

SONOCO PRODUCTS CO

Form 11-K

May 29, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 11-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) of THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2008

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) of THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition period from _____ to

Commission file number 0-516

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SONOCO SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SONOCO PRODUCTS COMPANY

1 N. Second St.

Hartsville, South Carolina 29550

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December 31, 2008 and 2007**

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not required or are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Employee Benefits Committee of the
Sonoco Savings Plan

We have audited the accompanying statement of net assets available for benefits of the Sonoco Savings Plan (the Plan) as of December 31, 2008, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting.

Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Sonoco Savings Plan as of December 31, 2008, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ GRANT THORNTON LLP

Columbia, South Carolina

May 29, 2009

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Report of Independent Registered Public Accounting Firm

To the Participants and Employee Benefits Committee of the
Sonoco Savings Plan

Hartsville, South Carolina

We have audited the accompanying statement of net assets available for benefits of the Sonoco Savings Plan (the Plan) as of December 31, 2007, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ McGladrey & Pullen, LLP

Charlotte, North Carolina

June 27, 2008

Table of Contents**Sonoco Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2008 and 2007**

| <i>(in thousands of dollars)</i> | 2008 | 2007 |
|---|-------------|-------------|
| Assets | | |
| Investments, at fair value: | | |
| Plan interest in Sonoco Products Company Master Trust | \$ 461,558 | \$ 553,533 |
| Participant loans | 24,846 | 23,901 |
| | 486,404 | 577,434 |
| Receivables: | | |
| Employer contribution | 711 | 612 |
| Dividend and interest receivable | 539 | 716 |
| Total receivables | 1,250 | 1,328 |
| Total assets | 487,654 | 578,762 |
| Liability | | |
| Accrued administrative fees | 103 | 329 |
| Net assets available for benefits at fair value | 487,551 | 578,433 |
| Adjustment from fair value to contract value for interest in common collective trusts relating to fully benefit-responsive investment contracts | 2,839 | 6,156 |
| Net assets available for benefits | \$ 490,390 | \$ 584,589 |

The accompanying notes are an integral part of these financial statements.

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Sonoco Savings Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2008 and 2007

| <i>(in thousands of dollars)</i> | 2008 | 2007 |
|---|--------------|-------------|
| Additions to net assets attributed to: | | |
| Plan interest in Sonoco Products Company Master Trust investment income (Note 3): | | |
| Net (depreciation)/appreciation in investments | \$ (119,781) | \$ 4,991 |
| Interest and dividends | 11,271 | 12,809 |
| Net investment (loss) income | (108,510) | 17,800 |
| Contributions: | | |
| Employer | 15,516 | 14,914 |
| Employees | 30,632 | 30,390 |
| Total contributions | 46,148 | 45,304 |
| Total (deductions) additions | (62,362) | 63,104 |
| Deductions from net assets attributed to: | | |
| Distributions to participants | 35,682 | 39,802 |
| Administrative expense (Note 5) | 1,098 | 1,486 |
| Total deductions | 36,780 | 41,288 |
| (Decrease) increase in net assets available for benefits before transfer from other qualified plans | (99,142) | 21,816 |
| Transfer in from other qualified plans | 4,943 | 500 |
| (Decrease) increase in net assets available for benefits after transfer from other qualified plans | (94,199) | 22,316 |
| Net assets available for benefits: | | |
| Beginning of year | 584,589 | 562,273 |
| End of year | \$ 490,390 | \$ 584,589 |

The accompanying notes are an integral part of these financial statements.

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Sonoco Savings Plan

Notes to Financial Statements

Note 1. Description of the Plan

General

The Sonoco Savings Plan (the Plan) is a defined contribution plan covering a majority of U.S. employees of Sonoco Products Company (the Company). The Plan is primarily designed to provide a retirement savings vehicle for its participants. Sonoco Products Company is a major global manufacturer of paperboard based and other industrial and consumer packaging products. The Company was founded in 1899 and is headquartered in Hartsville, South Carolina. The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan document or the Summary Plan Description, not included herein, for a more complete description of the Plan and its provisions. The Plan is subject to the applicable provisions of the Employee Retirement Income and Security Act of 1974 (ERISA), as amended.

Participation

Most of the Company s employees are immediately eligible to participate upon reaching 30 days of service. However, at certain union locations, employees are either eligible to participate after 60 days of service or after obtaining age 21 and completing 1 year of service in which the employee worked 1,000 hours.

Contributions

Effective January 1, 2004, participants may elect to defer up to 30% of eligible gross pay through payroll deductions. Contributions may be pre-tax, after-tax or a combination thereof. The maximum annual pre-tax contribution for any participant was \$15,500 for 2008 and 2007, respectively. Participants over age 50 could contribute additional pre-tax contributions to the Plan, up to a maximum of \$5,000 for both 2008 and 2007, subject to certain catch-up rules as defined under the Internal Revenue Code. Each participant s total annual contributions, including employer matching contributions, were limited to the lesser of \$46,000 or 100% of gross pay in 2008, and the lesser of \$45,000 or 100% of gross pay in 2007. Under the Plan, participants may elect to have their account balances invested in 1% increments in any combination of eleven index funds, a Company stock fund (the Sonoco Stock Fund), and a stable value fund. Participants have the option to reinvest Sonoco Stock Fund dividends within the Plan or to receive these dividends in cash. Once a participant s total account balance has been established and certain criteria are met, the participant can also invest funds in a Self-Managed Account.

The Company provides matching contributions in Company common stock or cash in amounts determined annually by the Company s Board of Directors (the Board). For 2008 and 2007 the Company matching contributions were equal to 100% on the first 3% of employee pre-tax contributions, and 50% on the next 2% of employee pre-tax contributions. No matching contributions were made on after-tax contributions. All matching contributions were paid in cash and invested in accordance with the participants chosen investment allocations. The Company may elect to provide additional contributions at the discretion of its Board.

Participant Accounts

Each participant s account is credited with the participant s contributions, the Company s matching contributions, and an allocation of Plan earnings and losses. The allocation is based on participant earnings or account balances, as defined in the Plan. Net appreciation or depreciation of investments and investment earnings of each fund are allocated to participant accounts in proportion to each participant s account balance within each fund. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

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Sonoco Savings Plan

Notes to Financial Statements

Note 1. Description of the Plan (Continued)

Vesting

The majority of participants are immediately vested in both participant-funded contributions and the Company's contributions, plus actual earnings thereon. However, at certain union locations, participants vest in employer matching and discretionary contributions after completing a minimum number of years of service, ranging from two to five years, as specified by the union contract.

Payment of Benefits

The Plan provides for benefits payable upon retirement, death, total and permanent disability or termination. Benefits are distributed through lump-sum payments in cash or Company common stock, or in quarterly or annual installments of not less than \$1,000. Participants with vested balances greater than \$5,000 may elect to delay distributions from the Plan until age 70-1/2.

Participant Loans

Participants may borrow from their fund accounts an amount no greater than the lesser of 50% of the account balance, or \$50,000 minus the highest outstanding loan balance during the previous 12-month period. Loans are secured by the balances in the participant's accounts. Interest is charged at a fixed rate for the full term of the loan. The rate is based on the prime rate at the end of the fiscal quarter prior to loan origination plus 1% (3.25% and 7.25% prime rate at December 31, 2008 and December 31, 2007, respectively). Principal and interest is paid through payroll deductions over a period of no more than five years for a personal loan or twenty years for a residential loan.

Risks and Uncertainties

The Plan provides for various mutual fund investment options in stocks, bonds and fixed income securities. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the nature of most investment securities, it is likely that changes in the values of investment securities will occur in the near term and it is reasonably possible that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Forfeitures

Forfeitures of account balances are used to reduce future employer contributions. During 2008 and 2007, approximately \$78,348 and \$158, respectively, in forfeitures were used to reduce employer contributions. At December 31, 2008 and 2007, the remaining balance in the forfeitures account totaled approximately \$110,000 and \$170,000, respectively.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would

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Sonoco Savings Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

receive if they were to initiate permitted transactions under the terms of the plan. The plan invests in investment contracts through a collective trust in the Stable Value Fund. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investments in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Contributions

Contributions from the Company are recorded in the year and in the amount authorized by the Board. The contribution receivable from the Company represents amounts authorized at year-end, but not yet received by the Plan.

Contributions from employees of the Company are recorded in the year in which the employee contributions are withheld from employee pay. All contributions from the Company are in the form of cash payments or Company common stock, as elected by the Board. All employee and employer contributions are participant directed.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. The fair value of the Plan's interest in the master trust is based on the specific interest that each plan has in the underlying participant directed investment options. The investments held by the master trust are valued as follows:

Shares of common collective trusts are valued at the net asset value of shares held at year end. Participant loans are valued at their outstanding balances, which approximate fair value. The fair value of the guaranteed insurance contracts (GIC) are calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. Individual assets of the synthetic investment contract are valued at representative quoted market prices. The fair value of the wrap contract for the synthetic GIC is determined using the market approach discounting methodology which incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and discounted by the prevailing interpolated swap rate as of period end. Shares of common stock are valued at open market values published by the respective stock exchange markets.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the financial statements and accompanying notes. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Most trust and custodial expenses and investment management fees are paid by the Plan. These expenses are deducted from the investment returns in the accompanying Statements of Changes in Net Assets Available for Benefits. Certain trust and custodial expenses and investment management fees are paid by the Plan Sponsor in accordance with the plan documents.

Table of Contents**Sonoco Savings Plan****Notes to Financial Statements****Note 3. Investments**

The Sonoco Products Company Master Trust (the Master Trust) was established for the investment of assets of the Plan and one other Company-sponsored retirement plan. The assets of the Master Trust are held by StateStreet Global Advisors (SSGA). SSGA served as the trustee of the Master Trust in both 2008 and 2007. Each plan has an undivided interest in the Master Trust investment accounts in which they both participate. Investments in the Self-Managed Account and the Sonoco Stock Fund represent specific interests of the Plan, as the Plan is the sole owner of these investments. Investment options in which both plans participate include the S&P 500 Index Fund, Bond Market Index Fund, Russell 2000 Index Fund, International Stock Index Fund, Moderate Strategic Balanced Fund, S&P MidCap Fund, SSgA Retirement Income Fund, SSgA Retirement 2010 Fund, SSgA Retirement 2020 Fund, SSgA Retirement 2030 Fund, SSgA Retirement 2040 Fund, and the Stable Value Fund.

Plan s Interest in Master Trust Investment Accounts

At December 31, 2008 and 2007, the Plan s interest in the investment accounts of the Master Trust was approximately 98.93% and 99.69%, respectively. At December 31, 2008 and 2007, the total reported value of the Plan s interests in the Master Trust s investment accounts was \$461,558,000 and \$553,533,000 respectively. Of those respective amounts, \$407,226,000 and \$475,762,000 represent the Plan s allocated value of investments in which it holds an undivided interest. At December 31, 2008 and 2007, the reported value of investments in which the Plan held the sole interest totaled \$54,332,000 and \$77,771,000 respectively. Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon the prior day fair market value of the funds balances into which each Plan participates.

S&P 500 Index Fund (99.88% Undivided Interest at December 31, 2008)

The S&P 500 Index Fund invests in all 500 common stocks included in the S&P 500 Index.

Bond Market Index Fund (99.88% Undivided Interest at December 31, 2008)

The Bond Market Index Fund invests primarily in government, corporate, mortgage-backed and asset-backed securities that comprises the Lehman Brothers Aggregate Bond Index.

Russell 2000 Index Fund (99.80% Undivided Interest at December 31, 2008)

The Russell 2000 Index Fund invests in the 2000 small cap stocks that comprise the Russell 2000 Index.

International Stock Index Fund (99.61% Undivided Interest at December 31, 2008)

The International Stock Index Fund invests in the stocks in the Morgan Stanley Capital International EAFE Index, a compilation of international equities.

Moderate Strategic Balanced Fund (99.43% Undivided Interest at December 31, 2008)

The Moderate Strategic Balanced Fund seeks to provide income from fixed income securities and growth of principal from stock funds. The Fund s risk profile is moderate due to the presence of well-diversified stock and bond holdings. The fund is comprised of the S&P 500 Index, Russell Small Cap Completeness Index, Morgan Stanley Capital International EAFE Index, and the Lehman Brothers Aggregate Bond Index in varying percentages.

S&P MidCap Fund (99.70% Undivided Interest at December 31, 2008)

The S&P MidCap Fund invests in all stocks in the S&P MidCap 400 Index in proportion to their weighting in the Index.

Table of Contents**Sonoco Savings Plan****Notes to Financial Statements****Note 3. Investments (Continued)****Self-Managed Account (100% Specific Interest at December 31, 2008)**

The Self-Managed Account allows employees to invest in a wide variety of common stocks. To invest in the Self-Managed Account, participants must transfer funds from other investment options. The initial investment must be at least \$2,500 and the total amount in the Self-Managed Account cannot exceed 50% of the participant's vested account balance.

SSgA Retirement Income Fund (99.74% Undivided Interest at December 31, 2008)

The SSgA Target Retirement Income Fund is the option in the Target Retirement series with a focus on income generation as opposed to wealth accumulation. The strategy seeks to address the needs of investors who have reached their retirement date and is comprised mainly of bonds with a reduced exposure to equities to provide greater stability and income. The fund has a target mix of 35% stock funds and 65% bond and money market funds.

SSgA Retirement 2010 Fund (99.86% Undivided Interest at December 31, 2008)

The 2010 Fund starts out with a stock and bond allocation suitable from now until the year 2010 and beyond. This fund has a target mix of 75% equities and 25% fixed income. Professional managers then adjust the index fund mix annually, gradually decreasing the stock allocations while increasing the bond allocations as the retirement date approaches.

SSgA Retirement 2020 Fund (99.53% Undivided Interest at December 31, 2008)

The 2020 Fund starts out with a stock and bond allocation suitable from now until the year 2020 and beyond. This fund has a target mix of 55% equities and 45% fixed income. Professional managers then adjust the index fund mix annually, gradually decreasing the stock allocations while increasing the bond allocations as the retirement date approaches.

SSgA Retirement 2030 Fund (99.22% Undivided Interest at December 31, 2008)

The 2030 Fund starts out with a stock and bond allocation suitable from now until the year 2030 and beyond. This fund has a target mix of 85% equities and 15% fixed income. Professional managers then adjust the index fund mix annually, gradually decreasing the stock allocations while increasing the bond allocations as the retirement date approaches.

SSgA Retirement 2040 Fund (98.51% Undivided Interest at December 31, 2008)

The 2040 Fund starts out with a stock and bond allocation suitable for the full time horizon from now until the year 2040 and beyond. This fund has a target mix of 90% equities and 10% fixed income. Professional managers then adjust the index fund mix annually, gradually decreasing the stock allocations while increasing the bond allocations as the retirement date approaches.

Stable Value Fund (97.85% Undivided Interest at December 31, 2008)

The Stable Value Fund is a collective fund that invests primarily in guaranteed investment contracts and fully benefit-responsive synthetic investment contracts, which are supported by underlying assets owned by the Plan. Assets underlying the synthetic investment contracts include government securities, private and public mortgage-backed securities, investment grade corporate obligations and cash equivalents held for liquidity purposes. These synthetic investment contracts are credited with earnings on the underlying investments and charged for benefit withdrawals and administrative expenses. The guaranteed investment contracts are included in the financial statements of the Plan at fair value, with an adjustment to contract value as reported to the Plan by the issuers. Contract values reflect contributions made under the contract, plus earnings, less benefit withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Table of Contents**Sonoco Savings Plan****Notes to Financial Statements****Note 3. Investments (Continued)****Sonoco Stock Fund (100% Specific Interest at December 31, 2008)**

Employees may also elect to invest in the Sonoco Stock Fund that consists solely of investments in Company common stock and cash equivalents held for liquidity purposes.

The following table presents the fair values and contract values of all investments in the Master Trust at December 31:

| <i>(in thousands of dollars)</i> | 2008 | 2007 |
|---|-------------------|-------------------|
| Investments at fair value | | |
| Common Collective Trusts (99.76% and 99.91% Undivided Interest, respectively) | \$ 204,182 | \$ 298,431 |
| Common Stock (100% and 100% Specific Interest, respectively) | 54,332 | 77,771 |
| Stable Value Fund (97.85% and 99.20% Undivided Interest, respectively) | 208,043 | 179,031 |
| <i>Total Investments at Fair Value</i> | 466,557 | 555,233 |
| Adjustment to state Stable Value Fund at Contract Value | 2,901 | 6,206 |
| Total Master Trust Investments | \$ 469,458 | \$ 561,439 |

Investment income for the Master Trust is as follows:

| <i>(in thousands of dollars)</i> | 2008 | 2007 |
|---|---------------------|------------------|
| Net (Depreciation)/appreciation in fair value of investments common collective trusts | \$ (98,206) | \$ 15,841 |
| Net depreciation in fair value of investments common stocks | (21,747) | (10,841) |
| Interest and dividends | 9,536 | 11,154 |
| | \$ (110,417) | \$ 16,154 |

Table of Contents**Sonoco Savings Plan****Notes to Financial Statements****Note 4. Fair Value Measurements**

The following table sets forth information regarding the Plan's financial assets that are measured at fair value in accordance with Statement of Financial Accounting Standards No. 157, "Fair Value Measurements". All amounts are in thousands of dollars.

| Description | December 31, 2008 | Fair Value Measurements at Reporting Date Using | | |
|--------------------------|----------------------|--|---|--|
| | | Quoted Market Prices in Active Market for Identical Assets/Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets: | | | | |
| Common Stock | \$ 54,336 | \$ 53,721 | \$ 615 | \$ |
| Loans to Participants | \$ 24,846 | \$ | \$ | \$ 24,846 |
| Common Collective Trusts | \$ 203,642 | \$ | \$ 203,642 | \$ |
| Stable Value Fund | \$ 203,580 | \$ | \$ 203,580 | \$ |
| Grand Total | \$ 486,404 | \$ 53,721 | \$ 407,837 | \$ 24,846 |

The following table sets forth information summarizing the changes in fair value of the Plan's level 3 assets for the year ended December 31, 2008. All amounts are in thousands of dollars.

| | Loans to Participants |
|---------------------------------|--------------------------|
| Beginning balance | \$ 23,901 |
| Issuances and settlements (net) | \$ 945 |
| Ending balance | \$ 24,846 |

The Plan currently has no nonfinancial assets or liabilities that are recognized or disclosed at fair value on a recurring basis. Changes in the Fair Value of investments held at the end of the period are reported in Net Depreciation or Appreciation in Investments. For the period ended December 31, 2008 the net amount reported was \$(119,781).

Note 5. Related Party Transactions

Certain Plan investments are shares of collective funds or money market funds managed by StateStreet Global Advisors and StateStreet Bank & Trust Company ("StateStreet"), the plan trustee. Therefore, investment fees paid to StateStreet qualify as party-in-interest transactions. Citistreet, LLC ("Citistreet"), the plan administrator and recordkeeper, was paid administrative fees throughout the year. These transactions qualify as party-in-interest transactions. Fees paid by the Plan to StateStreet and Citistreet amounted to approximately \$1,098,000 and \$1,486,000 for the years ended December 31, 2008 and 2007, respectively.

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Sonoco Savings Plan

Notes to Financial Statements

Note 5. Related Party Transactions (Continued)

At December 31, 2008 and 2007, the Plan held 6,270,000 and 6,374,000 units, respectively, of common stock of the Company, the sponsoring employer, with a cost basis of \$62,409,000 and \$63,303,000, respectively, and fair value of \$51,076,000 and \$73,009,000, respectively. During the year-ended December 31, 2008 and 2007, the Plan recorded dividend income on the common stock of the Company of \$2,346,000 and \$2,238,000, respectively.

Note 6. Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated June 30, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accordingly, no provision for income taxes has been included in the Plan s financial statements.

Note 7. Asset Transfers

In 2008, the Company did not acquire any businesses that involved the acquired employee s savings plan assets.

In 2007, the Company acquired certain businesses from Caraustar Industries. The Company merged the acquired business s employees assets from the Caraustar Industries 401(k) Plan into the Plan during 2008. The amount merged was approximately \$4,943,000. The Caraustar Industries employees became eligible to participate in the Plan on October 1, 2007.

In 2006, the Company acquired Cin-Made Packaging Group, Inc. (Cin-Made). The assets from Cin-Made s 401(k) Plan were merged into the Plan during 2007. The total amount of assets transferred in was approximately \$500,000.

The Cin-Made employees became eligible to participate in the Plan on January 1, 2007.

Note 8. Subsequent Event

On April 15, 2009, Sonoco s Board of Directors approved an amendment to the Plan temporarily suspending the Company s matching contribution effective as of June 1, 2009. The Board intends to reevaluate matching contributions once business conditions allow.

Note 9. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

Table of Contents**Sonoco Savings Plan****Notes to Financial Statements****Note 10. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31 to the Form 5500 s:

| <i>(in thousands of dollars)</i> | 2008 | 2007 |
|--|-------------|-------------|
| Net assets available for benefits per the financial statements | \$ 490,390 | \$ 584,589 |
| Less: | | |
| Amounts allocated to withdrawing participants | (174) | (14) |
| Adjustment from fair value to contract value for fully benefit responsive investment contracts | (2,839) | (6,156) |
| Net assets available for benefits per Form 5500 | \$ 487,377 | \$ 578,419 |

The following is a reconciliation of the increase in net assets available for benefits before transfer from other qualified plans per the financial statements for the year ended December 31, 2008 to the Form 5500 s:

| <i>(in thousands of dollars)</i> | Year ended December 31, 2008 |
|---|---|
| Decrease in net assets available for benefits before transfer from other qualified plans per the financial statements | \$ 99,142 |
| Adjustments to: | |
| Amounts allocated to participant distributions | 160 |
| Adjustment from fair value to contract value for fully benefit responsive investment contracts | (3,317) |
| Decrease in net assets available for benefits before transfer from other qualified plans per Form 5500 | \$ 95,985 |

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

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Supplemental Schedule

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**Sonoco Savings Plan
Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2008
(in thousands of dollars)**

| Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value | Current or Market Value |
|---|---|-------------------------------|
| Participant loans* | Participant loans have interest rates ranging from 5.0% to 11.5%, with varying maturity dates | \$ 24,846 |

* Represents a party in interest to the Plan

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

SONOCO SAVINGS PLAN

By: Sonoco Products Company as Plan Administrator

May 29, 2009

By: /s/ Harris E. DeLoach, Jr.

Date

Harris E. DeLoach, Jr.
President and Chief Executive Officer

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EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|---|
| 23-1 | Consent of Independent Registered Public Accounting Firm to Incorporation by Reference of Independent Registered Accounting Firm's Report with Respect to Form 11-K for the Sonoco Savings Plan |
| 23-2 | Consent of Independent Registered Public Accounting Firm to Incorporation by Reference of Independent Registered Accounting Firm's Report with Respect to Form 11-K for the Sonoco Savings Plan |