012, the Company had substantial tolerance above the minimum levels required under these covenants.

The principal requirements of debt maturing in the next five years are: 2013 – $273,608; 2014 – $1,777; 2015 – $1,752; 2016 – $76,831 and 2017 – $153,702.

9. Financial instruments and derivatives

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

	December 31, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 1,099,454	$ 1,214,292	$ 1,232,966	$ 1,282,727

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 based on 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 average maturities. It is considered a Level 2 fair value measurement.

Cash flow hedges

At December 31, 2012 and 2011, the Company had derivative financial instruments outstanding to hedge anticipated transactions and certain asset and liability related cash flows. 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.

Commodity cash flow hedges

The Company has entered into certain derivative contracts to manage the cost of anticipated purchases of natural gas, aluminum and old corrugated containers (OCC). At December 31, 2012, natural gas swaps covering approximately 7.3 million MMBTUs were outstanding. These contracts represent approximately 77% and 38% of anticipated U.S. and Canadian usage for 2013 and 2014, respectively. Additionally, the Company had swap contracts covering 4,161 metric tons of aluminum representing approximately 41% of anticipated usage for 2013, and 14,625 short tons of OCC representing approximately 2% of anticipated usage for 2013. The fair values of the Company's commodity cash flow hedges were in loss positions totaling $(6,286) and $(13,989) at December 31, 2012 and 2011, respectively. The amount of the loss included in accumulated other comprehensive loss at December 31, 2012, expected to be reclassified to the income statement during the next twelve months is $(4,546).

Foreign currency cash flow hedges

The Company has entered into forward contracts to hedge certain anticipated foreign currency denominated sales and purchases forecasted to occur in 2013. The net positions of these contracts at December 31, 2012, were as follows:

Currency	*Action*	*Quantity*
Colombian peso	Purchase	19,272,255
Mexican peso	Purchase	324,001
Euro	Purchase	197,264
Canadian dollar	Purchase	50,123
Turkish lira	Purchase	4,785
British pound	Purchase	2,652
Polish zloty	Purchase	2,024
New Zealand dollar	Sell	(1,122)
Australian dollar	Sell	(3,794)

The fair values of the Company's foreign currency cash flow hedges were $(4,483) and $608 at December 31, 2012 and 2011, respectively. During 2012, certain foreign currency cash flow hedges related to construction in progress were settled as the capital expenditures were made. Gains totaling $26 and $498 were reclassified from accumulated other comprehensive loss and netted against the carrying value of the capitalized expenditures during the years ended December 31, 2012 and 2011, respectively. The amount of the loss included in accumulated other comprehensive loss at December 31, 2012, expected to be reclassified to the income statement during the next twelve months is $(4,630).

Other derivatives

The Company routinely enters into forward contracts or swaps to economically hedge the currency exposure of intercompany debt and existing foreign currency denominated receivables and payables. The Company does not apply hedge accounting treatment under ASC 815 for these instruments. As such, changes in fair value are recorded directly to income and expense in the periods that they occur. The net positions of these contracts at December 31, 2012, were as follows:

Currency	*Action*	*Quantity*
British pound	Purchase	3,628
Canadian dollar	Purchase	1,544
Euro	Sell	(8,885)
Colombian peso	Sell	(15,520,438)

The fair value of the Company's other derivatives was $708 and $(746) at December 31, 2012 and 2011, respectively.

The Company has determined all derivatives for which it has applied hedge accounting under ASC 815 to be highly effective and as a result no material ineffectiveness has been recorded during the periods presented.

The following table sets forth the location and fair values of the Company's derivative instruments:

		Fair Value at December 31	
Description	*Balance Sheet Location*	*2012*	*2011*
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ 201	$ —
Commodity Contracts	Accrued expenses and other	$ (4,760)	$ (10,234)
Commodity Contracts	Other liabilities	$ (1,727)	$ (3,755)
Foreign Exchange Contracts	Prepaid expenses	$ 725	$ 1,097
Foreign Exchange Contracts	Accrued expenses and other	$ (5,208)	$ (489)
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Prepaid expenses	$ 679	$ 2
Foreign Exchange Contracts	Other Assets	$ 36	$ —
Foreign Exchange Contracts	Accrued expenses and other	$ (7)	$ (748)

The following table sets forth the effect of the Company's derivative instruments on financial performance for the twelve months ended December 31, 2012, excluding the losses on foreign currency cash flow hedges that were reclassified from accumulated other comprehensive loss to the carrying value of the capitalized expenditures:

Description	*Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)*	*Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)*	*Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)*	*Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)*	*Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)*
Derivatives in Cash Flow Hedging Relationships:					
Foreign Exchange Contracts	$ (1,421)	Net sales	$ 1,359	Net sales	$ —
		Cost of sales	$ 2,340	Cost of sales	$ —
Commodity Contracts	$ (3,961)	Cost of sales	$ (11,494)	Cost of sales	$ (19)

	Location of Gain or (Loss) Recognized in Income Statement	*Gain or (Loss) Recognized*
Derivatives not designated as hedging instruments:		
Foreign Exchange Contracts	Cost of sales	$ 18
	Selling, general and administrative	$ 690

The following table sets forth the effect of the Company's derivative instruments on financial performance for the twelve months ended December 31, 2011, excluding the gains on foreign currency cash flow hedges that were reclassified from accumulated other comprehensive loss to the carrying value of the capitalized expenditures:

Description	*Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)*	*Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)*	*Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)*	*Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)*	*Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)*
Derivatives in Cash Flow Hedging Relationships:					
Foreign Exchange Contracts	$ 803	Net sales	$ 1,759	Net sales	$ —
		Cost of sales	$ (1,929)	Cost of sales	$ (82)
Commodity Contracts	$ (11,761)	Cost of sales	$ (9,996)	Cost of sales	$ (57)

	Location of Gain or (Loss) Recognized in Income Statement	*Gain or (Loss) Recognized*
Derivatives not designated as hedging instruments:		
Foreign Exchange Contracts	Cost of sales	$ (23)
	Selling, general and administrative	$ (723)

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10. Fair value measurements

Fair value is defined as 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 tables set forth information regarding the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Description	*December 31, 2012*	*Level 1*	*Level 2*	*Level 3*
Hedge derivatives, net				
Commodity contracts	$ (6,286)	$ —	$ (6,286)	$ —
Foreign exchange contracts	(4,483)	—	(4,483)	—
Non-hedge derivatives, net				
Foreign exchange contracts	708	—	708	—
Deferred compensation plan assets	2,585	2,585	—	—
Postretirement benefit plan assets:				
Mutual funds [(a)]	871,988	62,274	809,714	—
Fixed income securities [(b)]	226,828	—	226,828	—
Common stocks	61,756	61,756	—	—
Short-term investments [(c)]	8,857	3,834	5,023	—
Hedge fund of funds [(d)]	71,685	—	71,685	—
Real estate funds [(e)]	45,892	—	45,892	—
Cash and accrued income	2,048	2,048	—	—
Forward contracts	(485)	—	(485)	—
Total postretirement benefit plan assets	$ 1,288,569	$ 129,912	$ 1,158,657	$ —

Description	*December 31, 2011*	*Level 1*	*Level 2*	*Level 3*
Hedge derivatives, net				
Commodity contracts	$ (13,989)	$ —	$ (13,989)	$ —
Foreign exchange contracts	608	—	608	—
Non-hedge derivatives, net				
Foreign exchange contracts	(746)	—	(746)	—
Deferred compensation plan assets	2,279	2,279	—	—
Postretirement benefit plan assets:				
Mutual funds [(a)]	722,811	53,987	668,824	—
Fixed income securities [(b)]	197,233	—	197,233	—
Common stocks	81,519	81,519	—	—
Short-term investments [(c)]	31,804	13,275	18,529	—
Hedge fund of funds [(d)]	67,779	—	67,779	—
Real estate funds [(e)]	45,682	—	45,682	—
Cash and accrued income	2,582	2,582	—	—
Forward contracts	348	—	348	—
Total postretirement benefit plan assets	$ 1,149,758	$ 151,363	$ 998,395	$ —

(a) Mutual fund investments are comprised predominantly of equity securities of U.S. corporations with large capitalizations and also include funds invested in corporate equities in international and emerging markets.

(b) Fixed income securities include funds that invest primarily in U.S. Treasuries and long-term domestic bonds.

(c) This category includes several money market funds used for managing overall liquidity.

(d) This category includes investments in a number of funds representing a variety of strategies intended to diversify risks and reduce volatility. It includes event-driven credit and equity investments targeted at economic policy decisions, long and short positions in U.S. and international equities, arbitrage investments and emerging market equity investments.

(e) This category includes investments in real estate funds (including office, industrial, residential and retail) primarily throughout the United States.

The Company's pension plan assets comprise more than 98% of its total postretirement benefit plan assets. The assets of the Company's various pension plans and retiree health and life insurance plans are largely invested in the same funds and investments and in similar proportions and, as such, are not shown separately, but are combined in the tables above. Postretirement benefit plan assets are netted against postretirement benefit obligations to determine the funded status of each plan. The funded status is recognized in the Company's Consolidated Balance Sheets as shown in Note 12.

As discussed in Note 9, the Company uses derivatives to mitigate the effect of raw material and energy cost fluctuations, foreign currency fluctuations and interest rate movements. Fair value measurements for the Company's derivatives are classified under Level 2 because such measurements are determined using published market prices or estimated based on observable inputs such as interest rates, yield curves, spot and future commodity prices and spot and future exchange rates.

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

The Company does not currently have any nonfinancial assets or liabilities that are recognized or disclosed at fair value on a recurring basis.

11. Share-based compensation plans

The Company provides share-based compensation to certain employees and non-employee directors in the form of stock options, stock appreciation rights, restricted stock units and other share-based awards. Awards issued prior to 2009 were issued pursuant to the 1991 Key Employee Stock Plan (the "1991 Plan") or the 1996 Non-Employee Directors Stock Plan (the "1996 Plan"). Awards issued after 2008 and prior to 2012 were issued pursuant to the Sonoco Products Company 2008 Long-Term Incentive Plan (the "2008 Plan"). Awards issued after 2012 were issued pursuant to the Sonoco Products Company 2012 Long-Term Incentive Plan (the "2012 Plan") , which became effective upon approval by the shareholders on April 18, 2012. The maximum number of shares of common stock that may be issued under the 2012 Plan was set at 10,500,000 shares, subject to certain adjustments, which includes all awards that were granted, forfeited or expired during 2012 under all previous plans. At December 31, 2012, a total of 7,926,290 shares remain available for future grant under the 2012 Plan. After the effective date of the 2012 Plan, no awards may be granted under any previous plan. The Company issues new shares for stock option and stock appreciation right exercises and stock unit conversions. Although the Company from time to time has repurchased shares to replace its authorized shares issued under its stock compensation plans, there is no specific schedule or policy to do so. The Company's stock-based awards to non-employee directors have not been material.

Accounting for share-based compensation

For stock appreciation rights granted to retiree-eligible employees, the service completion date is assumed to be the grant date; therefore, expense associated with share-based compensation to these employees is recognized at that time.

Total compensation cost for share-based payment arrangements was $8,851, $12,102 and $15,804, for 2012, 2011 and 2010, respectively. The related tax benefit recognized in net income was $3,113, $4,421, and $5,936, for the same years, respectively. Share-based compensation expense is included in "Selling, general and administrative expenses" in the Consolidated Statements of Income.

An "excess" tax benefit is created when the tax deduction for an exercised stock option, exercised stock appreciation right or converted stock unit exceeds the compensation cost that has been recognized in income. The excess tax benefit is not recognized on the income statement, but rather on the balance sheet as "Capital in excess of stated value." The additional net excess tax benefit realized was $2,682, $4,018 and $4,209 for 2012, 2011 and 2010, respectively.

Stock appreciation rights (SARs) and stock options

The Company typically grants stock appreciation rights annually on a discretionary basis to key employees. In 2006, the Company began to grant stock appreciation rights (SARs) instead of stock options. SARs are granted at market, vest over one year, have seven-year terms and can be settled only in stock. Prior to 2006, stock options were granted at market (had an exercise price equal to the closing market price on the date of grant), had 10-year terms and vested over one year, except for the options granted in 2005, which vested immediately. Both stock options and SARs are exercisable upon vesting. On February 8, 2012, the Company granted to employees a total of 734,310 stock-settled SARs. All SARs were granted at the closing market price on the date of grant. As of December 31, 2012, unrecognized compensation cost related to nonvested SARs totaled $242. This cost will be recognized over the remaining weighted-average vesting period of approximately two months.

The weighted-average fair value of SARs granted was $6.57, $8.42 and $6.30 per share in 2012, 2011 and 2010, respectively. The Company computed the estimated fair values of all SARs using the Black-Scholes option-pricing model applying the assumptions set forth in the following table:

	2012	*2011*	*2010*
Expected dividend yield	3.5%	3.1%	3.8%
Expected stock price volatility	32.3%	33.8%	33.3%
Risk-free interest rate	2.1%	2.1%	2.4%
Expected life of SARs	4 years	4 years	4 years

The assumptions employed in the calculation of the fair value of SARs were determined as follows:

- Expected dividend yield – the Company's annual dividend divided by the stock price at the time of grant.
- Expected stock price volatility – based on historical volatility of the Company's common stock measured weekly for a time period equal to the expected life.
- Risk-free interest rate – based on U.S. Treasury yields in effect at the time of grant for maturities equal to the expected life.
- Expected life – calculated using the simplified method as prescribed in U.S. GAAP, where the expected life is

equal to the sum of the vesting period and the contractual term divided by two.

The following tables summarize information about stock options and SARs outstanding and exercisable at December 31, 2012. At December 31, 2012, the fair market value of the Company's stock used to calculate intrinsic value was $29.73 per share.

	Options and SARs Vested and Expected to Vest			
Range of Exercise Prices	*Number Outstanding*	*Weighted-average Remaining Contractual Life*	*Weighted-average Exercise Price*	*Aggregate Intrinsic Value*
$21.15 - $28.46	1,483,520	2.2 years	$24.76	$ 7,373
$28.48 - $32.94	1,861,060	4.3 years	$30.42	$ 986
$33.14 - $43.83	1,706,160	2.2 years	$35.96	$ —
$21.15 - $43.83	5,050,740	3.0 years	$30.63	$ 8,359

	Options and SARs Exercisable			
Range of Exercise Prices	*Number Exercisable*	*Weighted-average Remaining Contractual Life*	*Weighted-average Exercise Price*	*Aggregate Intrinsic Value*
$21.15 - $28.46	1,483,520	2.2 years	$24.76	$ 7,373
$28.48 - $32.94	1,134,550	3.2 years	$28.87	$ 986
$33.14 - $43.83	1,706,160	2.2 years	$35.96	$ —
$21.15 - $43.83	4,324,230	2.5 years	$30.26	$ 8,359

The activity related to the Company's stock options and SARs is as follows:

	Nonvested	*Vested*	*Total*	*Weighted-average Exercise Price*
Outstanding, December 31, 2011	604,550	4,304,905	4,909,455	$ 29.58
Vested	(604,550)	604,550	—	
Granted	734,310	—	734,310	$ 32.85
Exercised	—	(531,921)	(531,921)	$ 23.69
Forfeited/Expired	(7,800)	(53,304)	(61,104)	$ 33.78
Outstanding, December 31, 2012	726,510	4,324,230	5,050,740	$ 30.63

The aggregate intrinsic value of options and SARs exercised during the years ended December 31, 2012, 2011 and 2010 was $4,193, $10,123 and $11,270, respectively. Cash received by the Company on option exercises was $9,739, $21,253 and $23,155 for the same years, respectively.

Performance-based stock awards

The Company typically grants performance contingent restricted stock units (PCSUs) annually on a discretionary basis to certain of its executives and other members of its management team. Both the ultimate number of PCSUs awarded and the vesting period are dependent upon the degree to which performance targets are achieved over three-year performance periods. Half of the units available to be earned are tied to an earnings target and half are tied to a return on assets target. If the respective performance target is met, units awarded vest at the end of the three-year performance period. In the event performance targets are not met, a minimum number of units are awarded and vest 50% at the end of four years and 50% at the end of five years. Upon vesting, PCSUs are convertible into common shares on a one-for-one basis.

For the awards granted in 2012 and 2011, the total PCSUs that could ultimately vest ranges from 284,281 to 852,841. The 2012 awards can range from 160,868 to 482,603 units and are tied to the three-year period ending December 31, 2014. The 2011 awards can range from 123,413 to 370,238 units and are tied to the three-year period ending December 31, 2013.

The three-year performance cycle for the 2010 awards was completed on December 31, 2012. Based on performance, 184,295 stock units were awarded, all of which qualified for vesting on December 31, 2012. The intrinsic value of the awards vesting in 2012 was $4,701.

The three-year performance cycle for the 2008 awards was completed on December 31, 2010. Based on performance, 95,698 stock units were awarded, the minimum provided for under the award. A total of 56,039 stock units qualified for vesting and vested on December 31, 2010. An additional 20,725 stock units vested on December 31, 2011, with the remaining 18,934 units vesting on December 31, 2012. The intrinsic value of the awards vesting in 2012 was $470.

Noncash stock-based compensation associated with PCSUs totaled $2,164, $5,354 and $9,660 for 2012, 2011 and 2010, respectively. As of December 31, 2012, there was approximately $7,197 of total unrecognized compensation cost related to nonvested PCSUs. This cost is expected to be recognized over a weighted-average period of 28 months.

Restricted stock awards

Since 1994, the Company has from time to time granted awards of restricted stock units to certain of the Company's executives. These awards normally vest over a five-year period with one-third vesting on each of the third, fourth and fifth anniversaries of the grant. An executive must be actively employed by the Company on the vesting date for shares to be issued. However, in the event of the executive's death, disability or retirement prior to full vesting, shares will be issued on a pro rata basis up through the time the executive's employment ceases. Participants can elect to defer receipt. Once vested, these awards do not expire. As of December 31, 2012, a total of 431,534 restricted stock units remained outstanding, 346,043 of which were vested. During 2012, 35,796 restricted stock units vested and 20,001 restricted stock units were granted. Noncash stock-based compensation associated with restricted stock grants totaled $869, $365 and $680 for 2012, 2011 and 2010, respectively. As of December 31, 2012, there was $864 of total unrecognized compensation cost related to nonvested restricted stock units. This cost is expected to be recognized over a weighted-average period of 14 months.

The activity related to the PCSUs and restricted stock units is as follows:

	Nonvested	Vested	Total	Average Grant Date Fair Value Per Share
Outstanding, December 31, 2011	587,737	1,236,998	1,824,735	$ 27.37
Granted	294,143	—	294,143	$ 29.92
Performance adjustments	(154,958)	1,229	(153,729)	$ 24.67
Vested	(239,025)	239,025	—	
Converted	—	(335,404)	(335,404)	$ 23.87
Dividend equivalents	4,217	37,055	41,272	$ 31.43
Outstanding, December 31, 2012	492,114	1,178,903	1,671,017	$ 27.83

Deferred compensation plans

Certain officers and directors of the Company may elect to defer a portion of their compensation in the form of stock units. Units are granted as of the day the cash compensation would have otherwise been paid using the closing price of the Company's common stock on that day. The units immediately vest and earn dividend equivalents. Units are distributed in the form of common stock upon retirement over a period elected by the employee or director. Cash compensation totaling $1,063 was deferred as stock units during 2012, resulting in 33,511 units being granted.

Since 2006, non-employee directors have been required to defer a minimum of 50% of their quarterly retainer fees into stock units. Units are granted as of the day the cash compensation would have otherwise been paid using the closing price of the Company's common stock on that day. The units immediately vest and earn dividend equivalents. Distributions begin after retirement from the board over a period elected by the director.

12. 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. Effective December 31, 2003, the Company froze participation for newly hired salaried and non-union hourly U.S. employees in its traditional defined benefit pension plan. At that time, the Company adopted a defined contribution plan, the Sonoco Investment and Retirement Plan (SIRP), which covers its non-union U.S. employees hired on or after January 1, 2004. The Company also sponsors contributory defined benefit pension plans covering the majority of its employees in the United Kingdom, Canada and the Netherlands.

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 participants of the SIRP effective January 1, 2019. Active participants of the U.S. qualified plan had a one-time option to transfer into the SIRP effective January 1, 2010. Approximately one third of the active participants chose that option.

The Company also 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 components of net periodic benefit cost include the following:

	2012	2011	2010
Retirement Plans			
Service cost	**$ 23,551**	$ 20,796	$ 19,647
Interest cost	**69,928**	70,869	71,678
Expected return on plan assets	**(83,758)**	(84,015)	(77,882)
Amortization of net transition obligation	**483**	464	445
Amortization of prior service cost	**409**	335	139
Amortization of net actuarial loss	**37,904**	24,911	35,736
Effect of settlement loss	**70**	—	—
Other	**—**	92	212
Net periodic benefit cost	**$ 48,587**	$ 33,452	$ 49,975
Retiree Health and Life Insurance Plans			
Service cost	**$ 820**	$ 1,016	$ 1,139
Interest cost	**1,120**	1,583	2,169
Expected return on plan assets	**(1,526)**	(1,446)	(1,385)
Amortization of prior service credit	**(6,491)**	(7,882)	(10,182)
Amortization of net actuarial loss	**(2)**	927	1,611
Net periodic benefit income	**$ (6,079)**	$ (5,802)	$ (6,648)

The following tables set forth the Plans' obligations and assets at December 31:

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2012	2011	2012	2011
Change in Benefit Obligation				
Benefit obligation at January 1	**$ 1,544,730**	$ 1,356,574	**$ 38,097**	$ 40,517
Service cost	**23,551**	20,796	**820**	1,016
Interest cost	**69,928**	70,869	**1,120**	1,583
Plan participant contributions	**609**	1,016	**1,229**	1,514
Plan amendments	**648**	1,629	**—**	(133)
Actuarial loss/(gain)	**163,194**	173,381	**(4,540)**	(3,185)
Benefits paid	**(84,150)**	(78,760)	**(4,158)**	(3,205)
Impact of foreign exchange rates	**11,854**	(2,999)	**13**	(10)
Other	**4,192**	2,224	**—**	—
Benefit obligation at December 31	**$ 1,734,556**	$ 1,544,730	**$ 32,581**	$ 38,097

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2012	2011	2012	2011
Change in Plan Assets				
Fair value of plan assets at January 1	**$ 1,129,042**	$ 1,043,366	**$ 20,716**	$ 20,058
Actual return on plan assets	**152,907**	38,916	**2,704**	1,020
Company contributions	**65,362**	132,089	**777**	1,440
Plan participant contributions	**609**	1,016	**1,229**	1,514
Benefits paid	**(84,150)**	(78,760)	**(4,158)**	(3,205)
Impact of foreign exchange rates	**9,453**	(1,947)	**—**	—
Expenses paid	**(5,837)**	(5,638)	**(85)**	(111)
Fair value of plan assets at December 31	**$ 1,267,386**	$ 1,129,042	**$ 21,183**	$ 20,716
Funded Status of the Plans	**$ (467,170)**	$ (415,688)	**$ (11,398)**	$ (17,381)

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2012	2011	2012	2011
Total Recognized Amounts in the Consolidated Balance Sheets				
Current liabilities	**$ (16,068)**	$ (13,212)	**$ (1,250)**	$ (1,026)
Noncurrent liabilities	**(451,102)**	(402,476)	**(10,148)**	(16,355)
Net liability	**$ (467,170)**	$ (415,688)	**$ (11,398)**	$ (17,381)

Items not yet recognized as a component of net periodic pension cost that are included in Accumulated Other Comprehensive Loss (Income) as of December 31, 2012 and 2011, are as follows:

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2012	2011	2012	2011
Net actuarial loss	**$ 742,579**	$ 680,134	**$ 2,349**	$ 7,980
Prior service cost/(credit)	**2,658**	2,418	**(4,407)**	(10,898)
Net transition obligation	**975**	1,458	**—**	—
	$ 746,212	$ 684,010	**$ (2,058)**	$ (2,918)

The amounts recognized in Other Comprehensive Loss/(Income) during 2012 and 2011 include the following:

	Retirement Plans		Retiree Health and Life Insurance Plans	
	2012	2011	2012	2011
Adjustments arising during the period:				
Net actuarial loss/(gain)	**$ 100,349**	$ 222,913	**$ (5,633)**	$ (2,647)
Prior service cost/(credit)	**649**	1,619	**—**	(133)
Reversal of amortization:				
Net actuarial loss	**(37,904)**	(24,911)	**2**	(927)
Prior service cost/(credit)	**(409)**	(335)	**6,491**	7,882
Net transition obligation	**(483)**	(464)	**—**	—
Total recognized in other comprehensive loss/(income)	**$ 62,202**	$ 198,822	**$ 860**	$ 4,175
Total recognized in net periodic benefit cost and other comprehensive loss/(income)	**$ 110,789**	$ 232,274	**$ (5,219)**	$ (1,627)

Of the amounts included in Accumulated Other Comprehensive Loss/(Income) as of December 31, 2012, the portions the Company expects to recognize as components of net periodic benefit cost in 2013 are as follows:

	Retirement Plans	Retiree Health and Life Insurance Plans
Net actuarial loss	$ 43,532	$ (3)
Prior service cost/(credit)	417	(2,973)
Net transition obligation	451	—
	$ 44,400	$ (2,976)

The accumulated benefit obligation for all defined benefit plans was $1,665,597 and $1,480,657 at December 31, 2012 and 2011, respectively.

The projected benefit obligation (PBO), accumulated benefit obligation (ABO) and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were, $1,734,556, $1,665,597 and $1,267,385, respectively, as of December 31, 2012, and $1,544,730, $1,480,657 and $1,129,041, respectively, as of December 31, 2011.

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The following table sets forth the Company’s projected benefit payments for the next ten years:

Year	Retirement Plans	Retiree Health and Life Insurance Plans
2013	$ 92,793	$ 2,950
2014	$ 91,496	$ 3,118
2015	$ 91,386	$ 3,273
2016	$ 89,193	$ 3,226
2017	$ 91,645	$ 3,138
2018-2022	$ 489,111	$ 12,682

Assumptions

The following tables set forth the major actuarial assumptions used in determining the PBO, ABO and net periodic cost:

Weighted-average assumptions used to determine benefit obligations at December 31	*U.S. Retirement Plans*	*U.S. Retiree Health and Life Insurance Plans*	*Foreign Plans*
Discount Rate			
2012	3.90%	3.16%	3.50-4.40%
2011	4.45%	3.76%	4.36-5.31%
Rate of Compensation Increase			
2012	4.29%	3.51%	2.50-3.50%
2011	4.63%	4.15%	2.50-3.50%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31	*U.S. Retirement Plans*	*U.S. Retiree Health and Life Insurance Plans*	*Foreign Plans*
Discount Rate			
2012	4.45%	3.76%	4.36-5.31%
2011	5.21%	4.37%	4.40-6.00%
2010	5.74%	5.08%	5.00-6.75%
Expected Long-term Rate of Return			
2012	7.79%	7.52%	3.75-6.25%
2011	7.79%	8.00%	3.75-7.40%
2010	8.50%	8.50%	3.75-7.50%
Rate of Compensation Increase			
2012	4.63%	4.15%	2.50-3.50%
2011	4.49%	4.29%	2.50-4.50%
2010	4.59%	4.38%	2.50-4.00%

The Company adjusts its discount rates at the end of each fiscal year based on yield curves of high-quality debt instruments over durations that match the expected benefit payouts of each plan. The expected long-term rate of return assumption is based on the Company’s current and expected future portfolio mix by asset class, and expected nominal returns of these asset classes using an economic “building block” approach. Expectations for inflation and real interest rates are developed and various risk premiums are assigned to each asset class based primarily on historical performance. The expected long-term rate of return also gives consideration to the expected level of outperformance to be achieved on that portion of the Company’s investment portfolio under active management. The assumed rate of compensation increase reflects historical experience and management’s expectations regarding future salary and incentive increases.

Medical trends

The U.S. Retiree Health and Life Insurance Plan makes up approximately 98% of the Retiree Health liability. Therefore, the following information relates to the U.S. plan only.

Healthcare Cost Trend Rate	*Pre-age 65*	*Post-age 65*
2012	8.00%	8.30%
2011	8.00%	8.00%

Ultimate Trend Rate	*Pre-age 65*	*Post-age 65*
2012	6.15%	6.16%
2011	5.50%	5.50%

Year at which the Rate Reaches the Ultimate Trend Rate	*Pre-age 65*	*Post-age 65*
2012	2045	2045
2011	2017	2017

Increasing the assumed trend rate for healthcare costs by one percentage point would increase the accumulated postretirement benefit obligation (the APBO) and total service and interest cost component approximately $508 and $48, respectively. Decreasing the assumed trend rate for healthcare costs by one percentage point would decrease the APBO and total service and interest cost component approximately $462 and $43, respectively. Based on amendments to the U.S. plan approved in 1999, which became effective in 2003, cost increases borne by the Company are limited to the Urban CPI, as defined.

Plan changes and amendments

During 2010, certain retiree medical benefits and life insurance coverage under the Company’s U.S. Retiree Medical and Life Insurance Plan were changed, reducing the accumulated postretirement benefit obligation by $4,566. The resulting prior service credit is being amortized over a period of approximately four years.

During 2009, the Company’s U.S. qualified defined benefit pension plan was amended to allow a lump sum payment option upon termination to plan participants who chose to freeze their benefit December 31, 2009, and move to the SIRP. The effect of this and other smaller amendments was a reduction in the projected benefit obligation of $4,300. Also

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during 2009, the Company amended its U.S. Retiree Medical and Life Insurance Plan to freeze the Company subsidy for both pre- and post-Medicare retiree medical coverage at 2009 levels effective January 1, 2010, and to eliminate any early retirement reduction factor applied to the Company subsidy for pre-Medicare coverage for current retirees as of December 31, 2009. In addition, the Company will no longer provide post-Medicare retiree medical coverage to its active employees or post-1981 retirees, except for certain union groups. The impact of these changes was an overall reduction in the accumulated postretirement benefit obligation of $17,625, which is being amortized over a period of 3.3 years.

During 2005, the Company announced changes in eligibility for retiree medical benefits effective January 1, 2006, for its U.S. plan. These changes included the elimination of a Company subsidy toward the costs of retiree benefits if certain age and service criteria were not met, as well as the elimination of Company-provided prescription drug benefits for Medicare-eligible retirees for those employees who retired after 1981 and for all future retirees. These changes resulted in an overall reduction in the accumulated postretirement benefit obligation of $38,132 in 2005, which was amortized over a period of 4.6 years. The benefit from the amortization of these prior service credits ended during 2010.

Retirement plan assets

The following table sets forth the weighted-average asset allocations of the Company's retirement plans at December 31, 2012 and 2011, by asset category.

Asset Category		*U.S.*	*U.K.*	*Canada*
Equity securities	2012	52.1%	67.3%	66.0%
	2011	49.6%	69.2%	59.6%
Debt securities	2012	36.0%	31.9%	32.7%
	2011	37.4%	30.0%	39.0%
Alternative	2012	11.8%	0.0%	0.0%
	2011	12.6%	0.0%	0.0%
Cash and short-term investments	2012	0.1%	0.8%	1.3%
	2011	0.4%	0.8%	1.4%
Total	2012	100.0%	100.0%	100.0%
	2011	100.0%	100.0%	100.0%

The Company employs a total-return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a desired level of risk. Alternative assets such as real estate funds, private equity funds and hedge funds are used to enhance expected long-term returns while improving portfolio diversification. Risk tolerance is established through consideration of plan liabilities, plan funded status and corporate financial condition. Investment risk is measured and monitored on an ongoing basis through periodic investment portfolio reviews and periodic asset/liability studies.

At December 31, 2012, postretirement benefit plan assets totaled $1,288,568, of which $980,947 were assets of the U.S. Defined Benefit Plan.

U.S. defined benefit plans

The equity investments consist of direct ownership and funds and are diversified among U.S. and non-U.S. stocks of small to large capitalizations. Following the December 2010 amendment that split the U.S. qualified defined benefit pension plan into the Active Plan and the Inactive Plan effective January 1, 2011, the Company completed separate asset/liability studies for both plans during 2011 and adopted revised investment guidelines for each. The revised guidelines establish a dynamic de-risking framework that will gradually shift the allocation of assets to long-duration domestic fixed income from equity and other asset categories, as the relative funding ratio of each plan increases over time. The current target allocation (midpoint) for the Inactive Plan investment portfolio is: Equity Securities – 49%, Debt Securities – 40%, Alternative – 11% and Cash – 0%. The current target allocation (midpoint) for the Active Plan investment portfolio is: Equity Securities – 57%, Debt Securities – 30%, Alternative – 13% and Cash – 0%.

United Kingdom defined benefit plan

The equity investments consist of direct ownership and funds and are diversified among U.K. and international stocks of small and large capitalizations. The current target allocation (midpoint) for the investment portfolio is: Equity Securities – 72%, Debt Securities – 22%, Alternative – 5% and Cash – 1%.

Canada defined benefit plan

The equity investments consist of direct ownership and funds and are diversified among Canadian and international stocks of primarily large capitalizations and short to intermediate duration corporate and government bonds. The current target allocation (midpoint) for the investment portfolio is: Equity Securities – 60%, Debt Securities – 40%, Alternative – 0% and Cash – 0%.

Retiree health and life insurance plan assets

The following table sets forth the weighted-average asset allocations of the Company's U.S. retiree health and life insurance plan at December 31, 2012 and 2011, by asset category. As mentioned previously, the U.S. Retiree Health and Life Insurance Plan comprises approximately 98% of the Retiree Health liability. Therefore, the following information relates to the U.S. Plan only.

Asset Category	
Equity securities	
2012	54.6%
2011	46.8%
Debt securities	
2012	37.9%
2011	44.4%
Alternative	
2012	7.1%
2011	7.7%
Cash	
2012	0.4%
2011	1.1%
Total	
2012	100.0%
2011	100.0%

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Contributions

Based on current actuarial estimates, the Company anticipates that the total contributions to its retirement plans and retiree health and life insurance plans will be approximately $43,000 in 2013. No assurances can be made, however, about funding requirements beyond 2013, as they will depend largely on actual investment returns and future actuarial assumptions.

Sonoco Savings Plan

The Sonoco Savings Plan is a defined contribution retirement plan provided for the Company's U.S. employees. In accordance with the Internal Revenue Service's "Safe Harbor" matching contributions and vesting provisions, the plan had provided 100% Company matching on the first 3% of compensation contributed by the participant as pretax contributions, 50% Company matching on the next 2% of compensation contributed by the participant as pretax contributions and 100% immediate vesting. The plan also provides for participant contributions of 1% to 30% of gross pay. The Company's matching contribution to the Sonoco Savings Plan was temporarily suspended effective June 1, 2009. A modified matching contribution was subsequently reinstated by the Company effective January 1, 2010. Under the modified matching arrangement, the Company matches 50% on the first 4% of compensation contributed by the participant as pretax contributions. The Company's expenses related to the plan for 2012, 2011 and 2010 were approximately $8,920, $8,670 and $7,950, respectively.

Sonoco Investment and Retirement Plan

The Sonoco Investment and Retirement Plan (SIRP) is a defined contribution pension plan provided for the Company's salaried and non-union U.S. employees who were hired on or after January 1, 2004, or those former participants in the Company's U.S. qualified defined benefit pension plan who elected to transfer into the SIRP under a one-time option effective January 1, 2010. The Company makes an annual contribution of 4% of all eligible pay plus 4% of eligible pay in excess of the Social Security wage base to eligible participant accounts. Participants are fully vested after five years of service or upon reaching age 55, if earlier. The Company's expenses related to the plan for 2012, 2011 and 2010 were approximately $10,350, $9,200 and $9,300, respectively. Cash contributions to the SIRP totaled $8,920, $8,568 and $4,822 in 2012, 2011 and 2010, respectively.

Other plans

The Company also provides retirement and postretirement benefits to certain other non-U.S. employees through various Company-sponsored and local government sponsored defined contribution arrangements. For the most part, the liabilities related to these arrangements are funded in the period they arise. The Company's expenses for these plans were not material for all years presented.

13. Income taxes

The provision for taxes on income for the years ended December 31 consists of the following:

	2012	2011	2010
Pretax income			
Domestic	$ **202,594**	$ 208,588	$ 183,447
Foreign	**84,480**	75,818	71,007
Total pretax income	$ **287,074**	$ 284,406	$ 254,454
Current			
Federal	$ **57,424**	$ 27,920	$ 26,560
State	**5,891**	5,910	2,714
Foreign	**22,123**	34,794	22,713
Total current	$ **85,438**	$ 68,624	$ 51,987
Deferred			
Federal	$ **13,552**	$ 34,992	$ 23,744
State	**6,303**	6,249	1,187
Foreign	**(1,534)**	(31,442)	(12,433)
Total deferred	$ **18,321**	$ 9,799	$ 12,498
Total taxes	$ **103,759**	$ 78,423	$ 64,485

Deferred tax liabilities/(assets) are comprised of the following at December 31:

	2012	2011
Depreciation	$ 109,973	$ 114,037
Intangibles	156,859	150,962
Gross deferred tax liabilities	$ 266,832	$ 264,999
Retiree health benefits	$ (6,661)	$ (10,871)
Foreign loss carryforwards	(89,115)	(87,689)
U.S. Federal loss carryforwards	(26,967)	(33,995)
Capital loss carryforwards	(3,769)	(6,101)
Employee benefits	(215,907)	(183,690)
Accrued liabilities and other	(83,335)	(87,213)
Gross deferred tax assets	$ (425,754)	$ (409,559)
Valuation allowance on deferred tax assets	$ 61,563	$ 55,713
Total deferred taxes, net	$ (97,359)	$ (88,847)

Federal operating loss carryforwards of approximately $77,000 remain from the Tegrant acquisition. The use of these losses is limited by U.S. tax law, but it is expected that these losses will be fully utilized prior to their expiration. These carryforwards expire at various times between 2023 and 2031, depending on the year incurred. The Company does not have any other U.S. federal operating loss carryforwards. Foreign subsidiary loss carryforwards of approximately $350,000 remain at December 31, 2012. Their use is limited to future taxable earnings of the respective foreign subsidiaries. Approximately $237,000 of these loss carryforwards do not have an expiration date. The remaining loss carryforwards expire at various dates in the future. Approximately $16,400 of state loss carryforwards and $5,000 of state credit carryforwards remain at December 31, 2012. The state loss and credit carryforwards expire at various dates in the future.

A reconciliation of the U.S. federal statutory tax rate to the actual consolidated tax expense is as follows:

	2012		2011		2010	
Statutory tax rate	$ 100,476	35.0%	$ 99,542	35.0%	$ 89,059	35.0%
State income taxes, net of federal tax benefit	4,444	1.5	6,370	2.2	4,308	1.7
Valuation allowance	5,201	1.8	(20,533)	(7.2)	(5,788)	(2.3)
Tax examinations including change in reserve for uncertain tax positions	424	0.1	6,313	2.2	(2,878)	(1.1)
Change in estimates related to prior years	(2,111)	(0.7)	(1,006)	(0.4)	1,274	0.5
Foreign earnings taxed at other than U.S. rates	(8,224)	(2.9)	(9,730)	(3.4)	(17,153)	(6.8)
U.S. taxes on dividends from foreign subsidiaries	11,744	4.1	—	—	—	—
Effect of tax rate changes enacted during the year	(1,399)	(0.5)	(952)	(0.3)	645	0.3
Deduction related to qualified production activities	(4,325)	(1.5)	(2,860)	(1.0)	(3,162)	(1.2)
Other, net	(2,471)	(0.8)	1,279	0.4	(1,820)	(0.7)
Total taxes	$ 103,759	36.1%	$ 78,423	27.5%	$ 64,485	25.3%

The change in “Tax examinations including change in reserve for uncertain tax positions” is shown net of associated deferred taxes and accrued interest. Included in the change are net increases of approximately $4,300, $9,800 and $5,200 for uncertain items arising in 2012, 2011 and 2010, respectively. Also included are adjustments related to prior year items, primarily decreases related to lapses of statutes of limitations in international, federal and state jurisdictions as well as overall changes in facts and judgment. These adjustments decreased the reserve by a total of approximately $(3,800), $(3,500) and $(13,300) in 2012, 2011 and 2010, respectively.

In many of the countries in which the Company operates, earnings are taxed at rates lower than in the U.S. This benefit is reflected in “Foreign earnings taxed at other than U.S. rates” along with other items, if any, that impacted taxes on foreign earnings in the periods presented. Included in 2010 is a $5,474 benefit from a regulatory clarification of a 2009 change in Mexican tax law.

The benefits included in “Change in estimates related to prior years” for each of the years presented consist primarily of adjustments to deferred tax assets and liabilities arising from the availability of more accurate estimates.

Included in “Valuation Allowance” in 2011 is a benefit of $24,282 from the release of a valuation allowance against net operating losses in France. Improved operating results and anticipated benefits from planned restructuring actions provided the Company with sufficient evidence to conclude that it was more likely than not that the assets could be recovered.

The Company initiated a repatriation of approximately $260,000 of cash from certain foreign subsidiaries during 2012 and has accrued the U.S. tax liability associated with these payments. Exclusive of such amounts, undistributed earnings of international subsidiaries totaled $502,600 at December 31, 2012. Deferred taxes have not been provided on the undistributed earnings, as the Company considers these amounts to be indefinitely reinvested to finance the growth and expansion of its international operations. Computation of the potential deferred tax liability associated with those unremitted earnings deemed to be indefinitely reinvested is not practicable. If such amounts were remitted, loaned to the Company, or the stock in the foreign subsidiaries sold, these earnings could become subject to tax.

Reserve for uncertain tax positions

The following table sets forth the reconciliation of the gross amounts of unrecognized tax benefits at the beginning and ending of the periods indicated:

	2012	2011	2010
Gross Unrecognized Tax Benefits at January 1	$ 32,800	$ 28,100	$ 45,600
Increases in prior years’ unrecognized tax benefits	4,300	600	4,700
Decreases in prior years’ unrecognized tax benefits	(4,200)	(1,600)	(16,600)
Increases in current year unrecognized tax benefits	4,300	11,200	5,800
Decreases in unrecognized tax benefits from the lapse of statutes of limitations	(4,700)	(4,500)	(7,000)
Settlements	(1,200)	(1,000)	(4,400)
Gross Unrecognized Tax Benefits at December 31	$ 31,300	$ 32,800	$ 28,100

Of the unrecognized tax benefit balances at December 31, 2012 and December 31, 2011, approximately $23,900 and $24,700, respectively, would have an impact on the effective tax rate if ultimately recognized.

Interest and/or penalties related to income taxes are reported as part of income tax expense. The Company had approximately $4,400 and $4,100 accrued for interest related to uncertain tax positions at December 31, 2012 and December 31, 2011, respectively. Tax expense for the year ended December 31, 2012, includes approximately $300 of interest expense, which is comprised of an interest benefit of approximately $2,500 related to the expiration of statutes of limitations and other releases and interest expense of $2,800 on unrecognized tax benefits. The amounts listed above for accrued interest and interest expense do not reflect the benefit of a federal tax deduction which would be available if the interest were ultimately paid.

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 2009. With respect to state and local income taxes, the Company is no longer subject to examination prior to 2007, with few exceptions.

The estimate for the potential outcome of any uncertain tax issue is highly judgmental. The Company believes it has adequately provided for any reasonable foreseeable outcome related to these matters. 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 effective tax rate may fluctuate significantly on a quarterly basis.

14. 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.

Environmental matters

During the fourth quarter of 2005, the U.S. Environmental Protection Agency (EPA) notified U.S. Paper Mills Corp. (U.S. Mills), a wholly owned subsidiary of the Company, that U.S. Mills and NCR Corporation (NCR), an unrelated party, would be jointly held responsible to undertake a program to remove and dispose of certain PCB-contaminated sediments at a particular site on the lower Fox River in Wisconsin (the “Site”) which is now labeled by the EPA as Phase 1. U.S. Mills and NCR reached an agreement between themselves that each would fund 50% of the costs of remediation. The Company has expensed a total of $17,650 ($12,500 in 2005 and $5,150 in 2007) for its estimated share of the total cleanup cost of the Site, and through December 31, 2012, has spent a total of $14,467. The remaining accrual of $3,183 represents the Company’s best estimate of what it is likely to pay to complete the Site project. However, the actual costs associated with cleanup of the Site are dependent upon many factors and it is possible that remediation costs could be higher than the current estimate of project costs. The Company acquired U.S. Mills in 2001, and the alleged contamination predates the acquisition.

In February 2007, the EPA and Wisconsin Department of Natural Resources (WDNR) issued a general notice of potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and a request to participate in remedial action implementation negotiations relating to a stretch of the lower Fox River, including the bay at Green Bay (Operating Units 2 – 5), to eight potentially responsible parties, including U.S. Mills. Operating Units 2 – 5 include, but also comprise, a vastly larger area than the Site. U.S. Mills is reviewing this information and discussing possible remediation scenarios, and the allocation of responsibility therefor, with other potentially responsible parties. On April 9, 2007, U.S. Mills, in conjunction with other potentially responsible parties, presented to the EPA and the WDNR a proposed schedule to mediate the allocation issues among eight potentially responsible parties, including U.S. Mills. Non-binding mediation began in May 2007 and continued as bilateral/multilateral negotiations, although no agreement among the parties occurred.

On November 13, 2007, the EPA issued a unilateral Administrative Order for Remedial Action pursuant to Section 106 of CERCLA. The order requires U.S. Mills and the seven other respondents jointly to take various actions to clean up Operating Units 2 – 5. The order establishes two phases of work. The first phase consists of planning and design work as well as preparation for dredging and other remediation work and initially was required to be completed by December 31, 2008. The second phase consists primarily of dredging and disposing of contaminated sediments and capping of the dredged and less contaminated areas of the river bottom. The second phase was required to begin in 2009 and is expected to continue for several years. The order also provides for a $32.5 per day penalty for failure by a respondent to comply with its terms as well as exposing a non-complying respondent to potential treble damages. Although U.S. Mills has reserved its rights to contest liability for any portion of the work, it is cooperating with the other respondents to comply with the first phase of the order. However, its financial contribution will likely be determined by the lawsuit commenced in June 2008.

On June 12, 2008, NCR and Appleton Papers, Inc. (API), as plaintiffs, commenced suit in the United States District Court for the Eastern District of Wisconsin (No. 08-CV-0016-WCG) against U.S. Mills, as one of a number of defendants, seeking a declaratory judgment allocating among all the parties the costs and damages associated with the pollution and cleanup of the Lower Fox River. The suit also seeks damages from the defendants for amounts already spent by the plaintiffs, including natural resource damages, and future amounts to be spent by all parties with regard to the pollution and cleanup of the Lower Fox River. On December 16, 2009, the court issued an order which concluded that, under the equities of the case, NCR and API were not entitled to any contribution from U.S. Mills and other defendants, thereby granting the defendants’ motions for summary judgment and denying the plaintiffs’ motions for summary judgment. Although an order has been issued by the court, no appealable final judgment has been entered yet; nevertheless, NCR has reported that it intends to appeal the ruling, presumably after entry of the final judgment. Subsequent to the December 2009 ruling, U.S. Mills and other defendants made motions to have the court rule that, on the same basis as the December 2009 ruling, NCR would be responsible for any costs that U.S. Mills and the other defendants might incur, past, present and future. These motions have been granted by the court, but are also subject to being appealed. The Company believes that this suit will have a minimal, if any, impact on the total amount of the potential remediation costs associated with Operating Units 2 – 5, but it may have a substantial impact on U.S. Mills’ share of those costs. U.S. Mills plans to defend the suit vigorously.

On October 14, 2010, the EPA and WDNR filed suit against NCR, API, U.S. Mills and nine other defendants in the United States District Court for the Eastern District of Wisconsin

(No. 10-CV-00910-WCG) pursuant to Sections 106 and 107 of CERCLA. The plaintiffs seek to recover unreimbursed costs incurred for activities undertaken in response to the release and threatened release of hazardous substances from facilities at or near the Lower Fox River and Green Bay as well as damages for injury to, loss of, and destruction of natural resources resulting from such releases. The plaintiffs also seek a ruling that the defendants are liable for future response costs of the plaintiffs and requiring the defendants to comply with the unilateral Administrative Order for Remedial Action discussed in prior filings. The Company does not believe that the remedies sought in the suit materially expand the Company's potential liability beyond what has been disclosed in this report or in the Company's prior filings with the SEC. U.S. Mills has entered into a stipulation with the plaintiffs that, in exchange for U.S. Mills' admitting that it is liable for discharging PCB containing wastewater into the river, the plaintiffs would not seek an injunction in this proceeding against U.S. Mills requiring it to participate in the completion of the Fox River remediation. U.S. Mills plans to continue to defend its interests in the suit vigorously.

Since 2007, the Company has expensed a total of $60,825 for potential liabilities associated with the Fox River contamination (not including amounts expensed for remediation at the Site) and through December 31, 2012, has spent a total of $10,036, primarily on legal fees, leaving a reserve of $50,789 for potential liabilities associated with the Fox River contamination (not including amounts accrued for remediation at the Site) remaining at December 31, 2012. Because of the continuing uncertainties in the estimated costs of remediation and continuing uncertainties surrounding U.S. Mills' allocable share, including a potentially favorable resolution, it is impossible to state with any reasonable degree of certainty that any estimate is a better estimate than the amount recorded. However, because the discharges of hazardous materials into the environment occurred before the Company acquired U.S. Mills, and U.S. Mills has been operated as a separate subsidiary of the Company, the Company does not believe that it bears financial responsibility for these legacy environmental liabilities of U.S. Mills. Therefore, the Company continues to believe that the maximum additional exposure to its consolidated financial position is limited to the equity position of U.S. Mills, which was approximately $91,000 at December 31, 2012.

On November 8, 2011, the Company completed the acquisition of Tegrant Holding Corporation (Tegrant). During its due diligence, the Company identified several potentially environmentally contaminated sites. The total remediation cost of these sites was preliminarily estimated to be $18,850 at the time of the acquisition and an accrual in this amount was recorded on Tegrant's opening balance sheet.

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.

As of December 31, 2012 and 2011, the Company (and its subsidiaries) had accrued $75,605 and $78,590, respectively, related to environmental contingencies. Of these, a total of $53,972 and $56,768 relate to U.S. Mills and $18,733 and $18,846 relate to Tegrant at December 31, 2012 and 2011, respectively. These accruals are included in "Accrued expenses and other" on the Company's Consolidated Balance Sheets. U.S. Mills recognized a $40,825 benefit in 2008 from settlements reached and proceeds received on certain insurance policies covering the Fox River contamination. U.S. Mills' two remaining insurance carriers are in liquidation. It is possible that U.S. Mills may recover from these carriers a small portion of the costs it ultimately incurs. U.S. Mills may also be able to reallocate some of the costs it incurs among other parties. There can be no assurance that such claims for recovery or reallocation would be successful and no amounts have been recognized in the consolidated financial statements of the Company for such potential recovery or reallocation.

Other legal matters

In addition to those described above, the Company is subject to other various legal proceedings, claims and litigation arising in the normal course of business. While the outcome of these matters could differ from management's expectations, 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.

Commitments

As of December 31, 2012, the Company had long-term obligations to purchase electricity and steam, which it uses in its production processes, as well as long-term purchase commitments for certain raw materials, principally old corrugated containers. These purchase commitments require the Company to make total payments of approximately $302,400, as follows: $86,400 in 2013; $62,600 in 2014; $38,100 in 2015, $36,100 in 2016 and a total of $79,200 from 2017 through 2022.

15. Shareholders' equity and earnings per share

Stock repurchases

The Company occasionally repurchases shares of its common stock to satisfy employee tax withholding obligations in association with the exercise of stock appreciation rights and performance-based stock awards. These repurchases, which are not part of a publicly announced plan or program, totaled 126,765 shares during 2012, 94,295 shares during 2011 and 43,084 shares during 2010, at a cost of $4,167, $3,145 and $1,439, respectively.

The Company's Board of Directors has authorized the repurchase of up to 5,000,000 shares of the Company's common stock. On December 3, 2010, the Company announced it would immediately begin repurchasing 2,000,000 shares of the 5,000,000 authorized. During 2010, a total of 695,036 shares were repurchased under this program at a cost of $23,219. During the first quarter of 2011, an additional 1,304,964 shares were repurchased at a cost of $46,297, completing the announced buyback. On April 20, 2011, the Company's Board of Directors reinstated 2,000,000 shares to its authorization. No additional shares have been repurchased since the reinstatement. Accordingly, at December 31, 2012, a total of 5,000,000 shares remain available for repurchase.

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Earnings per share

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

	2012	2011	2010
Numerator:			
Net income attributable to Sonoco	**$ 196,010**	$ 217,517	$ 201,053
Denominator:			
Weighted average common shares outstanding	**101,804,000**	101,071,000	101,599,000
Dilutive effect of stock-based compensation	**769,000**	1,102,000	944,000
Diluted outstanding shares	**102,573,000**	102,173,000	102,543,000
Per common share:			
Net income attributable to Sonoco:			
Basic	**$ 1.93**	$ 2.15	$ 1.98
Diluted	**$ 1.91**	$ 2.13	$ 1.96

The Company paid dividends totaling $1.19, $1.15 and $1.11 per share in 2012, 2011 and 2010, respectively.

Certain stock appreciation rights and options to purchase shares of the Company's common stock are not dilutive because the exercise price is greater than the market price of the stock at the end of the fiscal year or they have not fully vested. Accordingly, the following shares were not included in the computations of diluted income per share amounts:

	2012	2011	2010
Anti-dilutive options/SARs	**2,440,270**	1,753,451	1,294,075

These options/SARs may become dilutive in future periods if the market price of the Company's common stock appreciates. No adjustments were made to reported net income in the computation of earnings per share.

Noncontrolling interests

In April 2011, the Company acquired the remaining 49% interest in its 51%-owned subsidiary, Sonoco For Plas do Brazil Ltda., for $5,718 in cash. As a result of the transaction, the Company wrote off the $2,727 carrying amount of noncontrolling interest and recorded a reduction in Capital in excess of stated value of $2,991.

16. Segment reporting

The Company reports its financial results in four reportable segments – Consumer Packaging, Paper and Industrial Converted Products, Display and Packaging, and Protective Solutions. Effective the fourth quarter of 2012, the Company changed the name of what had been called Packaging Services to Display and Packaging and what had been called Protective Packaging to Protective Solutions to better describe the segments' business activities. There was no change to the composition of these segments

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

The Paper and Industrial Converted Products segment includes the following products: high-performance paper and composite 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 other recycled materials.

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

The Protective Solutions segment includes the following products: custom-engineered paperboard-based and expanded foam protective packaging; temperature-assurance packaging; and retail security packaging.

Restructuring charges, asset impairment charges, insurance settlement gains, acquisition-related costs, debt tender charges, interest expense and interest income are included in income before income taxes under "Corporate."

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The following table sets forth financial information about each of the Company's business segments:

	Years ended December 31					
	Consumer Packaging	Paper and Industrial Converted Products	Display and Packaging	Protective Solutions	Corporate	Consolidated
Total Revenue						
2012	$ 1,920,114	$ 1,937,523	$ 479,885	$ 557,176	$ —	$ 4,894,698
2011	1,982,989	1,996,221	472,935	158,936	—	4,611,081
2010	1,802,514	1,845,927	478,348	105,781	—	4,232,570
Intersegment Sales[1]						
2012	$ 7,493	$ 96,696	$ 2,253	$ 2,127	$ —	$ 108,569
2011	5,691	104,000	1,491	967	—	112,149
2010	4,043	101,958	1,099	1,349	—	108,449
Sales to Unaffiliated Customers						
2012	$ 1,912,621	$ 1,840,827	$ 477,632	$ 555,049	$ —	$ 4,786,129
2011	1,977,298	1,892,220	471,445	157,969	—	4,498,932
2010	1,798,471	1,743,969	477,249	104,432	—	4,124,121
Income Before Income Taxes[2]						
2012	$ 176,768	$ 141,351	$ 18,512	$ 38,797	$ (88,354)	$ 287,074
2011	191,475	138,207	21,733	15,228	(82,237)	284,406
2010	196,005	136,418	14,157	17,505	(109,631)	254,454
Identifiable Assets[3]						
2012	$ 1,298,381	$ 1,316,606	$ 358,225	$ 711,555	$ 491,298	$ 4,176,065
2011	1,357,691	1,294,712	327,927	721,793	290,676	3,992,799
2010	1,324,301	1,463,651	323,086	16,911	153,065	3,281,014
Depreciation, Depletion and Amortization[4]						
2012	$ 75,556	$ 83,329	$ 7,692	$ 33,826	$ —	$ 200,403
2011	80,257	86,559	7,434	5,621	—	179,871
2010	74,692	84,363	8,785	1,825	—	169,665
Capital Expenditures						
2012	$ 58,284	$ 112,298	$ 3,302	$ 14,757	$ 26,221	$ 214,862
2011	60,795	86,821	4,578	3,884	17,294	173,372
2010	66,323	63,948	8,315	938	6,386	145,910

1 Intersegment sales are recorded at a market-related transfer price.
2 Included in Corporate are restructuring, asset impairment charges, acquisition-related charges and insurance settlement gains associated with the following segments:

	Consumer Packaging	Paper and Industrial Converted Products	Display and Packaging	Protective Solutions	Corporate	Total
2012	$ 9,638	$ 12,787	$ 1,692	$ 3,732	$ 519	$ 28,369
2011	19,790	6,163	4,575	4,901	8,734	44,163
2010	16,906	6,651	1,969	61	321	25,908

The remaining amounts reported as Corporate consist of interest expense, interest income and debt tender charges.
3 Identifiable assets are those assets used by each segment in its operations. Corporate assets consist primarily of cash and cash equivalents, investments in affiliates, headquarters facilities, deferred income taxes and prepaid expenses.
4 Depreciation, depletion and amortization incurred at Corporate are allocated to the reportable segments.

Geographic regions

Sales to unaffiliated customers and long-lived assets by geographic region are as follows:

	2012	2011	2010
Sales to Unaffiliated Customers			
United States	**$ 3,165,772**	$ 2,821,043	$ 2,659,844
Europe	**768,667**	777,200	693,719
Canada	**338,657**	385,805	328,849
All other	**513,033**	514,884	441,709
Total	**$ 4,786,129**	$ 4,498,932	$ 4,124,121
Long-lived Assets			
United States	**$ 1,910,824**	$ 1,884,897	$ 1,349,561
Europe	**275,884**	279,969	289,418
Canada	**229,129**	253,057	262,903
All other	**117,071**	113,777	119,690
Total	**$ 2,532,908**	$ 2,531,700	$ 2,021,572

Sales are attributed to countries/regions based upon the plant location from which products are shipped. Long-lived assets are comprised of property, plant and equipment, goodwill, intangible assets and investment in affiliates (see Notes 6 and 7).

17. Accumulated other comprehensive loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in accumulated other comprehensive loss, net of tax as applicable, for the years ended December 31, 2012 and 2011:

	Foreign Currency Translation Adjustments	Defined Benefit Plans	Derivative Financial Instruments	Accumulated Other Comprehensive Loss
Balance at December 31, 2010	$ 17,685	$ (303,037)	$ (7,515)	$ (292,867)
Change during 2011	(38,962)	(127,798)	(672)	(167,432)
Balance at December 31, 2011	$ (21,277)	$ (430,835)	$ (8,187)	$ (460,299)
Change during 2012	24,511	(41,498)	1,460	(15,527)
Balance at December 31, 2012	$ 3,234	$ (472,333)	$ (6,727)	$ (475,826)

The cumulative tax benefit on Derivative Financial Instruments was $4,045 and $5,024 at December 31, 2012 and 2011, respectively. The tax benefit on Derivative

Financial Instruments decreased by $(979) and increased by $618 during the years ended December 31, 2012 and 2011, respectively.

The cumulative tax benefit on Defined Benefit Plans was $278,235 and $255,466 at December 31, 2012 and 2011, respectively. The tax benefit on Defined Benefit Plans increased by $22,769 and $75,838 during the years ended December 31, 2012 and 2011, respectively.

The change in defined benefit plans includes pretax changes of $(1,206) and $(639) during the years ended December 31, 2012 and 2011, related to changes in benefit plans of one of the Company's equity method investments.

18. Selected quarterly financial data

The following table sets forth selected quarterly financial data of the Company:

(unaudited)	*First Quarter*	*Second Quarter*	*Third Quarter*	*Fourth Quarter*
2012				
Net sales	**$ 1,212,370**	**$ 1,202,359**	**$ 1,195,530**	**$ 1,175,870**
Gross profit	**216,861**	**216,542**	**206,229**	**204,000**
Restructuring/Asset impairment charges	**(15,212)**	**(9,396)**	**444**	**(8,694)**
Net income attributable to Sonoco	**43,068**	**51,323**	**58,836**	**42,783**
Per common share:				
Net income attributable to Sonoco:				
- basic	$ .42	$ .50	$ .58	$ .42
- diluted	.42	.50	.57	.42
Cash dividends				
- common	.29	.30	.30	.30
Market price				
- high	34.83	33.91	31.67	32.51
- low	31.02	29.57	28.61	29.00
2011				
Net sales	$ 1,117,323	$ 1,127,865	$ 1,124,171	$ 1,129,573
Gross profit	194,209	191,090	186,740	184,744
Restructuring/Asset impairment charges	(2,317)	(9,578)	(12,048)	(12,883)
Net income attributable to Sonoco	57,391	53,408	77,203	29,515
Per common share:				
Net income attributable to Sonoco:				
- basic	$ .57	$ .53	$ .76	$ .29
- diluted	.56	.52	.76	.29
Cash dividends				
- common	.28	.29	.29	.29
Market price				
- high	36.89	36.95	36.05	33.64
- low	33.96	32.71	27.62	26.10

Item 9. Changes in and disagreements with accountants on accounting and financial disclosure

Not applicable.

Item 9A. Controls and procedures

Evaluation of disclosure controls and procedures

Under the supervision, and with the participation, of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our principal executive officer and principal financial officer concluded that such controls and procedures, as of the end of the year covered by this Annual Report on Form 10-K, were effective.

Management's report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2012. PricewaterhouseCoopers LLP (PwC), our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2012, and has issued a report, which appears at the beginning of Item 8 of this Annual Report on Form 10-K.

Changes in internal control over financial reporting

The Company is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal controls. This results in refinements to processes throughout the Company. However, there has been no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other information

Not applicable.

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PART III

Item 10. Directors, executive officers and corporate governance

The information set forth in the Company's definitive Proxy Statement for the annual meeting of shareholders to be held on April 17, 2013 (the Proxy Statement), under the captions "Election of Directors," "Information Concerning Directors Whose Terms Continue," "Additional Information About Experience and Qualifications of Directors and Nominees," and "Section 16(a) Beneficial Ownership Reporting Compliance," is incorporated herein by reference. Information about executive officers of the Company is set forth in Item 1 of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant."

Code of Ethics – The Company has adopted a code of ethics (as defined in Item 406 of Regulation S-K) that applies to its principal executive officer, principal financial officer, principal accounting officer, and other senior executive and senior financial officers. This code of ethics is available through the Company's website, www.sonoco.com, and is available in print to any shareholder who requests it. Any waivers or amendments to the provisions of this code of ethics will be posted to this website within four business days after the waiver or amendment.

Audit Committee Members – The Company has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee is comprised of the following members: Marc D. Oken, Chairman; Edgar H. Lawton III; John E. Linville; James M. Micali; and Philippe R. Rollier. Effective at the April 16, 2013 meeting, Marc D. Oken will be replaced as Chairman by Thomas E. Whiddon, and will remain a member of the committee.

Audit Committee Financial Expert – The Company's Board of Directors has determined that the Company has at least one "audit committee financial expert," as that term is defined by Item 407(d)(5) of Regulation S-K promulgated by the Securities and Exchange Commission, serving on its audit committee. Marc D. Oken meets the terms of the definition and is independent based on the criteria in the New York Stock Exchange Listing Standards. Pursuant to the terms of Item 407(d)(5) of Regulation S-K, a person who is determined to be an "audit committee financial expert" will not be deemed an expert for any purpose as a result of being designated or identified as an "audit committee financial expert" pursuant to Item 407, and such designation or identification does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and Board of Directors in the absence of such designation or identification. Further, the designation or identification of a person as an "audit committee financial expert" pursuant to Item 407 does not affect the duties, obligations or liability of any other member of the audit committee or Board of Directors.

The Company's Corporate Governance Guidelines, Audit Committee Charter, Corporate Governance and Nominating Committee Charter and Executive Compensation Committee Charter are available through the Company's website, www.sonoco.com. This information is available in print to any shareholder who requests it.

Item 11. Executive compensation

The information set forth in the Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation," under the caption "Executive Compensation," and under the caption "Director Compensation" is incorporated herein by reference. The information set forth in the Proxy Statement under the caption "Compensation Committee Report" is also incorporated herein by reference, but pursuant to the Instructions to Item 407(e)(5) of Regulation S-K, such report shall not be deemed to be "soliciting material" or subject to Regulation 14A, and shall be deemed to be "furnished" and not "filed" and will not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 as a result of being so furnished.

Item 12. Security ownership of certain beneficial owners and management and related stockholder matters

The information set forth in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners," and under the caption "Security Ownership of Management" is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth aggregated information about all of the Company's compensation plans (including individual compensation arrangements) under which equity securities of the Company are authorized for issuance as of December 31, 2012:

Plan category	*Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)*	*Weighted-average exercise price of outstanding options, warrants and rights (b)*	*Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[1] (c)*
Equity compensation plans approved by security holders	6,941,885	$ 30.63	7,926,290
Equity compensation plans not approved by security holders	—	—	—
Total	6,941,885	$ 30.63	7,926,290

[1] The Sonoco Products Company 2012 Long-term Incentive Plan was adopted at the Company's 2012 Annual Meeting of Shareholders. The maximum number of shares of common stock that may be issued under this plan is 10,500,000 shares, subject to certain adjustments. Awards prior to 2012 were granted under a previous plan and so do not reduce the number remaining available under the current plan.

The weighted-average exercise price of $30.63 relates to stock options and stock appreciation rights, which account for 5,050,740 of the 6,941,885 securities issuable upon exercise. The remaining 1,891,145 securities relate to deferred compensation stock units, performance-contingent restricted stock units and restricted stock unit awards that have no exercise price requirement.

Item 13. Certain relationships and related transactions, and director independence

The information set forth in the Proxy Statement under the captions “Related Party Transactions” and “Corporate Governance – Director Independence Policies” is incorporated herein by reference. Each current member of the Audit, Corporate Governance and Nominating and Executive Compensation Committees is independent as defined in the listing standards of the New York Stock Exchange.

Item 14. Principal accountant fees and services

The information set forth in the Proxy Statement under the caption “Independent Registered Public Accounting Firm” is incorporated herein by reference.

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PART IV

Item 15. Exhibits and financial statement schedules

(a) 1. **Financial Statements** – The following financial statements are provided under Item 8 – Financial Statements and Supplementary Data of this Annual Report on Form 10-K:

– Consolidated Balance Sheets as of December 31, 2012 and 2011

– Consolidated Statements of Income for the years ended December 31, 2012, 2011 and 2010

– Consolidated Statements of Comprehensive Income/(Loss) for the years ended December 31, 2012, 2011 and 2010

– Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2012, 2011 and 2010

– Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010

– Notes to Consolidated Financial Statements

– Report of Independent Registered Public Accounting Firm

2. **Financial Statement Schedules**

Schedule II – Valuation and Qualifying Accounts for the Years Ended December 31, 2012, 2011 and 2010.

Column A	*Column B*	*Column C - Additions*		*Column D*	*Column E*
Description	*Balance at Beginning of Year*	*Charged to Costs and Expenses*	*Charged to Other*	*Deductions*	*Balance at End of Year*
2012					
Allowance for Doubtful Accounts	$ 7,125	$ 2,821	$ 209[1]	$ 2,903[2]	$ 7,252
LIFO Reserve	20,184	(708)[3]			19,476
Valuation Allowance on Deferred Tax Assets	55,713	5,689	609[5]	448[6]	61,563
2011					
Allowance for Doubtful Accounts	$ 8,614	$ 402	$ (216)[1]	$ 1,675[2]	$ 7,125
LIFO Reserve	17,167	3,017[3]			20,184
Valuation Allowance on Deferred Tax Assets	76,860	(19,762)	(1,734)[5]	(349)[6]	55,713
2010					
Allowance for Doubtful Accounts	$ 10,978	$ 1,914	$ (71)[1]	$ 4,207[2]	$ 8,614
LIFO Reserve	19,155	(1,988)[3]			17,167
Valuation Allowance on Deferred Tax Assets	76,540	13,690[4]	(3,532)[5]	9,838[6]	76,860

1 Includes translation adjustments and other insignificant adjustments.
2 Includes amounts written off.
3 Includes adjustments based on pricing and inventory levels.
4 Includes creation of foreign and domestic deferred tax assets for which no benefit is expected to be realized.
5 Includes translation adjustments.
6 Includes utilization of capital loss carryforwards, net operating loss carryforwards and other deferred tax assets.

All other schedules not included have been omitted because they are not required, are not applicable or the required information is given in the financial statements or notes thereto.

3. **Exhibits**

3-1 Articles of Incorporation, as amended (incorporated by reference to the Registrant's Form 8-K filed on February 8, 2012)

3-2 By-Laws, as amended (incorporated by reference to the Registrant's Form 10-Q for the quarter ended July 1, 2012)

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4-1	Indenture, dated as of June 15, 1991, between Registrant and The Bank of New York, as Trustee (incorporated by reference to the Registrant's Form S-4 (File Number 333-119863))
4-2	First Supplemental Indenture, dated as of June 23, 2004, between Registrant and The Bank of New York, as Trustee (including form of 5.625% Notes due 2016)(incorporated by reference to the Registrant's Form 10-Q for the quarter ended June 27, 2004)
4-3	Second Supplemental Indenture, dated as of November 1, 2010, between the Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee (including form of 5.75% Notes due 2040)(incorporated by reference to Registrant's Form 8-K filed October 28, 2010)
4-4	Form of Note for 6.50% Notes due November 15, 2013 (incorporated by reference to Registrant's Form 10-Q for the quarter ended September 30, 2001)
4-5	Form of Third Supplemental Indenture (including form of 4.375% Notes due 2021), between Sonoco Products Company and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Registrant's Form 8-K filed October 27, 2011)
4-6	Form of Fourth Supplemental Indenture (including form of 5.75% Notes due 2040), between Sonoco Products Company and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Registrant's Form 8-K filed October 27, 2011)
10-1	1991 Sonoco Products Company Key Employee Stock Plan, as amended (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2007)
10-2	Sonoco Products Company 1996 Non-employee Directors' Stock Plan, as amended (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2007)
10-3	Sonoco Retirement and Savings Plan (formerly the Sonoco Savings Plan), as amended (incorporated by reference to the Registrant's Form S-8 filed October 28, 2002 (File No. 333-100799)) and further amended January 1, 2013
10-4	Sonoco Products Company 2008 Long-term Incentive Plan (incorporated by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders on April 16, 2008)
10-5	Sonoco Products Company 2012 Long-term Incentive Plan (incorporate by reference to the Company's Proxy Statement for the Annual Meeting of Shareholders on April 18, 2012)
10-6	Deferred Compensation Plan for Key Employees of Sonoco Products Company (a.k.a. Deferred Compensation Plan for Corporate Officers of Sonoco Products Company), as amended (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 28, 2008)
10-7	Omnibus Benefit Restoration Plan of Sonoco Products Company, amended and restated as of January 1, 2008 (incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2008), further amended April 23, 2009 (incorporated by reference to Form 10-Q for the quarter ended March 29, 2009), further amended February 10, 2010 (incorporated by reference to Form 10-K for the year ended December 31, 2009), and further amended October 2012
10-8	Deferred Compensation Plan for Outside Directors of Sonoco Products Company, as amended (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 28, 2008)
10-9	Performance-based Annual Incentive Plan for Executive Officers (incorporated by reference to the Registrant's Proxy Statement for the April 19, 2000, Annual Meeting of Shareholders)
10-10	Form of Executive Bonus Life Agreement between the Company and certain executive officers (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 26, 2004)
10-11	Term Loan Agreement, effective November 7, 2011 (incorporated by reference to the Registrant's Form 10-K for the year ended December 31, 2011)
10-12	Third Amended and Restated Credit Agreement, effective October 12, 2012 (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 30, 2012)
10-13	Sonoco Products Company Amended and Restated Trust Agreement for Executives, as of October 15, 2008 (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 28, 2008)
10-14	Sonoco Products Company Amended and Restated Directors Deferral Trust Agreement, as of October 15, 2008 (incorporated by reference to the Registrant's Form 10-Q for the quarter ended September 28, 2008)

10-15	Description of Stock Appreciation Rights and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 9, 2010 (incorporated by reference to Registrant’s Form 8-K filed February 16, 2010)
10-16	Description of Stock Appreciation Rights and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 8, 2011 (incorporated by reference to Registrant’s Form 8-K filed February 14, 2011)
10-17	Description of Stock Appreciation Rights and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 7, 2012 (incorporated by reference to Registrant’s Form 8-K filed February 13, 2012)
10-18	Description of Stock Appreciation Rights and Performance Contingent Restricted Stock Units granted to executive officers of the Registrant on February 12, 2013 (incorporated by reference to Registrant’s Form 8-K filed February 19, 2013)
12	Statements regarding Computation of Ratio of Earnings to Fixed Charges
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm with respect to Registrant’s Form 10-K
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	Certifications 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)
99	Proxy Statement, filed in conjunction with annual shareholders’ meeting scheduled for April 17, 2013 (to be filed within 120 days after December 31, 2012)
101	The following materials from Sonoco Products Company’s Annual Report on Form 10-K for the year ended December 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at December 31, 2012 and 2011, (ii) Condensed Consolidated Statements of Income for the years ended December 31, 2012, 2011 and 2010, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010, (iv) Consolidated Statements of Changes in Total Equity for the years ended December 31, 2012, 2011 and 2010, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010, and (vi) Notes to the Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 1st day of March 2013.

SONOCO PRODUCTS COMPANY

/s/ Harris E. DeLoach Jr.
Harris E. DeLoach, Jr.
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 1st day of March 2013.

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

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/s/ H.E. DeLoach Jr. H.E. DeLoach, Jr.	Chief Executive Officer and Director (Chairman)
/s/ M.J. Sanders M.J. Sanders	President, Chief Operating Officer and Director
/s/ P.L. Davies P.L. Davies	Director
/s/ J.R. Haley J.R. Haley	Director
/s/ E.H. Lawton III E.H. Lawton, III	Director
/s/ J.E. Linville J.E. Linville	Director
/s/ J.M. Micali J.M. Micali	Director
/s/ J.H. Mullin III J.H. Mullin, III	Director
/s/ L.W. Newton L.W. Newton	Director
/s/ M.D. Oken M.D. Oken	Director
/s/ P.R. Rollier P.R. Rollier	Director
/s/ T.E. Whiddon T.E. Whiddon	Director

Exhibit 10.3

Sonoco Retirement and Savings Plan

(Amended and Restated as of January 1, 2013)

Contents

Article 1. The Plan

1.1 Establishment of Plan

Sonoco Products Company (the “Company”) previously established and presently maintains the Sonoco Savings Plan for the benefit of its eligible Employees and the eligible Employees of participating Affiliates. Effective January 3, 2012, the Clear Pack Company 401(k) Retirement Plan was merged into this Plan. Effective December 15, 2012, the Sonoco Investment and Retirement Plan was merged into this Plan. Effective January 1, 2013—

(a) the name of the Sonoco Savings Plan was changed to the Sonoco Retirement and Savings Plan (the “Plan”);

(b) the Tegrant Investment and Retirement Plan was merged into the Plan and Tegrant Corporation became a participating Employer hereunder; and

(c) The Plan was amended in certain respects.

This document represents the terms of the Plan as in effect on January 1, 2013.

1.2 Applicability of Plan

This Plan generally applies only to Employees who are employed by an Employer on or after January 1, 2013. Except as otherwise provided in a retroactively effective provision of this Plan document, or except as otherwise required by law, the rights and benefits of former Employees who terminated or died before January 1, 2013 (and their Beneficiaries) shall be determined under the terms of the prior plan documents as in effect upon their termination or death.

In addition, the provisions of this Plan shall apply to each Eligible Employee, except as otherwise noted in an Appendix. Appendix A lists each participating Employer hereunder (other than Sonoco Products Company) and describes specific variations to Plan provisions and features that apply to certain nonunion Eligible Employees. Appendix B lists each group of collectively-bargained Employees who are Eligible Employees with respect to Plan benefits other than Retirement Contributions and also describes specific variations to Plan provisions and features that apply to each such collectively-bargained group. Appendix C lists each group of collectively-bargained Employees who are Eligible Employees with respect to Retirement Contributions.

1.3 Purpose of Plan

The purpose of this Plan is to allow Eligible Employees to set aside a portion of their wages and salaries for their retirement, to encourage Employee savings by matching a portion of Employee contributions with contributions from the Employer, and to provide other Employer-paid sources of retirement income. The Plan and any related trusts are intended to meet the requirements of sections 401(a), 401(k), 401(m), and 501(a) of the Internal Revenue Code of 1986. The portion of the Plan comprised of assets invested in the Company Stock Fund (but not amounts that are transferred from the Company Stock Fund into other Funds) is intended to be a stock bonus plan that qualifies as an employee stock ownership plan under Code section 4975(e)(7).

Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. The definition of any term in the singular shall also include the plural, whichever is appropriate in the context.

2.1 Account

Account means the separate Account maintained under the Plan for each Member that represents the Member's total proportionate interest in the Trust Fund as of any Valuation Date. A Member's Account consists of the following subaccounts:

(a) **After-Tax Contributions Account** means the portion of the Member's Account that evidences the value of the Member's After-Tax Contributions under section 5.2 (or corresponding provisions of a Predecessor Plan), including any gains and losses of the Trust Fund attributable thereto.

(b) **After-Tax Rollover Contributions Account** means the portion of the Member's Account that evidences the value of the Member contributions under section 5.6 (or under corresponding provisions of a Predecessor Plan) that are attributable to after-tax contributions made by the Member to the plan of a previous employer, including any gains and losses of the Trust Fund attributable thereto.

(c) **Before-Tax Contributions Account** means the portion of the Member's Account that evidences the value of the Member's Before-Tax Contributions under section 5.1(a) (or under corresponding provisions of a Predecessor Plan), including any gains and losses of the Trust Fund attributable thereto.

(d) **Collectively-Bargained Nonelective Employer Contributions Account** means the portion of the Member's Account that evidences the value of the Collectively-Bargained Nonelective Employer Contributions made on behalf of Members who are covered by certain collective bargaining agreements (as specified in Appendix B), or similar nonelective contributions made to collectively-bargained employees under corresponding provisions of a Predecessor Plan, including any gains and losses of the Trust Fund attributable thereto.

(e) **Matching Contributions Account** means the portion of the Member's Account that evidences the value of the Matching Contributions made on the Member's behalf under section 5.3 (or under corresponding provisions of a Predecessor Plan), including any gains and losses of the Trust Fund attributable thereto.

(f) **Paysop Account** means the portion of the Member's Account that evidences the value of contributions made by the Employer before January 1, 1989 in the form of Company Stock to the tax credit employee stock ownership portion of the Plan in effect at that time, including any gains and losses of the Trust Fund attributable thereto.

(g) **Retirement Contributions Account** means the portion of the Member's Account that evidences the value of the contributions made by an Employer under the Sonoco Investment Retirement Plan prior to January 1, 2013, plus the Retirement Contributions made by the Employer on or after January 1, 2013 under section 5.4, including any gains and losses of the Trust Fund attributable thereto.

(h) **Rollover Contributions Account** means the portion of the Member's Account that evidences the value of rollover contributions made under section 5.6(a) (or corresponding provisions of a Predecessor Plan), but excluding any such contributions that are allocated to the Member's After-Tax Rollover Contributions Account, including any gains and losses of the Trust Fund attributable thereto.

(i) **Roth Contributions Account** means the portion of the Member's Account that evidences the value of the Member's Roth Contributions under section 5.1(b), including any gains and losses of the Trust Fund attributable thereto.

(j) **Roth Rollover Contributions Account** means the portion of the Member's Account that evidences the value of the qualified Roth rollovers that are transferred to the Plan on behalf of a Member in accordance with section 5.6(b), including any gains and losses of the Trust Fund attributable thereto.

(k) **Tuscarora Money Purchase Pension Plan Account** means the portion of the Member's Account that evidences the value of employer contributions made previously under the Tuscarora Incorporated and Subsidiary Companies Non-Union Hourly Employees' Money Purchase Pension Plan, the Tuscarora Incorporated Salaried Employees' Money Purchase Pension Plan, and the Tuscarora Incorporated Union Employees' Money Purchase Pension Plan, including any gains and losses of the Trust Fund attributable thereto. (These accounts were transferred previously into the Tegrant Investment and Retirement Plan which was itself merged into this Plan effective January 1, 2013.)

2.2 Affiliate

Affiliate means—

(a) any corporation while it is a member of the same "controlled group" of corporations (within the meaning of Code section 414(b)) as the Company;

(b) any other trade or business (whether or not incorporated) while it is under "common control" with the Company within the meaning of Code section 414(c);

(c) any organization during any period in which it (along with the Company) is a member of an "affiliated service group" (within the meaning of Code section 414(m)); and

(d) any other entity during any period in which it is required to be aggregated with the Company under Code section 414(o).

2.3 After-Tax Contributions

After-Tax Contributions mean the voluntary contributions made by a Participant, as described in section 5.2.

2.4 Annuity Starting Date

Annuity Starting Date means the first day of the first period for which an amount is payable as an annuity or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred that entitle the Member to the benefit.

2.5 Before-Tax Contributions

Before-Tax Contributions mean the contributions made by the Employer on behalf of a Participant pursuant to the Participant's election to reduce Compensation, as described in section 5.1(a).

2.6 Beneficiary

Beneficiary means the person or persons, or entity or entities, designated by the Member under section 8.1(b) to receive any benefits payable on behalf of the Member after his or her death.

2.7 Board

Board means the Board of Directors of the Company.

2.8 Code

Code means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time. A reference to a section of the Code shall also refer to any regulations and other guidance issued under that section.

2.9 Collectively-Bargained Nonelective Employer Contributions

Collectively-Bargained Nonelective Employer Contributions mean the contributions made by an Employer under section 5.5.

2.10 Committee

Committee means the committee described in section 11.1(a).

2.11 Company

Company means Sonoco Products Company or any successor thereto that agrees to assume and continue this Plan.

2.12 Company Stock

Company stock means common stock of the Company that is readily tradable on an established securities market. Company Stock may also include treasury shares and noncallable preferred stock that is convertible into common stock at any time and at a reasonable price. Preferred stock will be treated as noncallable if there is a reasonable opportunity for conversion after a call. All shares of preferred stock will have voting rights equal to the common stock into which they can be converted.

2.13 Compensation

(a) **Compensation for Determining Contributions.** The Compensation that is subject to a Participant's election to make Before-Tax Contributions under section 5.1(a), Roth Contributions under section 5.1(b), and/or After-Tax Contributions under section 5.2, and the Compensation used to determine the amount of Retirement Contributions made by an Employer under section 5.4 and Collectively-Bargained Nonelective Employer Contributions made by an Employer under section 5.5, shall be an Employee's taxable earnings for the Plan Year (or, for an Employee who was a Participant for less than the full Plan Year, the portion of the Plan Year during which he or she was a Participant) as reported on Federal Wage and Tax Statement (Box 1 of IRS Form W-2)—

(1) increased by any salary reduction contributions made on the Participant's behalf during the Plan Year under any plan maintained by the Company or an Affiliate under Code section 125, 132(f)(4), or 401(k); and

(2) decreased (to the extent included in Box 1 of IRS Form W-2) by—

(A) bonuses, vacation pay, and other payments made after the Plan Year in which the Participant incurs a Separation from Service (as defined in section 3.1(e)(2));

(B) severance pay;

(C) reimbursements for moving expenses;

(D) reimbursements for educational expenses;

(E) automobile allowances;

(F) tax counsel allowances;

(G) compensation related to the exercise of stock options or any other stock-related compensation;

(H) expatriate-related expenses;

(I) any form of imputed income;

(J) contributions made by the Company or an Affiliate to this Plan or any other benefit plan;

(K) amounts paid pursuant to a short-term disability plan sponsored by the Company or an Affiliate (other than amounts paid to salaried and nonunion hourly employees under a pay continuation policy); and

(L) in-service payments and other employee benefits provided under this Plan and all other employee benefit plans and deferred compensation plans maintained by the Company or an Affiliate.

(b) **Compensation for Determining Limit on Annual Additions.** For the purpose of calculating limits on annual additions under section 5.9, Compensation means a Participant's wages, tips, and other compensation which are to be reported on a Federal Wage and Tax Statement (Box 1 of IRS Form W-2) for a Plan Year, and shall include a Participant's salary reduction contributions made during the Plan Year under any plan or program maintained by the Company or an Affiliate under Code section 125, 132(f), or 401(k). Compensation shall include only amounts paid or treated as paid to a Participant prior to his or her severance from employment (as determined pursuant to Code section 415), except as otherwise provided in sections 2.13(b)(1) and (2) below.

(1) The following amounts shall be included in Compensation if paid by the later of 2 1/2 months after the severance from employment or the last day of the Plan Year in which the severance from employment occurs:

(A) regular compensation for services during or outside the Participant's regular working hours, commissions, bonuses, or other similar payments, if the payment would have been paid prior to severance from employment if the Participant had continued in employment;

(B) payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if his or her employment had continued; and

(C) payments received by a Participant pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Participant at the same time if his or her employment had continued and only to the extent that the payment is includible in the Participant's gross income.

(2) Compensation shall include payments to a Participant who does not currently perform services for the Company or an Affiliate by reason of qualified military service (as defined in Code section 414(u)) to the extent that the payments do not exceed the amounts that the Participant would have received if he or she had continued to perform services for the Company or an Affiliate rather than entering military service.

The limitation on Compensation described in section 2.13(f) shall be applied in determining Compensation under this section 2.13(b).

(c) **Nondiscrimination Testing.** For purposes of satisfying the requirements described in sections 5.8(b) and 5.8(c), Compensation for any Plan Year means the Eligible Employee's wages, tips, and other compensation which are to be reported on a Federal Wage and Tax Statement (Box 1 of IRS Form W-2) for a Plan Year, unless the Committee determines for any such Plan Year to use a different definition of compensation that complies in all respects with Code section 414(s).

(d) **Identifying Highly Compensated Employees.** For purposes of identifying Highly Compensated Employees, Compensation means the amount determined under section 2.13(b).

(e) **Differential Wage Payments for Employees in Active Military Service.** Compensation shall include differential wage payments (as defined in Code section 3401(h)(2)) paid to a Participant to the extent required by Code section 414(u)(12) (but shall not be treated as eligible Compensation under section 2.13(a)).

(f) **Code Section 401(a)(17) Limit.** The Compensation of each Member that may be taken into account under the Plan for any Plan Year shall not exceed $255,000 (or such higher amount determined by the Secretary of the Treasury under Code section 401(a)(17)).

2.14 Eligible Employee

(a) **General Rule.** An Employee who was an eligible employee under the terms of the Sonoco Savings Plan on December 31, 2012 shall be an Eligible Employee with respect to Plan benefits other than Retirement Contributions on January 1, 2013 if he or she is still an active Employee of an Employer on such date. Except as otherwise provided in section 2.13(c), each other Employee of an Employer shall become an Eligible Employee with respect to Plan benefits other than Retirement Contributions on his or her Employment Commencement Date.

(b) **Eligibility for Retirement Contributions.** An Employee who was an eligible employee under the terms of the Sonoco Investment and Retirement Plan on December 31, 2012 shall be an Eligible Employee with respect to Retirement Contributions under this Plan on January 1, 2013 if he or she is still an active Employee of an Employer on such date. In addition, except as other wise provided under section 2.14(c)—

(1) An Employee of an Employer whose Employment Commencement Date is on or after January 1, 2013 shall become an Eligible Employee with respect to Retirement Contributions on his or her Employment Commencement Date.

(2) An Employee of an Affiliate who becomes an Employer under this Plan on or after January 1, 2013 shall become an Eligible Employee with respect to Retirement Contributions on the adoption date that applies to such Affiliate (provided such Employee is still actively employed by the Affiliate on such date).

(3) An Employee of an Employer who was an active participant covered by a pay-based formula under the Sonoco Pension Plan on December 31, 2009, and who made the one-time election to continue accruing benefits under such plan through December 31, 2018, shall become an Eligible Employee with respect to Retirement Contributions on January 1, 2019 (provided such Employee is still actively employed by an Employer on such date).

(c) **Excluded Employees.**

(1) **General Rule.** Notwithstanding Plan sections 2.14(a) and (b), the following individuals shall not be treated as Eligible Employees under this Plan:

(A) an Employee who is classified as a seasonal or temporary Employee;

(B) except as provided in section 2.14(d), an Employee who is covered by a collective bargaining agreement, provided that retirement benefits were the subject of good faith bargaining (and the collective bargaining agreement does not provide for such Employee's participation in the Plan);

(C) an Employee who is a non-U.S. citizen employed outside the United States; and

(D) an Employee who is a non-resident alien with no U.S.-source income.

(2) **Additional Exclusions Applicable to Retirement Contributions.** In addition to the exclusions listed in section 2.14(c)(1), the following individuals shall not be treated as Eligible Employees with respect to Retirement Contributions:

(A) an Employee of the Company's Baker business unit who is compensated on an hourly basis; and

(B) an Employee for any period during which he or she is actively participating (or will be eligible to participate actively after satisfying any applicable minimum age and/or service requirements) under a qualified defined benefit retirement plan maintained by the Company or an Affiliate.

(d) **Participating Unions.** Notwithstanding section 2.14(c)(1)(B), collectively-bargained Employees will qualify as Eligible Employees to the extent specified in a collective bargaining agreement.

(1) Collectively-bargained Employees who qualify as Eligible Employees with respect to Plan benefits other than Retirement Contributions, and related variations in Plan terms that apply to such Employees, are described in Appendix B.

(2) Collectively-bargained Employees who qualify as Eligible Employees with respect to Retirement Contributions, and related variations in Plan terms that apply to such Employees, are described in Appendix C.

2.15 Employee

Employee means any person employed by the Company or an Affiliate as a common-law employee (and for whom FICA taxes are withheld by the Company or an Affiliate). The term "Employee" excludes individuals who are classified as independent contractors, consultants, or Leased Employees, regardless of whether a government agency, court, or other entity subsequently determines such classification was in error.

2.16 Employer

Employer means the Company and any Affiliate that, with the approval of the Company, elects to adopt this Plan for the benefit of its eligible employees in the manner described in Article 14. Participating Employers (other than the Company), and the effective date of their participation and variations in Plan terms that apply to selected Employers, are listed in Appendix A.

2.17 Employment Commencement Date

Employment Commencement Date means the first day on which an Employee is credited with an Hour of Service (as defined in section 3.2(e)(1)).

2.18 ERISA

ERISA means the Employee Retirement Income Security Act of 1974, as amended, or as it may be amended from time to time. A reference to a section of ERISA shall also refer to any regulations and other guidance issued under that section.

2.19 Fund

Fund means any of the funds established under the Plan for the investment of Members' Accounts. The Investment Council shall have the discretion to establish and terminate Funds as it may deem appropriate.

Subject to the Investment Council's discretion to establish and terminate Funds, there shall be a Sonoco Stock Fund which shall be invested exclusively in Company Stock. The portion of the Plan's assets that are invested in the Sonoco Stock Fund (but not amounts that are transferred from the Sonoco Stock Fund into other Funds) is intended to be a stock bonus plan that qualifies as an employee stock ownership plan under Code section 4975(e)(7).

2.20 Highly Compensated Employee

Highly Compensated Employee means, with respect to any Plan Year, a highly compensated active Employee or a highly compensated former Employee.

(a) A highly compensated active Employee means any Employee who performs services for the Employer during the Plan Year and who either—

- (1) is a 5 percent owner (as defined in Code section 416(i)(1)) at any time during the Plan Year or the immediately preceding Plan Year; or
- (2) received Compensation from the Company and its Affiliates in the immediately preceding Plan Year in excess of $115,000 (as adjusted pursuant to Code section 415(d)).

(b) A highly compensated former Employee means any Employee who—

- (1) separated from service (or was deemed to have separated from service) prior to the Plan Year;
- (2) performs no services for the Employer during the Plan Year; and
- (3) was a highly compensated active Employee with respect to either the Plan Year in which he or she separated from service or any Plan Year ending on or after such Employee's 55th birthday.

2.21 Investment Council

Investment Council means the individuals appointed by the Board who have the investment powers and responsibilities described in section 11.1(b)(4).

2.22 Leased Employee

Leased Employee means any person who is not an Employee of an Employer and who provides services to an Employer if—

(a) such services are provided pursuant to an agreement between the Employer and any other person;

(b) such person has performed such services for the Employer (or for the Employer and related persons determined in accordance with Code section 414(n)(6)) on a substantially full-time basis for a period of at least one year; and

(c) such services are performed under primary direction or control by the Employer.

If a Leased Employee becomes eligible to participate in the Plan as a result of later employment with an Employer as an Eligible Employee, the Leased Employee shall receive credit for Vesting Service as a Leased Employee. Notwithstanding the preceding paragraph, a Leased Employee shall be included as an Employee for purposes of applying the requirements described in Code section 414(n)(3).

2.23 Matching Contributions

Matching Contributions mean the contributions made by an Employer under section 5.3.

2.24 Member

Member means a Participant or a former Participant who still has an Account balance under the Plan.

2.25 Nonhighly Compensated Employee

Nonhighly Compensated Employee means any Employee who is not a Highly Compensated Employee.

2.26 Participant

Participant means any Eligible Employee who has met and continues to meet the active participation requirements of the Plan as set forth in Article 4.

2.27 Pay Reduction Agreement

Pay Reduction Agreement means an agreement described in section 5.7.

2.28 Plan

Plan means this Sonoco Retirement and Savings Plan, as amended from time to time.

2.29 Plan Year

Plan Year means the calendar year.

2.30 Predecessor Plan

Predecessor Plan means the Sonoco Investment and Retirement Plan, the Tegrant Investment and Retirement Plan, and any other qualified plan that the Company elects to merge into this Plan.

2.31 Preretirement Survivor Annuity

Preretirement Survivor Annuity means an annuity payable for the life of the Member’s surviving Spouse, having a value equal to the Member’s Tuscarora Money Purchase Pension Plan Account that is payable as an annuity upon the Member’s death, as determined under section 8.5(b)(1).

2.32 Qualified Joint and Survivor Annuity

Qualified Joint and Survivor Annuity means an annuity that provides a level monthly benefit to the Member for his or her lifetime and, upon the Member's death, provides an annuity for the life of his or her surviving Spouse (to whom the Member was married on the Annuity Starting Date) in an amount equal to 50 percent of the amount payable to the Member during his or her life. The Qualified Joint and Survivor Annuity shall be payable only as required under section 8.5(a) and shall have a value equal to the Member's Tuscarora Money Purchase Pension Plan Account.

2.33 Qualified Optional Survivor Annuity

Qualified Optional Survivor Annuity means an annuity that provides a level monthly benefit to the Member for his or her lifetime and, upon the Member's death, provides an annuity for the life of his or her surviving Spouse (to whom the Member was married on the Annuity Starting Date) in an amount equal to 75 percent of the amount payable to the Member during his or her life. The Qualified Optional Survivor Annuity shall be payable only as required under section 8.5(a) and shall have a value equal to the Member's Tuscarora Money Purchase Pension Plan Account.

2.34 Retirement Contributions

Retirement Contributions mean the contributions made by an Employer under section 5.4.

2.35 Single Life Annuity

Single Life Annuity means an annuity providing equal monthly payments for the lifetime of a Member with no survivor benefits. The Single Life Annuity shall be payable only as required under section 8.5(a) and shall have a value equal to the Member's Tuscarora Money Purchase Pension Plan Account.

2.36 Social Security Wage Base

Social Security Wage Base means for any Plan Year, the maximum wages on which Social Security taxes are assessed for old age, survivors, and disability insurance benefits for such Plan Year.

2.37 Spouse

Spouse means a person of the opposite sex to whom a Member was legally married (as recognized under the laws of the State where the marriage was contracted and also under federal law, including the Defense of Marriage Act and the Code) immediately prior to the earlier of—

(a) the date on which a distribution to the Participant begins under section 8.4; or

(b) the date of the Participant's death.

2.38 Ten-Year Certain and Life Annuity

Ten-Year Certain and Life Annuity means a monthly annuity payable for the lifetime of the Member, and if the Member dies before receiving 120 monthly payments, such payments shall continue to the Member's Beneficiary until a total of 120 payments have been made. A Ten-Year Certain and Life Annuity shall be payable only as required under section 8.5(a) and shall have a value equal to the Member's Tuscarora Money Purchase Pension Plan Account.

2.39 Trust Agreement

Trust Agreement means the agreement under which Plan assets are held and invested under Article 12.

2.40 Trust Fund

Trust Fund means the trust fund established under Article 12 to hold the assets of the Plan.

2.41 Trustee

Trustee means any corporation or individual acting as trustee of the Trust Fund.

2.42 Valuation Date

Valuation Date means each day on which the New York Stock Exchange is open for business.

2.43 Vested Balance

Vested Balance as of a given date means the sum of—

(a) the Member's After-Tax Contributions Account, After-Tax Rollover Contributions Account, Before-Tax Contributions Account, Paysop Account, Rollover Contributions Account, Roth Contributions Account, Roth Rollover Contributions Account, and Tuscarora Money Purchase Pension Plan Account;

(b) the Member's Vested Percentage, as determined under section 7.2, multiplied by the balance in his or her Matching Contributions Account;

(c) the Member's Vested Percentage, as determined under section 7.3, multiplied by the balance in his or her Retirement Contributions Account; and

(d) the Member's Vested Percentage, as determined under section 7.4, multiplied by the balance in his or her Collectively-Bargained Nonelective Employer Contributions Account.

2.44 Vested Percentage

Vested Percentage means the percentage determined under section 7.2, 7.3, or 7.4, as applicable.

2.45 Vesting Service

Vesting Service means the period of employment determined under Article 3.

Article 3. Vesting Service

3.1 Elapsed Time Vesting Service

(a) **Applicability.** Years of Vesting Service will be determined on an elapsed time basis for purposes of determining a Member's Vested Percentage in his or her:

(1) Retirement Contributions Account;

(2) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the Employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1517, representing union Employees at the Company's USPMC – DePere location;

(3) Matching Contributions Account and Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the Employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 273, representing union Employees at the Company's USPMC – Menasha location;

(4) Matching Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the Employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1-150, representing union Employees at the Company's Orville location;

(5) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the employer and the International Union of Operating Engineers, Local #465, representing union Employees at Tegrant Corporation's Butner, NC location;

(6) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the employer and the International Association of Machinists and Aerospace Workers Union, Local #1546, representing union maintenance Employees at Tegrant Corporation's Hayward, CA location;

(7) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the employer and the Teamsters Union, IBT Local #853, representing union production Employees at Tegrant Corporation's Hayward, CA location; and

(8) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local #851, representing union Employees at Tegrant Corporation's Pardeeville, WI location.

(b) **General Rule.** Except as otherwise provided below, an Employee shall receive elapsed time Vesting Service beginning on the Employee's Employment Commencement Date (as defined in section 2.17) and ending upon the Employee's Separation from Service (as defined in section 3.1(e)(2)).

Vesting Service shall be expressed in completed full years and months, aggregating non-continuous partial months into whole 30 day months and ignoring the remaining days.

(c) **Pre-Acquisition Service.** If an individual becomes an Employee in connection with the Company's or an Affiliate's acquisition of such individual's prior employer, the period of employment with the prior employer shall be included in the Employee's elapsed time Vesting Service under this section 3.1.

(d) **Reinstatement of Elapsed Time Vesting Service.** If an Employee incurs a Separation from Service (as defined in section 3.1(e)(2)) and is then subsequently reemployed by the Company or an Affiliate as an Employee, the elapsed time Vesting Service the Employee had upon his or her Separation from Service shall be reinstated immediately upon his or her reemployment.

In addition, if such Separation from Service was on account of quit, discharge, or retirement, the Employee shall receive elapsed time Vesting Service for the period of absence (but not in excess of 12 months). Moreover, if the Employee's Separation from Service was for a reason other than quit, discharge, or retirement, but the Employee then quits, is discharged, or retires during such absence, and is then reemployed by the Company or an Affiliate before the first anniversary of the original absence, the Employee shall receive elapsed time Vesting Service for the period of absence (but not in excess of 12 months).

(e) **Definitions Applicable to Elapsed Time Vesting Service**

(1) **One-Year Period of Separation** is used in determining whether Plan balances accrued before a Member's Separation from Service (as defined in section 3.1(e)(2)) will be reinstated under section 7.7 in the event of the Member's subsequent reemployment by the Company or an Affiliate. One-Year Period of Separation means a 12-consecutive-month period beginning on the date an Employee incurs a Separation from Service and ending on each anniversary of such date, provided that the Employee does not perform an Hour of Service (as defined in section 3.2(e)(1))for the Company or an Affiliate during such period.

Solely for the purpose of determining whether a One-Year Period of Separation has occurred, in the case of an Employee who is absent from work beyond the first anniversary of the first day of an absence, and the absence is for maternity or paternity reasons, the date the Employee incurs a Separation from Service shall be the second anniversary of the Employee's absence from employment. An absence from work for maternity or paternity reasons means an absence—

(A) by reason of pregnancy of the individual;

(B) by reason of the birth of a child of the individual;

(C) by reason of the placement of a child with the individual in connection with the individual's adoption of such child; or

(D) for the purpose of caring for such child for a period beginning immediately following such birth or placement.

In addition, for purposes of determining whether an Employee has incurred a One-Year Period of Separation, a leave that is protected under the Family and Medical Leave Act of 1993 shall be treated as a period of active employment.

(2) **Separation from Service** means the earlier of—

(A) the date on which the Employee quits, is discharged, retires, or dies; or

(B) the first anniversary of the Employee's absence from employment with the Company or an Affiliate (with or without pay) for any other reason, such as vacation, holiday, layoff, leave of absence, or military service (except as provided in section 3.3).

An Employee who fails to return to employment at the expiration of an approved leave of absence shall be deemed to have had a Separation from Service on the first to occur of the expiration of the leave or the first anniversary of the first day of the absence.

3.2 Hours-Based Vesting Service

(a) **Applicability.** Years of Vesting Service will be determined on the basis of a Member's Hours of Service (as defined in section 3.2(e)(1)) for purposes of determining a Member's Vested Percentage in his or her:

(1) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the Employer and the Chicago & Midwest Regional Joint Board Affiliate of Workers United, SEIU, covering union employees at the Company's Edinburgh location; and

(2) Collectively-Bargained Nonelective Employer Contributions Account accumulated pursuant to the collective bargaining agreement in effect between the Employer and the Graphic Communications International Union Local 508M, covering union employees at the Company's Franklin location.

(b) **General Rule.** Except as provided below, an Employee shall be credited with one year of hours-based Vesting Service for each Plan Year in which the Employee is credited with 1,000 or more Hours of Service (as defined in section 3.2(e)(1)).

(c) **Pre-Acquisition Service.** If an individual becomes an Employee in connection with the Company's or an Affiliate's acquisition of such individual's prior employer, the period of employment with the prior employer shall be included in the Employee's Vesting Service under this section 3.2.

(d) **Reinstatement of Hours-Based Vesting Service.** If an Employee is reemployed by the Company or an Affiliate as an Employee after an earlier Termination Date (as defined in section 3.2(e)(3)), the Vesting Service earned by the Employee prior to such Termination Date shall be reinstated upon his or her reemployment.

(e) **Definitions Applicable to Hours-Based Vesting Service.**

(1) **Hour of Service** means each hour used to determine an individual's hours-based Vesting Service under this section 3.2, determined as follows:

(A) **For the Performance of Duties.** An Employee shall receive an Hour of Service for each hour for which the Employee is paid or entitled to payment by the Company or an Affiliate for the performance of duties. Hours of Service under this section 3.2(e)(1)(A) shall be credited to the Employee in the Plan Year in which the duties are performed.

(B) **Periods During Which No Duties are Performed.** An Employee shall receive an Hour of Service for each hour for which the Employee is directly or indirectly paid or entitled to payment by the Company or an Affiliate on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. Hours of Service under this section 3.2(e)(1)(B) shall be credited to the Employee in the Plan Year for which the Employee is paid or entitled to payment.

(C) **Back Pay.** An Employee shall receive an Hour of Service for each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company or an Affiliate. Hours of Service under this section 3.2(e)(1)(C) shall be credited to the Employee in the Plan Year to which the award or agreement relates.

(D) **Hours Not Counted.** This section 3.2(e)(1)(D) limits the Hours of Service credited for periods during which no duties are performed and it shall be applied without regard to whether Hours of Service otherwise would have been counted for these periods under sections 3.2(e)(1)(B) or (C).

(i) **Nonduplication.** No hour shall be credited as an Hour of Service more than once under this section 3.2(e)(1).

(ii) **Unpaid Time.** An hour for which an Employee is not paid, either directly or indirectly, shall not be credited, except as provided in section 3.2(e)(1)(E) (regarding maternity or paternity leave), section 3.2(e)(1)(F) (regarding a leave of absence pursuant to the Family and Medical Leave Act of 1993), and section 3.2(e)(1)(G) (regarding military leave).

(iii) **Workers' Compensation, Disability Insurance, or Unemployment Compensation.** An hour for which an Employee is directly or indirectly paid or entitled to payment on account of a period during which the Employee performs no duties shall not be credited as an Hour of Service if the payment is made or due under a plan maintained solely for the purpose of complying with applicable disability insurance or unemployment compensation laws.

(iv) **Medical Reimbursement.** Hours of Service shall not be credited for a payment that solely reimburses the Employee for medical or medically-related expenses.

(E) **Maternity/Paternity Leave.** Solely for purposes of determining whether a One-Year Break in Service (as defined in section 3.2(e)(2)) has occurred, an Employee shall receive eight Hours of Service for each day of the Employee's absence from employment for maternity or paternity reasons. An absence for maternity or paternity reasons shall mean an absence by reason of—

(i) the Employee's pregnancy;

(ii) the birth of the Employee's child;

(iii) the placement of a child with the Employee in connection with the adoption of the child; or

(iv) the caring for a child for a period immediately following the child's birth or placement.

No more than 501 Hours of Service shall be credited under this subsection for any such absence. Hours of Service under this subsection shall be credited in the Plan Year in which the absence from employment commences if the crediting is necessary to prevent a One-Year Break in Service, or in all other cases, such Hours of Service shall be credited in the following Plan Year.

(F) **FMLA Leave.** Solely for purposes of determining whether a One-Year Break in Service (as defined in section 3.2(e)(2)) has occurred, an Employee shall receive an Hour of Service for each hour of the normally-scheduled workweek for each week during any period the Employee is on an approved leave of absence taken pursuant to the Family and Medical Leave Act of 1993.

(G) **Military Leave.** An Employee shall receive an Hour of Service for each hour of the normally-scheduled workweek for each week during any period the Employee is absent from work with the Company or an Affiliate for voluntary or involuntary military service with the armed forces of the United States, but not to exceed the period required under the law pertaining to veterans' reemployment rights. However, if the Employee fails to report for work at the end of this absence before his or her reemployment rights expire, the Employee shall not receive credit for hours on the leave.

(H) **Construction.** For purposes of crediting Hours of Service, the Committee shall follow Department of Labor regulation sections 2530.200b-2(b) and (c).

(2) **One-Year Break in Service.** One-Year Break is used in determining whether Plan balances accrued before a Member's Termination Date (as defined in section 3.2(e)(3)) will be reinstated under section 7.7 in the event of the Member's subsequent reemployment by the Company or an Affiliate. One-Year Break in Service means a Plan Year during or after a Termination Date (as defined in section 3.2(e)(3)) occurs in which an Employee is credited with 500 or fewer Hours of Service.

(3) **Termination Date.** Termination Date means the last day on which an individual performs duties as an Employee of the Company or an Affiliate, or any other date determined in accordance with the Company's policies and practices.

3.3 Military Service

Notwithstanding any other provision in this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

Article 4. Eligibility and Enrollment

4.1 Eligibility

(a) **General Rule:** Each Employee who was eligible to participate under the terms of the Sonoco Savings Plan and the Tegrant Investment and Retirement Plan on December 31, 2012 shall be eligible to participate under this Plan as of January 1, 2013 with respect to Plan benefits other than Retirement Contributions if he or she is still an Eligible Employee (as defined in section 2.14(a)) on such date. Except as otherwise provided in Appendix B, each other Employee shall be eligible to become a Participant with respect to Plan benefits other than Retirement Contributions as of the first day of the month next following the later of—

(1) the date on which the Employee completes 30 days of service; or

(2) the date on which the Employee becomes an Eligible Employee (as defined in section 2.14(a)).

Notwithstanding the above, an Eligible Employee shall be eligible to make a Rollover Contribution as provided in section 5.6 before satisfying the service requirement described in this section 4.1(a). However, any such Eligible Employee shall be treated as a Participant hereunder solely with regard to his or her Rollover Contributions Account until he or she satisfies the eligibility requirements described in this section 4.1(a).

(b) **Eligibility for Retirement Contributions:** Each Employee who was a participant under the terms of the Sonoco Investment and Retirement Plan on December 31, 2012 shall be a Participant with respect to the Retirement Contributions described in section 5.4 as of January 1, 2013 if he or she is still an Eligible Employee (as defined in section 2.14(b)) on such date. In addition, an Employee who was eligible to participate in the Tegrant Investment and Retirement Plan on December 31, 2012, and who had reached age 21 and completed one or more years of Vesting Service on such date, shall also become a Participant with respect to Retirement Contributions described in section 5.4 as of January 1, 2013 if he or she is an Eligible Employee (as defined in section 2.14(b)) on such date. Each other Employee shall become a Participant with respect to the Retirement Contributions described in section 5.4 as of the first day of the month next following the later of—

(1) The date on which the Employee completes one year of Vesting Service (as determined under section 3.1);

(2) The date on which the Employee attains age 21; or

(3) The date on which the Employee becomes an Eligible Employee (as defined in section 2.14(b)).

4.2 Enrollment

Subject to section 5.7(b) (regarding automatic enrollment), an Eligible Employee who is entitled to become a Participant under section 4.1(a) may enroll in the Plan—and make Before-Tax under section 5.1(a), Roth Contributions under section 5.1(b), and After-Tax Contributions under section 5.2—as of the first day of the month next following his or satisfaction of the eligibility requirements described in section 4.1(a), or as of the first day of any subsequent payroll period, by completing a Pay Reduction Agreement under section 5.7.

4.3 Transfers of Employment

(a) **General Rules.** This section 4.3(a) describes how employment transfers affect eligibility for Plan benefits other than Retirement Contributions.

(1) **Transfer into Position as Eligible Employee.** When an Employee transfers from a position of employment in which he or she is not an Eligible Employee with respect to Plan benefits other than Retirement Contributions (as defined in section 2.14(a)) into a position of employment where he or she is such an Eligible Employee, the Eligible Employee shall be eligible to become a Participant with respect to Plan benefits other than Retirement Contributions—

(A) immediately as of the transfer date if he or she had satisfied the service requirement described in section 4.1(a)(1) as of such date; or

(B) as of the date determined under section 4.1(a) if he or she had not met the service requirement described in section 4.1(a)(1) as of the transfer date.

(2) **Transfer into Position as Ineligible Employee.** If an Employee who is an Eligible Employee with respect to Plan benefits other than Retirement Contributions (as defined in section 2.14(a)) transfers into a position of employment in which he or she is no longer such an Eligible Employee, such Employee shall not be entitled to—

(A) make any Before-Tax Contributions under section 5.1(a), Roth Contributions under section 5.1(b), or After-Tax Contributions under section 5.2, or

(B) receive any Matching contributions under section 5.3 or Collectively-Bargained Nonelective Employer Contributions under section 5.5,

with respect to Compensation earned after the date of transfer.

(b) **Impact of Employment Transfers on Eligibility for Retirement Contributions.** This section 4.3(b) describes how employment transfers affect eligibility for Retirement Contributions.

(1) **Transfer into Position as Eligible Employee.** Except as otherwise provided in this section 4.3(b)(1), when an Employee transfers from a position of employment in which he or she is not an Eligible Employee with respect to Retirement Contributions (as defined in section 2.13(b)) into a position of employment where he or she is such an Eligible Employee, the Employee shall become a Participant with respect to Retirement Contributions—

(A) immediately as of the transfer date if he or she is at least age 21 and has completed one or more years of Vesting Service as of such transfer date; or

(B) as of the date determined under section 4.1(b) if he or she did not meet the requirements described in section 4.3(b)(1)(A) as of the transfer date.

However, if a nonunion Employee who is actively participating in a pay-based defined benefit plan sponsored by the Company or an Affiliate transfers to a position of employment with an Employer hereunder, such individual shall continue as an active participant in such defined benefit plan and shall not be treated as an Eligible Employee with respect to Retirement Contributions (except as provided otherwise under section 2.14(b)(3)).

(2) **Transfer into Position as Ineligible Employee**. If an Employee who is an Eligible Employee with respect to Retirement Contributions (as defined in section 2.14(b)) transfers into a position of employment in which he or she is no longer such an Eligible Employee, such Employee shall not be entitled to any Retirement Contributions under section 5.4 with respect to Compensation earned after the date of transfer.

(c) **Transfer of Plan Accounts.** If a Member transfers to a position of employment with a nonparticipating Affiliate that maintains a qualified retirement plan under Code section 401(a) that will accept a transfer of the Participant's Account from this Plan, the Committee may, in its sole discretion, direct the Trustee to transfer such Member's Account to this other plan. The Trustee will execute the transfer as soon as practicable after receiving appropriate directions from the Committee.

4.4 Participation upon Reemployment

(a) **General Rule.** This section 4.4(a) describes when a former Employee who is reemployed by an Employer can become a Participant with respect to Plan benefits other than Retirement Contributions upon reemployment. If such former Employee is reemployed as an Eligible Employee with respect to Plan benefits other than Retirement Contributions (as defined in section 2.14(a)), he or she shall be eligible to become a Participant with respect to such benefits—

(1) immediately upon reemployment if he or she had satisfied the service requirement described in section 4.1(a)(1) as of such date; or

(2) in all other cases, as of the date determined under section 4.1(a), assuming such individual is treated as a new Employee under this Plan at the time of his or her reemployment.

(b) **Impact of Reemployment on Eligibility for Retirement Contributions.** This section 4.4(b) describes when a former Employee who is reemployed by an Employer can become a Participant with respect to Retirement Contributions. If such former Employee is reemployed as an Eligible Employee with respect to Retirement Contributions (as defined in section 2.14(b)), he or she will become a Participant with respect to Retirement Contributions—

(1) immediately upon reemployment if—

(A) such Employee was vested in his or her Retirement Contributions Account under Article 7 upon his or her earlier Separation from Service (as defined in section 3.1(e)(2)); or

(B) such Employee is at least age 21 upon his or her reemployment and had completed one or more years of Vesting Service as of his or her earlier Separation from Service (as defined in section 3.1(e)(2)); or

(2) in all other cases, as of the date determined under section 4.1(b).

Article 5. Contributions and Allocations

5.1 Before-Tax Contributions

(a) **Election by Participant.** Each Eligible Employee (as defined in section 2.14(a)) who has met the participation requirements described in section 4.1(a) may elect to have his or her Compensation reduced under a Pay Reduction Agreement described in section 5.7, and to have this amount contributed on his or her behalf as a Before-Tax Contribution to the Plan. Subject to the limits described in sections 5.8(a) and 5.9 (and Appendix A or Appendix B, if applicable), this reduction for Before-Tax Contributions shall be a specified whole percentage of Compensation. Notwithstanding the above, in the interests of managing nondiscrimination test results under section 5.8(b) for any Plan Year, the Committee may, in its sole and absolute discretion, impose more restrictive limits on the percentage of Compensation that may be contributed as Before-Tax Contributions by Participants who are Highly Compensated Employees.

(b) **Roth Contributions.** Each Eligible Employee (as defined in section 2.14(a)) who has met the participation requirements described in section 4.1(a) may elect to designate all or a part of his or her Before-Tax Contributions as Roth Contributions. Such designation shall be prospective only and shall be made at the time and in the manner specified by the Committee. Any election by a Participant to designate all or part of is or her Before-Tax Contributions as Roth Contributions shall remain in force until modified by the Participant or until the Participant ceases to be eligible to participate in the Plan.

Amounts designated as Roth Contributions shall be included in the Participant's taxable income in the year of contribution, but unless otherwise noted, these Roth Contributions shall be treated as Before-Tax Contributions for all other purposes under this Plan.

(c) **Catch-Up Contributions.** Each Eligible Employee (as defined in section 2.14(a)) who has met the participation requirements described in section 4.1(a), and who has attained age 50 before the end of the Plan Year, shall be eligible to make a separate election of catch-up contributions in accordance with, and subject to the limitations of, Code section 414(v). Such catch-up contributions shall not be taken into account for purposes of the Plan provisions implementing the required limitations of Code sections 402(g) and 415. In addition, the Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of making such catch-up contributions.

(d) **Payment to Trust Fund.** The Employer shall contribute to the Trust Fund the Before-Tax Contributions and Roth Contributions elected by its Eligible Employees for each payroll period. These contributions shall be made as soon as practicable after the payroll period, provided that in no event shall contributions under this section for any Plan Year be made later than—

(1) the date prescribed by law for the Employer to obtain a federal income tax deduction for the Plan Year for which the contributions are made; or

(2) the date required under ERISA, if earlier.

Contributions under section 5.1(a) shall be allocated to the Participant's Before-Tax Contributions Account and contributions under section 5.1(b) shall be allocated to the Participant's Roth Contributions Account.

5.2 After-Tax Contributions

(a) **Election by Participant.** Each Eligible Employee (as defined in section 2.14(a)) who has met the participation requirements described in section 4.1(a) may elect to make After-Tax Contributions for each payroll period in an amount specified by the Participant under a Pay Reduction Agreement described in section 5.7. This reduction for After-Tax Contributions shall be a whole percentage of Compensation (subject to the limits of section 5.9 and Appendix A or Appendix B, if applicable). Notwithstanding the above, in the interests of managing nondiscrimination test results under section 5.8(c) for any Plan Year, the Committee may, in its sole and absolute discretion, impose more restrictive limits on the percentage of Compensation that may be contributed as After-Tax Contributions by Participants who are Highly Compensated Employees.

(b) **Payments to the Trust Fund.** After-Tax Contributions under this section 5.2 shall be paid to the Trust Fund as soon as practicable after the payroll period, and in no event after the date required by ERISA. Contributions under this section shall be allocated to the Participant's After-Tax Contributions Account.

5.3 Matching Contributions

(a) **Regular Matching Contributions.** Except as provided in Appendix A and Appendix B, each Employer shall make Matching Contributions on behalf of each of its Participants for each payroll period in an amount equal to 50 percent of the first 4 percent of Compensation contributed on behalf of the Participants for each payroll period (but only with respect to Before-Tax Contributions under section 5.1(a) or Roth Contributions under section 5.1(b)). However, an Employer shall not make Matching Contributions with respect to Before-Tax Contributions that a Participant separately elects to make as catch-up contributions pursuant to section 5.1(c), regardless of whether any Before-Tax Contributions so elected are categorized as catch-up contributions in accordance with Code section 414(v).

(b) **True-Up Matching Contributions.** Except as provided in Appendix A and Appendix B, for each Plan Year, the Employer shall provide to each Participant who is in active employment with the Company or an Affiliate on the last day of the Plan Year an additional "true- up" Matching Contribution equal to the difference (if any) between—

(1) the Matching Contribution to which the Participant would have been entitled under section 5.3(a) considering the amount of the Participant's Before-Tax Contributions and Roth Contributions for the entire Plan Year; and

(2) the Matching Contribution made throughout such Plan Year on a pay period by pay period basis.

This "true- up" Matching Contribution shall be made as soon as administratively feasible following the end of each Plan Year (to be allocated to such Participant's Account as of the last day of such prior Plan Year). True-up Matching Contributions will be invested pursuant to the investment elections that are current at the time such contributions are made. In no event will adjustments to the "true-up" Matching Contributions be made to reflect any changes in investment performance which occur prior to the date such contributions are actually made.

(c) **Payments to the Trust Fund.** Matching Contributions under this section 5.3 shall be paid to the Trust Fund at such time or times as the Employer may determine, but not later than—

(1) the date prescribed by law for the Employer to obtain a federal income tax deduction for the Plan Year for which the contributions are made; or

(2) the date required under ERISA, if earlier.

Contributions under this section shall be allocated to the Participant's Matching Contributions Account.

5.4 Retirement Contributions

(a) **Eligibility.** An Employee who qualifies as a Participant under section 4.1(b) shall be entitled to a Retirement Contribution for the Plan Year if he or she either—

(1) is actively employed by the Company or an Affiliate on the last day of the Plan Year; or

(2) terminates employment before the last day of the Plan Year on account of death or after reaching age 55.

(b) **Amount.** For each Plan Year, an Employer shall make Retirement Contributions to the Account of each of its Participants who meets the eligibility requirements described in section 5.4(a) equal to the sum of—

(1) 4 percent of such Participant's eligible Compensation for the Plan Year; and

(2) 4 percent of such Participant's eligible Compensation for the Plan Year in excess of the Social Security Wage Base.

However, notwithstanding the above, only Compensation earned after an Eligible Employee has become a Participant (as determined under section 4.1(b)) shall be considered in determining the amount of Retirement Contributions under this section 5.4(b).

(c) **Payment to Trust Fund.** Retirement Contributions under this section 5.4 shall be paid to the Trust Fund at such time or times as the Employers may determine, but not later than—

(1) the date prescribed by law for the Employer to obtain a federal income tax deduction for the Plan Year for which the contributions are made; or

(2) the date required under ERISA, if earlier.

Contributions under this section shall be allocated to the Participant's Retirement Contributions Account.

5.5 Collectively-Bargained Nonelective Employer Contributions

(a) **Eligibility.** A collectively-bargained Employee who qualifies as an Eligible Employee under section 2.14(d)(1) shall be entitled to Collectively-Bargained Nonelective Employer Contributions for the Plan Year if he or she—

(1) qualifies as a Participant for such Plan Year under section 4.1(a);

(2) is covered by a collective-bargaining agreement that provides for such contributions, as described in Appendix B; and

(3) satisfies the additional eligibility requirements that apply to such contributions (if any), as described in Appendix B.

(b) **Amount.** For each Plan Year, an Employer shall make Collectively-Bargained Nonelective Employer Contributions to the Account of each of its Participants who meet the eligibility requirements described in section 5.5(a) equal to the amount determined under Appendix B.

(c) **Payment to Trust Fund.** Collectively-Bargained Nonelective Employer Contributions under this section 5.5 shall be paid to the Trust Fund at such time or times as the Employers may determine, but not later than—

(1) the date prescribed by law for the Employer to obtain a federal income tax deduction for the Plan Year for which the contributions are made; or

(2) the date required under ERISA, if earlier.

Contributions under this section shall be allocated to the Participant's Collectively-Bargained Nonelective Employer Contributions Account.

5.6 Rollover Contributions

(a) **General Rule.** This section 5.6(a) applies to the rollover of eligible distributions other than Roth rollovers. In accordance with procedures established by the Committee, an Eligible Employee may contribute cash amounts attributable to eligible rollover distributions from:

(1) a qualified plan described in Code section 401(a) or 403(a), including the direct rollover of after-tax employee contributions made to such plan;

(2) an annuity contract described in Code section 403(b); or

(3) an eligible plan under Code section 457 that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

An Eligible Employee may also contribute cash distributions from an individual retirement account or annuity described in Code section 408(a) or (b) that are eligible to be rolled over and would otherwise be includible in gross income.

The Committee may, in its sole and absolute discretion, direct the return of rollover contributions to an Eligible Employee if the Committee determines that such return is necessary to insure the continued qualification of the Plan under Code section 401(a).

Rollover contributions shall be credited to the Eligible Employee's Rollover Contributions Account, except that a rollover of after-tax employee contributions shall be credited to the Eligible Employee's After-Tax Rollover Contributions Account.

(b) **Roth Rollover Contributions.** In accordance with procedures established by the Committee, an Eligible Employee may contribute a qualified Roth rollover to the Plan including—

(1) a direct transfer from a designated Roth account under another qualified plan described in Code section 401(a); or

(2) an indirect transfer of the portion of a distribution from a designated Roth account under another applicable retirement plan that would have been includible in the Eligible Employee's gross income if not for the rollover.

Amounts contributed to the Plan pursuant to this section 5.6(b) shall be credited to the Eligible Employee's Roth Rollover Contributions Account.

5.7 Pay Reduction Agreements

(a) **General Rule.** Except as provided in section 5.7(b), an Eligible Employee who has satisfied the requirements to become a Participant section 4.1(a) can make Before-Tax Contributions under section 5.1(a), Roth Contributions under section 5.1(b), catch-up contributions under section 5.1(c), and After-Tax Contributions under section 5.2 only by filing with the Committee a Pay Reduction Agreement in a manner specified by the Committee. Under this Pay Reduction Agreement, the Eligible Employee's Compensation may be reduced on a before-tax and/or after-tax basis (as specified by the Eligible Employee) within the limits specified under section 5.1 or section 5.2 (as applicable), and the Employer shall agree to contribute these withheld amounts to the Plan on the Eligible Employee's behalf in accordance with section 5.1 or section 5.2 (as applicable).

The Pay Reduction Agreement shall be filed with the Committee at a time specified by the Committee before the date on which it is to take effect. A Participant's Pay Reduction Agreement shall remain in effect until canceled or amended.

(b) **Automatic Enrollment for Newly Eligible Employees.**

(1) **General Rule.** Except as provided in Appendix A or Appendix B, an Eligible Employee shall be treated as having filed a Pay Reduction Agreement authorizing Before-Tax Contributions equal to 3 percent of Compensation, commencing as of the first day of the month next following his or her satisfaction of the eligibility requirements described in section 4.1(a) unless such Eligible Employee affirmatively elects in advance of such date to contribute at a different percentage, to contribute on a Roth or after-tax basis, or to decline participation.

However, the Before-Tax Contribution rate for a nonunion Employee who was eligible to participate in the Tegrant Investment and Retirement Plan on December 31, 2012, and who becomes an Eligible Employee under this Plan as of January 1, 2013, shall be set automatically at the rate required (if any) to ensure that the sum of his or her Before-Tax Contributions and Roth Contributions on January 1, 2013 are equal to 3 percent of Compensation (subject to such Employee's affirmative election to contribute in a different manner or to decline participation).

(2) **Notice.** The Committee shall provide Eligible Employees with notice of the automatic contribution feature at least 30 days in advance of the first payroll deduction under section 5.7(b)(1).

(c) **Suspension of Contributions.** A Pay Reduction Agreement may be canceled by a Participant at any time during the Plan Year by giving notice to the Committee at a time and in a manner specified by the Committee. This notice shall be effective, and the Pay Reduction Agreement shall be cancelled, as soon as administratively practicable following the receipt of such notice by the Committee. Any Participant who elects to suspend contributions pursuant to this section 5.7(c) shall be eligible to resume contributions as of any later date by filing with the Committee a new Pay Reduction Agreement, which shall be effective as soon as administratively practicable following its receipt by the Committee.

(d) **Change in Contributions.** A Pay Reduction Agreement may be amended by a Participant to increase or decrease the percentage amount of the Participant's Before-Tax Contributions, Roth Contributions, or After-Tax Contributions by giving notice to the Committee at a time and in a manner specified by the Committee. This notice shall be effective as soon as administratively practicable following the receipt of such notice by the Committee.

5.8 Limitations on Contributions

(a) **Limit on Before-Tax Contributions.** No Employer shall make Before-Tax Contributions (which, for this purpose, shall also include Roth Contributions) for any calendar year for any Member which, when aggregated with any previous deferrals by the Member pursuant to any other cash or deferred arrangement maintained by the Company or an Affiliate under Code section 401(k), are in excess of $17,500 (or such greater amount as may be determined under Code section 402(g)). To the extent that any Before-Tax Contributions are made in contravention of the preceding sentence, such excess amounts (plus earnings or minus losses, determined in the manner described below), shall be refunded to the Member as soon as administratively practicable after the end of the Plan Year, but no later than April 15 of the Plan Year following the Plan Year in which the excess deferrals occurred.

In addition, if the limitation in Code section 402(g) would be exceeded by the total of the Member's Before-Tax Contributions under this Plan and deferrals for the same calendar year made under any other cash or deferred arrangement maintained by an employer other than an Affiliate, the excess amount designated by the Member (or by the Employer on the Member's behalf) shall be refunded to the Member no later than April 15 following such calendar year. The amount of excess deferrals refunded by the Plan shall not exceed the Member's Before-Tax Contributions for the calendar year.

Refunds of excess deferrals under this section 5.8(a) shall be taken first from the Member's Roth Contributions Account, and then from the Member's Before-Tax Contributions Account (but only to the extent that the excess deferrals for such Plan Year exceed the amount of the Member's Roth Contributions for such Plan Year).

Any refund required under this section 5.8(a) shall be adjusted for attributable earnings and losses, as determined under section 6.5, up to the end of the Plan Year for which the deferrals were made (and there shall be no adjustment for earnings and losses for any period after the end of the Plan Year for which the deferrals were made).

(b) **Actual Deferral Percentage Test.** The actual deferral percentage for each Plan Year of the group of Highly Compensated Employees eligible to participate in the Plan shall not exceed the greater of—

(1) one and one-quarter times the actual deferral percentage of the group of Nonhighly Compensated Employees for such Plan Year; or

(2) the lesser of (A) two times the actual deferral percentage of the group of Nonhighly Compensated Employees for such Plan Year or (B) two percentage points plus the actual deferral percentage of the group of Nonhighly Compensated Employees for such Plan Year.

The actual deferral percentage of each group of Eligible Employees for any Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in each group) of (i) the Before-Tax Contributions and Roth Contributions made on behalf of each Eligible Employee for such Plan Year to (ii) such Eligible Employee's Compensation for the Plan Year. In the discretion of the Committee, the Compensation used for this purpose may be limited to Compensation for the portion of the Plan Year during which the Eligible Employee satisfied the eligibility requirements of section 4.1(a), provided that this alternative is applied uniformly to all Eligible Employees for the Plan Year. Before-Tax Contributions and Roth Contributions shall be taken into account for purposes of this test only if they are allocated to the Eligible Employee's Account as of a date within the Plan Year and are paid to the Trust Fund within 12 months after the end of the Plan Year.

To the extent necessary to conform to the limitation of this section 5.8(b), the Committee shall reduce Before-Tax Contributions and Roth Contributions made on behalf of the Highly Compensated Employees consistent with regulations issued under Code section 401(k). Such reduction shall be effected by reducing contributions made on behalf of Highly Compensated Employees in the order of the dollar amount of such contributions, beginning with the Highly Compensated Employees who elected the largest dollar amount of such contributions.

Excess contributions determined under this section 5.8(b) shall be refunded to the Member with the income thereon and without regard to any other provision in the Plan. Refunds of excess contributions under this section 5.8(b) shall be taken first from the Member's Roth Contributions Account, and then from the Member's Before-Tax Contributions Account (but only to the extent that the excess contributions for the Plan Year exceed the amount of the Member's Roth Contributions for such Plan Year).

The income that is refunded under this section 5.8(b) shall be calculated in accordance with section 6.5 and applicable Treasury regulations or other regulatory guidance. However, a refund under this section shall not include income attributable to any period after the end of the Plan Year for which the contributions were made.

A refund shall occur within the first two and one-half months after such Plan Year, or as soon as practicable thereafter, but in no event later than 12 months after the end of the Plan Year. A refund of excess contributions under this section 5.8(b) shall be coordinated with any refund required under section 5.8(a). Any Matching Contributions made with respect to Before-Tax Contributions or Roth Contributions that are refunded pursuant to this section 5.8(b) shall be treated as a forfeiture (and shall be used to reduce future Matching Contributions due under section 5.3 from the Employer of the affected Member).

(c) **Actual Contribution Percentage Test.** The actual contribution percentage for each Plan Year of the group of Highly Compensated Employees eligible to participate in the Plan shall not exceed the greater of—

(1) one and one-quarter times the actual contribution percentage of the group of Nonhighly Compensated Employees for such Plan Year; or

(2) the lesser of (A) two times the actual contribution percentage of the group of Nonhighly Compensated Employees for such Plan Year or (B) two percentage points plus the actual contribution percentage of the group of Nonhighly Compensated Employees for such Plan Year.

The actual contribution percentage of each group of Eligible Employees for any Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in each group) of (i) the After-Tax and Matching Contributions made on behalf of each Eligible Employee for such Plan Year to (ii) the Eligible Employee's Compensation for the Plan Year. In the discretion of the Committee, the Compensation used for this purpose may be limited to Compensation for the portion of the Plan Year during which the Employee satisfied the participation requirements of section 4.1(a), provided that this alternative is applied uniformly to all Eligible Employees for the Plan Year. After-Tax and Matching Contributions shall be taken into account for purposes of this test only if they are allocated to the Eligible Employee's Account as of a date within the Plan Year, are paid to the Trust Fund within 12 months after the end of the Plan Year, and (regarding Matching Contributions only) are made on account of the Eligible Employee's Before-Tax Contributions (or Roth Contributions) for the Plan Year.

To the extent necessary to conform to the limitation described in this section 5.8(c), the Committee shall reduce After-Tax and Matching Contributions made on behalf of the Highly Compensated Employees in a manner similar to the method described in section 5.8(b). Any After-Tax and Matching Contributions so reduced (including allocable income) shall be refunded to the Member. The income on After-Tax and Matching Contributions that are refunded under this section 5.8(c) shall be calculated in accordance with section 6.5 and applicable Treasury regulations or other regulatory guidance. However, a refund under this section shall not include income attributable to any period after the Plan Year for which the contributions were made.

Any refund made pursuant to this section 5.8(c) shall be paid without regard to any other provision in the Plan. Each refund shall occur within the first two and one-half months after the Plan Year, or as soon as practicable after that date, but in no event later than 12 months after the end of the Plan Year. Any refund of After-Tax and Matching Contributions shall be coordinated with any forfeiture required under section 5.8(b) and shall not discriminate in favor of those Highly Compensated Employees receiving such distributions.

(d) **Special Testing Provisions.**

(1) For purposes of section 5.8(b), the actual deferral percentage of a Highly Compensated Employee who is eligible for Before-Tax Contributions or Roth Contributions under two or more plans described in Code section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such contributions were made under a single Plan, except as otherwise provided in regulations under Code section 401(k).

For purposes of section 5.8(c), the actual contribution percentage of a Highly Compensated Employee who is eligible to participate in two or more plans providing for After-Tax or Matching Contributions (within the meaning of Code section 401(m)) that are maintained by the Company or an Affiliate shall be determined as if all these contributions are made under a single plan, except as otherwise provided in regulations under Code section 401(m).

(2) For purposes of this section 5.8, the actual deferral percentages and actual contribution percentages shall be determined by considering all applicable contributions made under any other plans that are aggregated with this Plan for purposes of Code sections 401(a)(4) and 410(b). If other plans are permissively aggregated with this Plan for purposes of Code section 401(k) or 401(m), the aggregated plans must satisfy Code sections 401(a)(4) and 410(b) as if they constituted a single plan.

(3) In the discretion of the Committee, the actual contribution percentage for a Participant may be determined by taking into account all or part of his or her Before-Tax Contributions and Roth Contributions, provided that the requirements in applicable Treasury regulations are satisfied.

(4) In addition to the foregoing, if the Committee determines during the course of the Plan Year that the actual deferral percentage test in section 5.8(b) or the actual contribution percentage test in section 5.8(c) might not be met for the Plan Year, the Committee may reduce, at any time, the maximum percentage of Compensation at which Highly Compensated Employees may elect Before-Tax Contributions, Roth Contributions, and/or After-Tax Contributions to the percentage deemed necessary to satisfy the appropriate test for the Plan Year. Any such limitation shall be treated as an employer-provided limit with respect to these Highly Compensated Employees for purposes of electing catch-up contributions pursuant to section 5.1(c).

(5) The portion of the Plan that benefits Eligible Employees who are included in collective bargaining units shall be tested separately from the portion of the Plan that benefits Eligible Employees who are not covered by collective bargaining units. In addition, when testing the portion of the Plan that benefits Eligible Employees who are members of collective bargaining units, (A) this portion of the Plan shall not be subject to the average contribution percentage test described in section 5.8(c) and (B) the Committee may test each bargaining unit separately under section 5.8(b) or may combine two or more bargaining units into a single test (provided that any such combinations are reasonable and reasonably consistent from year to year).

5.9 Limitation on Annual Additions

(a) **General Limitation.** Notwithstanding any other provision of this Article 4, the Annual Additions (as defined in section 5.9(c)) with respect to a Member for a Plan Year shall not exceed the lesser of—

(1) $51,000, or any higher annual amount permitted under Code section 415(d); or

(2) 100 percent of the Member's Compensation for the Plan Year.

(b) **Reduction in Annual Additions.** If in any Plan Year a Member's Annual Additions exceed the limitation determined under section 5.9(a), such excess shall not be allocated to the Member's accounts in any other defined contribution plan. Instead, the excess shall be taken first from the Member's subaccounts under this Plan as follows:

(1) to the extent allowed by regulations, the Member's After-Tax Contributions, or any part thereof, shall be refunded to the Member, along with any earnings attributable thereto;

(2) to the extent allowed by regulations, the Member's Before-Tax Contributions, or any part thereof, shall be refunded to the Member, along with any earnings attributable thereto;

(3) to the extent allowed by regulations, the Member's Roth Contributions, or any part thereof, shall be refunded to the Member, along with any earnings attributable thereto; and

(4) the Matching Contributions that would have been allocated to the Member's Account but for this section 5.9 shall be placed in a suspense account.

Any amount held in a suspense account shall be used to reduce contributions by the Employer for the next Plan Year. Such suspense account shall share in the gains and losses of the Trust Fund on the same basis as other Accounts.

(c) **Annual Additions.** For purposes of this section, Annual Additions mean the sum, credited to a Member's Account under this Plan and the Member's accounts under all other qualified defined contribution plans maintained by the Company or an Affiliate, of—

(1) Company and Affiliate contributions;

(2) forfeitures;

(3) Employee contributions;

(4) amounts allocated to an individual medical account (as defined in Code section 415(l)) that is part of a defined benefit plan maintained by the Company or an Affiliate; and

(5) amounts (derived from contributions paid after December 31, 1985, in taxable years ending after that date) attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code section 419A(d)(3)) under a welfare benefit fund (as defined in Code section 419(e)) maintained by the Company or an Affiliate.

However, any amount described in section 5.9(c)(4) or (5) shall not be counted as an Annual Addition in applying the rule in Code section 415(c)(1)(B) and section 5.9(a)(2) of the Plan (limiting Annual Additions to 100 percent of Compensation). In addition, restored forfeitures shall not be treated as Annual Additions.

(d) **Definition of Affiliate.** In applying the limitations on contributions under this section, an employer shall be treated as an Affiliate of the Company if, in determining common control under Code section 414(b) and (c), the phrase "more than 50 percent" were substituted for the phrase "at least 80 percent" each place the latter appears in Code section 1563 and in the regulations under Code section 414(c).

(e) **IRS Regulations.** This section 5.9 shall be interpreted and applied consistently with the final regulations under Code section 415 that were adopted by the Internal Revenue Service on April 5, 2007 (and all subsequent modifications to such regulations). These regulations are hereby incorporated by reference.

Article 6. Investment Funds

6.1 Investment of Contributions

(a) **Election of Investments.** Each Participant shall elect to direct the investment of all Plan contributions made on his or her behalf into any one or more of the Funds in increments of 1 percent (except that the amount directed into the Sonoco Stock Fund may not exceed 50 percent of such contributions). The Participant shall make this election upon becoming a Participant by giving notice in a manner specified by the Committee.

(b) **Default Election.** In the event that a Participant fails to make the election described in section 6.1(a) upon first becoming a Participant, his or her Account shall be invested in the Target Date Retirement Fund applicable to the Participant (or similar Fund selected by the Investment Council in its sole discretion). The Fund designated by the Investment Council under this section 6.1(b) is intended to be a qualified default investment arrangement under ERISA section 404(c)(5) (and related regulations). As such, the Committee shall provide a notice to Participants describing—

(1) the circumstances under which contributions will be invested in the default Fund selected by the Investment Council under this section 6.1(b);

(2) the investment objectives, risk and return characteristics, and fees and expenses related to the default Fund selected by the Investment Council under this section 6.1(b);

(3) the right of Participants to self direct the investment of their contributions into the other Funds; and

(4) where Participants can obtain explanations of the other Funds.

This notice shall be provided to each Participant at least 30 days in advance of the date of the first investment that is made on the Participant's under this section 6.1(b) and at least 30 days in advance of each subsequent Plan Year.

(c) **Changes in Elections.** Each Participant may change his or her investment election for future contributions at any time (in 1 percent increments) by giving notice of such change to the Committee at a time and in a manner specified by the Committee (subject to the limitation described in section 6.1(a) that no more than 50 percent of future contributions may be directed into the Sonoco Stock Fund). This change shall be effective as soon as administratively practicable following the receipt of such notice.

6.2 Investment Transfers

Each Member may elect to transfer the assets in any Fund to any one or more of the other Funds in 1 percent increments at any time by giving notice of such transfer to the Committee at a time and in a manner specified by the Committee. This transfer shall be effective as soon as administratively practicable following the receipt of such notice.

6.3 Sonoco Stock Fund

(a) **Dividends.** Each Member (or Beneficiary) who has a portion of his or her Account invested in Company Stock under the Sonoco Stock Fund may elect to have any cash dividends attributable to such investments—

(1) retained in the Sonoco Stock Fund and reinvested in Company Stock;

(2) paid directly in cash to such Member (or Beneficiary); or

(3) paid to the Trustee and distributed by the Trustee in cash to such Member (or Beneficiary) no later than 90 days after the end of the Plan Year in which such dividends are paid to the Trustee.

Any election by a Member or Beneficiary under this section 6.3(a) shall be made at a time and manner prescribed by the Committee, but any procedures prescribed by the Committee shall meet regulatory guidance issued under Code section 404(k) and provide each Member and Beneficiary a reasonable opportunity to (A) make an election before a dividend is paid or distributed to the Member or Beneficiary and (B) change his or her election at least annually.

(b) **Voting Rights.** Each Member and Beneficiary may direct the Trustee how to vote shares of Company Stock that are allocated to his or her Account. Full shares of Company Stock shall be voted by the Trustee in accordance with any such directions. Fractional shares shall be combined and voted by the Trustee in a manner that reasonably reflects the voting directions of the Members and Beneficiaries whose Accounts are credited with such fractional shares. The Trustee shall vote all shares of Company Stock for which it does not receive timely voting directions in the same proportion as those shares for which timely voting directions were received.

For voting purposes, each Member and Beneficiary shall be a named fiduciary with respect to the Company Stock that is allocated to his or her Account. Voting directions from Members and Beneficiaries shall be made at a time and in a manner prescribed by the Committee, and any procedures established by the Committee for this purpose shall require the Trustee to hold voting directions from Members and Beneficiaries in strict confidence. The Committee shall provide the Trustee and each Member and Beneficiary with proxy materials and other information that is identical to that provided to other shareholders.

(c) **Tender Offers.** In the event of a tender offer to acquire Company Stock, the Trustee will provide to each Member and Beneficiary who has a portion of their Accounts invested in the Sonoco Stock Fund with—

(1) information and material related to such offer; and

(2) a form on which each such Member and Beneficiary can confidentially instruct the Trustee whether to tender the Company Stock allocated to his or her Account.

For Company Stock allocated to Accounts for which no timely tender instructions are received by Members or Beneficiaries, the Trustee shall act in accordance with the directions given with respect to the majority of the shares of Company Stock for which timely directions were provided to the Trustee by Members and Beneficiaries.

For purposes of any tender offer, each Member and Beneficiary shall be a named fiduciary with respect to the Company Stock that is allocated to his or her Account.

6.4 Plan Expenses

(a) **Investment Fees.** Except to the extent paid by an Employer in its sole discretion, expenses attributable to the management and investment of each of the Funds shall be charged against the respective Fund.

(b) **Administrative Expenses.** Except to the extent paid by an Employer in its sole discretion, or except to the extent that fees for specific services (e.g., distributions or investment services) are assessed against the Account of specific Members (as determined by the Committee in its sole discretion), all fees paid to the Trustee for trustee services, all fees paid for recordkeeping services performed by the Trustee or by any other third-party service provider, and any other costs or expenses described in section 11.2 shall be paid out of Trust Fund assets and charged against each Member’s Account in the same proportion as the Member’s Account balance bears to the total balance of all Accounts.

6.5 Valuation; Allocation of Investment Earnings and Losses

Following the end of each Valuation Date, the Trustee shall value all assets of the Trust Fund, allocate net gains or losses, and process additions to and withdrawals from Accounts in the following manner:

(a) The Trustee shall first compute the fair market value of securities and any other assets comprising each Fund. Each Account shall be adjusted each Valuation Date by applying the closing market price of the Fund on the current Valuation Date to the share/unit balance of the Fund as of the close of business on the current Valuation Date.

(b) The Trustee shall then account for any request for additions or withdrawals made to or from a specific designated Fund by any Member, including allocations of contributions. In completing the valuation procedure described above, such adjustments in the amount credited to such Accounts shall be made on the Valuation Date to which the investment activity relates. Contributions received by the Trustee pursuant to this Plan shall not be taken into account until the Valuation Date coinciding with or next following the date when the contribution was both actually paid to the Trustee and allocated among the Accounts of Members.

It is intended that this section 6.5 shall operate to distribute among each Account in the Trust Fund all income of the Trust Fund and changes in the value of the assets of the Trust Fund.

6.6 Compliance with ERISA Section 404(c)

The Plan is intended to constitute a plan that satisfies the requirements of ERISA section 404(c) and, as such, the Plan fiduciaries shall be relieved of liability for losses that may result from a Member's or Beneficiary's investment instructions. To the extent that any one Fund does not satisfy the requirements of ERISA section 404(c), the protections thereunder shall continue to apply to all other Funds which otherwise satisfy these requirements. The Committee and Investment Council shall provide all information and take all other steps they deem necessary and appropriate to comply with the requirements of ERISA section 404(c).

Article 7. Vesting

7.1 Immediate Vesting in Certain Contributions

Each Member shall have a fully vested interest at all times in his or her After-Tax Contributions Account, After-Tax Rollover Contributions Account, Before-Tax Contributions Account, Paysop Account, Rollover Contributions Account, Roth Contributions Account, Roth Rollover Contributions Account, and Tuscarora Money Purchase Pension Plan Account.

7.2 Vesting Schedules for Matching Contributions

(a) **General Rule.** Except as otherwise provided in section 7.2(b), a Member shall have at all times a Vested Percentage in his or her Matching Contributions Account equal to 100 percent.

(b) **Vested Percentage in Matching Contributions Account for Certain Union Groups.**

(1) **Menasha.** A Member who is covered by the collective bargaining agreement in effect between the Employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 273, covering union Employees at the USPMC - Menasha location will have the Vested Percentage in his or her Matching Contributions Account determined in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Fewer than 3	0%
3 or more	100%

Vesting Service under this section 7.2(b)(1) shall be determined under the elapsed time vesting provisions described in section 3.1.

(2) **Orville.** A Member who is covered by the collective bargaining agreement in effect between the Employer and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1-150, covering union Employees at the Orville location, will have the Vested Percentage in his or her Matching Contributions Account determined in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Fewer than 1	0%
1 but fewer than 2	25%
2 but fewer than 3	50%
3 but fewer than 4	75%
4 or more	100%

However, any Participant who is subject to this section 7.2(b)(2) shall have a Vested Percentage of 100% if he or she experiences a Separation from Service after November 15, 2009. Years of Vesting Service under this section 7.2(b)(2) shall be determined under the elapsed time vesting provisions described in section 3.1.

7.3 Vested Percentage in Retirement Contributions.

A Member's Vested Percentage in his or her Retirement Contributions Account shall be determined in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Fewer than 3	0%
3 or more	100%

Vesting Service under this section 7.3 shall be determined under the elapsed time vesting provisions described in section 3.1.

7.4 Vested Percentage in Collectively-Bargained Nonelective Employer Contributions.

(a) **Tegrant Union Employees.** Each Member of the unions listed below shall at all times have a Vested Percentage in his or her Collectively-Bargained Nonelective Employer Contributions Account equal to 100 percent:

(1) the International Union of Operating Engineers, Local #465, representing union Employees at Tegrant Corporation's Butner, NC location;

(2) the International Association of Machinists and Aerospace Workers Union, Local #1546, representing union maintenance Employees at Tegrant Corporation's Hayward, CA location;

(3) the Teamsters Union, IBT Local #853, representing union production Employees at Tegrant Corporation's Hayward, CA location; and

(4) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local #851, representing union Employees at Tegrant Corporation's Pardeeville, WI location.

(b) **Other Eligible Union Groups.** Except as provided in section 7.4(a), a Member who is covered by a collective bargaining agreement that provides for Collectively-Bargained Nonelective Employer Contributions, as specified in Appendix B, shall have the Vested Percentage in his or her Collectively-Bargained Nonelective Employer Contributions Account determined as follows:

Years of Vesting Service	Vested Percentage
Fewer than 3	0%
3 or more	100%

(c) **Elapsed Time Vesting Service.** Vesting Service under section 7.4(b) shall be determined under the elapsed time vesting provisions described in section 3.1 for Eligible Employees who are covered by a collective bargaining agreement in effect between the Employer and one of the following unions:

(1) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1517, representing union Employees at the Company's USPMC - DePere location;

(2) the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 273, representing union Employees at the USPMC - Menasha location; or

(d) **Hours-Based Vesting Service.** Vesting Service under section 7.4(b) shall be determined under the hours-based vesting provisions described in section 3.2 for Eligible Employees who are covered by a collective bargaining agreement in effect between the Employer and one of the following unions:

(1) the Chicago & Midwest Regional Joint Board Affiliate of Workers United, SEIU, representing union Employees at the Company's Edinburgh location; or

(2) the Graphic Communications International Union Local 508M, representing union Employees at the Company's Franklin location.

7.5 Accelerated Vesting.

Notwithstanding section 7.2, 7.3, or 7.4, and except as provided in section 7.5(b) below, a Member shall have a Vested Percentage equal to 100 percent if—

(a) the Member incurs a Separation from Service (as defined in section 3.1(e)(2)) or reaches a Termination Date (as defined in section 3.2(e)(3)) after attaining age 55; or

(b) the Member dies after reaching age 55 while performing qualified military service (as defined in Code section 414(u)).

7.6 Forfeitures

If a Member's Matching Contributions Account, Retirement Contributions Account, and/or Collectively-Bargained Nonelective Employer Contributions Account are not yet fully vested upon the Member's Separation from Service, any such nonvested portion shall be forfeited as of the earlier of—

(a) the date the Member receives a complete distribution of his or her Vested Balance; or

(b) the date on which the Member incurs five consecutive One-Year Periods of Separation (as defined in section 3.1(e)(1)) or five consecutive One-Year Breaks in Service (as defined in section 3.2(e)(2)), as applicable.

These forfeitures shall be used to defray reasonable administrative costs, restore previous forfeitures to Accounts of reemployed Members under section 7.7(a), and reduce future Matching Contributions, Retirement Contributions, and/or Collectively-Bargained Nonelective Employer Contributions due under the Plan from the Employer of the affected Member, as determined by the Committee in its sole and absolute discretion.

7.7 Treatment of Forfeitable Amounts

(a) **General Rule.** Except as otherwise provide in section 7.7(b), if a Member incurs a Separation from Service (as defined in section 3.1(e)(2)) or reaches a Termination Date (as defined in section 3.2(e)(3)), as applicable, before his or her Vested Percentage is 100 percent, the portion of the Member's Account that was forfeited under section 7.6 shall be restored to the Member only if he or she is reemployed by the Company or an Affiliate before incurring five consecutive One-Year Periods of Separation (as defined in section 3.1(e)(1)) or five consecutive One-Year Breaks in Service (as defined in section 3.2(e)(2)), as applicable.

(b) **Orville Collective-Bargaining Unit.** If a Member described in section 7.2(b)(2) receives a distribution upon a Separation from Service that is less than the value of the Member's Account, and such Member is later reemployed by the Company or an Affiliate prior to incurring five consecutive One-Year Periods of Separation (as defined in section 3.1(e)(1)), the portion of such Member's Matching Contributions Account that was forfeited under section 7.6 shall be restored only if the Member repays to the Plan the full amount of the amount distributed from his or her Matching Contributions Account within five years after the date of the Member's reemployment.

A Member's repayment under this section 7.7(b) shall be credited to the Member's Account as soon as administratively practicable following the date of such repayment. Any such repayment shall be invested in the Funds according to the Member's current election of investments pursuant to Article 6.

(c) **Source of Restored Forfeitures.** Forfeitures that are restored under this section 7.7 shall be restored first from current forfeitures with respect to Accounts of other Members. To the extent such other forfeitures are insufficient, an additional Employer contribution shall be made.

7.8 Transfer of Employment.

If a Member transfers from a position of employment in which the Matching Contributions and/or Collectively-Bargained Nonelective Employer Contributions are subject to a vesting schedule under this Article 7 into a position of employment in which any such future contributions will either vest immediately under section 7.2(a) or be subject to a different vesting schedule under section 7.2(b) or 7.4, the Matching Contributions and/or Collectively-Bargained Nonelective Employer Contributions made prior to any such transfer shall continue to be subject to the vesting schedule that applied to such contributions before the date of the Member's transfer.

Article 8. Distributions

8.1 Entitlement to Distribution upon Death of Member

(a) **Death of Member.** If a Member dies before the complete distribution of the Vested Balance of his or her Account, the Beneficiary designated by the Member shall be entitled to receive the remaining portion of the Vested Balance of such Account in the form described in section 8.3(b), and as of the Valuation Date provided in section 8.4(b).

(b) **Designation of Beneficiary.**

(1) **General Rule.** Each Member may designate one or more persons as Beneficiary to receive the remaining portion of the Vested Balance of the Member's Account in the event of his or her death. Each such designation shall be effective only when filed in writing at a time and in a manner specified by the Committee, and shall revoke all prior designations, subject to the provisions of section 8.1(b)(2).

(2) **Rule for Surviving Spouses.** A Spouse to whom the Member was married on the date of his or her death shall be the Member's sole Beneficiary unless, prior to the Member's death, one or more other persons have been named pursuant to a qualified alternate designation (as defined in section 8.1(b)(3)) made and filed prior to the Member's death in accordance with procedures prescribed by the Committee. The consent of a Member's Spouse shall not be required where—

(A) the Committee determines that the required consent cannot be obtained because there is no Spouse or the Member's Spouse cannot be located;

(B) the Committee determines that the Member is legally separated;

(C) the Committee determines that the Member has been abandoned within the meaning of local law and there is a court order to that effect; or

(D) there exists any other circumstance (as determined by the Committee) prescribed by law as an exception to the consent requirement.

(3) **Qualified Alternate Designation.** A designation shall be a qualified alternate designation only if—

(A) the Member, in a signed written instrument, designates by name one or more persons to be Beneficiary in lieu of, or along with, the Member's surviving Spouse;

(B) the Member’s surviving Spouse (if any), determined at the time of the Member’s death, has consented in writing to the naming of such Beneficiary and has acknowledged the effect of such consent; and

(C) such consent is witnessed by a notary public or a Plan representative.

A qualified alternate designation may not be changed without spousal consent. Any spousal consent to a qualified alternate designation shall be irrevocable.

(4) **Default Beneficiary.** If no person is otherwise designated under this subsection, if a designation is revoked in whole or in part, or if no designated Beneficiary survives the Member, benefits payable under the Plan shall be paid to the Member’s surviving Spouse, or if there is no surviving Spouse, to the Member’s estate.

If any payment is made under the Plan to any Beneficiary in reasonable reliance on (A) a written attestation by the Member of unmarried status, (B) a spousal consent that on its face conformed to the requirements set forth above, or (C) evidence establishing to the Committee’s satisfaction that a Member’s Spouse could not be located at the time of a Beneficiary designation, the Plan’s liability for death benefits shall be satisfied to the extent of such payment, and the Plan shall have no liability to any Spouse to such extent.

(5) **Death of Beneficiary.** If a Beneficiary who is entitled to receive payments from the Trust Fund dies before receiving all payments due, any remaining benefit shall be paid to the Beneficiary’s estate in a lump sum.

8.2 Distribution upon Separation from Service for Reasons Other Than Death

Upon a Member’s Separation from Service (as defined in section 3.1(e)(2)) for reasons other than death, such Member shall be entitled to the Vested Balance of his or her Account in the form described in section 8.3(a) (or 8.5, if applicable), and as of the Valuation Date provided in section 8.4(a) (or 8.5, if applicable).

8.3 Form of Benefit Payments

The forms of payment described in this section 8.3 are subject to the restrictions contained in sections 8.4(c) and 8.6.

(a) **Distribution upon Separation from Service.** Except as otherwise provided in section 8.5 (regarding special distribution provisions that apply to the Tuscarora Money Purchase Pension Plan Account), a Member who is entitled to a distribution under section 8.2 may elect to receive his or her Account—

(1) in a lump sum payment;

(2) in up to five substantially equal annual installments (as elected by the Member or the Beneficiary), with each installment payment equal to the Vested Balance of the Account as of the payment date divided by the remaining number of payments;

(3) in quarterly or annual installments equal to a stated dollar amount or stated number of installment payments from the Vested Balance of the Account (as specified by the Member or Beneficiary), provided that each such payment is at least $1,000; or

(4) in partial withdrawals elected on an as-needed basis in an amount selected by the Member or Beneficiary, provided that each such withdrawal (except the final one) must equal or exceed $1,000.

A Member or Beneficiary who elects initially to receive distributions under section 8.3(a)(2), (3), or (4) may elect to receive the remaining portion of the Vested Balance of his or her Account at any time in a single lump sum payment. In addition, a Member who has elected installment payments under section 8.3(a)(2) or (3) may also elect one or more partial withdrawals under section 87.3(a)(4) during the installment distribution period.

(b) **Distribution upon Death.** Except as otherwise provided in section 8.5 (regarding special distribution provisions that apply to the Tuscarora Money Purchase Pension Plan Account), if distribution of a Member’s Account has commenced to the Member under a payment form described in section 8.3(a)(2), (3), or (4), the Beneficiary may either continue receiving those payments or elect any other payment option available under section 8.3(a). Except as otherwise provided in section 8.5, if distribution of a Member’s Account has not already commenced to the Member, a Beneficiary entitled to payment under section 8.1(a) may elect to receive distribution of the Vested Balance of the Member’s Account in any of the payment forms permitted under section 8.3(a).

(c) **Medium of Payment.** Distributions under the Plan shall generally be made in cash, except that a Member or Beneficiary may elect to receive all or a portion of the Account that is invested in the Sonoco Stock Fund in the form of Company Stock. (To the extent that a distribution of Company Stock results in a fractional share, the value of any such fractional share shall be distributed in cash.)

(d) **Investment Gains and Losses.** Amounts payable hereunder shall continue to accrue earnings and losses under section 6.5 pending such payment.

8.4 Time of Benefit Payments

(a) **General Rule.** Except as otherwise provided in section 8.4(c) (regarding the distribution of small balances) or section 8.5 (regarding special distribution provisions that apply to the Tuscarora Money Purchase Pension Plan Account), distribution to a Member may commence as of the earliest practicable Valuation Date following the Member's Separation from Service (as defined in section 3.1(e)(2)), or any later Valuation Date (but not later than the Member's latest allowable commencement date under section 8.7(a)), as the Member may request. A Member requesting a distribution must file such request at a time and in the manner specified by the Committee.

(b) **Distribution Upon Death.** Except as otherwise provided in section 8.4(c) (regarding the distribution of small balances), a distribution to a Beneficiary under section 8.1(a) may be made as of the earliest practicable Valuation Date following the Member's death, or any later Valuation Date (but no later than the Beneficiary's latest allowable commencement date under section 8.7(c)), as the Beneficiary may request. A Beneficiary requesting a distribution must file such request at the time and in the manner specified by the Committee.

(c) **Small Amounts.** Notwithstanding any other provision in this Article 8, if a Member or Beneficiary is entitled to a distribution under this Article 8, and the Vested Balance of the Member's Account as of the first Valuation Date coinciding with or next following the Member's Separation from Service (as defined in section 3.1(e)(2)) or death is not greater than $5,000, distribution shall be made in a single sum payment as soon as practicable following such Valuation Date.

If a Member becomes entitled to an automatic cashout under this section 8.4(c) in excess of $1,000, and the Member does not elect a direct distribution or a qualified rollover, the Committee shall arrange for a rollover distribution to an individual retirement plan in the name of the Member. If no such plan exists at the time of the rollover distribution, the Committee shall establish an individual retirement plan for the benefit of the Member. (In all other cases, an automatic cashout shall be distributed directly to the Member or Beneficiary, as applicable).

8.5 Distribution of Tuscarora Money Purchase Pension Plan Account Balances

This section 8.5 applies to each Member who has a balance in the Tuscarora Money Purchase Pension Plan Account.

(a) **Distribution to the Member.** If Member who has a balance in the Tuscarora Money Purchase Pension Plan Account becomes entitled to a distribution under section 8.2, the amount credited to such account shall be distributed to the Member in accordance with this section 8.5(a).

(1) **Time of Payment.** The time of payment of the Member's Tuscarora Money Purchase Pension Plan Account shall be determined under section 8.4(a) (or section 8.4(c), if applicable).

(2) **Normal Form of Payment.**

(A) **Unmarried Members.** Except as provided in sections 8.4(c) and 8.5(a)(3), the Tuscarora Money Purchase Pension Plan Account belonging to a Member who is not married on his or her Annuity Starting Date shall be distributed in the form of a Single Life Annuity.

(B) **Married Members.** Except as provided in sections 8.4(c) and 8.5(a)(3), the Tuscarora Money Purchase Pension Plan Account belonging to a Member who is married on his or her Annuity Starting Date shall be distributed in the form of a Qualified Joint and Survivor Annuity.

(3) **Waiver Procedures.** In lieu of the normal forms of payment specified in section 8.5(a)(2), a Member may elect to receive his or her Tuscarora Money Purchase Pension Plan Account in one of the optional payment forms specified in section 8.5(a)(4). However, any such waiver by a Member who is married on his or her Annuity Starting Date shall be subject to the waiver procedures described in this section 8.5(a)(3).

(A) **General Rule.** A married Member may elect, in a manner prescribed by the Committee, to waive the Qualified Joint and Survivor Annuity and to elect instead to receive his or her Tuscarora Money Purchase Pension Plan Account in accordance with an optional form of payment described in section 8.5(a)(4). Except as otherwise provided in section 8.5(a)(5), any such election must be filed with the Committee within the 90-day period ending on the Member's Annuity Starting Date. For this election to be effective—

(i) the Member's Spouse must consent in writing to the election;

(ii) the election and consent must specify the optional form of benefit;

(iii) the election and the consent must designate a Beneficiary (if applicable);

(iv) the Member's Spouse must acknowledge the financial consequences of the consent; and

(v) the Spouse's consent must be witnessed by a notary public or a Plan representative.

(B) **Exception to Consent Requirement.** The consent of a Member's Spouse shall not be required where—

(i) the Member elects the Qualified Optional Survivor Annuity;

(ii) the Committee determines that the required consent cannot be obtained because there is no Spouse or the Member's Spouse cannot be located;

(iii) the Committee determines that the Member is legally separated;

(iv) the Committee determines that the Member has been abandoned within the meaning of local law and there is a court order to that effect; or

(v) there exists any other circumstance (as determined by the Committee) prescribed by law as an exception to the consent requirement.

(C) **Revocation and Modification.** An election by a Member under section 8.5(a)(3)(A) to waive the Qualified Joint and Survivor Annuity may be revoked by the Member in writing without the consent of his or her Spouse at any time during the election period. Any subsequent election by a Member to waive the Qualified Joint and Survivor Annuity must comply with the requirements in section 8.5(a)(3)(A).

(4) **Optional Forms of Payment.** In lieu of the normal form of payment specified in section 8.5(a)(2), a Member may elect to his or her Tuscarora Money Purchase Pension Plan Account in accordance with one or more of the following payment options:

(A) a Single Life Annuity;

(B) a Qualified Optional Survivor Annuity (but only for a Member who is married on his or her Annuity Starting Date);

(C) a Ten-Year Certain and Life Annuity: or

(D) a lump sum payment.

Any such election made by a Member who is married on his or her Annuity Starting Date must comply with the requirements of section 8.5(a)(3). Any such election made by a Member who is not married on his or her Annuity Starting Date shall be valid only if the Member is furnished with an explanation of the material features of the optional payment form within the notice period described in section 8.5(a)(5).

(5) **Notice and Explanation to Members.** Except as otherwise provided in this section 8.5(a)(5), the Committee shall provide to each Member who has a balance in the Tuscarora Money Purchase Pension Plan Account, between 30 and 90 days before the Member's Annuity Starting Date, a written explanation of the Qualified Joint and Survivor Annuity. This explanation shall describe—

(A) the terms and conditions of the Qualified Joint and Survivor Annuity and the Qualified Optional Survivor Annuity;

(B) the material features and relative values of other optional forms of benefit available under the Plan;

(C) the Member's right to make (and the effect and financial consequences of) a waiver of the Qualified Joint and Survivor Annuity;

(D) the rights of the Member's Spouse regarding a waiver of the Qualified Joint and Survivor Annuity; and

(E) the right of a Member to revoke a prior waiver of the Qualified Joint and Survivor Annuity and the effect and financial consequences of such a revocation.

If the notice required under this section 8.5(a)(5) is not provided to the Member at least 30 days before the Member's Annuity Starting Date, the election period described in section 8.5(a)(3)(A) shall end on the 30th day following the date on which the explanation was provided. Subject to section 8.5(a)(3), a Member may elect to waive the requirement that the explanation must be provided at least 30 days before the Annuity Starting Date or at least 30 days before the end of the election period (as applicable). In the event of such a waiver, distribution of the Member's benefits must commence more than seven days after the explanation was provided.

(b) **Distribution to Beneficiaries.** If Member who has a balance in the Tuscarora Money Purchase Pension Plan Account dies before receiving a complete distribution of such account, any remaining distribution of such account to the Member's Beneficiary shall be made in accordance with this section 8.5(b).

(1) **Death Before the Annuity Starting Date.**

(A) **Time of Payment.** If a Member who is subject to this section 8.5(b) dies before his or her Annuity Starting Date, the Member's Tuscarora Money Purchase Pension Plan Account shall be paid to the Member's Beneficiary as of the date determined under section 8.4(b) (or section 8.4(c), if applicable).

(B) **Form of Payment.**

(i) **Unmarried Member.** If a Member dies before his or her Annuity Starting Date, and such Member does not have a surviving Spouse at the time of his or her death, the Member's Tuscarora Money Purchase Pension Plan Account shall be distributed to the Member's Beneficiary in the form of a single lump sum payment.

(ii) **Married Member.** Except as otherwise provide in section 8.4(c) or section 8.5(b)(1)(C), if a Member dies before his or her Annuity Starting Date, and such Member has a surviving Spouse at the time of his or her death, the Member's Tuscarora Money Purchase Pension Plan Account shall be distributed to the Member's surviving Spouse in the form of a Preretirement Survivor Annuity.

(C) **Waiver Procedures.**

(i) **General Rule.** A married Member who has a balance in the Tuscarora Money Purchase Pension Plan Account may waive the Preretirement Survivor Annuity and instead—

(I) designate a Beneficiary other than his or her Spouse to receive such account in the form of a lump sum payment after the Member's death; or

(II) elect to have such account distributed to the Spouse in the form of a single lump sum payment after the Member's death.

Any election by a married Member under this section 8.5(b)(1)(C) must be filed with the Committee during the period that begins on the first day of the Plan Year in which the Member attains age 35 and ends on the date of the Member's death. The Member's waiver must be made in a manner prescribed by the Committee. The Member's Spouse must give written consent to the waiver that states the optional payment form and/or the Beneficiary designated by the Member (as applicable) and acknowledges the effect and financial consequences of the waiver. The Spouse's consent must be witnessed by a notary public or a Plan representative.

(ii) **Exception to Consent Requirement.** The consent of a Member's Spouse shall not be required where—

(I) the Committee determines that the required consent cannot be obtained because there is no spouse or the Member's spouse cannot be located;

(II) the Committee determines that the Member is legally separated;

(III) the Committee determines that the Member has been abandoned within the meaning of local law and there is a court order to that effect; or

(IV) there exists any other circumstance (as determined by the Committee) prescribed by law as an exception to the consent requirement.

(D) **Revocation and Modification.** A waiver made by a married Member under section 8.5(b)(1)(C) may be revoked by the Member in writing without the consent of his or her Spouse at any time during the waiver period. Any subsequent election by a Member to waive the Preretirement Survivor Annuity must comply with the requirements of section 8.5(b)(1)(C)(i) above.

(E) **Waiver By Spouse.** Notwithstanding the above, a surviving Spouse who becomes entitled to a Preretirement Survivor Annuity under section 8.5(b)(1)(B)(ii) may elect to waive this benefit and elect instead to receive the Member's Tuscarora Money Purchase Pension Plan Account in the form of a single lump sum payment.

(F) **Notice to Employee.**

(i) **In General.** The Committee shall provide each Member, within the notice period described below a written explanation of—

(I) the terms and conditions of the Preretirement Survivor Annuity;

(II) the Member's right to make, and the effect and financial consequences of, a waiver of the Preretirement Survivor Annuity;

(III) the material features and relative values of the optional forms of benefit;

(IV) the rights of the Member's Spouse regarding a waiver of the Preretirement Survivor Annuity; and

(V) the right of the Member to revoke a prior waiver of the Preretirement Survivor Annuity and the effect and financial consequences of a revocation.

(ii) **Notice Period.** The Committee shall provide the notice described in section 8.5(b)(1)(F)(i) within whichever of the following periods ends later—

(I) the period beginning with the first day of the Plan Year in which the Member attains age 32 and ending on the last day of the Plan Year preceding the Plan Year in which the Member attains age 35; or

(II) the period beginning on the first day the Member commenced participation in the Plan and ending on the close of the 12-month period following commencement of participation.

Notwithstanding the foregoing, if a Member terminates employment before age 35, the notice shall be provided within one year following the Member's termination. If a Member again becomes an Employee of the Employer before age 35, the Committee must again provide this notice within the period described in section 8.5(b)(1)(F)(ii)(I) or (II), whichever ends later. In no event shall the Committee be required to provide notice to a Member who has no vested benefit under the Plan after the Member has terminated employment with the Employer.

(2) **Death after the Annuity Starting Date.** If distribution of the Member's Tuscarora Money Purchase Pension Plan Account has commenced to the Member in the form of an annuity, benefits payable after the Member's death (if any) shall be made to the Member's Beneficiary as survivor payments in accordance with the form of payment in effect before the Member's death.

8.6 In-Service Withdrawals

(a) **General Rule.** No Member shall make a withdrawal under the Plan prior to incurring a Separation from Service (as defined in section 3.1(e)(2)) except to the extent specifically provided in this section and section 8.6.

(b) **Voluntary Withdrawals.** A Member who is in active employment with the Company or an Affiliate may withdraw all or part of his or her After-Tax Contributions Account, After-Tax Rollover Contributions Account, and Rollover Contributions Account. A withdrawal under this section 8.6(b) shall be charged against these subaccounts on a pro rata basis.

(c) **Age 59 1/2 Withdrawals.** A Member who is in active employment with the Company or an Affiliate, and who has attained age 59 1/2, may withdraw all or part of the Vested Balance of his or her Account (excluding the portion of such Account that is attributable to his or her Retirement Contributions Account, Collectively-Bargained Nonelective Employer Contributions Account, and Tuscarora Money Purchase Pension Plan Account). A withdrawal after age 59 1/2 shall be charged on a pro rata basis against the various subaccounts from which a withdrawal is permitted under this section 8.6(c).

(d) **Hardship Withdrawals.**

(1) **In General.** A Member who is in active employment with the Company or an Affiliate, may withdraw on account of hardship all or part of his or her Before-Tax Contributions Account (excluding earnings allocated to such account after 1988), all or part of his or her Roth Contributions Account (excluding earnings allocated to such account), all or part of his or her Paysop Account, and all or part of the Vested Balance of his or her Matching Contributions Account.

A Member may make a hardship withdrawal under this section 8.6(d) only after first exhausting withdrawals that are otherwise available to the Member under sections 8.6(b) and (c).

(2) **Definition of Hardship.** A withdrawal is on account of hardship only if it is on account of an immediate and heavy financial need of the Member and the amount withdrawn is necessary to satisfy such need.

(A) **Immediate and Heavy Financial Need.** A distribution will be on account of an immediate and heavy financial need only if it is on account of—

(i) medical expenses described in Code section 213(d) incurred by the Member or the Member’s spouse or dependents (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(1)(B));

(ii) costs directly related to the purchase (excluding mortgage payments) of a principal residence of the Member;

(iii) payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the Member or the Member’s Spouse, children, or dependents (as defined in Code section 152 without regard to Code sections 152(b)(1), 152(b)(2), and 152(d)(1)(B));

(iv) the need to prevent the eviction of the Member from his or her principal residence or foreclosure on the mortgage of the Member's principal residence;

(v) burial or funeral expenses for the Member's deceased parent, Spouse, children, or dependents (as defined in Code section 152 without regard to Code section 152(d)(1)(B)); or

(vi) expenses for the repair of damage to the Member's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income).

(B) **Necessary Amount.** A hardship withdrawal will be deemed necessary to satisfy an immediate and heavy financial need if—

(i) the distribution does not exceed the amount of the Member's immediate and heavy financial need (including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution);

(ii) the Member has previously obtained all other distributions and loans currently available to him or her under this Plan or any other plan maintained by the Company or an Affiliate; and

(iii) all plans of deferred compensation maintained by the Employer suspend all Member contributions for the six-month period following receipt of the hardship withdrawal (but only if the withdrawal is comprised, in whole or in part, of Before-Tax and/or Roth Contributions).

(C) **Order of Withdrawals.** A hardship withdrawal shall be charged on a pro rata basis against the various subaccounts from which a withdrawal is permitted under section 8.6(d)(1).

(e) **Rules Governing Withdrawals.**

(1) A Member making a withdrawal must file a request with the Committee at the time and in the manner specified by the Committee, and may be assessed a processing fee as determined from time to time by the Committee.

(2) The minimum amount of any withdrawal under this section 8.6 is $500 (or, if less, the entire amount available for the particular withdrawal).

(3) A withdrawal under this section 8.6 shall be made as of the earliest practicable Valuation Date following the date on which the request for withdrawal is made.

(4) A withdrawal under this section 8.6 shall be charged on a pro rata basis to each Fund (other than the loan fund) in which the affected subaccounts are invested.

8.7 Restrictions on Distributions

(a) **Latest Allowable Commencement Dates.**

(1) **General Rule.** Except as provided in section 8.7(a)(2), distribution of a Member's Account shall commence no later than the April 1 of the calendar year following the later of:

(A) the calendar year in which the Member attains age 70 $^1/_2$; or

(B) the calendar year in which the Member incurs a Separation from Service (as defined in section 3.1(e)(2)).

(2) **5 Percent Owners.** If a Member is a 5 percent owner (as described in Code section 416(i)) at any time during the Plan Year ending in or with the calendar year in which the Member attains age 70 $^1/_2$, distribution of the Member's Account shall commence no later than the April 1 of the calendar year following the calendar year in which the Member attains age 70 $^1/_2$, regardless of whether the Member has incurred a Separation from Service (as defined in section 3.1(e)(2)).

(b) **Periodic Benefit Payments.** No election under this Article 8 will be effective unless the Member's total benefit will be distributed over a period that will not exceed—

(1) the life of the Member;

(2) the lives of the Member and the Member's designated Beneficiary;

(3) a period certain not extending beyond the life expectancy of the Member; or

(4) a period certain not extending beyond the joint life and last survivor expectancy of the Member and the Member's designated Beneficiary.

(c) **Required Distributions Where Member Dies Before Entire Interest is Distributed.**

(1) If benefits have commenced and the Member dies prior to receiving his or her entire interest under the Plan, the remaining portion of such interest shall be distributed to his or her designated Beneficiary at least as rapidly as under the method of distribution selected by the Member.

(2) Except as provided in sections 8.7(c)(3) and (4), if the Member dies prior to the commencement of benefits under the Plan, any such remaining interest payable shall be fully paid within the five-year period following his or her death.

(3) If—

(A) any portion of the Member's benefits is payable to a designated Beneficiary,

(B) such portion will be distributed over the life of the designated Beneficiary or over a period not extending beyond the life expectancy of the Beneficiary, and

(C) such distributions begin not later than December 31 of the calendar year following the calendar year in which the Member's death occurred, or such later date as the Secretary of the Treasury may by regulations prescribe,

the portion referred to in section 8.7(c)(3)(A) shall be treated as distributed within the time required under section 8.7(c)(2).

(4) If the designated Beneficiary referred to in section 8.7(c)(3)(A) is the surviving Spouse of the Member, the date on which distributions are required to begin under section 8.7(c)(3)(C) shall not be earlier than December 31 of the calendar year in which the Member would have attained age 70 1/2.

(5) For purposes of this section 8.7(c), a Member's designated Beneficiary shall be determined based on the Beneficiaries as of the Member's date of death who remain Beneficiaries as of September 30 of the calendar year following the calendar year in which the Member dies.

(d) **Minimum Distribution Amount.** If a distribution is required under this section 8.7, the minimum amount that must be distributed each calendar year shall be determined under Code section 401(a)(9) and Treasury Regulations sections 1.401(a)(9)-1 through 1.401(a)(9)-9.

8.8 Direct Transfers

(a) **General Rule.** Notwithstanding any provision of the Plan to the contrary, a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) **Definitions.**

(1) **Eligible rollover distribution** means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include—

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(B) any distribution to the extent such distribution is required under Code section 401(a)(9);

(C) except as provided below, the portion of any distribution that is not includible in gross income (determined with regard to the exclusion for net unrealized appreciation with respect to employer securities); and

(D) the portion of any distribution that represents a hardship withdrawal pursuant to section 8.6(d).

Notwithstanding section 8.8(b)(1)(C), a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of the Participant's After-Tax Contributions Account or After-Tax Rollover Contributions Account. Any such amounts may be transferred to (i) a qualified trust described in Code section 401(a) or an annuity contract described in Code section 403(b) that agrees to separately account for amounts so transferred (including separately accounting for the portion of such distribution which is includible in gross income and the portion of the distribution which is not includible in gross income); (ii) an individual retirement account described in Code section 408(a); or (iii) an individual retirement annuity (other than an endowment contract) described in Code section 408(b).

In addition, a portion of a distribution from a Member's Roth Contributions Account or Roth Rollover Contributions Account does not fail to be an eligible rollover distribution merely because the portion is not includible in the distributee's gross income (determined without regard to the rollover). However, such portion may only be transferred to a Roth IRA or directly transferred to a designated Roth account under a Code section 401(a) plan or a Code section 403(b) plan that agrees to account separately for the amounts so transferred, including separately accounting for the portion of such distribution that is includible in gross income and the portion such distribution that is not so includible.

(2) **Eligible retirement plan** means—

(A) an individual retirement account described in Code section 408(a);

(B) an individual retirement annuity described in Code section 408(b);

(C) an annuity plan described in Code section 403(a);

(D) a qualified trust described in Code section 401(a);

(E) an annuity contract described in Code section 403(b);

(F) an eligible plan under Code section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that agrees to account separately for amounts transferred into such plan from this Plan; and

(G) an individual retirement arrangement described in Code section 408A.

(3) **Distributee** means a Participant or former Participant. In addition, the Participant's or former Participant's surviving Spouse and the Participant's or former Participant's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order (as defined in Code section 414(p)) are distributees with regard to the interest of the Spouse or former Spouse.

In addition, a non-Spouse Beneficiary may elect, at a time and in a manner prescribed by the Committee, to have any portion of a distribution from the Plan paid directly to an eligible retirement plan specified by the non-Spouse Beneficiary in a direct trustee-to-trustee transfer. However, in the case of any such distribution to a non-Spouse Beneficiary, an eligible retirement plan shall mean an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b).

(4) **Direct rollover** means a payment by the Plan to the eligible retirement plan specified by the distributee.

8.9 Rehired Member

In the event that a Member who has had a Separation from Service (as defined in section 3.1(e)(2)) is rehired by the Company or an Affiliate before having received a complete distribution of the Vested Balance of his or her Account, further distribution of the Member's Account shall be suspended, and the undistributed balance shall continue to be held in the Account until the Member is again entitled to a distribution under this Article 8.

8.10 Distributions on Account of Military Service

A Member who is performing service in the uniformed services (as defined in chapter 43 of title 38 of the U.S. Code) for a period of more than 30 days shall be treated has having severed from employment under Code section 401(k)(2)(B)(i)(I) during such period of service and may elect to receive all or part of his or her Before-Tax Contributions Account and Roth Contributions Account in a lump sum payment. If a Member elects to receive a distribution pursuant to this section 8.10, the Member shall be prohibited from making any contributions to the Plan and all other plans maintained by the Company and its Affiliates for six months after the date of the distribution.

Article 9. Loans to Members

9.1 Committee Authorized to Make Loans

Upon application of a Member who is in active employment with the Company or an Affiliate, the Committee may direct the Trustee to make a cash loan to the Member from the Vested Balance of his or her Account (excluding the portion of such Account that is attributable to the Member's Retirement Contributions Account and Tuscarora Money Purchase Pension Plan Account). Whether these loans are made, as well as their amounts and terms, shall be in the sole discretion of the Committee, subject to the provisions of this Article.

(Loans shall also be available on a reasonably equivalent basis to a Member or a Beneficiary who is a "party in interest" (as defined in ERISA section 3(14)).)

9.2 Amount of Loans

(a) **Maximum Amount.** The maximum amount of any loan permitted under this Article (when added to the outstanding loan balance of all loans to the Member under this Plan and any other qualified retirement plan maintained by the Company or an Affiliate) shall be the lesser of—

(1) $50,000, reduced by the excess (if any) of—

(A) the highest outstanding balance of loans from this Plan or any other qualified retirement plan maintained by the Company or an Affiliate during the one-year period ending on the day before the loan was made; over

(B) the outstanding balance of loans from this Plan and any other qualified retirement plan maintained by the Company or an Affiliate on the date the loan is made; or

(2) 50 percent of the Member's Vested Balance at the relevant time.

(b) **Minimum Amount.** The minimum amount of any loan made under this Article shall be $1,000.

(c) **Collateral.** A portion of the Member's Account equal to the amount of the loan shall be used as collateral to secure the loan.

(d) **Number of Loans.** A Member may have up to two general purpose loans, or one general purpose loan and one residential loan, outstanding from this Plan at any one time.

9.3 Interest

Each loan made under the Plan shall bear a reasonable rate of interest established by the Committee in a uniform and nondiscriminatory manner on the basis of rates currently charged by commercial lenders for loans made in similar circumstances.

9.4 Term

A loan shall be for the term (in whole month increments) requested by the Member or Beneficiary, but shall not exceed five years (or 20 years, in the case of a loan for the acquisition of the Member's principal residence).

9.5 Repayment

(a) **Equal Installments.** Loans shall be repaid in equal installments, one per payroll period, representing a combination of interest and principal sufficient to amortize the loan during its term (plus any reasonable processing fees, as determined by the Committee).

(b) **Active Members.** Payments by active Members shall be made each payroll period through payroll withholding. If the payroll period for an active Member changes, the loan installments determined under section 9.5(a) shall be adjusted to reflect the change.

(c) **Inactive Members and Beneficiaries.** A Member who has an outstanding loan upon his or her Separation from Service may continue making payments on a monthly basis by an automatic debit to such Member's personal bank account.

(d) **Prepayment.** Prepayments of the entire loan balance in a manner acceptable to the Trustee may be made without penalty. Partial prepayments are not allowed.

(e) **Default.** If a Member fails to make an installment payment required by this section by 90 days after the date on which such installment is first due, the loan may be declared in default and shall then become immediately due and payable in full. If the Member does not then repay the full loan balance, his or her Account shall be offset by the unpaid loan balance at the earliest time permitted by law.

(f) **Suspension of Payments during Military Leave.** Each Member may elect to suspend his or her loan repayments while on unpaid military leave covered under the Uniformed Services Employment and Reemployment Rights Act of 1994. In such event, the loan term will be extended by the length of the suspension and interest will not accrue during the period of the leave.

9.6 Loans Treated as Plan Investments

(a) **Charge to Accounts and Funds.** Loan proceeds distributed to a Member shall be charged on a pro rata basis against the various subaccounts from which a loan is permitted under section 9.1. Additionally, loan proceeds distributed to the Member shall be charged, on a pro rata basis, to each Fund in which the affected subaccount is invested. The amount distributed to a Member shall be equal to the face value of the loan less any origination or other fee assessed in connection with making the loan.

(b) **Loan Fund.** A promissory note equal to the face value of the loan shall then be credited as an asset of an individual loan fund established in the Member's name. The value of a Member's Account shall include the amount of principal and accrued interest remaining to be paid under this note.

(c) **Credit to Accounts and Funds.** As soon as reasonably practicable following receipt of loan repayments, the Trustee shall credit principal and interest repayments to the subaccounts of the Member's Account from which the loan was initially withdrawn on a pro rata basis. The amount of the loan repayment (including principal and interest) shall be invested in the Funds in accordance with the investment election last submitted by the Member or Beneficiary under Article 6.

9.7 Documents

No loan under this Article shall be made until the Member or Beneficiary has—

(a) completed a loan application setting forth any information the Committee deems appropriate;

(b) agreed to a promissory note designating the Trustee as payee and stating the amount, term, repayment schedule, interest rate, and other terms and conditions consistent with this Article;

(c) authorized and directed that the Employer shall withhold each payroll period, and remit to the Trustee, the installment amounts determined under section 9.5(a); and

(d) granted a conditional security interest in the Member's Account to the Trustee as security for repayment of the loan.

All such steps shall be completed by submitting the appropriate forms or as otherwise directed by the Committee.

Article 10. Amendment and Termination

10.1 Amendment and Termination

The Company expects the Plan to be permanent, but the Company must necessarily and does hereby reserve the right to amend or modify in any respect, or to terminate, the Plan at any time, for any reason whatsoever, by written resolution of the Company's Board. Any such amendments to the Plan may be made retroactively if necessary or appropriate to maintain the Plan as a plan meeting the requirements of Code section 401(a).

In addition, the Committee shall have the authority to adopt in writing any amendment that is not expected to significantly alter the Plan's contribution provisions or increase its expense.

No amendment of the Plan shall cause any part of the Trust Fund to be used for, or diverted to, purposes other than the exclusive benefit of the Members or their Beneficiaries. No plan amendment may decrease the accrued benefit of any Member. Retroactive plan amendments may not decrease the accrued benefit of any Member determined as of the time the amendment was adopted.

No amendment may eliminate or reduce an early retirement benefit or a retirement-type subsidy (as defined in Treasury regulations), or eliminate an optional form of benefit with respect to benefits attributable to service before the amendment, except as permitted under Code section 411(d)(6).

10.2 Vesting on Termination or Partial Termination

Upon a complete or partial termination of the Plan or complete discontinuance of contributions to the Plan (within the meaning of Treasury Regulation section 1.411(d)-2), no further contributions shall be made under the Plan on behalf of affected Members; the Account of each Member (or, in the case of a partial termination, each affected Member within the meaning of Treasury Regulation section 1.411(d)-2) shall fully vest; and the Accounts of any affected Members shall be distributed at the time and in the manner specified in Article 8.

10.3 Merger, Consolidation, or Transfer

In the case of any merger or consolidation of the Plan with, or any transfer of assets and liabilities of the Plan to, any other plan, provision shall be made so that each Member would, if the Plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer that is equal to or greater than the benefit the Member would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then been terminated.

Article 11. Administration

11.1 Plan Administrator and Fiduciary

(a) **Plan Administrator.** The general administration of the Plan shall be carried out by the Committee, which shall act as the "plan administrator" within the meaning of Title I of ERISA.

The Committee shall consist of at least three, but no more than seven, individuals who will serve as members of the Committee by virtue of their job titles, as specified in a resolution adopted by the Board. A Committee member will lose his or her status as such when he or she ceases to hold the job title by virtue of which he or she is a member. In addition, a Committee member may resign at any time by written resignation from his or her job title, submitted to the Company and the Committee. The successor to such job title will then become the successor Committee member.

(b) **Fiduciaries.** Plan fiduciaries will have the powers and duties described in this section 11.1(b), and may delegate such duties to the extent permitted under ERISA section 402.

(1) **The Board.** The fiduciary duties of Board members are limited to the adoption of resolutions indicating (i) which Employees (by job title) will serve as members of the Committee; and (ii) which Employees (by job title) will serve as members of the Investment Council.

(2) **The Employers.** The fiduciary duties of the Company and other Employers hereunder are limited to (i) making contributions to the Plan in the amounts determined by the Committee; and (ii) executing documents by which the Plan is governed.

(3) **The Trustee.** The fiduciary duties of the Trustee are those enumerated in the Trust Agreement.

(4) **The Investment Council.** The Investment Council shall consist of at least three, but no more than seven, individuals who will serve as members of the Investment Council by virtue of their job titles, as specified in a resolution adopted by the Board. An Investment Council member will lose his or her status as such when he or she ceases to hold the job title by virtue of which he or she is a member. In addition, a member of the Investment Council may resign at any time by written resignation from his or her job title, submitted to the Company and the Investment Council. The successor to such job title will then become the successor Investment Council.

The Investment Council has primary responsibility for the investment of Plan assets including (i) the power to select and remove the Trustee; (ii) the power to select and remove investment managers (and to determine how Plan assets will be allocated among the Trustee and any such investment managers); (iii) the obligation to maintain a written investment policy; (iv) the obligation to determine which Funds will be available under the Plan (to the extent that this responsibility is not delegated to the Trustee or one or more investment managers); and (v) the obligation to evaluate the performance of investment managers and Funds.

(5) **The Committee.** The Committee shall have the duties described in sections 11.6 through 11.10.

11.2 Specialists and Expenses

(a) The Committee and/or Investment Council may employ any counsel, auditors, and other specialists, and obtain any clerical, actuarial, and other services, and purchase products which are appropriate and helpful in carrying out the provisions of the Plan. Except to the extent paid by the Company or an Affiliate in its sole and absolute discretion, these fees and expenses shall be paid by the Trust Fund.

(b) The Company or an Affiliate may initially pay any expense that normally would be a charge on the Trust Fund and later obtain reimbursement from the Trust Fund.

(1) This even applies in cases where at the time of the initial payment of the expense, it is not clear that the Company or Affiliate may lawfully seek reimbursement from the Trust Fund, but such legal right to reimbursement is later clarified.

(2) It is specifically anticipated that there may be situations, such as litigation, where the Company or an Affiliate might choose to bear costs initially, but later obtain reimbursement many years after the costs were incurred. Such delayed reimbursements shall be permissible.

(c) Each member of the Committee and Investment Council who is also a full-time Employee of the Company or an Affiliate shall not receive additional compensation for his or her services as a member of the Committee or Investment Council. Any other member of the Committee or Investment Council may receive compensation for services as a member, to be paid from the Trust Fund to the extent not paid by the Company or an Affiliate in its sole and absolute discretion. Any member of the Committee or Investment Council may also receive reimbursement from the Trust Fund to the extent not paid by the Company or an Affiliate in its sole and absolute discretion for expenses properly and actually incurred.

11.3 Records

All resolutions, proceedings, acts, and determinations of the Committee and Investment Council shall be recorded in writing. All such records, together with any documents and instruments as may be necessary for the administration of the Plan, shall be preserved in the custody of the Committee or Investment Council.

11.4 Manner of Action

Subject to the terms of the Plan, the Committee and Investment Council may from time to time in its discretion establish rules for the conduct of their affairs and the exercise of the duties imposed upon them under the Plan.

A majority of the members of the Committee or Investment Council at the time in office shall constitute a quorum for the transaction of business. All resolutions adopted and other actions taken by the Committee or Investment Council shall be by a majority vote of their members taken either at a meeting or by polling all such members.

The Committee or Investment Council may certify to the Trustee, by majority vote or action as provided for herein, the name of one member of the Committee or Investment Council who is authorized to act on its behalf in its relationship with the Trustee. The Trustee is authorized to act pursuant to the written instructions of any member of the Committee or Investment Council so designated.

11.5 Assistance

The Committee and Investment Council, in its sole and absolute discretion, may delegate any of its powers and duties under this Plan to one or more individuals or committees. In such a case, every reference herein to the Committee or Investment Council shall be deemed to include such individuals as to matters within their jurisdiction.

The Committee and Investment Council shall also have the authority and discretion to engage an administrative delegate who shall perform, without discretionary authority or control, administrative functions within the framework of policies, interpretations, rules, practices, and procedures made by the Committee or Investment Council.

Any action made or taken by the administrative delegate may be appealed by an affected Member or Beneficiary to the Committee in accordance with the claims review procedures provided in section 11.7. Any decisions that call for interpretations of Plan provisions not previously made by the Committee shall be made only by the Committee. The administrative delegate shall not be considered a fiduciary with respect to the services it provides. Notwithstanding the foregoing, the administrative delegate shall not be relieved of any liability to the Plan or an Employer, Member, or Beneficiary arising from any action (or failure to act) that is judicially determined to result from the administrative delegate’s gross negligence or willful misconduct.

In addition, the Investment Council may, at its discretion, appoint one or more investment managers, each of whom will have full power and authority to manage, acquire, or dispose (or direct the Trustee with respect to acquisition or disposition) of any Plan asset under its control. For purposes of this section, “investment manager” means any person, firm, or corporation who is a registered investment adviser under the Investment Advisers Act of 1940, a bank, or an insurance company, and who (a) has the power to manage, acquire, or dispose of Plan assets, and (b) acknowledges in writing his or her fiduciary responsibility to the Plan.

11.6 Administration

The Committee shall have all powers necessary or appropriate to carry out the provisions of the Plan. It may, from time to time, establish rules for the administration of the Plan and the transaction of the Plan's business.

In making any determination or rule, the Committee shall pursue uniform policies established by it. The Committee shall not discriminate in favor of or against any Member. The Committee shall have the exclusive right to make any finding of fact necessary or appropriate for any purpose under the Plan including, but not limited to, the determination of the eligibility for and the amount of any benefit payable under the Plan.

The Committee shall have the right to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan or in connection with the administration thereof, including, without limitation, the right to remedy or resolve possible ambiguities, inconsistencies, or omissions, by general rule or particular decision. The Committee shall make, or cause to be made, all reports or other filings necessary to meet the reporting, disclosure, and other filing requirements of ERISA that are the responsibility of "plan administrators" under ERISA.

To the extent permitted by law, all findings of fact, determinations, interpretations, and decisions of the Committee shall be conclusive and binding upon all persons having or claiming to have any interest or right under the Plan.

In carrying out its responsibilities hereunder, the Committee shall have the utmost discretion permitted by law.

11.7 Appeals from Denial of Claims

If any claim for benefits under the Plan is wholly or partially denied, the claimant shall be given notice of the denial. This notice shall be in writing within a reasonable period of time after receipt of the claim by the Committee. This period will not exceed 90 days after receipt of the claim, except that if the Committee determines that special circumstances require an extension of time, the period may be extended up to an additional 90 days. Written notice of the extension shall be furnished to the claimant prior to termination of the initial 90-day period, and it shall indicate the special circumstances requiring an extension of time and the date by which the benefit determination is expected.

Notice of any claim denial shall be written in a manner calculated to be understood by the claimant and shall set forth the following information:

(a) the specific reasons for the denial;

(b) specific reference to the Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why this material or information is necessary;

(d) an explanation that a full and fair review by the Committee of the decision denying the claim may be requested by the claimant or his or her authorized representative by filing with the Committee, within 60 days after the notice has been received, a written request for the review; and

(e) a statement of the claimant's right to bring a civil action under ERISA section 502(a) following an adverse decision upon review.

If a claimant files a written request for review of a denied claim, the claimant or his or her representative may request, free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim and may submit written comments, documents, records, and other information relevant to the claim within the 60-day period specified in section 11.7(d). The notice of claim denial shall include a statement of the claimant's rights to review and submit information pursuant to this paragraph.

The review by the Committee shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim without regard to whether such material was submitted or considered as part of the initial determination. The decision of the Committee upon review shall be made promptly, and not later than 60 days after the Committee's receipt of the request for review. However, if the Committee determines that special circumstances require an extension of time, this period may be extended up to an additional 60 days. Written notice of the extension shall be furnished to the claimant prior to termination of the initial 60-day period, and it shall indicate the special circumstances requiring an extension of time and the date by which the decision on review is expected.

If the claim is denied, wholly or in part, the claimant shall be given a copy of the decision promptly. The decision shall be in writing and shall be written in a manner calculated to be understood by the claimant. The decision shall include specific reasons for the denial; specific references to the pertinent Plan provisions on which the denial is based; a statement that the claimant may request, free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim; and a statement of the claimant's right to bring a civil action under ERISA section 502(a).

11.8 Notice of Address and Missing Persons

Each person entitled to benefits under the Plan must file with the Committee, in writing, his or her post office address and each change of post office address. Any communication, statement, or notice addressed to such a person at his or her latest reported post office address will be binding upon him or her for all purposes of the Plan. The Committee, the Company, Affiliates, or Trustee shall not be obliged to search for or ascertain such person's whereabouts. If a person cannot be located, the Committee may direct that his or her benefit and all further benefits with respect to such person shall be discontinued and all liability for the payment thereof shall terminate. However, in the event of the subsequent reappearance of the Member or Beneficiary prior to termination of the Plan, the benefits that were due and payable shall be paid in a single sum, and the future benefits due such person shall be reinstated in full.

11.9 Data and Information for Benefits

All persons claiming benefits under the Plan must furnish to the Committee such documents, evidence, or information as the Committee considers necessary or desirable to administer the Plan. Any such person must furnish this information promptly and sign any documents the Committee may require before any benefits become payable under the Plan.

11.10 Effect of a Mistake

In the event of a mistake or misstatement as to the eligibility, participation, or service of any Member, or the amount of payments made or to be made to a Member or Beneficiary, the Committee shall, if possible, cause such payment amounts to be withheld, accelerated, or otherwise adjusted as will in its sole judgment result in the Member or Beneficiary receiving the proper amount of payments under this Plan. Any such adjustments shall be made in accordance with the correction principles established by the Internal Revenue Service under the Employee Plans Compliance Resolution System or other applicable guidance.

11.11 Indemnity for Liability

To the extent permitted by law, the agents, representatives, directors, officers, and Employees of the Company shall be indemnified by the Company against any and all claims, losses, damages, expenses (including counsel fees), and any other liability (including any amounts paid in settlement with the Company's approval) arising from such individuals' action or conduct relating to Plan administration. The Company is not liable to indemnify these persons against such claims, losses, damages, expenses, or liabilities when the same is judicially determined to be attributable to gross negligence or willful misconduct. The Company shall pay the premiums on any bond secured under this section and shall be entitled to reimbursement by the other Employers for their proportionate share.

Article 12. Trust Arrangements

12.1 Appointment of Trustee

A Trustee for the Plan shall be named in the Trust Agreement, and upon acceptance thereof, the Trustee shall perform the duties and exercise the authority of the Trustee as set forth in the Plan and in the Trust Agreement. Any Trust Agreement holding funds under the Plan is incorporated herein by reference.

12.2 Removal of Trustee; Appointment of Other Trustee

The Company reserves the right to remove the Trustee and to appoint a successor Trustee upon giving 60 days prior written notice to the Trustee, or upon any other date mutually agreed to by the Company and the Trustee.

12.3 Change in Trust Agreements

The Company may from time to time enter into further agreements with a Trustee or other parties and make amendments to Trust Agreements that it deems necessary or desirable to carry out the Plan. The Company may take any other steps and execute any other instruments that it deems necessary or desirable to put the Plan into effect.

12.4 Trust Fund

All deposits under this Plan shall be paid to the Trustee and deposited in the Trust Fund. All assets of the Trust Fund, including investment income, shall be retained for the exclusive benefit of Members and Beneficiaries, shall be used to pay benefits under the Plan or to pay administrative expenses of the Plan and Trust Fund, to the extent not paid by an Employer in its sole discretion, and shall not revert to or inure to the benefit of an Employer, except as provided in section 12.5.

12.5 Reversion of Employer Contributions

(a) If the Internal Revenue Service initially determines that the Plan does not meet the requirements of Code section 401, the Employer shall be entitled to receive a return of all its contributions made hereunder.

(b) The portion of a contribution made by an Employer by a mistake of fact shall be returned to the Employer within one year after the payment of the contributions.

(c) The portion of a contribution made by an Employer and disallowed by the Internal Revenue Service as a deduction under Code section 404 shall be returned to the Employer within one year after the Internal Revenue Service disallows the deduction. All contributions by Employers are strictly conditioned on their current deductibility under Code section 404.

(d) Earnings attributable to the contributions to be returned under this section shall not be returned to an Employer, and any losses attributable to these contributions shall reduce the amount returned.

Article 13. Top-Heavy Plan Provisions

13.1Top-Heavy Determination

The top-heavy provisions of this Article shall be applied as follows.

(a) **Single Plan Determination.** Except as provided in section 13.1(b)(2) below, if as of the Applicable Determination Date the aggregate amount of the Account balances of Key Employees under the Plan exceeds 60 percent of the aggregate amount of the Account balances of all Employees (other than former Key Employees) under the Plan, the Plan will be top-heavy, and the provisions of this Article shall become applicable. For the purposes of this Article—

(1) Account balances shall include the aggregate amount of any distributions made with respect to the Employee during the five-year period (or one-year period for distributions made on account of severance from employment, death, or disability) ending on the Applicable Determination Date and any contribution due but unpaid as of said Applicable Determination Date; and

(2) the Account balance of any individual who has not performed services for the Employer or the Affiliates at any time during the one-year period ending on the Applicable Determination Date shall not be taken into account.

The determination of the foregoing ratio, including the extent to which distributions, rollovers, and transfers shall be taken into account, shall be made in accordance with Code section 416.

(b) **Aggregation Group Determination.**

(1) If as of the Applicable Determination Date the Plan is a member of a Required Aggregation Group which is top-heavy, the provisions of this Article shall become applicable. For purposes of this section 13.1(b), an Aggregation Group shall be top-heavy, as of the Applicable Determination Date, if the sum of—

(A) the aggregate amount of account balances of Key Employees under all defined contribution plans in such group, and

(B) the present value of accrued benefits for Key Employees under all defined benefit plans in such group

exceeds 60 percent of the same amounts determined for all Employees (other than former Key Employees) under all plans included within the Aggregation Group. Account balances and accrued benefits shall be adjusted for any distribution made in the five-year period (or one-year period for distributions made on account of severance from employment, death, or disability) ending on the Applicable Determination Date and any contribution due but unpaid as of the Applicable Determination Date. The account balance of any individual who has not performed services for the Employer or the Affiliates at any time during the one-year period ending on the Applicable Determination Date shall not be taken into account. The determination of the foregoing ratio, including the extent to which distributions (including distributions from terminated plans), rollovers, and transfers are taken into account, shall be made in accordance with Code section 416 and the regulations thereunder.

(2) If the Plan is top-heavy under section 13.1(a) above, but the Aggregation Group is not top-heavy, this Article shall not be applicable.

(c) **The Committee.** The Committee shall have responsibility to make all calculations to determine whether the Plan is top-heavy.

13.2 Definitions

For purposes of this Article, the following definitions apply.

(a) **Aggregation Group** means a required aggregation group or a permissive aggregation group as follows.

(1) **Required Aggregation Group.** All plans maintained by the Company and Affiliates in which a Key Employee participates shall be aggregated to determine whether the plans, as a group, are top-heavy. Each other plan of the Company and Affiliates which enables this Plan to meet the requirements of Code section 401(a) or section 410 shall also be aggregated.

(2) **Permissive Aggregation Group.** One or more plans maintained by the Company and Affiliates, which are not required to be aggregated, may be aggregated with each other or with plans under section 13.2(a)(1) if such group would continue to meet the requirements of Code sections 401(a)(4) and 410 with such plan(s) being taken into account.

(b) **Applicable Determination Date** shall mean, with respect to the Plan, the Determination Date for the Plan Year of reference and, with respect to any other plan, the Determination Date for any plan year of such plan which falls within such calendar year as the Applicable Determination Date of the Plan.

(c) **Determination Date** shall mean, with respect to the initial plan year of a plan, the last day of such plan year and, with respect to any other plan year of a plan, the last day of the preceding plan year of such plan.

(d) **Key Employee** means a Member or Beneficiary of such Member, if such Member for the Plan Year containing the Determination Date is—

(1) an officer of the Company or an Affiliate who has annual Compensation greater than $165,000 (as indexed from time to time in accordance with Code section 416(i));

(2) a 5-percent owner of the Company or an Affiliate; or

(3) a 1-percent owner of the Company or an Affiliate having annual Compensation of more than $150,000.

Ownership shall be determined in accordance with Code section 416(i)(1)(B) and (C). Any Employee who is not a Key Employee shall be a "non-key Employee" for purposes of applying this Article 13.

(e) **Compensation** means, for all purposes under this Article 13, an Employee's "Compensation" as determined under section 2.13(b). In no event shall an Employee's Compensation under this Article 13 exceed the limit described in section 2.13(f).

13.3 Vesting Requirements

If the Plan is determined to be top-heavy with respect to a Plan Year, then a Member's interest in his or her Account shall vest in accordance with the following schedule:

Years of Vesting Service	Vested Percentage
Fewer than 1	0%
1 but fewer than 2	20%
2 but fewer than 3	40%
3 or more	100%

If in a subsequent Plan Year, the Plan is no longer top-heavy, the vesting provisions that were in effect prior to the time the Plan became top-heavy shall be reinstated. However, the Member's Vested Percentage following such reinstatement (with respect to the Member's Account both before and after the reinstatement) shall not be reduced below the Member's Vested Percentage immediately before such reinstatement.

13.4 Minimum Contribution

For each Plan Year with respect to which the Plan is top-heavy, the minimum amount contributed by the Employer under the Plan for the benefit of each Participant who is not a Key Employee and who is otherwise eligible for such a contribution shall be the lesser of—

(a) 3 percent of the non-key Participant's Compensation for the Plan Year, or

(b) the non-key Participant's Compensation times a percentage equal to the largest percentage of such Compensation allocated under such plan with respect to any Key Employee for the Plan Year.

Matching Contributions allocated to Key Employees shall be treated as an allocation of contributions by an Employer under this section 13.4. However, if Matching Contributions to non-key Employees are used to satisfy the minimum contribution requirement under this section 13.4, these Matching Contributions shall not be tested under section 5.8, and they must otherwise satisfy the nondiscrimination requirements of Code section 401(a)(4).

This minimum contribution is determined without regard to any Social Security contribution. This minimum contribution shall be made on behalf of each non-key Employee who has not separated from service before the end of the Plan Year, without regard to whether the non-key Employee declines to make any mandatory contributions that may be required by the Plan. Contributions attributable to a salary reduction or similar arrangement shall be taken into account only with respect to contributions made on behalf of Key Employees. The minimum contribution provisions stated above shall not apply to any Participant who was not employed by the Company or an Affiliate on the last day of the Plan Year.

This section 13.4 shall not apply to a Participant covered under a qualified defined benefit plan or a qualified defined contribution plan maintained by the Company or an Affiliate if the Participant's vested benefit thereunder satisfies the requirements of Code section 416(c). Amounts contributed under this section shall be credited to a Member's Retirement Contributions Account.

13.5 Union Employees

The requirements of this Article 13 shall not apply with respect to any Employee included in a unit of Employees covered by a collective bargaining agreement between Employee representatives and an Employer if retirement benefits were the subject of good faith bargaining between such Employee representatives and the Employer.

Article 14. Participation in and Withdrawal from Plan by an Affiliate

14.1 Participation in Plan

Any Affiliate that desires to become an Employer hereunder may elect, with the consent of the Company, to become a party to the Plan by—

(a) having its board of directors adopt the Plan for the benefit of its eligible Employees effective as of the date specified in the adoption resolution; and

(b) by filing with the Company a certified copy of such resolution, together with any other instruments that the Company may require.

The Company shall then file with the Trustee a copy of the Affiliate's adoption resolution, together with the Company's written approval of the adoption.

The adoption resolution may contain any specific changes and variations in Plan or Trust Agreement terms and provisions applicable to the adopting Employer and its Employees that are acceptable to the Company and the Trustee. However, the sole, exclusive right of any other amendment to the Plan or Trust Agreement is reserved by the Company. The Company may not amend specific changes and variations in the Plan or Trust Agreement terms and provisions as adopted by the Employer in its adoption resolution without the consent of the Employer. The adoption resolution shall become, as to the adopting organization and its Employees, a part of this Plan and the related Trust Agreement. It shall not be necessary for the adopting organization to sign or execute the original or amended Plan and Trust Agreement documents.

The effective date of the Plan for any adopting Affiliate shall be that stated in the resolution of adoption. From and after this effective date, the adopting Affiliate shall assume all the rights, obligations, and liabilities of an individual Employer entity under the Plan and Trust Agreement.

The administrative powers and control of the Company, as provided in the Plan and Trust Agreement, including the sole right of amendment, and of appointment and removal of the Trustee, and its successors, shall not be diminished by reason of the participation of any adopting Affiliate in the Plan.

14.2 Withdrawal from Plan

Any Employer, by action of its board of directors or other governing authority, may withdraw from the Plan and Trust Agreement after giving 90 days' notice to the Company, provided the Company consents to the withdrawal. Distribution may be implemented through continuation of the Trust Fund, or transfer to another trust fund exempt from tax under Code section 501, or to a group annuity contract qualified under Code section 401, or distribution may be made as an immediate cash payment in accordance with the directions of the Committee. However, no action shall divert any part of the fund to any purpose other than the exclusive benefit of the Employees of the Employer. Additionally, no such action shall be inconsistent with the requirements of Code sections 401(a).

Article 15. Miscellaneous

15.1 Incompetency

Every person receiving or claiming benefits under the Plan shall be conclusively presumed to be mentally competent and of age until the Committee receives written notice, in a form and manner acceptable to it, that the person is incompetent or a minor, and that a guardian, conservator, or other person legally vested with the care of his or her estate has been appointed. If the Committee finds that any person to whom a benefit is payable under the Plan is unable to care properly for his or her affairs, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed legal representative) may be paid to the spouse, a child, a parent, a brother, or a sister, or to any person deemed by the Committee to have incurred expense for such person otherwise entitled to payment.

If a guardian or conservator of the estate of any person receiving or claiming benefits under the Plan is appointed by a court of competent jurisdiction, payments shall be made to such guardian or conservator if proper proof of the appointment is furnished in a form and manner suitable to the Committee.

To the extent permitted by law, any payment made under the provisions of this section shall be a complete discharge of liability under the Plan.

15.2 Nonalienation of Benefits

Except as provided in Code section 401(a)(13), no benefit payable at any time under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, garnishment, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge, or otherwise encumber any such benefit, whether presently or thereafter payable, shall be void. The Trust Fund under the Plan shall not in any manner be liable for or subject to the debts or liabilities of any Member or Beneficiary entitled to any benefit.

The preceding paragraph shall also apply to the creation, assignment, or recognition of a right to any interest or benefit payable with respect to a Member pursuant to a domestic relations order, unless the order is determined to be a qualified domestic relations order (as defined in Code section 414(p)). The Committee shall establish reasonable written procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

15.3 No Guarantee of Employment

Nothing contained in the Plan shall be deemed to give any Employee the right to be retained in the service of the Company or an Affiliate or to interfere with the right of the Company or an Affiliate to discharge or retire any Employee at any time.

15.4 Applicable Law

To the extent not preempted by ERISA, the Plan shall be governed by and construed according to the laws of South Carolina.

15.5 Severability

If a provision of this Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in this Plan.

15.6 Rights to Trust Assets

No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust Fund upon termination of employment or otherwise, except as specifically provided under the Plan, and then only to the extent of the benefits payable under the Plan to the Employee or Beneficiary out of the assets of the Trust Fund. All payments of benefits under this Plan shall be made solely out of assets of the Trust Fund, and the Employers, the Affiliates, or any fiduciary shall not be liable therefor in any manner.

15.7 Military Service

Effective December 12, 1994, and notwithstanding any other provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with the mandatory provisions of Code section 414(u).

15.8 Titles

The titles of sections are included only for convenience and shall not be construed as part of this Plan or in any respect affecting or modifying its provisions.

****

In Witness Whereof, the authorized officers of the Company have signed this document and have affixed the corporate seal on December 21,2012, effective as of January 1, 2013.

Sonoco Products Company

By ____

Its ____

(Corporate Seal)

Attest:

By____

Its____

Appendix A. Participating Employers

The table below lists each Affiliate of the Company that has become a participating Employer in accordance with section 14.1. The adoption dates listed below represent the effective date for each Affiliate's participation. However, because of multiple business restructurings, the adoption dates shown below do not necessarily represent the participation dates for individual Members currently employed by each Affiliate.

(The effective dates of Plan coverage for various groups of collectively-bargained Employees are listed in Appendix B and Appendix C.)

	Adoption Date	
Affiliate	**Plan Provisions (Except Retirement Contributions)**	**Plan Provisions Related to Retirement Contributions**
Georgia Paper and Tube, Inc.	April 1, 2002	January 1, 2004
Hayes Manufacturing Group, Inc.	January 1, 2002	January 1, 2004
Sonoco Development, Inc.	January 1, 1999	January 1, 2004
Sonoco Flexible Packaging, Inc.	January 1, 1997	January 1, 2004 (or January 1, 2006 for Employees of Waco Flexibles)
Sonoco-Hutchinson, Inc.	November 1, 2001	January 1, 2004
Sonoco Paperboard Group, LLC	January 1, 1997	January 1, 2004
Sonoco Phoenix, Inc.	January 1, 2002	January 1, 2004,
Sonoco Recycling, Inc.	January 1, 1981	January 1, 2004 (or January 1, 2005 for Employees of Paperstock Dealers, Savannah)
Sonoco SPG Inc.	January 1, 1997	January 1, 2004
Sonoco Sustainability Solution	January 1, 2010	January 1, 2010
Southern Plug & Mfg, Inc.	January 1, 1999	January 1, 2004
SPC Resources, Inc.	January 1, 1992	January 1, 2004
U.S. Paper Mills Corporation	January 1, 2002	January 1, 2004
Trident Graphics NA, LLC	January 1, 1997	January 1, 2004 (or January 1, 2006 for Employees of Keating Gravure

Affiliate	Adoption Date Adoption Date Plan Provisions (Except Retirement Contributions)	Plan Provisions Related to Retirement Contributions
Sonoco CorrFlex Display & Pack	January 1, 2005	January 1, 2007
Sonoco CorrFlex D&P, LLC	January 1, 2005	January 1, 2007
Sonoco CorrFlex LLC	January 1, 2005	January 1, 2007
Sonoco Clear Pack	July 1, 2008	July 1, 2008
Sonoco Plastics, Inc.		
• APT Locations	• January 1, 2011	• January 1, 2011
• Columbus location	• January 1, 2007	• January 1, 2007
• Hanover location	• January 1, 1995	• January 1, 2004
• Matrix Packaging, Inc. CA	• January 1, 2010 (except as noted below)	• January 1, 2010 (except as noted below)
• Matrix Packaging, Inc. IL locations	• January 1, 2010 (except as noted below)	• January 1, 2010 (except as noted below)
• Matrix Packaging, Inc. MO locations	• January 1, 2010 (except as noted below)	• January 1, 2010(except as noted below)
• Sonoco Crellin locations	• January 1, 1995	• January 1, 2004
• Wausau location	• January 1, 2010 (except as noted below)	• January 1, 2010 (except as noted below)
• Winchester location	• January 22, 1996	• January 1, 2004
Tegrant Corporation	January 1, 2013	January 1, 2013

Nonunion Eligible Employees of Matrix Packaging, Inc. CA, Matrix Packaging, Inc., IL, or Matrix Packaging, Inc. MO who are compensated on an hourly basis shall be subject to the following:

(a) Such Employees can make Before-Tax Contributions, Roth Contributions, and After-Tax Contributions under section 5.2, but the total amount contributed across all three contribution types is limited to 30 percent of Compensation;

(b) Such Employees are not eligible for Matching Contributions under section 5.3; and

(c) Such Employees are not eligible for Retirement Contributions under section 5.4.

In addition, nonunion Eligible Employees of the Wausau location who are compensated on an hourly basis are eligible for (i) Matching Contributions under section 5.3, but only with respect to Before-Tax Contributions made on and after April 1, 2011 and Roth Contributions made on and after January 1, 2013 and (ii) Retirement Contributions under section 5.4, but only with respect to Compensation earned on and after April 1, 2011.

Appendix B. Collectively-Bargained Participants—Plan Benefits Other than Retirement Contributions

The table below lists each group of collectively-bargained Employees who qualify as Eligible Employees with respect to Plan benefits other than Retirement Contributions under Plan section 2.14(d)(1). The table also includes the date on which Plan provisions related to Plan benefits other than Retirement Contributions took effect for each covered bargaining unit and any variations in the standard Plan terms and features (as they relate to Plan benefits other than Retirement Contributions) that apply to Eligible Employees of each such bargaining unit.

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Edinburgh/Chicago & Midwest Regional Joint Board Affiliate of Workers/United, SEIU	May 1, 1999	Follows the standard Plan	**Amount:** $0.50 per $1.00 on first 6% of Compensation contributed as Before-Tax Contributions or Roth Contributions (Per the labor agreement, if the Matching Contribution under the standard Plan is increased to a level that exceeds the Matching Contribution described above, the higher standard Plan match will apply.) **True-Up Match:** Plan section 5.3(b) does not apply	• **Eligibility:** Attain age 21 and complete one Year of Eligibility Service (defined as 1,000 Hours of Service in either the first year of employment or in any subsequent Plan Year) • **Amount:** 3.50% of Compensation, provided Participant earns at least 1,000 Hours of Service during Plan Year • **Vesting:** Collectively-Bargained Non-Elective Employer Contributions are subject to the vesting provisions described in Plan sections 3.2 and 7.4	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Franklin/Graphic Communications International Union Local 508M		Follows the standard Plan	**Amount:** \$0.50 per \$1.00 on first 6% of Compensation contributed as Before-Tax Contributions or Roth Contributions (Per the labor agreement, if the Matching Contribution under the standard Plan is increased to a level that exceeds the Matching Contribution described above, the higher standard Plan match will apply.) **True-Up Match:** Plan section 5.3(b) does not apply	• **Amount:** \$0.85 per hour paid if hired before March 22, 1998; \$0.70 per hour paid (not to exceed 2,080 hours per Plan Year) if hired on or after March 22, 1998 • **Vesting:** Collectively-Bargained Non-Elective Employer Contributions are subject to the vesting provisions described in Plan sections 3.2 and 7.4	None
USPMC – DePere/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1517	January 1, 2004	• **Contribution Limits:** • Before-Tax: 1% to 30% of Compensation • Roth: Not permitted • After-Tax: 1% to 30% of Compensation • Combined Before-Tax and After-Tax: Up to 30% of Compensation • **Automatic Enrollment:** Plan section 5.7(b) does not apply	• **Amount:** \$0.50 per \$1.00 on first 6% of Compensation contributed as Before-Tax Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	• **Amount:** 4.00% of Compensation • **Vesting:** Collectively-Bargained Non-Elective Employer Contributions are subject to the vesting provisions described in Plan sections 3.1 and 7.4	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Sumner/Association of Western Pulp and Paper Workers Local 28	January 1, 2004	Follows the standard Plan	Follows the standard Plan	None	None
Richmond/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union —AFL-CIO-CLC, Local 747	July 1, 2004	Follows the standard Plan	Follows the standard Plan	None	None
USPMC – Menasha/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 273	July 1, 2006	• **Contribution Limits:** • Before-Tax: 1% to 30% of Compensation • Roth: Not permitted • After-Tax: 1% to 30% of Compensation • Combined Before-Tax and After-Tax: Up to 30% of Compensation • **Automatic Enrollment:** Plan section 5.7(b) does not apply	• **Amount:** $0.50 per $1.00 on first 6% of Compensation contributed as Before-Tax Contributions • **True-Up Match:** Plan section 5.3(b) does not apply • **Vesting:** Matching Contributions are subject to the vesting provisions described in Plan sections 3.1 and 7.2(b)(1)	• **Eligibility:** Immediately following completion of 60-day union probationary period • **Amount:** 5.5% of Compensation if date of birth is before January 1, 1940; 4.0% of Compensation if date of birth is on or after January 1, 1940 • **Vesting:** Collectively-Bargained Non-Elective Employer Contributions are subject to the vesting provisions described in Plan sections 3.1 and 7.4	**Contribution during Period of Disability:** After 14 days of disability, Employer continues Participant contributions for up to 26 weeks at a rate equal to the Participant's average contribution rate over 24-week period preceding disability

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Norwalk / Los Angeles/District Council No. 2 Affiliated with the International Brotherhood of Teamsters	July 1, 2006	**Contribution Limits:** • Before-Tax: 1% to 30% of Compensation • Roth: Not permitted • After-Tax: 1% to 30% of Compensation • Combined Before-Tax and After-Tax: Up to 30% of Compensation	**Amount:** $0.50 per $1.00 on first 4% of Compensation contributed as Before-Tax Contributions	None	None
Caraustar – Orville, OH/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 1-150	October 1, 2007	• **Contribution Limits:** • Before-Tax: 1% to 30% of Compensation • Roth: Not permitted • After-Tax: 1% to 30% of Compensation • Combined Before-Tax and After-Tax: Up to 30% of Compensation • **Automatic Enrollment:** Plan section 5.7(b) does not apply	• **Amount:** $0.50 per $1.00 on first 6% of Compensation contributed as Before-Tax Contributions • **True-Up Match:** Plan section 5.3(b) does not apply • **Vesting:** Matching Contributions are subject to the vesting provisions described in Plan sections 3.1 and 7.2(b)(2)	None	None
New Albany, IN/Bakery, Confectionary, Tobacco Workers and Grain Millers (BCTGM), Local 33G	January 1, 2008	Follows the standard Plan	No Matching Contributions under Plan section 5.3	None	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Clear Pack/Teamsters Local #777	January 1, 2009	Follows the standard Plan	**Amount:** 1.00 per $1.00 on first 3% of Compensation contributed as Before-Tax Contributions; plus $0.50 per $1.00 on next 2% of Compensation contributed as Before-Tax Contributions **True-Up Match:** Plan section 5.3(b) does not apply	None	None
Carrollton/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union —AFL-CIO-CLC	May 5, 2009	Follows the standard plan	• **Amount:** 1.00 per $1.00 on first 3% of Compensation contributed as Before-Tax Contributions; plus $0.50 per $1.00 on next 2% of Compensation contributed as Before-Tax Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	None	None
Memphis— Ragan Street/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers International Union, Local 9-1274	July 1, 2010	Follows the standard Plan	Follows the standard Plan	None	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Forest Park/Bakery, Confectionary, Tobacco and Grain Millers International Union, Local 42, Atlanta, GA	January 1, 2011	Follows the standard Plan	No Matching Contributions under Plan section 5.3	None	None
Butner, NC/International Union of Operating Engineers, Local #465	January 1, 2013	• **Contribution Limits:** • Before-Tax: 1 to 25% of Compensation • Roth: 1 to 25% of Compensation • After-Tax: 1 to 25% of Compensation • Combined Before-Tax, Roth, and After-Tax: Up to 25% of Compensation • **Automatic Enrollment:** Plan section 5.7(b) does not apply	• **Amount:** $1.00 per $1.00 on the first 5% of Compensation contributed as Before-Tax Contributions or Roth Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	None on or after December 1, 2007 (Nonelective employer contributions made before December 1, 2007 under the Tegrant Investment and Retirement Plan are subject to the vesting provisions described in Plan sections 3.1 and 7.4.)	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Hayward, CA/International Association of Machinists and Aerospace Workers Union, Local #1546 (Maintenance Employees)	January 1, 2013	• **Contribution Limits:** • Before-Tax: 1 to 25% of Compensation • Roth: 1 to 25% of Compensation • After-Tax: 1 to 25% of Compensation • Combined Before-Tax, Roth, and After-Tax: Up to 25% of Compensation • **Automatic Enrollment:** Plan section 5.7(b) does not apply	• **Amount:** \$1.00 per \$1.00 on the first 5% of Compensation contributed as Before-Tax Contributions or Roth Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	None on or after October 1, 2008 (Nonelective employer contributions made before October 1, 2008 under the Tegrant Investment and Retirement Plan are subject to the vesting provisions described in Plan sections 3.1 and 7.4.)	None

Location/ Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Hayward, CA/Teamsters Union, IBT Local #853 (Production Employees)	January 1, 2013	• **Contribution Limits:** • Before-Tax: 1 to 25% of Compensation • Roth: 1 to 25% of Compensation • After-Tax: 1 to 25% of Compensation • Combined Before-Tax, Roth, and After-Tax: Up to 25% of Compensation • **Automatic Enrollment:** Individuals who commenced employment in the bargaining unit (or who were reemployed in the bargaining unit) on or after January 1, 2008 are enrolled automatically under section 5.7(b) at a Before-Tax Contribution rate of 1% of Compensation	• **Amount:** $1.00 per $1.00 on the first 5% of Compensation contributed as Before-Tax Contributions or Roth Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	None on or after September 1, 2007 (Nonelective employer contributions made before September 1, 2007 under the Tegrant Investment and Retirement Plan are subject to the vesting provisions described in Plan sections 3.1 and 7.4.)	None

Location/Union	Effective Date of Plan Coverage	Employee Contributions	Employer Match	Collectively-Bargained Nonelective Employer Contributions	Other Variations to Standard Plan Terms
Pardeeville, WI/United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local #851	January 1, 2013	• **Contribution Limits:** • Before-Tax: 1 to 25% of Compensation • Roth: 1 to 25% of Compensation • After-Tax: 1 to 25% of Compensation • Combined Before-Tax, Roth, and After-Tax: Up to 25% of Compensation • **Automatic Enrollment:** Bargaining unit employees are enrolled automatically under section 5.7(b) at a Before-Tax Contribution rate of 2% of Compensation	• **Amount:** $1.00 per $1.00 on the first 5% of Compensation contributed as Before-Tax Contributions or Roth Contributions • **True-Up Match:** Plan section 5.3(b) does not apply	None on or after September 1, 2007. (Nonelective employer contributions made before September 1, 2007 under the Tegrant Investment and Retirement Plan are subject to the vesting provisions described in Plan sections 3.1 and 7.4.)	None

Appendix C. Collectively-Bargained Participants—Plan Provisions Related to Retirement Contributions

The table below lists each group of collectively-bargained Employees who qualify as Eligible Employees with respect to Retirement Contributions under Plan section 2.13(d)(2). The table also includes the date on which Plan provisions related to Retirement Contributions took effect for each covered bargaining unit.

Affiliate/Location	Union	Effective Date of Retirement Contribution Provisions
Carrollton	United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industrial and Service Workers Union, AFL-CIO-CLC	• Bargaining unit employees hired on and after January 1, 2004 • Bargaining unit employees hired before January 1, 2004 will be covered by the Retirement Contribution provisions of this Plan on— • January 1, 2010 if they elected to freeze accruals under the Sonoco Pension Plan as of December 31, 2009; or • January 1, 2019 if they elect to continue accruals under the Sonoco Pension Plan through December 31, 2018 (and are still in active employment on January 1, 2019)
Caraustar/St. Paris, Ohio	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial, and Service Workers International Union—Local #1467	October 1, 2007
Clear Pack	Teamsters Local #777	July 1, 2008
City of Industry	Sonoco Products Company City of Industry and Graphic Communications Union District Council No. 2, Local 388M	• Bargaining unit employees hired on and after January 1, 2010 • Bargaining unit employees hired before January 1, 2010 will be covered by the Retirement Contribution provisions of this Plan on January 1, 2010 if they elected to freeze accruals under the Sonoco Pension Plan as of December 31, 2009
Richmond	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union—AFL-CIO-CLC, Local 747	• Bargaining unit employees hired on and after January 1, 2010 • Bargaining unit employees hired before January 1, 2010 will be covered by the Retirement Contribution provisions of this Plan as of January 1, 2011 if they elected to freeze accruals under the Sonoco Pension Plan as of December 31, 2010

Affiliate/Location	Union	Effective Date of Retirement Contribution Provisions
Norwalk/Los Angeles	District Council No. 2 Affiliated with the International Brotherhood of Teamsters	• Bargaining unit employees hired on and after January 1, 2012 • Bargaining unit employees hired before January 1, 2012 will be covered by the Retirement Contribution provisions of this Plan as of January 1, 2012 if they elected to freeze accruals under the Sonoco Pension Plan as of December 31, 2011

EXHIBIT 12

SONOCO PRODUCTS COMPANY
Computation of Ratio of Earnings to Fixed Charges
(Dollars in thousands)

	Years Ended December 31				
	2012	2011	2010	2009	2008
EARNINGS					
Pretax income	$287,074	$ 284,406	$254,454	$ 214,221	$202,376
Add: Distributed income from affiliates	9,329	11,676	17,123	5,563	7,632
Add: Fixed charges	91,690	64,341	58,352	60,591	72,964
Amortization of capitalized interest	2,450	2,341	2,303	2,301	2,161
Total Earnings	390,543	362,764	332,232	282,676	285,133
Less: Capitalized interest	(4,056)	(3,113)	(3,817)	(2,899)	(1,917)
Adjusted Earnings	$386,487	$359,651	$328,415	$279,777	$283,216
FIXED CHARGES					
Interest expense	$ 64,114	$ 41,832	$ 37,413	$ 40,992	$ 53,401
Capitalized interest	4,056	3,113	3,817	2,899	1,917
Portion of rents representative of the interest factor	23,520	19,396	17,122	16,700	17,646
Total Fixed Charges	$ 91,690	$ 64,341	$ 58,352	$ 60,591	$ 72,964
Ratio of Earnings to Fixed Charges	4.22	5.59	5.63	4.62	3.88

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

1 Sonoco-Engraph Puerto Rico, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
2 Engraph Puerto Rico, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
3 Sonoco Flexible Packaging Co., Inc., a 100%-owned domestic subsidiary, incorporated in South Carolina
4 Gunther of America, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
5 Sonoco Development, Inc., a 100%-owned domestic subsidiary, incorporated in South Carolina
6 Sonoco Recycling, LLC., a 100%-owned domestic subsidiary, incorporated in North Carolina
7 Sonoco Absorbent Technologies, LLC, a 100%-owned domestic subsidiary, incorporated in Delaware
8 Trident Graphics NA LLC, a 100%-owned domestic subsidiary, incorporated in North Carolina
9 Gunther U.S.A., Inc., a 100%-owned domestic subsidiary, incorporated in Tennessee
10 Sonoco Paperboard Group LLC, a 100%-owned domestic subsidiary, incorporated in South Carolina
11 Sebro Plastics, Inc., a 100%-owned domestic subsidiary, incorporated in Michigan
12 Convex Mold, Inc., a 100%-owned domestic subsidiary, incorporated in Michigan
13 Sonoco Crellin B.V., a 100%-owned foreign subsidiary, incorporated in the Netherlands
14 Sonoco Partitions, Inc., a 100%-owned domestic subsidiary, incorporated in South Carolina
15 Industrial Machine Co., Inc., a 100%-owned domestic subsidiary, incorporated in Missouri
16 Sonoco Structural Fiber, LLC, a 95%-owned domestic subsidiary, incorporated in South Carolina
17 Polysack AS, Inc., a 100%-owned domestic subsidiary, incorporated in South Carolina
18 Sonoco Display and Packaging, LLC, a 100%-owned domestic subsidiary, incorporated in North Carolina
19 Sonoco D & P, LLC, a 100%-owned domestic subsidiary, incorporated in North Carolina
20 Sonoco D and P York, LLC, a 100%-owned domestic subsidiary, incorporated in North Carolina
21 Sonoco Hutchinson, LLC, a 100%-owned domestic subsidiary, incorporated in Kansas
22 U.S. Paper Mills Corp., a 100%-owned domestic subsidiary, incorporated in Wisconsin
23 Sonoco Phoenix, Inc., a 100%-owned domestic subsidiary, incorporated in Ohio
24 SPC Management, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
25 SPC Capital Management, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
26 SPC Resources, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
27 Sonoco International, LLC, a 100%-owned domestic subsidiary, incorporated in Delaware
28 Sonoco of Puerto Rico, a 100%-owned domestic subsidiary, incorporated in South Carolina
29 Sonoco Luxembourg S.a.r.l., a 100%-owned foreign subsidiary, incorporated in Luxembourg
30 Sonoco Netherlands Holding II BV, a 100%-owned foreign subsidiary, incorporated in the Netherlands
31 Sonoco Canada Corporation, a 100%-owned foreign subsidiary, incorporated in Canada
32 Wisenberg U.S., Inc., a 100%-owned domestic subsidiary, incorporated in South Carolina
33 Sonoco Flexible Packaging Canada Corporation, a 100%-owned foreign subsidiary, incorporated in Canada
34 1190138 Ontario Inc, a 100%-owned foreign subsidiary, incorporated in Canada
35 S W Inc., a 100%-owned foreign subsidiary, incorporated in Canada
36 Sonoco Ventures UK Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
37 Sonoco Absorbent Technologies Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
38 Sonoco Holdings UK Limited, a 100%-owned domestic subsidiary, dually incorporated in Delaware and in the United Kingdom
39 Sonoco Milnrow, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
40 Sonoco Products Company UK, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
41 Sonoco Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
42 Sonoco Capseals Liners Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
43 TPT Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
44 Sonoco Polysack Limited, a 100%-owned domestic subsidiary, dually incorporated in South Carolina and in the United Kingdom
45 Sonoco Packaging Tapes Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
46 Sonoco Board Mills Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
47 Sonoco UK Leasing Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
48 Sonoco Reels Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
49 Capseals Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

50 Sonoco Europe Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
51 Unit Reels & Drums Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
52 Grove Mill Paper Company Limited, a 99.9%-owned foreign subsidiary, incorporated in the United Kingdom
53 TPT Board Mills Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
54 Heathfield Reels Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
55 Capseals Liners Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
56 Cap Liners Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
57 Sonoco Packaging Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
58 Nathaniel Lloyd & Company Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
59 Corepak Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
60 Friarsgate Studio Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
61 Sonoco Consumer Products Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
62 Sonoco Iberia, S.L., a 100%-owned foreign subsidiary, incorporated in Spain
63 Sonoco Bonmati, S.A., a 100%-owned foreign subsidiary, incorporated in Spain
64 Sonoco Pina, S.A., a 100%-owned foreign subsidiary, incorporated in Spain
65 Sonoco Alcore Nederland B.V., a 100%-owned foreign subsidiary, incorporated in the Netherlands
66 Sonoco Alcore - Demolli S.r.l., a 100%-owned foreign subsidiary, incorporated in Italy
67 Sonoco Netherlands Holding I B.V., a 100%-owned foreign subsidiary, incorporated in the Netherlands
68 Sonoco-Alcore AS, a 100%-owned foreign subsidiary, incorporated in Norway
69 Sonoco Ambalaj Sanayi Ve Ticaret Anonim Sirketi, a 100%-owned foreign subsidiary, incorporated in Turkey
70 Sonoco-Alcore Spolka Z Ograniczona Odpowiedzialnoscia, a 100%-owned foreign subsidiary, incorporated in Poland
71 Sonoco International Holdings GmbH, a 100%-owned foreign subsidiary, incorporated in Switzerland
72 Sonoco Alcore NV, a 100%-owned foreign subsidiary, incorporated in Belgium
73 Sonoco International BVI, a 100%-owned foreign subsidiary, incorporated in the British Virgin Islands
74 Sonoco Paper Mill & IPD Hellas Sa, a 100%-owned foreign subsidiary, incorporated in Greece
75 Sonoco SAS, a 100%-owned foreign subsidiary, incorporated in France
76 Tubetex NV, a 100%-owned foreign subsidiary, incorporated in Belgium
77 Sonoco Paper France S.A.S, a 100%-owned foreign subsidiary, incorporated in France
78 Sonoco Consumer Products SAS, a 100%-owned foreign subsidiary, incorporated in France
79 Sonoco Plastics Germany GmbH, a 100%-owned foreign subsidiary, incorporated in Germany
80 Sonoco Deutschland Holdings GmbH, a 100%-owned foreign subsidiary, incorporated in Germany
81 Sonoco Caprex Karton- und Papierverarbeitungs AG, a 100%-owned foreign subsidiary, incorporated in Switzerland
82 Sonoco Deutschland GmbH, a 100%-owned foreign subsidiary, incorporated in Germany
83 Sonoco Alcore GmbH, a 100%-owned foreign subsidiary, incorporated in Germany
84 Beteiligungen Sonoco Deutschland Vermogensverwaltungsgesellschaft mbh, a 100%-owned foreign subsidiary, incorporated in Germany
85 Sonoco Australia Pty Ltd, a 100%-owned foreign subsidiary, incorporated in Australia
86 Sonoco New Zealand Limited, a 100%-owned foreign subsidiary, incorporated in New Zealand
87 Sonoco Asia, L.L.C., a 79.2%-owned domestic subsidiary, incorporated in Delaware
88 Sonoco Asia Management Company, L.L.C., a 70%-owned domestic subsidiary, incorporated in Delaware
89 Sonoco Thailand Ltd, a 79.2%-owned foreign subsidiary, incorporated in Thailand
90 AGD (Thailand) Limited, a 79.2%-owned foreign subsidiary, incorporated in Thailand
91 Sonoco Taiwan Ltd, a 79.2%-owned foreign subsidiary, incorporated in Taiwan
92 Sonoco Singapore Pte. Ltd., a 79.2%-owned foreign subsidiary, incorporated in Singapore
93 Sonoco Holdings Sdn Bhd, a 79.2%-owned foreign subsidiary, incorporated in Malaysia
94 Sonoco Malaysia Sdn Bhd, a 79.2%-owned foreign subsidiary, incorporated in Malaysia
95 Sonoco Products Malaysia Sdn Bhd, a 79.2%-owned foreign subsidiary, incorporated in Malaysia
96 Sonoco Hongwen Paper Co Ltd, a 63.6%-owned foreign subsidiary, incorporated in China

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

97 PT Sonoco Indonesia, a 79.2%-owned foreign subsidiary, incorporated in Indonesia
98 Sonoco Kaiping Packaging Company Ltd, a 79.2%-owned foreign subsidiary, incorporated in China
99 Sonoco do Brazil Ltda, a 100%-owned foreign subsidiary, incorporated in Brazil
100 Sonoco Participacoes Ltda., a 100%-owned foreign subsidiary, incorporated in Brazil
101 Sonoco Embalagens S.A., a 100%-owned foreign subsidiary, incorporated in Brazil
102 Sonoco de Colombia Ltda, a 100%-owned foreign subsidiary, incorporated in Colombia
103 Colombiana P.M., LLC, a 100%-owned domestic subsidiary, incorporated in Delaware
104 Inversiones Sonoco Limitada, a 100%-owned foreign subsidiary, incorporated in Chile
105 Sonoco Venezolana, a 90%-owned foreign subsidiary, incorporated in Venezuela
106 Sonoco Netherlands Holding III BV, a 100%-owned foreign subsidiary, incorporated in the Netherlands
107 Sonoco de Mexico SA de CV, a 100%-owned foreign subsidiary, incorporated in Mexico
108 Manufacturas Sonoco SA de CV, a 100%-owned foreign subsidiary, incorporated in Mexico
109 Servicios Mexicanos Ejecutivos Sa de CV, a 100%-owned foreign subsidiary, incorporated in Mexico
110 Sonoco SA de CV, a 100%-owned foreign subsidiary, incorporated in Mexico
111 Sonoco (Weifang) Packaging Company, Ltd., a 79.2%-owned foreign subsidiary, incorporated in China
112 Sonoco Yatai Pinghu Packaging Co Ltd, a 79.2%-owned foreign subsidiary, incorporated in China
113 Sonoco-Alcore Oy, a 100%-owned foreign subsidiary, incorporated in Finland
114 Sonoco Alcore AB, a 100%-owned foreign subsidiary, incorporated in Sweden
115 Sonoco IPD France SAS (fka Sonoco Alcore SAS), a 100%-owned foreign subsidiary, incorporated in France
116 ZAO Sonoco Alcore, a 100%-owned foreign subsidiary, incorporated in Russia
117 Sonoco-Alcore Ou, a 100%-owned foreign subsidiary, incorporated in Estonia
118 Sonoco Operadora S de R L de C V, a 100%-owned foreign subsidiary, incorporated in Mexico
119 Sonoco Venture International Holdings GmbH, a 100%-owned foreign subsidiary, incorporated in Switzerland
120 Sonoco-Alcore S.a.r.l., a 100%-owned foreign subsidiary, incorporated in Luxembourg
121 Sonoco Cores and Paper Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
122 Sonoco Poland Holdings BV, a 100%-owned foreign subsidiary, incorporated in the Netherlands
123 Sonoco JV GmbH & Co. KG, a 100%-owned foreign subsidiary, incorporated in Germany
124 Sonoco Poland - Packaging Services Spolka Z Ograniczona Odpowiedzialnoscia, a 100%-owned foreign subsidiary, incorporated in Poland
125 Trident Graphics Canada Corporation, a 100%-owned foreign subsidiary, incorporated in Canada
126 Sonoco (Xiamen) Packaging Company Ltd, a 79.2%-owned foreign subsidiary, incorporated in China
127 Sonoco Services, LLC, a 100%-owned domestic subsidiary, incorporated in Delaware
128 Sonoco India Private Limited, a 79.2%-owned foreign subsidiary, incorporated in India
129 Sonoco (Shanghai) Co., Ltd, a 79.2%-owned foreign subsidiary, incorporated in China
130 CP Acquisition, LLC, a 100%-owned domestic subsidiary, incorporated in South Carolina
131 Clear Pack Company, a 100%-owned domestic subsidiary, incorporated in Illinois
132 Sonoco Plastics Canada ULC, a 100%-owned foreign subsidiary, incorporated in Canada
133 Sonoco Plastics, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
134 Sonoco (Taicang) Packaging Co., Ltd, a 79.2%-owned foreign subsidiary, incorporated in China
135 Fair Lawn Packaging Services, LLC, a 100%-owned domestic subsidiary, incorporated in South Carolina
136 Sonoco Liquidation, LLC, a 100%-owned domestic subsidiary, incorporated in South Carolina
137 Sonoco Contract Services S. de R.L. de C.V., a 100%-owned foreign subsidiary, incorporated in Mexico.
138 Sonoco Asia Holding S.a.r.l., a 100%-owned foreign subsidiary, incorporated in Luxembourg
139 APEI IOM Holdings Corporation, a 100%-owned domestic subsidiary, incorporated in Delaware
140 APEI (IOM), a 100%-owned foreign subsidiary, incorporated in Isle of Man
141 Sonoco Plastics Ireland, a 100%-owned foreign subsidiary, incorporated in Ireland
142 Sonoco Holdings, Inc., a 100%-owned domestic subsidiary, incorporated in Delaware
143 Sonoco Luxembourg Holding S.a.r.l., a 100%-owned foreign subsidiary, incorporated in Luxembourg
144 APEI UK Limited, a 100%-owned foreign subsidiary, incorporated in the United Kingdom
145 Tegrant Holdings (New) Corp., 100% owned domestic subsidiary, incorporated in Delaware
146 Tegrant Holdings Corp., 100% owned domestic subsidiary, incorporated in Delaware

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT

147 Tegrant Corporation, 100% owned domestic subsidiary, incorporated in Delware
148 Tegrant Alloyd Brands, Inc., 100% owned domestic subsidiary, incorporated in Delaware
149 Tegrant Alloyd Brands of Puerto Rico, Inc., 100% owned foreign subsidiary, incorporated in Puerto Rico
150 Tegrant Property Holdings, LLC, 100% owned domestic subsidiary, incorporated in Delaware
151 Tegrant Diversified Brands, Inc., 100% owned domestic subsidiary, incorporated in Pennsylvania
152 Createc Corporation, 100% owned domestic subsidiary, incorpoated in Indiana
153 Createc International, LLC, 100% owned domestic subsidiary, incorporated in Indiana
154 Createc de Mexico, S de R.L., 100% owned foreign subsidiary, incorpoated in Mexico
155 ThermoSafe Brands Asia PTE, 100% owned foreign subsidiary, incorporated in Singapore
156 ThermoSafe Malaysia SDN.BHD, 100% owned foreign subsidiary, incorporated in Malaysia
157 ThermoSafe Brands UK Ltd., 100% owned foreign subsidiary, incorporated in UK
158 Tegrant International, Inc., 100% owned domestic subsidiary, incorporated in Delaware
159 Tegrant de Mexico, S.A. de C.V., 100% owned foreign subsidiary, incorporated in Mexico
160 2103393 Ontario, Inc., 100% owned foreign subsidiary, incorporated in Canada
161 ThermoSafe Brands Europe Ltd., 100% owned foreign subsidiary, incorporated in Dublin
162 ThermoSafe Brands Germany, 100% owned foreign subsidiary, incorporated in Germany
163 SR Holdings of the Carolinas, LLC, a 100%-owned domestic subsidiary, incorporated in South Carolina

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (File No. 33-45594; File No. 33-60039; File No. 333-12657; File No. 333-100799; File No. 333-100798; File No. 333-152531; and File No. 333-184692) and Form S-3 (File No. 333-182988) of Sonoco Products Company of our report dated March 1, 2013, relating to the financial statements, financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 1, 2013

EXHIBIT 31

I, Harris E. DeLoach, Jr., certify that:

1. I have reviewed this annual report on Form 10-K 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: March 1, 2013

/s/ Harris E. DeLoach, Jr.

Harris E. DeLoach, Jr.
Chairman, President and Chief Executive Officer

EXHIBIT 31

I, Barry L. Saunders, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 1, 2013

/s/Barry L. Saunders

Barry L. Saunders
Vice President and Chief Financial Officer

EXHIBIT 32

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

The undersigned, who are the chief executive officer and the chief financial officer of Sonoco Products Company, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-K for the year ended December 31, 2012, 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.

March 1, 2013

/s/Harris E. DeLoach, Jr.
Harris E. DeLoach, Jr.
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-K and shall not be treated as having been filed as part of the Form 10-K.