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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

or

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

For the transition period from _________ to _________

Commission File No. 001-11261

SONOCO PRODUCTS COMPANY

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
No par value common stock	SON	New York Stock Exchange, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock at July 19, 2019:

Common stock, no par value: 100,076,838

SONOCO PRODUCTS COMPANY

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2019	December 31, 2018*
Assets		
Current Assets		
Cash and cash equivalents	$ 96,295	$ 120,389
Trade accounts receivable, net of allowances	784,907	737,420
Other receivables	100,384	111,915
Inventories, net:		
Finished and in process	178,795	174,115
Materials and supplies	333,454	319,649
Prepaid expenses	85,185	55,784
	1,579,020	1,519,272
Property, Plant and Equipment, Net	1,233,615	1,233,821
Goodwill	1,310,638	1,309,167
Other Intangible Assets, Net	328,617	352,037
Deferred Income Taxes	48,100	47,297
Right of Use Asset-Operating Leases	304,655	—
Other Assets	140,919	121,871
Total Assets	$ 4,945,564	$ 4,583,465
Liabilities and Equity		
Current Liabilities		
Payable to suppliers	$ 554,431	$ 556,011
Accrued expenses and other	348,609	322,958
Notes payable and current portion of long-term debt	357,222	195,445
Accrued taxes	14,626	8,516
	1,274,888	1,082,930
Long-term Debt, Net of Current Portion	1,188,026	1,189,717
Noncurrent Operating Lease Liabilities	258,549	—
Pension and Other Postretirement Benefits	178,075	374,419
Deferred Income Taxes	116,569	64,273
Other Liabilities	75,837	99,848
Sonoco Shareholders' Equity		
Common stock, no par value		
Authorized 300,000 shares 100,075 and 99,829 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	7,175	7,175
Capital in excess of stated value	305,750	304,709
Accumulated other comprehensive loss	(723,846)	(740,913)
Retained earnings	2,251,279	2,188,115
Total Sonoco Shareholders' Equity	1,840,358	1,759,086
Noncontrolling Interests	13,262	13,192
Total Equity	1,853,620	1,772,278
Total Liabilities and Equity	$ 4,945,564	$ 4,583,465

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

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	**July 1, 2018**	**June 30, 2019**	**July 1, 2018**
Net sales	$ 1,359,721	$ 1,366,373	$ 2,711,426	$ 2,670,560
Cost of sales	1,084,385	1,089,913	2,165,969	2,143,498
Gross profit	275,336	276,460	545,457	527,062
Selling, general and administrative expenses	132,213	141,031	274,774	278,472
Restructuring/Asset impairment charges	13,355	3,567	24,027	6,630
Operating profit	129,768	131,862	246,656	241,960
Non-operating pension costs	5,550	513	11,591	222
Interest expense	16,798	16,217	32,830	31,012
Interest income	846	1,090	1,493	2,530
Income before income taxes	108,266	116,222	203,728	213,256
Provision for income taxes	28,491	30,293	51,115	53,649
Income before equity in earnings of affiliates	79,775	85,929	152,613	159,607
Equity in earnings of affiliates, net of tax	1,511	3,716	2,441	4,963
Net income	81,286	89,645	155,054	164,570
Net income attributable to noncontrolling interests	(127)	(233)	(232)	(1,103)
Net income attributable to Sonoco	$ 81,159	$ 89,412	$ 154,822	$ 163,467
Weighted average common shares outstanding:				
Basic	100,759	100,568	100,700	100,482
Diluted	101,178	101,040	101,129	100,965
Per common share:				
Net income attributable to Sonoco:				
Basic	$ 0.81	$ 0.89	$ 1.54	$ 1.63
Diluted	$ 0.80	$ 0.88	$ 1.53	$ 1.62

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	**July 1, 2018**	**June 30, 2019**	**July 1, 2018**
Net income	$ 81,286	$ 89,645	$ 155,054	$ 164,570
Other comprehensive income/(loss):				
Foreign currency translation adjustments	9,745	(64,587)	6,773	(41,604)
Changes in defined benefit plans, net of tax	1,807	9,422	8,963	15,239
Changes in derivative financial instruments, net of tax	(481)	(2,312)	1,383	(1,265)
Other comprehensive income/(loss)	$ 11,071	$ (57,477)	$ 17,119	$ (27,630)
Comprehensive income	92,357	32,168	$ 172,173	$ 136,940
Net income attributable to noncontrolling interests	(127)	(233)	(232)	(1,103)
Other comprehensive (income)/loss attributable to noncontrolling interests	(172)	2,107	(52)	1,677
Comprehensive income attributable to Sonoco	$ 92,058	$ 34,042	$ 171,889	$ 137,514

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY (unaudited)
(Dollars in thousands)

	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2017	$ 1,730,060	99,414	$ 7,175	$ 330,157	$ (666,272)	$ 2,036,006	$ 22,994
Net income	74,925					74,055	870
Other comprehensive income:							
Translation gain	22,982				22,553		429
Defined benefit plan adjustment, net of tax	5,817				5,817		
Derivative financial instruments, net of tax	1,047				1,047		
Other comprehensive income:	$ 29,846				$ 29,417		$ 429
Dividends	(39,535)					(39,535)	
Issuance of stock awards	479	227		479			
Shares repurchased	(4,088)	(78)		(4,088)			
Stock-based compensation	3,048			3,048			
Impact of new accounting pronouncements	1,721				(176)	1,897	
April 1, 2018	$ 1,796,456	99,563	$ 7,175	$ 329,596	$ (637,031)	$ 2,072,423	$ 24,293
Net income	89,645					89,412	$ 233
Other comprehensive income/(loss):							
Translation loss:	(64,587)				(62,480)		(2,107)
Defined benefit plan adjustment, net of tax	9,422				9,422		
Derivative financial instruments, net of tax	(2,312)				(2,312)		
Other comprehensive loss:	$ (57,477)				$ (55,370)		$ (2,107)
Dividends	(41,306)					(41,306)	
Issuance of stock awards	329	24		329			
Shares repurchased	(471)	(9)		(471)			
Stock-based compensation	3,074			3,074			
Noncontrolling interest from acquisition	15						15
July 1, 2018	$ 1,790,265	99,578	$ 7,175	$ 332,528	$ (692,401)	$ 2,120,529	$ 22,434

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN TOTAL EQUITY (unaudited)
(Dollars in thousands)

	Total Equity	Common Shares Outstanding	Common Shares Amount	Capital in Excess of Stated Value	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interests
December 31, 2018	$ 1,772,278	99,829	$ 7,175	$ 304,709	$ (740,913)	$ 2,188,115	$ 13,192
Net income	73,768					73,663	105
Other comprehensive income/(loss):							
Translation loss	(2,972)				(2,852)		(120)
Defined benefit plan adjustment, net of tax	7,156				7,156		
Derivative financial instruments, net of tax	1,864				1,864		
Other comprehensive income/(loss)	$ 6,048				$ 6,168		$ (120)
Dividends	(41,534)					(41,534)	
Dividends paid to noncontrolling interests	(214)						(214)
Issuance of stock awards	399	340		399			
Shares repurchased	(7,395)	(133)		(7,395)			
Stock-based compensation	4,560			4,560			
Impact of new accounting pronouncements	(6,771)					(6,771)	
March 31, 2019	$ 1,801,139	100,036	$ 7,175	$ 302,273	$ (734,745)	$ 2,213,473	$ 12,963
Net income	81,286					81,159	$ 127
Other comprehensive income/(loss):							
Translation gain	9,745				9,573		172
Defined benefit plan adjustment, net of tax	1,807				1,807		
Derivative financial instruments, net of tax	(481)				(481)		
Other comprehensive income	$ 11,071				$ 10,899		$ 172
Dividends	(43,353)					(43,353)	
Issuance of stock awards	326	58		326			
Shares repurchased	(1,155)	(19)		(1,155)			
Stock-based compensation	4,306			4,306			
June 30, 2019	$ 1,853,620	100,075	$ 7,175	$ 305,750	$ (723,846)	$ 2,251,279	$ 13,262

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended	
	June 30, 2019	**July 1, 2018**
Cash Flows from Operating Activities:		
Net income	$ 155,054	$ 164,570
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	7,284	133
Depreciation, depletion and amortization	116,978	120,402
Share-based compensation expense	8,866	6,122
Equity in earnings of affiliates	(2,441)	(4,963)
Cash dividends from affiliated companies	3,297	2,750
Net loss/(gain) on disposition of assets	3,943	(833)
Pension and postretirement plan expense	13,647	17,408
Pension and postretirement plan contributions	(213,579)	(24,146)
Increase in net deferred tax liability	37,953	3,926
Change in assets and liabilities, net of effects from acquisitions, dispositions, and foreign currency adjustments:		
Trade accounts receivable	(46,191)	(45,032)
Inventories	(16,825)	(16,741)
Payable to suppliers	(2,842)	16,716
Prepaid expenses	(4,976)	(5,602)
Accrued expenses	(7,741)	1,012
Income taxes payable and other income tax items	(26,990)	(1,031)
Other assets and liabilities	14,644	16,557
Net cash provided by operating activities	40,081	251,248
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	(102,272)	(88,852)
Cost of acquisitions, net of cash acquired	(455)	(141,305)
Proceeds from the sale of assets	1,498	6,164
Investment in affiliates and other, net	1,301	559
Net cash used in investing activities	(99,928)	(223,434)
Cash Flows from Financing Activities:		
Proceeds from issuance of debt	243,394	137,272
Principal repayment of debt	(81,025)	(93,564)
Net change in commercial paper	(18,000)	(33,000)
Net decrease in outstanding checks	(11,697)	(5,749)
Payment of contingent consideration	(5,000)	—
Cash dividends	(84,160)	(79,801)
Dividends paid to noncontrolling interests	(214)	—
Shares acquired	(8,550)	(4,558)
Net cash provided by/(used in) financing activities	34,748	(79,400)
Effects of Exchange Rate Changes on Cash	1,005	(5,635)
Net Decrease in Cash and Cash Equivalents	(24,094)	(57,221)
Cash and cash equivalents at beginning of period	120,389	254,912
Cash and cash equivalents at end of period	$ 96,295	$ 197,691

See accompanying Notes to Condensed Consolidated Financial Statements

Note 1: Basis of Interim Presentation

In the opinion of the management of Sonoco Products Company (the “Company” or “Sonoco”), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise stated) necessary to state fairly the consolidated financial position, results of operations and cash flows for the interim periods reported herein. Operating results for the six months ended June 30, 2019, are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

With respect to the unaudited condensed consolidated financial information of the Company for the three- and six-month periods ended June 30, 2019 and July 1, 2018 included in this Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated July 31, 2019 appearing herein, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a “report” or a “part” of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

Note 2: New Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2016-02, "Leases" (“ASU 2016-02”) requiring lessees to recognize on the balance sheet a right-of-use asset and lease liability for all long-term leases and requiring disclosure of key information about leasing arrangements in order to increase transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance and the revenue recognition standard adopted in 2018. The Company established a cross-functional team to implement certain software solutions as part of its newly integrated enterprise-wide lease management system. The implementation plan included developing business processes, accounting systems, and internal controls to ensure the Company's compliance with reporting and disclosure requirements of the new standard. The Company elected the package of practical expedients permitted under the transition guidance and, as also provided for under the standard, has made an accounting policy election to exclude from the balance sheet leases with a term of 12 months or less. The Company also elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases and has elected to combine lease and non-lease components as a single lease component for all classes of assets.

The Company adopted ASU 2016-02 as of January 1, 2019, using the modified retrospective transition method and elected to apply the optional transition approach prescribed by ASU 2018-11 which allows entities to initially apply the new leases standard at the adoption date, without adjusting comparative periods. Upon the adoption of ASU 2016-02, the Company recorded on its consolidated balance sheet right of use assets totaling $336,083 and lease liabilities totaling $344,362, as well as a cumulative effect adjustment to retained earnings of $6,771 and a $1,508 reduction to deferred tax liabilities.

During the three- and six-month periods ended June 30, 2019, there have been no other newly issued nor newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company’s financial statements. Further, at June 30, 2019, there were no other pronouncements pending adoption that are expected to have a material impact on the Company’s consolidated financial statements.

(Dollars and shares in thousands except per share data)

Note 3: Acquisitions

On October 1, 2018, the Company completed the acquisition of the remaining 70 percent interest in Conitex Sonoco (BVI), Ltd. ("Conitex Sonoco") from Texpack Investments, Inc. ("Texpack"). Concurrent with this acquisition, the Company also acquired a rigid paper facility in Spain ("Compositub") from Texpack Group Holdings B.V. Final consideration for both acquisitions was subject to a post-closing adjustment for the change in working capital to the date of closing. These adjustments were settled in February 2019 for additional cash payments to the sellers totaling $455.

On April 12, 2018, the Company completed the acquisition of Highland Packaging Solutions ("Highland"). Highland manufactures thermoformed plastic packaging for fresh produce and dairy products from a single production facility in Plant City, Florida. The acquisition of Highland included a contingent purchase liability of $7,500 payable in two installments and based upon a sales metric which the Company anticipated meeting in full at the time of the acquisition. The first year's metric was met and the Company paid the first installment of $5,000 in the second quarter of 2019. The second year's metric is also expected to be met and the final installment of $2,500 is expected to be paid in the second quarter of 2020. The liability for the remaining installment is included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets at June 30, 2019.

During the six months ended June 30, 2019, the Company continued to finalize its valuations of the assets acquired and liabilities assumed in acquisitions completed in the previous year based on new information obtained about facts and circumstances that existed as of their respective acquisition dates. As a result, the following measurement period adjustments were made to the previously disclosed provisional fair values of assets and liabilities acquired:

	Conitex Sonoco	Compositub	Highland
Trade accounts receivable	$ (77)	$ 203	$ —
Inventories	—	50	—
Property, plant and equipment	(199)	(1,026)	1,895
Goodwill	1,971	(566)	(1,895)
Other intangible assets	300	1,888	—
Accrued expenses and other	(1,782)	(138)	—
Other net tangible assets /(liabilities)	(129)	(40)	—
Additional cash consideration	$ 84	$ 371	$ —

Management is continuing to finalize its valuations of certain assets and liabilities associated with its 2018 acquisitions of Conitex Sonoco and Compositub, including, but not limited to: inventory; property, plant and equipment; other intangible assets; and trade accounts receivable, and expects to complete its valuations in the third quarter of 2019. The measurement period adjustments for Highland are now completed.

The Company has accounted for its acquisitions as business combinations under the acquisition method of accounting, in accordance with the business combinations subtopic of the Accounting Standards Codification and has included their results of operations in the Company's Condensed Consolidated Statements of Income from their respective dates of acquisition.

Acquisition-related costs of $1,224 and $3,091 were incurred during the three months ended June 30, 2019 and July 1, 2018, respectively, and $1,624 and $3,636 during the six months ended June 30, 2019 and July 1, 2018, respectively. Acquisition-related costs consist primarily of legal and professional fees and are included in "Selling, general and administrative expenses" in the Company's Condensed Consolidated Statements of Income.

(Dollars and shares in thousands except per share data)

Note 4: Shareholders' Equity

Earnings per Share

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Numerator:				
Net income attributable to Sonoco	$ 81,159	$ 89,412	$ 154,822	$ 163,467
Denominator:				
Weighted average common shares outstanding:				
Basic	100,759	100,568	100,700	100,482
Dilutive effect of stock-based compensation	419	472	429	483
Diluted	101,178	101,040	101,129	100,965
Net income attributable to Sonoco per common share:				
Basic	$ 0.81	$ 0.89	$ 1.54	$ 1.63
Diluted	$ 0.80	$ 0.88	$ 1.53	$ 1.62
Cash dividends	$ 0.43	$ 0.41	$ 0.84	$ 0.80

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

The average numbers of SARs that were not dilutive and, therefore, not included in the computation of diluted earnings per share during the three- and six- month periods ended June 30, 2019 and July 1, 2018 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Anti-dilutive stock appreciation rights	537	1,043	421	891

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

Stock Repurchases

On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000 shares of the Company's common stock. A total of 2,030 were purchased in 2016. No shares were repurchased under this authorization during 2017, 2018, or during the six months ended June 30, 2019. Accordingly, a total of 2,970 shares remain available for repurchase at June 30, 2019.

The Company frequently repurchases shares of its common stock to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These repurchases, which are not part of a publicly announced plan or program, totaled 151 shares in the six months ended June 30, 2019 at a cost of $8,550, and 87 shares in the six months ended July 1, 2018 at a cost of $4,558.

Dividend Declarations

On April 17, 2019, the Board of Directors declared a regular quarterly dividend of $0.43 per share. This dividend was paid on June 10, 2019 to all shareholders of record as of May 10, 2019.

On July 17, 2019, the Board of Directors declared a regular quarterly dividend of $0.43 per share. This dividend is payable on September 10, 2019 to all shareholders of record as of August 9, 2019.

(Dollars and shares in thousands except per share data)

Note 5: Restructuring and Asset Impairment

The Company has engaged in a number of restructuring actions over the past several years. Actions initiated in 2019 and 2018 are reported as "2019 Actions" and "2018 Actions," respectively. Actions initiated prior to 2018, all of which were substantially complete at June 30, 2019, are reported as "2017 and Earlier Actions."

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

	2019		2018	
	Second Quarter	Six Months	Second Quarter	Six Months
Restructuring/Asset impairment:				
2019 Actions	$ 9,961	$ 16,350	$ —	$ —
2018 Actions	3,202	7,248	2,708	4,915
2017 and Earlier Actions	192	429	859	1,715
Restructuring/Asset impairment charges	13,355	24,027	3,567	6,630
Income tax benefit	(3,307)	(5,945)	(1,046)	(1,731)
Less: Costs attributable to noncontrolling interests, net of tax	(69)	(138)	(15)	(20)
Restructuring/asset impairment charges attributable to Sonoco, net of tax	$ 9,979	$ 17,944	$ 2,506	$ 4,879

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

When recognizable in accordance with GAAP, the Company expects to recognize future additional charges totaling approximately $6,600 in connection with previously announced restructuring actions. The Company believes that the majority of these charges will be incurred and paid by the end of 2019. The Company continually evaluates its cost structure, including its manufacturing capacity, and additional restructuring actions are likely to be undertaken.

2019 Actions

During 2019, the Company announced the elimination of a forming film production line at a flexible packaging facility in the United States, initiated the closure of a composite can and injection molding facility in Germany, and announced the closure of a composite can plant in Malaysia (all part of the Consumer Packaging segment). The Company also exited an integrated material protective packaging facility in Texas (part of the Protective Solutions segment). In addition, approximately 112 positions were eliminated in the first six months of 2019 in conjunction with the Company's ongoing organizational effectiveness efforts.

(Dollars and shares in thousands except per share data)

Below is a summary of 2019 Actions and related expenses by segment and by type incurred and estimated to be incurred through completion.

2019 Actions	Second Quarter 2019	Total Incurred to Date	Estimated Total Cost
Severance and Termination Benefits			
Consumer Packaging	$ 2,866	$ 5,855	$ 10,315
Display and Packaging	57	57	57
Paper and Industrial Converted Products	1,356	$ 1,778	1,778
Protective Solutions	340	681	681
Corporate	196	1,922	1,922
Asset Impairment / Disposal of Assets			
Consumer Packaging	3,884	4,196	4,196
Protective Solutions	130	130	130
Other Costs			
Consumer Packaging	880	1,322	2,889
Display and Packaging	236	391	391
Paper and Industrial Converted Products	13	15	15
Protective Solutions	3	3	3
Total Charges and Adjustments	$ 9,961	$ 16,350	$ 22,377

The following table sets forth the activity in the 2019 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets:

2019 Actions **Accrual Activity** **2019 Year to Date**	Severance and Termination Benefits	Asset Impairment/ Disposal of Assets	Other Costs	Total
Liability at December 31, 2018	$ —	$ —	$ —	$ —
2019 charges	10,293	4,326	1,731	16,350
Cash payments	(5,676)	—	(1,731)	(7,407)
Asset write downs/disposals	—	(4,326)	—	(4,326)
Foreign currency translation	12	—	—	12
Liability at June 30, 2019	$ 4,629	$ —	$ —	$ 4,629

"Asset Impairment/Disposal of Assets" consists primarily of an impairment charge of $3,306 resulting from the elimination of a forming film line at a flexible packaging facility, a $431 loss on the disposal of assets related to the closure of a composite can and injection molding facility in Germany, and a $325 loss on the disposal of assets and inventory relating to the closure of a composite can plant in Malaysia.

“Other Costs” consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance.

The Company expects to pay the majority of the remaining 2019 Actions restructuring costs by the end of 2019 using cash generated from operations.

2018 Actions

During 2018, the Company announced the closure of a flexible packaging plant in North Carolina, a global brand management facility in Canada, and a thermoformed packaging plant in California (all part of the Consumer Packaging segment), five tube and core plants - one in Alabama, one in Canada, one in Indonesia, one in Russia, and one in Norway (all part of the Paper and Industrial Converted Products segment), and a protective packaging plant in North Carolina (part of the Protective Solutions segment). Restructuring actions in the Display and Packaging segment included charges associated with exiting a single-customer contract at a packaging center near Atlanta, Georgia. In addition, approximately 120 positions were eliminated throughout 2018 in conjunction with the Company's ongoing organizational effectiveness efforts.

(Dollars and shares in thousands except per share data)

Below is a summary of 2018 Actions and related expenses by segment and by type incurred and estimated to be incurred through completion.

	2019		2018			
2018 Actions	**Second Quarter**	**Six Months**	**Second Quarter**	**Six Months**		
Severance and Termination Benefits						
Consumer Packaging	$ 195	$ 836	$ 906	$ 1,694	$ 5,535	$ 5,535
Display and Packaging	150	152	556	731	2,092	2,092
Paper and Industrial Converted Products	28	197	301	1,292	3,308	3,308
Protective Solutions	—	(1)	517	776	1,074	1,074
Corporate	—	—	20	243	243	243
Asset Impairment / Disposal of Assets						
Consumer Packaging	1,611	2,618	89	75	5,307	5,307
Display and Packaging	—	87	—	—	4,712	4,712
Paper and Industrial Converted Products	27	253	—	—	371	371
Protective Solutions	—	—	29	(243)	(243)	(243)
Other Costs						
Consumer Packaging	959	2,768	(6)	5	5,158	5,518
Display and Packaging	68	116	3	3	9,966	10,066
Paper and Industrial Converted Products	162	202	293	293	1,963	1,963
Protective Solutions	2	20	—	46	66	66
Corporate	—	—	—	—	(11)	(11)
Total Charges and Adjustments	$ 3,202	$ 7,248	$ 2,708	$ 4,915	$ 39,541	$ 40,001

The following table sets forth the activity in the 2018 Actions restructuring accrual included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets:

2018 Actions **Accrual Activity** **2019 Year to Date**	**Severance and Termination Benefits**	**Asset Impairment/ Disposal of Assets**	**Other Costs**	**Total**
Liability at December 31, 2018	$ 3,194	$ —	$ 179	$ 3,373
2019 charges	1,184	2,958	3,106	7,248
Cash receipts/(payments)	(3,150)	494	(3,175)	(5,831)
Asset write downs/disposals	—	(3,452)	—	(3,452)
Foreign currency translation	1	—	5	6
Liability at June 30, 2019	$ 1,229	$ —	$ 115	$ 1,344

Included in "Asset Impairment/Disposal of Assets" above are asset impairment charges of $1,725 and $909 related to the closures of a flexible packaging plant in North Carolina and a thermoformed packaging plant in California, respectively. Also included are losses totaling $232 related to the sale of fixed assets and inventory associated with the closure of a tube and core plant in Indonesia. The Company received proceeds of $416 from this sale and wrote off assets with a book value totaling $648.

(Dollars and shares in thousands except per share data)

"Other costs" consist primarily of costs related to plant closures including equipment removal, utilities, plant security, property taxes and insurance. The Company expects to pay the majority of the remaining 2018 Actions restructuring costs by the end of 2019 using cash generated from operations.

2017 and Earlier Actions

2017 and Earlier Actions are comprised of a number of plant closures and workforce reductions initiated prior to 2018. Charges for these actions in both 2019 and 2018 primarily relate to the cost of plant closures including severance, equipment removal, plant security, property taxes and insurance.

The Company expects to recognize future pretax charges of approximately $100 associated with 2017 and Earlier Actions.

Below is a summary of expenses/(income) incurred by segment for 2017 and Earlier Actions for the three- and six-month periods ended June 30, 2019 and July 1, 2018.

	2019		2018	
2017 and Earlier Actions	**Second Quarter**	**Six Months**	**Second Quarter**	**Six Months**
Consumer Packaging	$ 92	$ 147	$ 997	$ 1,941
Display and Packaging	—	83	118	(71)
Paper and Industrial Converted Products	14	29	(530)	(674)
Protective Solutions	86	170	274	519
Corporate	—	—	—	—
Total charges, net of adjustments	$ 192	$ 429	$ 859	$ 1,715

The accrual for 2017 and Earlier Actions totaled $1,239 and $4,199 at June 30, 2019 and December 31, 2018, respectively, and is included in "Accrued expenses and other" on the Company's Condensed Consolidated Balance Sheets. The majority of the liability associated with 2017 and Earlier Actions relates to unpaid severance costs and is expected to be paid by the end of 2019 using cash generated from operations.

(Dollars and shares in thousands except per share data)

Note 6: Accumulated Other Comprehensive Loss

The following table summarizes the components of accumulated other comprehensive loss and the changes in the balances of each component of accumulated other comprehensive loss, net of tax as applicable, for the six months ended June 30, 2019 and July 1, 2018:

	Foreign Currency Items	Defined Benefit Pension Items	Gains and Losses on Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at December 31, 2018	$ (251,102)	$ (487,380)	$ (2,431)	$ (740,913)
Other comprehensive income/(loss) before reclassifications	6,721	(5,939)	1,726	2,508
Amounts reclassified from accumulated other comprehensive loss to net income	—	14,902	(242)	14,660
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	(101)	(101)
Other comprehensive income	6,721	8,963	1,383	17,067
Balance at June 30, 2019	$ (244,381)	$ (478,417)	$ (1,048)	$ (723,846)
Balance at December 31, 2017	$ (198,495)	$ (467,136)	$ (641)	$ (666,272)
Other comprehensive income/(loss) before reclassifications	(39,927)	1,068	(1,139)	(39,998)
Amounts reclassified from accumulated other comprehensive loss to net income	—	14,171	(182)	13,989
Amounts reclassified from accumulated other comprehensive loss to fixed assets	—	—	56	56
Other comprehensive income/(loss)	(39,927)	15,239	(1,265)	(25,953)
Amounts reclassified from retained earnings to accumulated other comprehensive loss	—	—	(176)	(176)
Balance at July 1, 2018	$ (238,422)	$ (451,897)	$ (2,082)	$ (692,401)

(Dollars and shares in thousands except per share data)

The following table summarizes the effects on net income of significant amounts reclassified from each component of accumulated other comprehensive loss for the three- and six- month periods ended June 30, 2019 and July 1, 2018:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss — Three Months Ended June 30, 2019	Three Months Ended July 1, 2018	Six Months Ended June 30, 2019	Six Months Ended July 1, 2018	Affected Line Item in the Condensed Consolidated Statements of Income
Gains and losses on cash flow hedges					
Foreign exchange contracts	$ 532	$ (240)	$ 849	$ 570	Net sales
Foreign exchange contracts	(378)	174	(666)	(353)	Cost of sales
Commodity contracts	(319)	68	116	10	Cost of sales
	$ (165)	$ 2	$ 299	$ 227	Income before income taxes
	59	(1)	(57)	(45)	Provision for income taxes
	$ (106)	$ 1	$ 242	$ 182	Net income
Defined benefit pension items					
Effect of settlement loss[a]	$ (225)	$ (645)	$ (1,547)	$ (645)	Non-operating pension costs
Amortization of defined benefit pension items[a]	(9,523)	(8,983)	(18,455)	(18,284)	Non-operating pension costs
	$ (9,748)	$ (9,628)	$ (20,002)	$ (18,929)	Income before income taxes
	2,510	2,419	5,100	4,758	Provision for income taxes
	$ (7,238)	$ (7,209)	$ (14,902)	$ (14,171)	Net income
Total reclassifications for the period	$ (7,344)	$ (7,208)	$ (14,660)	$ (13,989)	Net income

[a] See Note 11 for additional details.

(Dollars and shares in thousands except per share data)

The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the three-month periods ended June 30, 2019 and July 1, 2018:

	Three months ended June 30, 2019			Three months ended July 1, 2018		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Net other comprehensive income/(loss) from foreign currency items	$ 9,573	$ —	$ 9,573	$ (62,480)	$ —	$ (62,480)
Defined benefit pension items:						
Other comprehensive income/(loss) before reclassifications	(6,957)	1,526	(5,431)	2,635	(422)	2,213
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	9,748	(2,510)	7,238	9,628	(2,419)	7,209
Net other comprehensive income/(loss) from defined benefit pension items	2,791	(984)	1,807	12,263	(2,841)	9,422
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	(828)	297	(531)	(3,106)	784	(2,322)
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	165	(59)	106	(2)	1	(1)
Amounts reclassified from accumulated other comprehensive income/(loss) to fixed assets	(56)	—	(56)	11	—	11
Net other comprehensive income/(loss) from cash flow hedges	(719)	238	(481)	(3,097)	785	(2,312)
Other comprehensive income/(loss):	$ 11,645	$ (746)	$ 10,899	$ (53,314)	$ (2,056)	$ (55,370)

(Dollars and shares in thousands except per share data)

The following table summarizes the before and after tax amounts for the various components of other comprehensive income/(loss) for the six-month periods ended June 30, 2019 and July 1, 2018:

	Six months ended June 30, 2019			Six months ended July 1, 2018		
	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount	Before Tax Amount	Tax (Expense) Benefit	After Tax Amount
Foreign currency items:						
Net other comprehensive income/(loss) from foreign currency items	$ 6,721	$ —	$ 6,721	$ (39,927)	$ —	$ (39,927)
Defined benefit pension items:						
Other comprehensive income/(loss) before reclassifications	(7,638)	1,699	(5,939)	1,490	(422)	1,068
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	20,002	(5,100)	14,902	18,929	(4,758)	14,171
Net other comprehensive income/(loss) from defined benefit pension items	12,364	(3,401)	8,963	20,419	(5,180)	15,239
Gains and losses on cash flow hedges:						
Other comprehensive income/(loss) before reclassifications	2,193	(467)	1,726	(1,631)	492	(1,139)
Amounts reclassified from accumulated other comprehensive income/(loss) to net income	(299)	57	(242)	(227)	45	(182)
Amounts reclassified from accumulated other comprehensive income/(loss) to fixed assets	(101)		(101)	56	—	56
Net other comprehensive income/(loss) from cash flow hedges	1,793	(410)	1,383	(1,802)	537	(1,265)
Other comprehensive income/(loss):	$ 20,878	$ (3,811)	$ 17,067	$ (21,310)	$ (4,643)	$ (25,953)

Note 7: Goodwill and Other Intangible Assets

Goodwill

A summary of the changes in goodwill by segment for the six months ended June 30, 2019 is as follows:

	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Goodwill at December 31, 2018	$ 617,332	$ 203,414	$ 256,947	$ 231,474	$ 1,309,167
Foreign currency translation	1,590	—	377	(6)	1,961
Other	(2,461)	—	1,971	—	(490)
Goodwill at June 30, 2019	$ 616,461	$ 203,414	$ 259,295	$ 231,468	$ 1,310,638

Measurement period adjustments were made in the first six months of 2019 to the fair values of the assets acquired and the liabilities assumed in the 2018 acquisitions of Compositub, Highland, and Conitex Sonoco resulting in increases/(decreases) in goodwill of $(566), $(1,895) and $1,971, respectively. These adjustments are reflected above in "Other." See Note 3 for additional information.

The Company assesses goodwill for impairment annually and from time to time when warranted by the facts and circumstances surrounding individual reporting units or the Company as a whole. The Company completed its most recent annual goodwill impairment testing during the third quarter of 2018. As part of this testing, the Company analyzed certain qualitative and quantitative factors in determining goodwill impairment. The Company's assessments reflected a number of significant management assumptions and estimates including discount rates, and the Company's forecast of sales volumes and prices, new business, profit margins, income taxes, capital expenditures and changes in working capital requirements. Changes in these assumptions could materially impact the Company's conclusions. Based on its assessments, the Company concluded that there was no impairment of goodwill for any of its reporting units.

(Dollars and shares in thousands except per share data)

Although no reporting units failed the assessments noted above, in management's opinion, the goodwill of the Display and Packaging reporting unit is at risk of impairment in the near term if operating performance does not continue to improve in line with management's expectations, or if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate. Total goodwill associated with this reporting unit was $203,414 at June 30, 2019. In addition, a large portion of projected sales in the Display and Packaging reporting unit is concentrated in several major customers, the loss of any of which could impact the Company's conclusion regarding the likelihood of goodwill impairment for the unit.

During the time subsequent to the annual evaluation, and at June 30, 2019, the Company considered whether any events and/or changes in circumstances had resulted in the likelihood that the goodwill of any of its reporting units may have been impaired. It is management's opinion that no such events have occurred.

Other Intangible Assets

A summary of other intangible assets as of June 30, 2019 and December 31, 2018 is as follows:

	June 30, 2019	December 31, 2018
Other Intangible Assets, gross:		
Patents	$ 22,496	$ 22,509
Customer lists	550,003	548,038
Trade names	31,166	31,174
Proprietary technology	28,755	28,748
Land use rights	284	282
Other	2,127	2,093
Other Intangible Assets, gross	$ 634,831	$ 632,844
Accumulated Amortization:		
Patents	(10,604)	(9,539)
Customer lists	(268,123)	(246,946)
Trade names	(8,810)	(7,413)
Proprietary technology	(17,077)	(15,400)
Land use rights	(50)	(48)
Other	(1,550)	(1,461)
Total Accumulated Amortization	$ (306,214)	$ (280,807)
Other Intangible Assets, net	$ 328,617	$ 352,037

Measurement period adjustments were made in the first six months of 2019 to the fair values of the assets acquired and the liabilities assumed in the 2018 acquisitions of Compositub and Conitex Sonoco resulting in increases in other intangible assets, primarily customer lists, of $1,888 and $300, respectively.

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

Aggregate amortization expense was $13,098 and $12,401 for the three months ended June 30, 2019 and July 1, 2018, respectively, and $25,890 and $22,603 for the six months ended June 30, 2019 and July 1, 2018, respectively. Amortization expense on other intangible assets is expected to total approximately $51,400 in 2019, $49,000 in 2020, $47,000 in 2021, $44,500 in 2022 and $36,800 in 2023.

(Dollars and shares in thousands except per share data)

Note 8: Debt

On May 17, 2019, the Company entered into a 364-day, $200,000 term loan with Wells Fargo Bank, National Association. The full $200,000 was drawn from this facility on May 20, 2019, and $190,000 of the loan proceeds were used to make voluntary contributions to the Company's U.S. defined benefit pension plans. The unsecured loan has a 364-day term and the Company has a one-time option to request an extension of the term for an additional 364 days if it meets certain conditions. Interest is assessed at the London Interbank Offered Rate (LIBOR) plus a margin based on a pricing grid that uses the Company’s credit ratings. The LIBOR margin at June 30, 2019 was 100 basis points. There is no required amortization and repayment can be accelerated at any time at the discretion of the Company.

Note 9: Financial Instruments and Derivatives

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

	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, net of current portion	$ 1,188,026	$ 1,295,115	$ 1,189,717	$ 1,270,521

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

Cash Flow Hedges

At June 30, 2019 and December 31, 2018, the Company had derivative financial instruments outstanding to hedge anticipated transactions and certain asset and liability related cash flows. These contracts, which have maturities ranging to December 2020, qualify as cash flow hedges under U.S. GAAP. For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings and is presented in the same income statement line item as the earnings effect of the hedged item.

Commodity Cash Flow Hedges

The Company has entered into certain derivative contracts to manage the cost of anticipated purchases of natural gas and aluminum. At June 30, 2019, natural gas swaps covering approximately 6.0 million MMBTUs were outstanding. These contracts represent approximately 74% and 52% of anticipated U.S. and Canadian usage for the remainder of 2019 and 2020, respectively. Additionally, the Company had swap contracts covering 2,041 metric tons of aluminum, representing approximately 51% of anticipated usage for the remainder of 2019. The fair values of the Company’s commodity cash flow hedges netted to a loss position of $(2,351) and $(1,571) at June 30, 2019 and December 31, 2018 respectively. The amount of the loss included in Accumulated Other Comprehensive Loss at June 30, 2019, that is expected to be reclassified to the income statement during the next twelve months is $(2,050).

Foreign Currency Cash Flow Hedges

The Company has entered into forward contracts to hedge certain anticipated foreign currency denominated sales, purchases, and capital spending forecast to occur in 2019. The net positions of these contracts at June 30, 2019 were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	8,090,286
Mexican peso	purchase	355,994
Canadian dollar	purchase	31,576
Polish zloty	purchase	25,074
Czech koruna	purchase	23,587
Turkish lira	purchase	3,311
British pound	purchase	333
Swedish krona	sell	(1,010)
Euro	sell	(6,995)
Russian ruble	sell	(113,055)

The fair value of foreign currency cash flow hedges related to forecasted sales and purchases netted to a gain position of $872 at June 30, 2019 and a loss position of $(1,624) at December 31, 2018. Gains of $872 are expected to be reclassified from accumulated other comprehensive income to the income statement during the next twelve months. In addition, the Company has entered into forward contracts to hedge certain foreign currency cash flow transactions related to construction in progress. As of June 30, 2019 and at December 31, 2018, the net position of these contracts were $(7) and $(88), respectively. During the six months ended June 30, 2019, losses from these hedges totaling $(101) were reclassified from accumulated other comprehensive income and included in the carrying value of the related fixed assets acquired. Losses of $(7) are expected to be reclassified from accumulated other comprehensive income and included in the carrying value of the related fixed assets acquired during the next twelve months.

Other Derivatives

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

The net positions of these contracts at June 30, 2019, were as follows (in thousands):

Currency	Action	Quantity
Colombian peso	purchase	10,371,390
Mexican peso	purchase	407,604
Canadian dollar	purchase	18,608
South African rand	sell	(7,000)

The fair value of the Company’s other derivatives was a gain position of $687 and $166 at June 30, 2019 and December 31, 2018, respectively.

(Dollars and shares in thousands except per share data)

The following table sets forth the location and fair values of the Company's derivative instruments at June 30, 2019 and December 31, 2018:

Description	Balance Sheet Location	June 30, 2019	December 31, 2018
Derivatives designated as hedging instruments:			
Commodity Contracts	Prepaid expenses	$ —	$ 282
Commodity Contracts	Accrued expenses and other	$ (2,131)	$ (1,843)
Commodity Contracts	Other liabilities	$ (220)	$ (10)
Foreign Exchange Contracts	Prepaid expenses	$ 1,238	$ 770
Foreign Exchange Contracts	Accrued expenses and other	$ (373)	$ (2,482)
Derivatives not designated as hedging instruments:			
Foreign Exchange Contracts	Prepaid expenses	$ —	$ 727
Foreign Exchange Contracts	Other assets	$ 696	$ —
Foreign Exchange Contracts	Accrued expenses and other	$ (9)	$ (561)

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

The following tables set forth the effect of the Company's derivative instruments on financial performance for the three months ended June 30, 2019 and July 1, 2018:

Description	Amount of Gain or (Loss) Recognized in OCI on Derivatives	Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income
Derivatives in Cash Flow Hedging Relationships:			
Three months ended June 30, 2019			
Foreign Exchange Contracts	$ 928	Net sales	$ 532
		Cost of sales	$ (378)
Commodity Contracts	$ (1,756)	Cost of sales	$ (319)
Three months ended July 1, 2018			
Foreign Exchange Contracts	$ (4,407)	Net sales	$ (240)
		Cost of sales	$ 174
Commodity Contracts	$ 1,301	Cost of sales	$ 68

Description	Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:		
Three months ended June 30, 2019		
Foreign Exchange Contracts	$ —	Cost of sales
	$ 893	Selling, general and administrative
Three months ended July 1, 2018		
Foreign Exchange Contracts	$ —	Cost of sales
	$ 1,270	Selling, general and administrative

(Dollars and shares in thousands except per share data)

Description	Three months ended June 30, 2019 Revenue	Three months ended June 30, 2019 Cost of sales	Three months ended July 1, 2018 Revenue	Three months ended July 1, 2018 Cost of sales
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$ 532	$ (697)	$ (240)	$ 242
The effects of cash flow hedging:				
Gain or (loss) on cash flow hedging relationships in Subtopic 815-20:				
Foreign exchange contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ 532	$ (378)	$ (240)	$ 174
Commodity contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ —	$ (319)	$ —	$ 68

The following tables set forth the effect of the Company's derivative instruments on financial performance for the six months ended June 30, 2019 and July 1, 2018:

Description	Amount of Gain or (Loss) Recognized in OCI on Derivatives	Location of Gain or (Loss) Reclassified from Accumulated OCI Into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI Into Income
Derivatives in Cash Flow Hedging Relationships:			
Six months ended June 30, 2019			
Foreign Exchange Contracts	$ 2,858	Net sales	$ 849
		Cost of sales	$ (666)
Commodity Contracts	$ (664)	Cost of sales	$ 116
Six months ended July 1, 2018			
Foreign Exchange Contracts	$ (2,761)	Net sales	$ 570
		Cost of sales	$ (353)
Commodity Contracts	$ 1,130	Cost of sales	$ 10

Description	Gain or (Loss) Recognized	Location of Gain or (Loss) Recognized in Income Statement
Derivatives not Designated as Hedging Instruments:		
Six months ended June 30, 2019		
Foreign Exchange Contracts	$ —	Cost of sales
	$ (571)	Selling, general and administrative
Six months ended July 1, 2018		
Foreign Exchange Contracts	$ —	Cost of sales
	$ 2,024	Selling, general and administrative

(Dollars and shares in thousands except per share data)

Description	Six months ended June 30, 2019 Revenue	Six months ended June 30, 2019 Cost of sales	Six months ended July 1, 2018 Revenue	Six months ended July 1, 2018 Cost of sales
Total amount of income and expense line items presented in the Condensed Consolidated Statements of Income	$ 849	$ (550)	$ 570	$ (343)
The effects of cash flow hedging:				
Gain or (loss) on cash flow hedging relationships in Subtopic 815-20:				
Foreign exchange contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ 849	$ (666)	$ 570	$ (353)
Commodity contracts:				
Amount of gain or (loss) reclassified from accumulated other comprehensive income into net income	$ —	$ 116	$ —	$ 10

Note 10: Fair Value Measurements

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

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

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

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

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

Description	June 30, 2019	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ (2,351)	$ —	$ —	$ (2,351)	$ —
Foreign exchange contracts	$ 865	$ —	$ —	$ 865	$ —
Non-hedge derivatives, net:					
Foreign exchange contracts	$ 687	$ —	$ —	$ 687	$ —
Deferred compensation plan assets	$ 135	$ —	$ 135	$ —	$ —

Description	December 31, 2018	Assets measured at NAV	Level 1	Level 2	Level 3
Hedge derivatives, net:					
Commodity contracts	$ (1,571)	$ —	$ —	$ (1,571)	$ —
Foreign exchange contracts	$ (1,712)	$ —	$ —	$ (1,712)	$ —
Non-hedge derivatives, net:					
Foreign exchange contracts	$ 166	$ —	$ —	$ 166	$ —
Deferred compensation plan assets	$ 260	$ —	$ 260	$ —	$ —

(Dollars and shares in thousands except per share data)

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

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

The Company does not currently have any non-financial assets or liabilities that are recognized or disclosed at fair value on a recurring basis. None of the Company's financial assets or liabilities are measured at fair value using significant unobservable inputs. There were no transfers in or out of Level 1 or Level 2 fair value measurements during the three- and six-month periods ended June 30, 2019.

Note 11: Employee Benefit Plans

Retirement Plans and Retiree Health and Life Insurance Plans

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

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

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

The components of net periodic benefit cost include the following:

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Retirement Plans				
Service cost	$ 962	$ 4,478	$ 1,903	$ 9,150
Interest cost	15,100	13,573	30,043	27,551
Expected return on plan assets	(19,232)	(22,580)	(38,329)	(45,789)
Amortization of prior service cost	216	242	430	491
Amortization of net actuarial loss	9,646	9,162	18,680	18,582
Effect of settlement loss	225	645	1,547	645
Net periodic benefit cost	$ 6,917	$ 5,520	$ 14,274	$ 10,630
Retiree Health and Life Insurance Plans				
Service cost	$ 78	$ 70	$ 152	$ 149
Interest cost	113	110	231	221
Expected return on plan assets	(179)	(218)	(356)	(690)
Amortization of prior service credit	(124)	(123)	(247)	(249)
Amortization of net actuarial gain	(215)	(298)	(408)	(540)
Net periodic benefit income	$ (327)	$ (459)	$ (628)	$ (1,109)

The Company made aggregate contributions of $199,006 to its defined benefit retirement and retiree health and life insurance plans during the six months ended June 30, 2019, including voluntary contributions to its U.S. defined benefit pension plans (the "Plans") totaling $190,000 in May 2019. This voluntary contribution was followed by actions to further de-risk the Plan's portfolio by increasing the allocation of pension assets to fixed-income investments. The Company expects to make additional aggregate contributions of approximately $17,100 to its defined benefit retirement and retiree health and life insurance plans over the remainder of 2019, including an additional $10,000 voluntary contribution to the Plans. The Company made aggregate contributions of $9,995 to its defined benefit retirement and retiree health and life insurance plans during the six months ended July 1, 2018.

The Company recognized settlement charges totaling $1,547 and $645 during the six months ended June 30, 2019 and July 1, 2018, respectively. These charges resulted from payments made to certain participants of the Company's Canadian pension plan who elected a lump sum option of distribution upon retirement.

Pending Plan Termination

On July 17, 2019, subsequent to the end of the second quarter, the Company's Board of Directors approved a resolution to terminate the Sonoco Pension Plan for Inactive Participants, a tax-qualified defined benefit plan (the "Inactive Plan"), effective September 30, 2019. Once approval is received from the Internal Revenue Service and the Pension Benefit Guaranty Corporation, and following completion of the limited lump-sum offering, the Company is expected to settle all remaining liabilities under the Inactive Plan in 2020 through the purchase of annuity contracts. The Company anticipates making additional contributions to the Inactive Plan beginning in 2020 of between $75,000 and $125,000 in order to be fully funded on a termination basis at the time of the annuity purchase. However, the actual amount of the Company's long-term liability when it is transferred, and the related cash contribution requirement, will depend upon the nature and timing of participant settlements, as well as prevailing market conditions. Non-cash settlement charges resulting from the lump sum payouts and annuity purchases are expected to range between $525,000 and $575,000. The termination of the Inactive Plan will apply to participants who have separated service from Sonoco and to non-union active employees who no longer accrue pension benefits. There is no change in the cumulative benefit previously earned by the approximately 11,000 impacted participants as a result of these actions, and the Company will continue to manage and support the Sonoco Pension Plan, comprised of approximately 600 active participants who continue to accrue benefits in accordance with a flat-dollar multiplier formula.

Sonoco Retirement Contribution (SRC)

SRC contributions, which are funded annually in the first quarter, totaled $14,573 during the six months ended June 30, 2019, and $14,151 during the six months ended July 1, 2018. No additional SRC contributions are expected during the remainder of 2019. The Company recognized expense related to the SRC of $5,830 and $3,855 for the quarters ended June 30, 2019 and July 1, 2018, respectively, and $12,097 and $7,887 for the six-month periods ended June 30, 2019 and July 1, 2018, respectively.

Note 12: Income Taxes

The Company’s effective tax rate for the three- and six-month periods ending June 30, 2019 was 26.3% and 25.1%, respectively, and its effective tax rate for the three- and six-month periods ending July 1, 2018 was 26.1% and 25.2%, respectively. The rates for the three- and six-month periods ending June 30, 2019 and July 1, 2018 varied from the U.S. statutory rate due primarily to the effect of the Global Intangible Low Taxed Income (GILTI) tax as well as the effect of state income taxes.

The Company and/or its subsidiaries file federal, state and local income tax returns in the United States and various foreign jurisdictions. The Company is currently under audit for the 2012 and 2013 tax years and has entered the appeals process with the Internal Revenue Service. Other than the aforementioned audit, with few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years prior to 2015.

The Company’s reserve for uncertain tax benefits has increased by approximately $600 since December 31, 2018, due primarily to an increase in reserves related to existing uncertain tax positions. The Company believes that it is reasonably possible that the amount reserved for unrecognized tax benefits at June 30, 2019 could decrease by approximately $2,800 over the next twelve months. This change includes the anticipated increase in reserves related to existing positions offset by settlements of issues currently under examination and the release of existing reserves due to the expiration of the statute of limitations. Although the Company's estimate for the potential outcome for any uncertain tax issue is highly judgmental, management believes that any reasonably foreseeable outcomes related to these matters have been adequately provided for. However, future results may include favorable or unfavorable adjustments to estimated tax liabilities in the period the assessments are made or resolved or when statutes of limitation on potential assessments expire. Additionally, the jurisdictions in which earnings or deductions are realized may differ from current estimates. As a result, the Company's effective tax rate may fluctuate significantly on a quarterly basis. The Company has operations and pays taxes in many countries outside of the U.S. and taxes on those earnings are subject to varying rates. The Company is not dependent upon the favorable benefit of any one jurisdiction to an extent that the loss of such benefit would have a material effect on the Company's overall effective tax rate.

As previously disclosed, the Company received a draft Notice of Proposed Adjustment ("NOPA") from the Internal Revenue Service (IRS) in February 2017 proposing an adjustment to income for the 2013 tax year based on the IRS's recharacterization of a distribution of an intercompany note made in 2012, and the subsequent repayment of the note over the course of 2013, as if it were a cash distribution made in 2013. In March 2017, the Company received a draft NOPA proposing penalties of $18,000 associated with the IRS's recharacterization, as well as an Information Document Request ("IDR") requesting the Company's analysis of why such penalties should not apply. The Company responded to this IDR in April 2017. On October 5, 2017, the Company received two revised draft NOPAs proposing the same adjustments and penalties as in the prior NOPAs. On November 14, 2017, the Company received two final NOPAs proposing the same adjustments and penalties as in the prior draft NOPAs. On November 20, 2017, the Company received a Revenue Agent's Report ("RAR") that included the same adjustments and penalties as in the prior NOPAs. At the time of the distribution in 2012, it was characterized as a dividend to the extent of earnings and profits, with the remainder as a tax free return of basis and taxable capital gain. As the IRS proposes to recharacterize the distribution, the entire distribution would be characterized as a dividend. The incremental tax liability associated with the income adjustment proposed in the RAR would be approximately $89,000, excluding interest and the previously referenced penalties. On January 22, 2018, the Company filed a protest to the proposed deficiency with the IRS. The Company received a rebuttal of its protest from the IRS on July 10, 2018, and the matter has now been referred to the Appeals Division of the IRS. The Company had a pre-conference hearing with IRS Appeals during the second quarter of 2019. The Company strongly believes the position of the IRS with regard to this matter is inconsistent with applicable tax laws and existing Treasury regulations, and that the Company's previously reported income tax provision for the year in question is appropriate. However, there can be no assurance that this matter will be resolved in the Company's favor. Regardless of whether the matter is resolved in the Company's favor, the final resolution of this matter could be expensive and time consuming to defend and/or settle. While the Company believes that the amount of tax originally paid with respect to this distribution is correct, and accordingly has not provided additional reserve for tax uncertainty, there is still a possibility that an adverse outcome of the matter could have a material effect on its results of operations and financial condition.

(Dollars and shares in thousands except per share data)

Note 13: Leases

The Company routinely enters into leasing arrangements for real estate (including manufacturing facilities, office space, warehouses, and packaging centers), transportation equipment (automobiles, forklifts, and trailers), and office equipment (copiers and postage machines). The assessment of the certainty associated with the exercise of various lease renewal, termination, and purchase options included in the Company's lease contracts is at the Company's sole discretion. Most real estate leases, in particular, include one or more options to renew, with renewal terms that can extend the lease term from one to 50 years. The Company's leases do not have any significant residual value guarantees or restrictive covenants.

As the implicit rate in the Company's leases is not readily determinable, the Company calculates its right of use lease liabilities using discount rates based upon the Company’s incremental secured borrowing rate, which contemplates and reflects a particular geographical region’s interest rate for the leases active within that region of the Company’s global operations. The Company further utilizes a portfolio approach by assigning a “short” rate to contracts with lease terms of 10 years or less and a “long” rate for contracts greater than 10 years. See Note 2 for further information regarding the Company's adoption of ASU 2016-02, "Leases."

The following table sets forth the balance sheet location and values of the Company’s lease assets and lease liabilities at June 30, 2019:

Classification	Balance Sheet Location	June 30, 2019
Lease Assets		
Operating lease assets	Right of Use Asset - Operating Leases	$ 304,655
Finance lease assets	Other Assets	20,275
Total lease assets		324,930
Lease Liabilities		
Current operating lease liabilities	Accrued expenses and other	55,210
Current finance lease liabilities	Notes payable and current portion of debt	9,508
Total current lease liabilities		64,718
Noncurrent operating lease liabilities	Noncurrent Operating Lease Liabilities	258,549
Noncurrent finance lease liabilities	Long-term Debt, Net of Current Portion	9,563
Total noncurrent lease liabilities		268,112
Total lease liabilities		$ 332,830

As of June 30, 2019, the Company has entered into additional leases that have not yet commenced. The associated contracts include payments over the respective lease terms totaling $573, which are not reflected in the Company's liabilities recorded as of June 30, 2019. These leases will commence during fiscal year 2019 with lease terms of approximately 3 years.

(Dollars and shares in thousands except per share data)

Certain of the Company's leases include variable costs. Variable costs include lease payments that were volume or usage-driven in accordance with the use of the underlying asset, and also non-lease components that were incurred based upon actual terms rather than contractually fixed amounts. In addition, variable costs are incurred for lease payments that are indexed to a change in rate or index. Because the right of use asset recorded on the balance sheet was determined based upon factors considered at the commencement date, subsequent changes in the rate or index that were not contemplated in the right of use asset balances recorded on the balance sheet result in variable expenses being incurred when paid during the lease term.

The following table sets forth the components of the Company's total lease cost for the three- and six-month periods ended June 30, 2019:

Lease Cost		**Three Months Ended June 30, 2019**	**Six Months Ended June 30, 2019**
Operating lease cost	(a)	$ 15,771	$ 31,316
Finance lease cost:			
Amortization of lease asset	(a) (b)	2,053	4,122
Interest on lease liabilities	(c)	245	521
Variable lease cost	(a) (d)	7,791	16,969
Total lease cost		$ 25,860	$ 52,928

(a) Production-related and administrative amounts are included in cost of sales and selling, general and administrative expenses, respectively.
(b) Included in depreciation and amortization.

(c) Included in interest expense.

(d) Also includes short term lease costs, which are deemed immaterial.

In compliance with ASC 842, the Company must provide the prior year disclosures required under the previous lease guidance (ASC 840) for comparative periods presented herein. Rental expense under operating leases for the three- and six-month periods ended July 1, 2018 was $19,399 and $38,300, respectively.

The following table sets forth the five-year maturity schedule of the Company's lease liabilities as of June 30, 2019:

Maturity of Lease Liabilities	**Operating Leases**	**Finance Leases**	**Total**
2019 (excluding six months ended June 30, 2019)	$ 30,472	$ 5,031	$ 35,503
2020	54,945	8,723	63,668
2021	47,075	3,165	50,240
2022	41,259	1,644	42,903
2023	37,895	994	38,889
Beyond 2023	188,730	843	189,573
Total lease payments	$ 400,376	$ 20,400	$ 420,776
Less: Interest	86,617	1,329	87,946
Lease Liabilities	$ 313,759	$ 19,071	$ 332,830

(Dollars and shares in thousands except per share data)

As presented in our 2018 Form 10-K (under ASC 840), the future minimum rentals under noncancellable operating leases with terms of more than one year, payable over the remaining lives of the leases at December 31, 2018, were as follows:

Period	Minimum Future Rental Commitments
2019	$ 48,200
2020	41,700
2021	32,500
2022	27,300
2023	21,400
Beyond 2023	92,300

The following tables set forth the Company's weighted average remaining lease term and discount rates used in the calculation of its outstanding lease liabilities June 30, 2019, along with other lease-related information for the three months ended June 30, 2019:

Lease Term and Discount Rate	As of June 30, 2019
Weighted-average remaining lease term (years):	
Operating leases	11.2
Finance leases	2.8
Weighted-average discount rate:	
Operating leases	4.92%
Finance leases	5.08%

Other Information	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used by operating leases	$ 31,482
Operating cash flows used by finance leases	$ 521
Financing cash flows used by finance leases	$ 4,575
Leased assets obtained in exchange for new operating lease liabilities	$ 8,820
Leased assets obtained in exchange for new finance lease liabilities	$ 104

(Dollars and shares in thousands except per share data)

Note 14: Revenue Recognition

The Company has rebate agreements with certain customers. These rebates are recorded as reductions of sales and are accrued using sales data and rebate percentages specific to each customer agreement. Accrued customer rebates are included in "Accrued expenses and other" in the Company's Condensed Consolidated Balance Sheets.

Payment terms under the Company's sales arrangements are short term, generally no longer than 120 days. The Company does provide prompt payment discounts to certain customers if invoices are paid within a predetermined period. Prompt payment discounts are treated as a reduction of revenue and are determinable within a short period of the sale.

The following table sets forth information about receivables, contract assets, and liabilities from contracts with customers. Contract assets and liabilities are reported in "Other receivables" and "Accrued expenses and other," respectively, on the Condensed Consolidated Balance Sheets.

	June 30, 2019	December 31, 2018
Contract Assets	$ 53,085	$ 48,786
Contract Liabilities	$ (18,074)	$ (18,533)

Significant changes in the contract assets and liabilities balances during the period were as follows:

	June 30, 2019		December 31, 2018	
	Contract Asset	Contract Liability	Contract Asset	Contract Liability
Beginning Balance	$ 48,786	$ (18,533)	$ 45,877	$ (17,736)
Revenue deferred or rebates accrued	—	(16,458)	—	(19,730)
Recognized as revenue		3,091		1,652
Rebates paid to customers	—	13,826	—	17,281
Increases due to rights to consideration for customer specific goods produced, but not billed during the period	54,570	—	48,786	—
Transferred to receivables from contract assets recognized at the beginning of the period	(50,271)	—	(45,877)	—
Ending Balance	$ 53,085	$ (18,074)	$ 48,786	$ (18,533)

Contract assets and liabilities are generally short in duration given the nature of products produced by the Company. Contract assets represents goods produced without alternative use for which the Company is entitled to payment with margin prior to shipment. Upon shipment, the Company is entitled to bill the customer, and therefore amounts included in contract assets will be reduced with the recording of an account receivable as they represent an unconditional right to payment. Contract liabilities represent revenue deferred due to pricing mechanisms utilized by the Company in certain multi-year arrangements, volume rebates, and payments received in advance. For multi-year arrangements with pricing mechanisms, the Company will generally defer revenue during the first half of the arrangement, and will release the deferral over the back half of the contract term. The Company's reportable segments are aligned by product nature as disclosed in Note 15.

(Dollars and shares in thousands except per share data)

The following tables set forth information about revenue disaggregated by primary geographic regions, and timing of revenue recognition for the three-month periods ended June 30, 2019 and July 1, 2018. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Three months ended June 30, 2019	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 436,896	$ 62,097	$ 268,890	$ 104,058	$ 871,941
Europe	99,007	71,564	87,958	5,595	264,124
Canada	28,839	—	29,903	—	58,742
Asia Pacific	17,445	—	69,588	516	87,549
Other	20,563	1,172	34,989	20,641	77,365
Total	$ 602,750	$ 134,833	$ 491,328	$ 130,810	$ 1,359,721
Timing of Revenue Recognition:					
Products transferred at a point in time	$ 343,324	$ 60,450	$ 472,363	$ 111,208	$ 987,345
Products transferred over time	259,426	74,383	18,965	19,602	372,376
Total	$ 602,750	$ 134,833	$ 491,328	$ 130,810	$ 1,359,721

Three months ended July 1, 2018	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 446,573	$ 69,180	$ 279,752	$ 103,777	$ 899,282
Europe	101,953	72,377	90,398	6,816	271,544
Canada	30,595	—	33,762	—	64,357
Asia Pacific	16,713	—	35,689	903	53,305
Other	20,228	1,703	34,536	21,418	77,885
Total	$ 616,062	$ 143,260	$ 474,137	$ 132,914	$ 1,366,373
Timing of Revenue Recognition[1]:					
Products transferred at a point in time	$ 376,406	$ 68,324	$ 452,576	$ 109,636	$ 1,006,942
Products transferred over time	239,656	74,936	21,561	23,278	359,431
Total	$ 616,062	$ 143,260	$ 474,137	$ 132,914	$ 1,366,373

(Dollars and shares in thousands except per share data)

The following tables set forth information about revenue disaggregated by primary geographic regions, and timing of revenue recognition for the six-month periods ended June 30, 2019 and July 1, 2018. The tables also include a reconciliation of disaggregated revenue with reportable segments.

Six months ended June 30, 2019	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 853,296	$ 127,659	$ 537,456	$ 205,236	$ 1,723,647
Europe	207,219	141,807	178,663	11,462	539,151
Canada	56,139	—	62,736	—	118,875
Asia	33,358	—	138,648	1,436	173,442
Other	42,454	2,921	69,862	41,074	156,311
Total	$ 1,192,466	$ 272,387	$ 987,365	$ 259,208	$ 2,711,426
Timing of Revenue Recognition:					
Products transferred at a point in time	$ 671,820	$ 128,826	$ 951,843	$ 219,105	$ 1,971,594
Products transferred over time	520,646	143,561	35,522	40,103	739,832
Total	$ 1,192,466	$ 272,387	$ 987,365	$ 259,208	$ 2,711,426

Six months ended July 1, 2018	Consumer Packaging	Display and Packaging	Paper and Industrial Converted Products	Protective Solutions	Total
Primary Geographical Markets:					
United States	$ 844,559	$ 143,064	$ 545,464	$ 205,848	$ 1,738,935
Europe	209,017	138,322	183,253	13,605	544,197
Canada	58,301	—	66,635	—	124,936
Asia	33,203	—	70,998	1,891	106,092
Other	40,834	4,532	68,440	42,594	156,400
Total	$ 1,185,914	$ 285,918	$ 934,790	$ 263,938	$ 2,670,560
Timing of Revenue Recognition[1]:					
Products transferred at a point in time	$ 712,113	$ 142,898	$ 893,667	$ 221,435	$ 1,970,113
Products transferred over time	473,801	143,020	41,123	42,503	700,447
Total	$ 1,185,914	$ 285,918	$ 934,790	$ 263,938	$ 2,670,560

[1] The Company has revised the amounts from those previously reported in 2018 to reflect corrections in the classification of revenue between "Products transferred at a point in time" and "Products transferred over time" for the Consumer Packaging and Display and Packaging reportable segments.

(Dollars and shares in thousands except per share data)

Revised disclosures for the three- and nine-month periods ended September 30, 2018 and year ended December 31, 2018 are presented below:

	Consumer Packaging			Display and Packaging		
	As Originally Reported	Adjustment	As Revised	As Originally Reported	Adjustment	As Revised
Products transferred at a point in time						
Three months ended September 30, 2018	$ 368,709	$ (10,476)	$ 358,233	$ 124,437	$ (45,198)	$ 79,239
Nine months ended September 30, 2018	1,101,125	(30,779)	1,070,346	325,313	(103,176)	222,137
Year ended December 31, 2018	1,440,662	(41,837)	1,398,825	248,034	41,837	289,871
Products transferred over time						
Three months ended September 30, 2018	$ 231,445	$ 10,476	$ 241,921	$ 40,727	$ 45,198	$ 85,925
Nine months ended September 30, 2018	684,943	30,779	715,722	125,769	103,176	228,945
Year ended December 31, 2018	919,337	41,837	961,174	344,275	(41,837)	302,438

(Dollars and shares in thousands except per share data)

Note 15: Segment Reporting

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

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

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

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

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

The following table sets forth net sales, intersegment sales and operating profit for the Company's reportable segments. "Segment operating profit" is defined as the segment's portion of "Operating profit" excluding restructuring charges, asset impairment charges, acquisition-related costs, and certain other items, if any, the exclusion of which the Company believes improves comparability and analysis of the financial performance of the business. General corporate expenses have been allocated as operating costs to each of the Company's reportable segments.

SEGMENT FINANCIAL INFORMATION

	Three Months Ended		Six Months Ended	
	June 30, 2019	**July 1, 2018**	**June 30, 2019**	**July 1, 2018**
Net sales:				
Consumer Packaging	$ 602,750	$ 616,062	$ 1,192,466	$ 1,185,914
Display and Packaging	134,833	143,260	272,387	285,918
Paper and Industrial Converted Products	491,328	474,137	987,365	934,790
Protective Solutions	130,810	132,914	259,208	263,938
Consolidated	$ 1,359,721	$ 1,366,373	$ 2,711,426	$ 2,670,560
Intersegment sales:				
Consumer Packaging	$ 1,122	$ 1,122	$ 2,043	$ 1,861
Display and Packaging	1,114	624	2,281	1,162
Paper and Industrial Converted Products	31,535	33,433	65,189	67,976
Protective Solutions	363	282	825	855
Consolidated	$ 34,134	$ 35,461	$ 70,338	$ 71,854
Operating profit:				
Segment operating profit:				
Consumer Packaging	$ 62,942	$ 63,670	$ 125,057	$ 124,758
Display and Packaging	5,889	(570)	12,343	1,162
Paper and Industrial Converted Products	61,229	61,542	109,616	101,323
Protective Solutions	14,275	13,626	25,279	24,306
Restructuring/Asset impairment charges	(13,355)	(3,567)	(24,027)	(6,630)
Other, net	(1,212)	(2,839)	(1,612)	(2,959)
Consolidated	$ 129,768	$ 131,862	$ 246,656	$ 241,960

Note 16: Commitments and Contingencies

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

Environmental Matters

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

Spartanburg

In connection with its acquisition of Tegrant in November 2011, the Company identified potential environmental contamination at a site in Spartanburg, South Carolina. The total remediation cost of the Spartanburg site was estimated to be $17,400 at the time of acquisition and an accrual in this amount was recorded on Tegrant’s opening balance sheet. Since the acquisition, the Company has spent a total of $1,510 on remediation of the Spartanburg site. During previous years, the Company has increased its reserves for this site by a total of $17 in order to reflect its best estimate of what it is likely to pay in order to complete the remediation. At June 30, 2019 and December 31, 2018, the Company's accrual for environmental contingencies related to the Spartanburg site totaled $15,907 and $15,964, respectively. The Company cannot currently estimate its potential liability, damages or range of potential loss, if any, beyond the amounts accrued with respect to this exposure. However, the Company does not believe that the resolution of this matter has a reasonable possibility of having a material adverse effect on the Company's financial statements.

Other environmental matters

The Company has been named as a potentially responsible party at several other environmentally contaminated sites. All of the sites are also the responsibility of other parties. The potential remediation liabilities are shared with such other parties, and, in most cases, the Company’s share, if any, cannot be reasonably estimated at the current time. However, the Company does not believe that the resolution of these matters has a reasonable possibility of having a material adverse effect on the Company's financial statements. At June 30, 2019 and December 31, 2018, the Company's accrual for these other sites totaled $3,946 and $4,136, respectively.

Summary

As of June 30, 2019 and December 31, 2018, the Company (and its subsidiaries) had accrued $19,853 and $20,100, respectively, related to environmental contingencies. These accruals are included in “Accrued expenses and other” on the Company’s Condensed Consolidated Balance Sheets.

Other Legal Matters

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

Report of Independent Registered Public Accounting Firm

To the Board of Directors and shareholders of Sonoco Products Company,

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Sonoco Products Company and its subsidiaries (the "Company") as of June 30, 2019, and the related condensed consolidated statements of income, comprehensive income, and changes in total equity for the three-month and six month periods ended June 30, 2019 and July 1, 2018, and the condensed consolidated statement of cash flows for the six-month periods ended June 30, 2019 and July 1, 2018, including the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2018, and the related consolidated statements of income, comprehensive income, changes in total equity and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2019, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/PricewaterhouseCoopers LLP
Charlotte, North Carolina
July 31, 2019

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

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

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

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

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

- *competitive pressures, including new product development, industry overcapacity, customer and supplier consolidation, and changes in competitors' pricing for products;*
- *ability to maintain or increase productivity levels, contain or reduce costs, and maintain positive price/cost relationships;*
- *ability to negotiate or retain contracts with customers, including in segments with concentration of sales volume;*
- *ability to improve margins and leverage cash flows and financial position;*
- *continued strength of our paperboard-based tubes and cores and composite can operations;*
- *ability to manage the mix of business to take advantage of growing markets while reducing cyclical effects of some of the Company's existing businesses on operating results;*
- *ability to maintain innovative technological market leadership and a reputation for quality;*
- *ability to attract and retain talented and qualified employees, managers and executives;*
- *ability to profitably maintain and grow existing domestic and international business and market share;*
- *ability to expand geographically and win profitable new business;*
- *ability to identify and successfully close suitable acquisitions at the levels needed to meet growth targets, and successfully integrate newly acquired businesses into the Company's operations;*
- *the costs, timing and results of restructuring activities;*
- *availability of credit to us, our customers and suppliers in needed amounts and on reasonable terms;*
- *effects of our indebtedness on our cash flow and business activities;*
- *fluctuations in interest rates and our borrowing costs;*
- *fluctuations in obligations and earnings of pension and postretirement benefit plans;*
- *accuracy of assumptions underlying projections of benefit plan obligations and payments, valuation of plan assets, and projections of long-term rates of return;*
- *cost of employee and retiree medical, health and life insurance benefits;*
- *resolution of income tax contingencies;*
- *foreign currency exchange rate fluctuations, interest rate and commodity price risk and the effectiveness of related hedges;*
- *changes in U.S. and foreign tariffs, tax rates, and tax laws, regulations, interpretations and implementation thereof;*
- *challenges and assessments from tax authorities resulting from differences in interpretation of tax laws, including income, sales and use, property, value added, employment and other taxes;*
- *accuracy in valuation of deferred tax assets;*
- *accuracy of assumptions underlying projections related to goodwill impairment testing, and accuracy of management's assessment of goodwill impairment;*
- *accuracy of assumptions underlying fair value measurements, accuracy of management's assessments of fair value and fluctuations in fair value;*
- *ability to maintain effective internal controls over financial reporting;*
- *liability for and anticipated costs of resolution of legal proceedings;*
- *liability for and anticipated costs of environmental remediation actions;*
- *effects of environmental laws and regulations;*
- *operational disruptions at our major facilities;*
- *failure or disruptions in our information technologies;*
- *failure of third party transportation providers to deliver our products to our customers or to deliver raw materials to us;*
- *substantially lower than normal crop yields;*
- *loss of consumer or investor confidence;*
- *ability to protect our intellectual property rights;*
- *changes in laws and regulations relating to packaging for food products and foods packaged therein, other actions and public concerns about products packaged in our containers, or chemicals or substances used in raw materials or in the manufacturing process;*
- *changing climate, climate change regulations and greenhouse gas effects;*
- *actions of domestic or foreign government agencies and other changes in laws and regulations affecting the Company and increased costs of compliance;*
- *international, national and local economic and market conditions and levels of unemployment;*
- *anticipated impact on our operations of Brexit; and*
- *economic disruptions resulting from terrorist activities and natural disasters.*

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

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

COMPANY OVERVIEW

Sonoco is a leading provider of consumer packaging, industrial products, protective packaging and packaging supply chain services, with approximately 310 locations in 36 countries.

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

Second Quarter 2019 Compared with Second Quarter 2018

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

Measures calculated and presented in accordance with generally accepted accounting principles are referred to as GAAP financial measures. The following tables reconcile the Company’s non-GAAP financial measures to their most directly comparable GAAP financial measures in the Company’s Condensed Consolidated Statements of Income for each of the periods presented. These non-GAAP financial measures (referred to as “Base”) are the GAAP measures adjusted to exclude (dependent upon the applicable period) restructuring charges, asset impairment charges, acquisition/disposition-related costs, specifically identified tax adjustments, non-operating pension costs/income and certain other items, if any, the exclusion of which the Company believes improves comparability and analysis of the underlying financial performance of the business. More information about the Company's use of Non-GAAP financial measures is provided in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 under Item 7 - "Management's discussion and analysis of financial condition and results of operations," under the heading "Use of non-GAAP financial measures."

	For the three months ended June 30, 2019			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[(1)]	Base
Operating profit	$ 129,768	$ 13,355	$ 1,212	$ 144,335
Non-operating pension costs	5,550	—	(5,550)	—
Interest expense, net	15,952	—	—	15,952
Income before income taxes	108,266	13,355	6,762	128,383
Provision for income taxes	28,491	3,307	1,430	33,228
Income before equity in earnings of affiliates	79,775	10,048	5,332	95,155
Equity in earnings of affiliates, net of tax	1,511	—	—	1,511
Net income	81,286	10,048	5,332	96,666
Net (income) attributable to noncontrolling interests	(127)	(69)	—	(196)
Net income attributable to Sonoco	81,159	9,979	5,332	96,470
Per diluted common share*	$ 0.80	$ 0.10	$ 0.05	$ 0.95

*Due to rounding individual items may not sum across

(1)Consists of non-operating pension costs and costs related to acquisitions and potential acquisitions and divestitures.

Dollars in thousands, except per share data	For the three months ended July 1, 2018 GAAP	Restructuring/ Asset Impairment	Other Adjustments[1]	Base
Operating profit	$ 131,862	$ 3,567	$ 2,839	$ 138,268
Non-operating pension costs	513	—	(513)	—
Interest expense, net	15,127	—	—	15,127
Income before income taxes	116,222	3,567	3,352	123,141
Provision for income taxes	30,293	1,046	1,626	32,965
Income before equity in earnings of affiliates	85,929	2,521	1,726	90,176
Equity in earnings of affiliates, net of tax	3,716	—	—	3,716
Net income	89,645	2,521	1,726	93,892
Net (income) attributable to noncontrolling interests	(233)	(15)	—	(248)
Net income attributable to Sonoco	$ 89,412	$ 2,506	$ 1,726	$ 93,644
Per diluted common share*	$ 0.88	$ 0.02	$ 0.02	$ 0.93

*Due to rounding individual items may not sum across

[1] Consists primarily of acquisition-related costs and non-operating pension costs, partially offset by the effect of the change in the U.S. corporate tax rate on deferred tax adjustments and a small insurance settlement gain.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the three months ended June 30, 2019 versus the three months ended July 1, 2018.

OVERVIEW

Net sales for the second quarter of 2019 decreased 0.5% to $1,360 million, compared with $1,366 million in the same period last year. This marginal decrease reflects volume declines throughout most of the Company's businesses, as well as unfavorable changes in foreign currency exchange rates, which were mostly offset by sales added by acquisitions and higher year-over-year selling prices. The selling price increases were a result of both higher material and non-material costs as well as other efforts to more fully realize the value of the products and services we provide to our customers.

Net income attributable to Sonoco for the second quarter of 2019 decreased 9.2% to $81.2 million, $0.80 per diluted share, compared to $89.4 million, $0.88 per diluted share, reported for the same period of 2018. Current quarter net income includes after-tax, non-base charges totaling $15.3 million, while results for the second quarter of 2018 include after-tax, non-base net charges totaling $4.2 million. Earnings declined due to a $7.5 million increase in after-tax restructuring and asset impairment costs in the current quarter associated with previously announced plant closures and organizational restructuring activities within a number of the Company's businesses and corporate support groups. Additionally, after-tax non-operating pension costs increased $3.8 million over the prior year's second quarter.

Adjusted for all non-base items, second-quarter 2019 base net income attributable to Sonoco (base earnings) increased 3.0% to $96.5 million, $0.95 per diluted share, from $93.6 million, $0.93 per diluted share, in 2018. This increase was driven by a 4.4 percent increase in base operating profit. Total productivity improvements and operating profits from acquisitions drove this year-over-year increase, but were partially offset by volume declines. Base earnings also benefited from a favorable effective tax rate compared to 2018. These positive factors were partially offset by an increase in net interest expense.

OPERATING REVENUE

Net sales for the second quarter of 2019 decreased $7 million, or 0.5 percent, from the prior-year quarter.

The components of the sales change were:

	($ in millions)
Volume/mix	$ (48)
Selling prices	12
Acquisitions	67
Foreign currency translation and other, net	(38)
Total sales decrease	$ (7)

In September of 2018, the Company exited a single-customer contract at a packaging center near Atlanta. The negative impact on comparable net sales, second quarter to second quarter, was $16.2 million. Due to the relatively low margins in this business, the impact of the lost revenue is included above in "Foreign currency translation and other, net."

COSTS AND EXPENSES

Cost of goods sold decreased 5.5 million, or 0.5%, and gross profit margin percentage was flat at 20.2% for the second quarter of 2019 compared to 20.2% in the prior-year's second quarter. The translation impact of a stronger dollar decreased reported cost of goods sold by approximately $24 million compared to the second quarter of 2018 while acquisitions added $53 million.

Selling, general and administrative ("SG&A") costs for the quarter decreased $8.8 million, or 6.3%, year over year due to a significant focus across the business on lowering controllable costs and lower management incentive expense, which were partially offset by the addition of expenses from acquisitions.

Restructuring costs and asset impairment charges totaled $13.4 million for the second quarter of 2019 compared with $3.6 million in the same period last year. The year-over-year increase was mostly driven by costs associated with previously announced plant closures and organizational restructuring activities within a number of the Company's businesses and corporate support groups. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company’s Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-operating pension costs increased $5.0 million for the quarter, compared to the prior-year's period, due primarily to lower expected returns on plan assets and higher discount rates.

Net interest expense for the second quarter increased to $16.0 million, compared with $15.1 million during the second quarter of 2018. The increase was primarily due to higher non-U.S. debt balances and reduced interest income on lower offshore cash balances.

The 2019 second-quarter effective tax rates on GAAP and base earnings were 26.3% and 25.9%, respectively, compared with 26.1% and 26.8%, respectively, in the prior year’s quarter. The effective tax rate on GAAP earnings for the second quarter of 2019 was slightly higher due primarily to one-time adjustments in the second quarter of 2018 related to the U.S. Tax Cuts and Jobs Act of 2017. The lower base effective tax rate for the second quarter of 2019 was primarily attributable to a decreased impact from the Global Intangible Low Taxed Income (GILTI) tax.

REPORTABLE SEGMENTS

The following table recaps net sales attributable to each of the Company's segments for the second quarters of 2019 and 2018 (*$ in thousands*):

	Three Months Ended		
	June 30, 2019	July 1, 2018	% Change
Net sales:			
Consumer Packaging	$ 602,750	$ 616,062	(2.2) %
Display and Packaging	134,833	143,260	(5.9) %
Paper and Industrial Converted Products	491,328	474,137	3.6 %
Protective Solutions	130,810	132,914	(1.6) %
Consolidated	$ 1,359,721	$ 1,366,373	(0.5) %

The following table recaps operating profit attributable to each of the Company's segments during the second quarters of 2019 and 2018 (*$ in thousands*):

	Three Months Ended		
	June 30, 2019	July 1, 2018	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 62,942	$ 63,670	(1.1)%
Display and Packaging	5,889	(570)	> 100%
Paper and Industrial Converted Products	61,229	61,542	(0.5)%
Protective Solutions	14,275	13,626	4.8 %
Restructuring/Asset impairment charges	(13,355)	(3,567)	
Other, net	(1,212)	(2,839)	
Consolidated	$ 129,768	$ 131,862	(1.6)%

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

The following table recaps restructuring/asset impairment charges attributable to each of the Company's segments during the second quarters of 2019 and 2018 (*$ in thousands*):

	Three Months Ended	
	June 30, 2019	July 1, 2018
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 10,487	$ 1,986
Display and Packaging	511	677
Paper and Industrial Converted Products	1,600	64
Protective Solutions	561	820
Corporate	196	20
Consolidated	$ 13,355	$ 3,567

Consumer Packaging

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

Segment sales decreased 2.2 percent compared to the prior year's quarter due to lower volume/mix and the negative impact of foreign exchange. Sales volume declined in North America Rigid Paper Containers as well as Flexible Packaging and Rigid Plastics as many served markets experienced slowing customer demand. The Rigid Plastics volume decline was largely due to poor perimeter of the store performance, partially due to the negative impact of weather on strawberry crop yield and partially due to operational issues related to the consolidation of a facility and relocation of four thermoforming lines to other facilities. The plastics business also experienced a slowdown in some industrial-served markets.

Segment operating profit decreased 1.1 percent compared to the prior year's quarter as the benefits of productivity improvements and a positive price/cost relationship were more than offset by weaker volume. Despite the volume declines, the productivity improvements and positive price/cost relationship resulted in segment operating margin improving slightly to 10.4 percent in the quarter from 10.3 percent in 2018.

Display and Packaging

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

Sales declined 5.9 percent compared to last year’s quarter as volume growth across the segment was more than offset by the foregone revenue following the Company's September 2018 exit from a single-customer contract to operate a pack center outside Atlanta. Segment operating profit improved $6.5 million due to higher volume/mix, improved productivity and the non-recurrence of operating losses at the exited pack center.

Paper and Industrial Converted Products

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

Segment sales increased 3.6 percent from the prior-year's quarter due primarily to sales added from the Conitex acquisition. This was partially offset by lower volume/mix and the negative impact of changes in foreign exchange rates. Current quarter paperboard, corrugated medium and tube and core volumes were weaker across all geographies largely due to a combination of soft end-use demand and inventory management by our customers in response to tariffs and increased risks of an economic slowdown.

Segment operating profit was essentially flat with the prior year's quarter as earnings from the Conitex acquisition, productivity improvements and a slightly positive price/cost relationship effectively offset negative volume/mix. Segment operating margin declined 52 basis points to 12.5 percent.

In May 2019, the Company signed a definitive agreement to acquire Corenso Holdings America (Corenso) for approximately $110 million. Corenso operates a 108,000-ton per year Uncoated Recycled Board (URB) mill in Wisconsin Rapids, Wisconsin, as well as two core converting facilities, and generates total annual sales of approximately $75 million. All of Corenso's products are made from recycled paper, which further enhances the Company's commitment to increase the amount of material it recycles, or causes to be recycled, relative to the volume of products it puts into the market place. The transaction is expected to close by the end of the third quarter.

Protective Solutions

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

Segment sales for the quarter declined 1.6% year over year due primarily to lower volume/mix as strong sales growth for temperature-assured packaging was more than offset by declines in molded foam and consumer fiber packaging. Segment operating profit improved modestly as strong productivity improvements were only partially offset by a negative price/cost relationship. Compared to the prior-year's quarter, segment operating margin improved 66 basis points to 10.9 percent.

Six Months Ended June 30, 2019 Compared with Six Months Ended July 1, 2018

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

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

	For the six months ended June 30, 2019			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[(1)]	Base
Operating profit	$ 246,656	$ 24,027	$ 1,612	$ 272,295
Non-operating pension costs	11,591	—	(11,591)	—
Interest expense, net	31,337	—	—	31,337
Income before income taxes	203,728	24,027	13,203	240,958
Provision for income taxes	51,115	5,945	3,315	60,375
Income before equity in earnings of affiliates	152,613	18,082	9,888	180,583
Equity in earnings of affiliates, net of tax	2,441	—	—	2,441
Net income	155,054	18,082	9,888	183,024
Net (income) attributable to noncontrolling interests	(232)	(138)	—	(370)
Net income attributable to Sonoco	$ 154,822	$ 17,944	$ 9,888	$ 182,654
Per diluted common share*	$ 1.53	$ 0.18	$ 0.10	$ 1.81

*Due to rounding individual items may not foot across

(1)Consists primarily of non-operating pension costs and costs related to acquisitions and potential acquisitions.

	For the six months ended July 1, 2018			
Dollars in thousands, except per share data	GAAP	Restructuring/ Asset Impairment	Other Adjustments[(1)]	Base
Operating profit	$ 241,960	$ 6,630	$ 2,959	$ 251,549
Non-operating pension costs	222	—	(222)	—
Interest expense, net	28,482	—	—	28,482
Income before income taxes	213,256	6,630	3,181	223,067
Provision for income taxes	53,649	1,731	3,465	58,845
Income before equity in earnings of affiliates	159,607	4,899	(284)	164,222
Equity in earnings of affiliates, net of tax	4,963	—	—	4,963
Net income	164,570	4,899	(284)	169,185
Net (income) attributable to noncontrolling interests	(1,103)	(20)	—	(1,123)
Net income attributable to Sonoco	$ 163,467	$ 4,879	$ (284)	$ 168,062
Per diluted common share*	$ 1.62	$ 0.05	$ —	$ 1.66

*Due to rounding individual items may not foot across

(1) Consists primarily of acquisition-related costs and non-operating pension costs, partially offset by a gain from the effect of a change in the U.S. corporate tax rate on deferred tax adjustments, and a small insurance settlement gain.

RESULTS OF OPERATIONS

The following discussion provides a review of results for the six months ended June 30, 2019 versus the six months ended July 1, 2018.

OVERVIEW

Net sales for the first six months of 2019 increased 1.5% to $2,711 million, compared with $2,671 million in the same period last year. The improvement reflects an increase in sales added by acquisitions and higher selling prices implemented both to cover higher material and non-material costs as well as other efforts to more fully realize the value of the products and services we provide to our customers. These positive factors were somewhat offset by the negative impact of foreign exchange and volume declines across most of our businesses.

Net income attributable to Sonoco for the first six months of 2019 decreased 5.3% to $154.8 million, $1.53 per diluted share, compared to $163.5 million, $1.62 per diluted share, reported for the same period of 2018. Current period net income includes after-tax, non-base charges totaling $27.8 million. These charges consist of $17.9 million in after-tax restructuring charges, $8.7 million in after-tax non-operating pension charges, and $1.2 million in after-tax acquisition-related costs. Results for the first six months of 2018 include after-tax restructuring and asset impairment charges of $4.9 million and non-operating pension charges, acquisition, and non-base tax benefits of $0.3 million. Adjusted for these items, six-month base net income attributable to Sonoco (base earnings) increased 8.7% to $182.7 million, $1.81 per diluted share, from $168.1 million, $1.66 per diluted share, in 2018.

The lower GAAP earnings in the first six months of 2019 were largely the result of a $13.1 million increase in after-tax restructuring expense which was mostly driven by costs associated with previously announced plant closures and organizational restructuring activities within a number of the Company's businesses and corporate support groups. Additionally, after-tax non-operating pension costs increased $8.6 million. Absent these and all other non-base items, base earnings increased $14.6 million from the first six months last year. This increase was driven by earnings from acquired businesses, total productivity improvements and a positive price/cost impact, particularly in the Company's Paper and Industrial Converted Products segment. These positive factors were slightly offset by volume declines across most businesses.

OPERATING REVENUE

Net sales for the first six months of 2019 increased $41 million from the same period in 2018.

The components of the sales change were:

	($ in millions)
Volume/mix	$ (64)
Selling prices	38
Acquisitions and Divestitures	150
Foreign currency translation and other, net	(83)
Total sales increase	$ 41

In September of 2018, the Company exited a single-customer contract at a packaging center near Atlanta. The negative impact on comparable net sales, for the first six months of 2019 compared to the six months of 2018, was $38.5 million. Due to the relatively low margins in this business, the impact of the lost revenue is included above in "Foreign currency translation and other, net."

COSTS AND EXPENSES

The Company's gross profit margin percentage increased to 20.1% for the first six months compared to 19.7% in the prior-year's period. The modest increase in gross profit margin was largely attributable to a favorable price/cost relationship, procurement productivity, and the timing and direction of material cost movements. Margins also benefited from improved manufacturing cost productivity, partially offset by higher wage and operating cost inflation. The translation impact of a stronger dollar decreased reported cost of goods sold by approximately $57 million compared to the first six months of 2018.

SG&A costs for the first six months decreased $3.7 million, or 1.3%, year over year driven by a significant focus across the business on lowering controllable costs and lower year-over-year management incentive expense, which were partially offset by the addition of expenses from acquisitions.

Year-to-date restructuring costs and asset impairment charges totaled $24.0 million compared with $6.6 million in the same period last year. Additional information regarding restructuring and asset impairment charges is provided in Note 5 to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-operating pension costs increased $11.4 million in the first six months of 2019 compared to the prior-year period due to lower expected returns on plan assets as a result of lower asset values at the end of 2018 and modestly lower assumed long-term rates of return.

Net interest expense for the first six months increased to $31.3 million, compared with $28.5 million during the first six months of 2018. The increase was primarily due to higher non-U.S. debt balances and reduced interest income on lower offshore cash balances.

The effective tax rate on GAAP and base earnings in the first six months of 2019 was 25.1% and 25.1%, respectively, compared with 25.2% and 26.4%, respectively, for last year's period. The 2019 base rate was lower than the prior year's period due primarily to the decrease in the GILTI tax. The year to date GAAP rate was essentially unchanged, driven by a favorable non-base adjustment in 2018 resulting from the U.S. Tax Cuts and Jobs Act of 2017.

REPORTABLE SEGMENTS

The following table recaps net sales attributable to each of the Company's segments during the first six months of 2019 and 2018 (*$ in thousands*):

	Six Months Ended		
	June 30, 2019	July 1, 2018	% Change
Net sales:			
Consumer Packaging	$ 1,192,466	$ 1,185,914	0.6 %
Display and Packaging	272,387	285,918	(4.7) %
Paper and Industrial Converted Products	987,365	934,790	5.6 %
Protective Solutions	259,208	263,938	(1.8) %
Consolidated	$ 2,711,426	$ 2,670,560	1.5 %

The following table recaps operating profits attributable to each of the Company's segments during the first six months of 2019 and 2018 (*$ in thousands*):

	Six Months Ended		
	June 30, 2019	July 1, 2018	% Change
Operating profit:			
Segment operating profit:			
Consumer Packaging	$ 125,057	$ 124,758	0.2 %
Display and Packaging	12,343	1,162	>100%
Paper and Industrial Converted Products	109,616	101,323	8.2 %
Protective Solutions	25,279	24,306	4.0 %
Restructuring/Asset impairment charges	(24,027)	(6,630)	
Other, net	(1,612)	(2,959)	
Consolidated	$ 246,656	$ 241,960	1.9 %

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

The following table recaps restructuring/asset impairment charges attributable to each of the Company's segments during the first six months of 2019 and 2018 (*$ in thousands*):

	Six Months Ended	
	June 30, 2019	July 1, 2018
Restructuring/Asset impairment charges:		
Consumer Packaging	$ 17,742	$ 3,715
Display and Packaging	886	663
Paper and Industrial Converted Products	2,474	911
Protective Solutions	1,003	1,098
Corporate	1,922	243
Consolidated	$ 24,027	$ 6,630

Consumer Packaging
Segment sales increased 0.6% year to date compared to the prior-year period due to acquisitions and higher selling prices which were mostly offset by lower volumes in Global Plastics, Flexibles and North American Rigid Paper Containers as many served markets experienced weaker customer demand, most notably in the second quarter. The volume decline in Rigid Plastics was largely due to poor perimeter of the store performance, partially due to the negative impact of weather on strawberry crop yield and partially due to operational issues related to the consolidation of a facility and relocation of four thermoforming lines to other facilities. The plastics business also experienced a slowdown in some industrial-served markets. Additionally, the negative impact of changes in foreign exchange rates lowered sales approximately $22 million.

Year-to-date segment operating profit increased 0.2% due to a positive price/cost relationship, the benefit of acquisitions, and productivity gains particularly in Flexibles. These positive drivers were effectively offset by the previously mentioned volume declines.

Display and Packaging
Sales for the segment were down 4.7% year to date compared to last year's period as volume growth in domestic displays and international pack centers was more than offset by foregone revenue following the Company's September 2018 exit from a single-customer contract to operate a pack center outside Atlanta.
Segment operating profit increased $11.2 million, largely due to higher volume/mix, improved productivity and the non-recurrence of operating losses at the exited pack center.

Paper and Industrial Converted Products

Segment sales increased 5.6% year to date versus the prior year period due to acquisitions and modest increases from higher selling prices, partially offset by volume declines across most businesses.

Operating profit increased 8.2% over the prior year period driven by the 2018 acquisition of Conitex; otherwise, a positive price/cost relationship across most of the segment and modest productivity gains were offset by volume losses. Prices for old corrugated containers (OCC), a primary raw material, trended downward during the first half of the year, creating margin pressure on the segment's contract business. However, more than offsetting this effect, the Company was able to better maintain selling prices on the portion of the tubes, cores and paper business not contractually tied to OCC. As a result, segment operating margin improved 25 basis points to 11.1%.

Protective Solutions
Segment sales for the period declined 1.8% year over year driven by volume declines in molded foam and consumer fiber packaging, somewhat offset by strong sales growth for temperature-assured packaging.

Year-to-date operating profit increased 4.0% from the prior-year period due to total productivity somewhat offset by a negative price/cost relationship. Segment operating margin was 9.8%, a 53 basis point improvement over the same period last year.

OTHER ITEMS

Critical Accounting Policies and Estimates

Income taxes

As previously disclosed, the Company received a draft Notice of Proposed Adjustment (“NOPA”) from the Internal Revenue Service (IRS) in February 2017 proposing an adjustment to income for the 2013 tax year based on the IRS's recharacterization of a distribution of an intercompany note made in 2012, and the subsequent repayment of the note over the course of 2013, as if it were a cash distribution made in 2013. In March 2017, the Company received a draft NOPA proposing penalties of $18 million associated with the IRS’s recharacterization, as well as an Information Document Request (“IDR”) requesting the Company’s analysis of why such penalties should not apply. The Company responded to this IDR in April 2017. On October 5, 2017, the Company received two revised draft NOPAs proposing the same adjustments and penalties as in the prior NOPAs. On November 14, 2017, the Company received two final NOPAs proposing the same adjustments and penalties as in the prior draft NOPAs. On November 20, 2017, the Company received a Revenue Agent's Report (“RAR”) that included the same adjustments and penalties as in the prior NOPAs. At the time of the distribution in 2012, it was characterized as a dividend to the extent of earnings and profits, with the remainder as a tax free return of basis and taxable capital gain. As the IRS proposes to recharacterize the distribution, the entire distribution would be characterized as a dividend. The incremental tax liability associated with the income adjustment proposed in the RAR would be approximately $89 million, excluding interest and the previously referenced penalties. On January 22, 2018, the Company filed a protest to the proposed deficiency with the IRS. The Company received a rebuttal of its protest from the IRS on July 10, 2018, and the matter has now been referred to the Appeals Division of the IRS. The Company had a pre-conference hearing with IRS Appeals during the second quarter of 2019. The Company strongly believes the position of the IRS with regard to this matter is inconsistent with applicable tax laws and existing Treasury regulations, and that the Company's previously reported income tax provision for the year in question is appropriate. However, there can be no assurance that this matter will be resolved in the Company's favor. Regardless of whether the matter is resolved in the Company's favor, the final resolution of this matter could be expensive and time consuming to defend and/or settle. While the Company believes that the amount of tax originally paid with respect to this distribution is correct, and accordingly has not provided additional reserve for tax uncertainty, there is still a possibility that an adverse outcome of the matter could have a material effect on its results of operations and financial condition.

Subsequent Event

On July 17, 2019, subsequent to the end of the second quarter, the Company's Board of Directors approved a resolution to terminate the Sonoco Pension Plan for Inactive Participants, a tax-qualified defined benefit plan (the "Inactive Plan"), effective September 30, 2019. Once approval is received from the Internal Revenue Service and the Pension Benefit Guaranty Corporation, and following completion of the limited lump-sum offering, the Company is expected to settle all remaining liabilities under the Inactive Plan in 2020 through the purchase of annuity contracts. The Company anticipates making additional contributions to the Inactive Plan in 2020 of between $75 million and $125 million in order to be fully funded on a termination basis at the time of the annuity purchase. However, the actual amount of the Company's long-term liability when it is transferred, and the related cash contribution requirement, will depend upon the nature and timing of participant settlements, as well as prevailing market conditions. Non-cash settlement charges resulting from the lump sum payouts and annuity purchases are expected to range between $525 million and $575 million. The termination of the Inactive Plan will apply to participants who have separated service from Sonoco and to nonunion active employees who no longer accrue pension benefits. There is no change in the cumulative benefit previously earned by the approximately 11,000 impacted participants as a result of these actions, and the Company will continue to manage and support the Sonoco Pension Plan, comprised of approximately 600 active participants who continue to accrue benefits in accordance with a flat-dollar multiplier formula.

Financial Position, Liquidity and Capital Resources

Operating cash flows totaled $40.1 million in the six months ended June 30, 2019 compared with $251.2 million during the same period last year, a decrease of $211.2 million. The year-over-year change in operating cash flows is due largely to a $189.4 million increase in benefit plan contributions resulting from voluntary contributions totaling $190 million made to the Company's U. S. defined benefit pension plans in May 2019. Accounts Receivable consumed $46.2 million of operating cash in the first six months of 2019 compared with $45.0 million in the same period last year as both periods experienced increased business activity following seasonally lower year-end activity. Similarly, inventories consumed $16.8 million of cash in the first six months of 2019 compared with $16.7 million in the same period last year. Trade accounts payable consumed $2.8 million of cash during the six months ended June 30, 2019 compared to providing $16.7 million last year. The year-over-year change was due largely to the timing of payments at the end of the second quarter of 2019.

Changes in accrued expenses consumed $7.7 million of operating cash in the six months ended June 30, 2019 while providing $1.0 million in the same period last year. The greater consumption this year is primarily due to higher management incentives paid in the first six months of 2019 compared to the first six months of 2018. Changes in other assets and liabilities consumed $1.9 million of additional cash in the first six months of 2019 compared to 2018 while the impact of income taxes, net payables and deferred items, provided $8.1 million more. Operating cash flows in the second half of 2019 are anticipated to include cash tax benefits of approximately $22 million associated with the $200 million total expected voluntary pension contributions.

Net cash used in investing activities was $99.9 million in the six months ended June 30, 2019, compared with $223.4 million in the same period last year, a lower year-over-year use of cash totaling $123.5 million. The most significant driver of the decreased net use of cash was a $140.9 million decrease in acquisition spending as the Company acquired Highland Packaging during the first six months of 2018 and had no meaningful acquisition activity in the first six months of 2019. Capital spending during the first six months of 2019 was $102.3 million, approximately $13 million higher year over year. Capital spending for the remainder of 2019 is not expected to exceed $110 million.

Cash provided by financing activities totaled $34.7 million in the six months ended June 30, 2019, compared with a use of cash totaling $79.4 million in the same period last year. The $114.1 million year-over-year increased provision was partially driven by higher debt issuances net of repayments, of $133.7 million. In May 2019, the Company entered into a new $200 million term loan that was used to fund the voluntary contributions to the U.S. defined benefit pension plans. Also, during the second quarter the Company settled a contingent purchase price liability related to the Highland acquisition for $5.0 million and paid cash dividends of $84.2 million during the six months ended June 30, 2019, an increase of $4.4 million over the same period last year. Cash used to repurchase the Company's common stock was higher year over year by $4.0 million.

The Company operates a $350 million commercial paper program, supported by a $500 million revolving credit facility with a syndicate of eight banks. The revolving bank credit facility is committed through July 2022. If circumstances were to prevent the Company from issuing commercial paper, it has the contractual right to draw funds directly on the underlying revolving bank credit facility. Borrowings under the credit facility may be prepaid at any time at the discretion of the Company.

On May 17, 2019, the Company entered into a new 364-day, $200 million term loan. The full $200 million was drawn from this facility on May 20, 2019. Of these proceeds, $190 million was used to fund voluntary contributions to the Sonoco's U.S. defined benefit pension plans. The unsecured loan has a 364-day term and the Company has a one-time option to request an extension of the term for an additional 364 days if it meets certain conditions. Interest is assessed at the London Interbank Offered Rate (LIBOR) plus a margin based on a pricing grid that uses the Company’s credit ratings. The LIBOR margin at June 30, 2019 was 100 basis points. There is no required amortization and repayment can be accelerated at any time at the discretion of the Company.

The Company continually explores strategic acquisition opportunities which may result in the additional use of cash. Given the nature of the acquisition process, the timing and amounts of such expenditures are not predictable. The Company expects that any acquisitions requiring funding in excess of cash on hand would be financed using available borrowing capacity.

Cash and cash equivalents totaled $96.3 million and $120.4 million at June 30, 2019 and December 31, 2018, respectively. Of these totals, approximately $81.6 million and $102.3 million, respectively, were held outside of the

United States by the Company’s foreign subsidiaries. Cash held outside of the United States is available to meet local liquidity needs, or for capital expenditures, acquisitions, and other offshore growth opportunities. As the Company has ample domestic liquidity through a combination of operating cash flow generation and access to bank and capital markets borrowings, we have generally considered our foreign unremitted earnings to be indefinitely invested outside the United States and currently have no plans to repatriate such earnings, other than excess cash balances that can be repatriated at minimal tax cost. Accordingly, the Company is not providing for taxes on these amounts for financial reporting purposes. Computation of the potential deferred tax liability associated with unremitted earnings considered to be indefinitely reinvested is not practicable.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either a cash deposit or borrowing position through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because it maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both.

During the six months ended June 30, 2019, the Company reported a net increase in cash and cash equivalents of $1.0 million due to an overall weaker U.S. dollar relative to certain foreign currencies.

Certain of the Company’s debt agreements impose restrictions with respect to the maintenance of financial ratios and the disposition of assets. The most restrictive covenants currently require the Company to maintain a minimum level of interest coverage and a minimum level of net worth, as defined in the agreements. As of June 30, 2019, the Company’s interest coverage and net worth were substantially above the minimum levels required under these covenants.

The Company anticipates making additional contributions to its pension and postretirement plans of approximately $17.1 million during the remainder of 2019, including an additional $10 million voluntary contribution to its U.S. defined benefit pension plans, which would result in total 2019 contributions of approximately $231 million. As discussed in "Other Items," the Company expects to make additional contributions to the Sonoco Pension Plan for Inactive Participants in 2020 of between $75 million and $125 million, ($55 million and $95 million, after tax), as the liabilities of the Inactive Plan are settled pursuant to Board actions to terminate the Inactive Plan effective September 30, 2019. Any such additional contributions in excess of cash on hand are expected to be financed using available borrowing capacity. Future funding requirements beyond the current year will vary depending largely on actual investment returns, future actuarial assumptions, the nature and timing of participant settlements, and legislative actions.

Fair Value Measurements, Foreign Exchange Exposure and Risk Management

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

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

Due to the highly inflationary economy in Venezuela, the Company considers the U.S. dollar to be the functional currency of its Venezuelan operations and uses the official exchange rate when remeasuring the financial records of those operations. Economic conditions in Venezuela have worsened considerably over the past several years and there is no indication that conditions are due to improve in the foreseeable future. Further deterioration could result in the recognition of an impairment charge or a deconsolidation of the subsidiary. At June 30, 2019, the carrying value of the Company's net investment in its Venezuelan operations was approximately $2.0 million. In addition, at June 30, 2019, the Company's Accumulated Other Comprehensive Loss included a translation loss of $3.8 million related to its Venezuelan operations which would need to be reclassified to net income in the event of a complete exit of the business or a deconsolidation of these operations.

The Company has operations in the United Kingdom and elsewhere in Europe that could be impacted by the pending exit of the UK from the European Union (Brexit). Our UK operations have been making contingency plans regarding potential customs clearance issues, tariffs and other uncertainties should no Brexit deal be reached. Although it is difficult to predict all of the possible impacts to our supply chain or in our customers' downstream markets, the Company has evaluated the potential operational impacts and uncertainties of Brexit and at this time believes that the likelihood of a material impact on our future results of operations is low. Although there are some cross-border sales made out of and into the UK, most of what we produce in the UK is also sold in the UK and the same is true for continental Europe. In some cases, companies that have been importing from Europe into the UK are now seeking local sources, which has actually been positive for our UK operations. Annual sales of our UK operations totaled approximately $120 million in 2018.

At June 30, 2019, the Company had commodity contracts outstanding to fix the cost of a portion of anticipated raw materials and natural gas purchases. The total net fair market value of these instruments was an unfavorable position of $(2.4) million and $(1.6) million at June 30, 2019 and December 31, 2018, respectively. Natural gas and aluminum hedge contracts covering an equivalent of 6.0 million MMBTUs and 2,041 metric tons, respectively, were outstanding at June 30, 2019. Additionally, the Company had various currency contracts outstanding to fix the exchange rate on certain anticipated foreign currency cash flows. The total market value of these instruments was a net favorable position of $0.9 million at June 30, 2019 and a net unfavorable position of $(1.7) million at December 31, 2018. These contracts qualify as cash flow hedges and mature within twelve months of their respective reporting dates.

In addition, at June 30, 2019, the Company had various currency contracts outstanding to fix the exchange rate on certain foreign currency assets and liabilities. Although placed as an economic hedge, the Company does not apply hedge accounting to these contracts. The fair value of these currency contracts was a net favorable position of $0.7 million and $0.2 million at June 30, 2019 and December 31, 2018, respectively.

At June 30, 2019, the U.S. dollar had weakened against most of the functional currencies of the Company's foreign operations compared to December 31, 2018, resulting in a net translation gain of $6.7 million being recorded in accumulated other comprehensive loss during the six months ended June 30, 2019.

Restructuring and Impairment

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

New Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Information about the Company's exposure to market risk is discussed under Part I, Item 2 in this report and was disclosed in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the Securities and Exchange Commission on February 28, 2019. There have been no other material quantitative or qualitative changes in market risk exposure since the date of that filing.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we conducted an evaluation pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, ("the Exchange Act") of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our CEO and CFO concluded that such controls and procedures, as of June 30, 2019, the end of the period covered by this Quarterly Report on Form 10-Q, were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information that is required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting occurring during the three months ended June 30, 2019, that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to legal proceedings and other exposures appears in Part I - Item 3 - "Legal Proceedings" and Part II - Item 8 - "Financial Statements and Supplementary Data" (Note 16 - "Commitments and Contingencies") in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and in Part I - Item 1 - "Financial Statements" (Note 16 - "Commitments and Contingencies") of this report.

Environmental Matters

The Company has been named as a potentially responsible party (PRP) at several environmentally contaminated sites not owned by the Company. All of the sites are also the responsibility of other parties. The Company's liability, if any, is shared with such other parties, but the Company's share has not been finally determined in most cases. In some cases, the Company has cost-sharing arrangements with other PRPs with respect to a particular site. Such agreements relate to the sharing of legal defense costs or cleanup costs, or both. The Company has assumed, for purposes of estimating amounts to be accrued, that the other parties to such cost-sharing agreements will perform as agreed. It appears that final resolution of some of the sites is years away, and actual costs to be incurred for these environmental matters in future periods is likely to vary from current estimates because of the inherent uncertainties in evaluating environmental exposures. Accordingly, the ultimate cost to the Company with respect to such sites, beyond what has been accrued at June 30, 2019, cannot be determined. As of June 30, 2019 and December 31, 2018, the Company had accrued $19.9 million and $20.1 million, respectively, related to environmental contingencies. The Company periodically reevaluates the assumptions used in determining the appropriate reserves for environmental matters as additional information becomes available and, when warranted, makes appropriate adjustments.

Other legal matters

Additional information regarding legal proceedings is provided in Note 16 to the Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased[1]		(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	(d) Maximum Number of Shares that May Yet be Purchased under the Plans or Programs[2]
4/01/19 - 5/05/19	12,479	$	61.85	—	2,969,611
5/06/19 - 6/02/19	1,514	$	63.51	—	2,969,611
6/03/19 - 6/30/19	4,570	$	62.92	—	2,969,611
Total	18,563	$	62.25	—	2,969,611

1 A total of 18,563 common shares were repurchased in the second quarter of 2019 related to shares withheld to satisfy employee tax withholding obligations in association with certain share-based compensation awards. These shares were not repurchased as part of a publicly announced plan or program.

2 On February 10, 2016, the Company's Board of Directors authorized the repurchase of up to 5,000,000 shares of the Company's common stock. A total of 2,030,389 shares were repurchased under this authorization during 2016 at a cost of $100.0 million. No shares were repurchased during 2017, 2018, or during the six months ended June 30, 2019. Accordingly, a total of 2,969,611 shares remain available for repurchase at June 30, 2019.

Item 6. Exhibits.

Exhibit Index

2.1*	Stock Purchase Agreement, dated May 17, 2019 (incorporated by reference to Exhibit 2 of the Company's Form 8-K filed May 21, 2019)
10	Term Loan Agreement between Sonoco Products Company and Wells Fargo Bank, National Association, dated May 17, 2019
15	Letter re: unaudited interim financial information
31	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(a)
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 17 C.F.R. 240.13a-14(b)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Schedules and exhibits have been omitted pursuant to Item 601 (b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules or exhibits upon request of the Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SONOCO PRODUCTS COMPANY
(Registrant)

Date:	July 31, 2019	By:	/s/ Julie Albrecht
			Julie Albrecht Vice President and Chief Financial Officer (principal financial officer)
			/s/ James W. Kirkland
			James W. Kirkland Corporate Controller (principal accounting officer)

May 17, 2019

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

Re: 364-Day Term Loan Facility

Ladies and Gentlemen:

WELLS FARGO BANK, NATIONAL ASSOCIATION (the " Lender") is pleased to make available to SONOCO PRODUCTS COMPANY, a South Carolina corporation (the " Borrower"), a 364-day term loan facility on the terms and subject to the conditions set forth below. Terms not defined herein have the meanings assigned to them in Exhibit A hereto.

1. **The Facility.**

(a) **The Term Loan**. Subject to the terms and conditions set forth herein, the Lender agrees to make a term loan to the Borrower (the "Term Loan"), which is due and payable on the Maturity Date, in an aggregate principal amount of $200,000,000, to be advanced in a single draw during the Availability Period. Amounts repaid on the Term Loan may not be reborrowed. The Term Loan shall be comprised of one or more individual Base Rate Loans and/or Eurodollar Rate Loans as set forth herein.

(b) **Borrowing, Conversions, Continuations**. The Borrower may request that the Term Loan be (i) made as or converted to Base Rate Loans by irrevocable notice in the form separately provided by the Lender to the Borrower and to be received by the Lender at the address specified in such notice not later than 1:00 p.m. on the Business Day of the borrowing or conversion, or (ii) made or continued as, or converted to, Eurodollar Rate Loans by irrevocable notice in the form separately provided by the Lender to the Borrower and to be received by the Lender at the address specified in such notice not later than 1:00 p.m. three Business Days prior to the Business Day of the borrowing, continuation or conversion. If the Borrower fails to give a notice of conversion or continuation prior to the end of any Interest Period in respect of any Eurodollar Rate Loan, the Borrower shall be deemed to have requested that such Term Loan be converted to a Base Rate Loan on the last day of the applicable Interest Period. If the Borrower requests that a Term Loan be continued as or converted to a Eurodollar Rate Loan, but fails to specify an Interest Period with respect thereto, the Borrower shall be deemed to have selected an Interest Period of one month. Notices pursuant to this Paragraph 1(b) may be given by telephone if promptly confirmed in writing.

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

(c) **Interest**. At the option of the Borrower, the Term Loan shall bear interest at a rate per annum equal to (i) the Eurodollar Rate plus the Applicable Rate; or (ii) the Base Rate plus the Applicable Rate. Interest on Base Rate Loans when the Base Rate is determined by the Lender's "prime rate" shall be calculated on the basis of a year of 365 or 366 days and actual days elapsed. All other interest hereunder shall be calculated on the basis of a year of 360 days and actual days elapsed.

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

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

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

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

(e) **Repayment**. The Borrower promises to pay the Term Loan then outstanding on the Maturity Date.

The Borrower shall make all payments required hereunder not later than 1 p.m. on the date of payment in same day funds in Dollars and in accordance with the wiring instructions separately provided by the Lender to the Borrower (or such other wiring instructions as the Lender may from time to time designate in writing).

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

To the extent that any payment by or on behalf of the Borrower is made to the Lender and such payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or any other party claiming through the Borrower, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made.

(f) **Prepayments**. The Borrower may, upon three Business Days' notice, in the case of Eurodollar Rate Loans, and upon same-day notice in the case of Base Rate Loans, prepay the Term Loan on any Business Day not later than 1 p.m. on such date of payment in same day funds in Dollars in accordance with the wiring instructions separately provided by the Lender to the Borrower; provided that the Borrower pays all Breakage Costs (if any) associated with such prepayment on the date of such prepayment. Prepayments of Eurodollar Rate Loans must be accompanied by a payment of interest on the amount so prepaid. Prepayments of Eurodollar Rate Loans must in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Prepayments of Base Rate Loans must be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Subject to the foregoing terms, amounts prepaid under this Paragraph 1(f) shall be applied as the Borrower may elect; provided, that, if the Borrower shall fail to specify its elected application with respect to any voluntary prepayment, such voluntary prepayment shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities.

(g) **Application of the Facility**. The proceeds of the Term Loan established hereby shall be used by the Borrower and its Subsidiaries solely in connection with making contributions to the Pension Plans (as defined in the Incorporated Agreement) listed on Schedule 5.12(d) to the Incorporated Agreement.

(h) **One-Time Extension of the Maturity Date**.

(i) The Borrower may, by notice to the Lender and on a one-time basis only, request that the Lender extend the Maturity Date as of the Closing Date (the "Existing Maturity Date") for an additional period of 364 days; provided, that such request must be made no earlier than 60 days prior to the Existing Maturity Date but no later than 45 days prior to the Existing Maturity Date.

(ii) As a condition precedent to such extension, the Borrower shall deliver to the Lender a certificate of the Borrower dated as of the Existing Maturity Date signed by a Responsible Officer of the Borrower certifying that, before and after giving effect to such extension, (A) the Incorporated Representations (as defined in Paragraph 3 below) are true and correct on and as of the Existing Maturity Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Paragraph 1(h), the representations and warranties contained in Section 5.05 of the Incorporated Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.01(a) of the Incorporated Agreement, and (B) no Default exists.

2. **Conditions Precedent to Loans.**

(a) **Conditions Precedent to Initial Loan**. As a condition precedent to the availability of the Term Loan hereunder, the Lender must receive the following from the Borrower in form satisfactory to the Lender:

(i) the enclosed duplicate of this Agreement duly executed and delivered on behalf of the Borrower;

(ii) a certified borrowing resolution or other evidence of the Borrower's authority to borrow;

(iii) a certificate of incumbency;

(iv) if requested by the Lender, a promissory note as contemplated in Paragraph 1(d) above;

(v) any fees (including an upfront fee of $50,000, which fee shall be fully earned on the Closing Date and shall be nonrefundable) required to be paid on or before the Closing Date;

(vi) unless waived by the Lender, payment of all fees, charges and disbursements of counsel to the Lender (directly to such counsel if requested by the Lender) to the extent invoiced prior to or on the Closing Date, plus such additional amounts of fees, charges and disbursements as shall constitute its reasonable estimate of fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Lender); and

(vii) such other documents and certificates (including legal opinions) as the Lender may reasonably request.

(b) **Conditions to Borrowing, Continuation and Conversion**. As a condition precedent to the borrowing, continuation and conversion of the Term Loan:

(i) the Borrower must furnish the Lender with, as appropriate, a notice of borrowing, continuation or conversion;

(ii) with respect to the borrowing, each representation and warranty set forth in Paragraph 3 below shall be true and correct in all material respects as if made on the date of such borrowing; and

(iii) no Default shall have occurred and be continuing on the date of such borrowing, continuation or conversion.

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

3. **Representations and Warranties**. The Borrower represents and warrants that the proceeds of the Term Loan have been and shall be used by the Borrower and its Subsidiaries in accordance with Paragraph 1(g) above. The Borrower hereby further agrees that the representations and warranties contained in Article V of the Incorporated Agreement (the "Incorporated Representations") as such representation or warranty is in effect on the Closing Date are hereby incorporated by reference and shall be as binding on the Borrower as if fully set forth herein. Notwithstanding the above, with respect to the Incorporated Representations, (i) the representations and warranties contained in Section 5.05 of the Incorporated Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 6.01(a) of the Incorporated Agreement, (ii) the references to the "Closing Date" in Sections 5.05(b), 5.13 and (c) and 5.15 of the Incorporated Agreement shall be deemed to refer to the Closing Date hereof, and (iii) the reference to "Form 10-K for the year ended December 31, 2016 in Section 5.13 shall be deemed to refer to the Form 10-K for the year ended December 31, 2018.

4. **Covenants**. So long as principal of and interest on the Term Loan or any other amount payable hereunder or under any other Loan Document remains unpaid or unsatisfied, the Borrower shall comply with all the covenants and agreements applicable to it contained in Articles VI (Affirmative Covenants) except Section 6.11 (Use of Proceeds) and VII (Negative Covenants) of the Incorporated Agreement (collectively, the "Incorporated Covenants"), including for purposes of this Paragraph 4 each Additional Incorporated Agreement Covenant. The covenants and agreements of the Borrower referred to in the preceding sentence (including all exhibits, schedules and defined terms referred to therein) are hereby (or, in the case of each Additional Incorporated Agreement Covenant, shall, upon its effectiveness, be) incorporated herein by reference as if set forth in full herein with appropriate substitutions, including the following:

(a) all references to "this Agreement" shall be deemed to be references to this Agreement;

(b) all references to "the Borrower" shall be deemed to be references to the Borrower;

(c) all references to "the Administrative Agent", "the Lenders" and the "Required Lenders" shall be deemed to be references to the Lender;

(d) all references to "Default" and "Event of Default" shall be deemed to be references to a Default and an Event of Default, respectively; and

(e) all references to "Loans" shall be deemed to be references to the Term Loan.

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

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

5. **Events of Default**. The following are "Events of Default:"

(a) The Borrower fails to pay any principal of the Term Loan as and on the date when due; or

(b) The Borrower fails to pay any interest on the Term Loan, or any fee due hereunder, or any portion thereof, within three days after the date when due; or the Borrower fails to pay any other fee or amount payable to the Lender under any Loan Document, or any portion thereof, within five days after the date due; or

(c) The Borrower fails to comply with (i) any covenant or agreement incorporated herein by reference pursuant to Paragraph 4 above, subject to any applicable grace period and/or notice requirement set forth in Section 8.01(c) of the Incorporated Agreement (it being understood and agreed that any such notice requirement shall be met by the Lender's giving the applicable notice to the Borrower hereunder) or (ii) any other provision of such Paragraph 4; or

(d) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

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

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

6. **Miscellaneous.**

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

(b) No amendment or waiver of any provision of this Agreement (including any provision of the Incorporated Agreement incorporated herein by reference pursuant to Paragraph 4 and 6(a) above and any waiver of Paragraph 5(d) or Paragraph 5(e) above) or of any other Loan Document and no consent by the Lender to any departure therefrom by the Borrower shall be effective unless such amendment, waiver or consent shall be in writing and signed by a duly authorized officer of the Lender, and any such amendment, waiver or consent shall then be effective only for the period and on the conditions and for the specific instance specified in such writing. No failure or delay by the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other rights, power or privilege.

(c) Except as otherwise expressly provided herein, notices and other communications to each party provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, to the address provided from time to time by such party. Any such notice or other communication sent by overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). All notices and other communications sent by the other means listed in the first sentence of this paragraph shall be effective upon receipt. Notwithstanding anything to the contrary contained herein, all notices (by whatever means) to the Lender pursuant to Paragraph 1(b) hereof shall be effective only upon receipt. Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures approved by the Lender. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Lender otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient. Any notice or other communication permitted to be given, made or confirmed by telephone hereunder shall be given, made or confirmed by means of a telephone call to the intended recipient at the number specified in writing by such Person for such purpose, it being understood and agreed that a voicemail message shall in no event be effective as a notice, communication or confirmation hereunder.

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

(d) This Agreement shall inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign its rights and obligations hereunder. The Lender may at any time, at its own expense, (i) assign all or any part of its rights and obligations hereunder to any other Person with the consent of the Borrower, such consent not to be unreasonably withheld, provided that no such consent shall be required if the assignment is to an affiliate of the Lender or if a Default exists, and (ii) grant to any other Person participating interests in all or part of its rights and obligations hereunder without notice to the Borrower. The Borrower agrees to execute any documents reasonably requested by the Lender in connection with any such assignment. All information provided by or on behalf of the Borrower to the Lender or its affiliates may be furnished by the Lender to its affiliates and to any actual or proposed assignee or participant.

(e) The Borrower shall pay the Lender, on demand, all reasonable out-of-pocket expenses and legal fees (including the allocated costs for in-house legal services) incurred by the Lender in connection with the enforcement of this Agreement or any instruments or agreements executed in connection herewith.

(f) The Borrower shall indemnify the Lender, its affiliates, and their respective partners, directors, officers, employees, agents and advisors (collectively the "Indemnitees") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, (ii) the Term Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Subsidiary, or any Environmental Liability related in any way to the Borrower or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not as to any Indemnitee, be available (A) to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for material breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby and (B) with respect to a dispute among two or more Indemnitees which does not arise as a result of the action or inaction of the Borrower. The agreements in this Paragraph 6(f) shall survive the repayment, satisfaction or discharge of all the other obligations and liabilities of the Borrower under the Loan Documents. All amounts due under this Paragraph 6(f) shall be payable within ten Business Days after demand therefor.

(g) To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Term Loan or the use of the proceeds thereof. Nothing contained in this Paragraph 6(g) shall be deemed to restrict the Borrower's right to pursue any and all legal remedies available to the Borrower for breach of any representation, covenant, warranty or other agreement set forth in any Loan Document.

(h) If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(i) This Agreement may be executed in one or more counterparts, and each counterpart, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same instrument.

(j) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO

THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLTED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE LENDER OR ANY AFFILIATES, PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, TRUSTEES, ADMINISTRATORS, MANAGERS, ADVISORS AND REPRESENTATIVES OF THE LENDER IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS PARAGRAPH 6(j). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN PARAGRAPH 6(j). NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(k) THE BORROWER AND THE LENDER EACH HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY

OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(l) The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), the Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act. The Borrower shall, promptly following a request by the Lender, provide all documentation and other information that the Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

(m) The words "execute," "execution," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation amendments or other modifications, notices of borrowing, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Lender, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Lender is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it.

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

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

[Signatures Appear on the Following Page]

Please indicate your acceptance of the Term Loan on the foregoing terms and conditions by returning an executed copy of this Agreement to the undersigned not later than May 17, 2019.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ________________________________
Name:
Title:

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

SONOCO PRODUCTS COMPANY

By: ________________________________
Name:
Title:

U.S. Taxpayer Identification Number: 57-0248420

Date: ________________________________

DEFINITIONS

Additional Incorporated Agreement Covenant:	A covenant or agreement that is added to Articles VI (Affirmative Covenants) or VII (Negative Covenants) of the Incorporated Agreement after the date hereof, as such covenant or agreement is in effect on the date so added, without giving effect to any subsequent amendment or other modification thereof.
Additional Incorporated Agreement Event of Default:	An “Event of Default” that is added to Article VIII of the Incorporated Agreement after the date hereof, as such “Event of Default” is in effect on the date so added, without giving effect to any subsequent amendment or other modification thereof.
Agreement:	This letter agreement, as amended, restated, extended, supplemented or otherwise modified in writing from time to time.
Applicable Rate:	From time to time, the following percentages per annum, based upon the Debt Rating as set forth in the pricing grid below:

Pricing Level	Debt Ratings	Eurodollar Margin	Base Rate Margin
I	≥A/A2	0.750%	0.000%
II	A-/A3	0.875%	0.000%
III	BBB+/Baa1	1.000%	0.000%
IV	BBB/Baa2	1.125%	0.125%
V	≤BBB-/Baa3	1.250%	0.250%

“Debt Ratings” means, as of any date of determination, the rating as determined by either S&P or Moody’s of the Borrower’s non-credit-enhanced, senior unsecured long-term debt; provided that if a Debt Rating is issued by each of the foregoing rating agencies, then the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level I being the highest and the Debt Rating for Pricing Level V being the lowest), unless there is a split in Debt Ratings of more than one level, in which case the Pricing Level that is one level higher than the Pricing Level of the lower Debt Rating shall apply.

Initially, the Applicable Rate shall be determined based upon the Debt Rating on the Closing Date. Thereafter, each change in the Applicable Rate resulting from a publicly announced change in the Debt Rating shall be effective, in the case of an upgrade, during the period commencing on the date of delivery by the Borrower to the Administrative Agent of notice thereof pursuant to Section 6.03(e) of the Incorporated Agreement and ending on the date immediately preceding the effective date of the next such change and, in the case of a downgrade, during the period commencing on the date of the public announcement thereof and ending on the date immediately

	preceding the effective date of the next such change. For purposes of the foregoing, (a) if no Debt Rating shall be available, such rating agencies shall be deemed to have established a Debt Rating which is one rating grade higher than the subordinated debt rating grade of the Borrower, (b) if no Debt Rating or subordinated debt rating grade shall be available, the Applicable Rate shall be as set forth in Pricing Level V.
Availability Period:	The period from the Closing Date to the earliest of (a) May 31, 2019, (b) the termination of the Incorporated Agreement and (c) the occurrence of an Event of Default; provided that the Availability Period shall automatically terminate upon the funding of the Term Loan.
Base Rate:	For any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its "prime rate" and (c) the Eurodollar Rate plus 1.00%; provided, that, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement The Lender's prime rate is a rate set by the Lender based upon various factors including the Lender's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by the Lender shall take effect at the opening of business on the day specified in the public announcement of such change.
Base Rate Loan:	A Loan bearing interest based on the Base Rate.
Breakage Costs:	Any loss, cost or expense incurred by the Lender (including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by the Lender to maintain the relevant Eurodollar Rate Loan or from fees payable to terminate the deposits from which such funds were obtained) as a result of (i) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or (ii) any failure by the Borrower (for a reason other than the failure of the Lender to make the Term Loan when all conditions to making such Term Loan have been met by the Borrower in accordance with the terms hereof) to prepay, borrow, continue or convert any Eurodollar Rate Loan on a date or in the amount notified by the Borrower. The certificate of the Lender as to its costs of funds, losses and expenses incurred shall be conclusive absent manifest error.
Business Day:	Any day other than a Saturday, Sunday, or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the State of New York or the state where the Lender's lending office is located and, if such day relates to any Eurodollar Rate

	Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.
Closing Date	May 17, 2019.
Default:	Any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.
Delayed Draw Funding Date:	The funding date of the Term Loan.
Dollar or $:	The lawful currency of the United States of America.
Environmental Laws:	Any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.
Environmental Liability:	Any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.
Eurodollar Rate:	(a) For any Interest Period with respect to any Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate or a comparable or successor rate, which rate is approved by the Lender ("LIBOR"), as published on the applicable Bloomberg screen page (or such other commercially available source providing quotations as may be designated by the Lender from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and (b) For any interest rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m. London time on such date of determination for U.S. Dollar deposits with a term of one month commencing that day; provided that to the extent a comparable or successor rate is approved by the Lender in connection herewith, the approved rate shall be

	applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Lender, such approved rate shall be applied in a manner as otherwise reasonably determined by the Lender; provided, further that if the Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.
Eurodollar Rate Loan:	A Loan bearing interest based on the Eurodollar Rate.
Event of Default:	Has the meaning set forth in Paragraph 5.
Existing Maturity Date:	Has the meaning set forth in Paragraph 1(h).
Federal Funds Rate:	For any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender; provided that if the Federal Funds Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.
Hazardous Materials:	All explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.
Incorporated Agreement:	The Credit Agreement, dated as of July 20, 2017, among the Borrower, each lender from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. Unless otherwise specified herein, all references to the Incorporated Agreement shall mean the Incorporated Agreement as in effect on the date hereof, without giving effect to any amendment, supplement or other modification thereto or thereof after the date hereof.
Indemnitee:	Has the meaning set forth in Paragraph 6(f).
Interest Period:	For each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or

six months thereafter (in each case, subject to availability), as selected by the Borrower in its notice to the Lender; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

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

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

Loan Documents:	This Agreement, the promissory note and fee letter, if any, delivered in connection with this Agreement.
Maturity Date:	The later of (a) May 17, 2020 and (b) if maturity is extended pursuant to Paragraph 1(h), such extended maturity date as determined pursuant to such Section; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.
Moody's:	Moody's Investors Service, Inc. and any successor thereto.
Person:	Any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.
Responsible Officer:	The chief executive officer, president, chief financial officer or treasurer of the Borrower and, solely for purposes of notices given pursuant to Paragraph 1, any other officer of employee of the Borrower so designated by any of the foregoing officers in a notice to the Lender or any other officer or employee of the Borrower designated in or pursuant to an agreement between the Borrower and the Lender. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.
S&P:	S&P Global Ratings, a division of S&P Global Inc., and any successor thereto.

Subsidiary:	With respect to any Person, a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" refer to a Subsidiary or Subsidiaries of the Borrower.

EXHIBIT B

FORM OF PROMISSORY NOTE

$200,000,000 May 17, 2019

FOR VALUE RECEIVED, the undersigned, SONOCO PRODUCTS COMPANY, a South Carolina corporation (the "Borrower"), hereby promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION (the " Lender") the principal sum of TWO HUNDRED MILLION DOLLARS ($200,000,000) or, if less, the aggregate unpaid principal amount of all Term Loans made by the Lender to the Borrower pursuant to the letter agreement, dated as of even date herewith (such letter agreement, as it may be amended, restated, extended, supplemented or otherwise modified from time to time, being hereinafter called the "Agreement"), between the Borrower and the Lender, on the Maturity Date. The Borrower further promises to pay interest on the unpaid principal amount of the Term Loans evidenced hereby from time to time at the rates, on the dates, and otherwise as provided in the Agreement.

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

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

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

SONOCO PRODUCTS COMPANY

By: ______________________________
Name:
Title:

EXHIBIT 15

July 31, 2019

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

Commissioners:

We are aware that our report dated July 31, 2019 on our review of interim financial information of Sonoco Products Company, which appears in this Quarterly Report on Form 10-Q, is incorporated by reference in the Registration Statements on Forms S-8 (File No. 333-206669, dated August 31, 2015 and as amended on November 1, 2017; File No. 333-206671, dated August 31, 2015; File No. 333-206672, dated August 31, 2015; File No. 333-206673, dated August 31, 2015; File No. 333-206674, dated August 31, 2015; and File No. 333-206675, dated August 31, 2015) and Form S-3 (File No. 333-213559, dated September 9, 2016) of Sonoco Products Company.

Very truly yours,

/s/PricewaterhouseCoopers LLP

Charlotte, North Carolina

EXHIBIT 31

I, Robert C. Tiede, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2019

By: /s/ Robert C. Tiede
Robert C. Tiede
Chief Executive Officer

EXHIBIT 31

I, Julie C. Albrecht, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 31, 2019

By: /s/ Julie C. Albrecht

Julie C. Albrecht

Vice President and Chief Financial Officer

EXHIBIT 32

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

The undersigned, who are the chief executive officer and the chief financial officer of Sonoco Products Company, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q for the quarter ended June 30, 2019, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

July 31, 2019

/s/ Robert C. Tiede
Robert C. Tiede
Chief Executive Officer

/s/ Julie C. Albrecht
Julie C. Albrecht
Vice President and Chief Financial Officer

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