

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC

20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 27, 1999

Commission File No. 1-11261

SONOCO PRODUCTS COMPANY

Incorporated under the laws
of South Carolina

I.R.S. Employer Identification
No. 57-0248420

Post Office Box 160

Hartsville, South Carolina 29551-0160

Telephone: 843-383-7000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
 --- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock at August 1, 1999:

Common stock, no par value: 101,935,240

SONOCO PRODUCTS COMPANY

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

	(unaudited) June 27, 1999	December 31, 1998*
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 44,845	\$ 57,249
Trade and other accounts receivable, net of allowances	368,404	352,147
Inventories:		
Finished and in process	105,541	93,829
Materials and supplies	124,427	123,432
Prepaid expenses and other	30,738	29,465
Net assets held for sale	--	5,294
	-----	-----
	673,955	661,416
PROPERTY, PLANT AND EQUIPMENT, NET	995,550	1,013,843
COST IN EXCESS OF FAIR VALUE OF ASSETS PURCHASED, NET	172,141	170,361
OTHER ASSETS	259,554	237,363
	-----	-----
Total Assets	\$ 2,101,200	\$ 2,082,983
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payable to suppliers	\$ 156,456	\$ 174,218
Accrued expenses and other	148,352	149,467
Notes payable and current portion of long-term debt	76,123	96,806
Taxes on income	2,772	15,578
	-----	-----
	383,703	436,069
LONG-TERM DEBT	699,184	686,826
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	41,074	43,689
DEFERRED INCOME TAXES AND OTHER	121,889	94,807
SHAREHOLDERS' EQUITY		
Common stock, no par value		
Authorized 300,000 shares		
101,895 and 101,683 shares issued and outstanding		
at June 27, 1999 and December 31, 1998, respectively	7,175	7,175
Capital in excess of stated value	435,133	431,465
Accumulated other comprehensive loss	(118,674)	(95,139)
Retained earnings	531,716	478,091
	-----	-----
Total Shareholders' Equity	855,350	821,592
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 2,101,200	\$ 2,082,983
	=====	=====

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

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 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
Net sales	\$ 611,754	\$ 637,609	\$ 1,172,233	\$ 1,310,924
Cost of sales	466,632	489,708	892,534	1,007,766
Selling, general and administrative expenses	64,245	61,854	120,015	129,191
Gain on assets held for sale	3,500	85,360	3,500	85,360
Income before interest and taxes	84,377	171,407	163,184	259,327
Interest expense	11,846	12,878	24,316	27,234
Interest income	(1,692)	(1,963)	(2,730)	(2,771)
Income before income taxes	74,223	160,492	141,598	234,864
Provision for income taxes	28,575	88,095	53,166	117,100
Income before equity in earnings of affiliates/ Minority interest in subsidiaries	45,648	72,397	88,432	117,764
Equity in earnings of affiliates/Minority interest in subsidiaries	1,716	1,544	2,879	2,672
Net income before extraordinary loss	47,364	73,941	91,311	120,436
Extraordinary loss from early extinguishment of debt, net of income tax benefit	--	11,753	--	11,753
Net income	\$ 47,364	\$ 62,188	\$ 91,311	\$ 108,683
Average common shares outstanding:				
Basic	101,867	103,104	101,842	103,503
Assuming exercise of options	975	3,183	987	3,111
Diluted	102,842	106,287	102,829	106,614

See accompanying Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
Per common share				
Net income:				
Basic, before extraordinary loss	\$.46	\$.71	\$.90	\$ 1.16
Extraordinary loss, net of income tax benefit	--	(.11)	--	(.11)
	-----	-----	-----	-----
Basic	\$.46	\$.60	\$.90	\$ 1.05
	=====	=====	=====	=====
Diluted, before extraordinary loss	\$.46	\$.70	\$.89	\$ 1.13
Extraordinary loss, net of income tax benefit	--	(.11)	--	(.11)
	-----	-----	-----	-----
Diluted	\$.46	\$.59	\$.89	\$ 1.02
	=====	=====	=====	=====
Dividends per common share	\$.19	\$.18	\$.370	\$.344
	=====	=====	=====	=====

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 27, 1999	June 28, 1998
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 67,476	\$ 87,645
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(64,437)	(101,153)
Cost of acquisitions, exclusive of cash	(25,770)	(46,524)
Proceeds from non-operating notes receivable	34,000	--
Proceeds from the sale of assets	15,433	295,861
Other, net	(933)	(1,614)
	-----	-----
Net cash (used) provided by investing activities	(41,707)	146,570
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt	46,040	97,069
Principal repayment of debt	(64,796)	(111,614)
Net increase (decrease) in commercial paper borrowings	17,000	(62,500)
Cash dividends	(37,686)	(35,414)
Common shares acquired	(217)	(138,524)
Common shares issued	2,854	26,398
	-----	-----
Net cash used by financing activities	(36,805)	(224,585)
	-----	-----
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(1,368)	(246)
	-----	-----
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,404)	9,384
Cash and cash equivalents at beginning of period	57,249	53,600
	-----	-----
Cash and cash equivalents at end of period	\$ 44,845	\$ 62,984
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1: BASIS OF INTERIM PRESENTATION

In the opinion of the management of Sonoco Products Company (the "Company"), the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the consolidated financial position, results of operations, and cash flows for the interim periods reported hereon. Operating results for the three and six months ended June 27, 1999, are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. 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 for the fiscal year ended December 31, 1998.

NOTE 2: DIVIDEND DECLARATIONS

On April 21, 1999, the Board of Directors declared a regular quarterly dividend of \$.19 per share. This dividend was paid June 10, 1999, to all shareholders of record May 21, 1999.

On July 21, 1999, the Board of Directors declared a regular quarterly dividend of \$.19 per share payable September 10, 1999, to all shareholders of record August 20, 1999.

NOTE 3: ACQUISITIONS/DISPOSITIONS

During the first quarter of 1999, Sonoco completed the acquisition of Wood Composite Technology, a manufacturer of composite (i.e. wood and plastic) reels serving the wire and cable markets. The acquisition is expected to add approximately \$10 million of sales annually. Sonoco also acquired tube and core operations in Brazil and Taiwan from Conitex, a wholly owned subsidiary of Texpack, a joint venture partner.

In July 1999, Sonoco received regulatory approval to proceed with the purchase of the composite can assets of Crown Cork & Seal, Inc. The purchase, when completed, will consist of three manufacturing facilities in the United States with annual sales of approximately \$32 million.

Also in July 1999, the Company signed a definitive agreement to purchase the flexible packaging division of Graphic Packaging Corporation, a wholly owned subsidiary of ACX Technologies, Inc. for approximately \$105 million. Completion of the all-cash purchase, which is subject to regulatory approval, is expected in the third quarter of 1999.

Also, in the first quarter of 1999, Sonoco completed the sale of its labels and label machinery businesses in the United Kingdom and a label machinery business in the United States. These operations had sales of approximately \$34 million in 1998 and \$4.4 million in 1999. The completion of the sale of these operations resulted in the recognition of a \$3.5 million gain.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
(unaudited)

NOTE 4: COMPREHENSIVE INCOME

The following table provides a reconciliation from net income to comprehensive income (dollars in thousands):

	Three Months Ended		Six Months Ended	
	June 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
Net income	\$ 47,364	\$ 62,188	\$ 91,311	\$108,683
Other comprehensive income:				
Foreign currency translation adjustments	957	9,413	(23,535)	3,791
Comprehensive income	\$ 48,321	\$ 71,601	\$ 67,776	\$112,474

The following table summarizes the components of the current period change in the accumulated other comprehensive income balances (dollars in thousands):

	Foreign Currency Translation Adjustments	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income
Balance at January 1, 1999	\$ (88,228)	\$ (6,911)	\$ (95,139)
Current period change	(23,535)	--	(23,535)
Balance at June 27, 1999	\$ (111,763)	\$ (6,911)	\$ (118,674)

NOTE 5: NEW ACCOUNTING PRONOUNCEMENT

On June 15, 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). FAS 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000 and requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Management of the Company anticipates that, due to its limited use of derivative instruments, the adoption of FAS 133 will not have a significant effect on the Company's results of operations or its financial position.

SONOCO PRODUCTS COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED
(unaudited)

NOTE 6: FINANCIAL SEGMENT INFORMATION

Sonoco reports its results in two primary segments, Industrial Packaging and Consumer Packaging. The Industrial Packaging segment includes the following businesses: engineered carriers (tubes and cores); molded plugs and related products and services; injection molded and extruded plastics; paper manufacturing; recovered paper operations; designed interior packaging; wood, plywood, and metal reels for wire and cable packaging; adhesives; converting machinery; and forest products. The Consumer Packaging segment includes the following businesses: composite cans; plastic and fibre cartridges; capseals; flexible packaging; high density film products; folding cartons; packaging services; and coasters and glass covers.

FINANCIAL SEGMENT INFORMATION (UNAUDITED)
(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 27, 1999	June 28, 1998	June 27, 1999	June 28, 1998
Net Sales				
Industrial Packaging	\$ 338,381	\$ 343,002	\$ 646,271	\$ 645,577
Consumer Packaging	271,613	259,858	517,289	510,717
Other*	1,760	34,749	8,673	154,630
	-----	-----	-----	-----
Consolidated	\$ 611,754	\$ 637,609	\$ 1,172,233	\$ 1,310,924
	=====	=====	=====	=====
Operating Profit				
Industrial Packaging	\$ 47,969	\$ 53,993	\$ 91,404	\$ 103,341
Consumer Packaging	36,460	32,550	68,204	63,194
Other*	(52)	(496)	76	7,432
Net gain on sales of divested assets	--	85,360	3,500	85,360
Interest, net	(10,154)	(10,915)	(21,586)	(24,463)
	-----	-----	-----	-----
Consolidated	\$ 74,223	\$ 160,492	\$ 141,598	\$ 234,864
	=====	=====	=====	=====

* Includes net sales and operating profits of divested businesses and entities previously consolidated which have been contributed to joint ventures and are no longer consolidated by Sonoco.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Directors of Sonoco Products Company

We have reviewed the accompanying condensed consolidated balance sheet of Sonoco Products Company as of June 27, 1999, and the related condensed consolidated statements of income for each of the three-month and six-month periods ended June 27, 1999 and June 28, 1998, and the condensed consolidated statements of cash flows for the six-month periods ended June 27, 1999 and June 28, 1998. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with generally accepted accounting principles.

We previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1998, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year then ended (not presented herein), and in our report dated January 27, 1999, 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, 1998, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Charlotte, North Carolina
August 9, 1999

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED)

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations that are not historical in nature, are intended to be, and are hereby identified as "forward looking statements" for purposes of the safe harbor provided by section 21E of the Securities Exchange Act of 1934, as amended. The Company cautions readers that forward looking statements, including without limitation those relating to the Company's future business prospects, revenues, working capital, liquidity, capital needs, interest costs, income, and successful implementation of the Year 2000 Plan, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements.

SECOND QUARTER 1999 COMPARED WITH SECOND QUARTER 1998

RESULTS OF OPERATIONS

Consolidated net sales for the second quarter of 1999 were \$611.8 million, compared with \$637.6 million in the second quarter of 1998. Last year's second quarter included sales from divested operations including the Company's former labels and label machinery businesses in North America and the United Kingdom, and the Industrial Containers business. It also included sales from the Company's paper cone and roll wrap operations, both of which were subsequently contributed to joint ventures in which Sonoco is a minority or equal owner. The second quarter of 1998 also included sales of corrugating medium to Georgia-Pacific. Beginning in July 1998, corrugating medium was sold to Georgia-Pacific under a new cost-plus fixed management fee arrangement under which Sonoco no longer reports sales. On a comparable basis, excluding divested businesses and entities previously consolidated which have been contributed to joint ventures and are no longer consolidated by Sonoco, sales for the second quarter of 1999 from ongoing operations were \$610.0 million, versus \$602.9 million in the second quarter of 1998.

Reported net income for the quarter was \$47.4 million versus \$62.2 million in the second quarter of 1998, which included certain one-time transactions. Excluding the one-time transactions, net income for the second quarter of 1998 was \$47.4 million. These one-time transactions in 1998 included an after-tax gain of \$40 million resulting from the sale of Sonoco's fibre drum and plastic drum operations and a \$13.5 million after-tax charge in the second quarter relating to the disposition of former Engraph operations. Net income in 1998 also included the effect of an extraordinary, after-tax loss of \$11.8 million resulting from the repurchase of \$58.7 million of 9.2% notes. Sonoco reported second quarter earnings of \$.46 per diluted share versus \$.59 in 1998 including the impact of these one-time transactions. Excluding these one-time transactions, earnings per diluted share were \$.45 for the second quarter of 1998. In addition, reported earnings per diluted share for the second quarter of 1999 reflect reduced interest expense from lower debt levels and the reduction in the number of outstanding shares of common stock resulting from \$169.1 million of stock repurchases during 1998.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

SECOND QUARTER 1999 COMPARED WITH SECOND QUARTER 1998, CONTINUED

CONSUMER PACKAGING SEGMENT

The consumer packaging segment in the second quarter of 1999 included composite cans; plastic and fibre cartridges; capseals; flexible packaging; high density film products; folding cartons; packaging services; and coasters and glass covers.

Second quarter sales were \$273.4 million, compared with \$271.5 million in the same quarter of 1998. Last year's sales included the North American labels operations, which were sold at the beginning of the second quarter of 1998, and sales from the labels operations in the United Kingdom and label machinery operations in the United Kingdom and the United States, which were sold in the second quarter of 1999. On a comparable basis, second quarter 1999 sales were \$271.6 million, versus \$259.9 million in the same quarter last year. Reported operating profits in this segment were \$36.4 million, compared with \$30.7 million in the second quarter of 1998. On a comparable basis, operating profits were \$36.5 million in the second quarter of 1999, versus \$32.6 million in the same quarter last year.

The increase in second quarter sales in this segment resulted primarily from increased volume in flexible packaging operations and the European composite can operations. The Company's co-extruded, laminated flexible packaging operations saw increases in internal sales to the Company's consumer products businesses, as well as from new confectionery product introductions by a major customer. New introductions in the snack food market in Europe helped boost composite can volume. The increase in operating profit reflects improved productivity in the domestic composite can, high density film and flexible packaging operations, plus a gain of \$1.4 million from the sale of real estate.

In the domestic composite can operations, sales in the nuts and powdered beverage product lines were strong, while sales volume in the snack, refrigerated dough and frozen concentrate lines declined during the quarter. The rate of sales decline in frozen concentrates lessened, reflecting the conversion of a previous self-manufacturer. The Company opened a new composite can plant in Mexico during the second quarter, primarily to serve the powdered infant formula market.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

SECOND QUARTER 1999 COMPARED WITH SECOND QUARTER 1998, CONTINUED

INDUSTRIAL PACKAGING SEGMENT

The industrial packaging segment for the second quarter of 1999 included engineered carriers (tubes and cores); molded plugs and related products and services; injection molded and extrusion molded plastics; paper manufacturing; recovered paper operations; designed interior packaging; wood, plywood, and metal reels for wire and cable packaging; adhesives; converting machinery; and forest products.

Second quarter sales for the industrial packaging segment were \$338.4 million, compared with \$366.1 million in the second quarter of 1998. The Company's paper cone and roll wrap businesses, both of which were included in last year's second quarter sales, were contributed to joint ventures in 1998, affecting second quarter sales comparisons. Last year's second quarter also included sales of corrugating medium which, beginning in July 1998, is sold under a cost-plus fixed management fee arrangement under which Sonoco no longer reports sales. On a comparable basis, excluding these items and sales from divested operations, sales in 1998 would have been \$343.0 million. Operating profits for this segment were \$48.0 million, compared with \$55.3 million in the same period of 1998. Included in 1999 results is a \$2.4 million charge related to the shutdown of a paper mill in the United Kingdom and associated redundancies. Excluding this charge in 1999, and excluding operating profits from divested businesses and previously consolidated entities which have been contributed to joint ventures and are no longer consolidated by Sonoco, comparable operating profits were \$50.4 million and \$54.0 million, in 1999 and 1998, respectively.

Volumes improved in virtually all of the industrial businesses globally, including the paper operations that are currently operating near capacity. The profit impact from volume gains was more than offset, however, by an unfavorable price/cost ratio reflecting increasing raw material costs during the quarter, including recovered paper (OCC) costs. In response, the company announced a 7-1/2% - 9% increase in U.S. prices for its paper-based engineered carriers in July, as well as price increases for Asia, Europe, Latin America, Canada and Mexico. The Company had not announced a general price increase for its engineered carriers since August 1997.

Historically, full implementation of price increases for engineered carriers lags increased paper prices. Therefore, a positive impact from the price increase in the third quarter is not expected. There has been a steady, month-over-month increase in demand for engineered carriers since February of this year. In addition, paperboard volume, both internally and from paper supplied under contract to our joint venture partners, improved throughout the quarter as did capacity utilization in our paper mills. These improvements are expected to continue throughout the balance of 1999.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

JUNE 1999 YEAR-TO-DATE COMPARED WITH JUNE 1998 YEAR-TO-DATE

Consolidated net sales for the first six months of 1999 were \$1.17 billion, compared with \$1.31 billion in the first six months of 1998. Last year's sales included approximately \$131.7 million from the following divested operations: the North American labels operation and the fibre and plastic drum portions of the industrial containers business, both divested at the beginning of the second quarter of 1998; and the roll wrap and paper cone operations which were contributed to separate joint ventures during 1998. In addition, 1998 results included sales of corrugating medium which, beginning in July 1998, is sold under a cost-plus fixed management fee arrangement under which Sonoco no longer reports sales. Comparable net sales were \$1.16 billion in 1999, even with \$1.16 billion in 1998. Net income for the first half of 1999, including a gain of \$3.5 million from the sale of the Company's labels business in the United Kingdom and its label machinery businesses in the United Kingdom and the United States, was \$91.3 million compared to \$108.7 million in 1998, which included numerous special one-time transactions discussed earlier. Excluding these transactions, comparable net income was \$87.1 million, a 7.2% decrease from the \$93.9 reported during the first half of 1998.

CONSUMER PACKAGING SEGMENT

Trade sales for the consumer packaging segment in the first six months of 1999 were \$526.0 million, compared with \$567.4 million in the first half of 1998. On a comparable basis, trade sales for the first six months of 1998 were \$510.7 million, as last year's sales included approximately \$56.7 million from the North American labels operations, divested at the beginning of the second quarter of 1998. Operating profits in this segment were \$68.3 million for the first half of 1999, compared with \$64.1 million during the same period last year. On a comparable basis, excluding divested operations, operating profits increased 7.9% to \$68.2 million from 1998's \$63.2 million.

The company's global composite can operations remain strong. Volume increases in the powdered beverage and nuts markets were offset by weakness in the frozen concentrate, snacks, and dough market.

Volume increased in Sonoco's high density film products operations led by increases in both the grocery and retail markets. Sales prices, however, declined over last year, but were more than offset by lower resin costs.

Volume increased in the company's flexible packaging operations in both the confectionery and liners markets. Productivity improvements and favorable raw material price changes also contributed to this group's improved performance over the first half of 1998.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

JUNE 1999 YEAR-TO-DATE COMPARED WITH JUNE 1998 YEAR-TO-DATE

INDUSTRIAL PACKAGING SEGMENT

Trade sales for the industrial packaging segment for the first six months of 1999 were \$646.3 million, compared with \$743.5 million in the first half of 1998. The Company's paper cone and roll wrap businesses, both of which were included in last year's sales, were contributed to joint ventures in 1998, affecting second quarter sales comparisons. Last year's first half also included sales of corrugating medium which, beginning in July 1998, is sold under a cost-plus fixed management fee arrangement under which Sonoco no longer reports sales. On a comparable basis, excluding these items and sales from divested operations, sales in 1998 would have been \$645.6 million. Operating profits for this segment in the first half of 1999 were \$91.4 million, compared with the \$109.9 million reported in the same period of 1998. On a comparable basis, excluding divested operations and entities previously consolidated which have been contributed to joint ventures and are no longer consolidated by Sonoco, 1998 profit was \$103.3 million.

Volume in the global tube and core operations remained strong compared with a year ago. Selling prices declined across all segments, more than offsetting small declines in raw material prices.

CORPORATE

General corporate expenses have been allocated as operating costs to each of the segments. Year to date interest expense was lower in the first six months of 1999 compared with the same period last year due to higher debt levels in the first quarter of 1998 associated with the share repurchase program completed that year.

In July 1999, Sonoco received regulatory approval to proceed with the purchase of the composite can assets of Crown Cork & Seal, Inc. The purchase, when completed, will consist of three manufacturing facilities in the United States with annual sales of approximately \$32 million. Also in July 1999, the Company signed a definitive agreement to purchase the flexible packaging division of Graphic Packaging Corporation, a wholly owned subsidiary of ACX Technologies, Inc. for approximately \$105 million. Completion of the all-cash purchase, which is subject to regulatory approval, is expected in the third quarter of 1999. Both purchases will become part of the Consumer Packaging segment.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong through the first half of 1998. The debt-to-capital ratio, after adjusting debt levels for excess cash related to the issuance of restricted purpose bonds, decreased slightly to 46.3% at June 27, 1999, from 46.7% at December 31, 1998.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES, CONTINUED

Working capital increased \$64.9 million to \$290.3 million during the first half of 1999, driven mainly by lower payables and decreases in short-term debt.

The Company expects internally generated cash flows, along with borrowings available under its commercial paper and other existing credit facilities, to be sufficient to meet operating and normal capital expenditure requirements.

YEAR 2000 READINESS DISCLOSURE AND EURO COMPLIANCE

The "Year 2000 issue" relates to the inability of certain computerized information and production systems to properly recognize and process date sensitive information. This is because most of the world's computer hardware and software have historically used only two digits to identify the year, resulting in the computers' inability to distinguish between dates in the 1900's and dates in the 2000's.

In May 1997, the Company adopted a Year 2000 Plan ("Plan") to identify and address the Company's various Year 2000 issues throughout its domestic and international operations, including financial and administrative systems, process control and operating systems and information systems infrastructure. The Plan provides for six phases: (i) an inventory of all systems that might be affected by the Year 2000; (ii) assessment of Year 2000 readiness of each application identified in the inventory; (iii) planning for corrective action, which includes reviewing and prioritizing the various corrective actions based on their relative impact on the Company's operations and profitability; (iv) initiation of corrective actions to replace or repair systems that are not Year 2000 compliant; (v) testing the new, upgraded or repaired systems; and (vi) implementation of tested systems and post-implementation support, including contingency plans for those systems most critical to the Company's ongoing operations and/or most at risk to fail. The Plan is being implemented on a Company-wide basis under the direction of the Information Services Department in cooperation with senior management and with the review of the Board of Directors' Audit Committee.

The Company has completed the inventory, assessment, planning and correction phases for all of its material systems that may involve a Year 2000 issue. In approximately 90% of its operations, final testing and implementation have also been completed. Testing of material systems in the remaining operations is scheduled to be completed in the third quarter of 1999. Based on the information developed from the work performed to date, of the total system-related expenditures, the Company estimates that the total cost of achieving Year 2000 compliance in substantially all of its information technology and production systems will be approximately \$30 million, of which approximately \$28.5 million has been spent through June 27, 1999, a portion of which was capitalized and will be amortized to earnings in future periods. The funds were spent primarily on the correction

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

YEAR 2000 READINESS DISCLOSURE AND EURO COMPLIANCE, CONTINUED

and implementation phases. Management anticipates that the remainder will be spent in the third quarter of 1999, and believes that the total cost of achieving Year 2000 compliance will not have a material impact on the Company's financial condition, results of operations, or cash flows. However, the Company currently is in the process of completing corrective actions and testing the new, upgraded or repaired systems. The Company may need to take additional corrective action arising out of the results of the testing, the costs of which it cannot yet predict.

The Company is deploying its internal and external resources to install and test new or upgraded equipment necessary to address the Year 2000 issues in its operations. Management believes its existing personnel and outside resources are sufficient to implement the Plan on a timely basis, assuming that no unanticipated delays are encountered.

The Company's facilities utilize various control systems to monitor and regulate production operations. Although the production impact of a Year 2000 related failure varies significantly among the facilities, any such failure could cause manufacturing delays or similar inefficiencies. Due to the decentralized nature of its operations, however, management believes the potential impact of such a failure would be isolated to the affected facility. In most cases, production could be shifted to other Company facilities that have similar production capabilities and capacity until the Year 2000 issue is remedied. It is not possible to predict the reasonable likelihood of such an event occurring or the related financial impact. Based on information developed to date, the Company does not believe it has a significant amount of software imbedded in its production equipment that is date dependent.

The Company intends to have contingency plans for its administration functions, production facilities, and equipment finalized by the third quarter of 1999. The Company's contingency plans will assume a worst-case scenario that includes short-term power outages, short-term transportation and supply shortages, and short-term voice and data communication failures. Mitigation plans vary somewhat between business units, but share a common focus on safety, asset and revenue protection, and supply chain management. Specific contingency options include manual procedures, alternate site production capability, and increased raw material inventories.

The Company also maintains a wide variety of administrative and financial applications that require corrective actions to handle Year 2000 dates. The Company has installed and tested new, more centralized software systems throughout its North American operations that are designed to address Year 2000 issues. Such

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

YEAR 2000 READINESS DISCLOSURE AND EURO COMPLIANCE, CONTINUED

applications generally are decentralized in the Company's international operations. Consequently, any Year 2000 failure would be isolated to a single facility or operation. In most instances, the Company has the ability to run these applications off-line with the assistance of additional Company personnel, if necessary.

The Company relies on third party suppliers for certain raw materials, utilities, transportation and other key services. Under the Plan, the Company has initiated efforts to evaluate the Year 2000 readiness of its key suppliers so that it can make contingency plans to reduce risks of disruption in its production and delivery processes. Paper, the Company's primary raw material, is produced internally; therefore, the Company believes it will not be subject to many of the risks attendant to companies that are substantially dependent on third party suppliers for raw materials. To date, approximately 80% of those suppliers that the Company has contacted have responded to the surveys. All have indicated that they are, or believe they will be, Year 2000 compliant with respect to operations that impact the Company.

Although possible Year 2000 interruptions in customers' operations could result in reduced sales, increased inventory or receivable levels and reduction in cash flow, the Company believes that its customer base is broad enough to minimize the effects of such occurrences. Nevertheless, the Company is actively communicating with each of its more significant customers in order to devise adequate contingency plans where necessary.

There is a risk that the Company's plans for achieving Year 2000 compliance may not be completed on time, particularly in certain of the Company's European operations that are more dependent on third parties. However, the Company anticipates that if one or more of the milestones are not met with respect to any system, the Plan timetable will provide adequate advance notice to permit the Company to take those steps necessary to implement contingency plans, which could include taking the systems off-line temporarily, stockpiling inventories of raw materials or finished goods, or devoting additional Company personnel to resolve or substantially mitigate the issues.

SONOCO PRODUCTS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(UNAUDITED), CONTINUED

YEAR 2000 READINESS DISCLOSURE AND EURO COMPLIANCE, CONTINUED

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their existing currencies and the Euro and adopted the Euro as their common legal currency (the "Euro Conversion"). The impact of the Euro Conversion has not been material to the Company in the first six months of 1999. The Company is currently unsure of the future impact that the Euro Conversion will have, particularly as it relates to its European operations. However, the Company does not anticipate that the Euro Conversion will have a material adverse effect on its future business, financial condition, results of operations, or cash flows. The corrective actions that the Company is taking to address Year 2000 issues with respect to its European operations already include changes in its administrative and financial applications necessary to deal with the Euro Conversion at an immaterial incremental cost.

The estimates and conclusions herein contain forward-looking statements and are based on management's best estimates of future events. Risks to completing the Plan include the availability of resources, the Company's ability to discover and correct the potential Year 2000-sensitive problems that could have a serious impact on specific systems or facilities, and the ability of suppliers to bring their systems into Year 2000 compliance. All statements made herein regarding our Year 2000 efforts are "Year 2000 Readiness Disclosures" made pursuant to the Year 2000 Information and Readiness Disclosures Act, and to the extent applicable, are entitled to the protections of such act.

SONOCO PRODUCTS COMPANY
PART I. FINANCIAL INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information about the Company's exposure to market risk was disclosed in its 1998 Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on March 26, 1999. There have been no material changes in market risk exposures since the date of that filing.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

Incorporated by reference to the information set forth under Item 4 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 1999.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 3-1 - Articles of Incorporation (as amended)
Exhibit 3-2 - Bylaws (as amended)
Exhibit 27 - Financial Data Schedule (for SEC use only)
- (b) No Current Reports on Form 8-K were filed by the Company during the second quarter of 1999.

S O N O C O P R O D U C T S C O M P A N Y

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: August 9, 1999

By:/s/ F. Trent Hill, Jr.

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

SONOCO PRODUCTS COMPANY

EXHIBIT INDEX

Exhibit Number -----	Description -----
3.1	Articles of Incorporation (as amended)
3.2	Bylaws (as amended)
27	Financial Data Schedule for the second quarter of 1999 (for SEC use only)

[The following is an unofficial Restatement of the Restated Articles of Incorporation, filed on October 7, 1988, with the Secretary of State of South Carolina, as subsequently amended on April 28, 1989, November 2, 1993, May 4, 1994, and August 4, 1999, and as corrected on August 10, 1995]

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
(RESTATED) ARTICLES OF INCORPORATION
OF
SONOCO PRODUCTS COMPANY

(File this Form in
Duplicate Originals)

This Space for Use
by
Secretary of State

(Section 33-7-30 of 1976 Code)

1. The name of the corporation is SONOCO PRODUCTS COMPANY, originally known as SOUTHERN NOVELTY COMPANY as filed on May 10, 1899.

2. The initial registered office of the corporation is North Second Street

Street & Number

Hartsville	Darlington	S.C.	29550
-----	-----	-----	-----
City	County		Zip Code

and the initial registered agent at such address is Harris E. DeLoach, Jr.

3. The period of duration of the corporation shall be perpetual (years).

4. The corporation is authorized to issue shares of stock as follows:

Class of Shares -----	Authorized No. of Each Class -----	Par Value -----
Common	300,000,000	None
Preferred	30,000,000	None

If shares are divided into two or more classes or if any class of shares is divided into series within a class, the relative rights, preferences, and limitations of the shares of each class, and of each series within a class, are as follows:

(a) Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article 4, to provide for the issuance of the shares of Preferred Stock (including any shares of Preferred Stock restored to the status of authorized but unissued Preferred Stock, undesignated as to series pursuant to this Article 4(a) in one or more series, and to establish, from time to time, the number of shares to be included in each such series and to fix the designations, voting powers, if any, preferences, limitations, and relative, participating, optional or other special rights, as shall be stated and expressed in the articles of amendment providing for the issue of such series adopted by the Board of Directors and filed with the Secretary of State. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(i) the distinctive serial designations and the division of shares of Preferred Stock into one or more series and the number of shares of a particular series, which may be increased or decreased (but not below the number of shares thereof then outstanding) by articles of amendment authorized, executed and filed as required by law;

(ii) the rate or amount (or the method of determining the rate or amount) and times at which, and the preferences and conditions under which, dividends shall be payable on shares of a particular series, the status of such dividends as cumulative, partially cumulative, or noncumulative, the date or dates from which dividends, if cumulative, shall accumulate, and the status of such series as participating or nonparticipating with shares of other classes or series of stock;

(iii) the price or prices at which, the nature of the consideration for which, the period or periods within which and the terms and conditions, if any, upon which the shares of a particular series may be redeemed, in whole or in part,

at the option of the corporation;

(iv) the amount or amounts and rights and preferences, if any, to which the holders of shares of a particular series are entitled or shall have in the event of any involuntary or voluntary liquidation, dissolution or winding up of the corporation;

(v) the right, if any, of the holders of a particular series or the corporation to convert or cause conversion of shares of such series into shares of other classes or series of stock or other securities or other property or to exchange or cause exchange of such shares for shares of other classes or series of stock or other securities for other property, and the terms and conditions, if any, including the price or prices or the rate or rates of conversion and exchange, and the terms and conditions of adjustments, if any, at which such conversion or exchange may be made or caused;

(vi) the obligation, if any, of the corporation to redeem, purchase or otherwise acquire, in whole or in part, shares of a particular series for a sinking fund or otherwise, and the terms and conditions thereof, if any, including the price or prices and the nature of the consideration payable for such shares so redeemed, purchased or otherwise acquired;

(vii) the voting rights, if any, of the shares of a particular series (in addition to those that may be required by law), whether special, conditional, limited or unlimited, including the number of votes per share and any requirement for the approval by the holders of shares of all series of Preferred Stock, or of the shares of one or more series thereof, or of both, in an amount greater than a majority up to such amount as is in accordance with applicable law, as a condition to specified corporation action or amendments to the Articles of Incorporation; and,

(viii) any other relative rights, limitations and preferences which may be so determined by the Board of Directors to the fullest extent permitted by the laws of the State of South Carolina.

All shares of any particular series of Preferred Stock shall rank equally and shall be identical as to preferences, limitations and relative rights, except as to the date or dates from and after which dividends, if cumulative or partially cumulative, shall accumulate. All series of Preferred Stock shall rank equally and shall be identical as to preferences, limitations and relative rights, except insofar as, to the extent permitted by law, they may vary with respect to the matters which the Board of Directors is hereby expressly authorized to determine in the articles of amendment providing for any

particular series of Preferred Stock.

All shares of Preferred Stock shall rank senior and prior to the Common Stock in respect of the right to receive dividends and the right to receive payments out of the net assets of the corporation upon any involuntary or voluntary liquidation, dissolution or winding up of the corporation. All shares of Preferred Stock redeemed, purchased or otherwise acquired by the corporation (including shares surrendered for conversion or exchange) shall be cancelled and thereupon restored to the status of authorized but unissued shares of Preferred Stock undesignated as to series.

1. DESIGNATION OF THE SERIES; RANK. The shares of such series shall be designated as "\$2.25 Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 3,450,000. The Series A Preferred Stock shall be without par value. Such number of shares may be decreased, at any time and from time to time, by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than that of the shares then outstanding. The Series A Preferred Stock shall rank senior to the common stock of the Company (the "Common Stock") and any other capital stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up.

2. DIVIDENDS. (a) The holders of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cumulative annual cash dividends of \$2.25 per share, payable in arrears on the first day of February, May, August and November, commencing February 1, 1994 (the "Dividend Payment Date"), with respect to the quarterly period ending on the day immediately preceding such dividend payment date. The amount of dividends payable per share for each full dividend period shall be computed by dividing by four the \$2.25 annual rate. Dividends payable for any period other than a full dividend period shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months. The dividends will be payable to holders of record as they appear on the stock register of the Company on a record date fixed by the Board of Directors, which shall in no event be more than fifty (50) days nor less than ten (10) days prior to the Dividend Payment Date. Dividends on the Series A Preferred Stock shall be cumulative from the date of original issuance of the Series A Preferred Stock. Holders of the Series A Preferred Stock shall not be entitled to any dividends,

whether payable in cash, property or securities, in excess of the full cumulative dividends.

Any dividend which shall not be paid on the Dividend Payment Date on which it shall become due shall be deemed to be "past due" until such dividend shall be paid or until the share of Series A Preferred Stock with respect to which such dividend became due shall no longer be outstanding, whichever is the earlier to occur. No interest or sum of money in lieu of interest shall be payable in respect of any dividend payment or payments which are past due. Dividends paid on shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accumulated and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares of Series A Preferred Stock at the time outstanding.

Unless full cumulative dividends on all outstanding shares of the Series A Preferred Stock have been paid or declared and set aside for payment for all past dividend periods: (i) no dividends -- in cash, stock or other property -- may be declared or any other distribution made upon the Common Stock or on any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends (other than dividends or distributions in Common Stock or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up, dividends or distributions of Rights (as defined in Section 7 hereof), or the issuance of such Rights in connection with any other stock of the Company ranking junior to or on a parity with the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up); (ii) no Common Stock, or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up, may be redeemed pursuant to a sinking fund or otherwise or purchased or otherwise acquired for any consideration by the Company (except by conversion of such junior stock into, or exchange of such stock for, stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up, or by redemption of the Rights for cash), provided that unless

prohibited by the terms of any other outstanding series of preferred stock, any monies theretofore deposited in any sinking fund with respect to any preferred stock of the Company in compliance with paragraph (a) of this Section 2 and the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund, regardless of whether at the time of such application full cumulative dividends on all

outstanding shares of Series A Preferred Stock through the most recent Dividend Payment Date shall have been paid in full or declared and a sufficient sum set apart for payment thereof.

If a dividend upon any shares of Series A Preferred Stock or any other outstanding preferred stock of the Company ranking on a parity with the Series A Preferred Stock as to dividends is in arrears, all dividends or other distributions on account of such arrearage (other than dividends paid in Common Stock or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up) will be declared pro rata so that the amounts of dividends per share declared on the Series A Preferred Stock and such other series shall in all cases bear to each other the same ratio that full cumulative dividends per share at the time on the shares of Series A Preferred Stock and on such other series bear to each other.

(b) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company if the Company could not, under paragraph (a) of this Section 2, purchase or otherwise acquire such shares at such time and in such manner.

3. GENERAL, CLASS AND SERIES VOTING RIGHTS. Except as provided in this Section 3 and in Section 4 hereof, or as otherwise from time to time required by law, the Series A Preferred Stock shall have no voting rights.

So long as any shares of Series A Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of Series A Preferred Stock outstanding at the time (voting separately as a class together, as to clause (i) below, with all other series of preferred stock ranking on a parity with the Series A Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) The authorization, creation, issuance or reclassification of authorized stock of the Company into, or authorization, creation or issuance of any obligation or security convertible into or evidencing a right to purchase, any shares of any class of stock of the Company (including any class or series of preferred

stock) ranking prior to the Series A Preferred Stock or to any other series of preferred stock which ranks on a parity with the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up; or

(ii) The amendment, alteration or repeal of any of the provisions of this Amendment or of these resolutions, whether by merger, consolidation or otherwise, which would materially and adversely affect the preferences, rights, powers or privileges, qualification, limitations and restrictions of the Series A Preferred Stock; provided, however, that the

 authorization, creation, issuance or increase in the amount of shares of any other class or series of capital stock ranking on a parity with or junior to the Series A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such preferences, rights, powers or privileges, qualifications, limitations and restrictions.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

4. DEFAULT VOTING RIGHTS. Whenever at any time dividends payable on the shares of Series A Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends payable on shares of the Series A Preferred Stock at the time outstanding, whether or not consecutive quarterly dividend payment periods, the holders of the outstanding shares of Series A Preferred Stock shall have the exclusive right (voting separately as a class together with holders of shares of any one or more other series of preferred stock ranking on a parity with the Series A Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) to elect two directors of the Company for terms at the Company's next annual meeting of shareholders (the "Preferred Stock Directors"). If the right to elect Preferred Stock Directors shall have accrued to the holders of the Series A Preferred Stock more than 90 days prior to the date established for the next annual meeting of shareholders and if immediately prior to the accrual of that right there are at least two vacancies on the full Board of Directors of the Company, the Chairman of the Board or the President of the Company shall, within 20 days after

delivery to the Company at its principal office of a written request for a special meeting signed by the holders of at least 15 percent of all outstanding shares of the Series A Preferred Stock, call a special meeting of the holders of Series A Preferred Stock to be held within 60 days after the delivery of such request for the purpose of electing such additional directors. At elections for such Preferred Stock Directors, each holder of Series A Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of preferred stock ranking on a parity as aforesaid with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable being entitled to such number of votes, if any, for each share of stock held as may be granted to them).

The Preferred Stock Directors to be elected by the holders of Series A Preferred Stock (together with any series of preferred stock ranking on a parity as aforesaid with the Series A Preferred Stock and upon which like Voting rights have been conferred and are exercisable) shall be in addition to the number of directors constituting the Board of Directors of the Company immediately prior to the accrual of that right, unless the Board of Directors is then at its maximum size, in which case such holders shall be entitled to elect two of such Directors at the Company's next annual meeting of shareholders. Unless the voting rights of the holders of such stock have terminated as provided below, such Preferred Stock Directors shall serve until their successors are elected and qualified by the holders of Series A Preferred Stock and any other holders of shares of preferred stock ranking as aforesaid on a parity with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable.

Each Preferred Stock Director elected by the holders of shares of Series A Preferred Stock (together with any other series of preferred stock ranking as aforesaid on a parity with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable) shall continue to serve as such director until such time as all dividends accumulated on the Series A Preferred Stock have been paid in full, at which time, subject to the requirements of the South Carolina Business Corporation Act of 1988, as amended, the term of office of all persons elected

as Preferred Stock Directors by the holders of Series A Preferred Stock (together with any other series of preferred stock ranking on a parity with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable) shall forthwith terminate and the number of members of the Board of Directors shall be reduced accordingly. If the office of any Preferred Stock Director elected by the holders of Series A Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise (other than termination upon the payment in full of all accumulated dividends as aforesaid), the remaining Preferred Stock Director elected by the holders of Series A Preferred Stock (together with any other series of preferred stock ranking on a parity with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable) voting as a class may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Any Preferred Stock Director may be removed by, and shall not be removed otherwise than by, a majority of the votes to which the holders of the outstanding shares of Series A Preferred Stock and all other such series of preferred stock ranking on a parity with the Series A Preferred Stock and upon which like voting rights have been conferred and are exercisable are entitled. Whenever the term of office of the Preferred Stock Directors elected by the holders of Series A Preferred Stock voting as a class shall end and the special voting powers vested in the holders of Series A Preferred Stock as provided in this Section 4 shall have expired, the number of directors shall be such number as may be provided for in the By-Laws or in a resolution of the Board of Directors adopted in accordance with the By-laws.

5. REDEMPTION. The outstanding shares of Series A Preferred Stock shall not be redeemable prior to November 8, 1996. On or after November 8, 1996, the Series A Preferred Stock may be redeemed at the option of the Company

at any time, in whole or in part, at a price of \$51.575 per share, plus accrued and unpaid dividends, if any, if redeemed prior to November 1, 1997 and at the prices indicated below, plus in each case accrued and unpaid dividends, if any, if redeemed during the 12-month period beginning November 1 of the years indicated below:

Year	Redemption Price	Year	Redemption Price
1997.....	\$51.350	2001.....	\$50.450
1998.....	\$51.125	2002.....	\$50.225
1999.....	\$50.900	2003 and	
2000.....	\$50.675	thereafter..	\$ 50.00

in each case plus accrued and unpaid dividends, if any, up to but excluding the date fixed for redemption (subject to the right of the holder of record of shares of Series A Preferred Stock on a record date for the payment of a dividend on the Series A Preferred Stock to receive the dividend due on such shares of Series A Preferred Stock on the corresponding Dividend Payment Date).

No sinking fund, mandatory redemption or other similar provision shall apply to the Series A Preferred Stock.

If fewer than all the outstanding shares of Series A Preferred Stock are to be redeemed, the Company will determine those to be redeemed pro rata as nearly as practicable, by lot, or by such other method as the Board of Directors may determine to be fair and appropriate.

Notice of any proposed redemption of shares of Series A Preferred Stock shall be mailed by means of first class mail, postage paid, addressed to the holders of record of the shares of Series A Preferred Stock to be redeemed, at their respective addresses then appearing in the stock register of the Company, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for such redemption (herein referred to as the "Redemption Date"). Each such notice shall specify (i) the Redemption Date, (ii) the Redemption Price, (iii) the place for payment and for delivering the stock certificate(s) and transfer instrument(s) in order to collect the Redemption price; (iv) the shares of Series A Preferred Stock to be redeemed and (v) the then effective Conversion Price (as defined below) and that the right of holders of shares of Series A Preferred Stock being redeemed to exercise their conversion right shall terminate as to such shares at the close of business on the second business day next preceding the Redemption Date (provided that no default by the Company in the payment of the applicable Redemption Price (including any accrued and unpaid dividends) shall have occurred and be continuing). Any notice mailed in such manner shall be conclu-

sively deemed to have been duly given whether or not such notice is in fact received.

The holder of any shares of Series A Preferred Stock redeemed upon any exercise of the Company's redemption right shall not be entitled to receive payment of the Redemption Price for such shares until such holder shall cause to be delivered to the place specified in the notice given with respect to such redemption (i) the certificate(s) representing such shares of Series A Preferred Stock and (ii) transfer instrument(s) satisfactory to the Company and sufficient to transfer such shares of Series A Preferred Stock to the Company free of any adverse interest. No interest shall accrue or be paid on the Redemption Price of any share of Series A Preferred Stock.

On and after the Redemption Date for any share of Series A Preferred Stock, such share shall (provided the Redemption (including any accrued and unpaid dividends up to but excluding the Redemption Date) of such share has been paid or properly provided for) be deemed to cease to be outstanding and all rights of any person other than the Company in such share shall be extinguished on the Redemption Date for such share (including all rights to receive future dividends with respect to such share) except for the right to receive the Redemption Price (including any accrued and unpaid dividends up to but excluding the Redemption Date), without interest, for such share in accordance with the provisions of this Section 5, subject to applicable escheat laws. Any interest accrued on such funds shall be paid to the Company from time to time.

If any such notice of redemption shall have been duly given or has been given to a bank or trust company hereinafter referred to in Section 8 with irrevocable written instruction to promptly give or complete such notice, and if on or before the Redemption Date all funds necessary for such redemption shall have been deposited with such a bank or trust company, in trust for the benefit of the holders of the shares so called for redemption, then, notwithstanding the certificate or certificates for shares so called for redemption shall not have been surrendered for redemption, from and after the time of such deposit all shares so called for redemption shall be deemed to be no longer outstanding, and all rights with respect to such shares shall forthwith terminate, except only the right of the holders thereof to receive from such bank or trust company at any time after the time of such deposit the funds so deposited, without interest, on or before the date fixed for redemption, and to exercise all privileges of conversion, if any, not theretofore expired, subject to applicable escheat laws. Any interest accrued on such funds so held by such bank or trust company shall be paid to the Company from time to time.

In the event that any shares of Series A Preferred Stock shall be converted into Common Stock pursuant to Section 7 hereof, then (i) the Company shall not have the right to redeem such shares and (ii) any funds which shall have been deposited for the payment of the Redemption Price for such shares shall be returned to the Company immediately after such conversion (subject to declared dividends payable to holders of shares of Series A Preferred Stock on the record date for such dividends being so payable, to the extent set forth in Section 7 hereof).

Subject to Section 2 hereof and to the following paragraph, the Company shall have the right to purchase shares of Series A Preferred Stock in the public market at such prices as may from time to time be available in the public market for such shares and shall have the right at any time to acquire any shares of Series A Preferred Stock from the owner of such shares on such terms as may be agreeable to such owner. Shares of Series A Preferred Stock may be acquired by the Company from any shareholder pursuant to this paragraph without offering any other shareholder an equal opportunity to sell his stock to the Company, and no purchase by the Company from any shareholder pursuant to this paragraph shall be deemed to create any right on the part of any shareholder to sell any shares of Series A Preferred Stock (or any other stock) to the Company.

Notwithstanding the foregoing provisions of this Section 5, and subject to the provisions of Section 2 hereof, if a dividend upon any shares of Series A Preferred Stock is past due, (i) no shares of the Series A Preferred Stock may be redeemed, except (A) by means of a redemption pursuant to which all outstanding shares of the Series A Preferred Stock are simultaneously redeemed, or pursuant to which the outstanding shares of the Series A Preferred Stock are redeemed on a pro rata basis or (B) by conversion of shares of Series A Preferred Stock into, or exchange of such shares for, Common Stock or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up, and (ii) neither the Company nor any subsidiary of the Company shall purchase or otherwise acquire any shares of the Series A Preferred Stock, except (A) pursuant to a purchase or exchange offer made on the same terms to all holders of the Series A Preferred Stock or (B) by conversion of shares of Series A Preferred Stock into, or exchange of such shares for, Common Stock or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up.

6. LIQUIDATION. In the event of any voluntary or involuntary dissolution, liquidation or winding up of the Company (for the purposes of this Section 6, a "Liquidation"), before any distribution of assets shall be made to the holders of Common Stock or the holders of any other stock of the Company that ranks junior to the Series A Preferred Stock upon liquidation, dissolution or winding up, the holder of each share of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders, an amount equal to \$50 per share plus all dividends accrued and unpaid on such share up to the date of distribution of the assets of the Company to the holders of Series A Preferred Stock, and the holders of any class or series of stock ranking on a parity with the Series A Preferred Stock as to liquidation, dissolution or winding up shall be entitled to receive the full respective liquidation preferences (including any premium), to which they are entitled and shall receive all accrued and unpaid dividends with respect to their respective shares through and including the date of distribution.

If upon any Liquidation of the Company, the assets available for distribution to the holders of Series A Preferred Stock and any other stock of the Company ranking on a parity with the Series A Preferred Stock upon Liquidation which shall then be outstanding shall be insufficient to pay the holders of all outstanding shares of Series A Preferred Stock and all other such parity stock the full amounts (including all dividends accrued and unpaid) of the liquidating distribution to which they shall be entitled, then the holders of each series of such stock will share ratably in any such distribution of assets first in proportion to their respective liquidation preferences until such preferences are paid in full, and then in proportion to their respective amounts of accrued but unpaid dividends. After payment of any such liquidating preference and accrued dividends, the holders of shares of the Series A Preferred Stock will not be entitled to any further participation in any distribution of assets by the Company.

For purposes of this Section 6, a Liquidation shall not include (i) any consolidation or merger of the Company with or into any other corporation, (ii) any liquidation, dissolution, winding up or reorganization of the Company immediately followed by reincorporation of another corporation or (iii) a sale or other disposition of all or substantially all of the Company's assets to another corporation unless in connection therewith the Liquidation of the Company is specifically approved.

The holder of any shares of Series A Preferred Stock shall not be entitled to receive any payment owed for such shares under this Section 6 until such holder shall cause to be delivered to the Company (i) the certificate(s) representing such shares of Series A Preferred Stock and (ii) transfer instrument(s) satisfactory to the Company and sufficient to transfer such shares of Series A Preferred Stock to the Company free of any adverse interest. As in the case of the Redemption Price, no interest shall accrue on any payment upon Liquidation after the due date thereof.

7. CONVERSION PRIVILEGE. The holder of any share of Series A Preferred Stock shall have the right, at such holder's option (but if such share is called for redemption, then in respect of such share only to and including but not after the close of business on the second business day preceding the date fixed for such redemption, provided that no default by the Company in the payment of the applicable Redemption Price (including any accrued and unpaid dividends) shall have occurred and be continuing on the date fixed for such redemption), to convert such share into that whole number of fully paid and nonassessable shares of Common Stock equal to a fraction, the numerator of which is the liquidation preference specified in Section 6 above (excluding accrued but unpaid dividends, if any) of such share of Series A Preferred Stock surrendered for conversion, and the denominator of which is the current Conversion Price per share of Common Stock. The Conversion Price shall initially be \$25.3125 per share of Common Stock and shall be subject to adjustment as set forth below.

In order to exercise the conversion privilege, the holder of shares of Series A Preferred Stock shall surrender the certificate(s) representing such shares, accompanied by transfer instrument(s) satisfactory to the Company and sufficient to transfer the Series A Preferred Stock being converted to the Company free of any adverse interest, at any of the offices or agencies maintained for such purpose by the Company ("Conversion Agent") and shall give written notice to the Company at such Conversion Agent that the holder elects to convert such shares. Such notice shall also state the name(s), together with address(es), in which the certificate(s) for shares of Common Stock which shall be issuable on such conversion shall be issued. As promptly as practicable after the surrender of such shares of Series A Preferred Stock as aforesaid, the Company shall issue and shall deliver at such Conversion Agent to such holder, or upon such holder's written order, a certificate(s) for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions hereof, and any fractional interest in respect of a share of

Common Stock arising upon such conversion shall be settled as provided below. Balance certificates will be issued for the remaining shares of Series A Preferred Stock in any case in which fewer than all of the shares of Series A Preferred Stock represented by a certificate are converted. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which shares of Series A Preferred Stock shall have been so surrendered and such notice received by the Company as aforesaid, and the person(s) in whose name(s) any certificate(s) for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder(s) of record of the Common Stock represented thereby at such time, unless the stock transfer books of the Company shall be closed on the date on which shares of Series A Preferred Stock are so surrendered for conversion, in which event such conversion shall be deemed to have been effected immediately prior to the close of business on the next succeeding day on which such stock transfer books are open, and such person(s) shall be deemed to have become such holder(s) of record of the Common Stock at the close of business on such later day. In either circumstance, such conversion shall be at the Conversion Price in effect on the date upon which such share shall have been surrendered and such notice received by the Company.

In the case of any share of Series A Preferred Stock which is converted after any record date with respect to the payment of a dividend on the Series A Preferred Stock and on or prior to the next succeeding Dividend Payment Date, the dividend due on such next succeeding Dividend Payment Date shall be payable on such Dividend Payment Date to the holder of record of such share as of such preceding record date notwithstanding such conversion, except that holders of shares called for redemption on a Redemption Date between the record date and the Dividend Payment Date will not be entitled to receive such dividend. However, shares of Series A Preferred Stock surrendered for conversion during the period between the close of business on any record date with respect to the payment of a dividend on the Series A Preferred Stock next preceding any Dividend Payment Date and the opening of business on such Dividend Payment Date must (except in the case of shares of Series A Preferred Stock which have been called for redemption on a Redemption Date within such period) be accompanied by payment in funds acceptable to the Company of an amount equal to the dividend payable on such next succeeding Dividend Payment Date on the shares of Series A Preferred Stock being surrendered for conversion. A holder of shares of Series A Preferred Stock on a dividend record date who (or whose transferee) tenders any such shares for conversion

into shares of Common Stock on the corresponding Dividend Payment Date will receive the dividend payable by the Company on such shares of Series A Preferred Stock on such Dividend Payment Date, and the converting holder need not include payment of the amount of such dividend upon surrender of shares of Series A Preferred Stock for conversion. Except as provided in this paragraph, no payment or adjustment shall be made upon any conversion on account of any dividends accrued on shares of Series A Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

No fractional shares of Common Stock will be issued, but in lieu thereof, in the sole discretion of the Board of Directors, either (i) such fractional interest shall be rounded up to the next whole share, or (ii) an appropriate amount will be paid in cash by the Company, as described in Section 10 hereof. If more than one certificate representing shares of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock represented by, such certificates, or the specified portions thereof to be converted, so surrendered.

The Conversion Price shall be adjusted from time to time as follows:

(a) In case the Company shall pay or make a dividend or other distribution on Common Stock of the Company in Common Stock, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subsection (a), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any

distribution on shares of Common Stock held in the treasury of the Company.

(b) In case the Company shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date fixed for a distribution of such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (determined as provided in subsection (g) below) of Common Stock on the date fixed for the determination of shareholders entitled to receive such rights or warrants (other than pursuant to a dividend reinvestment plan), the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subsection (b), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not issue any rights or warrants in respect of shares of Common Stock held in the treasury of the Company. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made in respect of the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered.

(c) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day

upon which such subdivision becomes effective shall be proportionately reduced, and, conversely, in case the outstanding shares of Common Stock shall each be combined into a smaller amount of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock (i) evidences of its indebtedness and/or (ii) cash or other assets (including securities, but excluding Common Stock and any rights or warrants referred to in subsection (b) above, dividends or distributions in connection with the liquidation, dissolution or winding up of the Company, dividends payable solely in cash that may from time to time be fixed by the Board of Directors of the Company and dividends or distributions referred to in subsection (a) above), then in each case (unless the Company elects to reserve such evidences of indebtedness, securities or other assets for distribution to the holders of Series A Preferred Stock upon the conversion thereof so that any such holder converting such shares will receive upon such conversion, in addition to the shares of the Common Stock to which such holder is entitled, the amount and kind of such evidences of indebtedness, securities or other assets which such holder would have received if such holder had, immediately prior to the record date for the distribution of the evidences of indebtedness, securities or other assets, converted such shares of Series A Preferred Stock into Common Stock) the Conversion Price shall be adjusted so that the sum shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such record date by a fraction of which the numerator shall be the current market price per share (determined as provided in subsection (g) below) of the Common Stock on such record date less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive and shall be described in a statement filed with any Conversion Agent) of the portion of the cash or other assets, evidences of indebtedness or securities so distributed (and for which an adjustment to the Conversion Price has not previously been made pursuant to the terms of this

Section 7) applicable to one share of Common Stock and the denominator shall be such current market price per share of the Common Stock, such adjustment to become effective immediately prior to the opening of business on the day following such record date. However, in the event the then fair market value (as so determined) of the portion of the evidences of indebtedness, securities or other assets so distributed applicable to one share of Common Stock is equal to or greater than the current market price of the Common Stock on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall have the right to receive upon conversion thereof the amount and kind of evidences of indebtedness, securities or other assets such holder would have received had he converted such shares on such record date. If the Board of Directors determines the fair market value of any distribution for purposes of this subparagraph by reference to the actual or when issued trading market for any securities comprising a distribution of securities, it shall in doing so consider the price in such market over the period used in computing the current market price of the Common Stock.

The occurrence of a distribution or the occurrence of any other event as a result of which holders of shares of Series A Preferred Stock converting such shares into Common Stock hereunder will not be entitled to receive rights issued pursuant to any shareholders protective rights agreement that may be adopted by the Company (the "Rights") in the same amount and manner as if such holders had converted such shares immediately prior to the occurrence of such event shall be deemed a distribution of Rights for the purposes of conversion adjustments pursuant to this subparagraph. In lieu of making any adjustment to the Conversion Price under this subparagraph as a result of such a distribution of Rights, the Company may, at its option, provide that Rights shall be issuable in the same amount and manner upon conversion of the Series A Preferred Stock without regard to whether the shares of Common Stock issuable upon conversion of the Series A Preferred Stock were issued before or after such distribution or other event.

(e) In case the Company shall, by dividend or otherwise, at any time distribute to all holders of its Common Stock cash (excluding (i) any cash dividends on the Common Stock to the extent that the aggregate cash dividends per share of Common Stock in any consecutive 12-month period do not exceed the greater of (a)

the amount per share of Common Stock of the cash dividends paid on the Common Stock in the next preceding 12-month period, to the extent that such dividends for the preceding 12-month period did not require an adjustment to the Conversion Price pursuant to this subparagraph (as adjusted to reflect subdivisions or combinations of the Common Stock) and (b) 15% of the average daily Closing Prices (as hereinafter defined) of the Common Stock for the ten consecutive Trading Days (as hereinafter defined) immediately prior to the date of declaration of such dividend, (ii) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, and (iii) any redemption of Rights issued under a rights agreement) then, in each such case, unless the Company elects to reserve such an amount of cash for distribution to the holders of the Series A Preferred Stock so that any such holder converting such shares will receive upon such conversion, in addition to the shares of the Common Stock to which such holder is entitled, the amount of cash which such holder would have received if such holder had, immediately prior to the record date for such distribution of cash, converted its shares of Series A Preferred Stock into Common Stock, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect at the close of business on such record date by a fraction of which the numerator shall be the last reported sales price of the Common Stock on such record date less the amount of cash so distributed (to the extent not excluded as provided above) applicable to one share of Common Stock, and the denominator shall be such last reported sales price of the Common Stock, such reduction to become effective immediately prior to the opening of business on the day following such record date; provided, however, that in

the event the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the last reported sales price of the Common Stock on such record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall thereafter have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each share of Series A Preferred Stock on such record date. If any adjustment is required to be made as set forth in this subparagraph as a result of a distribution which is a dividend described in subclause (i) of this subparagraph, such adjustment would be based upon the

amount by which such distribution exceeds the amount of the dividend permitted to be excluded pursuant to such subclause (i) of this subparagraph. If an adjustment is required to be made pursuant to this subparagraph as a result of a distribution which is not such a dividend, such adjustment would be based upon the full amount of such distribution.

(f) In case of the consummation of a tender or exchange offer (other than an odd-lot tender offer) made by the Company or any subsidiary of the Company for all or any portion of the Common Stock to the extent that the cash and value of any other consideration included in such payment per share of Common Stock exceeds the first reported sales price per share of Common Stock on the Trading Day next succeeding the Expiration Time (as defined below), the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Time") by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the first reported sales price of the Common Stock on the Trading Day next succeeding the Expiration Time, and the denominator shall be the sum of (A) the fair market value (determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (B) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the first reported sales price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time.

(g) For the purpose of any computation under this Section 7, the current market price per share of Common Stock on any day shall be deemed to be the average of the daily Closing Prices (as hereinafter defined) per share of Common Stock for the ten consecutive Trading Days prior to and including the date in question;

provided, however, that (1) if the "ex" date (as hereinafter defined) for

any event (other than the issuance, distribution or Fundamental Change
requiring such computation) that requires an adjustment to the Conversion
Price pursuant to this Section 7 occurs during such ten consecutive Trading
Days and prior to the "ex" date for the issuance, distribution or
Fundamental Change requiring such computation, the Closing Price for each
Trading Day prior to the "ex" date for such other event shall be adjusted
by multiplying such Closing Price by the same fraction by which the
Conversion Price is so required to be adjusted as a result of such other
event, (2) if the "ex" date for any event (other than the issuance,
distribution or Fundamental Change requiring such computation) that
requires an adjustment to the Conversion Price pursuant to such
subparagraphs hereof occurs on or after the "ex" date for the issuance,
distribution or Fundamental Change requiring such computation and on or
prior to the date in question, the Closing Price for each Trading Day on
and after the "ex" date for such other event shall be adjusted by
multiplying such Closing Price by the reciprocal of the fraction by which
the Conversion Price is so required to be adjusted as a result of such
other event (provided that in the event that such fraction is required to
be determined at a date subsequent to the date in question and with
reference to events taking place subsequent to the date in question, the
Board of Directors of the Company or, to the extent permitted by applicable
law, a duly authorized committee thereof, whose determination shall be
conclusive and described in a resolution of the Board of Directors or such
duly authorized committee thereof, as the case may be, shall estimate such
fraction based on assumptions it deems reasonable regarding such events
taking place subsequent to the date in question, and such estimated
fraction shall be used for purposes of such adjustment until such time as
the actual fraction by which the Conversion Price is so required to be
adjusted as a result of such other event is determined), and (3) if the
"ex" date for the issuance, distribution or Fundamental Change requiring
such computation is on or prior to the date in question, after taking into
account any adjustment required pursuant to clause (1) or (2) of this
proviso, the Closing Price for each Trading Day on or after such "ex" date
shall be adjusted by adding thereto the amount of any cash and the fair
market value (as determined by the Board of Directors or, to the extent
permitted by applicable law, a duly authorized committee thereof in a
manner consistent with any

determination of such value for purposes of the subparagraphs of this Section 7, whose determination shall be conclusive and described in a resolution of the Board of Directors or such duly authorized committee thereof, as the case may be) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance, distribution or Fundamental Change, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Price was obtained without the right to receive such issuance, such distribution or the cash, securities, property or other assets distributable in such Fundamental Change to holders of the Common Stock, (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and (3) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

(h) No adjustment in the Conversion Price shall be required pursuant to this Section 7 unless the adjustment would require a change of at least 1% of such price; provided, however, that any adjustments which by reason

of this subsection are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be. The Board of Directors of the Company from time to time may, to the extent permitted by law, reduce the Conversion Price by any amount for any period of at least 20 days, in which case the Company shall give at least 15 days' notice of such reduction. In addition, the Company may, at its option, make such reductions in the Conversion Price in addition to those set forth in this Section 7, as it considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes or for any other reasons. The Company shall have the power to resolve any ambiguity or

correct any error with regard to the preceding sentence and its actions in so doing shall be final and conclusive. Notwithstanding anything to the contrary within this Section 7, the Conversion Price shall not be less than the greater of \$1.00 or the par value, if any, per share of the Common Stock. In the event an adjustment provided for herein would result in a Conversion Price of less than \$1.00 or the par value, if any, such adjusted Conversion Price shall be such greater amount per share.

Whenever the Conversion Price is adjusted as herein provided, (i) the Company shall promptly file with any Conversion Agent a Certificate of a duly authorized officer of the Company or of a firm of independent public accountants setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, and the manner of computing the same, which certificate, if of a firm of independent public accountants, shall be conclusive evidence of the correctness of such adjustment, and (ii) a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price shall forthwith be given by the Company to any Conversion Agent and mailed by the Company to each holder of shares of Series A Preferred Stock at such holder's last address as the same appears on the books of the Company.

In any case in which this Section 7 provides that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (A) issuing to the holder of any share of Series A Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fractional shares pursuant to this Section 7.

For purposes of this Section 7, "Common Stock" includes any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company and which is not subject to redemption by the Company. However, subject to the provisions of this Section 7,

shares issuable on conversion of shares of Series A Preferred Stock shall include only shares of the class designated as Common Stock of the Company on the date of the initial issuance of Series A Preferred Stock by the Company, or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

In case:

(i) the Company shall declare a dividend (or any other distribution) on its Common Stock that would cause an adjustment to the Conversion Price of the Series A Preferred Stock pursuant to the terms of any of the subsections above (including such an adjustment that would occur but for the terms of the first sentence of subsection (h) above); or

(ii) the Company shall authorize the granting to the holders of its Common Stock generally of rights or warrants (for a period expiring within 45 days after the record date fixed for a distribution of such rights and warrants) to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a smaller number of shares of Common Stock; or

(iv) of any reclassification of the Common Stock of the Company (other than a subdivision or combination of its outstanding shares of Common Stock), or of any consolidation, merger or share exchange to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfers of all or

substantially all of the assets of the Company or a compulsory share exchange; or

(v) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall cause to be filed with any Conversion Agent, and shall cause to be mailed to all holders of shares of Series A Preferred Stock at each such holder's last address as the same appears on the books of the Company, at least 20 days prior to the applicable record or effective date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (B) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up. Neither the failure to give such notice nor any defect therein shall affect the legality or validity of the proceedings described in clauses (i) through (v) above.

The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of shares of Series A Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the shares of Series A Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

The Company covenants that all shares of Common Stock which may be delivered upon conversions of shares of Series A Preferred Stock will upon delivery be duly and

validly issued and fully paid and nonassessable, free of all liens and charges and not subject to any preemptive rights.

The Company covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock, a sufficient number of shares of Common Stock for the purpose of effecting conversions of shares of Series A Preferred Stock not theretofore converted. For purposes of this reservation of Common Stock, the number of shares of Common Stock which shall be deliverable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation all outstanding shares of Series A Preferred Stock were held by a single holder. The issuance of shares of Common Stock upon conversion of shares of Series A Preferred Stock is hereby authorized in all respects.

If any shares of Common Stock required to be reserved for purposes of conversion of the Series A Preferred Stock hereunder require registration with or approval of any governmental authority under any Federal or State law before such shares may be issued upon conversion, the Company will in good faith and as expeditiously as possible endeavor to cause such shares to be duly registered or approved, as the case may be. If the Common Stock is listed on the New York Stock Exchange, the NASDAQ Stock Market ("Nasdaq") or any other national securities exchange, the Company will, in good faith and as expeditiously as possible, endeavor, if permitted by the rules of such exchange or system, to list and keep listed on such exchange or system, upon official notice of issuance, all shares of Common Stock issuable upon conversion of the Series A Preferred Stock.

Notwithstanding the provisions in this Section 7, the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of Common Stock under any such plan (whether any such plan is now or hereafter authorized), or the issuance of any shares of Common Stock or options or rights to purchase such shares pursuant to any employee benefit plan or program of the Company or any subsidiary (whether any such plan or program is now or hereafter authorized), or pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Series A Preferred Stock was first designated, shall not be deemed to constitute an issuance of Common

Stock or exercisable, exchangeable or convertible securities by the Company to which any of the adjustment provisions described above applies. There shall be no adjustment of the Conversion Price in case of the issuance of any stock (or securities convertible into or exchangeable for stock) of the Company except as described in this Section 7. Except as expressly set forth in this Section 7, if any action would require adjustment of the Conversion Price pursuant to more than one of the provisions described above, only one adjustment shall be made and such adjustment shall be the amount of adjustment which has the highest absolute value.

In the event that the Company shall be a party to any transaction constituting a recapitalization, reclassification, consolidation, merger, sale, transfer of all or substantially all of its assets or share exchange (including without limitation any (i) recapitalization or reclassification of shares of the Common Stock (other than a change from no par value to par value, or from par value to no par value, or as a result of a subdivision or combination of the Common Stock)), (ii) any consolidation of the Company with, or merger of the Company into, any other corporation, any merger of another corporation into the Company as a result of which holders of Common Stock shall be entitled to receive securities or other property or assets (including cash) with respect to or in exchange for the Common Stock (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Company), (iii) any sale or transfer of all or substantially all of the assets of the Company, or (iv) any compulsory share exchange, pursuant to any of which the holders of Common Stock shall be entitled to receive other securities, cash or other property), then appropriate provision shall be made as part of the terms of such transaction so that the holder of each share of Series A Preferred Stock then outstanding shall have the right thereafter to convert such share only into (1) in the case of a Non-Stock Fundamental Change (as hereinafter defined) and subject to funds being legally available for such purpose under applicable law at the time of such conversion, the kind and amount of securities, cash and other property that would have been receivable upon such recapitalization, reclassification, consolidation, merger, sale, transfer or share exchange by a holder of the number of shares of Common Stock into which such share of Series A Preferred Stock might have been converted immediately prior to such recapitalization, reclassification, consolidation, merger, sale, transfer or share exchange, after giving effect to any adjustment in the Conversion Price required by the provisions which follow, and (2) in the case of a Common

Stock Fundamental Change (as hereinafter defined), common stock of the kind received by holders of Common Stock as a result of such Common Stock Fundamental Change in an amount determined pursuant to the provisions of this Section 7. The company formed by such consolidation or resulting from such merger or which acquires such assets or which acquires the Company's shares, as the case may be, shall make provisions in its certificate or articles of incorporation or other constituent document to establish such right. Such certificate or articles of incorporation or other constituent document shall provide for adjustments which, for events subsequent to the effective date of such certificate or articles of incorporation or other constituent document, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The above provisions shall similarly apply to successive recapitalizations, reclassifications, consolidations, mergers, sales, transfer or share exchanges.

Notwithstanding any other provisions in this Section 7 to the contrary, if any Fundamental Change (as hereinafter defined) occurs, then the Conversion Price in effect will be adjusted immediately following such Fundamental Change as described below. In addition, in the event of a Common Stock Fundamental Change, each share of Series A Preferred Stock shall be convertible solely into Common Stock of the kind received by holders of Common Stock as the result of such Common Stock Fundamental Change.

For purposes of calculating any adjustment to be made pursuant to this Section 7 in the event of a Fundamental Change, immediately following such Fundamental Change (and for such purposes a Fundamental Change shall be deemed to occur on the earlier of (a) the occurrence of such Fundamental Change and (b) the date, if any, fixed for determination of shareholders entitled to receive the cash, securities, property or other assets distributable in such Fundamental Change to holders of the Common Stock):

(i) in the case of a Non-Stock Fundamental Change, the Conversion Price per share of Common Stock shall be the lower of (A) the Conversion Price in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other adjustments effected pursuant to this Section 7, and (B) the product of (1) the greater of the Applicable Price (as hereinafter defined) and the applicable Reference Market Price (as hereinafter defined) and (2) a fraction, the numerator of which shall be \$50 and the denominator of which shall be the amount at which one share of Series A Preferred Stock would be redeemed by

the Company if the redemption date were the date of such Non-Stock Fundamental Change (such denominator being the sum of (1) the redemption price set forth in the table contained in Section 5(a) above, or if the Non-Stock Fundamental Change occurs during the period commencing on the date of original issue of the Series A Preferred Stock and ending October 31, 1994, and for the 12-month periods commencing November 1, 1994 and November 1, 1995, and for the period commencing November 1, 1996 and ending November 7, 1996, \$52.250, \$52.025, \$51.800 and \$51.575, respectively, and (2) any accrued and unpaid dividends on the Series A Preferred Stock, whether or not declared, to but excluding the date of such Non-Stock Fundamental Change); and

(ii) in the case of a Common Stock Fundamental Change, the Conversion Price per share of Common Stock shall be the Conversion Price in effect immediately prior to such Common Stock Fundamental Change, but after giving effect to any other adjustments effected pursuant to this Section 7, multiplied by a fraction, the numerator of which is the Purchaser Stock Price (as hereinafter defined) and the denominator of which is the Applicable Price; provided, however, that in the event of a Common Stock

Fundamental Change in which (A) 100% of the value of the consideration received by a holder of Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, paid with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change and (B) all of the Common Stock shall have been exchanged for, converted into or acquired for common stock (and cash, if any, with respect to fractional interests) of the successor, acquiror or other third party, the Conversion Price per share of Common Stock immediately following such Common Stock Fundamental Change shall be the Conversion Price in effect immediately prior to such Common Stock Fundamental Change multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one share of Common Stock as a result of such Common Stock Fundamental Change.

The following definitions shall apply to terms used in this Section 7:

(a) "Applicable Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the

holders of the Common Stock receive only cash, the amount of cash received by the holder of one share of Common Stock and (ii) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the Closing Prices for one share of the Common Stock during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive cash, securities, property or other assets in connection with such Non-Stock Fundamental Change or Common Stock Fundamental Change or, if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such cash, securities, property or other assets. The Closing Price on any Trading Day may be subject to adjustment as provided in this Section 7.

(b) "Closing Price" with respect to any securities on any day shall mean the closing sale price, regular way, on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on Nasdaq or, if such security is not listed or admitted to trading on such Exchange, on the principal national securities exchange or quotation system on which such security is quoted or listed or admitted to trading or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the date in question as reported by the National Quotation Bureau Incorporated, or a similarly generally accepted reporting service, or if not so available, in such manner as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors of the Company for that purpose or a price determined in good faith by the Board of Directors of the Company. The Closing Price on any Trading Day may be subject to adjustment as provided in this Section 7.

(c) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors of the Company or, to the extent permitted by applicable law, a duly authorized committee thereof) of the consideration received by the holders of Common Stock pursuant to such transaction consists of common stock that, for the ten consecutive Trading Days immediately prior to such Fundamental Change, has been admitted for listing or admitted for listing subject to

notice of issuance on a national securities exchange or quoted on Nasdaq; provided, however, that a Fundamental Change shall not be a

Common Stock Fundamental Change unless either (i) the Company continues to exist after the occurrence of such Fundamental Change and the outstanding shares of Series A Preferred Stock continue to exist as outstanding shares of Series A Preferred Stock, or (ii) not later than the occurrence of such Fundamental Change, the outstanding shares of Series A Preferred Stock are converted into or exchanged for shares of convertible preferred stock of a corporation succeeding to the business of the Company, which convertible preferred stock has powers, preferences and relative, participating, optional or other rights, and qualifications, limitations and restrictions substantially similar to those of the Series A Preferred Stock.

(d) "Fundamental Change" shall mean the occurrence of any transaction or event or series of transactions or events pursuant to which all or substantially all of the Common Stock shall be exchanged for, converted into, acquired for or constitutes solely the right to receive cash, securities, property or other assets (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, in the

case of a plan involving more than one such transaction or event, for purposes of adjustment of the Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the Common Stock of the Company has been exchanged for, converted into, or acquired for or constitutes solely the right to receive cash, securities, property or other assets, but the adjustment shall be based upon the consideration which the holders of Common Stock received in such transaction or event as a result of which more than 50% of the Common Stock of the Company shall have been exchanged for, converted into, or acquired for or shall constitute solely the right to receive cash, securities, property or other assets; provided,

further, that such term does not include (i) any transaction or event in

which the Company and/or any of its subsidiaries are the issuers of all the cash, securities, property or other assets exchanged, acquired or otherwise issued in such transaction or event, or (ii) any transaction or event in which the holders of Common Stock receive securities of an issuer other than the Company if, immediately following such transaction or event, those holders hold a majority of the securities having the power to vote

normally in the election of directors of such other issuer outstanding immediately following such transaction or other event.

(e) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

(f) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the Closing Prices for one share of the common stock received by holders of Common Stock in such Common Stock Fundamental Change during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive such common stock or, if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such common stock. The Closing Price on any Trading Day may be subject to adjustment as provided in this Section 7.

(g) "Reference Market Price" shall initially mean \$13.50 (which is an amount equal to 66 2/3% of the last reported sales price for the Common Stock on Nasdaq on October 26, 1993) and, in the event of any adjustment to the Conversion Price other than as a result of a Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be the same as the ratio of \$13.50 to the initial Conversion Price set forth in this Section 7.

(h) "Trading Day" shall mean (A) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (B) if the applicable security is quoted on Nasdaq, a day on which trades may be made on such National Market System or (C) if the applicable security is not otherwise listed, admitted for trading or quoted, any day other than a Saturday or Sunday or on a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

8. PAYMENTS. The Company may provide funds for any payment of the

Redemption Price prior to the Redemption Date for any shares of Series A Preferred Stock or any

amount distributable with respect to any Series A Preferred Stock under Section 6 hereof by depositing such funds with a bank or trust company selected by the Company having a net worth of at least \$100,000,000 and having its principal place of business in New York, New York, Charlotte or Winston-Salem, North Carolina, or Atlanta, Georgia, in trust for the benefit of the holders of such shares of Series A Preferred Stock under arrangements providing irrevocably for payment upon satisfaction of any conditions to such payment by the holders of such shares of Series A Preferred Stock which shall reasonably be required by the Company. Except as otherwise provided in Section 5 (seventh paragraph), the Company shall be entitled to make any deposit of funds contemplated by this Section 8 under arrangements designed to permit such funds to generate interest or other income for the Company, and the Company shall be entitled to receive all interest and other income earned by any funds while they shall be deposited as contemplated by this Section 8, provided that the Company shall maintain on deposit funds sufficient to satisfy all payments which the deposit arrangement shall have been established to satisfy. If the conditions precedent to the disbursement of any funds deposited by the Company pursuant to Section 5 or this Section 8 shall not have been satisfied within two years after the establishment of such funds, then (i) such funds shall be returned to the Company upon its request; (ii) after such return, such funds shall be free of any trust which shall have been impressed upon them; (iii) the person entitled to the payment for which such funds shall have been originally intended shall have the right to look only to the Company for such payment, subject to applicable escheat laws; and (iv) the trustee which shall have held such funds shall be relieved of any responsibility for such funds upon the return of such funds to the Company.

Any payment which may be owed for the payment of the Redemption Price for any shares of Series A Preferred Stock pursuant to Section 5 hereof or the payment of any amount distributable with respect to any shares of Series A Preferred Stock under Section 6 hereof shall be deemed to have been "paid or properly provided for" upon the earlier to occur of: (i) the date upon which funds sufficient to make such payment shall be deposited in a manner contemplated by the preceding paragraph or (ii) the date upon which a check payable to the person entitled to receive such payment shall be delivered to such person or mailed to such person at either the address of such person then appearing on the books of the Company or such other address as the Company shall deem reasonable.

9. STATUS OF REACQUIRED SHARES OF SERIES A PREFERRED STOCK. Shares of

Series A Preferred Stock issued and reacquired by the Company (including, without limitation, shares of Series A Preferred Stock which have been redeemed pursuant to the terms of Section 5 hereof and shares of Series A Preferred Stock which have been converted into shares of Common Stock) shall have the status of authorized and unissued shares of preferred stock, undesignated as to series, subject to later issuance.

10. FRACTIONAL SHARES. In the event the holder of Series A Preferred

Stock shall be entitled to receive a fractional interest in a share of Series A Preferred Stock or a fractional interest in a share of Common Stock, except as otherwise provided herein, the Company shall either, in the sole discretion of the Board of Directors, (i) round such fractional interest up to the next whole share of Series A Preferred Stock or Common Stock, as the case may be, or (ii) deliver cash in the amount of the fair market value (as determined by the Board of Directors or in any manner prescribed by the Board of Directors) of such fractional interest.

11. PREEMPTIVE RIGHTS. The Series A Preferred Stock is not entitled to

preemptive or subscription rights in respect of any securities of the Company.

12. LEGAL HOLIDAYS. In any case where any Dividend Payment Date, any

Redemption Date or the last date on which a holder of Series A Preferred Stock has the right to convert such holder's shares of Series A Preferred Stock shall not be a Business Day (as defined below), then (notwithstanding any other provision of these resolutions or of the Series A Preferred Stock) payment of a dividend due or a Redemption Price or conversion of the shares of Series A Preferred Stock need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Dividend Payment Date or Redemption Date or last day for conversion, provided

that, for purposes of computing such payment, no interest shall accrue for the period from and after such Dividend Payment Date or Redemption Date, as the case may be. As used in this Section 12, "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York, New York, Charlotte or Winston-Salem, North Carolina, or Atlanta, Georgia, are authorized or obligated by law or executive order to close.

(b) Common Stock. The Common Stock shall be entitled to unlimited voting rights as provided by law, and together with the Preferred Stock, but subject to the prior rights of the Preferred Stock, shall be entitled to receive the net assets of the corporation upon any involuntary or voluntary liquidation, dissolution or winding up of the corporation.

(c) Certain Dividends. Shares of one class or series (including, without limitation, rights, options or warrants for the purchase or other acquisition of shares) may be issued by the Board of Directors as a dividend in respect of shares of any class or series.

5. Total authorized capital stock is 0 .

6. The existence of the corporation began as of the filing date with the Secretary of State or to be effective May 10, 1899.

7. The number of directors constituting the board of directors of the corporation is 15 and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors be elected and qualify are as follows:

	Name	Address
(a)	SEE ATTACHMENT	
(b)		
(c)		
(d)		

8. The general nature of the business for which the corporation is organized is as follows: (It is not necessary to set forth the powers enumerated in Section 33-3-10 of 1976 Code) Manufacturing and selling articles made of wood, paper, iron, cloth, or other materials, buying and selling merchandise of all kinds, and such other business as is properly connected with the conduct of these undertakings, including the buying, selling and holding of real estate, erection of power plant stations.

9. Additional provisions included in the articles of incorporation are as follows:

(a) Board of Directors. Notwithstanding anything in Item 7 of the Restated Articles of Incorporation, the number of directors of the corporation shall be (i) the number fixed from time to time by the Board of Directors, which shall not be less than nine, plus (ii) any directors elected exclusively by the holders of Preferred Stock as provided in these articles. Except for any director elected exclusively by the holders of Preferred Stock, the directors shall continue to be divided into three classes of as nearly equal size as possible. Each class shall be elected to serve a term of three years. At each Annual Meeting of Shareholders, directors shall be elected to fill any vacancies in any class of the Board of Directors. Directors so elected shall serve until the Annual Meeting of Shareholders in the year in which their terms expire. No person who is not then already a director of the corporation shall be eligible to be elected as a director at the Annual Meeting of Shareholders unless such person shall have been nominated in writing, with such notice delivered to the Secretary of the corporation, not less than sixty days prior to such Annual Meeting.

(b) Noncumulative Voting. Shareholders shall not have the right to cumulate their votes in the election of Directors.

(c) No Preemptive Rights. The corporation elects not to have preemptive rights with respect to its shares, whether now or hereafter authorized.

(d) Removal of Directors. Directors may be removed only for cause. Removal of a Director or the entire Board of Directors for cause shall only be accomplished by a vote of the

holders of at least a majority of the outstanding shares then entitled to vote at an election for such Directors, subject to the provisions of the laws of the State of South Carolina.

(e) Liability of Directors. No Director of the corporation shall be personally liable to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the laws of South Carolina, as presently in effect or as the same may hereafter be amended. No amendment, modification or repeal of this Article 9(e) shall adversely affect any right or protection that exists at the time of such amendment, modification, or repeal.

(f) Quorum or Voting Requirement for Shareholders. The shareholders are authorized to adopt or amend a by-law that fixes a greater quorum or voting requirement for shareholders (or voting groups of shareholders) than is required by the laws of the State of South Carolina.

10. The name and address of each incorporator is as follows: Not necessary for Restated Articles.

Name	Street & Res. No.	City	County	State
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These Restated Articles of Incorporation are executed and filed pursuant to Resolution of the Board of Directors of Sonoco Products Company duly adopted on July 20, 1988, and in accordance with Section 33-15-80, Code of Laws of South Carolina (1976); it is hereby expressly recited that they purport merely to restate, but not to change the provisions of the original Articles (that is the Charter of the Corporation, originally named Southern Novelty Company, dated May 10, 1899) as heretofore amended and supplemented, and that there is no discrepancy between such provisions and the provisions of these Restated Articles.

/s/ Charles W. Coker

Signature of Incorporator

Type or Print Name

/s/ Harris E. DeLoach

Signature of Incorporator

Type or Print Name

Date: September 1, 1988*

STATE OF SOUTH CAROLINA
COUNTY OF DARLINGTON

The undersigned Charles W. Coker and Harris E. DeLoach, Jr.

do hereby certify that they are the President and Assistant Secretary of Sonoco Products Company and are authorized to execute this verification; that each of the undersigned does hereby certify that he or she has read the foregoing document, understands the meaning and purport of the statements therein contained and the same are true to the best of his or her information and belief.

/s/ Charles W. Coker

Signature of Incorporator

President

/s/ Harris E. DeLoach

Signature of Incorporator

Asst. Secretary

CERTIFICATE OF ATTORNEY

I, Harriet E. Wilmeth, an attorney licensed to practice in the State of South Carolina, certify that the corporation, to whose articles of incorporation this certificate is attached, has complied with the requirements of Chapter 7 of Title 33 of the Code of Laws of South Carolina (1976) relating to the organization of corporations, and that in my opinion, the corporation is organized for a lawful purpose.

Date: September 1, 1988*

/s/ Harriet E. Wilmeth

Signature

Harriet E. Wilmeth

Type or Print Name

Wilmeth & Jones

Post Office Box 1139

Address

Hartsville, SC 29550

City State Zip Code

* As amended on April 28, 1989, November 2, 1993, and May 4, 1994.

SCHEDULE OF FEES

(Payable at time of filing Articles with Secretary of State)

Fee for filing Articles	\$5.00
In addition to the above, \$.40 for each \$1,000.00 of the aggregate value of shares which the corporation is authorized to issue, but in no case	
less than	40.00
nor more than	1,000.00

NOTE: THIS FORM MUST BE COMPLETED IN ITS ENTIRETY BEFORE IT WILL BE ACCEPTED FOR FILING.

THIS FORM MUST BE ACCOMPANIED BY THE FIRST REPORT OF CORPORATIONS AND A CHECK IN THE AMOUNT OF \$10.00 PAYABLE TO THE SOUTH CAROLINA TAX COMMISSION.

ATTACHMENT

BOARD OF DIRECTORS OF SONOCO PRODUCTS COMPANY*

Charles J. Bradshaw, Spartanburg, South Carolina
Charles W. Coker, Hartsville, South Carolina
Fitz L. H. Coker, Myrtle Beach, South Carolina
James L. Coker, Charleston, South Carolina
Thomas C. Cox, III, Darlington, South Carolina
Alan T. Dickson, Charlotte, North Carolina
C. Kirkland Dunlap, Jr., Hartsville, South Carolina
Robert E. Elbertson, Chicago, Illinois
James C. Fort, Hartsville, South Carolina
Edgar H. Lawton, Jr., Hartsville, South Carolina
Hugh L. McColl, Jr., Charlotte, North Carolina
R. Roy Pearce, Columbia, South Carolina
Paul J. Rizzo, Chapel Hill, North Carolina
Donald R. Russell, Hartsville, South Carolina
E. Craig Wall, Jr., Conway, South Carolina

* As of October 7, 1988. For a current listing of the Board of Directors, refer to Item 10 of the Company's Form 10-K Annual Report.

BY-LAWS
SONOCO PRODUCTS COMPANY
HARTSVILLE, S.C.

(Incorporated under the laws of the
State of South Carolina)

Revised through July, 1999

ARTICLE I - OFFICE

1. THE PRINCIPAL OFFICE of the corporation shall be at Hartsville, Darlington County, South Carolina.

2. THE CORPORATION may also have offices at such other places as the Board of Directors may from time to time determine or as the business of the corporation may require.

ARTICLE II - SHAREHOLDERS' MEETINGS

1. THE PLACE OF ALL MEETINGS of shareholders shall be at Hartsville, Darlington County, State of South Carolina.

2. THE ANNUAL MEETING of the shareholders of the corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year on the third Wednesday of April at 11:00 A.M., or such other date as the Board of Directors may, in its discretion, choose.

3. SPECIAL MEETINGS OF SHAREHOLDERS for any purpose or purposes may be called by or at the direction of the Board of Directors, or by the Chairman of the Board of Directors, or by the President. Special meetings shall be called by the Chairman of the Board of Directors at the request of: (a) holders of Preferred Stock as may be provided in provisions of the Articles of Incorporation at the time in effect with respect to the rights, preferences, privileges, limitations and conditions affecting the capital stock of the corporation; or (b) shareholders to the extent required by applicable law. Business to be transacted at all special meetings shall be confined to the purpose or purposes stated in the notice of the meeting. The time, date and place of any special meeting shall be determined by the Chairman of the Board of Directors, except as otherwise required by the Articles of Incorporation.

4. NOTICE of the time, date and place of the annual meeting and any special meeting of shareholders shall be given by the corporation by transmitting written or printed notice of the same not less than twenty (20) days nor more than sixty (60) days prior to the meeting to each shareholder of

record of the corporation entitled to notice of such meeting, addressed to the shareholder at such shareholder's address appearing on the stock transfer books of the corporation. Such notice may be amended or withdrawn after it is given in the discretion of the Chairman of the Board of Directors.

NOTICE SHALL BE DEEMED TO HAVE BEEN GIVEN when actually received or when deposited with postage prepaid in the United States mail, addressed to the shareholder at the address appearing on the stock transfer books of the corporation.

A RECORD DATE may be set by the Board of Directors for a date which is not less than ten (10) nor more than seventy (70) days preceding the date of any meeting of the shareholders, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or adjournment thereof.

5. A COMPLETE LIST OF SHAREHOLDERS ENTITLED TO NOTICE at the annual shareholders' meeting or any adjournment thereof, or any special meeting of the shareholders or adjournment thereof, shall be prepared by the corporation, such list to be arranged by voting group in alphabetical order with each shareholder's address appearing on the stock transfer books of the corporation, showing the number of voting shares held by each shareholder, subject to the provisions of the laws of the State of South Carolina.

6. THE VOTING AT ALL MEETINGS of the shareholders may be by voice vote, but any shareholder entitled to vote may demand a stock vote whereupon such stock vote shall be taken by ballot, each of which shall state the name of the shareholder voting and the number of shares voted by him; and if such ballots be cast by proxy, it shall also state the name of such proxy.

7. EVERY SHAREHOLDER HAVING THE RIGHT TO VOTE at any meeting of the shareholders shall be entitled to vote in person or by proxy. A proxy may be appointed either (a) by an instrument in writing subscribed by such shareholder, or (b) by any other means permitted under applicable law; provided, however, the Board of Directors shall have the authority, in its discretion, to prescribe or limit a particular method or methods by which appointment of a proxy must be made with respect to a vote on any matter. Unless otherwise provided in the Articles of Incorporation, each shareholder entitled to vote shall have one vote for each share of stock having voting power registered in his name on the books of the corporation as of the record date set by the Board of Directors.

NO PROXY SHALL BE VALID after the expiration of eleven (11) months from its execution.

8. A QUORUM as to any matter to come before any annual or special meeting of shareholders shall consist of shareholders representing, either in person or by proxy, a majority of shares of each voting group entitled to vote on such matter. A majority of the votes cast on such matter shall decide any question that may come before such meeting except as otherwise provided by law and except as otherwise may be provided by provisions of the Articles of Incorporation at the time in effect with respect to the rights, preferences, privileges, limitations and conditions affecting shares of the

corporation.

9. IN THE ABSENCE OF A QUORUM at a properly called shareholders' meeting, such meeting may be adjourned from time to time by the Chairman as provided in Section 12 of this Article. If the meeting is adjourned for thirty (30) days or more, a notice of such adjournment shall be sent to all shareholders entitled to vote thereat stating the time and place of holding such adjourned meeting.

10. NO NOTICE OF ANY ADJOURNED MEETING for less than thirty (30) days need be given if the time and place of the adjourned meeting are announced at the meeting at which the adjournment is taken.

11. RESOLUTIONS TO BE VOTED ON BY SHAREHOLDERS, other than resolutions proposed by the Board of Directors, shall be submitted to the Secretary of the corporation in writing not less than seventy-five (75) days prior to the meeting at which the vote is to occur. No resolution shall be considered at any meeting of shareholders unless such resolution is proposed by the Board of Directors or by a shareholder of record at the date of submission to the Secretary and on the record date for the meeting. The person presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been duly given.

12. THE PRESIDING OFFICER OF ALL SHAREHOLDERS' MEETINGS shall be the Chairman of the Board of Directors unless he or the Board of Directors shall designate some other person to preside at the meeting. The presiding officer may, in his discretion, adjourn any meeting to such later date and time as he shall state whether or not there is a quorum present at the time of such adjournment. The presiding officer shall determine the manner in which the meeting shall be conducted, including the order of business, and all rulings of the presiding officer shall be final and binding. The presiding officer may, in his discretion, designate various persons to perform tasks associated with the conduct of the meeting.

ARTICLE III - DIRECTORS

1. THE MANAGEMENT of all the affairs, property and the business of the corporation shall be vested in a Board of Directors. The number of directors of the corporation shall be (i) the number fixed from time to time by the Board of Directors, which number shall not be less than nine, plus (ii) any directors elected exclusively by the holders of Preferred Stock as provided in the corporation's Articles of Incorporation. Directors shall be shareholders, each owning not less than one hundred (100) shares of the voting stock of the corporation. The directors need not be residents of the State of South Carolina.

2. EXCEPT FOR ANY DIRECTOR elected exclusively by the holders of Preferred Stock, the Board of Directors shall be divided into three classes of as nearly equal size as possible in accordance with the provisions of the Articles of Incorporation.

3. ALL DIRECTORS SHALL SERVE until their successors shall have been duly elected and qualify or until their earlier resignation, retirement, removal from office, death or incapacity except as otherwise provided by provisions of the Articles of Incorporation with respect to the rights, preferences, privileges, limitations and conditions affecting the shares of the corporation. No reduction in the size of the Board of Directors shall have the effect of shortening the term of any director in office at the time.

4. ALL DIRECTORS OF AN EXPIRING CLASS shall be eligible for re-election to the Board of Directors.

5. ALL VACANCIES OCCURRING IN THE BOARD OF DIRECTORS whether caused by resignation, death, increase in number of directors, or otherwise may be filled by a majority vote of the remaining directors, even if such number would not constitute a quorum.

6. RETIREMENT OF DIRECTORS shall be automatic upon each reaching the age of seventy-two (72), and a special meeting of the Board of Directors may be called to fill the vacancy thus created by the retirement.

7. REMOVAL OF A DIRECTOR OR THE ENTIRE BOARD OF DIRECTORS for cause shall only be accomplished by a vote of the holders of at least a majority of the outstanding shares then entitled to vote at an election for such Directors, subject to the provisions of the laws of the State of South Carolina and the Articles of Incorporation. Directors may be removed only for cause as defined by the South Carolina Business Corporation Act.

8. REGULAR MEETINGS OF THE BOARD OF DIRECTORS shall be held quarterly and ten (10) days written notice shall be given prior to the meeting date. The date of each quarterly meeting shall be decided upon by the Chairman of the Board of Directors or by the President or, in their absence, by any two Vice Presidents or by any two directors.

9. SPECIAL MEETINGS of the Board of Directors may be called at any time to be held at the principal office of the corporation at Hartsville, South Carolina or elsewhere by:

- (a) The Chairman of the Board of Directors;
- (b) The President;
- (c) Unanimous written consent of all the members at any time and place without notice; or
- (d) The presence of all members at such meeting.

Notice of all special meetings of the Board of Directors shall be given to each director at such director's address given to the Secretary for the purpose of giving notices, by telegram, telephone, facsimile, letter, or other reasonable means reasonably calculated to be received not less than twenty-four hours prior to the meeting. Notice of a meeting of the directors need not be given to any director who signs a waiver of notice either before or after the meeting.

10. NOTICE OF ADJOURNMENT OF A MEETING OF THE BOARD OF DIRECTORS need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

11. NEITHER THE BUSINESS TO BE TRANSACTED at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice.

12. A QUORUM at any meeting of the Board of Directors shall consist of a majority of the total number of directors then in office, but less than a quorum may adjourn the meeting which may be held on a subsequent date without further notice if the time and place to which it is adjourned are fixed and announced at such meeting.

13. COMPENSATION shall be paid directors not otherwise currently employed by the corporation for their services in such form and in such amount as may be determined by Resolution of the Board of Directors.

ARTICLE IV - OFFICERS

1. THE OFFICERS OF THE CORPORATION shall consist of a President, one or more Vice Presidents, a Secretary and Treasurer who shall be appointed for one year by the directors at their first meeting after the annual meeting of shareholders and who shall hold office until their successors are appointed and qualify. The Board of Directors may also in their discretion elect one of their number as Chairman of the Board of Directors for a term of one year. The position of Vice President and Treasurer and/or Secretary and Treasurer and/or Vice President and Secretary may be united in one person. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers. The Board of Directors may alter or modify the duties of any officer set forth herein.

2. THE CHAIRMAN OF THE BOARD OF DIRECTORS shall preside at all meetings of the shareholders and directors, except as provided in Article II, Section 12. The Chairman shall possess the same power as the President to sign all certificates, contracts and other instruments of the corporation which may be authorized by the Board of Directors. He shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors. Unless otherwise provided by the Board of Directors, the Chairman of the Board of Directors shall serve as the Chief Executive Officer of the Corporation.

3. THE PRESIDENT shall have general supervision of the affairs of the corporation, shall sign or countersign all certificates, contracts and other instruments of the corporation as authorized by the Board of Directors, shall make reports to the Board of Directors and shareholders and shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors.

4. THE VICE PRESIDENTS, in the order designated by the Board of Directors, shall exercise the functions of the President during the absence or disability of the President and the Chairman of the Board of Directors. Each Vice President shall have such powers and discharge such duties as may be assigned to him from time to time by the Board of Directors.

5. THE SECRETARY shall issue notices for all meetings, shall keep minutes of all meetings, shall have charge of the seal and corporate books, shall have responsibility to authenticate corporate documents, shall sign with the President such instruments that require his signature, shall make such reports and shall perform such other duties as are incident to his office or are properly required of him by the Board of Directors.

6. THE ASSISTANT SECRETARIES, in the order designated by the Board of Directors, shall in the absence or disability of the Secretary, or as delegated by the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

7. THE TREASURER shall have custody of all funds and securities of the corporation and shall keep regular books of account. He shall disburse the funds of the corporation in payment of just demands against the corporation or as may be ordered by the Board of Directors, taking proper vouchers for disbursements, and shall render to the Board of Directors from time to time as may be required of him an account of all his transactions as Treasurer and of the financial condition of the corporation. He shall perform all duties incident to his office or which are properly required of him by the Board of Directors.

8. THE ASSISTANT TREASURERS, in the order designated by the Board of Directors, shall in the absence or disability of the Treasurer, or as delegated by the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Board of Directors may prescribe.

9. IN THE CASE OF ABSENCE OR INABILITY TO ACT of any officer of the corporation or of any person herein authorized to act in his place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom it may select.

10. VACANCIES in any office may be filled by the directors at any regular or special meeting.

11. THE SALARIES of all officers receiving both officer compensation and officer benefits shall be fixed by the Board of Directors.

ARTICLE V - SHARES

1. CERTIFICATES FOR SHARES, Common and Preferred, respectively, shall be issued in numerical order, and each shareholder shall be entitled to a certificate signed by the Chairman of the Board of Directors or by the President or any Vice President and by the Secretary or Treasurer of the corporation or bearing the facsimile signatures of such officers and bearing the corporate seal or a facsimile thereof. A record of such certificates issued shall be kept by the corporation or a designated transfer agent and/or registrar. No certificate shall be issued covering or evidencing a fractional part of a share of either Common or Preferred shares but in lieu thereof the corporation may issue script in registered or bearer form over the manual or facsimile signature of an officer of the corporation or of its agents, exchangeable as therein provided for full shares, but such script shall not entitle the holder to any right of a shareholder except as therein provided. Such script may be issued subject to the condition that it shall become void if not exchanged for certificates representing full shares before a specified date or, subject to the condition that the shares for which such script is exchangeable, may be sold by the corporation and the proceeds thereof distributed to the holders of such script or subject to any other conditions which the Board of Directors may determine.

2. TRANSFERS OF SHARES shall be made only upon the transfer books of the corporation kept at the principal office of the corporation or by a transfer agent designated to transfer the Common or Preferred shares; and before a new certificate is issued, the old certificate must be surrendered for cancellation.

3. REGISTERED HOLDERS only shall be entitled to be treated by the corporation as holders in fact of the shares standing in their respective names at their respective addresses appearing in the stock transfer books of the corporation, and the corporation shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any person, whether or not it shall have

express or other notice thereof.

4. IN CASE OF LOSS OR DESTRUCTION BY A SHAREHOLDER of the original certificate, another may be issued in its place upon proof of such loss or destruction and upon the giving of a satisfactory bond of indemnity to the corporation and/or to the transfer agent of such shares, subject to the provisions of the laws of the State of South Carolina.

5. TRANSFER AGENTS OR REGISTRARS of the Common or Preferred shares of the corporation may from time to time be designated by the Board of Directors which may provide for their countersigning of share certificates.

ARTICLE VI - DIVIDENDS AND FINANCE

1. THE BOARD OF DIRECTORS MAY DECLARE and the corporation may pay dividends at such time as the Board of Directors may designate on its outstanding shares, in cash or property or from authorized but unissued shares and may declare stock splits, but no dividends or splits shall be declared that shall impair the capital stock of the corporation or violate any right, preference, privilege, limitation or condition affecting any class of shares of the corporation as fixed and determined by the shareholders or that shall violate any agreement or undertaking made by the corporation or that shall not conform to the laws of the State of South Carolina.

2. THE FUNDS of the corporation shall be deposited in the name of the corporation in such bank or banks or trust company or trust companies as the Board of Directors may designate and shall be drawn out by checks signed by any two officers or any two designated employees or by an officer together with a designated employee or by the use of facsimile signatures in lieu thereof.

3. THE FISCAL year of the corporation shall begin on the first day of January in each year unless otherwise provided by the Board of Directors.

ARTICLE VII - SEAL

1. THE CORPORATE SEAL shall consist of two concentric circles between which are written the words, "SONOCO PRODUCTS COMPANY, S.C.," and in the center of which is written "INCORPORATED 1899," and such seal is impressed on the margin hereof, has been and is hereby adopted as the corporate seal of the corporation. Failure to affix the seal to a document shall not in any way affect the validity of the document.

ARTICLE VIII - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

1. Any present or former director, officer or employee of the corporation or any person who, at the request of the corporation, may have served as director or officer of another corporation in which it owns shares or of which it is a creditor shall be entitled to reimbursement of expenses and other liabilities to the maximum extent permitted by the laws of the State of South Carolina or by order of any Court having jurisdiction in any action or proceeding to which he is a party by reason of being or having been a director, officer or employee.

ARTICLE IX - AMENDMENTS

1. The By-Laws may be amended, repealed or altered, in whole or in part, or new By-Laws adopted, by a majority of the outstanding shares of the corporation entitled to vote at any annual meeting of the shareholders of the corporation or at any special meeting called for such purpose or, to the extent permitted by law, by a majority of the Board of Directors at any regular meeting or special meeting called for that purpose; PROVIDED, HOWEVER, that no such amendment, repeal, alteration or adoption shall violate any right, preference, privilege, limitation or condition affecting any class of stock of the corporation as fixed and determined by shareholders or, acting under or pursuant to authority in the Articles of Incorporation, by the Board of Directors, or violate any agreement or understanding made by the corporation; and PROVIDED FURTHER that Article III, Sections 1, 2, 7, and Article IX, Section 1, of the By-Laws may not be amended, repealed or altered, in whole or in part, and no By-Law may be amended, repealed, altered or adopted which is inconsistent with any of such Sections or either Article 4 or Article 9 of the Articles of Incorporation, other than by an affirmative vote of shareholders sufficient to amend Articles 4 and 9 of the Articles of Incorporation of the corporation.

ARTICLE X - SUITS BY SHAREHOLDERS

1. No shareholder shall bring any action in law or in equity against the corporation, or any of its officers or directors which is based on any right of the shareholder as a shareholder except in compliance with the following conditions:

- a. The shareholder shall have first presented the substance of the complaint to the corporation in writing in sufficient detail to permit the corporation to determine the validity of the complaint. Such complaint shall have been submitted to the Secretary of the corporation not less than 90 days prior to the commencement of a legal proceeding.
- b. The legal proceeding shall be commenced and maintained in a court of competent jurisdiction in the State of South Carolina or in the United States District Court for the District of South Carolina.

ARTICLE XI - CONTROL SHARE ACQUISITIONS

1. Except as otherwise provided herein, terms in this Article shall have the meaning assigned to such terms in Article 1 of Chapter 2 of Title 35 of the Code of Laws of South Carolina, 1976, as amended (the "Control Share Acquisitions Act").

2. The corporation is authorized, but not required, to redeem control shares as provided in Section 35-2-110 of the Code of Laws of South Carolina, 1976, as amended. The fair value of such shares and the price at which they shall be redeemed shall be the lesser of the lowest price paid by the holder of the shares being redeemed in the ninety days immediately preceding the date on which the control share acquisition occurred or the average closing price of the shares on the ten trading days immediately preceding the earlier of: (i) a public announcement of the acquiring person's acquisition of, or plan to acquire, shares; or (ii) ten days prior to the date on which the acquiring person would be required to file a Schedule 13D pursuant to Section 13(d) of the Securities Exchange Act of 1934. In the event that the corporation exercises its right to redeem control shares, it shall give written notice of such redemption to the record owner of such shares. Upon receipt of such notice, such shares shall be deemed to have been redeemed and the rights of the holder of such shares shall be limited to the right to receive payment for such shares. Payment for shares redeemed shall be made within two business days after surrender to the corporation of the certificates for the shares redeemed.

3. For purposes of determining whether a control share acquisition has occurred, whether shares are control shares, what are interested shares and other rights with respect to control shares under the Control Share Acquisitions Act, all shares tendered in response to any tender offer or made subject to any option (other than an option granted by the corporation) shall be considered to be held by the members of a group with respect to a control share acquisition. Such group shall include all tendering shareholders and option granting shareholders as well as the persons to whom or for whose benefit the shares were tendered or optioned.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SONOCO PRODUCTS COMPANY FOR THE SIX MONTHS ENDED JUNE 27, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	DEC-31-1999
	JAN-01-1999
	JUN-27-1999
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