SONOCO PRODUCTS CO
Form DEF 14A
March 15, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Sonoco Products Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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SONOCO PRODUCTS COMPANY

1 NORTH SECOND STREET

HARTSVILLE, SOUTH CAROLINA 29550 USA

March 9, 2012

To Our Shareholders:

You are cordially invited to attend our Annual Shareholders Meeting to be held at the Center Theater, 212 North Fifth Street, Hartsville, South Carolina, on Wednesday, April 18, 2012, at 11:00 a.m. (Eastern time).

We have enclosed a Notice of 2012 Annual Meeting of Shareholders and Proxy Statement that cover the details of matters to be presented at the meeting.

In addition to acting on the matters listed in the Notice of Annual Meeting of Shareholders, we will discuss the Company s progress, and you will be given an opportunity to ask questions of general interest to all shareholders.

We have also enclosed a copy of our *2011 Annual Report*, which reviews the Company s events of the past year, and discusses strategy and the outlook for the future (or we delivered one copy of the Annual Report for all shareholders at your address).

We hope that you will come to the 2012 Annual Meeting of Shareholders in person; however, even if you plan to attend, we strongly encourage you to complete the enclosed proxy card or brokers voting instruction form and return it in the enclosed business reply envelope. If you are a shareholder of record, you can also vote by telephone (if you live in the United States) or via the Internet. Instructions are shown on your proxy card. If you are a shareholder of record and for any reason you desire to revoke your proxy, you can do so at any time before the voting. Your vote is important and will be greatly appreciated.

Harris E. DeLoach, Jr.

Chairman & Chief Executive Officer

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SONOCO PRODUCTS COMPANY

1 NORTH SECOND STREET

HARTSVILLE, SOUTH CAROLINA 29550 USA

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

TIME	11:00 a.m. (Eastern time) on Wednesday, April 18, 2012
PLACE	The Center Theater, 212 North Fifth Street, Hartsville, South Carolina
PURPOSES	(1) To elect five members of the Board of Directors;
	(2) To ratify the selection of independent registered public accounting firm;
	(3) To vote on an advisory resolution to approve executive compensation;
	(4) To approve the 2012 Long-Term Incentive Plan; and
	(5) To transact any other business that properly comes before the meeting or any adjournment of the meeting.
RECORD DATE	You may vote only if you were a shareholder of record at the close of business on February 17, 2012.
ANNUAL REPORT	We have enclosed a copy of the *2011 Annual Report* or we have delivered a single copy of the Annual Report for all shareholders at your address. The Annual Report is not part of the proxy soliciting material.
PROXY VOTING	It is important that your shares be represented and voted at the meeting.
	If you hold your shares in your own name as a record shareholder, please vote in one of these three ways:
	(1) USE THE TOLL-FREE TELEPHONE NUMBER shown on your proxy card if you live in the United States;

(2) VISIT THE WEB SITE shown on your proxy card and vote via the Internet; or

(3) MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope.

If your shares are held in street name by a broker, bank, or other nominee, please follow the instructions that entity sent to you with these proxy materials to have your shares voted at the Annual Meeting.

By order of the Board of Directors,

Ritchie L. Bond

Secretary

March 9, 2012

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SONOCO PRODUCTS COMPANY

1 NORTH SECOND STREET

HARTSVILLE, SOUTH CAROLINA 29550 USA

PROXY STATEMENT

INFORMATION CONCERNING THE SOLICITATION

We are sending you these proxy materials in connection with the solicitation by the Board of Directors of Sonoco Products Company of proxies to be used at the Annual Meeting of Shareholders (Annual Meeting) to be held on Wednesday, April 18, 2012, at 11:00 a.m. (Eastern time) at The Center Theater, 212 North Fifth Street, Hartsville, SC, and at any adjournment or postponement of the meeting. The terms we, our, us, Sonoco, and the Company all refer to Sonoco Products Company. The proxy materials are first being mailed on or about March 16, 2012.

Who May Vote

You will only be entitled to vote at the Annual Meeting if our records show that you were a record shareholder on February 17, 2012. At the close of business on February 17, 2012, a total of 100,538,403 shares of our common stock were outstanding and entitled to vote. Each share of common stock has one vote.

How to Vote Shares Held Directly

If you hold your shares in your own name as a record shareholder, you may vote by proxy or in person at the meeting. To vote by proxy you may select one of the following options: telephone, Internet, or mail.

Vote by Telephone:

You may vote by telephone (if you live in the United States) using the toll-free number shown on your proxy card. You must have a touch-tone telephone to use this option. Telephone voting is available 24 hours a day, seven days a week. Clear and simple voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. If you vote by telephone, please **DO NOT** return your proxy card.

Vote through the Internet:

You may vote through the Internet. The Web site for Internet voting is shown on your proxy card. Internet voting is available 24 hours a day, seven days a week. When you vote through the Internet, you will be given the opportunity to confirm that your instructions have been properly recorded. If you vote through the Internet, please **DO NOT** return your proxy card.

Vote by Mail:

If you choose to vote by mail, please mark the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

Actions of the Proxy Agents

If you are a record shareholder and you indicate your voting choices, your shares will be voted according to your instructions. If you fail to give voting instructions, the proxy agents will vote your shares **FOR** each person named in this Proxy Statement as a nominee for election to the Board of Directors, **FOR** ratification of the selection of PricewaterhouseCoopers, LLP (PwC) as our independent registered public accounting firm for the fiscal year ending

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December 31, 2012, **FOR** the advisory (non-binding) resolution to approve executive compensation, and **FOR** approval of the 2012 Long-Term Incentive Plan. The proxy agents will vote according to their best judgment on any other matter that properly comes before the Annual Meeting. At present, the Board of Directors does not know of any other such matters.

How to Vote Shares Held in Street Name by a Broker, Bank, or Other Nominee

If your shares are held in street name by a broker, bank, or other nominee, you may direct your vote by submitting your voting instructions to your broker, bank, or other nominee. Please refer to the voting instructions provided by your account manager. Your broker or other nominee is not permitted to vote your shares on election of directors unless you provide voting instructions. Brokers also do not have discretionary authority to vote on the advisory (non-binding) resolution to approve executive compensation, or on the approval of the 2012 Long-Term Incentive Plan, unless you provide voting instructions. Therefore, to be sure your shares are voted, please instruct your broker or other nominee as to how you wish it to vote.

Voting at the Annual Meeting

The method by which you vote will not limit your right to vote at the Annual Meeting if you decide to attend in person. However, if you wish to vote at the meeting and your shares are held in street name by a bank, broker, or other nominee, you must obtain a proxy executed in your favor from the holder of record prior to the meeting.

If you wish to attend the meeting in person, you may obtain directions to our office at our Web site: www.sonoco.com. The site of the Annual Meeting is only a short distance from the Sonoco office, and directions from the office to the annual meeting site may be obtained at the reception desk.

How to Revoke Your Proxy

You may revoke your proxy at any time before it is voted. If you hold your shares in your own name as a record shareholder, you may revoke your proxy in any of the following ways:

- by giving notice of revocation at the Annual Meeting;
- by delivering to the Secretary of the Company, 1 North Second Street, Hartsville, SC 29550 USA, written instructions revoking your proxy; or
- by delivering to the Secretary an executed proxy bearing a later date.

Subsequent voting by telephone or via the Internet cancels your previous vote. If you are a shareholder of record, you may also attend the meeting and vote in person, in which case your proxy vote will not be used.

If your shares are held in street name by a broker, bank, or other nominee, you may revoke your voting instructions by submitting new voting instructions to the broker or other nominee who holds your shares.

How Votes Will Be Counted

The Annual Meeting will be held if a majority of the outstanding shares of common stock entitled to vote (a quorum) is represented at the meeting. If you have submitted valid proxy instructions or are a record shareholder and attend the meeting in person, your shares will be counted for the purpose of determining whether there is a quorum, even if you wish to abstain from voting on some or all matters introduced. Broker non-votes also count in determining whether a quorum is present. A broker non-vote occurs when a broker, bank, or nominee who holds shares in street name for a beneficial owner attends the meeting in person or by proxy but chooses not to vote on a particular proposal, or does not have discretionary voting power for that proposal, and has not received voting instructions from the beneficial owner.

Brokers do not have discretionary authority to vote on director elections. Therefore, if you return a broker voting instruction form but do not indicate how you want your broker to vote on election of directors, a broker non-vote will occur with respect to the election. Brokers also do not have discretionary authority to vote on the advisory (non-binding) resolution to approve executive compensation or to approve the 2012 Long-Term Incentive Plan. Therefore, if you return a broker voting instruction form but do not indicate how you want your broker to vote on these matters, a broker

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non-vote will occur with respect to them. Brokers do, however, continue to have discretionary authority to vote on ratification of independent auditors, and may do so when you have not provided instructions on that matter.

If a quorum is present at the Annual Meeting, directors will be elected by a plurality of the votes cast by shares present and entitled to vote at the Annual Meeting. Plurality means that, if there were more nominees than positions to be filled, the persons who received the largest number of votes would be elected. Because there are the same number of nominees as positions to be filled, we expect all nominees to be elected. Votes that are withheld or that are not voted in the election of directors (including broker non-votes) will have no effect on the outcome of the election. Cumulative voting is not permitted.

The vote on the advisory resolution to approve executive compensation is non-binding on us and our Board of Directors. Marking the proxy card or your broker voting instructions FOR indicates support for the resolution; marking the proxy card or your broker voting instructions AGAINST indicates lack of support for the resolution. You may abstain by marking the ABSTAIN box on the proxy card or your broker voting instructions.

Approval of the proposal to adopt the 2012 Long-Term Incentive Plan requires the affirmative vote of a majority of the total votes cast on the proposal, provided that the total votes cast on the proposal represent over 50% of all shares entitled to vote on the proposal. With respect to shares that are present and entitled to vote, any votes that are withheld or any shares that are not voted for adoption of the plan will have the effect of votes against the plan.

Any other matter, including ratification of the selection of PwC as our independent registered public accounting firm, that may be brought before the meeting will be approved if the votes cast in favor of the matter exceed the votes cast against the matter. Votes that are withheld or shares that are not voted will have no effect on the outcome of such matters.

Cost of this Proxy Solicitation

We will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, we expect that some of our officers and regular employees will solicit proxies by telephone, fax, email, or personal contact. None of these officers or employees will receive any additional or special compensation for doing this.

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ELECTION OF DIRECTORS

The Board of Directors has fixed the number of directors of the Company at twelve. At our Annual Meeting, five directors will be elected. Dr. P.L. Davies and Messrs. H.E. DeLoach, Jr., E.H. Lawton, III, and J.E. Linville have been nominated to hold office for the next three years, their terms expiring at the Annual Shareholders Meeting in 2015, or when their successors are duly elected and qualify to serve. Mr. J.R. Haley has been nominated to hold office for the next year, his term expiring at the Annual Shareholders Meeting in 2013, or when his successor is duly elected and qualifies to serve. Mr. Haley was elected by the Board of Directors in July, 2011, and has not been previously elected by shareholders. He was recommended for election to the Board by our Chief Executive Officer. The proxy agents intend to vote **FOR** the election of the five persons named above unless you withhold authority to vote for any or all of the nominees. The Board of Directors recommends that you vote **FOR** each nominee.

Name, Age, Principal Occupation and Directorships in Public Corporations during the Last Five Years	Director Since
DR. PAMELA L. DAVIES (55). Dr. Davies has been President of Queens University of Charlotte (institution of higher learning), Charlotte, NC, since 2002. Prior to that she was Dean of the McColl School of Business at Queens University of Charlotte from 2000 to 2002. Dr. Davies was Professor of Management and Dean of the LeBow College of Business at Drexel University from 1997 to 2000. She is currently a director of Family Dollar Stores, Inc., and was previously a director of Charming Shoppes from 1998 to 2009 and C&D Technologies, Inc. from 1998 to 2010.	2004
HARRIS E. DeLOACH, JR. (67). Mr. DeLoach has been our Chairman since 2005 and our Chief Executive Officer since 2000. He was our President from July 2000 to December 2010, Chief Operating Officer from April 2000 to July 2000, Senior Executive Vice President from 1999 to 2000, Executive Vice President from 1996 to 1999, Group Vice President from 1993 to 1996, Vice President Film, Plastics and Special Products from February 1993 to October 1993, Vice President High Density Film Products division from 1990 to 1993, and Vice President Administration and General Counsel from 1986 to 1990. Mr. DeLoach is currently a director of Goodrich Corporation and Progress Energy, Inc.	1998
JOHN R. HALEY (50). Mr. Haley has served as Chief Executive Officer of Gosiger, Inc., (a privately owned distributor of computer-controlled machine tools and factory automation systems) Dayton, OH, since 2010. Prior to his current role, he served as a Gosiger managing partner from 2001 to 2010, and as a Division Vice President from 1992 to 2001. Mr. Haley is currently a director of Ultra-met Carbide Technologies and the Gosiger Foundation. He also serves on the board of trustees at the University of Dayton. Mr. Haley is the brother-in-law of R.H. Coker, who is an executive officer of the Company.	2011
EDGAR H. LAWTON, III (51). Mr. Lawton has been President and Treasurer of Hartsville Oil Mill (vegetable oil processor), Darlington, SC, since 2000, and he has been a director of Hartsville Oil Mill since 1991. Mr. Lawton was Vice President of Hartsville Oil Mill from 1991 to 2000.	2001

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Name, Age, Principal Occupation and Directorships in Public Corporations during the Last Five Years	Director Since
JOHN E. LINVILLE (66). Mr. Linville has been an attorney in private practice in New York, NY, since 2004. Prior to that he had been Counsel with Manatt, Phelps & Phillips, LLP from January 2003 to 2004. He joined the firm through its merger with his prior firm Kalkines, Arky, Zall & Bernstein, LLP (KAZB). Mr. Linville joined KAZB in 1990 after having been General Counsel and then Acting President of the New York City Health & Hospitals Corporation.	2004

INFORMATION CONCERNING DIRECTORS WHOSE TERMS CONTINUE

Members of the Board of Directors whose terms of office will continue until our Annual Shareholders Meeting in 2013 are:

Name, Age, Principal Occupation and Directorships in Public Corporations during the Last Five Years	Director Since
JOHN H. MULLIN, III (70). Mr. Mullin has been Chairman of Ridgeway Farm LLC (privately held timber and farming business), Brookneal, VA, since 1989. He was associated with Dillon, Read & Co. Inc. (investment bank) from 1969 to 1989, last serving as Managing Director. Mr. Mullin is currently a director of Progress Energy, Inc. and Hess Corporation.	2002
PHILIPPE R. ROLLIER (69). Mr. Rollier retired as President and Chief Executive Officer of Lafarge North America (construction materials group), Herndon, VA, in December, 2006, having served in that position since 2001. He spent his entire career with Lafarge Group progressing through numerous positions before assuming the above mentioned responsibilities. He is currently a director of Mersen (formerly Carbone Lorraine), and was previously a director of Monier, S.A. from 2007 to 2008, Sperian Protection from 2007 to 2010, and Moria, S.A. from 1992 to 2011.	2007
THOMAS E. WHIDDON (59). Mr. Whiddon has been an Advisory Director of Berkshire Partners, LLC (a Boston-based private equity firm) since October 2005, and in this role has served various Berkshire portfolio companies in an executive capacity on an interim basis. He was Executive Vice President Logistics and Technology of Lowe s Companies, Inc. from 2000 until he retired in 2003 and was previously their Executive Vice President and Chief Financial Officer from 1996 to 2000. Mr. Whiddon is currently a director of Carter s Inc. and Dollar Tree Stores, Inc.	2001

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Members of the Board of Directors whose terms of office will continue until our Annual Shareholders Meeting in 2014 are:

Name, Age, Principal Occupation and Directorships in Public Corporations during the Last Five Years	Director Since
JAMES L. COKER (71). [1] Mr. Coker is retired. He was President of JLC Enterprises (private investments), Stonington, CT, from 1979 to 2007. He was Secretary of the Company from 1969 to 1995, and was President of Sonoco Limited, Canada, from 1972 to 1979.	1969
JAMES M. MICALI (64). Mr. Micali has been Senior Advisor to, and limited partner of, Azalea Fund III of Azalea Capital LLC (private equity firm) in Greenville, SC, since 2008. He served as Of Counsel with Ogletree Deakins LLC (law firm) in Greenville, SC, from 2008 to 2011. He retired as Chairman and President of Michelin North America, Inc., Greenville, SC, in August 2008. He had held those positions since 1996. Following his retirement, Mr. Micali served as a consultant to Michelin through September, 2009. Mr. Micali is currently a director of SCANA Corporation and American Tire Distributors Holding, Inc. He was previously a director of Ritchie Bros. Auctioneers, Incorporated, from 2008 to February 2012, and Lafarge North America from 2003 to 2007.	2003
LLOYD W. NEWTON (69). General Newton was Executive Vice President of the Pratt & Whitney Military Engines business unit (developer and manufacturer of engines for military and commercial aircraft), E. Hartford, CT (a part of United Technologies Corporation), from 2000 until his retirement in 2006. General Newton retired as a four-star general of the U.S. Air Force in 2000 after a distinguished 34-year military career. At the time of his retirement from the Air Force, General Newton was Commander, Air Education and Training Command a 13-base, 57,000 personnel assignment. He is currently a director of Goodrich Corporation and Torchmark Corporation.	2008
MARC D. OKEN (65). Mr. Oken has been Managing Partner of Falfurrias Capital Partners (a private equity firm), Charlotte, NC, since 2006. He held executive officer positions (most recently as Chief Financial Officer) at Bank of America Corporation from 1989 until he retired in January 2006. Prior to joining Bank of America, he was a partner at Price Waterhouse LLP, serving there for 13 years. From 1981 to 1983, Mr. Oken was a Fellow with the Securities and Exchange Commission. He is currently a director of Marsh & McLennan Companies, Inc., and was previously a director of Star Scientific, Inc. from 2005 to 2009.	2006

(1) Although his term does not expire until 2014, pursuant to our Bylaws, Mr. Coker will be automatically retired upon reaching his 72nd birthday on February 19, 2013.

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ADDITIONAL INFORMATION ABOUT EXPERIENCE AND QUALIFICATIONS OF DIRECTORS AND NOMINEES

Our current directors have a wide range of specific employment and other leadership experiences, knowledge and skills that qualify them for service on our Board and its Committees. Many of our directors also serve on the boards of other public companies, which provides them experience with governance, legal, and regulatory issues facing public companies in general, and with alternative approaches to those issues. Most of our directors are also active on the boards of non-profit organizations.

In addition to the background information described in their biographies, their individual qualifications are highlighted below:

Mr. James L. Coker, a former Company executive who held the positions of President of Sonoco Canada and Corporate Secretary and with over forty years service on our Board, brings knowledge of our international operations, and understanding of the packaging business, our products and our operations, as well as financial expertise.

Dr. Pamela L. Davies, as President of Queens University of Charlotte and the former Dean of the McColl School of Business, brings financial and strategic planning expertise, broad leadership ability, a global perspective, and a strong business academic viewpoint, as well as relevant experience on other public boards.

Mr. Harris E. DeLoach, Jr., as our Chairman and Chief Executive Officer, has 26 years of significant leadership experience with our Company and has extensive knowledge and understanding of our business, our people, our customers and our shareholders. As a former practicing attorney and a board member of two other public companies, he also brings in-depth legal and board governance experience.

Mr. John R. Haley s current position as Chief Executive Officer of Gosiger, Inc., as well as his previous management roles in that organization, have provided him extensive leadership experience in the manufacturing sector. His related experience in corporate finance also provides a valuable resource for our Board.

Mr. Edgar H. Lawton, III, as President of Hartsville Oil Mill, brings knowledge of global commodity markets and customers, as well as financial acumen. His operations knowledge includes expertise in managing environmental issues. He is very helpful to us as a local business owner in the same geographic area as our global headquarters.

Mr. John E. Linville is an attorney and has been a partner in two New York City law firms. He has also served as General Counsel and Acting President of the New York City Health & Hospitals Corporation, the organization that operates New York City s public hospitals. This experience provided him with legal and financial expertise as well as leadership skills from the perspective of a large organization. As Chair of the Employee and Public Responsibility Committee, his background provides our Board with useful insights on a range of policy issues.

Mr. James M. Micali, formerly Of Counsel to Ogletree Deakins LLC law firm and formerly Chairman and President of Michelin North America, Inc., has highly relevant leadership and operating experience in a large manufacturing company with global reach. His international perspective, corporate governance experience as a director of other public companies, and legal expertise are also very valuable to us as a Board member.

Mr. John H. Mullin, III, currently Chairman of Ridgeway Farm LLC (Brookneal, VA), and former managing director for Dillon, Read & Co., is also the lead director for Progress Energy, Inc. and a board member for Hess Corporation. He brings in-depth knowledge of finance and financial markets, merger and acquisition expertise, and broad leadership experience. He also has relevant experience with board governance.

General Lloyd W. Newton, formerly an Executive Vice President with Pratt & Whitney Military Engines (a business unit of United Technologies Corporation) and a retired four-star general in the U.S. Air Force, brings a wealth of leadership and management experience, human resource skills, and knowledge of technology, as well as a global perspective. He also serves on the boards of two other public companies.

Mr. Marc D. Oken, currently Managing Partner of Falfurrias Capital Partners and retired Chief Financial Officer of Bank of America Corporation, and a former partner with Price Waterhouse LLP, has in-depth financial experience, banking perspective, and mergers and acquisition background, as well as senior leadership experience. Because of his

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accounting and banking background, Mr. Oken has been named Chair of the Audit Committee, as well as Audit Committee Financial Expert. Mr. Oken also serves as Chair of the Audit Committee for the Marsh & McLennan Companies, Inc.

Mr. Philippe R. Rollier, as retired President and Chief Executive Officer of Lafarge North America, a global building products company, brings knowledge of global markets, experience as a public company chief executive officer, broad leadership capability, and strong operational background and expertise. His perceptions on international business issues are particularly valuable to our Board. Mr. Rollier has served on the boards of other public companies with involvement on both audit and strategic committees.

Mr. Thomas E. Whiddon, as Advisory Director of Berkshire Partners, LLC, and as retired Executive Vice President Logistics and Technology and Chief Financial Officer with Lowe s Companies Inc., brings general management, information technology and logistics expertise, and strong financial acumen, as well as experience with retail end markets. Mr. Whiddon also serves on two additional public boards that provide him with corporate governance expertise and background.

CORPORATE GOVERNANCE

Director Independence Policies

Our listing agreement with the New York Stock Exchange requires that at least a majority of the members of our Board of Directors be independent. Under the Exchange s standards, independent means that a director has been determined by the Board to have no material relationship with us (either directly, or indirectly through an immediate family member or as a partner, shareholder or officer of an organization that has a relationship with us). To assist us in making these determinations we have adopted the following guidelines, which are also the guidelines set forth in the New York Stock Exchange Listing Standards. These guidelines are set forth in our Corporate Governance Guidelines, which are available on our Web site at www.sonoco.com.

A director will not be considered independent if:

- The director is, or in the past three years has been, our employee, or has an immediate family member who is, or in the past three years has been, one of our executive officers;

- The director has received, or has an immediate family member (other than an immediate family member who is a non-executive employee) who has received, during any twelve-month period within the past three years, more than $120,000 in direct compensation from us (other than director fees and pension or other forms of deferred compensation for prior service that is not contingent in any way on continued service);

- The director or an immediate family member is a current partner of a firm that is our internal or external auditor or the director is a current employee of such a firm;

- The director has an immediate family member who is a current employee of a firm that is our internal or external auditor and who personally works on Sonoco s audit;

- The director or an immediate family member was within the last three years a partner or employee of our internal or external audit firm and personally worked on our audit within that time;

- The director or an immediate family member is, or in the past three years has been, an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee; or

The director is a current employee of, or has an immediate family member who is a current executive officer of, another company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues.

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The following relationships will not be considered to be material relationships that would impair a director s independence:

- Being a current employee of, or having an immediate family member who is a current executive officer of, another company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, is less than the greater of $1 million or 2% of such other company s consolidated gross revenues.

Based on these criteria, our Board of Directors has determined that the following directors, who constitute a majority of the Board, are independent: J.L. Coker, P.L. Davies, E.H. Lawton, III, J.E. Linville, J.M. Micali, J.H. Mullin, III, L.W. Newton, M.D. Oken, P.R. Rollier, and T.E. Whiddon. C.C. Fort, who resigned from the Board of Directors on June 25, 2011, was also independent.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

We have adopted Corporate Governance Guidelines and a Code of Business Conduct and Ethics for our directors, officers, and employees. Copies of these Governance Guidelines and the Code of Business Conduct are available through our Web site at www.sonoco.com. Printed versions are available to our shareholders on request to the Corporate Secretary, Sonoco Products Company, 1 North Second Street, Hartsville, SC 29550 USA, or through email to CorporateSecretary@sonoco.com.

Leadership Structure

The Board has a case-by-case philosophy on the separation of the offices of Chairman and Chief Executive Officer. The Board believes that this issue is part of the succession planning process and recognizes that there are various circumstances that weigh in favor of or against both combination and separation of these offices. In fact, within the last decade we have employed both structures combined offices and separate offices. The Board believes it is in the best interests of Sonoco for the Board to make such a determination in light of current circumstances when it considers the selection of a new Chief Executive Officer or at such other time as is appropriate.

Harris E. DeLoach, Jr., who has nearly twenty-seven years of operations, management, administrative, and legal experience with our Company, has served as our Chief Executive Officer since 2000 and Chairman of the Board since 2005. Upon retirement of the former Chairman of the Board in 2005, the Board determined that, in light of his extensive knowledge of, and experience with, all aspects of our Company s business, people, customers and shareholders, it made sense to combine the Chairman and Chief Executive Officer roles under Mr. DeLoach. His successful five-year experience as Chief Executive Officer, coupled with his extensive experience in the Company and on our Board, made combining the roles the best leadership structure for us.

During 2011, the Board consisted of twelve directors, at least ten of which were independent directors (as defined by New York Stock Exchange standards). To promote open discussion among our independent/non-management directors, those directors meet at regularly scheduled executive sessions without management present. Six such meetings were held during 2011.

Our by-laws were amended in February 2012 to provide that the Chairman of the Corporate Governance and Nominating Committee, who is always an independent director, will simultaneously serve as Lead Director. The Lead Director is authorized to call meetings of the independent directors, and has duties that include:

- Presiding at any meeting of the Board at which the Chairman is not present;
- Presiding at executive sessions of the independent directors;
- Serving as a liaison between the Chairman and the independent directors when requested to do so;
- Conferring with the Chairman regarding (i) the information sent to the Board, (ii) the agenda for meetings of the Board, and (iii) the schedules for meetings of the Board to assure that there will be sufficient time to discuss agenda items; and

Being available for consultation and direct communication with major shareholders.

J.M. Micali currently serves as the Chairman of the Corporate Governance and Nominating Committee, and as Lead Director.

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The Board decided to adopt a lead independent director structure to allay concerns, expressed in the corporate governance arena by various groups, that having a single individual serve as the chairman of the board and the principal executive officer of a public company might result in a diminution of the ability of the independent directors to meaningfully participate in the board s oversight of management of that company. Although the independent directors of Sonoco do not believe that their ability to actively participate has, in fact, been diminished, they determined that the lead independent director structure could provide a worthwhile mechanism to reduce the possibility of any such diminution in the future.

Shareholders and other interested parties may communicate with the non-management (or independent) directors by writing to Non-Management (or Independent) Directors, c/o Corporate Secretary, Sonoco Products Company, 1 North Second Street, Hartsville, SC 29550 USA, or by email to CorporateSecretary@sonoco.com.

Director Nomination Process

Our Corporate Governance and Nominating Committee recommends to our Board of Directors nominees to fill vacancies on the Board of Directors as they occur, and recommends candidates for election as directors at Annual Meetings of Shareholders. Such candidates are routinely identified through personal and business relationships and contacts of the directors and executive officers.

In recommending candidates, the Corporate Governance and Nominating Committee evaluates such factors as leadership experience, experience with business and with other organizations of comparable size and scope, knowledge or skills that would be valuable to us such as financial acumen, understanding of relevant technologies, knowledge of our markets or our customers, interpersonal skills, decision-making skills, and the ability to devote the necessary time to board service. In addition, candidates for director should possess the highest personal and professional ethics, and they should be committed to the long-term interests of the shareholders.

The Committee strives to have a diverse board in terms of types of experience, background, age, skills, gender, race and nationality, although it does not have a specific policy or guideline related to board diversity. Candidates are considered for nomination based on their individual qualifications as well as in consideration of how their capabilities complement other current Board members experience and business background. The Board believes a diverse board has greater depth and capability than the sum of its individual directors qualifications.

The Corporate Governance and Nominating Committee will consider director candidates recommended by shareholders, if the shareholders comply with the following requirements. If you wish to recommend a director candidate to the Corporate Governance and Nominating Committee for consideration as a Board of Directors nominee, you must submit in writing to the Corporate Governance and Nominating Committee your recommended candidate s name, a brief resume setting forth the recommended candidate s business and educational background and qualifications for service, and a notarized consent signed by the recommended candidate stating the recommended candidate s willingness to be nominated and to serve. This information must be delivered to the Chair of the Corporate Governance and Nominating Committee at the Company s address and must be received no later than January 5 in any year to be considered by the Committee as a potential Board of Directors nominee. The Corporate Governance and Nominating Committee may request further information if it determines a potential candidate may be an appropriate nominee. Director candidates recommended by shareholders that comply with these requirements will receive the same consideration that the Committee s other candidates receive.

Director candidates recommended by shareholders will not be considered by the Corporate Governance and Nominating Committee for election at an annual meeting unless the shareholder recommendations are received no later than January 5 of the year of the meeting. In addition to making such recommendations, shareholders have the right to nominate candidates for election as directors at an annual meeting if they make a written nomination at least 60 days prior to the meeting. Any such nomination should be submitted to our Corporate Secretary at 1 North Second Street, Hartsville, SC 29550 USA. No such nominations have been made for this Annual Meeting.

Communications with the Board of Directors

Any shareholder or other interested party who wishes to send communications to any member of the Board of Directors should mail such communications addressed to the intended recipient by name or position in care of: Corporate Secretary, Sonoco Products Company, 1 North Second Street, Hartsville, SC 29550 USA or by email to

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CorporateSecretary@sonoco.com. Upon receipt of any such communications, the Corporate Secretary will determine the identity of the intended recipient and whether the communication is an appropriate shareholder communication. The Corporate Secretary will send all appropriate shareholder communications to the intended recipient. An appropriate shareholder communication is a communication from a person claiming to be a shareholder in the communication, the subject of which relates solely to the sender s interest as a shareholder and not to any other personal or business interest.

In the case of communications addressed to the Board of Directors or, if specified, to the independent or non-management directors, the Corporate Secretary will send appropriate shareholder communications to the Lead Director, who is also the Chair of the Corporate Governance and Nominating Committee. In the case of communications addressed to committees of the Board, the Corporate Secretary will send appropriate shareholder communications to the Chair of such committee.

The Corporate Secretary is required to maintain a record of all communications received that were addressed to one or more directors, including those determined not to be appropriate shareholder communications. Such record will include the name of the addressee, the disposition by the Corporate Secretary and, in the case of communications determined not to be appropriate, a brief description of the nature of the communication. The Corporate Secretary is required to provide a copy of any additions to the record to the Chair of the Corporate Governance and Nominating Committee quarterly.

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Board Meetings and Committees of the Board

During 2011, our Board of Directors held four regularly scheduled meetings and two special meetings to review significant developments affecting the Company and to act on matters requiring the Board of Directors approval. All directors attended 75% or more of the aggregate number of meetings of the Board of Directors and committees of which they were members.

We encourage, but do not require, our directors to attend the Annual Meeting of Shareholders. In 2011, eleven of our directors attended the Annual Meeting.

To assist it in performing its duties, our Board of Directors has established an Audit Committee, an Executive Compensation Committee, a Corporate Governance and Nominating Committee, an Employee and Public Responsibility Committee, a Financial Policy Committee, and an Executive Committee. The table below outlines the current membership and the number of meetings held by each committee in 2011. A brief description of the primary duties of each committee follows the table. Complete charters for all committees are available through the Investor Relations section of our website at www.sonoco.com. These charters are also available in print to any shareholder upon request to the Corporate Secretary, Sonoco Products Company, 1 North Second Street, Hartsville, SC 29550 USA or through email to CorporateSecretary@sonoco.com. The Board of Directors has determined that each current member of the Audit, Executive Compensation, and Corporate Governance and Nominating committees is independent as defined in the New York Stock Exchange s Listing Standards. J.R. Haley, who served on the Audit Committee for a brief period during 2011, is not independent under such standards.

	Audit Committee	**Executive Compensation Committee**	**Corporate Governance and Nominating Committee**	**Employee and Public Responsibility Committee**	**Financial Policy Committee**	**Executive Committee**
J.L. Coker				X	X	
P.L. Davies		X			X	
H.E. DeLoach, Jr.						X
J.R. Haley				X	X	
E.H. Lawton, III	X			X		
J.E. Linville	X			Chair		
J.M. Micali	X	X	Chair			X
J.H. Mullin, III		Chair	X		X	X
L.W. Newton		X			X	
M.D. Oken	Chair	X	X			
P.R. Rollier	X			X		
T.E. Whiddon			X		Chair	
Number of 2011 Meetings	8	4	5	2	4	0

The Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, assists the Board of Directors with oversight of the integrity of the Company s financial statements, the adequacy of the Company s internal controls and its means of assessing and managing exposure to risk, the Company s compliance with legal and regulatory requirements, the independent auditor s qualifications and independence, and the performance of the Company s internal audit function. The committee is directly responsible for the appointment, compensation, and retention of the independent auditor, and for overseeing the performance of attest services provided to the Company.

The Executive Compensation Committee establishes the Company s general compensation philosophy and oversees the development and implementation of compensation programs. The committee directly oversees the administration of the Company s executive officer compensation programs, reviews and approves corporate goals and objectives, evaluates actual performance against those goals and objectives, and sets compensation for the Chief

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Executive Officer, Chief Financial Officer, and other executive officers. The committee does not delegate its decision-making authority relating to executive compensation. Further information about the committee s processes and procedures for the consideration of executive compensation is set forth under the captions Role of Executive Officers in Determining Executive Compensation and Role of Independent Compensation Consultant on page 34.

The Corporate Governance and Nominating Committee is responsible for developing and implementing corporate governance guidelines addressing the structure, mission, practices, and policies of the Board of Directors. The committee identifies, evaluates, and recommends individuals to the Board for nomination as members of the Board. The committee annually reviews the skills and characteristics of current Board members, and ensures that processes are in place for an annual appraisal of Chief Executive Officer performance, succession planning, and management development.

The Employee and Public Responsibility Committee provides oversight and guidance on social and public policy issues, including compliance with governmental or other regulatory requirements, which may affect business performance and public perception of the Company. The committee oversees the Company s obligations to its employees and major public constituencies, including shareholders, customers, and the communities in which it operates.

The Financial Policy Committee provides oversight and monitoring of the Company s financial planning and financial structure so as to provide congruence with the Company s objectives of growth and sound operation. The committee reviews and evaluates the Company s capital structure, significant financing transactions, financial risk management policies and practices, and investment funding and management of the Company s defined benefit and postretirement benefit plans.

The Executive Committee is empowered to exercise all of the authority of the Board of Directors between regularly scheduled meetings, except as limited by South Carolina law.

The Board s Role in the Risk Management Process

The Company oversees management of enterprise risk through its Risk Management Committee (RMC). The RMC is administrated by the Company s Treasurer and its membership includes, among others, the most senior members of operating management and the Chief Financial Officer. The RMC holds three regularly scheduled meetings each year and may hold additional special meetings as needed. No such special meetings were held during 2011.

The RMC is guided in its activities and responsibilities by a risk management framework originally developed and implemented in 2006. As part of that development process, the most significant risks faced by the Company were identified, as well as where in the operating organization those risks are routinely monitored and managed. The RMC further identified certain specific risk areas that are sufficiently material or broad in nature to merit its direct ongoing oversight. Those risk areas are reviewed by the RMC on a rotational basis at its regularly scheduled meetings. Additionally, the RMC reviews other risk areas as needed, or to ensure that organizational risk management is functioning as identified in the framework.

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While management, through the RMC, is responsible for managing enterprise risk, the Board provides oversight. The Board has delegated oversight of the Company s risk management process and structure to the Audit Committee, which receives updates regarding the RMC s activities and findings. As described in the table below, other Board committees are responsible for oversight of risk management for categories of risks relevant to their functions. The Board as a whole also reviews risk management practices in the course of their reviews of corporate strategy, business plans, Board committee reports, and other presentations.

Board / Committee	**Primary Areas of Risk Oversight**
Full Board	Strategic and operational risks associated with the Company s products, markets, geographic diversification, acquisitions and divestitures, major litigation, and succession planning.
Audit Committee	Oversight of risk management process and structure; risks and exposures associated with financial reporting, internal controls, regulatory and other compliance, and litigation.
Financial Policy Committee	Risks and exposures associated with liquidity, interest rates, currency, pension funding and investment performance, insurance coverage, and significant capital transactions.
Executive Compensation Committee	Risks and exposures associated with executive development, succession policies and programs, and compensation policies and practices including incentive compensation.
Employee & Public Responsibility Committee	Risks and exposures associated with the environment, safety in the workplace, equal employment, litigation, public policy, and other matters involving the Company s reputation.
Corporate Governance & Nominating Committee	Risks and exposures related to corporate governance, leadership structure, effectiveness of the Board and its committees, new director candidates, conflicts of interest, and director independence.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Members of the Executive Compensation Committee during the year ended December 31, 2011 were P.L. Davies, C.C. Fort (resigned June 25, 2011), J.M. Micali, J.H. Mullin, III, and M.D. Oken.

RELATED PARTY TRANSACTIONS

The brother of our director, P.R. Rollier, is the Managing General Partner of Michelin Group. Sonoco sold $1,535,000 in products and services to Michelin North America during 2011. All transactions were handled on a competitive basis. Our management believes the prices and terms of the transactions reported above were comparable to those we could have obtained from other sources. We anticipate engaging in similar business transactions in 2012. The Board of Directors considered these relationships when making its determinations of independence.

R.H. Coker, an employee of the Company since 1985, is the brother-in-law of J.R. Haley who is a member of the Board of Directors. Mr. Coker is currently Vice President, Global Rigid Paper and Closures, and received total 2011 compensation of $1,540,000.

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Related Party Transaction Approval Policy

The Board has adopted a written policy that any transaction or series of transactions in which Sonoco is a participant, for which the amount involved exceeds $120,000, and in which any related person will have a direct or indirect material interest must be approved by the Corporate Governance and Nominating Committee. The Board recognizes that such transactions may or may not be in the best interest of Sonoco and, as a result, empowers the Corporate Governance and Nominating Committee to evaluate all such related party transactions or series of transactions. The Committee is to approve only those transactions that it determines provide net economic value to us or where it is demonstrated to the satisfaction of the Committee that price, quality, service and other terms have been negotiated on an arms-length basis and are comparable to those available from unrelated third parties.

Our officers are required to notify the Committee of the proposed and ongoing related party transactions prior to each meeting of the Committee and provide the Committee with all relevant information necessary for the Committee s consideration, including any information requested by the Committee.

For purposes of this policy, a related party is (1) any executive officer or director, (2) any nominee for director, (3) a beneficial owner of more than 5% of our voting securities, or (4) any immediate family member of an officer, director, nominee for director or greater than 5% beneficial owner. An immediate family member means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any person (other than a tenant or employee) sharing the household of an executive officer, director, nominee, or greater than 5% beneficial owner.

We also require that each executive officer, director, and director nominee complete an annual questionnaire and report all transactions with us in which such persons (or their immediate family members) had or will have a direct or indirect material interest (except for salaries, directors fees and dividends on our stock). Management reviews responses to the questionnaires and, if any such transactions are disclosed, they are reviewed by the Corporate Governance and Nominating Committee as to directors and director nominees, or by the Audit Committee as to executive officers. Directors responses to the questionnaires are also reviewed annually by the Corporate Governance and Nominating Committee for the purpose of assessing independence under our Corporate Governance Guidelines and the New York Stock Exchange Listing Standards.

The types of transactions that have been reviewed in the past include the purchase and sale of goods and services from companies for which our directors serve as executive officers or directors, the purchase of financial services and access to lines of credit from banks for which our directors serve as executive officers or directors, and the employment of family members of executive officers or directors.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following tables show information as of December 31, 2011, about persons known to us to be the beneficial owners of more than 5% of our common shares. This information was obtained from Schedules 13G filed with the Securities and Exchange Commission by the entities named below, and we have not independently verified it.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
No Par Value Common	BlackRock Inc. (1) 40 East 52nd Street New York, NY 10022	7,802,325	7.8%
	State Street Corporation (2) 1 Lincoln Street Boston, MA 02111	7,238,725	7.2%

(1) BlackRock Inc. is a parent holding company that has subsidiaries which act as investment advisors to manage discretionary investment accounts on behalf of their clients. The subsidiaries have sole dispositive and sole voting power with respect to all of the shares reported.

(2) State Street Corporation is a parent holding company that has subsidiaries which act as investment advisors to manage discretionary investment accounts on behalf of their clients. The subsidiaries have sole dispositive and sole voting power with respect to all of the shares reported.

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SECURITY OWNERSHIP OF MANAGEMENT

The following table shows the number of shares of our common stock beneficially owned as of February 7, 2012, directly or indirectly, by each director and by each executive officer named in the Summary Compensation Table.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent Of Class(2)	Vested Restricted Stock Units(3)	Deferred Compensation Units(4)	Performance-Contingent Restricted Stock Units(5)
J.L. Coker Director	121,500 (6)			14,565	
P.L. Davies Director	7,000			14,565	
J.R. Haley Director	208,794 (7)			647	
E.H. Lawton, III Director	348,450 (8)			14,564	
J.E. Linville Director	743,213			14,565	
J.M. Micali Director	15,828			21,236	
J.H. Mullin, III Director	30,000			18,488	
L.W. Newton Director				8,450	
M.D. Oken Director	5,350			14,503	
P.R. Rollier Director	4,000			10,867	
T.E. Whiddon Director	18,000			14,565	
H.E. DeLoach, Jr. Chairman, Chief Executive Officer and Director	1,196,031 (9)	1.2%	285,675	1,223	428,953
B.L. Saunders Vice President and Chief Financial Officer	38,296		8,013		
M.J. Sanders President and Chief Operating Officer	196,552		9,618		84,721
J.M. Colyer Vice President	101,605				
R.C. Tiede Vice President	67,794		4,475		
C.J. Hupfer (10) Former Senior Vice President and Chief Financial Officer	272,156		4,641		33,407
All Executive Officers and Directors as a group (30 persons)	4,323,698	4.3%	359,186	148,235	671,469

(1) The directors and named executive officers have sole voting and dispositive power over the shares unless otherwise indicated in the footnotes. The number includes shares subject to currently exercisable options and those exercisable within 60 days granted under the 1991 Key Employee Stock Option Plan (the 1991 Plan), the 1996 Non-Employee Directors Stock Plan (the 1996 Plan), and the 2008 Long-Term

Incentive Plan (the 2008 Plan) for the following directors and named executive officers: J.L. Coker 5,000; P.L. Davies 7,000; J.E. Linville 6,000; J.M. Micali 11,000; J.H. Mullin, III 15,000; T.E. Whiddon 13,000; H.E. DeLoach, Jr. 910,400; B.L. Saunders 26,400; M.J. Sanders 174,500; J.M. Colyer 81,600; R.C. Tiede 60,900; C.J. Hupfer 244,000; and for all executive officers and directors as a group 2,152,881.

Also included are shares held in our Dividend Reinvestment Plan (5,446) and shares held in our Savings Plan (38,696).

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Shareholdings in this column do not include restricted stock units granted under the 1991 Plan, the 1996 Plan, or the 2008 Plan (issuance of which has been deferred until retirement), compensation which has been deferred into Sonoco stock equivalent units, performance contingent restricted stock units granted under the 1991 Plan, the 1996 Plan, and 2008 Plan or restoration units credited under the Omnibus Benefit Restoration Plan. Please see the columns to the right and footnotes 3, 4 and 5 below.

(2) Percentages not shown are less than 1%.

(3) Issuance of these shares has been deferred until retirement; accordingly, no present dispositive or voting rights are associated with them.

(4) Compensation deferred into Sonoco stock equivalent units. No dispositive or voting rights are associated with these units. Prior to 2009, Sonoco stock restoration units in the Omnibus Benefit Restoration Plan were credited to employees who had reached the Internal Revenue Code limits under the Sonoco Savings Plan to restore the Company match that would otherwise be lost because of these limits. Effective January 1, 2009, the Restoration Plan was amended to convert existing restoration units to investments unrelated to Sonoco stock.

(5) Performance-contingent restricted stock unit payouts which vested under the Long-term Incentive Compensation Program for the performance periods ended December 31, 2005, December 31, 2006, December 31, 2007, December 31, 2008, December 31, 2009, December 31, 2010 and December 31, 2011. Issuance of these shares has been deferred until retirement and no present dispositive or voting rights are associated with them.

(6) Includes 82,861 shares pledged as security.

(7) Includes 22,248 shares pledged as security.

(8) Includes 283,574 shares owned by an educational trust of which Mr. Lawton is a trustee. Mr. Lawton shares voting and investment power over these shares with six other trustees, but he has no pecuniary interest in this trust and disclaims beneficial ownership of these shares.

(9) Includes 12,365 shares of common stock owned by Mrs. DeLoach, as to which Mr. DeLoach disclaims beneficial ownership. Also includes 223,338 shares owned by trusts of which Mr. DeLoach is trustee. Mr. DeLoach shares voting and investment power over these trusts with other trustees, but he has no pecuniary interest in these trusts and disclaims beneficial ownership of these shares.

(10) The number of shares of our common stock beneficially owned by Mr. Hupfer is as of December 31, 2011

On April 15, 2003, the Board of Directors adopted a resolution establishing stock ownership guidelines for outside directors. The guidelines establish a target level of ownership of our common stock based on years of service as a director from the date the guidelines were established. The guidelines are as follows: 3,000 shares, 5,000 shares and 8,000 shares after two, four, and six years of service, respectively. Compensation deferred into Sonoco stock equivalent units and Deferred Stock Equivalent Units are included in determining whether these guidelines have been met. All of our directors have met these guidelines.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our directors and executive officers are required to file reports with the Securities and Exchange Commission and the New York Stock Exchange showing the number of shares of any class of our equity securities they owned when they became a director or executive officer, and, after that, any changes in their ownership of our securities. These reports are required by Section 16(a) of the Securities Exchange Act of 1934.

As is the practice with many companies, we file the required reports for our directors and executive officers based on the records we have and information furnished to us by our directors and executive officers. Based on such information, in 2011 we made all of the required filings on a timely basis, with the following two exceptions: one transaction reported on one Form 4 for J.E. Linville, a director, and one transaction reported on one Form 4 for V.B. Arthur, an executive officer. These reports were filed immediately upon discovery of the reportable transaction.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our compensation decisions in 2011 were influenced by a variety of internal and external factors with the overarching goal of linking pay with performance. Our decisions involving goal setting and other actions influencing executive compensation were based on an expectation that the global economy would continue to grow at a faster pace than in previous years; that raw material and other costs would rise modestly; and that we would achieve historic levels of productivity improvements to help offset the effects of inflation. Unfortunately, 2011 proved to be a challenging year. Economic growth was much slower than anticipated, and we faced escalating raw material, energy, freight and other costs during the year. These external factors contributed to much slower than expected demand for our industrial-related products, while weaker volumes and other external factors resulted in much lower productivity gains which further impacted margins and profitability.

Despite these significant economic and operating headwinds in 2011, the Company achieved several performance milestones, including the following:

Net sales increased 9% to a record $4.5 billion. The Company s Consumer Packaging segment experienced sales growth of 10%; the Paper and Industrial Converted Products segment had a 9% improvement; and our new Protective Packaging segment grew by 51%; while the Packaging Services segment experienced a modest sales decline. Higher selling prices, implemented to recover escalating raw material and other costs, acquisitions and the favorable effect of foreign currency translations and modest volume growth, primarily in consumer-related products and services, were the primary contributors of our record sales growth.

On November 8, 2011, Sonoco completed the acquisition of Tegrant Corporation, a North American leader in protective, temperature-assurance, and retail security packaging. The acquisition was the largest in Sonoco s history and provides an important new growth platform and establishes the Company as a leading custom-engineered, multi-material protective packaging provider in North America. In addition, sales of new products, which are the life blood of the Company s organic growth efforts, contributed approximately $150 million, of which 89% came from new rigid plastic, flexible packaging and rigid paper and closure innovations.

EBIT, base earnings before interest and taxes, was $367 million in 2011, the second highest in our history, and base earnings of $233.6 million, or $2.29 per diluted share, were the third highest. (See base earnings definition and a reconciliation to its most closely applicable GAAP financial measures on page 21 of the Company s 2011 Form 10-K for the year ended December 31, 2011 as filed with the Securities and Exchange Commission).

Sonoco s common shareholders have received a total return of 59.9% (or 16.95% annualized) over the past three years. This compares favorably with other comparable indices, including the Dow Industrials (51.7%); S&P 500 (48.6%); Russell 1000 (51.5%); Dow Jones U.S. Containers & Packaging (13.5%) and the Dow Jones U.S. Paper (-30.4%). In 2011, Sonoco shareholders received a 1.4% total return, which was comparable with many of our peer indices. For the 29th consecutive year, Sonoco increased cash dividends while paying out a record $115 million directly to shareholders. We also repurchased $46 million of common stock.

Working capital management is a very important element of driving return on invested capital and our goal remains to stay in the top quartile in the packaging industry. In 2011, the Company s cash gap days averaged 42.5 days, up modestly from 2010. According to BMO Capital Markets Converter publication, Sonoco had one of the shortest cash conversion cycles in the packaging industry, including the lowest cash gap days of any peer in the paper packaging category as of mid-year 2011.

Standard & Poor s ranks Sonoco as having the best debt rating in the packaging industry with an investment grade rating of BBB+. Our strong capital position allowed us to achieve several favorable financing actions to fund the Tegrant acquisition, contributed to the Company s pension funding and helped to further improve liquidity. The Company issued $500 million of new senior unsecured notes in

November consisting of $250 million of 4.375% Notes due 2021 and a reopening of our 5.75% Notes due 2040 for $250 million. Additionally, the Company entered into a $150 million three-year Term Loan Agreement, using a substantial portion to reduce commercial paper.

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In addition to the Company s favorable financial performance, the management team was responsible for achieving several external recognitions that confirm that our actions and performance are at the highest level with our peers and with the best companies in the world. Such achievements include the following:

- For the third consecutive year, Sonoco was listed on the Dow Jones Sustainability World Index (DJSI). Sustainability Asset Management (SAM), which evaluates more than 2,500 global companies in determining the DJSI listings, also rated Sonoco as its 2012 Sector Leader, Sector Mover and Gold Class award recipient. The Company received the highest ranking of any global packaging company. In addition, Sonoco was ranked as the top packaging company in Newsweek magazine s 2011 Green Rankings, and Corporate Responsibility magazine rated Sonoco as the fifth most transparent large-cap company in its Materials category.

- Sonoco is also a leader in developing leaders. For the fourth consecutive time, the Company was recognized as one of the Top 25 Largest United States Companies for Developing Leaders by Aon/Hewitt and Fortune Magazine. Sonoco was ranked 17th in the 2011 ranking with some of the most recognized Fortune 100 companies in America. This designation is a direct result of the significant efforts of our executive officers and the commitment they have provided to our organization ensuring development of top talent.

The Executive Compensation Committee of our Board of Directors (the Committee) is responsible for the oversight of all executive compensation. In reviewing the foregoing financial performance results and other achievements, the Committee noted strong management team performance in many areas as well as the Company s competitive results when measured against its packaging peers. However, given that the difficult economic environment resulted in weaker demand and less than expected productivity gains, the Company did not fully meet its expectations for margins and profitability.

As a result, consistent with the Company s philosophy of pay for performance, executive compensation was negatively impacted in 2011. Specifically, the Performance-based Annual Cash Incentive Plan paid only 34% of full potential based on Company performance in revenue, working capital, and base earnings per share (BEPS) (as described in more detail under 2011 Committee Actions Performance Based Annual Cash Incentive on page 27). In addition, the 2009-2011 Long-Term Incentive Plan vested with fewer shares than maximum potential payout due primarily to 2011 results on BEPS and RONAE (Return on Net Assets Employed) (as described in more detail under Results of 2009-2011 Performance Cycle on page 29). The specific drivers and results of these two plans, as well as all other components of executive compensation, are covered in detail in later sections.

Highlighted below is an overview of our key governance and pay practices followed by the compensation objectives and elements of our executive compensation programs. The rationale for the key actions and decisions made with respect to our executive compensation programs for 2011 is also provided throughout several sections of the Compensation Discussion and Analysis.

Key Governance and Pay Practices

As part of our pay-for-performance philosophy, our compensation program includes the following features that are designed to create and maintain alignment of executive compensation with shareholder interests:

- We do not provide employment contracts, severance agreements or change in control agreements for our executive officers.

- The Committee retains an independent consultant that provides advice relating to executive officer and director compensation, but does not provide any other services to the Company.

- Our compensation programs emphasize variable compensation as explained on page 23, 78% of our CEO s target compensation and 69% of our other NEOs target compensation is tied to Company performance which we believe is a significant driver of shareholder value.

We have strong stock ownership requirements for executives because the Committee believes our executive officers should have a meaningful ownership interest in the Company.

We use formal annual reviews of market data, proxy data for packaging peer companies, and tally sheets as input into compensation decisions for executive officers, including the NEOs.

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We have a No-Hedging policy that prohibits our directors, executive officers or other employees from entering into speculative transactions in our stock that would put personal interests in conflict with the best interests of the Company and its shareholders.

Backdating, re-pricing, or retroactively granting awards are not permitted under our equity compensation plans.

Payment of dividend equivalents on unearned performance shares or stock options is not permitted under our equity compensation plans.

We provide only minimal perquisites.

COMPENSATION OBJECTIVES

The Committee is comprised of all independent directors. The Committee establishes the Company s overall compensation philosophy, oversees the development and implementation of various compensation programs and determines the executive compensation provided to all our executive officers, including our NEOs. Information about the purposes of the Committee and its processes and procedures for consideration and determination of executive officer compensation is outlined under the caption Board Meetings and Committees of the Board Executive Compensation Committee on page 15 of this Proxy Statement and also through the Investor Relations section of our website at www.sonoco.com. The Executive Compensation Committee does not delegate its decision-making authority relating to executive compensation.

Our compensation program is designed to meet three principal objectives;

Attract, retain and reward executives whose contributions support the Company s long-term success;

Encourage achievement of both short and long-term financial and strategic goals by directly linking Company performance to executive compensation; and

Ensure consistent and continuing alignment of management actions and shareholders interests.

Each aspect of our overall compensation program is designed to support these objectives to various degrees, with the overarching goal of maximizing long-term shareholder value.

PAY MIX AND PAY PHILOSOPHY

The executive compensation program consists of several components:

Direct compensation elements, consisting of

Base salary

Performance-based annual cash incentive

Long-term equity incentive

Executive benefit elements, consisting of

Supplemental executive retirement benefits

Executive life insurance

Minimal perquisites

Direct Compensation Elements

Base salary, performance-based annual cash incentive and long-term equity incentives comprise total direct compensation for each executive. With the exception of base salary, all elements of direct compensation are variable and intended to fluctuate based on performance as measured by both operating results and changes in shareholder value. This pay mix supports our pay-for-performance compensation objective and places a significant amount of compensation at risk. As illustrated below, 78% of the CEO s target total direct compensation and 69% of the other NEOs target total direct compensation is at risk.

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Compensation for all the NEOs, including the CEO, places more weight on long-term incentives than annual incentives to reflect the importance of making strategic decisions that focus on long-term results. For the weighting between annual and long-term incentives, the CEO has the greatest weighting on the long-term to provide the strongest alignment with long-term shareholder interests.

The following charts illustrate these allocations and are based on 2011 direct compensation components at target. For annual performance-based cash incentives, target incentive is used. For long-term equity incentives, target is equal to the grant date value of the share allocation and is described in the Long-Term Equity Incentives section on page 28. The method used to value shares is consistent with the information presented in the Summary Compensation Table on page 36.

USE OF NATIONAL MARKET SURVEYS AND PEER COMPANY DATA

The Committee relies on two sources of data to set specific compensation levels. The first source of data is derived from national compensation surveys conducted by three independent consulting firms, Hay Group, Aon Hewitt Associates, and Towers Watson. These surveys cover a large number of similar corporate officer positions nationally. We refer to this as our National Survey Data . We match our corporate officer positions to the survey positions using the aggregate data from participants with sales in the $1 billion to $5 billion range, which helps to ensure that the data reflects the national market for talent among companies comparable in size to Sonoco. Likewise, we match division officer positions to similar positions in the survey data for comparable division revenue ranges. In addition to the National Survey Data, at least annually, the Committee s consultant prepares customized compensation studies with respect to our NEOs in comparison to the NEOs of a 13-company group of packaging companies that we refer to as our Peer Group . The Peer Group companies have revenues, assets and market capitalization similar to those of Sonoco.

The 13 Peer Group companies, each of which has revenues that generally range between 50% and 200% of Sonoco s revenue are:

Aptar Group Incorporated	Owens-Illinois Incorporated
Avery Dennison Corporation	Packaging Corporation of America
Ball Corporation	RockTenn Company
Bemis Company Incorporated	Sealed Air Corporation
Crown Holdings Incorporated	Silgan Holdings
Greif Incorporated	Temple-Inland
MeadWestvaco Corporation	

The Committee uses the aggregate compensation data from the broader National Survey Data to set specific compensation levels, but cross checks these levels against the more specific Peer Company data. In most cases the data from both sources are comparable.

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DESCRIPTION OF COMPENSATION ELEMENTS AND 2011 COMMITTEE ACTIONS

This section describes the compensation elements for the Company s Chief Executive Officer (CEO), the current and previous Chief Financial Officer (CFO), as well as the three other most highly compensated executive officers. We refer to these six executive officers as our Named Executive Officers (NEOs).

Named Executive Officers (NEOs) for 2011

Officer	Title
Harris E. DeLoach, Jr.	Chairman of the Board and Chief Executive Officer (CEO)
Barry L. Saunders	Vice President and Chief Financial Officer (CFO)
M. Jack. Sanders	President and Chief Operating Officer (COO)
John M. Colyer, Jr.	Vice President, Global Industrial Converting
Robert C. Tiede	Vice President, Global Flexibles and Packaging Services
Charles J. Hupfer	Former Senior Vice President and Chief Financial Officer (CFO) Retired June 1, 2011

Base Salary

The Committee uses base salary to attract, retain and reward executives based on demonstrated experience, skills and competencies relative to the salary midpoint of the job. To accomplish this, the Committee establishes a salary midpoint for each executive officer position based on a structured job evaluation system used for broad based compensation in the Company as well as a comparison to the National Survey Data at median as outlined above. Each year, the Committee reviews the base salary of all executives including the CEO and other NEOs. The decision on whether to award merit increases for the executive officer group as a whole takes into consideration the salary and wage increases being awarded to other levels of employees in the Company, the current economic environment, and the operating results of the Company. The decisions relative to the amount of individual merit increase awards are based primarily on each executive s performance in the past year, readiness for promotion to a higher level, experience and skill set relative to peer counterparts, and criticality to the Company, as well as the relationship of his or her current salary to his or her position s base salary midpoint. Generally, executives who are newly promoted are positioned below the salary midpoint (50th percentile), whereas those who are highly experienced and performing at superior levels are compensated above.

Base salary increases are also considered and awarded upon promotions or appointment to positions of greater responsibility.

2011 Committee Actions Base Salary

At its April 2011 meeting, the Committee approved merit increases for the executive officer group. In making the increases the Committee considered the executives overall performance, contribution to the Company s results, experience and market competitiveness. The CEO received an increase of 4% based on the Committee s assessment of his performance which resulted in his salary being 110% of his salary midpoint (based on National Survey Data) which is reflective of eleven years of strong leadership as our CEO. Other NEOs salary increases ranged from 3% to 4%, which resulted in an average compa-ratio of 102.7%.

The Committee also awarded a promotional increase of 24% to Mr. Saunders upon his promotion to Chief Financial Officer on May 1, 2011, which reflects the significant increase in his responsibility and moves him closer to the established salary midpoint for the CFO position. His resulting salary falls below the position salary midpoint (based on National Survey Data) which aligns with our practice for newly promoted executives.

Performance-Based Annual Cash Incentive

The Committee uses performance-based annual cash incentives designed to align executives interests with those of our shareholders by focusing on strong annual financial and operating results. In 2000, the Board of Directors adopted, and the shareholders approved, the Performance-Based Annual Incentive Plan for Executive Officers (PBAI Plan). Under the terms of this plan, an annual maximum of 2.75% of income from operations, as defined in the plan, was established as an incentive pool for the NEOs other than the CFO. The total amount of annual incentive awards paid

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to these individuals cannot exceed this maximum and any individual participant award cannot exceed 30% of the pool. The amounts of actual incentive awards made by the Committee to the NEOs have historically been substantially lower than the maximum plan award levels allocated by the PBAI Plan. The Committee uses negative discretion under the PBAI Plan to reduce the maximum awards using such factors as it deems appropriate with the primary factor being the performance against the goals in the Officers Incentive Plan (OIP) as described in the paragraphs below.

To determine the actual awards each year, the Committee establishes under the OIP a threshold , a target and a maximum incentive amount for each NEO, including the CFO who is not covered under the PBAI Plan. These represent a percentage of base salary. Each level represents a different performance expectation considering factors such as the Company s annual operating budget for the year, the Company s prior year s performance, and the historical performance levels of our packaging peer group. Target is established at a performance level considered to be above average performance, and the corresponding compensation level equates to what is considered competitive as compared to National Survey Data. Threshold goal is set at what is considered minimally acceptable performance and corresponds to what is considered to represent a national survey compensation level, while maximum goal equates to what is believed to represent superior performance for the year and correspondingly an above national survey median compensation opportunity. Threshold is equal to 40% of target . Maximum is equal to two times target.

The Committee also determines each year the types of financial measures that will be used under the OIP. Normally, performance at budget will earn a target award since budget is set to reflect what the Board believes will represent above average performance for the year versus our Peer Group. However, the Committee may choose to set target incentive for performance above or below budget depending on the degree of difficulty in achieving budget in any one year. Similarly, the Committee establishes financial objectives for maximum incentive that are well above budget, which is believed to be superior performance for the year.

For the last several years the Committee has selected the following financial measures and weightings for the OIP.

Incentive Plan Elements	**For All NEOs**
Base Earnings per Share	60%
Revenue Growth	20%
Working Capital Improvement	20%

The Committee selected these elements because they represented the most critical business success factors in 2011 and are considered by the Committee to be the key performance variables essential to maximizing shareholder value.

Base earnings per share is defined as earnings per share excluding the impact of restructuring charges and certain non-recurring, infrequent or unusual items, and is used to place primary focus on year-over-year operating results. Revenue growth excludes revenue from acquisitions completed during the year. Working capital improvement is based on a year-over-year 12-month comparison, and is stated in terms of working capital or cash gap days (days of accounts receivable and inventory less days of accounts payable).

The Committee considers base earnings per share to be the most critical element for determining share price and, in turn, shareholder value, and consequently, the Committee weighted this element for executive officers at 60%. Revenue growth was weighted at 20%, but profitable revenue growth was more important and therefore base earnings per share was weighted more than revenue growth. Working capital improvement was included as an element for NEOs to encourage efforts to increase cash flow through the reduction in our working capital requirements. This element was also weighted 20%.

The Committee has limited discretion to adjust payouts under the OIP to individual participants based upon consideration of individual performance and/or other factors that the Committee determines warrant an adjustment, such as external market challenges or global economic events. Under no circumstance would the payout exceed the maximum potential under the shareholder approved PBAI Plan. The Committee did not use any discretion in adjusting payouts for any of the NEOs under the OIP in 2011.

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2011 Committee Actions Performance-Based Annual Cash Incentive

Under the PBAI Plan for 2011, the maximum incentive pool for all NEOs except the CFO was $9,035,620 of which no more than 30% ($2,710,686) could be allocated to any one participant. The actual awards paid were determined by the Committee in its exercise of negative discretion, primarily on the basis of performance under the OIP as described below.

For 2011, the Committee established an annual incentive compensation threshold, target, and maximum payout under the OIP expressed as a percentage of base salary for each NEO, as follows:

	Annual Incentive Compensation at Threshold	**Annual Incentive Compensation at Target**	**Annual Incentive Compensation at Maximum**
H.E. DeLoach, Jr.	40%	100%	200%
B.L. Saunders*	25%	63%	127%
M.J. Sanders	35%	88%	175%
J.M. Colyer, Jr.	28%	70%	140%
R.C. Tiede	28%	70%	140%
C.J. Hupfer	30%	75%	150%

* Mr. Saunders participated in two different levels of the Company s Officer Incentive Plan during 2011. Until May 1, 2011, as Vice President Corporate Controller and Chief Accounting Officer, he participated in the plan with a threshold, target and maximum payout as a percent of base salary equal to 20%, 50%, and 100%, respectively. On May 1, he was promoted to Vice President and Chief Financial Officer, which increased his threshold, target and maximum payout as a percent of base salary to 28%, 70%, and 140%, respectively. The amounts above reflect the relative weighted value of the two levels of the plan.

Financial goals established under the OIP at the beginning of the plan year and the actual 2011 performance were as follows:

	Threshold	**Target**	**Maximum**	**Actual 2011 Performance**
Base Earnings per Share Amount	$ 2.34	$ 2.54	$ 2.56	$ 2.29
Revenue (excluding acquisitions made during the year)				
Amount (millions)	$ 4,124.1	$ 4,246.6	$ 4,371.6	$ 4,422.5
Working Capital Cash Gap Days	45 days	43 days	41.8 days	42.5 days

Our base earnings per share were the third highest in the Company s history but fell slightly short of the threshold performance level. Therefore, none of the NEOs earned incentive compensation on this component of the overall incentive opportunity. Information about how base earnings per share was calculated is provided on pages 21 of the Company s Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission.

Revenue (excluding acquisitions made during the year) for the year increased by 7.2% over 2010 to $4,442,496 and exceeded the maximum performance level. Therefore, all of the NEOs earned the maximum incentive compensation on this component of the overall incentive opportunity as defined by the Committee at the beginning of the performance period.

Cash gap days were 42.5 days, which fell between the target and the maximum performance level and, as a result, all of the NEOs earned 70.8% of the maximum incentive compensation on this component of the overall incentive opportunity.

The following table shows the dollar amount of annual incentive compensation awarded to each of the NEOs for 2011 based on our 2011 performance discussed above and, under the caption Executive Summary on page 21, the percentage of maximum, the actual percentage of each NEO s base salary and the percentage of change from the prior year.

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Officer	Annual Incentive Compensation For 2011	Percentage of Maximum	Percentage of Base Salary	Percent Change from Prior Year
H.E. DeLoach, Jr.	$ 756,448	34.2%	68.3%	-64.4%
B.L. Saunders	143,035	34.2%	44.0%	-47.2%
M.J. Sanders	371,863	34.2%	59.8%	-56.2%
J.M. Colyer, Jr.	191,272	34.2%	47.8%	-64.8%
R.C. Tiede	188,893	34.2%	47.8%	-64.8%
C.J. Hupfer	100,689	34.2%	51.3%	-85.2%

Long-Term Equity Incentives

The Committee uses long-term equity incentives to align executives interests with long-term shareholder interests and to provide opportunities for increased stock ownership, which we believe, enables us to attract and motivate our executives as well as promoting retention. For the past three years, including 2011, long-term equity incentives were awarded under our Long-Term Incentive Plan, which was approved by our Shareholders in 2008 (the 2008 Plan). The 2008 Plan provides for various types of equity awards, including restricted stock, restricted stock units, stock appreciation rights, options, performance shares, and performance units. Each year, we determine the types of awards that will be granted, and establish performance measures and performance periods for performance-based awards, and vesting schedules. The awards we have granted under the 2008 Plan have been comprised of stock-settled stock appreciation rights (SSARs) and performance contingent restricted stock units (PCSUs). Using competitive survey data as previously described, the Committee determines the total direct compensation (base salary, performance-based annual cash incentives and long-term equity incentives) value to be provided for each executive officer position. Target performance is established at a performance level the Committee considers to be above average performance and corresponds to above average total direct compensation. Using this survey total direct compensation value, the amount of long-term equity award is established for each position by subtracting the sum of the market rate or actual base salary (whichever is higher) and the annual cash incentive compensation target from this amount.

The amount of long-term equity awards is then converted to SSARs and PCSUs and each officer receives a target mix of 75% PCSUs and 25% SSARs. However, actual PCSU shares earned are still subject to the degree to which three-year Company financial goals are met and can vary between 50% and 150% of the target shares. SSARs will only have value if the stock price increases above the grant price during the grant s seven year term, but only after the one year vesting period. Both elements are key components of our well-balanced compensation system, but the Committee believes that the NEOs have the most direct influence on achieving Company financial goals and therefore the PCSUs are weighted significantly more than the SSARs. The actual target number of PCSUs or SSARs for each officer position may be adjusted up or down from the competitive benchmark based on the assessment of individual performance in the past year. The Committee believes that varying the initial target shares under the plan provides a strong motivator to achieve personal performance objectives.

It is our practice to grant SSARs, PCSUs, or other equity awards on the date of the first regular Board of Directors meeting in the calendar year. The SSAR exercise price is based on the closing price of our stock on that date. The recipients and the corresponding number of shares of equity awards, including stock options or SSARs and PCSUs, are approved by the Committee at its regular meeting on the day prior to the Board of Directors meeting. During the February meeting, the Committee establishes the goals for the upcoming Performance-Based Annual Cash Incentive plan as well as the goals applicable to the performance shares. This allows the Committee to balance the elements of total direct compensation. It also allows granting of the equity awards close to the time of the annual performance reviews, which increases the impact of the awards by strengthening the link between pay and performance. We occasionally make special stock option or SSAR awards to new employees. In such case, the exercise price is based on the closing price of our stock on the recipient s first day of regular employment. We also occasionally make stock option, SSAR awards or grants of restricted stock units to a corporate officer in recognition of a promotion or a change in position status. The effective date of these awards is the day following approval by the Committee or the date of approval by the Board in the case of a new officer election.

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Three-Year Long-term Incentive Plan (PCSUs)

To establish the three-year performance targets for PCSUs, the Committee takes into consideration the year s budget for earnings per share, the longer term business outlook, and the Board s expectations regarding acceptable, superior and outstanding business results over the three-year time horizon. The Committee establishes vesting requirements for meeting threshold, target and maximum goals which in the judgment of the Committee represent achievement of acceptable, superior and outstanding performance in the context of the Company s stated objectives for total return to shareholders and returns on capital and equity. To encourage continued employment and to recognize the inherent difficulty in setting three-year goals, the award grants provide that if less than 50% of target shares are earned at the end of the three-year performance period, the difference between the shares earned and 50% will time-vest in equal-share amounts at the end of the fourth and fifth years, subject to the participant s continued employment for that period. Discretionary adjustments are not permitted.

We do not pay any current dividends or credit any dividend equivalents on unvested PCSUs. For any PCSUs that vest, but are deferred until 6 months after separation from service by an individual executive officer, dividend equivalents are accumulated and converted into additional PCSUs from the time of vesting until the issuance of actual shares.

2011 Committee Actions Three-year Long-term Incentive Plan (PCSUs)

On February 8, 2011, the Committee approved PCSU grants to our executives, including the NEOs. The FASB ASC Topic 718 grant date fair values of PCSUs granted to the NEOs and the number of shares available at threshold, target, and maximum are shown in the 2011 Grants of Plan-based Awards table on page 39. The Committee granted Mr. DeLoach PCSUs, which, combined with his SSAR grant discussed below under the caption 2011 Committee Actions SSARs, equates to approximately 60% of his target total direct compensation. Mr. Hupfer did not receive a grant of PCSUs due to his announced retirement of June 1, 2011. The PCSU awards for the other NEOs, combined with their SSAR grants discussed below under the caption 2011 Committee Actions SSARs, equates to approximately 48% of their target total direct compensation, which is consistent with our pay for performance objective.

Consistent with prior years, the Committee established goals for vesting of the 2011 PCSU shares based on two key financial measures: cumulative increases in base earnings per share (BEPS) and average return on net assets employed (RONAE) over the three-year performance period. The goals established are as follows:

	Threshold Vesting	Target Vesting	Maximum Vesting
Three-Year Compound Growth in BEPS	12.4%	19.2%	32.9%
Average Three-Year RONAE*	10.8%	11.3%	11.8%

* Actual performance level required within the range depends on capital invested in acquisitions over the three-year period. The RONAE goals will be adjusted down for every dollar of capital investment made in acquisitions at an effective rate of 0.1% for every $100 Million of acquisition investment multiplied by the percent of time remaining in the three year performance cycle as of the date of the acquisition.

The Committee believes that both elements are critical factors in determining long-term shareholder returns and has weighted them equally in the three-year long-term plan.

Results of 2009-2011 Performance Cycle

On February 3, 2009, the Committee granted PCSUs to our executives, including the NEOs. The vesting of these shares was dependent on achieving pre-determined levels of cumulative BEPS and average RONAE for the three-year performance period from January 1, 2009 through December 31, 2011.

Target performance over the three-year period was set at $6.59 cumulative BEPS, which equated to a compound growth rate of 10% from 2009 to 2011, and at 10.5% average three-year RONAE. Actual performance was $7.03 cumulative BEPS which was between target and maximum performance under the plan. Average RONAE was 11.6% which exceeded maximum performance under the plan. As a result, 134% of target shares vested at the end of 2011. The PCSUs earned and vested from the 2009-2011 performance period are shown in the 2011 Option Exercises and Stock Vested table on page 43.

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2011 Committee Actions Stock-Settled Stock Appreciation Rights

On February 8, 2011 the Committee also approved SSAR grants to our executives, including the NEOs. The SSARs have a one-year vesting period and the grant price was set at $36.34 per share, the closing market price of our common stock on the date of grant of February 9, 2011. These SSARs will be valuable to the recipients only if the market price of our stock exceeds $36.34 during the term of the award. The grant date fair values and the number of SSARs granted to each of the NEOs are included in the 2011 Grants of Plan-Based Awards table on page 39. Target grants were calculated as described under Long-term Equity Incentives on page 28.

The Committee awarded Mr. DeLoach SSARs, which, combined with his PCSU grant discussed above under the caption 2011 Committee Actions Three-year Long-term Incentive Plan, equates to approximately 60% of his target total direct compensation. Mr. Hupfer did not receive a grant of SSARs due to his announced retirement of June 1, 2011. The SSAR awards for the other NEOs, combined with their PCSU grants discussed above under the caption 2011 Committee Actions Three-year Long-term Incentive Plan, equates to approximately 48% of their target total direct compensation, which is consistent with our pay for performance objective.

Restricted Stock Units

We have a practice of making a special grant of time vesting restricted stock units (RSUs) to individuals when they are first elected an executive officer in recognition of this event and the individual s increased responsibility. The number of shares granted is based on position. The shares are credited with dividend equivalents, which are not paid out until receipt of the shares. The shares vest in three equal increments on the third, fourth and fifth anniversary of the grant if RSUs are granted all in one year, or at the third anniversary of each grant if granted over three years. Receipt of shares occurs six months following separation of service. If the executive officer leaves the Company for any reason before the shares vest, the unvested shares are forfeited. Individual grant agreements may provide for vesting on a prorata basis in the event of termination of employment as a result of death or disability. The restricted stock units do not have voting rights.

Other Executive Compensation and Benefit Elements

Employment Contracts and Potential Payments Upon Termination or Change in Control

The Company has not historically provided employment contracts, severance agreements, change in control agreements, or other such financial security arrangements to our executive officers.

We have no formal severance policy for officers. We may, however, from time to time, negotiate individual severance compensation arrangements in exchange for a non-compete agreement at the time of separation as circumstances warrant.

Our long-term equity incentive plans do contain provisions for prorated or accelerated vesting of equity awards in the event of retirement, death, or disability, and in certain cases, change in control. SSAR grants provide that if termination of employment occurs within two years of a change in control that meets the criteria of IRC Section 409A and the regulations thereunder, unvested SSARs will immediately vest upon the date of termination. RSU grants provide that unvested stock units will vest on a prorata basis upon a change in control. The Committee believes these provisions are necessary so that the executive officers can focus on long-term Company growth and improving stock value without being concerned about risk of forfeiture. PCSU grants provide that unvested stock units will vest on a prorata basis at target upon a change in control. The Committee believes performance metrics can be disrupted and possibly become obsolete in determining the appropriate number of shares to vest during a change in control. See Potential Benefits Payable Immediately Upon Certain Separation Events on page 51. These provisions apply similarly to all plan participants, including those below the executive officer level.

Review of Overall Compensation Components and Aggregate Awards

To evaluate the overall competitiveness of the executive compensation program, each year at its April meeting, the Committee reviews the total compensation package for each executive officer. This includes review of a tally sheet showing a history of base salary adjustments, annual incentive awards and total cash compensation for the last ten years (or term as an executive officer, if less), stock options or SSARs outstanding and the option price, unvested

PCSUs (projected at threshold, target, and maximum), unvested restricted stock units, the value of accrued retirement benefits, and the amount of executive life insurance coverage. The Committee also reviews each element of the total amount of compensation awarded and realized during the prior year.

The Committee uses tally sheets to assess total executive compensation, to determine where total executive compensation falls in relation to peer companies, and to assess how the Company s overall compensation programs operate. From this assessment, the Committee makes changes in overall plans or individual elements if it determines they are appropriate to meet overall compensation objectives.

The Committee does not have a practice of adjusting the size of current and future compensation awards or compensation program components to reflect amounts realized or unrealized by an individual from prior equity grants. In other words, awards are not increased to compensate for prior performance below target, nor are they decreased because of prior performance above target. Likewise, since earnings on equity compensation are not included in any pension calculation formula, any gains, or lack thereof, from prior awards are not considered in setting or earning retirement benefits.

At the April 2011 meeting, the Committee acknowledged that 93% of the shares that voted on our non-binding shareholder advisory vote on executive compensation voted in favor of the proposal, and concluded that no material changes were necessary in 2011 with respect to our executive compensation programs.

Executive Perquisites

In support of our pay-for-performance philosophy, executive perquisites are minimal. Executive officers are permitted occasional use of the company aircraft for personal travel or family emergencies. The CEO also uses the company aircraft for regular business travel because we believe his use of the aircraft helps minimize time involved in commercial travel that could otherwise be directed to our business, and enhances his security. For other officers, personal use of the aircraft is reviewed on a case by case basis, and is permitted only under circumstances where there is direct benefit to us to minimize time spent on personal travel or in the case of family emergencies. The Company does not provide a tax gross-up for the imputed income relating to the personal use of the Company plane.

With the exception of gross-ups that might be paid pursuant to our broad-based employee relocation assistance plan, which covers all eligible salaried employees, and gross-ups on premiums paid pursuant to the frozen executive permanent life insurance program (described below), we do not provide income tax gross-ups to our executive officers, and our Compensation Committee has adopted a resolution that prohibits such payments. The limited exception for the frozen group of six officers (including Messrs DeLoach, Sanders and Hupfer) who receive gross-ups on the premiums paid for permanent life insurance coverage was made because of pre-2004 contractual commitments to these officers. Following the retirement or other termination of these officers, the Company will no longer provide tax gross-ups on any perquisites to any officers.

Nonqualified Deferred Compensation Plans

We provide a Nonqualified Deferred Compensation Plan (NQDC) for our executive officers, including our NEOs, which is in line with general market practice, and the Committee believes it is an important part of an attractive rewards program necessary to recruit and retain qualified executive officers. Under the NQDC, our NEOs may voluntarily defer the receipt of a portion of base salary, annual incentive awards, and/or performance contingent restricted stock units. The NQDC is an unfunded and unsecured obligation of the Company, meaning that payments of participant balances in the plan are not guaranteed if the Company becomes insolvent or bankrupt. Details about the plans and accumulated balances are described in more detail under the 2011 Nonqualified Deferred Compensation table on page 48 and the Description of Nonqualified Deferred Compensation Plans on page 49.

Executive Benefit Elements

We have two benefit programs that apply only to executive officers: an Executive Life Insurance Program and a Supplemental Executive Retirement Plan benefit (SERP). The Committee has included these two elements in the overall compensation program to serve as a recruiting and retention vehicle. Attracting and retaining high caliber talent to our small town headquarters can be challenging, and these two programs are designed to help ensure long-term retention of key senior talent.

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Executive Life Insurance

We provide most of our active employees with company-paid life insurance that is currently limited to $100,000. For executive officers, we supplement this coverage with an executive life insurance program. Executive officers elected on or after April 1, 2004, receive company-paid term life insurance coverage that is approximately equal to three times base salary until the later of retirement or age 65. Messrs Saunders, Colyer and Tiede are covered under this plan. The Committee believes that this amount of coverage is in line with industry practice and provides life insurance coverage in line with the earnings level of an executive officer.

Executive officers elected prior to April 1, 2004, except the CEO, receive a benefit approximately equal to three times salary plus target incentive, using a combination of term insurance and permanent (cash value) insurance. Messrs Sanders and Hupfer were included in this group in 2011. The CEO s coverage is five times base salary plus target incentive. The CEO s coverage level was implemented several years ago when competitive practices supported this level. We also have permanent life insurance policies that provide coverage beyond age 65 to some of the executive officers elected prior to April 1, 2004. This extended coverage uses the same multiple of pay, but that portion of the coverage is frozen based on salary and target incentive levels in effect at April 1, 2004. Only six officers (including Messrs DeLoach, Sanders and Hupfer) remain in this frozen executive life insurance plan.

We changed the level, duration and type of coverage (i.e., from permanent coverage to term coverage) in 2004 in response to regulatory and tax law changes that made executive permanent life insurance arrangements less cost effective (and less common at the levels we maintained at the time). Due to the long-term nature of the pre-2004 contractual commitments we had made to the executive officers, and consistent with prevalent practice in unwinding these programs, we have continued to maintain the existing permanent life insurance coverage for the frozen group of six executive officers. No new permanent life insurance coverage has been issued to any executive officers since 2004.

Supplemental Executive Retirement Plan Benefit

Persons elected to an executive officer position after January 1, 2008, will continue to receive the basic Company retirement benefit provided to all employees (including the restoration benefit under the Omnibus Benefit Restoration Plan that is provided to employees whose wages or benefit accruals exceed the annual qualified retirement plan limits). In addition, officers participate in a defined contribution supplemental executive retirement plan (DC SERP), under which they receive an annual nonqualified plan contribution (equal to 10% of the prior year s salary and earned incentive). Seventy-five percent of the annual contribution is invested in a fixed interest account based on 120% of the IRS applicable long-term rate. Twenty-five percent is issued in Sonoco deferred restricted stock units. The benefit vests at age 55 for participants with at least five years of service as an executive officer.

After retirement, an officer s defined contribution SERP (DC SERP) account is paid in three installments, with the first installment payable six months after an officer s retirement date, the second installment payable in January of the next year following the first installment, and the third installment payable in January of the year following the second installment. A more detailed description of the DC SERP benefit, the tax qualified Sonoco Investment and Retirement Plan (SIRP) and its related nonqualified SIRP Restoration Benefit is set forth under Description of Nonqualified Deferred Compensation Plans on page 49 of this Proxy Statement. Messrs Saunders, Colyer and Tiede currently participate in these plans.

For executive officers elected before January 1, 2008, which is a frozen group of seven executive officers, including the CEO and COO, the retirement benefit includes the Company s basic defined benefit retirement plan benefit and the restoration benefit under the Omnibus Benefit Restoration Plan, which is provided to those employees whose wages or benefit accruals exceed the annual qualified retirement plan limits. In addition, a separate defined benefit SERP (DB SERP) benefit is provided, which, when combined with the basic retirement benefit, the restoration benefit and full Social Security benefits, equals 60% of the executive officer s final average cash earnings, assuming age 65 retirement with at least fifteen years of Company service. The calculation excludes long-term compensation in any form. In line with recent amendments to the Company s basic defined benefit retirement plan and the restoration benefit under the Omnibus Benefit Restoration Plan, no additional benefits will accrue under the DB SERP after December 31, 2018. Officers whose DB SERP benefit accruals are frozen effective December 31, 2018 will begin participating in the DC SERP effective January 1, 2019.

The DB SERP benefit will be paid in three equal installments after retirement, with the first installment payable six months after an officer s retirement date, the second installment payable six months after payment of the first installment, and the third installment payable 12 months after the payment of the second installment. The payment of the installments may be extended if needed to eliminate adverse accounting treatment to the Company.

A more detailed description of the DB SERP benefit, restoration benefit and the qualified pension plan benefit is set forth under the Pension Restoration Benefit and DB SERP Benefit in the Restoration Plan on page 47 of this Proxy Statement.

Executive Compensation Policies

Tax Deductibility of Compensation

IRC Section 162(m) limits the tax deductibility of compensation paid to our CEO and the three other most highly compensated named executive officers employed at the end of the year (other than our CFO) to $1 million per year unless such amounts are determined to be performance-based compensation. The Committee has taken, and it intends to continue to take, reasonable steps necessary to maximize our ability to deduct for federal tax purposes compensation provided to senior executives while maintaining compensation programs that support attraction and retention of key executives. However, such steps may not always be practical or consistent with the Committee s compensation objectives. Given that the earnings limit for deductibility has remained fixed since 1993, and the value of some compensation elements cannot be determined until year-end, there are circumstances in which some executive compensation may not meet tax deductibility requirements. We can deduct all but $386,384 of the compensation shown in the Summary Compensation Table for 2011, excluding the value of equity-based awards which are either subject to taxation in a later period or not subject to the deduction limitation rules prescribed under 162(m) as they are performance-based. Executive officers are required to defer receipt of any PCSUs that vest but would not be deductible under Code Section 162(m) until six months following separation of service, unless an earlier distribution is required to comply with provisions of IRS Section 409A.

Stock Ownership Guidelines and Anti-Hedging Policy

To emphasize the importance of linking executive and shareholder interests, the Board of Directors adopted new stock ownership guidelines for executive officers. The new guidelines were effective as of January 1, 2011. The target level of ownership of common stock (or Common Stock Equivalents) was established as a multiple of each executive officer s annual base salary as outlined below:

Chief Executive Officer	6.0 times annual base salary
Chief Operating Officer	4.0 times annual base salary
Executive Vice Presidents	3.0 times annual base salary
Senior Vice Presidents	2.0 times annual base salary
Other Officers	1.0 times annual base salary

Beginning on July 1, 2011, and until the executive attains the target ownership level, the executive is required to hold in shares at least one-half of the realized gains (less taxes) from the vesting or exercise of equity awards.

Common stock held in the Sonoco Savings Plan, stock equivalents earned through nonqualified deferred compensation programs, vested restricted stock units, and any other beneficially owned shares of common stock are included in determining compliance with the guidelines. Unvested restricted stock units and shares that may be acquired through the exercise of stock options or stock-settled stock appreciation rights are not included in the calculation of stock ownership for guideline purposes.

In 2010, the Board of Directors adopted an anti-hedging policy for Company stock. Sonoco considers it inappropriate for any director, officer (including all NEOs), or other employee to enter into speculative transactions in Sonoco stock. Such activities may put personal interests and objectives in conflict with the best interests of the Company and its stockholders. Therefore, our policy prohibits the purchase or sale by any director, officer or employee of puts, calls, options, warrants, or other derivative securities based on the Company s stock. This prohibition also includes hedging or monetization transactions, such as forward sale contracts, in which the stockholder continues to own the underlying security without all the risks or rewards of ownership.

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Clawback Provision

The Committee is committed to adopting a formal clawback policy requiring adjustment or recovery of incentive awards or payments in the event that the performance measures upon which they are based are restated, or otherwise adjusted, in a manner that would reduce the size of an award or payment. The Committee will be required to adopt such a policy after the New York Stock Exchange adopts the related rules in accordance with regulations that are expected to be issued by the Securities and Exchange Commission in early 2012. Until a formal clawback policy is adopted, the Committee will review any situation that would be covered by such a policy, and determine a course of action that is deemed fair to both shareholders and award recipients.

ROLE OF INDEPENDENT COMPENSATION CONSULTANT

The Committee seeks input from Frederic W. Cook & Co., Inc., its independent compensation consultant, in its decision making process. The independent consultant reports directly to the Committee, and the Committee has the sole authority to retain or dismiss the consultant. The independent consultant does not provide services to the Company in any area other than executive and director compensation on behalf of the Committee.

The independent consultant is expected to assist the Committee and work on its behalf on matters related to the Committee s purposes and responsibilities as set forth in the Committee charter, which is summarized under the Corporate Governance Board Meetings and Committees of the Board Executive Compensation Committee on page 15 and is also available through the Investor Relations section of our website at www.sonoco.com. The independent consultant periodically advises the Committee as to trends in executive compensation and also provides specialized studies or expert advice as requested with respect to executive compensation issues. In 2011, the independent consultant conducted a competitive compensation review of our NEOs compared to our peer group s NEOs, provided an update of compensation trends and regulatory developments, analyzed the Company s use of share-based compensation compared to our peer group, and assisted in the preparation of the Company s public filings with regard to executive compensation. The independent consultant meets in private session with the Committee at least once a year and attends regular Committee meetings in person or by telephone as requested. The independent consultant also provides advice and performs competitive analysis with respect to director compensation, as requested, for the Corporate Governance and Nominating Committee.

ROLE OF EXECUTIVE OFFICERS IN DETERMINING EXECUTIVE COMPENSATION

In order to evaluate performance and use it as a basis for making compensation decisions, the full Board of Directors participates in a formal performance review process that is used for determining the CEO s compensation. The CEO provides a written evaluation of his performance against objectives at year-end to each director. Each individual director completes a written evaluation of the CEO s performance. Results are compiled by the Chair of the Corporate Governance and Nominating Committee, who then provides a copy to each director prior to the first Board of Directors meeting for the year. The Committee uses this summary from the Board of Directors to make decisions relative to the CEO s compensation. The Committee also uses input from its independent compensation consultant in making decisions regarding the CEO s compensation. The CEO does not participate in decisions regarding the determination of his own compensation, other than to prepare the summary of his results versus objectives for the year as described above.

For the other NEOs and executives, the Committee receives input and recommendations from our CEO as well as its independent compensation consultant. The NEOs or other officers do not have a role in the determination of their own compensation except to provide and discuss their performance against objectives during their annual performance reviews.

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COMPENSATION COMMITTEE REPORT

The Executive Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management. Based on that review and discussion, the Executive Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the year ended December 31, 2011, and in this Proxy Statement.

J.H. Mullin, III (Chair) P.L. Davies

J.M. Micali M.D. Oken

COMPENSATION RISK REVIEW

With the assistance of the Committee s independent compensation consultant, we reviewed our compensation policies and practices applicable to our employees and concluded that they do not create risks that are reasonably likely to have a material adverse effect on our company. The key features of the executive compensation program that support this conclusion are the following:

- Appropriate pay philosophy, peer group and market positioning
- Effective balance between cash and equity compensation, and short- and long-term performance focus
- Performance objectives with an appropriate level of difficulty that reflects the Board-approved annual budget and long-term strategic planning objectives
- Multiple performance metrics in the annual and longer-term incentive programs that are intended to create a balanced focus on growth, profitability and asset efficiency, as well as absolute stock price appreciation
- Committee s ability to use its discretion to reduce earned incentive compensation based on a subjective evaluation of the quality of earnings, individual performance and other factors
- Meaningful risk mitigators such as substantial stock ownership guidelines, Committee oversight and use of an independent external consultant
- Incentive plans do not reward individuals for behaviors that can place the Company at risk (for example, incentives based on financial hedging transactions or incentives based on customer transactions that have significant financial risk).

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SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards (1) ($) (e)	Option Awards (2) ($) (f)	Non-Equity Incentive Plan Compensation (3) ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4) ($) (h)	All Other Compen-sation (5) ($) (i)	Total ($) (j)
Harris E. DeLoach, Jr.	2011	$ 1,107,051	$ -0-	$ 2,252,475	$ 845,000	$ 756,448	$ 957,743	$ 344,105	$ 6,262,822
Chairman and	2010	1,062,003	-0-	2,051,004	729,828	2,124,006	1,490,828	302,937	7,760,606
Chief Executive Officer	2009	1,023,600	-0-	2,369,000	799,900	1,601,217	2,601,029	322,418	8,717,164
Barry L. Saunders	2011	325,319	-0-	180,383	63,375	143,036	376,386	49,171	1,137,670
VP and	2010 (6)								
Chief Financial Officer	2009 (6)								
M. Jack Sanders	2011	621,948	-0-	1,334,800	338,000	371,863	1,366,193	82,484	4,115,288
President and	2010	525,318	-0-	1,275,500	326,040	848,057	1,331,541	68,786	4,375,242
Chief Operating Officer	2009	500,004	-0-	852,840	210,500	625,704	999,927	62,658	3,251,633
John M. Colyer, Jr.	2011	399,900	-0-	423,723	152,100	191,272	721,626	67,011	1,955,632
VP Global Industrial	2010 (7)								
Converting	2009 (7)								
Robert C. Tiede	2011	394,926	-0-	356,709	118,300	188,893	-0-	140,634	1,199,462
VP Global Flexibles and	2010	383,478	-0-	453,132	109,098	536,869	-0-	152,202	1,634,779
Packaging Services	2009	366,876	-0-	284,280	25,260	411,598	-0-	125,638	1,213,652
Charles J. Hupfer	2011 (8)	196,466	-0-	-0-	-0-	100,689	859,850	50,832	1,207,837
Former Senior VP and	2010	454,425	-0-	477,037	313,500	681,638	1,440,758	58,726	3,426,084
Chief Financial Officer	2009	422,700	-0-	592,250	172,610	476,890	918,866	54,599	2,637,915

(1) Awards were made in the form of PCSUs. Three-year accelerated vesting of awards is tied to growth in base earnings per share (cumulative BEPS) and improved capital effectiveness (average RONAE) over a three-year period as described in the Compensation Discussion and Analysis (CD&A) on page 21. The amounts shown are the aggregate grant date fair values of the award(s) computed in accordance with FASB ASC Topic 718. The value of each individual award is based on the probable outcome of the performance conditions determined as of the grant date, which is the target number of PCSUs multiplied by the grant date fair value. Assumptions made in valuation of these awards are set forth in Note 11 to our financial statements for the year ended December 31, 2011, which are included in our *2011 Annual Report to Shareholders*. Assuming the maximum level of performance was achieved at the end of the 2011-2013 three-year performance cycle, valued at the 2011 grant date fair value, the maximum award value for the 2011-2013 performance period would be $3,378,713 for Mr. DeLoach, $250,275 for Mr. Saunders, $2,002,200 for Mr. Sanders, $600,660 for Mr. Colyer, and $500,550 for Mr. Tiede. Mr. Hupfer did not receive an award in 2011 due to his announced retirement. The awards do not accumulate dividend equivalents unless vested and deferred, and are not subject to accelerated vesting, except upon a change in control in some cases.

As executive officers elected after January 1, 2008, Messrs Saunders, Colyer and Tiede participate in the defined contribution Supplemental Executive Retirement Plan (DC SERP). The contribution amount is equal to 10% of their salary and earned bonus and is further described on page 49. The benefit vests at age 55 with at least five years of service as an executive officer. Seventy-five percent of the contribution each year is invested in a fixed interest account based on 120% of the IRS applicable long-term rate. These amounts are reflected in column (i) and described under footnote (5). Twenty-five percent of the contribution is invested in deferred restricted stock units. The amounts invested in deferred restricted stock units based on Messrs Saunders , Colyer s and Tiede s 2010 salary and credited in 2011 were $13,533, $23,283 and $23,009 respectively and are reflected in column (e). The amounts earned in 2011 and awarded in 2012 in deferred restricted stock units were $11,709, $14,779 and $14,595 for Messrs Saunders, Colyer and Tiede respectively and will be reflected in the 2012 summary compensation table if each remains an NEO.

(2) Awards were made in the form of SSARs. The amounts shown are the aggregate grant date fair values computed in accordance with FASB ASC Topic 718. All 2011 SSARs have a grant price of the closing market price of our common stock on the date of grant. They become exercisable one year from the date of grant and have a term of seven years.

The grant date present values were estimated using a binomial option-pricing model in accordance with the rules and regulations of the SEC and are not intended to forecast appreciation of our stock price. The 2011 SSARs had an estimated grant date present value of $8.45. The assumptions used in the binomial model are discussed in Note 11 to our financial statements for the year ended December 31, 2011, which are included in our 2011 *Annual Report to Shareholders*. The SSARs are not transferable, except by will, inheritance, qualified domestic relations order or gift to or for the benefit of family, and will not confer an actual dollar benefit on the holder unless they are exercised at a time when the market value of the stock exceeds the exercise price of the SSARs. The amount of any such benefit which may be obtained by exercise of the SSARs is not in any way predicated on or controlled by the estimate presented.

(3) These amounts are awards pursuant to our annual Officer Incentive Plan as discussed on page 25 of the CD&A. The amounts shown were paid to the NEOs in February of the following year. None of the NEOs elected to defer any of the amounts in this column.

(4) For Messrs DeLoach, Sanders and Hupfer, the amounts shown in this column are the aggregate change in the actuarial present value of accumulated benefits under our defined benefit pension plans shown in the 2011 Pension Benefits table on page 45, from the pension plan measurement date used for our audited financial statements for the prior completed fiscal year to the measurement date used for the audited financial statements for the covered year shown in the table. In addition, for Mr. DeLoach, for 2011, 2010 and 2009, $107,937, $114,495 and $89,630, respectively of this amount represents the above market portion of interest credits on previously earned compensation for which payment has been deferred and amounts credited to the Company s deferred compensation plan. (See page 49 for a description of this benefit.) These amounts are determined using interest rate and mortality rate assumptions consistent with those used in our financial statements.

(5) All other compensation for 2011 consisted of the following components for each NEO:

Name	Perquisites (a)	Executive Life Insurance (b)	Company Contributions and Accruals to Defined Contribution Savings Plans (c)	Company Contributions and Accruals to the Sonoco Investment and Retirement Plan (d)	Company Contributions to the Defined Contribution SERP (e)	Tax Gross-Ups (f)
H.E. DeLoach, Jr.	$ 22,813	$ 157,321	$ 64,621			$ 99,350
B.L. Saunders		2,125	11,919		$ 35,127	
M.J. Sanders		36,807	29,400			16,277
J.M. Colyer, Jr.		3,810	18,863		44,338	
R.C. Tiede		7,940	18,636	$ 70,272	43,786	
C.J. Hupfer		18,753	18,488			13,591

(a) Mr. DeLoach s perquisites consisted of $22,813 for personal use of the corporate aircraft, computed at the aggregate incremental cost to the Company. The aggregate incremental cost to us for corporate aircraft usage was $1,750 per hour in 2011, based on the cost of fuel, maintenance, parts, hourly rental rate for engines under maintenance service plan, and landing and crew expenses. The Company does not provide a tax gross-up for the imputed income relating to the personal use of the Company plane.

(b) Includes our contributions under the Executive Life Insurance program (including the Executive Term Life policies and the frozen Executive Permanent Life policies described on page 32) and the economic value of frozen split-dollar life insurance arrangements entered into before 1996.

(c) Comprised of Company contributions to the Sonoco Savings Plan and accruals to individual accounts in the 401(k) Restoration component of the Omnibus Benefit Restoration Plan in order to keep employees whole with respect to our contributions that were limited by tax law.

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(d) Mr. Tiede participates in the Company s defined contribution retirement plan, the Sonoco Investment and Retirement Plan (SIRP) and the SIRP Restoration component of the Omnibus Benefit Restoration Plan, which keeps employees whole with respect to contributions that were limited by tax law.

(e) As executive officers elected after January 1, 2008, Messrs Saunders, Colyer and Tiede participate in the defined contribution Supplemental Executive Retirement Plan (DC SERP). The contribution amount is equal to 10% of their 2011 salary and earned bonus and is further described on page 49. Seventy-five percent of the annual contribution will be invested in a fixed interest account based on 120% of the IRS applicable long-term rate and represents the amounts shown in column (e) to this footnote 5. Twenty-five percent will be issued in Sonoco deferred restricted stock units and is further described under footnote (1) and disclosed in column (e) of the Summary Compensation Table. The benefit vests at age 55 with at least five years of service as an executive officer.

(f) These amounts represent reimbursement during 2011 for the payment of taxes on company-provided replacement executive life premiums paid pursuant to the frozen executive permanent life insurance program (described on page 32) and are made because of pre-2004 contractual commitments. This benefit will not be extended to additional executives and will no longer be provided once the Company s contractual obligation to covered executives is satisfied.

(6) Mr. Saunders was not an NEO in 2009 or 2010.

(7) Mr. Colyer was not an NEO in 2009 or 2010.

(8) Mr. Hupfer retired effective June 1, 2011.

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2011 GRANTS OF PLAN-BASED AWARDS

Name (a)	Grant Date (b1)	Committee Action Date (b2)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	All Other Option Awards: Number of Securities Underlying Options (#)(3) (j)	Exercise or Base Price of Option Awards ($/Share) (k)	Grant Date Fair Value of Stock and Option Awards ($) (4) (l)
H.E. DeLoach, Jr.												
Annual Cash Incentive	NA	02-08-11	$ 442,820	$ 1,107,051	$ 2,214,102							
SSARs	02-09-11	02-08-11								100,000	$ 36.34	$ 845,000
PCSUs	02-09-11	02-08-11				33,750	67,500	101,250				2,252,475
B.L. Saunders												
Annual Cash Incentive(5)	NA	02-08-11	83,731	209,327	418,653							
SSARs	02-09-11	02-08-11								7,500	36.34	63,375
PCSUs	02-09-11	02-08-11				2,500	5,000	7,500				166,850
M.J. Sanders												
Annual Cash Incentive	NA	02-08-11	217,682	544,205	1,088,409							
SSARs	02-09-11	02-08-11								40,000	36.34	338,000
PCSUs	02-09-11	02-08-11				20,000	40,000	60,000				1,334,800
J.M. Colyer, Jr.												
Annual Cash Incentive	NA	02-08-11	111,972	279,930	559,860							
SSARs	02-09-11	02-08-11								18,000	36.34	152,100
PCSUs	02-09-11	02-08-11				6,000	12,000	18,000				400,440
R.C. Tiede												
Annual Cash Incentive	NA	02-08-11	110,579	276,448	552,896							
SSARs	02-09-11	02-08-11								14,000	36.34	118,300
PCSUs	02-09-11	02-08-11				5,000	10,000	15,000				333,700
C.J. Hupfer												
Annual Cash Incentive	NA	02-08-11	58,940	147,350	294,699							
SSARs	02-09-11	02-08-11								-0-(6)		
PCSUs	02-09-11	02-08-11					-0-(6)					

(1) The amounts in columns (c), (d) and (e) represent the threshold, target and maximum awards established for the 2011 Officer Incentive Plan, as discussed on page 25 of the Compensation Discussion and Analysis and reflected in column (g) of the Summary Compensation Table.

(2) PCSUs awarded in 2011. Information about determining the number of award shares, the performance-based conditions and vesting of these awards is provided on page 29 of the Compensation Discussion and Analysis section.

(3) SSARs awarded in 2011. These awards have a one-year vesting period. Information about determining the number of award shares is provided on page 30 of the Compensation Discussion and Analysis.

(4) The value for PCSUs is based on the probable outcome of the performance conditions determined as of grant date, which is the target number of PCSUs multiplied by the grant date fair value. The value of the option awards (SSARs) is based on a binomial model calculation of $8.45 per share on the date of grant.

(5) Mr. Saunders participated in two different levels of the Company s Officer Incentive Plan during 2011. Until May 1, 2011 as Vice President Corporate Controller and Chief Accounting Officer, he participated in the plan with a threshold, target and maximum payout as a percent of base salary equal to 20%, 50%, and 100%, respectively. On May 1, he was promoted to Vice President and Chief Financial Officer which increased his threshold, target and maximum payout as a percent of base salary to 28%, 70%, and 140%, respectively. The amounts in columns (c), (d) and (e) above reflect the relative weighted value of the two levels of the plan.

(6) Mr. Hupfer did not receive a grant in 2011 due to his announced retirement of June 1, 2011.

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OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END

			Option or SSAR Awards					Stock Awards			
Name (a)	**Option Grant Date**	**Option Vest Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable (b)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (c)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)**	**Option Exercise Price ($) (e)**	**Option Expiration Date (f)**	**Number of Shares or Units of Stock That Have Not Vested(1) (#) (g)**	**Market Value of Shares or Units of Stock That Have Not Vested(2) ($) (h)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested(1) (#) (i)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested(2) ($) (j)**
H.E. DeLoach, Jr.	02/09/2011	02/09/2012		100,000		$ 36.3400	02/09/2018				
	02/09/2011									33,750 (3)	$ 1,112,400
	02/10/2010	02/10/2011	116,400			28.4800	02/10/2017				
	02/10/2010									40,200 (4)	1,324,992
	02/04/2009	02/04/2010	190,000			23.6900	02/04/2016				
	02/06/2008	02/06/2009	111,000			29.3000	02/06/2015				
	02/06/2008							9,000 (5)	296,640		
	02/07/2007	02/07/2008	85,000			38.1100	02/07/2014				
	02/01/2006	02/01/2007	80,000			33.3700	02/01/2013				
	02/02/2005	02/02/2005	80,000			27.3100	02/02/2015				
	02/04/2004	02/04/2005	73,000			23.8600	02/04/2014				
	02/05/2003	02/05/2004	75,000			21.1500	02/05/2013				
B.L. Saunders	02/09/2011	02/09/2012		7,500		36.3400	02/09/2018				
	02/09/2011									2,500 (3)	82,400
	02/10/2010	02/10/2011	5,400			28.4800	02/10/2017				
	02/10/2010									6,850 (4)	225,776
	02/06/2008	02/06/2009	4,500			29.3000	02/06/2015				
	02/06/2008							300 (5)	9,888		
	02/06/2008							8,273 (6)	272,678		
	02/07/2007	02/07/2008	4,000			38.1100	02/07/2014				
	02/01/2006	02/01/2007	5,000			33.3700	02/01/2013				
M.J. Sanders	02/09/2011	02/09/2012		40,000		36.3400	02/09/2018				
	02/09/2011									20,000 (3)	659,200
	02/10/2010	02/10/2011	52,000			28.4800	02/10/2017				
	02/10/2010									25,000 (4)	824,000
	02/06/2008	02/06/2009	30,000			29.3000	02/06/2015				
	02/06/2008							2,400 (5)	79,104		
	02/07/2007	02/07/2008	22,500			38.1100	02/07/2014				
	10/16/2006	10/16/2007	10,000			35.4200	10/16/2013				
	02/01/2006	02/01/2007	20,000			33.3700	02/01/2013				

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			Option or SSAR Awards					Stock Awards			
Name (a)	Option Grant Date	Option Vest Date	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested(1) (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested(2) ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested(1) (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested(2) ($) (j)
J.M. Colyer, Jr.	02/09/2011	02/09/2012		18,000		36.3400	02/09/2018				
	02/09/2011									6,000 (3)	197,760
	02/10/2010	02/10/2011	17,400			28.4800	02/10/2017				
	02/10/2010									8,500 (4)	280,160
	02/04/2009	02/04/2010	25,500			23.6900	02/04/2016				
	02/06/2008	02/06/2009	6,000			29.3000	02/06/2015				
	02/06/2008							240 (5)	7,910		
	02/06/2008							7,747 (6)	255,341		
	02/07/2007	02/07/2008	6,000			38.1100	02/07/2014				
	02/01/2006	02/01/2007	5,500			33.3700	02/01/2013				
	02/02/2005	02/02/2005	3,200			27.3100	02/02/2015				
R.C. Tiede	02/09/2011	02/09/2012		14,000		36.3400	02/09/2018				
	02/09/2011									5,000 (3)	164,800
	02/10/2010	02/10/2011	17,400			28.4800	02/10/2017				
	02/10/2010									8,500 (4)	280,160
	02/04/2009	02/04/2010	6,000			23.6900	02/04/2016				
	02/04/2009							11,206 (7)	369,350		
	02/06/2008	02/06/2009	5,500			29.3000	02/06/2015				
	02/06/2008							240 (5)	7,910		
	02/07/2007	02/07/2008	4,000			38.1100	02/07/2014				
	02/01/2006	02/01/2007	5,000			33.3700	02/01/2013				
	02/02/2005	02/02/2005	4,000			27.3100	02/02/2015				
	07/19/2004	07/19/2005	5,000(8)			25.7900	07/19/2014				
C.J. Hupfer	02/10/2010	02/10/2011	50,000			28.4800	02/10/2017				
	02/10/2010									9,350 (4)	308,176
	02/04/2009	02/04/2010	41,000			23.6900	02/04/2016				
	02/06/2008	02/06/2009	29,000			29.3000	02/06/2015				
	02/07/2007	02/07/2008	25,000			38.1100	02/07/2014				
	02/01/2006	02/01/2007	25,000			33.3700	02/01/2013				
	02/02/2005	02/02/2005	25,000			27.3100	02/02/2015				
	02/04/2004	02/04/2005	24,000			23.8600	02/04/2014				
	04/17/2002	04/17/2003	6,250			28.9300	04/17/2012				

(1) Except in the event of termination of employment as a result of death, disability, or retirement, termination of a participant s employment prior to vesting will result in forfeiture of any unvested award. Upon consummation of a change in control that meets the criteria as specified under IRC Section 409A and related regulations, all unvested PCSUs will vest at target on a prorata basis if the change in control occurs during the three-year performance period or at threshold on a prorata basis if change in control occurs during the time-vesting period in year four or five. A lump sum payment equal to the aggregate fair market value of the PCSUs will be issued to the participant within 30 days following the change in control unless the PCSUs were subject to a deferral election or mandatory deferral under IRC Section 162(m).

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(2) Values of PCSUs shown in column (h) and PCSUs/RSUs shown in column (j) are based on the December 31, 2011, closing price of $32.96.

(3) These figures represent the number of threshold shares of PCSUs granted February 9, 2011 that will vest on December 31, 2013, if performance criteria are met. The actual number of shares that vest can vary from 0% to 300% of those threshold shares. In the event that threshold performance goals are not attained and vesting at the end of the three-year performance period is less than 50% of the target award opportunity, the difference between 50% of target and what actually vests is deferred and potentially payable in equal share installments at the end of the fourth and fifth year, subject to the participant s continued employment for that period.

(4) These figures represent the number of threshold shares of PCSUs granted February 10, 2010 that will vest on December 31, 2012, if performance criteria are met. The actual number of shares that vest can vary from 0% to 300% of those threshold shares. In the event that threshold performance goals are not attained and vesting at the end of the three-year performance period is less than 50% of the target award opportunity, the difference between 50% of target and what actually vests is deferred and potentially payable in equal share installments at the end of the fourth and fifth year, subject to the participant s continued employment for that period.

(5) These figures represent the remaining number of threshold PCSUs granted February 6, 2008. Performance criteria for the 2008-2010 performance cycle vested 52% of threshold shares. To encourage retention, the plan provides that if less than 100% of threshold shares vest, then the difference between what actually vests and 100% of threshold shares, vests in two equal portions at the end of the fourth and fifth year of the plan, or at the end of 2011 and 2012 respectively, subject to the participant s continued employment for that period. The remaining number of threshold shares scheduled to vest at the end of 2012 is reflected here.

(6) These Restricted Stock Units were awarded to Mr. Saunders and Mr. Colyer in recognition of their election as corporate officers. The shares are credited with dividend equivalents, which are not paid out until receipt of the shares. The shares vest in three equal increments on the third, fourth and fifth anniversary of the grant. If the executive officer leaves the Company for any reason before the shares vest, the unvested shares are forfeited. The individual grant agreement provides for vesting on a prorata basis in the event of death or disability. Upon consummation of a change in control that meets the criteria of IRC Section 409A and the related regulations, all unvested RSUs will vest on a prorata basis. A lump sum payment equal to the aggregate fair market value of the vested RSUs will be issued to the participant within 30 days following the change in control unless the RSUs were subject to a deferral election or mandatory deferral under IRC Section 162(m). The restricted stock units do not have voting rights. Mr. Saunders elected to defer receipt of his shares until six months following his separation of service from the Company and elected a payout option of one, two or three annual installments.

(7) These Restricted Stock Units were awarded to Mr. Tiede in recognition of his election as a corporate officer. The shares are credited with dividend equivalents, which are not paid out until receipt of the shares. The shares vest in three equal increments on the third, fourth and fifth anniversary of the grant. Receipt of shares occurs six months following separation of service. If the executive officer leaves the Company for any reason before the shares vest, the unvested shares are forfeited. The individual grant agreement provides for vesting on a prorata basis in the event of death or disability. Upon consummation of a change in control that meets the criteria of IRC Section 409A and the related regulations, all unvested RSUs will vest on a prorata basis. A lump sum payment equal to the aggregate fair market value of the vested RSUs will be issued to the participant within 30 days following the change in control unless the RSUs were subject to a deferral election or mandatory deferral under IRC Section 162(m). The restricted stock units do not have voting rights.

(8) This one-time award of options was made to Mr. Tiede when he joined Sonoco.

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2011 OPTION EXERCISES AND STOCK VESTED

The following table provides information about options exercised by our NEOs in 2011 and about RSUs and PCSUs that vested in 2011.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise (1)	Number of Shares Acquired on Vesting	Value Realized on Vesting (6)
	(#)	($)	(#)	($)
(a)	(b)	(c)	(d)	(c)
H.E. DeLoach, Jr.	175,000	$ 1,818,530	15,000 (2)	$ 494,400
			9,000 (3)	296,640
			134,000 (4)	4,416,640
Total			158,000	5,207,680
B.L. Saunders			500 (2)	16,480
			300 (3)	9,888
			10,318 (4)	340,081
			3,742 (5)	135,573
Total			14,860	502,022
M.J. Sanders	68,000	822,916	3,125 (2)	103,000
			2,400 (3)	79,104
			48,240 (4)	1,589,990
Total			53,765	1,772,094
J.M. Colyer, Jr.			500 (2)	16,480
			240 (3)	7,910
			18,760 (4)	618,330
			3,742 (5)	135,573
Total			23,242	778,293
R.C. Tiede			500 (2)	16,480
			240 (3)	7,910
			2,680 (4)	88,333
Total			3,420	112,723
C.J. Hupfer	38,750	359,748	1,458 (2)	48,056
			900 (3)	29,664
			26,986 (4)	889,459
Total			29,344	967,179

(1) The difference between the market price of the common stock at exercise and the exercise price.

(2) These figures represent shares that vested for the 2007-2009 long-term incentive plan. Since the performance criteria were not met and less than 100% of threshold shares vested during the three-year performance period that ended on December 31, 2009, 100% of the threshold shares would vest in equal amounts in years four and five. The shares shown are those that vested at the end of year five. Mr. DeLoach, Mr. Hupfer and Mr. Sanders elected to defer receipt of all of these shares until six months following separation of service from the Company, and have elected a payout option of one, two or three annual installments. After vesting, the deferred shares are credited with dividend equivalents. Deferred shares are also shown in Column (a) of the 2011 Nonqualified Deferred Compensation table on page 48.

(3) These figures represent shares that vested for the 2008-2010 long-term incentive plan. Performance criteria for the 2008-2010 performance cycle vested 52% of threshold shares. To encourage retention, the plan provides that if
less than 100% of threshold shares vest, then the difference between what actually vests and 100% of threshold shares, vests in two equal portions at the end of the fourth and fifth year of the plan, or at the end of 2011 and

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2012 respectively, subject to the participant s continued employment for that period. The shares shown are those that vested at the end of year four. Mr. DeLoach and Mr. Sanders elected to defer receipt of these shares until six months following separation of service from the Company, and have elected a payout option of one, two or three annual installments. After vesting, the deferred shares are credited with dividend equivalents. Deferred shares are also shown in Column (a) of the 2011 Nonqualified Deferred Compensation table on page 48.

(4) These figures represent the number of performance shares that vested for the 2009-2011 long-term incentive performance period that ended on December 31, 2011. The plan provisions are discussed on page 29. Mr. DeLoach and Mr. Sanders elected to defer receipt of these shares until six months following separation of service from the Company, and have elected a payout option of one, two or three annual installments. After vesting, the deferred shares are credited with dividend equivalents. Deferred shares are also shown in Column (a) of the 2011 Nonqualified Deferred Compensation table on page 48.

(5) These shares represent one third of the restricted stock units awarded to Mr. Saunders and Mr. Colyer upon their elections as a corporate officers. The initial grant of 10,000 shares was issued on February 6, 2008, and vests in three increments on the third, fourth and fifth anniversary of the grant. The shares were credited with dividend equivalents during the vesting period. These figures represent the shares and dividend equivalents that vested on the third anniversary of the grant in 2011. Mr. Saunders elected to defer receipt of all of these shares until six months following separation of service from the Company and elected a payout option of one, two or three annual installments. Deferred shares are also shown in Column (a) of the 2011 Nonqualified Deferred Compensation table on page 48.

(6) Based on the closing stock price on the date of vesting.

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2011 PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (1) (#)	Present Value of Accumulated Benefit (2) ($)	Payments During Last Fiscal Year ($)
(a)	(b)	(c)	(d)	(e)
H.E. DeLoach, Jr.	Sonoco Pension Plan	25	$ 999,573	-0-
	Omnibus Benefit Restoration Plan			
	Pension Restoration Benefit	25	11,796,143	-0-
	DB SERP Benefit	26	11,222,134	-0-
	Total		24,017,850	
B.L. Saunders (3)	Sonoco Pension Plan	21.5	541,910	-0-
	Omnibus Benefit Restoration Plan			
	Pension Restoration Benefit	21.5	537,859	-0-
	Total		1,079,769	
M.J. Sanders	Sonoco Pension Plan	23	746,782	-0-
	Omnibus Benefit Restoration Plan			
	Pension Restoration Benefit	23	2,594,902	-0-
	DB SERP Benefit	24	2,668,991	-0-
	Total		6,010,675	
J.M. Colyer, Jr. (3)	Sonoco Pension Plan	27	626,337	-0-
	Omnibus Benefit Restoration Plan			
	Pension Restoration Benefit	27	1,057,511	-0-
	Total		1,683,848	
R.C. Tiede (4)				
C.J. Hupfer	Sonoco Pension Plan	34.4167	1,293,526	$ 54,506(5)
	Omnibus Benefit Restoration Plan			
	Pension Restoration Benefit	34.4167	4,544,358	181,863(5)
	DB SERP Benefit	35.5	1,624,370	843,442(5)
	Total		7,462,254	1,079,811

(1) Years of Credited Service under the Sonoco Pension Plan and the Pension Restoration Benefit component of the Omnibus Benefit Restoration Plan begin on January 1 or July 1 coincident with or following one year of service. Years of Credited Service under the defined benefit SERP Benefit (DB SERP) component of the Omnibus Benefit Restoration plan begin on the date of hire. Mr. Hupfer s years of credited service are measured to his retirement date of June 1, 2011.

(2) Messrs DeLoach, Sanders, and Hupfer participate in two Sonoco-sponsored defined benefit pension plans: the Sonoco Pension Plan (Pension Plan), a tax-qualified plan, and the Omnibus Benefit Restoration Plan of Sonoco Products Company (the Restoration Plan), a nonqualified supplemental retirement plan which has two separate defined benefit components: (i) the Pension Restoration Benefit, which compensates our NEOs, as well as other employees, for any benefits lost under the Pension Plan because of pay and benefit limitations set by the IRC, and, (ii) the defined benefit Supplemental Executive Retirement Plan Benefit (the DB SERP), which provides an additional benefit to certain of our executive officers elected before January 1, 2008. Further information about these plans is provided in the narrative discussion below. We adopted the DB SERP in 1979 and amended and restated the DB SERP in 1994 to include the Pension Restoration Benefit. We do not provide extra years of credited service under the plans.

We calculate the present values shown in the table using: (i) the same discount rates we use for applicable financial reporting purposes (4.76% for the Sonoco Pension Plan and 4.23% for the Pension Restoration Benefit and the DB SERP); and (ii) each plan s earliest unreduced retirement age (age 65 for the Sonoco Pension Plan, the Pension Restoration Benefit and the DB SERP as discussed below). The present values shown in the table reflect post-

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retirement mortality, based on the applicable financial reporting assumption (the RP2000 Combined Healthy mortality table generationally projected with Scale AA as of December 31, 2011), but do not include an assumption of pre-retirement termination, mortality or disability.

The elements of compensation considered in determining the pensions payable to the NEOs are the compensation shown in the Salary and Non-Equity Incentive Plan Compensation columns of the Summary Compensation Table on page 36.

(3) Mr. Saunders and Mr. Colyer also participate in the Pension Plan and in the Pension Restoration Benefit component of the Omnibus Benefit Restoration Plan. In addition, they participate in the defined contribution Supplemental Executive Retirement Plan (DC SERP) which is described on page 49.

(4) Mr. Tiede does not participate in the Pension Plan or the Pension Restoration Benefit of the Restoration Plan because he was hired after participation in these plans was frozen. Instead, he participates in the broad-based defined contribution Sonoco Investment and Retirement Plan (SIRP), for employees hired on or after January 1, 2004. In addition, he participates in two nonqualified deferred compensation plans, the SIRP Restoration Benefit component of the Omnibus Benefit Restoration Plan and the DC SERP. These two plans are described on page 49.

(5) Payments under the plans in connection with Mr. Hupfer s retirement effective June 1, 2011.

Sonoco Pension Plan

The Sonoco Pension Plan is a defined benefit retirement plan and covers the majority of employees in the United States, and certain U.S. expatriate employees hired prior to 2004. Effective December 31, 2003, the Company froze participation for newly hired salaried and non-union hourly U.S. employees in this plan. The Sonoco Pension Plan was further amended in 2009 to freeze benefit accruals for all participants, effective December 31, 2018. The Sonoco Pension Plan provides participants with a life annuity annual benefit at normal retirement equal to the sum of A plus B minus C plus D below.