UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.
20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ------ TO ------

COMMISSION FILE NUMBER 1-11261

SONOCO PRODUCTS COMPANY

INCORPORATED UNDER THE LAWS OF SOUTH CAROLINA

I.R.S. EMPLOYER IDENTIFICATION NO. 57-0248420

POST OFFICE BOX 160
HARTSVILLE, SOUTH CAROLINA 29551-0160

TELEPHONE: 803-383-7000

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, Inc.
Series A Cumulative Preferred Stock	New York Stock Exchange, Inc.

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: None

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 and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. [ ]

The aggregate market value of voting stock held by nonaffiliates of the registrant (based on the New York Stock Exchange closing price) on March 2, 1997, was $2,277,589,388.

As of March 2, 1997, there were 90,021,489 shares of no par value common stock outstanding.

Documents Incorporated by Reference

Portions of the Annual Report to Shareholders for the fiscal year ended December 31, 1996, are incorporated by reference in Parts I, II and IV; portions of the Proxy Statement for the annual meeting of shareholders to be held on April 16, 1997, are incorporated by reference in Part III.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

PART I

STATEMENTS INCLUDED IN PART I OF THE 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 COMPANY CAUTIONS READERS THAT FORWARD LOOKING STATEMENTS, INCLUDING WITHOUT LIMITATION THOSE RELATING TO THE COMPANY'S FUTURE BUSINESS PROSPECTS, REVENUES, WORKING CAPITAL, LIQUIDITY, CAPITAL NEEDS, INTEREST COSTS, AND INCOME, ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED IN THE FORWARD LOOKING STATEMENTS.

ITEM 1. BUSINESS

The Company

The Company, a South Carolina corporation founded in Hartsville, South Carolina in 1899 as the Southern Novelty Company, is a major global manufacturer of paperboard-based and plastic-based packaging products. The Company is also vertically integrated into paperboard production and recovered paper collection. The paperboard utilized in the Company's packaging products is produced substantially from recovered paper. The Company operates an extensive network of facilities from nearly 300 locations on five continents, serving customers in more than 85 countries. This global reach is a critical component of the Company's long-term growth plans, and puts the Company in a position to supply customers who are expanding their operations internationally and want supply partners who can provide consistent high-value products and services wherever they choose to do business.

Sonoco changed its segment reporting in the second quarter of 1996. Results are now reported in two segments, industrial packaging and consumer packaging. The Industrial Packaging segment includes global industrial converted products and paper, industrial containers, injection molded and extruded plastics, protective packaging, partitions, wire and cable packaging, adhesives and converting machinery operations. The Consumer Packaging segment includes the global composite can operations, capseals liners, flexible packaging, labels, label applicating equipment, paperboard packaging and high density film products. The new reporting is intended to be more in line with the way the Company reports its internal results and to more appropriately reflect the integration of its paper and converting operations. International operations are reflected in the appropriate segment based on the products produced or markets served.

The Company serves a wide variety of industrial and consumer markets. Industrial markets, which represented approximately 56% of the Company's sales in 1996, include paper manufacturers, chemical and pharmaceutical producers, textile manufacturers, automotive suppliers, consumer electronics, the wire and cable industry and the building and construction industry. Consumer markets, which represented approximately 44% of the Company's sales in 1996, include food and beverage processors, the personal and health care industries, supermarkets, retail outlets, convenience stores, quick service restaurants, and household goods manufacturers. The Company believes that it is the number one supplier in all its major markets.

The Financial Reporting For Business Segments table as shown in Note 17 to the Company's Financial Statements, which are set forth in the Company's 1996 Annual Report to Shareholders, included herewith as Exhibit 13, presents selected financial data by major lines of business or segments for each of the past three years. This table should be read in conjunction with the Financial Statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the 1996 Annual Report to Shareholders, all of which are incorporated herein by reference.

ITEM 1. BUSINESS, CONTINUED

Acquisitions/Dispositions

Acquisitions over the past five years have been an important part of the Company's strategy for growth. The 1992 acquisition of the Trent Valley paper mill in Trenton, Ontario, Canada, provided the Company with a new forming technology that improves the dimensional stability of paperboard, a critical property in certain market segments. During 1993, the Company purchased Crellin Holding, Inc., an international manufacturer, designer and marketer of molded plastic products and also completed the acquisition of the OPV/Durener Group, Germany's second largest manufacturer of tubes and cores. In October 1993, the Company acquired Engraph, Inc., creating the opportunity to grow into new packaging markets. These markets included pressure-sensitive labels and package inserts, flexible packaging, screen process printing and paperboard cartons and specialities. During 1994, the Company acquired M. Harland & Son Limited, a leading producer of pressure-sensitive roll labels and roll-label application equipment headquartered in the United Kingdom. During 1995, the Company acquired the remaining 50% interest in the CMB/Sonoco joint venture. CMB/Sonoco is a producer of composite cans with manufacturing facilities in England and France. The Company also purchased the Edinburgh, Ind., flexible packaging plant from Hargro Flexible Packaging Corporation which manufactures packaging for the confectionery, snack food and pharmaceutical markets. In October 1995, the Company acquired the assets of Cricket Converters, Inc., of Hightstown, N.J., a major manufacturer of high-quality, pressure-sensitive labels for the pharmaceutical and health care markets. Also during 1995, the Company acquired a minority interest in Demolli Industria Cartaria SRL and purchased three converting operations and a paper mill in Brazil, a small tube and paper manufacturer in France and three recovered paper collection plants in the United States.

During 1996, the Company completed several acquisitions which were strategically important both in the U.S. and internationally. In the first quarter, the Company finalized the Sonoco Hongwen joint venture to produce paperboard in Shanghai, China, and initiated a joint venture in Indonesia that will manufacture composite cans, tubes and cores. In February 1996, the Company acquired Moldwood Products Company of York, Ala., from Gulf States Paper Corporation. Moldwood Products is a producer of moldwood plugs for the paper industry. The Company also added two operations to its wire and cable packaging operations, the Baker Reels Division. During the second quarter, the Company acquired Hamilton Hybar, Inc., of Richmond, Va., a leading supplier of vapor barrier packaging materials to the paper industry. The Hamilton Hybar acquisition, along with the Moldwood Products acquisition, positioned the Company as a full-line, one-stop supplier for the roll packaging needs of paper mills. During the third quarter, the Company finalized the acquisition of Specialty Packaging, Inc., of Wausau, Wis., a niche producer of composite cans, specialty lines of metal closures, and tubes and cores. The Company also acquired two of Germany's leading paperboard can manufacturers, Dosen Schmitt of Mayen and Buck Verpackungen GmbH. During the fourth quarter of 1996, the Company acquired Stonington Corporation of Westfield, Mass., a manufacturer of tubes and cores, specializing in short-run, high-value tubes.

In December 1996, the Company completed the sale of its tennis ball container manufacturing operation, located in Greenville, S.C. Although profitable, this operation did not offer growth potential for the Company.

ITEM 1. BUSINESS, CONTINUED

Acquisitions/Dispositions

Early in 1997, the Company signed a letter of intent to form a joint venture with Rock-Tenn Corporation, to combine the fibre partitions operations of the two companies into a joint venture company called RTS Packaging, to be owned 35% by the Company and 65% by Rock-Tenn. In March 1997, the Company sold its screen printing operations, acquired in the 1993 acquisition of Engraph, Inc.

Competition

The Company's products are sold in highly competitive environments. Supply and demand are the major factors controlling each of these market environments. These markets are also influenced by the overall rate of economic activity, but to a lesser degree. Throughout the year, the Company remained highly competitive and believes it has several competitive advantages within the markets it serves. First, the Company manufactures and sells many of its products globally. Having operated internationally since 1923, the Company considers its ability to serve its customers worldwide in a timely, consistent and cost-effective manner a competitive advantage. Second, the Company believes its technological leadership, reputation for quality, and vertical integration have enabled it to coordinate its product development and global expansion with the rapidly changing needs of its major customers, who demand high-quality, state-of-the-art, environmentally compatible packaging. Third, the Company is focusing on productivity improvements with the objective of being the low-cost producer in value-added niches of the packaging market. The Company has several productivity initiatives underway, aimed at significantly reducing costs and improving processes using the latest in information technology. The Company believes that these initiatives will further enhance its competitive position.

A discussion of the Company's competitive position within the Industrial Packaging and Consumer Packaging segments follows:

Industrial Packaging Segment. The Company is the only company serving the world's core, tube and cone markets that is fully vertically integrated from papermaking to industrial products. It is the global leader in these products and plans to continue defending this leadership through technological innovations and supply-chain management services that add value for customers worldwide. One of the Company's major growth strategies in this segment is to implement an integrated paper production and converted paper products business in worldwide markets. The Company is already a market leader in most of its industrial product lines in North America, Europe, Australasia and South America, and has enhanced this position in 1996 through tactical acquisitions and joint ventures in Greece, Indonesia, Italy, China and other parts of the world where the Company has not previously operated.

As the leading producer of fibre drums in the U.S. and a major manufacturer of plastic drums and intermediate bulk containers, the Company offers customers a variety of solutions for their bulk packaging needs. The Company operates an industrial container research and development facility that supports its customers and the marketplace with refinements and new products.

ITEM 1. BUSINESS, CONTINUED

Competition, Continued

The Company's injection molded and extruded plastics operations serve customers in the textile, wire and cable, filtration, automotive, food processing, quick service restaurants, fiber optics and plumbing industries. Though the marketplace for these types of products is very competitive, the Company believes that its strong design and technical capabilities position it to grow in its existing markets as it continues to develop new products.

The Company is also the leading U.S. producer of nailed-wood, plywood and metal reels for the wire and cable industry and the market leader in the manufacture of corner posts for major appliance packaging.

Consumer Packaging Segment. The Company is the world leader in the manufacture of composite cans and has been revolutionizing the role of composite cans in packaging with technological breakthroughs that continue to set new benchmarks for this product. The Company's relationships with the world's most sophisticated packaging users and marketers allow the Company's packaging development specialists the opportunity to work on new-generation packages precisely designed to specific customer requirements. In addition to innovation, the Company's substantial cost advantage over competitors' packaging and its relationship with suppliers are major factors in the growth and high value of the Company's composite can business.

The Company's flexible packaging business focuses on serving customers in the confectionery industry with high-quality graphics on paper, foil or film packages. The Company believes that ongoing projects to develop the vertical integration possibilities between flexible packaging and composite cans will further enhance its competitive position.

The Company is the leading producer of high-density, high-molecular weight, plastic carry-out grocery sacks. The Company also manufactures sacks for the high-volume retail market, convenience store market, the developing quick service restaurant market, and is a producer of agricultural mulch film. This business continued to grow in 1996, and as a result of the strong demand for this group's products, a nearly $30 million expansion was started in 1996 which will add the capacity for an additional two billion sacks. The Company believes that the capacity expansion will solidify its leadership position in the market.

The Company remains one of the leading producers of high-quality, pressure-sensitive labels in the United States. Pressure-sensitive labels are one of the fastest growing segments of the packaging industry. The Company believes its ability to provide both labels and a wide variety of paperboard packaging options is a competitive edge as customers try to narrow their field of suppliers for packaging. The Company can offer customers a one-stop shop for their printed packaging requirements from labels to cartons.

None of the Company's segments are seasonal to any significant degree. The Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the 1996 Annual Report to Shareholders discusses the various segments of the Company and is incorporated herein by reference.

Raw Materials

The principal raw materials used by the Company are plastic resins, metal, pulpwood, recovered paper and paper. With the exception of pulpwood, recovered paper and paper, the Company's raw materials and supplies are purchased from a number of outside sources; however, the supply is considered adequate to meet the Company's requirements. Company-owned timberlands, timber-cutting rights and suppliers are believed to be sufficient to assure the future availability of pulpwood. Recovered paper used in the manufacture of paperboard is purchased either directly from suppliers near manufacturing operations or through the Company's subsidiary, Paper Stock Dealers, Inc.

The majority of raw materials are subject to price volatility as experienced in the economic cycle that began in 1994. Raw material cost increases began in 1994 and continued into the third quarter of 1995. They quickly fell in the second half of 1995 and continued to decline in 1996. The Company was able to mitigate an adverse earnings impact through selling price increases or decreases. In spite of cost volatility, the Company considers the supply of raw materials to be adequate to meet its needs.

The Company has strengthened its fibre recovery system by acquiring three paper collection operations in 1995 to expand its collection base. In addition, the Company continues to work on such arrangements as joint ventures and partnership agreements to further strengthen its supply stability.

Backlog

The amount of the Company's backlog orders at the end of 1996 and 1995 was approximately $42.6 million and $42.1 million, respectively. The Company expects that all the orders in backlog at the end of 1996 will be shipped during 1997. Most customer orders are manufactured with a lead time not to exceed three weeks. Domestic long-term contracts, primarily for composite cans, exist for approximately 14% of trade sales (no one contract exceeds 4%). These contracts, which are for a specific duration, generally include price escalation provisions for raw materials, labor and overhead costs. There are no significant long-term purchase contracts because the Company considers the supply of raw materials adequate to meet its needs.

Patents, Trademarks and Related Contracts

No segment of the business is materially dependent upon the existence of patents, trademarks or related contracts.

ITEM 1. BUSINESS, CONTINUED

Research and Development

The Company has 129 employees engaged in new product development and technical support for existing product lines. Company-sponsored research spending in this area was $17.5 million, $12.7 million and $12.1 million in 1996, 1995, and 1994, respectively. Spending focused on projects related to Sonoco's primary businesses and reflects a commitment to ensure that the Company maintains a competitive advantage through technology leadership in its businesses and markets served. Customer-sponsored research spending has been immaterial for the past three years.

Employees

At December 31, 1996, the Company employed approximately 19,000 people.

Environmental Protection

The Financial Position, Liquidity and Capital Resources section of the Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the 1996 Annual Report to Shareholders provides the required information and is incorporated herein by reference.

Financial Information about Foreign and Domestic Operations and Export Sales

The Company has subsidiaries and affiliates operating in 30 countries. The primary operations of the international subsidiaries are similar to the Company's domestic businesses in products and markets served. The Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 15 to the Financial Statements set forth in the 1996 Annual Report to Shareholders are incorporated herein by reference. United States export sales are immaterial.

ITEM 2. PROPERTIES

The Company's main plant and corporate offices are located in Hartsville, South Carolina. The Company has 180 branch or manufacturing operations in the United States, 25 in Canada and 78 in 28 other countries.

Information about the Company's manufacturing operations by segment follows:

	Segment	
	Industrial Packaging	Consumer Packaging
Number of Plants:		
Owned	120	27
Leased for terms up to ten years with options to renew for additional terms	92	40
Leased with lease purchase agreements	3	1
Total manufacturing operations	215	68

The Company believes that its properties are suitable and adequate for current needs and that the total productive capacity is adequately utilized.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business, the Company is a party to various legal proceedings incidental to its business and is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates. The Company has been named as a potentially responsible party at several environmentally contaminated sites located primarily in the northeastern United States and owned by third parties. These sites are believed to represent the Company's largest potential environmental liabilities. The Company has accrued approximately $4 million for these contingencies as of December 31, 1996.

Although the level of future expenditures for legal and environmental matters is impossible to determine with any degree of certainty, it is management's opinion that such costs, when finally determined, will not have a material adverse effect on the consolidated financial position of the Company. The Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 14 to the Financial Statements set forth in the 1996 Annual Report to Shareholders provides additional information and is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

EXECUTIVE OFFICERS OF THE REGISTRANT

In reliance on General Instruction G of Form 10-K, the following set forth information with respect to each person who is an executive officer of the Company:

NAME	AGE	YEAR FIRST ELECTED OFFICER	POSITION AND BUSINESS EXPERIENCE DURING LAST FIVE YEARS
C. W. Coker	63	1961	Chairman of the Board and Chief Executive Officer. Present position since 1990, also having served as President and Chief Executive Officer from May 1994 to February 1996.
P. C. Browning	55	1993	President and Chief Operating Officer. Present position since February 1996, previously having served as Executive Vice President - Global Industrial Products and Paper Division since 1993. Prior to joining Sonoco in 1993 served as President, Chairman and Chief Executive Officer of National Gypsum Company (manufacturer and supplier of products and services used in building and construction) since 1990.
B. W. Campbell	47	1996	Vice President - Information Services. Present position since February 1996, previously having served as Staff Vice President - Information Services since 1991.
A. V. Cecil	55	1996	Vice President - Investor Relations and Corporate Communication. Present position since January 1996. Prior to joining Sonoco in 1996 served as Vice President - Corporate Communication and Investor Relations with National Gypsum Company.
C. W. Claypool	61	1987	Vice President - Paper Division. Present position since 1987. Retiring June 1, 1997.
P. C. Coggeshall, Jr.	53	1979	Vice President - Administration. Present position since 1991.

EXECUTIVE OFFICERS OF THE REGISTRANT, CONTINUED

NAME	AGE	YEAR FIRST ELECTED OFFICER	POSITION AND BUSINESS EXPERIENCE DURING LAST FIVE YEARS
H. E. DeLoach, Jr.	52	1986	Executive Vice President with responsibility for the High Density Film Products, Industrial Container, Fibre Partitions, Protective Packaging, molded and extruded plastics and Baker Reels. Present position since February 1996, previously having served as Group Vice President and Vice President - Film, Plastics and Special Products since 1993 and Vice President - High Density Film Products since 1989.
C. A. Hartley	48	1995	Vice President - Human Resources. Present position since 1995. Prior to joining Sonoco in 1995 served as Vice President - Human Resources with Dames & Moore (an environmental engineering and consulting firm) since 1994 and Vice President - Human Resources with National Gypsum Company since 1991.
F. T. Hill, Jr.	44	1987	Vice President and Chief Financial Officer. Present position since 1995, previously having served as Vice President - Finance since 1994 and Vice President - Industrial Products North America since 1990.
R. E. Holley	54	1987	Vice President - High Density Film Products. Present position since 1993, previously having served as Vice President - Total Quality Management since 1990.
C. J. Hupfer	50	1988	Vice President, Treasurer and Corporate Secretary. Present position since 1995, previously having served as Treasurer since 1988.
J. R. Kelley	42	1994	Vice President - Industrial Products North America. Present position since 1994, previously having served as Division Vice President - Industrial Container since 1990.

EXECUTIVE OFFICERS OF THE REGISTRANT, CONTINUED

NAME	AGE	YEAR FIRST ELECTED OFFICER	POSITION AND BUSINESS EXPERIENCE DURING LAST FIVE YEARS
R. L. McGowan, Jr.	45	1996	Vice President - Consumer Products. Present position since February 1997, previously having served as Vice President and General Manager - Consumer Products Division, U.S. and Canada since 1994 and Division Vice President - Sales, Marketing & Technology, Consumer Products Division since 1987.
H. J. Moran	64	1987	Executive Vice President with responsibility for the Consumer Packaging Group (since February 1996) and Sonoco Engraph (since February 1997). Previously having served as Group Vice President - Consumer Packaging Group since 1993 and Vice President and General Manager - Consumer Packaging Division since 1990.
E. P. Norman, Jr.	60	1989	Vice President - Technology. Present position since 1989.
M. M. Richardson	62	1996	Vice President of Sonoco and President of Sonoco Engraph. Present position since February 1996, previously having served as Chief Executive Officer - Sonoco's label, screen printing and paperboard carton business since 1995. Also served as President and Chief Operating Officer of Engraph since 1994, Executive Vice President and Chief Operating Officer since 1992 and Group Vice President since 1983. Retiring the end of April 1997.

Officers of the Company are elected annually by the Board of Directors at the first Board meeting immediately following the Annual Meeting of Shareholders.

Family Relationships

C. W. Coker and F. L. H. Coker, a director of the Company, are brothers and the first cousins of J. L. Coker, a director of the Company, and P. C. Coggeshall, Jr.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market and Market Prices of Common Stock

The Company's common stock began trading on the New York Stock Exchange (NYSE) March 8, 1995, under the stock symbol "SON". Prior to that date, the common stock was traded on the NASDAQ National Market System. The Comparative Highlights set forth in the 1996 Annual Report to Shareholders (Exhibit 13 of this report) shows, by quarter, the high and low price on the NASDAQ market for the period January 1, 1995 through March 7, 1995, and the NYSE for the period March 8, 1995 through December 31, 1996, and is incorporated herein by reference.

Approximate Number of Security Holders

There were approximately 42,000 shareholder accounts as of March 2, 1997.

Dividends

Information required is included in the Comparative Highlights set forth in the 1996 Annual Report to Shareholders, and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The Selected Eleven-Year Financial Data set forth in the 1996 Annual Report to Shareholders provides the required data, and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information presented under Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the 1996 Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Financial Statements

The Consolidated Financial Statements, Notes to Consolidated Financial Statements and the Report of Independent Certified Public Accountants for the Company included in the 1996 Annual Report to Shareholders are incorporated herein by reference.

Supplementary Financial Data

The information set forth under Comparative Highlights in the 1996 Annual Report to Shareholders is incorporated herein by reference.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Directors of
Sonoco Products Company:

Our report on the consolidated financial statements of Sonoco Products Company has been incorporated by reference in this Form 10-K from page 46 of the 1996 Annual Report to Shareholders of Sonoco Products Company. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed in the exhibit index on page IV-2 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

/s/ Coopers & Lybrand L.L.P.

COOPERS & LYBRAND L.L.P.

Charlotte, North Carolina
January 29, 1997

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The sections entitled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" as shown on pages 4 - 9 and page 23, respectively, of the Company's definitive Proxy Statement, set forth information with respect to the directors of the Company and compliance with Section 16(a) of the Securities Exchange Act of 1934 and are incorporated herein by reference. Certain information with respect to persons who are or may be deemed to be executive officers of the Company is set forth under the caption "Executive Officers of the Registrant" in Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to the compensation of directors and officers of the Company as shown on pages 13 - 21 of the Company's definitive Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to the beneficial ownership of the Company's Common Stock by management and others as shown on page 3 and pages 11 - 12 under captions "Voting Securities" and "Security Ownership of Management as of December 31, 1996," respectively, of the Company's definitive Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The sections entitled "Compensation Committee Interlocks and Insider Participation" and "Transactions With Management" as shown on pages 21 - 23 of the Company's definitive Proxy Statement set forth certain information with respect to certain business relationships and transactions between the Company and its directors and officers and is incorporated herein by reference.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Data incorporated by reference from the attached 1996 Annual Report to Shareholders (included as Exhibit 13 of this report):

Comparative Highlights (Selected Quarterly Financial Data)

Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Balance Sheets as of December 31, 1996 and 1995

Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 1996, 1995 and 1994

Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

Report of Independent Accountants

Selected Eleven-Year Financial Data

Data submitted herewith:

Report of Independent Accountants (included under Item 8)

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K, CONTINUED

Financial Statement Schedule:

Schedule II - Valuation and Qualifying Accounts

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

Exhibits:

3	Articles of Incorporation and By-Laws (incorporated by reference to the Registrant's 1994 Form 10-K Annual Report)
4	Instruments Defining the Rights of Securities Holders, including Indentures (incorporated by reference to the Registrant's Forms S-3 (File No. 33-50503 and File No. 33-40538))
10	Material Contracts:
10-1	1983 Sonoco Products Company Key Employee Stock Option Plan (incorporated by reference to the Registrant's Form S-8 dated September 4, 1985)
10-2	1991 Sonoco Products Company Key Employee Stock Plan (incorporated by reference to the Registrant's Form S-8 dated June 7, 1995)
10-3	Sonoco Products Company 1996 Non-Employee Directors' Stock Plan (incorporated by reference to the Registrant's Form S-8 dated September 25, 1996)
10-4	Sonoco Products Company Employee Savings and Stock Ownership Plan (incorporated by reference to the Registrant's Form 11-K Annual Report set forth in the Registrant's Form 10-K/A filed on June 28, 1996)
11	Computation of Earnings Per Share
13	1996 Annual Report to Shareholders (portions incorporated by reference)
21	Subsidiaries of the Registrant
23	Consent of Independent Accountants
27	Financial Data Schedule
99-1	Proxy Statement, filed in conjunction with annual shareholders' meeting scheduled for April 16, 1997 (previously filed)
99-2	Form 11-K Annual Report - 1983 and 1991 Sonoco Products Company Key Employee Stock Option Plans and Sonoco Products Company 1996 Non-Employee Directors' Stock Plan

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K, CONTINUED

Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the fourth quarter of 1996.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(DOLLARS IN THOUSANDS)

COLUMN A DESCRIPTION	COLUMN B BALANCE AT BEGINNING OF PERIOD	COLUMN C ADDITIONS CHARGED TO COSTS AND EXPENSES	COLUMN D DEDUCTIONS(1)	COLUMN E BALANCE AT END OF PERIOD
1996				
Restructuring Reserve	$ 7,129	$ -0-	$ 3,963	$ 3,166
Allowance for Doubtful Accounts	$ 6,330	$ 3,920	$ 2,620	$ 7,630
1995				
Restructuring Reserve	$ 10,923	$ -0-	$ 3,794	$ 7,129
Allowance for Doubtful Accounts	$ 6,058	$ 3,168	$ 2,896	$ 6,330
1994				
Restructuring Reserve	$ 27,114	$ -0-	$ 16,191	$ 10,923
Allowance for Doubtful Accounts	$ 6,514	$ 2,546	$ 3,002	$ 6,058

(1) Includes amounts written off, translation adjustments and payments.

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

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 27th day of March 1997.

SONOCO PRODUCTS COMPANY

/s/ C. W. Coker

C. W. Coker
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report is signed below by the following person on behalf of the Registrant and in the capacities indicated on this 27th day of March 1997.

/s/ F. T. Hill, Jr.

F. T. Hill, Jr.
Vice President and
Chief Financial Officer

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SIGNATURES, CONTINUED

/s/ C. W. Coker - - --------------------------- C. W. Coker	Chief Executive Officer and Director (Chairman)
/s/ P. C. Browning - - --------------------------- P. C. Browning	President, Chief Operating Officer and Director
/s/ C. J. Bradshaw - - --------------------------- C. J. Bradshaw	Director
/s/ R. J. Brown - - --------------------------- R. J. Brown	Director
/s/ F. L. H. Coker - - --------------------------- F. L. H. Coker	Director
- - --------------------------- J. L. Coker	Director
/s/ T. C. Coxe, III - - --------------------------- T. C. Coxe, III	Director
/s/ A. T. Dickson - - --------------------------- A. T. Dickson	Director
/s/ R. E. Elberson - - --------------------------- R. E. Elberson	Director
/s/ J. C. Fort - - --------------------------- J. C. Fort	Director
/s/ P. Fulton - - --------------------------- P. Fulton	Director
/s/ B. L. M. Kasriel - - --------------------------- B. L. M. Kasriel	Director
/s/ R. C. King, Jr. - - --------------------------- R. C. King, Jr.	Director
/s/ E. H. Lawton, Jr. - - --------------------------- E. H. Lawton, Jr.	Director
/s/ H. L. McColl, Jr. - - --------------------------- H. L. McColl, Jr.	Director
/s/ Dona Davis Young - - --------------------------- Dona Davis Young	Director

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number	Description
3	Articles of Incorporation and By-Laws (incorporated by reference to the Registrant's 1994 Form 10-K Annual Report)
4	Instruments Defining the Rights of Securities Holders, including Indentures (incorporated by reference to the Registrant's Forms S-3 (File No. 33-50503 and File No. 33-40538))
10	Material Contracts:
10-1	1983 Sonoco Products Company Key Employee Stock Option Plan (incorporated by reference to the Registrant's Form S-8 dated September 4, 1985)
10-2	1991 Sonoco Products Company Key Employee Stock Plan (incorporated by reference to the Registrant's Form S-8 dated June 7, 1995)
10-3	Sonoco Products Company 1996 Non-Employee Directors' Stock Plan (incorporated by reference to the Registrant's Form S-8 dated September 25, 1996)
10-4	Sonoco Products Company Employee Savings and Stock Ownership Plan (incorporated by reference to the Registrant's Form 11-K Annual Report set forth in the Registrant's Form 10-K/A filed on June 28, 1996)
11	Computation of Earnings Per Share
13	1996 Annual Report to Shareholders (portions incorporated by reference)
21	Subsidiaries of the Registrant
23	Consent of Independent Accountants
27	Financial Data Schedule
99-1	Proxy Statement, filed in conjunction with annual shareholders' meeting scheduled for April 16, 1997 (previously filed)
99-2	Form 11-K Annual Report - 1983 and 1991 Sonoco Products Company Key Employee Stock Option Plans and Sonoco Products Company 1996 Non-Employee Directors' Stock Plan

EXHIBIT 11

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE)

	Years Ended December 31		
	1996	1995	1994
Primary Earnings:			
Net income available to common shareholders	$ 163,675	$ 156,756	$ 122,086
Weighted average number of common shares outstanding	90,512,746	91,138,507	91,444,613
Assuming exercise of options reduced by the number of shares that could have been purchased (at average price) with proceeds from exercise of such options	2,110,304	1, 807,531	873,055
Weighted average number of shares outstanding as adjusted	92,623,050	92,946,038	92,317,668
Primary earnings per common share	$ 1.77	$ 1.68	$ 1.32
Assuming Full Dilution:			
Net income available to common shareholders	$ 163,675	$ 156,756	$ 122,086
Elimination of preferred dividends	7,196	7,763	7,763
Fully diluted net income	$ 170,871	$ 164,519	$ 129,849
Weighted average number of common shares outstanding	90,512,746	91,138,507	91,444,613
Assuming exercise of options reduced by the number of shares that could have been purchased (at the higher of the end-of-year price or the yearly average) with proceeds from exercise of such options	2,137,188	2,092,403	873,056
Assuming conversion of preferred stock	6,001,995	7,155,300	7,155,300
Weighted average number of common shares outstanding as adjusted	98,651,929	100,386,210	99,472,969
Earnings per common share assuming full dilution	$ 1.73	$ 1.64	$ 1.31

EXHIBIT 13

COMPARATIVE HIGHLIGHTS (UNAUDITED)

SONOCO

	Years ended December 31 1996	1995	% Inc.(Dec.)
(Dollars in thousands except per share)			
Net sales	$2,788,075	$2,706,173	3.0%
Gross profit	639,970	599,186	6.8%
Net income available to common shareholders	163,675	156,756	4.4%
Return on common equity	21.1%	22.2%	(5.0%)
Return on total equity (including preferred stock)	18.3%	18.7%	(2.1%)
Return on net sales	6.1%	6.1%	-
Approximate number of employees	19,000	19,000	-
Approximate number of locations	290	270	7.4%
Per common share			
Net income available to common shareholders:			
- Assuming no dilution	$ 1.81	$ 1.72	5.2%
- Assuming full dilution	1.73	1.64	5.5%
Cash dividends	.65	.58	12.1%
Ending common stock market price	25.88	26.25	(1.4%)
Book value per common share	8.91	8.19	8.8%
Price/earnings ratio	14.96	16.01	(6.6%)

SELECTED QUARTERLY FINANCIAL DATA

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
(Dollars in thousands except per share)				
1996				
Net sales	$669,231	$ 689,855	$ 703,422	$725,567
Gross profit	156,357	167,634	157,946	158,033
Net income available to common shareholders	41,307	44,814	38,073	39,481
Per common share				
Net income available to common shareholders:				
- Assuming no dilution	$ .45	$ .50	$ .42	$ .44
- Assuming full dilution	.43	.47	.41	.42
Cash dividends	.15	.165	.165	.165
Market price - high	28.88	29.25	30.88	28.13
- low	25.75	26.00	27.13	24.88
1995				
Net sales	$645,142	$ 691,726	$ 686,998	$682,307
Gross profit	140,339	151,007	149,948	157,892
Net income available to common shareholders	35,596	42,172	38,699	40,289
Per common share				
Net income available to common shareholders:				
- Assuming no dilution	$ .39	$ .46	$ .43	$ .44
- Assuming full dilution	.37	.44	.41	.42
Cash dividends	.133	.15	.15	.15
Market price - high	23.21	25.25	28.50	28.75
- low	19.11	22.74	24.50	23.75

CHART CAPTIONS:

Net Sales (billions $) Net sales increased 3% in 1996 to $2.79 billion.

Net Income Available to Common Shareholders (million $) Net Income increased 4.4% in 1996. Adjusted to exclude restructuring charges and cumulative effect of accounting changes in 1992.

Earnings Per Share (Fully Diluted) ($) Earnings per share improved 5.5% over 1995. Adjusted to exclude restructuring charges and cumulative effect of accounting changes in 1992.

MANAGEMENT'S DISCUSSION & ANALYSIS

STATEMENTS INCLUDED IN MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 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 COMPANY CAUTIONS READERS THAT FORWARD LOOKING STATEMENTS, INCLUDING WITHOUT LIMITATION THOSE RELATING TO THE COMPANY'S FUTURE BUSINESS PROSPECTS, REVENUES, WORKING CAPITAL, LIQUIDITY, CAPITAL NEEDS, INTEREST COSTS, AND INCOME, ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED IN THE FORWARD LOOKING STATEMENTS.

RESULTS OF OPERATIONS 1996 - 1995

To better understand the results of operations for 1996 and the outlook for 1997, it is necessary to review the economic cycle that began in 1994.

Raw material cost increases, the magnitude of which was unprecedented in the Company's history, began in 1994 and continued into the third quarter of 1995. Industrial production posted large gains during the same period, and selling prices of commodity paperboard grades roughly doubled. While production of commodity paperboard grades is a relatively small part of the Company's paperboard production (less than 20%), the magnitude of the price increases did have a noticeable effect on profits in 1995. As quickly as raw material costs and commodity paperboard prices rose, they fell in the second half of 1995 and continued to decline in 1996.

Selling prices for the Company's converted industrial packaging products were increased to pass through the higher raw material costs. Likewise, when these costs declined, the selling prices were lowered to reflect the decreases. Although the market has increasingly stabilized over this period, there have been modest further reductions in converted product prices.

The third and fourth quarters of 1995 benefited from higher selling prices as the raw material costs decline preceded selling price reductions. This resulted in difficult earnings comparisons in the third and fourth quarters of 1996 where earnings were flat compared with the prior year.

The first two quarters of 1997 are also expected to be impacted by this price/cost comparison that may result in flat-to-slightly-down earnings comparisons for those quarters. Once this aberrant price/cost comparison abates, the Company expects improved earnings trends in the second half of 1997, more in line with targeted growth objectives. Over the entire two-year cycle, earnings have increased at the upper end of growth objectives.

Another major factor resulting in the flat second half performance in 1996, which will also impact the first half of 1997, relates to shortfalls in several newer businesses and international start-ups. These businesses include labels, flexibles, and start-ups in China and Brazil. Labels and flexibles were restructured during the second half of 1996, resulting in substantial costs to refocus the businesses. The start-ups likewise incurred costs to consolidate operations and reduce headcount. While the Company expects improvements in these operations in 1997, the most significant impact will likely occur in the second half of 1997.

Consolidated net sales for 1996 were $2.79 billion, a 3% increase, compared with $2.71 billion in 1995. The increase in sales resulted from volume increases across nearly all businesses. In addition, acquisitions added approximately $110 million in sales. However, selling price decreases, which resulted from raw material cost decreases, reduced 1996 sales by approximately $120 million in comparison with 1995.

Gross profit margins improved to 23% from 22.1% reported in 1995. The margin improvement reflects the reductions in raw material costs, improved productivity from strong volume gains and the benefits from increased capital expenditures made to support Vision 2000 plans. As we enter 1997 with prices stabilizing, margins as a percentage of sales should return to slightly lower, more traditional levels.

Selling, general and administrative costs increased to 11.1% of sales in 1996, compared with 10.7% in 1995. The increase was primarily due to additional costs incurred in connection with acquisitions, start-up costs and plant consolidations. In addition, the lower sales dollars resulting from the significant drop in prices during 1996 impacted the selling, general and administrative costs as a percentage of sales.

CHART CAPTION: Net Sales by Segment (millions $) 1996 sales were reduced by lower selling prices, primarily in the industrial packaging segment. Both segments experienced strong volume and increased sales from acquisitions in 1996.

Net income for 1996 was $163.7 million, or $1.73 per share, assuming full dilution, a 5.5% increase in earnings per share over the $156.8 million, or $1.64 per share for 1995. The per share numbers reflect full dilution assuming the conversion of all outstanding preferred shares issued to finance the 1993 acquisition of Engraph and the assumed exercise of all outstanding stock options. In the second half of 1996, the Company announced a stock repurchase program and bought 3.44 million common share equivalents at an average cost of $28 per share. Included in the repurchase were approximately 556,000 shares of preferred stock. At year end, 2.4 million preferred shares remained outstanding.

Due to the average shares outstanding calculation, only one-half of the repurchased shares were reflected in 1996. Interest expense on borrowings to fund the repurchase offset the reduction in shares outstanding, thus there was no impact on reported earnings per share. In 1997, the shares repurchased will lower outstanding shares for the entire year, generating a positive earnings per share impact of approximately $.03 per share.

Capital expenditures in 1996 increased to $232 million, compared with $181.4 million in 1995. This increased spending included projects to expand capacity, improve productivity and introduce new technology in many business units. This increased capital investment is part of the Vision 2000 strategy to grow largely through internal expansion rather than through acquisitions. The result of this strategy is expected to be higher returns on invested capital, quicker realization of those returns and lower risk when compared with larger, strategic acquisition alternatives. The Company still expects to continue to make smaller tactical acquisitions that complement existing businesses.

Acquisition spending totaled $94.2 million in 1996. In the United States, acquisitions included a manufacturer of roll-wrap materials, a core plug producer, a tube and core manufacturer, a composite can and tube manufacturer and two small reel operations. In Germany, the Company acquired two composite can operations. In Brazil, the Company purchased a converting operation. The Company also entered into joint venture agreements in China, Canada and Greece to manufacture tubes and cores; in Puerto Rico to produce labels and inserts; and in Indonesia to produce tubes, cores and composite cans.

Research and development costs charged to expense were $17.5 million for 1996, compared with $12.7 million in 1995. This increase represents Sonoco's commitment to maintain a competitive advantage through technology leadership in its businesses. Aggressive research and development spending in 1996 is reflected in the successful commercialization of numerous new tube products in the industrial segment as well as new consumer packaging such as the composite coffee can and a rectangular-shaped can for dry beverage mix.

The Company's effective tax rate in 1996 was 38.4%, compared with 39.4% in 1995. Tax benefits from company-owned life insurance, additional tax credits from higher research and development spending, and lower state taxes all contributed to a reduction in the 1996 effective tax rate.

SEGMENT REPORTING. Sonoco changed its segment reporting in the second quarter of 1996. Results are now reported in two segments, industrial packaging and consumer packaging. The new reporting is intended to be more in line with the way the Company reports its internal results and to more appropriately reflect the integration of its paper and converting operations. International operations are reflected in the appropriate segment based on the products produced or markets served. Operating profits for international operations increased approximately 20% in 1996. Operating profit is revenue less operating costs, excluding interest and income taxes.

INDUSTRIAL PACKAGING. The industrial packaging segment consists of the following businesses: the global industrial converted products and paper operations, industrial containers, injection molded and extruded plastics, protective packaging, partitions, wire and cable packaging, adhesives and converting machinery operations.

The industrial packaging segment represents approximately 56% of the Company's sales. Trade sales in this segment were $1.56 billion in 1996, a decrease of 1.5% from the $1.58 billion in 1995. Sales declined in the industrial segment due entirely to lower selling prices in response to the falling raw material costs experienced in late 1995. The lower selling prices reduced sales in this segment by approximately $100 million. Acquisitions, which added approximately $60 million to sales, and strong volume nearly offset the selling price decline.

Operating profit for this segment was $202.9 million, or 3.6% ahead of the $195.9 million in 1995. Strong volume, lower raw material costs and higher productivity from capital expenditures more than offset the significant selling price decreases in 1996. Profits were impacted by continued investment in Process Excellence, a top-to-bottom look at the North American tube, core, cone and paper operations. Significant progress was made on the various initiatives in this program. When Process Excellence is fully implemented by the end of the year 2000, we expect to have annualized benefits of at least $50 million.

CHART CAPTION: Identifiable Assets by Segment (millions $) Identifiable assets increased in 1996 in both segments due to base business growth and acquisitions.

The Process Excellence internal supply chain initiative resulted in the closing of nine tube and core operations, and the transferring of that business to 20 other locations. The plant closings were on schedule, but the integration of production at the expanded plants took longer and cost more than expected. In addition, start-up costs for a joint venture in China and consolidation costs in Brazil impacted operating profits in this segment in 1996.

In our global tube and core business, volume increased in 1996 in virtually all markets served around the world. In addition, the acquisition of Hamilton Hybar, Inc., which produces roll wrap materials, and Moldwood Products Company, which produces moldwood core plugs, added to sales in this segment. Lower pricing resulting from lower raw material costs partially offset the sales gains from volume increases and acquisitions. Our European paper and tube business experienced record performance, while our tube and core business was also strong in Canada and Mexico. Similar to the United States, selling prices were down in comparison to 1995; however, lower raw material costs lessened the impact of lower prices.

Our paper operations include the Company's 26 paper mills, 39 paper machines and a network of 46 paper collection facilities around the world. Sonoco also operates one corrugating medium paper machine, located in Hartsville, S.C., in partnership with Georgia-Pacific Corporation. The annual capacity of this machine is 186,000 tons, which is sold by contract to Georgia-Pacific.

Sonoco's global paper operation has a capacity of approximately 1.5 million tons per year of cylinder board production. Approximately 85% of the board produced by Sonoco is sold to other Sonoco operations to be converted into paperboard packaging.

A major area of sales decline in the industrial packaging segment was in the paper operations. In comparison to 1995, recovered paper, corrugating medium and linerboard prices were all significantly lower in 1996. Lower selling prices on commodity grades of paperboard such as linerboard and corrugating medium reduced profits in our paper operations by approximately $20 million in 1996. Volume gains from external sales of paperboard and lower raw material costs mitigated the impact of the lower selling prices in the paper operations. During the past year, Sonoco has increased papermaking capacity by adding paper mills in Brazil and China.

The Company's industrial container business experienced volume increases in its intermediate bulk containers business but was unable to offset the continuing market shift in demand from fibre drums to plastic drums and bulk containers. This operation added a new plant for plastic drums in 1996 that increased capacity, but start-up costs negatively impacted operating profit for the year.

Sonoco's injection molded and extruded plastics businesses had a strong year in 1996 due to increased volume in plastic cores, tubes and reels. In addition, this operation continued to benefit from strong sales to the automotive industry.

The protective packaging business experienced volume gains in its corner posts and engineered cushion fibre operations. This operation dramatically improved its corner posts in 1996 using unique proprietary technology. The wire and cable business added two small acquisitions at the beginning of the year and continued their strong operating performance. Sonoco's partitions business experienced lower volume in 1996 due to a major customer filing bankruptcy and the closing of a plant in Canada. In 1997, Sonoco signed a letter of intent with Rock-Tenn Corporation to combine the partitions operations of both companies into a joint venture. Sonoco will own 35% of this joint venture pending regulatory approval.

Capital spending in this segment during 1996 was $163.5 million, compared with $108.6 million in 1995. Spending in this segment in 1996 included several plant expansions in the tube and core operations. These expansions were part of the Process Excellence supply chain initiative. The Hartsville Master Plan, which will be completed in 1997, included projects to expand capacity of several paper machines and the installation of a new fluidized-bed, multi-fuel burning boiler. In addition, several international paper mills were upgraded during 1996. Spending in this segment also included upgrades to the Company's information technology systems.

CONSUMER PACKAGING SEGMENT. The consumer packaging segment consists of the following businesses: composite can operations, flexible packaging, capseals liners, high density film products, labels, and printed packaging.

Overall trade sales in the consumer packaging segment were $1.23 billion in 1996, compared with $1.13 billion in 1995, an increase of 9.3%. Lower selling prices reduced sales by approximately $20 million in 1996. Strong volume in the composite can and high density film businesses, and acquisitions adding approximately $50 million in sales, more than offset the lower prices.

CHART CAPTION: Operating Income by Segment (millions $) Operating profit increased in both segments in 1996.

Operating profits in this segment increased 10.9% to $126.4 million in 1996, compared with $114 million in 1995. While most of the businesses in this segment reported strong performances, profits were impacted by reorganization and start-up costs in the label and flexible packaging operations.

Volume continued to be strong in the composite can operations, particularly in the food and beverage markets. The Company benefited from sales of new products such as the rectangular composite can for Lipton iced tea mixes and the single-serve snack can for Pringles(r) potato snacks. In addition, sales in Europe increased with the acquisition of two composite can manufacturers in Germany as well as the opening of a new plant in Belgium. The composite can business was also strong in Mexico, the United Kingdom and Venezuela.

Capseals, which is located in England, continued its strong export sales to more than 70 countries around the world. This operation is running at full capacity due to expanded business from new products.

The Company's high density film products operation continued to produce at full capacity. Sales in this operation were impacted by higher resin costs late in the year, but strong productivity and volume gains led to profit improvement.

The screen print operations obtained in the 1993 acquisition of Engraph, Inc. showed strong sales and profit performance throughout 1996. Subsequent to year-end, this business, which accounted for approximately $60 million in annual sales, was sold because this product line did not fit with Sonoco's packaging portfolio.

At the end of 1996, Sonoco sold its plastic tennis ball container facility in Greenville, S.C. Although profitable, this operation did not offer growth potential for the Company.

Sonoco experienced higher than expected reorganization and start-up costs with its label, paperboard carton and flexible packaging businesses in 1996. While the October 1995 acquisition of Cricket Converters accounted for the sales increase in the label business, earnings lagged behind expectations. A major reorganization of the label operations from a series of independent companies into one operating unit was ongoing throughout 1996. The flexible packaging operations were slowed by start-up problems with new presses, as well as a major reorganization, which caused declines in efficiency. The Company expects to overcome these challenges during 1997 with significant improvement in these operations, particularly in the second half of the year.

Capital spending in the consumer segment was $68.5 million in 1996, compared with $72.8 million in 1995. Spending in 1996 included new composite can manufacturing plants in Londerzeel, Belgium, and Jackson, Tenn., and the relocation of the plastic caulk cartridge operation to Winchester, Ky. In addition, the Company added six new presses to the Sonoco Engraph businesses and expanded capacity at the North Vernon, Ind., plastic sack manufacturing operation.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Sonoco's financial position remained strong in 1996. At December 31, 1996, the Company's long-term debt was rated A by Standard & Poor's (S&P) and A2 by Moody's. Commercial paper was rated A1 and P1 by S&P and Moody's, respectively.

Cash provided by operations was $291.8 million in 1996, compared with $254.6 million in 1995 and $219.5 million in 1994. The 1996 increase was primarily due to higher earnings before depreciation and amortization expense. Cash provided by operations was higher in 1995 than in 1994 as a result of higher net income. Earnings before interest and taxes were 6.0 times interest expense in 1996, compared with 7.2 times in 1995 and 6.9 times in 1994.

Net working capital increased to $262.5 million at December 31, 1996, from $229.3 million in 1995 and $222.1 million in 1994. The current ratio was 1.6 at December 31, 1996 and 1994, and 1.5 at December 31, 1995. Current assets and current liabilities increased in 1996 as a result of base business growth and acquisitions. Current assets increased in 1995 largely as a result of business growth, selling price increases implemented during 1995 and an increase in cash from industrial revenue bonds. Current liabilities increased in 1995 primarily as a result of higher notes payable due to increased use of short-term bank lines to finance international operations. Taxes payable increased in 1995 as a result of higher profitability levels.

Debt increased $206.3 million to $893.1 million at December 31, 1996, primarily due to the repurchase of $123 million in common and preferred stock, increased capital spending as part of Vision 2000 and funding acquisitions of $94.2 million. Debt increased $139.4 million to $686.8 million at December 31, 1995, primarily due to funding acquisitions of $107.2 million, as well as increased capital spending and an increase in cash and cash equivalents. Capital spending was $232 million in 1996, compared with $181.4 million in 1995 and $126.7 million in 1994.

In April 1996, the Company issued $35 million of 6% Industrial Revenue Bonds due April 1, 2026, following an issue in June 1995 of $35.1 million of 6.125% Industrial Revenue Bonds due June 1, 2025. As of December 31, 1996 and 1995, cash and cash equivalents included $32.6 million and $30.9 million, respectively, of proceeds from these issues held in trust until qualifying expenditures take place. In November 1995, the Company issued $100 million of 6.75% Debentures due November 1, 2010, in order to lengthen the maturities of the Company's indebtedness. The net proceeds from this issue were used to reduce outstanding commercial paper obligations.

During 1996, the Company increased its authorized commercial paper program from $300 million to $450 million and increased the fully committed bank lines of credit supporting the program by a like amount. These lines expire in August 2001. The Company expects internally generated cash flow along with borrowing capacity under existing credit facilities to be sufficient to meet operating and normal capital expenditure requirements. Capital spending and tactical acquisitions are expected to be approximately $250 million in 1997. In order to maintain financial flexibility, the Company has registered for sale up to $250 million of debt securities under a shelf registration with the Securities and Exchange Commission.

Interest expense in 1996 was $55 million, compared with $44 million in 1995, the result of the higher borrowing levels. Shareholders' equity was $920.6 million at December 31, 1996, as record earnings of $170.9 million were offset by the repurchase of $89.2 million of the Company's common stock and $33.4 million of preferred stock and the payment of $65.7 million in common and preferred dividends. In 1995, shareholders' equity increased $86.5 million to $918.7 million at December 31, 1995, as $164.5 million in earnings were reduced by $60.9 million in common and preferred cash dividends and the repurchase of $18.7 million of the Company's stock.

In April 1996, the Board of Directors increased the dividend payable to common shareholders to $.165 per share. In April 1995, the Board of Directors declared a 5% common stock dividend and increased the dividend to $.15 from the $.13 paid since the second quarter of 1994. Although the ultimate determination whether to pay dividends is within the sole discretion of the Board of Directors, the Company plans to increase dividends as earnings grow. The return on common equity was 21.1% in 1996, compared with 22.2% in 1995 and 19.1% in 1994. Return on total equity was 18.3% in 1996, compared with 18.7% in 1995 and 16% in 1994. The book value per common share was $8.91 in 1996, compared with $8.19 in 1995 and $7.23 in 1994.

The Company's debt to total capital ratio increased to 47.2% at December 31, 1996, compared with 39.6% and 38.1% at December 31, 1995 and 1994, respectively. The 1996 and 1995 ratios have been adjusted to reduce debt by the amount of cash held related to the issuance of restricted-purpose bonds. The increase in 1996 is attributable to the share repurchases previously described. The Company expects to reduce the debt to total capital ratio to 40% by the end of 1998 without jeopardizing Vision 2000 growth plans by spreading capital expenditures more evenly over the period. The Company has sold its screen printing operations and will use the proceeds from this transaction to reduce debt.

The Company is exposed to interest rate fluctuations as a result of using debt as a major source of financing its operations. When necessary, the Company will use traditional, unleveraged interest rate swaps to manage its mix of fixed and variable rate debt to ensure exposure to interest rate movements is maintained within established ranges. The Company is also subject to risk due to foreign exchange rate changes as a result of operating globally. The Company monitors these exposures and can use traditional currency swaps and forward foreign exchange contracts to hedge a portion of the net investment in foreign subsidiaries or to hedge firm commitments denominated in foreign currencies. Use of these financial instruments was not material to the financial statements as a whole as of December 31, 1996, 1995 or 1994.

Except for the impact of raw material prices, as discussed in the segment information, inflation did not have a material impact on the Company's operations in 1996, 1995 or 1994.

The Company is subject to various federal, state and local environmental laws and regulations concerning, among other matters, wastewater effluent and air emissions. Compliance costs 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 clean-up of sites contaminated by those wastes. The Company has been named a potentially responsible party at several environmentally contaminated sites located primarily in the northeastern United States and owned by third parties. These sites are believed to represent the Company's largest potential environmental liabilities. The Company has accrued approximately $4 million as of December 31, 1996, with respect to these sites. Further details are provided in the Notes to the Consolidated Financial Statements.

CHART CAPTION: Capital Spending by Segment (millions $) The increase in capital spending during 1996 is part of the Company's Vision 2000 strategy to grow largely through internal growth.

RESULTS OF OPERATIONS 1995 - 1994

Consolidated net sales for 1995 were $2.71 billion, a 17.7 % increase, compared with $2.3 billion in 1994. A major portion of the sales increase in 1995 resulted from selling price increases to recover unprecedented volatility in raw material costs.

Gross profit margins improved to 22.1 % from the 21.6 % reported in 1994. The margin increase reflected a combination of selling price and raw material cost volatility during 1995. In the early part of the year, costs for primary raw materials, such as recovered paper, plastic resins, aluminum and steel were extremely high, resulting in price increases where possible. Later in the year, there were selected price decreases to reflect the falling costs of some raw materials. On balance, Sonoco was able to improve overall gross margin percentages slightly. In addition, productivity improvements resulting from capital expenditures in many operations and technology enhancements were factors in the gross margin improvement.

Selling, general and administrative costs included consulting and other costs associated with Process Excellence, the major business redesign effort in the global industrial products and paper operations. These costs totalled $10 million in 1995, or approximately $.06 per share, assuming full dilution.

Net income for 1995 was $156.8 million, or $1.64 per share, assuming full dilution, a 25.2% increase in earnings per share over the $122.1 million, or $1.31 per share for 1994.

Capital expenditures in 1995 increased to $181.4 million, compared with $126.7 million in 1994. This increased spending included projects to expand capacity and introduce new technology in many business units.

Acquisition spending totaled $107 million in 1995. Acquisitions included a label producer in New Jersey, a paper mill and three converting operations in Brazil, a flexible packaging operation, geographic expansion of paper recovery operations and additional operations in Europe.

Research and development costs charged to expense were $12.7 million for 1995, compared with $12.1 million in 1994. The pressure-sensitive label and flexible packaging businesses were two areas with additional research and development spending in 1995. The Company's effective tax rate in 1995 was 39.4%, compared with 39.1% in 1994. Tax benefits from the company-owned life insurance program are included in the tax rates for both years.

SEGMENT REPORTING. Sonoco changed its segment reporting in 1996 to reflect two segments: industrial packaging and consumer packaging. All amounts have been restated to reflect this change in reporting.

INDUSTRIAL PACKAGING SEGMENT. Trade sales in this segment were $1.58 billion in 1995, compared with $1.34 billion in 1994, an increase of 17.6%. The increase in sales was due to selling price increases that resulted from increased material costs.

The overall operating profit for the industrial packaging segment was $195.9 million in 1995, compared with $142.9 million in 1994, an increase of 37.1%. Although consulting fees from the Company's Process Excellence initiative reduced 1995 profits, selling price increases early in 1995 and the falling material prices late in the year improved overall performance in this segment. Business was also strong in the Company's international industrial packaging business in 1995.

Sales were up in the industrial container operation in 1995 primarily due to increased selling prices resulting from higher material costs. The molded and extruded plastics operation increased sales slightly in 1995 while profits declined due to an inability to recover cost increases for plastic resins.

Capital spending in this segment rose to $108.6 million in 1995, compared with $84.8 million in 1994. This increase included spending on the major project to upgrade capacity, quality and energy generation in certain Hartsville, S.C., facilities and productivity improvement projects at four paper mills elsewhere in the United States.

CONSUMER PACKAGING SEGMENT. Trade sales in this segment were $1.13 billion in 1995, compared with $1 billion in 1994, an increase of 17.7%. This increase results from volume gains in all businesses, selling price increases and several acquisitions.

Overall operating profit for the consumer segment was $114 million in 1995, compared with $101.5 million in 1994, an increase of 12.3%.

Sales and profits increased in the composite can operation during 1995 as a result of volume gains and selling price increases implemented due to rising materials costs. This operation also implemented several projects in 1995 that resulted in significant productivity gains. The acquisition of the remaining 50% interest of the CMB/Sonoco joint venture for producing composite cans in Europe also added to sales and profits in this segment.

High density film products had sales gains in all markets during 1995. Price increases were implemented to recover increases in the cost of plastic resins and ink, and this business improved productivity in 1995 by installing new machinery.

Sales and earnings continued to grow in the label and insert business. During the fourth quarter of 1995, Sonoco acquired Cricket Converters, a label producer in New Jersey, and began consolidation of its label businesses.
Sales in the flexible packaging business continued to grow in 1995 due to volume increases and the acquisition of the Edinburgh, Ind., plant from Hargo, Inc., early in 1995.

Capital spending rose to $72.8 million in 1995 from $41.9 million in 1994. Much of this spending was to add equipment and additional facilities.

CONSOLIDATED BALANCE SHEETS SONOCO

December 31

(Dollars and shares in thousands)	1996	1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 71,260	$ 61,624
Trade accounts receivable, net of allowances of $7,630 in 1996 and $6,330 in 1995	329,963	314,207
Other receivables	38,240	17,074
Inventories		
Finished and in process	123,224	103,073
Materials and supplies	137,236	128,403
Prepaid expenses	26,121	21,277
Deferred income taxes	11,605	16,125
	737,649	661,783
PROPERTY, PLANT AND EQUIPMENT, NET	995,415	865,629
COST IN EXCESS OF FAIR VALUE OF ASSETS PURCHASED, NET	455,567	411,343
OTHER ASSETS	198,909	176,658
	$2,387,540	$2,115,413
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payable to suppliers	$ 205,741	$ 149,512
Accrued expenses and other	111,804	105,750
Accrued wages and other compensation	29,428	30,885
Notes payable and current portion of long-term debt	102,062	94,898
Taxes on income	26,081	51,410
	475,116	432,455
LONG-TERM DEBT	791,026	591,894
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	107,265	103,898
DEFERRED INCOME TAXES AND OTHER	93,520	68,417
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Serial preferred stock, no par value		
Authorized 30,000 shares		
2,395 shares issued and outstanding as of December 31, 1996	119,756	172,500
Common shares, no par value		
Authorized 150,000 shares		
89,864 shares issued and outstanding as of December 31, 1996	7,175	7,175
Capital in excess of stated value	50,378	100,318*
Translation of foreign currencies	(56,572)	(55,925)
Retained earnings	799,876	694,681
Total shareholders' equity	920,613	918,749
	$2,387,540	$2,115,413

Capital in excess of stated value restated to include treasury stock, which was eliminated in 1996 to conform with South Carolina state law.

The Notes beginning on page 37 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME SONOCO

	YEARS ENDED DECEMBER 31		
	1996	1995	1994
(Dollars and shares in thousands except per share data)			
Net sales	$2,788,075	$2,706,173	$2,300,127
Cost of sales	2,148,105	2,106,987	1,803,427
Selling, general and administrative expenses	310,605	289,297	252,307
Income before interest and taxes	329,365	309,889	244,393
Interest expense	55,481	44,004	35,861
Interest income	(6,191)	(4,905)	(2,398)
Income before income taxes	280,075	270,790	210,930
Provision for income taxes	107,433	106,640	82,500
Income before equity in earnings of affiliates	172,642	164,150	128,430
Equity in earnings of affiliates	(1,771)	369	1,419
Net income	170,871	164,519	129,849
Preferred dividends	(7,196)	(7,763)	(7,763)
Net income available to common shareholders	$ 163,675	$ 156,756	$ 122,086
Per common share			
Net income available to common shareholders:			
Assuming no dilution	$ 1.81	$ 1.72	$ 1.34
Assuming full dilution	$ 1.73	$ 1.64	$ 1.31
Cash dividends	$ .65	$ .58	$ .53
Average common shares outstanding:			
Assuming no dilution	90,513	91,139	91,445
Assuming full dilution	98,652	100,386	99,473

The Notes beginning on page 37 are an integral part of these financial statements.

CHART CAPTION: Cash Dividends Declared - Common (millions $) The Sonoco quarterly dividend was increased from $.15 to $.165 per share beginning in the second quarter of 1996. Dividends are increased as earnings justify.

CHART CAPTION: Long-Term Debt (millions $) Long-term debt increased $199.1 million to $791 million in 1996, primarily to fund acquisitions, internal expansion and stock repurchases.

CHART CAPTION: Market vs Book Value Per Common Share ($) The market price of the Company's stock was $25.88 per share at the end of 1996. The book value per common share increased to $8.91 in 1996, compared with $8.19 in 1995.

SONOCO

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Dollars and shares in thousands except per share data)

	COMMON SHARES OUTSTANDING	COMMON SHARES AMOUNT	PREFERRED SHARES OUTSTANDING	PREFERRED SHARES AMOUNT	CAPITAL IN EXCESS OF STATED VALUE	TRANSLATION OF FOREIGN CURRENCIES	RETAINED EARNINGS
JANUARY 1, 1994	91,819	$7,175	3,450	$172,500	$24,205	$(39,016)	$623,500
Net income							129,849
Cash dividends:							
Preferred							(7,763)
Common, $.53 per share							(48,287)
Translation loss						(7,236)	
Issuance of shares under							
Stock option plan	344				3,306		
Employee stock ownership plan	156				3,360		
Shares repurchased	(1,335)				(29,462)		
Other	270				87		
DECEMBER 31, 1994	91,254	7,175	3,450	172,500	1,496	(46,252)	697,299
Net income							164,519
Cash dividends:							
Preferred							(7,763)
Common, $.58 per share							(53,145)
5% common stock dividend					106,213		(106,229)
Translation loss						(9,673)	
Issuance of shares under							
Stock option plan	561				11,870		
Shares repurchased	(824)				(18,657)		
Other	126				(604)		
December 31, 1995	91,117	7,175	3,450	172,500	100,318	(55,925)	694,681
Net income							170,871
Cash dividends:							
Preferred							(7,196)
Common, $.65 per share							(58,480)
Translation loss						(647)	
Issuance of shares under							
Stock option plan	913				15,914		
Preferred stock conversions	1,035		(499)	(24,942)	24,942		
Shares repurchased							
Preferred			(556)	(27,802)	(5,588)		
Common	(3,201)				(89,205)		
Other					3,997		
DECEMBER 31, 1996	89,864	$7,175	2,395	$119,756	$50,378	$ (56,572)	$799,876

Capital in excess of stated value restated to include treasury stock, which was eliminated in 1996 to conform with South Carolina state law.

The Notes beginning on page 37 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS SONOCO

(Dollars and shares in thousands)	1996	1995	1994
	YEARS ENDED DECEMBER 31		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$170,871	$164,519	$129,849
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, depletion and amortization	142,927	125,836	112,797
Equity in earnings of affiliates	1,771	(369)	(1,419)
(Gain)loss on disposition of assets	(1,892)	157	2,901
Deferred taxes	9,972	(5,347)	5,668
Changes in assets and liabilities, net of effects from acquisitions, dispositions and foreign currency adjustments			
Accounts receivable	(29,789)	(31,778)	(33,127)
Inventories	(20,434)	(12,931)	(17,637)
Prepaid expenses	(4,748)	8,319	1,563
Payables and taxes	25,196	27,313	29,536
Other assets and liabilities	(2,098)	(21,169)	(10,616)
Net cash provided by operating activities	291,776	254,550	219,515
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(231,986)	(181,432)	(126,746)
Cost of acquisitions, exclusive of cash	(94,212)	(107,156)	(30,370)
Proceeds from the sale of assets	15,216	4,557	5,533
Net cash used by investing activities	(310,982)	(284,031)	(151,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt	72,812	221,551	27,865
Principal repayment of debt	(46,772)	(46,307)	(39,280)
Net increase(decrease) in commercial paper borrowings	173,891	(39,200)	27,200
Cash dividends - common and preferred	(65,676)	(60,908)	(56,004)
Common and preferred shares acquired	(122,595)	(18,657)	(29,462)
Common shares issued	17,177	8,370	3,334
Net cash provided (used) by financing activities	28,837	64,849	(66,347)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	5	(2,188)	1,001
INCREASE IN CASH AND CASH EQUIVALENTS	9,636	33,180	2,586
Cash and cash equivalents at beginning of year	61,624	28,444	25,858
Cash and cash equivalents at end of year	$ 71,260	$ 61,624	$ 28,444
SUPPLEMENTAL CASH FLOW DISCLOSURES			
Interest paid	$ 50,671	$ 41,851	$ 37,123
Income taxes paid	$ 115,920	$ 75,635	$ 61,254

Excluded from the Consolidated Statements of Cash Flows is the effect of certain non-cash activities. On June 9, 1995, the Company issued a 5% common stock dividend ($106,213 fair value). Debt obligations assumed by the Company in conjunction with acquisitions were approximately $11,600 in 1996, $19,000 in 1995 and $6,000 in 1994.

Prior years' data have been reclassified to conform to the current year presentation.

The Notes beginning on page 37 are an integral part of these financial statements.

(Dollars in thousands except per share data)

The following notes are an integral part of the consolidated financial statements. The accounting principles followed by the Company appear in bold type.

1 - BASIS OF PRESENTATION

THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE ACCOUNTS OF SONOCO AND ITS SUBSIDIARIES AFTER ELIMINATION OF INTERCOMPANY ACCOUNTS AND TRANSACTIONS. INVESTMENTS IN AFFILIATED COMPANIES IN WHICH THE COMPANY OWNS 20% TO 50% OF THE VOTING STOCK ARE INCLUDED ON THE EQUITY METHOD OF ACCOUNTING.

THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES 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.

2 - ACQUISITIONS/DISPOSITIONS

Sonoco completed several acquisitions during 1996 with an aggregate cost of approximately $94,200 and the assumption of $11,600 in debt. During the first quarter, the Company finalized the Sonoco Hongwen joint venture to produce paperboard in Shanghai, China, and initiated a joint venture in Indonesia that will manufacture composite cans, tubes and cores. In February 1996, the Company acquired Moldwood Products Company of York, Ala., formerly owned by Gulf States Paper Corporation. Moldwood Products is a producer of moldwood plugs for the paper industry with annual sales of approximately $12 million. The Company also added two operations to its wire and cable packaging operations, the Baker Reels Division.

During the second quarter of 1996, the Company acquired Hamilton Hybar, Inc., of Richmond, Va., a leading supplier of vapor barrier packaging materials to the paper industry, with annual sales of approximately $32 million.

During the third quarter of 1996, the Company finalized the acquisition of Specialty Packaging Group, Inc., a niche producer of composite cans, specialty lines of metal closures, and tubes and cores with annual sales of approximately $38 million. The Company also acquired two of Germany's leading paperboard can manufacturers, Dosen Schmitt of Mayen and Buck Verpackungen GmbH of Freilassing, with combined annual sales of approximately $15 million.

During the fourth quarter of 1996, the Company acquired Stonington Corporation of Westfield, Mass. Stonington is a manufacturer of tubes and cores, specializing in short-run, high-value tubes with annual sales of approximately $9 million.

Sonoco completed several acquisitions during 1995 which were strategically important to both United States and international operations. The aggregate cost of these acquisitions was approximately $107,000 in cash and the assumption of $19,000 in debt.

The Company has accounted for all of its acquisitions as purchases and, accordingly, has included their results of operations in consolidated net income from the date of acquisition. The pro forma impact of these acquisitions in each year was not material.

In December 1996, Sonoco completed the sale of its tennis ball container manufacturing operation, located in Greenville, S.C.

Subsequent to year end, the Company signed a letter of intent to form a joint venture with the Rock-Tenn Company, combining their fibre partitions businesses into a joint venture company called RTS Packaging, owned 35% by Sonoco and 65% by Rock-Tenn, with combined annual sales of approximately $150 million. This transaction is awaiting regulatory approval. In addition, the Company sold its screen printing operations, acquired in the 1993 acquisition of Engraph, Inc., because this product line did not fit with the Company's packaging portfolio.

3 - CASH AND CASH EQUIVALENTS

CASH EQUIVALENTS ARE COMPOSED OF HIGHLY LIQUID INVESTMENTS WITH AN ORIGINAL MATURITY OF THREE MONTHS OR LESS AND ARE RECORDED AT MARKET.

At December 31, 1996 and 1995, outstanding checks of $32,867 and $19,808, respectively, were included in Payable to suppliers.

At December 31, 1996 and 1995, $32,590 and $30,892, respectively, of cash and cash equivalents represented proceeds from the issuance of the 6% and 6.125% Industrial Revenue Bonds (IRBs) and were restricted to funding qualified expenditures as provided for by the IRBs.

4 - INVENTORIES

INVENTORIES ARE STATED AT THE LOWER OF COST OR MARKET. The last-in, first-out (LIFO) method was used to determine costs of approximately 38% of total inventories in both 1996 and 1995. 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, the totals would have been higher by $12,043 in 1996 and $12,084 in 1995.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SONOCO
(Dollars in thousands except per share data)

5 - 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 LIFE OF THE ASSET. Equipment lives range from five to 11 years, buildings from 20 to 30 years.

TIMBER RESOURCES ARE STATED AT COST. DEPLETION IS CHARGED TO OPERATIONS BASED ON THE NUMBER OF UNITS OF TIMBER CUT DURING THE YEAR.

Depreciation and depletion expense amounted to $125,167 in 1996, $110,706 in 1995 and $99,767 in 1994.

Details of property, plant and equipment at December 31 are as follows:

	1996	1995
Land	$ 33,603	$ 35,733
Timber resources	32,822	32,529
Buildings	304,406	302,383
Machinery & equipment	1,326,069	1,131,503
Construction in progress	155,929	107,099
	1,852,829	1,609,247
Accumulated depreciation and depletion	(857,414)	(743,618)
	$ 995,415	$ 865,629

Estimated costs for completion of authorized capital additions under construction totaled approximately $124,500 at December 31, 1996.

Certain operating properties and equipment are leased under non-cancelable operating leases. Total rental expense under operating leases was $37,000, $31,000 and $28,000 in 1996, 1995 and 1994, respectively. Future minimum rentals under non-cancelable operating leases with terms of more than one year are as follows: 1997 - $13,800, 1998 - $11,200, 1999 - $7,600, 2000 - $6,000, 2001 - $5,000, and 2002 and thereafter - $21,500.

6 - COST IN EXCESS OF FAIR VALUE OF ASSETS PURCHASED

GOODWILL ARISING FROM BUSINESS ACQUISITIONS ($56,000 in 1996 and $64,000 in 1995) IS AMORTIZED ON THE STRAIGHT-LINE BASIS OVER PERIODS RANGING FROM 15 TO 40 YEARS. THE COMPANY EVALUATES, AT EACH BALANCE SHEET DATE, THE REALIZABILITY OF GOODWILL FOR EACH SUBSIDIARY HAVING A GOODWILL BALANCE. Amortization expense amounted to $17,760 in 1996, $15,130 in 1995 and $13,030 in 1994. Accumulated amortization at December 31, 1996 and 1995 was $57,361 and $45,346, respectively.

7 - INVESTMENT IN LIFE INSURANCE

Company-owned life insurance (COLI) policies are used by the Company to aid in the financing of employee benefits and are recorded net of policy loans in Other Assets. The net pretax cost of COLI, including interest expense, was $9,303 in 1996, $9,171 in 1995 and $5,532 in 1994 and is included in selling, general and administrative expenses. The related interest expense was $39,921 in 1996, $34,634 in 1995 and $18,630 in 1994. Legislation was enacted in 1996 that will phase out the tax deductibility of this interest.

8 - DEBT

Debt at December 31 was as follows:

	1996	1995
Commercial paper, average rate of 5.4% in 1996 and 5.9% in 1995	$308,391	$134,500
9.2% notes due August 2021	99,928	99,926
6.75% debentures due November 2010	99,804	99,790
5.875% notes due November 2003	99,538	99,471
5.49% notes due April 2000	75,000	75,000
6.125% IRBs due June 2025	34,463	34,439
6.0% IRBs due April 2026	34,075	
Foreign denominated debt, average rate of 7.7% at December 31, 1996 and 6.6% at December 31, 1995	102,954	108,970
Other notes	38,935	34,696
Total debt	893,088	686,792
Less current portion and short-term notes	102,062	94,898
Long-term debt	$791,026	$591,894

The Company has authorized a commercial paper program totaling $450 million and has fully committed bank lines of credit supporting the program by a like amount. These bank lines expire in the year 2001. Accordingly, commercial paper borrowings are classified as long-term debt. As of December 31, 1996, the Company has registered debt securities of $250 million under shelf registrations with the Securities Exchange Commission.

The approximate principal requirements of debt maturing in the next five years are: 1997 - $102,100, 1998 - $3,100, 1999 - $3,300, 2000 - $78,600 and 2001 - $3,800. It is management's intent to extend indefinitely the line of credit agreements supporting the commercial paper program.

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 that net worth at the end of each fiscal quarter be greater than $815 million increased by 50% of net income and decreased by stock purchases after September 1996.

In addition to the committed availability under the commercial paper program, unused short-term lines of credit for general Company purposes at December 31, 1996, were approximately $94,700 with interest at mutually agreed-upon rates.

9 - FINANCIAL INSTRUMENTS

The Company enters into currency swaps and foreign exchange forward contracts to hedge a portion of the net investment in certain foreign subsidiaries. Gains and losses on such contracts are recognized in the cumulative translation adjustments account in Shareholders' Equity. As of December 31, 1996 and 1995, the notional value of such contracts was approximately $30,000 and $38,000, respectively. All financial instruments are executed with credit-worthy financial institutions; therefore, the Company considers the risk of non-performance on these instruments to be remote.

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. The carrying amount 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 quoted market prices or by discounting future cash flows using interest rates available to the Company for issues with similar terms and average maturities. Foreign currency agreements are valued based on termination values or quoted market prices of comparable instruments.

	DECEMBER 31, 1996		DECEMBER 31, 1995	
	CARRYING AMOUNT OF ASSET (LIABILITY)	FAIR VALUE OF ASSET (LIABILITY)	CARRYING AMOUNT OF ASSET (LIABILITY)	FAIR VALUE OF ASSET (LIABILITY)
Long-term debt	$(791,026)	$(800,195)	$(591,894)	$(622,695)
Foreign currency agreements	(708)	(708)	(2,690)	(2,690)

10 - STOCK PLANS

The Company has stock option plans under which common shares are reserved for sale to certain employees. Options granted under the plans were at the market value of the shares at the date of grant. Options are generally exercisable one year after the date of grant and expire 10 years after the date of grant. There were 3,131,840 shares reserved for future grants at December 31, 1996.

In 1996, shareholders approved the adoption of the 1996 Non-Employee Director's Stock Plan. This plan provides for the granting of options to non-employee directors beginning with 2,000 options per participant granted in 1996. In 1994, the Company granted one-time awards of contingent shares to 13 of the Company's executives. Three hundred and thirty-six thousand shares were granted under this plan from shares allocated in the 1991 Key Employee Stock Plan.

Information with respect to the Company's stock option plans follows:

	OPTION SHARES	OPTION PRICE RANGE
1994		
Outstanding at beginning of year	4,850,859	$ 3.55-$22.98
Granted	1,274,920	$ 0.00-$23.93
Exercised	(343,734)	$ 3.55-$17.86
Canceled	(36,588)	$ 4.78-$23.93
Outstanding at end of year	5,745,457	$ 0.00-$23.93
1995		
Granted	1,083,060	$19.88-$23.57
Exercised	(560,664)	$ 5.09-$23.93
Canceled	(32,921)	$ 5.09-$23.93
Outstanding at end of year	6,234,932	$ 0.00-$23.93
1996		
Granted	1,186,320	$27.00-$28.50
Exercised	(952,462)	$ 5.18-$27.00
Canceled	(36,437)	$10.00-$27.00
Outstanding at end of year	6,432,353	$ 0.00-$28.50
Options exercisable at December 31, 1996	4,947,533	

On January 1, 1996, the Company adopted Statement of Financial Accounting Standards 123, "Accounting for Stock-Based Compensation" (FAS 123). As permitted by FAS 123, the Company has chosen to apply APB Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for options granted under the plans. Had compensation cost for the Company's plans been determined consistent with the fair market value provisions of FAS 123, the Company's net income and net income per common share for 1996 and 1995 would have been reduced as indicated below:

	1996	1995
Net income - as reported	$170,871	$164,519
Net income - pro forma	167,551	161,566
Earnings per share - as reported	1.73	1.64
Earnings per share - pro forma	1.70	1.61

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

	1996	1995
Expected dividend yield	2.3%	2.3%
Expected stock price volatility	15.0%	15.0%

Risk-free interest rate	5.3%	7.6%
Expected life of options	5 years	5 years

11 - RETIREMENT BENEFIT PLANS

Non-contributory defined benefit pension plans cover substantially all United States employees. Under the plans, retirement benefits are based either on both years of service and compensation or on service only. IT IS THE COMPANY'S POLICY TO FUND THESE PLANS, AT A MINIMUM, IN AMOUNTS REQUIRED UNDER ERISA. Plan assets consist primarily of common stocks, bonds and real estate.

The Company also maintains a plan to supplement executive benefits limited through qualified plans. Benefits are based on years of service and compensation. The plan is partially funded through a grantor trust as defined under Section 671 of the Internal Revenue Service Code of 1986.

The Company sponsors contributory pension plans covering substantially all of the employees in the United Kingdom and Canada. Pension benefits are based either on the employee's salary in the year of retirement or the average of the final three years. The funding policy is to contribute annually at actuarially determined rates. It is the Company's intent to maintain well-funded plans. Net pension cost for the domestic, United Kingdom and Canadian plans include the following components:

	Combined Plans		
	1996	1995	1994
Service cost during year	$ 14,266	$ 12,532	$ 13,716
Interest cost on projected benefit obligation	35,065	32,537	27,160
Actual return on plan assets	(69,085)	(81,926)	(1,205)
Net amortization and deferral	24,733	45,007	(33,209)
	$ 4,979	$ 8,150	$ 6,462

The following table sets forth the funded status of the plans at December 31:

	Over-Funded Plan		Under-Funded Plan	
	1996	1995	1996	1995
Projected benefit obligation				
Vested benefits	$382,440	$366,805	$	$
Non-vested benefits	11,025	10,241	25,598	19,332
Accumulated benefit obligation	393,465	377,046	25,598	19,332
Effect of assumed increase in compensation levels	46,179	47,203	2,847	1,345
Projected benefit obligation	439,644	424,249	28,445	20,677
Plan assets at fair value	517,777	461,270	8,113	14,234
Plan assets in excess of (less than) projected benefit obligation	78,133	37,021	(20,332)	(6,443)
Unrecognized net loss	3,451	43,583	6,054	5,094
Unrecognized prior service cost	5,312	3,039	4,415	1,735
Unrecognized net transition (asset) obligation	(8,195)	(9,207)	914	1,142
Adjustment required to recognize minimum liability			(8,537)	(6,625)
Prepaid (accrued) pension cost	$ 78,701	$ 74,436	$(17,486)	$ (5,097)

Prepaid pension costs of $4,212 and $5,737 were included in prepaid expenses in 1996 and 1995, respectively. In addition $74,489 and $68,699 were included in Other Assets in 1996 and 1995, respectively. Assets in the under-funded plan were reduced by loans made against the insurance policies held as plan assets.

The weighted-average discount rate used in determining the projected benefit obligations was 7.75% in 1996, 7.25% in 1995 and 8.5% in 1994. The assumed compensation increase was 4.25% in 1996, 4% in 1995 and 5% in 1994. The expected long-term rate of return on assets was 9.5% for all years presented.

The Company's Employee Savings and Stock Ownership Plan provides that all eligible employees may contribute 1% to 16% of their gross pay to the plan, subject to Internal Revenue Service regulations. The Company may make matching contributions in an amount to be determined annually by the Company's Board of Directors. The Company's contributions to the plan for 1996, 1995 and 1994, were $5,750, $5,570 and $5,380, respectively.

12 - POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Company provides health care and life insurance benefits to the majority of its United States retirees and their eligible dependents. The Company's subsidiaries in Canada also provide postretirement benefits to eligible retirees. THE COMPANY ACCRUES FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS OVER AN EMPLOYEE'S CAREER. Benefit costs are funded principally on a pay-as-you-go basis, with the retiree paying a portion of the costs. In situations where full-time employees retire from the Company between age 55 and age 65, most are eligible to receive, at a cost to the retiree equal to the cost for an active employee, certain health care benefits identical to those available to active employees. After attaining age 65, an eligible retiree's health care benefit coverage becomes coordinated with Medicare. For purposes of projecting future benefit payments, early retiree contributions were assumed to increase at the health care cost trend.

Non-pension retirement benefit expense includes the following:

	1996	1995	1994
Service cost during year	$4,548	$3,749	$5,180
Interest cost on APBO	8,735	8,673	7,110
Actual return on plan assets	(3,954)	(5,441)	459
Net amortization and deferral	(2,025)	(312)	(5,400)
Net periodic postretirement benefit cost	$7,304	$6,669	$7,349

(Dollars in thousands except per share data)

The following sets forth the accrued obligation included in the accompanying December 31 Consolidated Balance Sheets applicable to each employee group for non-pension postretirement benefits:

	1996	1995
Accumulated postretirement benefit obligation (APBO):		
Retired employees	$ 70,187	$ 69,627
Active employees-fully eligible	21,653	21,489
Active employees-not yet eligible	24,477	26,128
Accumulated benefit obligation	116,317	117,244
Plan assets at fair value	29,770	25,816
Plan assets less than accumulated benefit obligation	(86,547)	(91,428)
Unrecognized net loss from changes in assumptions	19,963	22,766
Unrecognized prior service cost	(19,080)	(17,980)
Accrued postretirement benefit cost	$ (85,664)	$ (86,642)

Prepaid postretirement medical costs of $21,644 and $17,256 were included in Other Assets in 1996 and 1995, respectively. The discount rate used in determining the APBO was 7.75% in 1996, 7.25% in 1995 and 8.5% in 1994. The assumed health care cost trend rate used in measuring the APBO was 9.75% in 1996 and declining to 5.25% in the year 2005. Increasing the assumed trend rate for health care costs by one percentage point would result in an increase in the APBO of approximately $5,400 at December 31, 1996, and an increase of $770 in the related 1996 expense. Plan assets are the result of funding these benefit costs in amounts representing the maximum allowable under Section 401(h) of the Internal Revenue Code. These assets are combined with the pension plan assets and consist primarily of common stocks, bonds and real estate. The expected long-term rate of return on assets was 9.5% for all years presented.

13 - INCOME TAXES

The provision (benefit) for taxes on income for the years ending December 31 consists of the following:

	1996	1995	1994
Pretax income			
Domestic	$ 234,029	$ 233,125	$ 202,363
Foreign	46,046	37,665	8,567
Total pretax income	$ 280,075	$ 270,790	$ 210,930
Current			
Federal	$ 74,166	$ 86,611	$ 62,800
State	10,238	13,533	10,074
Foreign	13,057	11,843	3,958
Total current	$ 97,461	$ 111,987	$ 76,832
Deferred			
Federal	$ 5,466	$ (6,065)	$ 4,263
State	758	(866)	949
Foreign	3,748	1,584	456
Total deferred	9,972	(5,347)	5,668
Total taxes	$ 107,433	$ 106,640	$ 82,500

Deferred income tax (benefit) expense results from temporary differences in the recognition of revenue and expense for tax and financial statement purposes. The sources of these differences and the tax effect of each are as follows:

	1996	1995	1994
Restructuring charge	$ 1,665	$ 1,034	$ 2,815
Depreciation expense	2,777	(2,884)	45
Benefit plan costs	(2,158)	(1,282)	3,125
Other items, net	7,688	(2,215)	(317)
Total deferred	$ 9,972	$(5,347)	$ 5,668

Cumulative deferred tax liabilities (assets) are comprised of the following at December 31:

	1996	1995
Depreciation	$ 70,916	$ 67,872
Employee benefits	25,920	26,182
Other	4,798	970
Gross deferred tax liabilities	101,634	95,024
Restructuring	(1,689)	(3,354)
Retiree health benefits	(32,825)	(31,550)
Foreign loss carryforwards	(10,329)	(10,960)
Capital loss carryforwards	(4,320)	(6,047)
Employee benefits	(15,829)	(15,382)
Other	(6,221)	(8,024)
Gross deferred tax assets	(71,213)	(75,317)
Valuation allowance on deferred tax assets	10,329	10,960
Total deferred taxes, net	$ 40,750	$ 30,667

The net change in the valuation allowance for deferred tax assets is a net decrease of $631 in 1996, compared with a net decrease of $271 in 1995. The change relates to utilization of current net operating losses of certain foreign subsidiaries and the addition to the reserve for current net operating losses for which their use is limited to future taxable earnings.

Approximately $28,500 of foreign subsidiary net operating loss carryforwards remain at December 31, 1996. Their use is limited to future taxable earnings of the respective foreign subsidiaries. Of these loss carryforwards, approximately $22,200 have no expiration date. The remaining loss carryforwards expire at various dates in the future.

A reconciliation of the United States federal statutory tax rate to the actual consolidated tax expense is as follows:

	1996		1995		1994	
Statutory tax rate	$ 98,026	35.0%	$ 94,776	35.0%	$73,825	35.0%
State income taxes, net of federal tax benefit	6,879	2.5	8,560	3.2	7,087	3.3
Goodwill	3,624	1.3	3,556	1.3	3,777	1.8
Other, net	(1,096)	(.4)	(252)	(.1)	(2,189)	(1.0)
Total taxes	$107,433	38.4%	$106,640	39.4%	$82,500	39.1%

The Internal Revenue Service has examined the Company's federal income tax returns for all years through 1992. The Company believes that it has made adequate provision for income taxes that may become payable with respect to open years.

Undistributed earnings of international subsidiaries totaled $74,670 at December 31, 1996. There have been no United States income taxes provided on the undistributed earnings since the Company considers these earnings to be indefinitely reinvested to finance international growth and expansion. If such amounts were remitted, loaned to the Company or the stock in the foreign subsidiaries sold, these earnings could become subject to tax; however, the Company believes United States foreign tax credits would substantially eliminate any taxes due.

14 - COMMITMENTS AND CONTINGENCIES

The Company is a party to various legal proceedings incidental to its business and is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates. As is the case with other companies in similar industries, the Company faces exposure from actual or potential claims and legal proceedings. In 1994, a suit was filed against the Company in the United States District Court for the District of Massachusetts for alleged patent infringement involving grocery bag packs. The suit also sought to have a patent involving plastic bag loading systems owned by the Company declared invalid. This suit was dismissed in May 1996.

The Company has been named as a potentially responsible party at several environmentally contaminated sites, located primarily in the northeastern United States, owned by third parties. These sites represent the Company's largest potential environmental liabilities. The Company has approximately $4,000 accrued for these contingencies as of December 31, 1996 and 1995. Due to the complexity of determining clean-up costs associated with the sites, a reliable estimate of the ultimate cost to the Company cannot be determined. Furthermore, 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 potentially responsible parties with respect to a particular site. Such agreements relate to the sharing of legal defense costs or clean-up 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. Accordingly, a reliable estimate of the ultimate cost to the Company with respect to such sites cannot be determined. Costs, however, are accrued as necessary once reasonable estimates are determined.

Although the level of future expenditures for legal and environmental matters is impossible to determine with any degree of probability, it is management's opinion that such costs, when finally determined, will not have an adverse material effect on the consolidated financial position of the Company.

15 - INTERNATIONAL OPERATIONS

The operating profit, net assets and dividends received by the Company from operations outside the United States are as follows:

	1996	1995
Operating profit	$ 44,988	$ 36,806
Net assets	376,880	309,334
Dividends	738	581

The aggregate foreign currency transaction gain/loss recognized in net

income was immaterial for 1996, 1995 and 1994.
Information regarding the Company's operations in Europe, which is the Company's only significant foreign geographic area, is as follows:

	1996	1995	1994
Sales to unaffiliated customers	$283,453	$276,029	$184,247
Operating profit (loss)	16,533	6,170	(2,085)
Total assets	313,302	296,325	258,463

16 - SHAREHOLDERS' EQUITY

A change in South Carolina law eliminated the legal distinction between treasury shares and authorized but unissued shares. In 1996, the Company changed the presentation of reacquired shares to better reflect the legal status of such shares. As a result, shares acquired by the Company are treated as retirements, with the cost being charged to capital in excess of stated value. The prior year Consolidated Financial Statements have been reclassified to conform with the current year presentation.

On July 17, 1996, the Company's Board of Directors authorized an additional public stock repurchase program to purchase up to $100 million of the Company's common stock and convertible preferred stock at current market prices. The Company has repurchased shares under this program by means of open market purchases and privately negotiated transactions at prevailing market prices. Through December 31, 1996, total preferred stock repurchases under this program amounted to $33.4 million. Common stock repurchases under this and other stock repurchase programs totalled $89.2 million.

On April 19, 1995, the Board of Directors declared a 5% stock dividend issued on June 9, 1995. All references in the accompanying Consolidated Financial Statements to numbers of common shares and per share data have been restated to give retroactive effect to the stock dividend.

In 1993, the Company issued 3,450,000 shares of $2.25 Series A Cumulative Convertible Preferred Stock for $172,500, or $50 per share. These securities are convertible into the Company's common stock at a price of $24.11 per share. The Company has the option to redeem this stock at a price of $51.575 per share, decreasing ratably annually to $50 per share on or after November 1, 2003. Dividends on the Convertible Preferred Stock, which are paid quarterly, accrue and are cumulative from the date of original issuance. As of December 31, 1996, 2,395,000 preferred shares remain outstanding.

17 - FINANCIAL REPORTING FOR BUSINESS SEGMENTS

The Financial Reporting for Business Segments should be read in conjunction with the Management's Discussion and Analysis (which describes the segments in detail) appearing on pages 27-32. The Company changed its segment reporting in 1996 to reflect two business segments: industrial packaging and consumer packaging. All prior year numbers have been restated to reflect this change in reporting.

YEARS ENDED DECEMBER 31	INDUSTRIAL PACKAGING	CONSUMER PACKAGING	CORPORATE	CONSOLIDATED
TOTAL REVENUE				
1996	$1,599,129	$1,231,770		$2,830,899
1995	1,627,377	1,127,330		2,754,707
1994	1,379,210	959,066		2,338,276
INTERSEGMENT SALES(1)				
1996	$ 41,574	$ 1,250		$ 42,824
1995	46,863	1,671		48,534
1994	35,335	2,814		38,149
SALES TO UNAFFILIATED CUSTOMERS				
1996	$1,557,555	$1,230,520		$2,788,075
1995	1,580,514	1,125,659		2,706,173
1994	1,343,875	956,252		2,300,127
OPERATING PROFIT(2)				
1996	$ 202,928	$ 126,436	$ (49,289)	$ 280,075
1995	195,929	113,960	(39,099)	270,790
1994	142,911	101,482	(33,463)	210,930
IDENTIFIABLE ASSETS(3)				
1996	$1,219,248	$ 861,464	$ 306,828	$2,387,540
1995	1,076,035	760,767	278,611	2,115,413
1994	948,957	670,396	215,700	1,835,053
DEPRECIATION, DEPLETION AND AMORTIZATION				
1996	$ 90,416	$ 52,511		$ 142,927
1995	73,983	51,853		125,836
1994	65,860	46,937		112,797
CAPITAL EXPENDITURES				
1996	$ 163,507	$ 68,479		$ 231,986
1995	108,606	72,826		181,432
1994	84,834	41,912		126,746

(1) Intersegment sales are recorded at a market-related transfer price.

(2) Interest income and interest expense are excluded from the operating profits by segment and are shown under Corporate.

(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 and prepaid expenses.

SELECTED ELEVEN-YEAR FINANCIAL DATA

(Dollars and shares in thousands except per share data)	1996	1995	1994	1993*
Operating Results				
Net sales	$2,788,075	$2,706,173	$2,300,127	$1,947,224
Cost of sales and operating expenses	2,458,710	2,396,284	2,055,734	1,734,980
Interest expense	55,481	44,004	35,861	31,154
Interest income	(6,191)	(4,905)	(2,398)	(6,017)
Unusual items*				(5,800)
Income from operations before income taxes	280,075	270,790	210,930	192,907
Taxes on income	107,433	106,640	82,500	75,200
Equity in earnings of affiliates	(1,771)	369	1,419	1,127
Income before cumulative effect of changes in accounting principles	170,871	164,519	129,849	118,834
Cumulative effect of changes in accounting principles (FAS 106 and FAS 109)				
Net income	170,871	164,519	129,849	118,834
Preferred dividends	(7,196)	(7,763)	(7,763)	(1,264)
Net income available to common shareholders	$ 163,675	$ 156,756	$ 122,086	$ 117,570
Returns before cumulative effect of changes in accounting principles				
Return on common equity	21.1%	22.2%	19.1%	19.9%
Return on total equity (including preferred stock)	18.3%	18.7%	16.0%	19.0%
Return on net sales	6.1%	6.1%	5.6%	6.1%
Per common share				
Income before cumulative effect of changes in accounting principles	1.81	1.72	1.34	1.28
Cumulative effect of changes in accounting principles				
Net income available to common shareholders:				
Assuming no dilution	1.81	1.72	1.34	1.28
Assuming full dilution	1.73	1.64	1.31	1.26
Cash dividends declared	.65	.58	.53	.51
Average common shares outstanding:				
Assuming no dilution	90,513	91,139	91,445	91,681
Assuming full dilution	98,652	100,386	99,473	99,737
Actual common shares outstanding at December 31	89,864	91,117	91,254	91,819
FINANCIAL POSITION				
Net working capital	262,533	229,328	222,068	209,932
Property, plant and equipment, net	995,415	865,629	763,109	737,154
Total assets	2,387,540	2,115,413	1,835,053	1,707,125
Long-term debt	791,026	591,894	487,959	455,262
Shareholders' equity	920,613	918,749	832,218	788,364
Current ratio	1.6	1.5	1.6	1.7
Total debt to total capital	47.2%**	39.6%**	38.1%	38.0%
Book value per common share	8.91	8.19	7.23	6.71
OTHER DATA				
Depreciation, depletion and amortization expense	142,927	125,836	112,797	95,745
Cash dividends declared - common	58,480	53,145	48,287	46,333
Market price per common share (ending)	25.88	26.25	20.83	20.95

*Included in 1993 and 1991 were gains from the early repayment of a note issued in connection with the sale of Sonoco Graham in 1991. Also includes restructuring charges of $42,000 pretax, or $25,000 after-tax, in 1992 and $75,000 pretax, or $54,650 after-tax, in 1990. In 1987, includes acquisition consolidation charges of $10 million pretax, or $5,600 after-tax.

**Debt levels adjusted for excess cash at year-end related to the issuance of restricted-purpose bonds.

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(Dollars in thousands except per share data)

1992*	1991*	1990*	1989	1988	1987*	1986
$1,838,026	$1,697,058	$1,669,142	$1,655,830	$1,599,751	$1,312,052	$963,796
1,641,075	1,528,543	1,481,271	1,470,877	1,413,912	1,174,777	858,680
30,364	28,186	28,073	29,440	25,175	18,593	8,552
(6,416)	(6,870)	(2,196)	(2,573)	(1,517)	(1,045)	(602)
42,000	(8,525)	75,000			10,000	
131,003	155,724	86,994	158,086	162,181	109,727	97,166
51,800	63,600	43,934	60,906	67,029	48,714	44,435
2,048	2,681	7,308	6,381	1,125	469	1,945
81,251	94,805	50,368	103,561	96,277	61,482	54,676
(37,892)						
43,359	94,805	50,368	103,561	96,277	61,482	54,676
$43,359	$94,805	$50,368	$103,561	$96,277	$61,482	$54,676
13.7%	17.8%	9.6%	21.3%	23.0%	17.0%	17.4%
13.7%	17.8%	9.6%	21.3%	23.0%	17.0%	17.4%
4.4%	5.6%	3.0%	6.3%	6.0%	4.7%	5.7%
.89	1.05	.55	1.12	1.05	.67	.59
(.41)						
.48	1.05	.55	1.12	1.05	.67	.59
.47	1.04	.55	1.11	1.04	.66	.59
.47	.44	.43	.39	.30	.24	.20
91,069	90,620	91,464	92,184	92,014	92,117	91,993
92,214	91,114	91,963	93,060	92,884	92,645	92,479
91,501	90,815	90,405	91,826	92,108	91,908	92,017
152,478	163,860	184,066	193,035	188,085	143,972	104,614
614,018	580,787	562,591	494,290	533,427	482,357	267,353
1,246,531	1,135,940	1,113,594	995,132	977,459	877,625	559,459
240,982	227,528	279,135	226,240	275,535	263,489	58,440
561,890	562,306	512,828	511,574	454,486	379,912	332,890
1.5	1.6	1.7	2.1	2.0	1.8	1.9
35.1%	30.6%	34.7%	30.4%	36.8%	38.6%	17.7%
6.14	6.19	5.67	5.57	4.93	4.13	3.62
83,309	76,561	72,152	67,263	69,055	57,086	35,654
42,443	39,703	39,216	35,583	28,046	21,942	17,963
22.74	16.43	15.48	17.62	16.31	10.12	9.05

REPORT OF MANAGEMENT

The management of Sonoco Products Company is responsible for the integrity and objectivity of the financial statements and other financial information included in this annual report. These statements have been prepared in conformity with generally accepted accounting principles.

Sonoco's accounting systems are supported by internal control systems augmented by written policies, internal audits and the selection and training of qualified personnel.

The Board of Directors, through its Audit Committee, consisting of outside directors, is responsible for reviewing and monitoring the Company's financial reporting and accounting practices. This committee meets periodically with management, the internal auditors and the independent accountants to assure each is carrying out its responsibilities.

Coopers & Lybrand L.L.P., independent certified public accountants, have audited the financial statements, and their report is herein.

F. Trent Hill, Jr.
Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and Directors of
Sonoco Products Company:

We have audited the accompanying consolidated balance sheets of Sonoco Products Company as of December 31, 1996 and 1995, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sonoco Products Company as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.
Charlotte, North Carolina
January 29, 1997

DIRECTORS AND OFFICERS

ORGANIZATIONAL CHANGES

The following changes in the Board of Directors and senior management of the Company were announced during the past year:

Leo Benatar retired from the Company and resigned from the Board.
Peter C. Browning elected President and Chief Operating Officer.
Allan V. Cecil joined the Company and elected Vice President - Investor Relations and Corporate Communication.
Thomas C. Coxe, III retired from the Company.
Harris E. DeLoach, Jr. elected Executive Vice President.
Harry J. Moran elected Executive Vice President.
Raymond L. McGowan, Jr., elected Vice President.
Maurice M. Richardson elected Vice President.
Perry D. Smith elected Vice President.

BOARD OF DIRECTORS

Charles J. Bradshaw, 60, President and Director, Bradshaw Investments, Inc. (private investments), Georgetown, S.C., since 1986. Served on Board since 1986. Member of the Executive Compensation Committee.

Robert J. Brown, 62, Founder, Chairman and President of B&C Associates (a public relations and marketing research firm), High Point, N.C., since 1973. Served on Board since 1993. Member of the Audit Committee and Finance Committee.

Peter C. Browning, 55, President and Chief Operating Officer since February 1996. Served on Board since 1995.

Charles W. Coker, 63, Chairman and Chief Executive Officer since 1990. Served on Board since 1962.

Fitz L.H. Coker, 61, Retired, formerly Senior Vice President, 1976 -1979. Served on Board since 1964. Member of the Finance Committee and Nominating Committee.

James L. Coker, 56, President, JLC Enterprises (private investments), Stonington, Conn., since 1979. Served on Board since 1969. Member of the Nominating Committee and Finance Committee.

Thomas C. Coxe, III, 66, Retired, formerly Senior Executive Vice President 1993 - - - 1996. Served on Board since 1982. Member of the Finance Committee.

Alan T. Dickson, 65, Chairman, Ruddick Corporation (a diversified holding company), Charlotte, N.C., since 1994. Formerly President and Director, Ruddick Corporation since 1968. Served on Board since 1981. Member of the Executive Compensation Committee, Finance Committee and Audit Committee.

Robert E. Elberson, 68, Retired, formerly Vice Chairman and Director, Sara Lee Corporation, Chicago, Ill., 1986 - 1989. Served on Board since 1985. Member of the Executive Compensation Committee and Nominating Committee.

James C. Fort, 70, Retired, formerly Senior Vice President, 1979 - 1987. Served on Board since 1969. Member of the Audit Committee and Nominating Committee.

Paul Fulton, 62, Dean, The Kenan-Flagler Business School, University of N.C., Chapel Hill, N.C., since 1993. Formerly President and Director of Sara Lee Corporation. Served on Board since 1989. Member of the Finance Committee and Executive Compensation Committee.

Bernard L.M. Kasriel, 50, Vice Chairman and COO of Lafarge (a construction materials group), Paris, France. Served on Board since 1995. Member of the Audit Committee and Executive Compensation Committee.

Russell C. King, Jr., 62, Retired, formerly President and Chief Operating Officer 1990 - 1994. Served on Board since 1991. Member of the Audit Committee and Finance Committee.

Edgar H. Lawton, Jr., 67, President and Director, Hartsville Oil Mill (a vegetable oil processor), Darlington, S.C., since 1962. Served on Board since 1968. Member of the Nominating Committee and Executive Compensation Committee.

Hugh L. McColl, Jr., 61, Chief Executive Officer, NationsBank Corporation, Charlotte, N.C., since 1983. Served on Board since 1972. Member of the Finance Committee and Nominating Committee.

E. Craig Wall, Jr., 59, President and Director, Canal Industries (a forest products firm), Conway, S.C., since 1969. Served on Board since 1976. Member of the Audit Committee and Finance Committee.

Dona Davis Young, 43, Executive Vice President, Individual Insurance and General Counsel of Phoenix Home Life Mutual Insurance Company since 1995. Served on Board since 1995. Member of the Executive Compensation Committee and Audit Committee.

EXECUTIVE OFFICERS

Charles W. Coker, 63, Chairman of the Board and Chief Executive Officer since 1990. Previously President and Chief Executive Officer 1976 - 1990; President 1970 - 1976; Executive Vice President 1966 - 1970. Began full-time employment with Sonoco in 1958.

Peter C. Browning, 55, President and Chief Operating Officer since February 1996. Previously Executive Vice President - Global Industrial Product/Paper 1993-1996; Chairman and Chief Executive Officer - National Gypsum Company 1990 - - -1993. Prior to Sonoco was with Continental Can Company 1966-1990 serving as President of Continental's Bondware and Whitecap divisions and later as Corporate Executive Vice President. Joined Sonoco in 1993.

Bernard W. Campbell, 47, Vice President - Information Services since February 1996. Previously Staff Vice President - Information Services 1991-1996; Director - Corporate Information Services 1990 - 1991; Director - Software Support 1988. Joined Sonoco in 1988.

Allan V. Cecil, 55, Vice President - Investor Relations and Corporate Communication since January 1996. Prior to Sonoco was Vice President - Corporate Communication and Investor Relations, National Gypsum Company and previously with Mesa Petroleum Company. Joined Sonoco in 1996.

C. William Claypool, 61, Vice President - Paper since 1987. Previously Division Vice President - General Manager, Paper 1986 - 1987; Division Vice President 1980 - 1986; Regional General Manager 1977 - 1980. Joined Sonoco in 1977.

Peter C. Coggeshall, Jr., 53, Vice President - Administration since 1991. Previously Group Vice President - Global Paper 1990 - 1991; Vice President - Industrial Products 1986 - 1990; Vice President - Paper 1978 - 1986; Division Vice President/General Manager - Paper 1977 - 1978; Division Vice President Operations - General Products 1977. Joined Sonoco in 1969.

Harris E. DeLoach, Jr., 52, Executive Vice President with responsibility for the High Density Film Products, Industrial Container, Fibre Partitions, Protective Packaging, molded and extruded plastics, and Baker Reels since February 1996. Previously Group Vice President 1993 - 1996; Vice President - Film, Plastics & Special Products 1993; Vice President - High Density Film Products 1989 - 1993; Vice President Administration & General Counsel 1985 - 1989. Joined Sonoco in 1985.

Cynthia A. Hartley, 48, Vice President - Human Resources since 1995. Previously Vice President - Human Resources with National Gypsum Company, Dames & Moore and previous experience with Continental Can Company. Joined Sonoco in 1995.

OFFICERS

F. Trent Hill, Jr., 44, Vice President and Chief Financial Officer since 1995. Previously Vice President - Finance 1994 - 1995; Vice President - Industrial Products North America 1990 - 1994; Vice President - Finance 1987 - 1989; Vice President - Corporate Controller 1982 - 1987; Staff Vice President - Corporate Controller 1981 - 1982; Director of Audit & Taxes 1979 - 1981; Internal Audit Manager 1979. Joined Sonoco in 1979.

Ronald E. Holley, 54, Vice President - High Density Film Products since 1993. Previously Vice President - Total Quality Management 1990 - 1993; Vice President - Industrial Products 1987 - 1990; Division Vice President - Industrial Products 1985 - 1987; Division Vice President - Consumer Products 1983. Joined Sonoco in 1964.

Charles J. Hupfer, 50, Vice President, Treasurer and Corporate Secretary since 1995. Previously Treasurer 1988 - 1995; Director of Tax and Audit 1985 - 1988; Director - International Finance & Accounting 1980 - 1985; Manager of Corporate Accounting 1978 - 1980; Manager of Financial Reporting 1975 - 1978. Joined Sonoco in 1975.

J. Randy Kelley, 42, Vice President - Industrial Products, North America since 1994. Previously Division Vice President Industrial Container 1991 - 1993; Area Manufacturing Manager - Consumer Products 1988 - 1990; Manager - Special Projects 1986 - 1987; Plant Manager - Consumer Products, Naperville, Ill., 1984 - - - 1986. Joined Sonoco in 1978.

Raymond L. McGowan, Jr., 45, Vice President - Consumer Products since February 1997. Previously Vice President and General Manager - Consumer Products, U.S. and Canada 1994 - 1997; Division Vice President - Sales, Marketing & Technology, Consumer Products 1987 - 1992; Division Sales Manager - Consumer Products 1987; Division Marketing Manager 1985. Joined Sonoco in 1983.

Harry J. Moran, 64, Executive Vice President with responsibility for the Consumer Packaging Group since February 1996. Previously Group Vice President - Consumer Packaging 1993 - 1996; Vice President and General Manager - Consumer Packaging 1990 - 1993; Division Vice President & General Manager - Consumer Products 1985 - 1990; Division Vice President - Consumer Products 1983 - 1984. Joined Sonoco in 1983.

Earl P. Norman, Jr., 60, Vice President - Technology since 1989. Previously Staff Vice President - Business Development & Technology 1985 - 1986; Director - - - Business Development & Technology 1985. Joined Sonoco in 1969.

Maurice M. Richardson, 62, Vice President of Sonoco and President of Sonoco Engraph since February 1996. Previously Chief Executive Officer - Sonoco Engraph's label, screen printing and paperboard carton businesses 1995 - 1996; President and Chief Operating Officer of Engraph 1994 - 1995; Executive Vice President and Chief Operating Officer 1992 - 1994; Group Vice President 1983 - 1992. Joined Sonoco in 1993.

Perry D. Smith, 46, Vice President & Managing Director - Sonoco Asia, L.L.C. since October 1996. Previously Managing Director - Sonoco Asia, L.L.C. 1994 - 1996; Director - Business Development, Asia Pacific 1992 - 1994; Director, Marketing, International (Asia) 1988 - 1992. Joined Sonoco in 1988.

DIVISION AND STAFF OFFICERS

James A. Albright, 52, Staff Vice President - Technology, Consumer Packaging Group since January 1997. Joined Sonoco in 1992.

Jim C. Bowen, 46, Vice President - Manufacturing North America, Paper since 1994. Joined Sonoco in 1972.

Gary A. Crutchfield, 47, Division Vice President - Industrial Container since 1994. Joined Sonoco in 1974.

Rodger D. Fuller, 35, Division President - Consumer Products, Europe since March 1997. Joined Sonoco in 1985.

Larry O. Gantt, 59, Vice President - Operating Value since February 1997. Joined Sonoco in 1963.

Robert J. Giangiorgi, 54, Staff Vice President - International Business Development, Consumer Packaging Group since January 1997. Joined Sonoco in 1983.

Donald M. Gore, 47, Division Vice President - Sales and Marketing, Industrial Products North America since 1996. Joined Sonoco in 1972.

John M. Grups, 46, Division Vice President - Global Operations, Consumer Packaging, since February 1997. Joined Sonoco in 1976.

Linda O. Hill, 48, Staff Vice President - Global Technology since June 1996. Joined Sonoco in 1966.

John D. Horton, 54, Division Vice President - Sales & Marketing, High Density Film Products since 1988. Joined Sonoco in 1972.

Kevin P. Mahoney, 41, Staff Vice President - Corporate Planning since February 1996. Joined Sonoco in 1987.

John J. Mikula, 55, Division Vice President - Sonoco Packaging Systems since October 1996. Joined Sonoco in 1986.

John L. Newsome, Jr., 50, Division Vice President - Integrated Supply Chain since September 1996. Joined Sonoco in 1969.

Charles F. Paterno, 40, Division Vice President - Industrial Products/Paper, Europe since January 1996. Joined Sonoco in 1983.

Frank J. Popelars, 55, Staff Vice President - Corporate Controller since 1993. Joined Sonoco in 1983.

Charles W. Reid, 58, Division Vice President and General Manager - Baker Division since 1988. Joined Sonoco in 1988.

J.C. Rhodes, 58, Division Vice President - Operations Support since 1991. Joined Sonoco in 1961.

Juan Roman, 55, Vice President - Industrial Products/Paper, South America since 1993. Joined Sonoco in 1984.

James H. Shelley, 53, Staff Vice President - Employee Relations & Labor Counsel since 1980. Joined Sonoco in 1965.

Eddie L. Smith, 45, Division Vice President/General Manager - Flexible Packaging since December 1996. Joined Sonoco in 1989.

Karl Svendsen, 55, Division Vice President - Operating Resources, Industrial Container since 1994. Joined Sonoco in 1970.

David Thornely, 52, Managing Director - Sonoco Australasia since 1994. Joined Sonoco in 1991.

Rex E. Varn, 38, Division Vice President - Manufacturing, High Density Film since October 1996. Joined Sonoco in 1980.

SUBSIDIARY/AFFILIATE OFFICERS

PAPER STOCK DEALERS, INC.

J. Blake Boyd, 44, President - Paper Stock Dealers, Inc. since 1989. Joined Sonoco in 1976.

PAPETERIES DU RHIN

Pierre Lhomme, 74, President - Papeteries Du Rhin since 1986. Joined Sonoco in 1990.

SHOWA MARUTSUTSU

Isao Sato, 65, Chairman of Showa Marutsutsu Company, Ltd. and Showa Products Company Ltd. since 1995. Joined Showa Marutsutsu in 1954.

Jun Sato, 36, President - Showa Marutsutsu and Showa Products since 1995. Joined Showa Marutsutsu in 1986.

SONOCO ASIA

Perry D. Smith, 46, Corporate Vice President & Managing Director - Sonoco Asia, L.L.C. since October 1996.

SONOCO ENGRAPH

Maurice M. Richardson, 62, President of Sonoco Engraph since 1994.

William J. Biedenharn, 44, President - General Manager, Labels, Sonoco Engraph since January 1996. Joined Sonoco in 1985.

SONOCO CONTACT INFORMATION

Information on whom to contact for answers about questions related to Sonoco is listed for your convenience.

SONOCO STOCK

Common - Ticker symbol: SON
Preferred - Ticker symbol: SONprA
Sonoco stock is traded on the New York Stock Exchange.

CORPORATE OFFICES

North Second Street
Hartsville, SC 29550-3305
(803) 383-7000
Fax: (803) 383-7008

INDEPENDENT ACCOUNTANTS

Coopers & Lybrand L.L. P.
NationsBank Corporate Center
100 North Tryon Street, #3400
Charlotte, NC 28202-4015

LEGAL COUNSEL

Sinkler & Boyd, P.A.
P.O. Box 11889
Columbia, SC 29211-1889

SHAREHOLDER SERVICES

Sonoco
Treasurer - BO1
P.O. Box 160
Hartsville, SC 29551-0160 (803) 383-7277

INVESTOR RELATIONS AND CORPORATE COMMUNICATION

Sonoco
Corporate Communication - A46
P.0. Box 160
Hartsville, SC 29551-0160
(803) 383-7635
Fax: (803) 383-7478

SONOCO INTERNET SITE

http://www.sonoco.com

EQUAL OPPORTUNITY

Sonoco believes that a diverse work force is required to compete successfully in today's global markets. The Company provides equal employment opportunities its global operations without regard to race, color, age, sex, religion, national origin or physical disability.

ANNUAL MEETING OF SONOCO SHAREHOLDERS

The annual meeting of shareholders will be held at the Center Theater on Fifth Street in Hartsville, S.C., at 11:00 a.m., Wednesday, April 16, 1997.

SONOCO NEWS RELEASES

Copies of the Company's recent news releases are available on Sonoco's web site and, at no charge, via fax by calling PR NewsWire's "Company News On-Call" at 1-800-758-5804, Sonoco code #805487.

FORM 10-K AVAILABLE

A copy of the Company's annual report on Form 10-K filed with the Securities and Exchange Commission may be obtained by shareholders without charge after April 1, 1997, by writing to:

Sonoco
Corporate Communication - A09
P.O. Box 160
Hartsville, SC 29551-0160

DIVIDEND REINVESTMENT

A dividend reinvestment plan is available to record Sonoco shareholders. For more information write to:

Wachovia Bank of North Carolina, N.A.
P.O. Box 8218
Boston, MA 02266-8218

DIRECT DEPOSIT OF DIVIDENDS

To request automatic deposit of cash dividends to checking, savings or money market accounts that participate in the Automatic Clearinghouse System contact:

Wachovia Bank of North Carolina, N.A.
P.O. Box 8218
Boston, MA 02266-8218

SHARE ACCOUNT INFORMATION

Transfer Agent

Shareholders with inquiries concerning their accounts should contact:

Wachovia Bank of North Carolina, N.A.
P.O. Box 8218
Boston, MA 02266-8218
1-800-633-4236

Requests for stock transfer should be sent to:

Wachovia Bank of North Carolina, N,A.
P.O. Box 8217
Boston, MA 02266-8217

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Subsidiaries of Sonoco Products Company, pursuant to Item 601 of Regulation S-K, as of December 31, 1996 are:

1. KMI Continental Fibre Drum, Inc., 100%-owned domestic subsidiary incorporated in the State of Delaware.
    a. Sonoco Fibre Drum, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
2. Sonoco Plastic Drum, Inc., 100%-owned domestic subsidiary, incorporated in the State of Illinois.
    a. Sonoco Plastic Drum Southwest Division, Inc., 100%-owned domestic subsidiary, incorporated in the State of Texas.
    b. Sonoco Plastic Drum Southeast Division, Inc., 100%-owned domestic subsidiary, incorporated in the State of Kentucky.
3. Paper Stock Dealers, Inc., 100%-owned domestic subsidiary, incorporated in the State of North Carolina.
4. Sonoco-Crellin Holdings, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    a. Sonoco-Crellin International, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware, holder of securities in:
        1. Crellin, Inc., 100%-owned domestic subsidiary, incorporated in the State of New York.
            a. Crellin Europe B.V., 100%-owned Dutch subsidiary.
                1. Crellin B.V., 100%-owned Dutch subsidiary.
        2. Sebro Plastics, Inc., 100%-owned domestic subsidiary, incorporated in the State of Michigan.
        3. Injecto Mold, 100%-owned domestic subsidiary, incorporated in the State of Illinois.

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT, CONTINUED

5. Sonoco Flexible Packaging, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    - a. Engraph Puerto Rico, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    - b. Sonoco-Engraph Puerto Rico, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    - c. E L R, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
        - 1. Sonoco-Engraph Holdings, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
        - 2. Sonoco-Engraph, Inc.,100%-owned domestic subsidiary, incorporated in the State of Kentucky.
    - d. Engraph Mexico S.A. de C.V., 100%-owned Mexican subsidiary.
6. SPC Management, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    - a. SPC Capital Management, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
    - b. SPC Resources, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware.
7. Timber Properties, Ltd., (B.V.I.), 100%-owned by Sonoco Products Company.
8. Sonoco International, Inc., 100%-owned domestic subsidiary, incorporated in the State of Delaware, holder of securities in:
    - a. Sonoco Limited, 100%-owned Canadian subsidiary.
    - b. Sonoco U.K. Limited Inc., 100%-owned subsidiary incorporated in the State of Delaware, holder of securities in:
        - 1. Sonoco Products Company U.K. Limited, 100%-owned U.K. subsidiary.
            - a. Sonoco Limited, 100%-owned English subsidiary.
            - b. Sonoco Consumer Products Limited, U.K., 100%-owned English subsidiary.

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT, CONTINUED

2. The Harland Group Limited, 100%-owned U.K. subsidiary.
    a. Harland Machine Systems Ltd., 100%-owned U.K. subsidiary.
    b. Harland France SARL, 100%-owned French subsidiary.
    c. Harlands of America, Inc., 100%-owned subsidiary, incorporated in the State of Delaware.

c. Sonoco Deutschland Holdings GmbH, 100%-owned German subsidiary.
    1. Sonoco Deutschland GmbH, 100%-owned German subsidiary.
    2. Sonoco Plastics GmbH, 100%-owned German subsidiary.
    3. Sonoco IPD GmbH, 100%-owned German subsidiary.
        a. Sonoco MBS GmbH, 100%-owned German subsidiary.
        b. OPV Oberrhein GmbH, 100%-owned German subsidiary.
        c. Sonoco MBS GmbH and Company, 100%-owned German partnership.
        d. OPV Textihulsen GmbH, 100%-owned German partnership.
    4. Caprex AG, 72%-owned Swiss subsidiary.
    5. Dosen-Schmitt, GmbH, 100%-owned German subsidiary.

d. Sonoco SNC, 100%-owned French partnership with the following subsidiaries and affiliate:
    1. Sonoco Holdings, 100%-owned French subsidiary.
    a. Sonoco Lhomme S.A., 100%-owned French subsidiary.
        1. Sonoco Eurocore, Belgium, 100%-owned Belgian subsidiary.

        2. Papeteries Du Rhin, 47%-owned French affiliate.
    b. Sonoco Consumer Products S.A., 100%-owned French subsidiary.

EXHIBIT 21

SONOCO PRODUCTS COMPANY AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT, CONTINUED

e. Sonoco Italia S.R.L., 100%-owned Italian subsidiary.

f. Sonoco Asia, L.L.C., 70%-owned limited liability company.

    1. Sonoco Singapore Pte, Ltd., 100%-owned Singapore subsidiary.

        a. Malaysia Holding, SDN BHD, 100%-owned Malaysian subsidiary.

        b. Sonoco Malaysia, SDN BHD, 100%-owned Malaysian subsidiary.

    2. Sonoco Taiwan Limited, 100%-owned Republic of China subsidiary.

    3. Sonoco Thailand Ltd., 70%-owned Thai subsidiary.

    4. Sonoco-Hongwen, L.L.C., 80%-owned limited liability company.

g. Sonoco Asia Management Company, L.L.C., 70%-owned limited liability company.

h. Sonoco do Brazil LTDA., 100%-owned Brazilian subsidiary.

9. Southern Plug & Manufacturing Co., Inc., 100%-owned domestic subsidiary, incorporated in the State of Louisiana.

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference into the registration statements of Sonoco Products Company on Form S-8 (September 9, 1985, June 3, 1988, November 28, 1989, February 6, 1992, November 22, 1993, June 7, 1995, and September 25, 1996) and Form S-3 (filed June 6, 1991, File No. 33-40538; filed October 4, 1993, File No. 33-50501 as amended; filed October 4, 1993, File No. 33-50503 as amended) of our reports dated January 29, 1997, on our audits of the consolidated financial statements and financial statement schedule of Sonoco Products Company as of December 31, 1996 and 1995, and for each of the three years in the period ended December 31, 1996, which reports are included (or incorporated by reference) in this Annual Report on Form 10-K.

/s/ Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P.

Charlotte, North Carolina
March 27, 1997

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
FINANCIAL STATEMENTS OF SONOCO PRODUCTS COMPANY FOR THE YEAR ENDED DECEMBER 31,
1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL
STATEMENTS.

 1,000


                   YEAR
                          DEC-31-1996
                             JAN-01-1996
                               DEC-31-1996
                                          37,682
                                    33,578
                                  337,754
                                     7,630
                                    260,460
                               737,649
                                       1,852,829
                                 857,414
                               2,387,540
                          457,116
                                        791,026
                                0
                                    119,756
                                         7,175
                                     793,682
                 2,387,540
                                      2,788,075
                             2,788,075
                                        2,148,105
                                2,148,105
                                     0
                                 3,920
                              55,481
                                280,075
                                   107,433
                            170,871
                                       0
                                      0
                                            0
                                   170,871
                                     1.77
                                     1.73
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EXHIBIT 99-2

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM 11-K

ANNUAL REPORT

PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

SONOCO PRODUCTS COMPANY
1983 KEY EMPLOYEE STOCK OPTION PLAN,

SONOCO PRODUCTS COMPANY
1991 KEY EMPLOYEE STOCK PLAN

AND

SONOCO PRODUCTS COMPANY
1996 NON-EMPLOYEE DIRECTORS' STOCK PLAN

SONOCO PRODUCTS COMPANY

NORTH SECOND STREET

HARTSVILLE, SOUTH CAROLINA 29550

EXHIBIT 99-2

SONOCO PRODUCTS COMPANY

KEY EMPLOYEE STOCK OPTION PLAN

The Consolidated Financial Statements and Notes to Consolidated Financial Statements of Sonoco Products Company represent the financial statements of the Plans and are incorporated herein by reference in this Form 11-K Annual Report.