

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the Quarter Ended March 30, 1997

Commission File No. 1-11261

SONOCO PRODUCTS COMPANY

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Incorporated under the laws  
of South Carolina

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

Post Office Box 160

Hartsville, South Carolina 29550-0160

Telephone: 803-383-7000

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 May 4, 1997:

Common stock, no par value: 90,145,320

SONOCO PRODUCTS COMPANY

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

	(unaudited) March 30, 1997	December 31, 1996
ASSETS		
-----	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 81,730	\$ 71,260
Trade accounts receivable, net of allowances	346,910	329,963
Other receivables	33,248	38,240
Inventories		
Finished and in process	122,417	123,224
Materials and supplies	132,853	137,236
Prepaid expenses	23,324	26,121
Deferred income taxes	11,436	11,605
	-----	-----
	751,918	737,649
PROPERTY, PLANT AND EQUIPMENT, NET	996,667	995,415
COST IN EXCESS OF FAIR VALUE OF ASSETS PURCHASED, NET	438,001	455,567
OTHER ASSETS	218,095	198,909
	-----	-----
Total Assets	\$ 2,404,681	\$ 2,387,540
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
-----		
CURRENT LIABILITIES		
Payable to suppliers	\$ 216,684	\$ 205,741
Accrued expenses and other	153,929	111,804
Accrued wages and other compensation	11,916	29,428
Notes payable and current portion of		
long-term debt	97,183	102,062
Taxes on income	35,672	26,081
	-----	-----
	515,384	475,116

LONG-TERM DEBT	750,161	791,026
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	107,305	107,265
DEFERRED INCOME TAXES AND OTHER	96,846	93,520
SHAREHOLDERS' EQUITY		
Serial preferred stock, no par value		
Authorized 30,000 shares		
2,394 and 2,395 shares issued and outstanding as of		
March 30, 1997 and December 31, 1996, respectively	119,706	119,756
Common shares, no par value		
Authorized 150,000 shares		
90,058 and 89,864 shares issued and outstanding as of		
March 30, 1997 and December 31, 1996, respectively	7,175	7,175
Capital in excess of stated value	54,035	50,378
Translation of foreign currencies	(71,136)	(56,572)
Retained earnings	825,205	799,876
	-----	-----
Total shareholders' equity	934,985	920,613
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 2,404,681	\$ 2,387,540
	=====	=====

See accompanying Notes to Consolidated Financial Statements

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

	Three Months Ended	
	March 30, 1997	March 31, 1996
	-----	-----
Net sales	\$ 687,648	\$ 669,231
Cost of sales	535,677	512,876
Selling, general and administrative expenses	71,806	73,793
Interest expense	13,549	11,578
Interest income	(1,098)	(1,219)
	-----	-----
Income from operations before income taxes	67,714	72,203
Taxes on income	26,205	28,448
	-----	-----
Income from operations before equity in earnings of affiliates/Minority interest in subsidiaries	41,509	43,755
Equity in earnings of affiliates/ Minority interest in subsidiaries	(263)	(507)
	-----	-----
Net income	41,246	43,248
Preferred dividends	(1,066)	(1,941)
	-----	-----
Net income available to common shareholders	\$ 40,180	\$ 41,307
	=====	=====

Average common shares outstanding:		
Assuming no dilution	89,976	91,137
Assuming full dilution	96,741	100,367
Earnings per common share:		
Assuming no dilution	\$ .45	\$ .45
	=====	=====
Assuming full dilution	\$ .43	\$ .43
	=====	=====
Dividends per common share	\$ .165	\$ .15
	=====	=====

See accompanying Notes to Consolidated Financial Statements

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

	Three Months Ended	
	March 30, 1997	March 31, 1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 41,246	\$ 43,248
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	37,910	34,125
Equity in earnings of affiliates/		
Minority interest in subsidiaries	263	507
Deferred taxes	1,872	2,049
Loss on disposition of assets	403	37
Changes in assets and liabilities, net of effects from acquisitions, dispositions and foreign currency adjustments:		
Accounts receivable	(26,341)	(20,482)
Inventories	(7,453)	(5,752)
Prepaid expenses	2,704	7,490
Payables and taxes	22,176	(10,741)
Other assets and liabilities	(14,640)	8,785
	-----	-----
Net cash provided by operating activities	58,140	59,266
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(50,365)	(46,354)
Cost of acquisitions, exclusive of cash	(1,870)	(33,073)
Other, net	570	0
Proceeds from the sale of assets	62,634	134
	-----	-----
Net cash provided (used) by investing activities	10,969	(79,293)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in commercial paper borrowings	(44,091)	57,700
Proceeds from issuance of debt	17,138	6,790
Principal repayment of debt	(17,891)	(13,197)
Cash dividends - common and preferred	(15,917)	(15,616)
Shares acquired - common and preferred	(50)	(11,805)
Common shares issued	3,121	5,755
	-----	-----
Net cash (used) provided by financing activities	(57,690)	29,627
	-----	-----
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(949)	(107)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,470	9,493
Cash and cash equivalents at beginning of period	71,260	61,624
	-----	-----
Cash and cash equivalents at end of period	\$ 81,730	\$ 71,117
	=====	=====

See accompanying Notes to Consolidated Financial Statements

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

SUPPLEMENTAL CASH FLOW DISCLOSURES:

	Three Months Ended	
	March 30, 1997	March 31, 1996
Interest paid	\$10,066	\$10,085
Income taxes paid	\$ 6,652	\$ 9,052

See accompanying Notes to Consolidated Financial Statements

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SONOCO PRODUCTS COMPANY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

NOTE 1: BASIS OF INTERIM PRESENTATION

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and results of operations for the interim periods reported hereon. Operating results for the three months ended March 30, 1997, are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. These 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, 1996.

NOTE 2: DIVIDEND DECLARATIONS

On April 16, 1997, the Board of Directors declared and increased the regular quarterly dividend from \$.165 per share to \$.18 per share, payable June 10, to shareholders of record May 16. On February 5, 1997, the Board declared a quarterly dividend of \$.5625 per share on the \$2.25 Series A Cumulative Convertible Preferred Stock, payable May 1, to shareholders of record April 11.

NOTE 3: ACQUISITIONS/DISPOSITIONS

In March of 1997, the Company completed the sale of its screen print operations acquired in the October 1993 acquisition of Engraph, Inc. This division was sold because the business did not fit with the Company's overall focus on the packaging industry. In addition, the Company signed a letter of intent to form a joint venture with the Rock-Tenn Company, combining their fibre partitions businesses into a joint venture company called RTS Packaging, owned 35% by Sonoco and 65% by Rock-Tenn, with combined annual sales of approximately \$150 million. This transaction is awaiting regulatory approval.

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

NOTE 4: FINANCIAL SEGMENT INFORMATION

As of the 1996 second quarter, the Company has been reporting its operations in two segments, Industrial Packaging and Consumer Packaging. The Financial Segment Information provided below should be read in conjunction with the Management's Discussion and Analysis immediately following the Notes to Consolidated Financial Statements.

FINANCIAL SEGMENT INFORMATION (UNAUDITED)  
(Dollars in thousands)

	Three Months Ended	
	March 30, 1997	March 31, 1996
Total Revenue		
Industrial Packaging	\$ 390,946	\$ 384,515
Consumer Packaging	306,372	295,511
	-----	-----
Consolidated	\$ 697,318	\$ 680,026
	=====	=====
Net Sales		
Industrial Packaging	\$ 381,300	\$ 374,170
Consumer Packaging	306,348	295,061
	-----	-----

Consolidated	\$ 687,648 =====	\$ 669,231 =====
Operating Profit		
Industrial Packaging	\$ 50,194	\$ 51,775
Consumer Packaging	29,971	30,787
Interest, net	(12,451) -----	(10,359) -----
Consolidated	\$ 67,714 =====	\$ 72,203 =====

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#### 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, and income, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward looking statements.

#### FIRST QUARTER 1997 COMPARED WITH FIRST QUARTER 1996

#### RESULTS OF OPERATIONS

Consolidated net sales for the first quarter of 1997 were \$687.6 million, compared with \$669.2 million recorded for the first quarter of 1996. Net income available to common shareholders for the first quarter was \$40.2 million, compared with \$41.3 million in the first quarter of 1996. Fully diluted earnings per share for the first quarter of 1997 were \$.43, equal to the all-time high first quarter results of 1996. First quarter earnings per share were favorably impacted by the repurchase of 3.44 million common share equivalents during 1996. First quarter performance was in line with Management's expectations that earnings for the first two quarters of 1997 would be flat to slightly down, compared with 1996, and then improve in the second half of the year.

#### INDUSTRIAL PACKAGING SEGMENT

The Industrial Packaging segment includes tubes; cores; cones; roll wrap; molded plugs and related products and services; fibre drums; plastic drums; intermediate bulk containers; injection molded and extruded plastics; paper manufacturing and recovered paper collections; fibre partitions; molded pulp; corner posts; reels for wire and cable packaging; adhesives; converting machinery; and forest products.

Trade sales for the Industrial Packaging segment were \$381.3 million, a 1.9% increase over the \$374.2 million recorded in the first quarter of 1996. Operating profits were \$50.2 million for the first quarter of 1997 compared with \$51.8 million in the first quarter of 1996.

Volume continued improving in the first quarter in nearly every product line in the global tube and core business, led by strong increases in sales to textile carriers, particularly in the United States and Europe. Profits in industrial products were negatively impacted by further declines in selling prices, although such prices appear to be stabilizing. Although improving, start-up and consolidation costs in Brazil and China continued to negatively impact segment results. The industrial segment began seeing some of the benefits of the plant consolidations that took place during 1996 in conjunction with the Company's Process Excellence initiative. Continued improvement is expected from this and

other initiatives undertaken over the past couple of years.

In the paper operations, lower selling prices for corrugating medium and linerboard, which is sold by the Company to external markets, reduced sales and profits by approximately \$4 million for the quarter. Approximately 85% of the paperboard produced by the Company is for internal consumption.

SONOCO PRODUCTS COMPANY

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

FIRST QUARTER 1997 COMPARED WITH FIRST QUARTER 1996, CONTINUED

RESULTS OF OPERATIONS, CONTINUED

Volume was excellent in the injection molded and extruded plastics business, led by sales of a new heating tray used in the fast food industry. Volume also increased in both the textile and filtration markets. In addition, the automotive business continues to be strong.

Volume in the industrial container group was nearly even with the first quarter 1996, but sales dollars were down because of declining prices and product mix. Performance in this group is also being impacted by start-up costs for the new plastic drum plant that began operations in Pennsylvania during 1996. However, volume was up significantly in the first quarter in the group's intermediate bulk container business.

CONSUMER PACKAGING SEGMENT

The Consumer Packaging segment includes composite cans; fibre and plastic caulk cartridges; capseals; flexible packaging; pressure-sensitive labels; label application machinery; paperboard cartons, sleeves, blister packs, coasters and glass covers; and high density film products.

Trade sales for the consumer packaging segment were \$306.3 million for the first quarter of 1997, a 3.8% increase over 1996's first quarter sales of \$295.1 million. Operating profits were \$30.0 million for the first quarter of 1997, compared with \$30.8 million in the first quarter of 1996.

The Company's composite can operations continued their strong performance during the first quarter of 1997, led by sales increases in the snack food, powdered beverages and adhesives and sealants markets. Volume was also up in the Capseals business, which is located in England.

This segment is still being negatively impacted by reorganization in the label and flexible packaging businesses. Costs associated with the reorganization and consolidation of its label business, which previously operated as multiple independent companies, should improve throughout 1997 as the Company continues to build a label business under a unified brand. Sales and profits in the flexible packaging operations improved over the fourth quarter of 1996 and should continue improving throughout 1997.

Volume was off in the high density film products business as several customers had built inventories during the previous quarter. This business was also impacted by increased resin costs, which have not been fully recovered through selling price increases.



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

FIRST QUARTER 1997 COMPARED WITH FIRST QUARTER 1996, CONTINUED

RESULTS OF OPERATIONS, CONTINUED

CORPORATE

General corporate expenses have been allocated as operating costs to each of the segments. Interest expense increased in the first quarter of 1997 over 1996 due to higher debt resulting from the 1996 share repurchase program, capital spending and acquisitions.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong through the first quarter. The debt to capital percentage, after adjusting debt levels for excess cash related to the issuance of restricted purpose bonds, decreased to 45.1% at March 30, 1997, from 47.2% at December 31, 1996. Debt decreased primarily as a result of proceeds from the sale of the screen print operations.

Working capital decreased \$26 million to \$236.5 million during the first three months of 1997 primarily due to the sale of the screen print operations and seasonal increases in payables to suppliers.

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.

In February 1997, the Financial Accounting Standards Board issued Financial Accounting Standard No. 128 "Earnings Per Share" (FAS 128). This standard is effective for financial statements issued for periods ending after December 15, 1997 and will be implemented in the Company's 10K for the year ended December 31, 1997. The Company does not expect that FAS No. 128 will have a material impact on the earnings per share computation.

SONOCO PRODUCTS COMPANY  
PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3 of the Company's Annual Report on Form

10-K for the year ended December 31, 1996.

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

The Company's annual meeting of shareholders was held on April 16, 1997. The following matters, as described in more detail in the Company's Proxy Statement, were approved by the shareholders at this meeting:

- (1) The following directors were elected:

	Term ----	VOTES -----	
		For -----	Withheld -----
C. W. Coker	3-year	72,786,353	361,628
A. T. Dickson	3-year	72,777,991	369,990
R. E. Elbersen	3-year	72,792,535	355,446
J. C. Fort	3-year	72,686,552	461,429
Dona Davis Young	3-year	72,751,895	396,086

- (2) Coopers & Lybrand L.L.P., Certified Public Accountants, was re-elected as the independent auditors of the corporation for the fiscal year ending December 31, 1997. The shareholders voted 73,060,008 for and 27,438 against this appointment, with 60,535 votes abstaining.

There were 16,873,508 non-votes for each matter voted upon.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit (3) - By-laws  
Exhibit (11) - Computation of Earnings Per Share  
Exhibit (27) - Financial Data Schedule (for SEC use only)
- (b) There were no reports on Form 8-K filed by the Company during the quarter ended March 30, 1997.

SONOCO PRODUCTS COMPANY

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: May 13, 1997  
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By: /s/ F. Trent Hill, Jr.  
-----  
F. Trent Hill, Jr.  
Vice President and  
Chief Financial Officer

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SONOCO PRODUCTS COMPANY

EXHIBIT INDEX

Exhibit Number -----	Description -----
3	By-laws
11	Computation of Earnings per Share
27	Financial Data Schedule (for SEC use only)

(Exhibit 3)

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

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

Revised through April 16, 1997

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.

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 appointed by an instrument in writing subscribed by such shareholder. 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.

## Exhibit (11)

SONOCO PRODUCTS COMPANY  
COMPUTATION OF EARNINGS PER SHARE (UNAUDITED)  
(Dollars in thousands, except per share)

	Three Months Ended	
	March 30, 1997	March 31, 1996
-----		
PRIMARY EARNINGS		
Net income available to common shareholders	\$ 40,180	\$ 41,307
	=====	=====
Weighted average number of common shares outstanding	89,976,285	91,136,586
Assuming exercise of options reduced by the number of shares which could have been purchased (at average price) with proceeds from exercise of such options	1,755,338	2,071,449
	-----	-----
Weighted average number of common shares outstanding as adjusted	91,731,623	93,208,035
	=====	=====
Primary earnings per common share	\$ 0.44	\$ 0.44
	=====	=====
ASSUMING FULL DILUTION		
Net income available to common shareholders	\$ 40,180	\$ 41,307
Elimination of preferred dividends	1,066	1,941
	-----	-----
Fully diluted net income	\$ 41,246	\$ 43,248
	=====	=====
Weighted average number of common shares outstanding	89,976,285	91,136,586
Assuming exercise of options reduced by the number of shares which could have been purchased (at the higher of end-of-period price or average) with proceeds from exercise of such options	1,798,728	2,074,957
Assuming conversion of preferred stock	4,965,765	7,155,300
	-----	-----
Weighted average number of common shares outstanding as adjusted		
	96,740,778	100,366,843
	=====	=====
Earnings per common share assuming full dilution	\$ 0.43	\$ 0.43
	=====	=====



<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF SONOCO PRODUCTS COMPANY FOR THE THREE MONTHS ENDED MARCH 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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