SONOCO PRODUCTS CO
Form 424B3
October 25, 2010

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The information in this preliminary prospectus supplement is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated October 25, 2010

PROSPECTUS SUPPLEMENT
(To Prospectus dated July 31, 2009)

Filed pursuant to Rule 424(b)(3)
Registration No. 333-160964

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Sonoco Products Company
% Notes due 2040

We are offering $ million aggregate principal amount of % Notes due 2040. We will pay interest on the notes on and of each year, beginning , 2011. The notes will mature on , 2040. We may redeem some or all of the notes at any time at the redemption prices described in this prospectus supplement. If a change of control repurchase event as described in this prospectus supplement under the heading Description of the Notes Change of Control Repurchase Event occurs, we may be required to offer to purchase the notes from the holders.

The notes will be our unsecured senior obligations and will rank equally with our existing and future unsecured senior indebtedness. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-5 of this prospectus supplement and on page 8 of our Annual Report on Form 10-K for the year ended December 31, 2009.

	Per note	Total
Public offering price (1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us (1)	%	$

(1) Plus accrued interest from , 2010, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about , 2010.

Joint Book-Running Managers

BofA Merrill Lynch	**Wells Fargo Securities**
Deutsche Bank Securities	**J.P. Morgan**

The date of this prospectus supplement is , 2010.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us. We and the underwriters have not authorized anyone else to provide you with different or additional information. We are not, and the underwriters are not, making an offer of these notes in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of that document. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes that we are offering and other matters relating to us and our financial condition. The second part is the attached base prospectus, which gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. The description of the terms of the notes in this prospectus supplement supplements the description in the accompanying prospectus under Description of the Securities, and to the extent it is inconsistent with that description, the information in this prospectus supplement replaces the information in the accompanying prospectus. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If information in the prospectus supplement differs from information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Except as used in Description of the Notes, as the context otherwise requires, or as otherwise specified or used in this prospectus supplement or the accompanying prospectus, the terms we, our, us, the company and Sonoco refer to Sonoco Products Company and its subsidiaries.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the notes. We are not making any representation to you regarding the legality of an investment in the notes by you under applicable investment or similar laws.

You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision.

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FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, the accompanying prospectus and/or other offering material and the information incorporated by reference in the prospectus and/or other offering material, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estimate, forecast, outlook, intend, strategy, plan, consider, objective, guidance, target, may, be, will continue, will likely result, or the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements has been included in the section entitled Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2009. The risks and uncertainties include, without limitation:

- availability and pricing of raw materials;
- success of new product development and introduction;
- ability to maintain or increase productivity levels and contain or reduce costs;
- international, national and local economic and market conditions;
- availability of credit to us, our customers and/or our suppliers in needed amounts and/or on reasonable terms;
- fluctuations in obligations and earnings of pension and postretirement benefit plans;
- pricing pressures, demand for products and ability to maintain market share;
- continued strength of our paperboard-based tubes and cores and composite can operations;
- anticipated results of restructuring activities;
- resolution of income tax contingencies;
- ability to successfully integrate newly acquired businesses into the company s operations;
- ability to win new business, retain existing business and/or identify and successfully close suitable acquisitions at the levels needed to meet growth targets;
- rate of growth in foreign markets;
- foreign currency, interest rate and commodity price risk and the effectiveness of related hedges;
- actions of government agencies and changes in laws and regulations affecting the company;
- liability for and anticipated costs of environmental remediation actions;
- ability to improve operating results in reporting units facing potential goodwill impairment;
- loss of consumer or investor confidence; and
- economic disruptions resulting from terrorist activities.

We undertake no obligation, and we disclaim any obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

This summary highlights information from this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you should consider before investing in our notes. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in their entirety before making an investment decision, including the information set forth under the heading Risk Factors.

The Company

We are a South Carolina corporation founded in Hartsville, South Carolina in 1899 as the Southern Novelty Company. Our name was subsequently changed to Sonoco Products Company. Our common stock is listed on the New York Stock Exchange and trades under the symbol SON.

Today, we are one of the largest diversified global manufacturers of consumer and industrial packaging products, and a provider of packaging services with approximately 16,500 employees located in more than 300 locations in 35 countries. We had net sales of $3.6 billion in 2009 to customers in approximately 85 countries.

Our current business strategy targets a shift in the mix of our business toward faster growing and less volatile consumer-related markets to reduce the cyclical effect on operating results from our more mature industrial business. Sales generated by our diverse consumer packaging and services businesses represented about 58% of total sales in 2009. In 2000, when we initiated our current business strategy, sales from our industrial businesses totaled 54%, compared with 42% in 2009. During the decade, our consumer-related sales increased by about 80%. We have targeted to increase sales from our consumer-related businesses to more than 60% of total sales by 2012, even as we continue to grow our global industrial businesses.

Our consumer packaging business produces round and shaped rigid composite and plastic containers and trays; printed flexible packaging; metal and peelable membrane ends and closures; and provides global brand artwork management. Our packaging services business designs, manufactures, assembles, packs and distributes temporary, semi-permanent and permanent point-of-purchase displays, and provides supply chain management services, including contract packing, fulfillment and scalable service centers.

Our industrial business produces high-performance paper and composite paperboard tubes and cores; fiber-based construction tubes and forms; and recycled paperboard, linerboard and corrugating medium. We operate recycling operations focused on gathering and processing residential and commercial materials, including recovered paper, plastic, metals and other materials. In addition, we produce custom-designed protective packaging solutions; wood, metal, and composite reels and spools for the wire and cable industries; molded and extruded plastics; and paper amenities, such as coasters and glass covers.

Our principal office is located at 1 N. Second St., Hartsville, SC 29550, our telephone number is (843) 383-7000 and our website address is www.sonoco.com. The information on our website is not incorporated by reference in, and does not form a part of, this prospectus supplement or the accompanying prospectus.

Recent Developments

We expect to commence cash tender offers (the tender offers) on October 25, 2010 to purchase (i) any and all of our outstanding 6.50% Notes due 2013 (the Notes due 2013) and (ii) up to the maximum aggregate principal amount of our 5.625% Notes due 2016 and 9.20% Debentures due 2021 that we can purchase for $300 million (excluding accrued interest and subject to increase), less any amount we pay to repurchase the Notes due 2013. We intend to use substantially all of the net proceeds of this offering to purchase the notes tendered in the tender offers. See Use of Proceeds. The closing of this offering is not contingent on the consummation of the tender offers or the purchase of any of our outstanding notes in connection therewith. However, the consummation of the tender offers will be conditioned upon the closing of this offering and other conditions described in the offer to purchase and letter of transmittal relating to the tender offers. This prospectus supplement is not an offer to purchase the Notes due 2013, the 5.625% Notes due 2016 or the 9.20% Debentures due 2021. The tender offers are only made by and pursuant to the terms of the offer to purchase and the related letter of transmittal furnished to the holders of the notes, as the same may be amended or supplemented.

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The Offering

The brief summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Notes section of this prospectus supplement and the Description of the Securities section of the accompanying prospectus contain a more detailed description of the terms and conditions of the notes. As used in this section, we, our and us refer to Sonoco Products Company and not to its consolidated subsidiaries.

Issuer	Sonoco Products Company
Notes Offered	$ aggregate principal amount of % Notes due 2040.
Maturity	, 2040.
Interest	The notes will bear interest at a rate of % per year. Interest will be payable semi-annually in arrears on and of each year, beginning on , 2011.
Optional Redemption	At any time prior to the date that is six months prior to the maturity date of the notes, we may redeem the notes at any time or from time to time, in whole or in part, at the redemption price equal to the greater of: 100% of the principal amount of the notes, or the sum of the present values of the remaining scheduled payments of principal and interest on the notes (not including any portion of those payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Treasury Rate (as defined below) plus basis points, plus, in each case, accrued and unpaid interest to, but not including, the redemption date for the notes. At any time on or after the date that is six months prior to the maturity date of the notes, we may redeem the notes at any time or from time to time, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, calculated assuming a 360-day year consisting of twelve 30-day months, to, but not including, the redemption date for the notes. See Description of the Notes Redemption at Our Option.
Offer to Repurchase Upon Change of Control Repurchase Event	If a Change of Control Repurchase Event (as defined below) occurs, unless we have exercised our right to redeem the notes, we will make an offer to each holder of the notes to repurchase all or any part of that holder s notes at a purchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to the date of purchase. See Description of the Notes Change of Control Repurchase Event.

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Certain Covenants	The indenture governing the notes will limit our and our subsidiaries ability to: incur secured indebtedness; enter into certain sale and leaseback transactions; and enter into certain mergers, consolidations and transfers of substantially all of our assets. However, these limitations are subject to numerous exceptions. See Description of the Notes Certain Covenants of the Company and Description of the Notes Consolidation, Merger and Sale of Assets.
Ranking	The notes will be our unsecured senior obligations and will rank equally with all of our existing and future unsecured senior indebtedness.
Use of Proceeds	We intend to use substantially all of the net proceeds from the offering to purchase all or a portion of our outstanding Notes due 2013, 5.625% Notes due 2016 and/or 9.20% Debentures due 2021 tendered in the tender offers and to pay related fees and expenses. Any remaining net proceeds will be used for general corporate purposes. See Use of Proceeds.
Denominations	The notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Further Issues	We may, without the consent of the existing holders of the notes, issue additional notes having the same terms (other than the issue date and initial interest payment date) so that the existing notes and the new notes form a single series under the indenture governing the notes.
Risk Factors	You should carefully consider the risks described under the section entitled Risk Factors beginning on page 8 of our Annual Report on Form 10-K for the year ended December 31, 2009 and beginning on page S-5 of this prospectus supplement, and all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.
Governing Law	New York.
Trustee	The Bank of New York Mellon Trust Company, N.A.

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Summary of Consolidated Financial Information

Set forth below is a summary of our consolidated financial data for the periods indicated. The operating results and financial position for the periods ended December 31, 2009, 2008 and 2007 and the balance sheet data as of December 31, 2009 and 2008 have been derived from our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The balance sheet data as of December 31, 2007 has been derived from our audited consolidated financial statements for the year ended December 31, 2008, which are not incorporated by reference in this prospectus supplement or the accompanying prospectus. Our operating results and financial position for the nine months ended September 26, 2010 and September 27, 2009, and the balance sheet data as of the nine months ended September 26, 2010 and September 27, 2009 are derived from our unaudited consolidated financial statements included in our quarterly report on Form 10-Q for the quarter ended September 26, 2010, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, and includes, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of this information. Results presented for the nine months ended September 26, 2010 and September 27, 2009 are not necessarily indicative of results to be expected for any full year or future period. You should read this information in conjunction with our consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarter ended September 26, 2010, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Nine Months Ended		Year Ended December 31,		
	September 26, 2010	September 27, 2009	2009	2008	2007
	(in thousands, except ratios)				
	(Unaudited)				
Operating Results:					
Net sales	$ 2,996,974	$ 2,595,420	$ 3,597,331	$ 4,122,385	$ 4,039,992
Cost of sales and operating expenses	2,727,416	2,400,840	3,317,744	3,772,751	3,695,917
Restructuring/Asset impairment charges	18,624	17,754	26,801	100,061	36,191
Interest expense	27,045	31,167	40,992	53,401	61,440
Interest income	(1,606)	(2,064)	(2,427)	(6,204)	(9,182)
Income before income taxes	225,495	147,723	214,221	202,376	255,626
Provision for income taxes	66,853	42,912	66,818	54,797	55,186
Equity in earnings of affiliates, net of tax	(8,088)	(3,291)	(7,742)	(9,679)	(11,586)
Net income	166,730	108,102	155,145	157,258	212,026
Net loss/(income) attributable to noncontrolling interests	186	3,699	3,663	(7,350)	(2,130)
	$ 166,544	$ 104,403	$ 151,482	$ 164,608	$ 214,156

Net income attributable to Sonoco					
Balance Sheet (at Period End):					
Net working capital(1)	$ 290,172	$ 301,708	$ 190,934	$ 231,794	$ 269,598
Property, plant and equipment, net	937,397	955,496	926,829	973,442	1,105,342
Total assets	3,302,884	3,154,957	3,062,580	3,086,466	3,340,243
Long-term debt	513,592	561,673	462,743	656,847	804,339
Total debt	625,964	591,678	580,796	689,825	849,538
Total equity	1,500,603	1,318,518	1,380,630	1,174,518	1,463,486
Other Financial Data:					
Net cash provided by operating activities	$ 260,586	$ 357,840	$ 390,988	$ 379,394	$ 445,136
Net cash used by investing activities	(235,704)	(68,566)	(91,510)	(110,184)	(379,638)
Net cash used by financing activities	(39,148)	(200,674)	(219,658)	(241,378)	(74,970)
Purchase of property, plant and equipment	(101,159)	(82,807)	(104,150)	(123,114)	(169,444)
Total debt to total capital(2)	29.4%	31.0%	29.6%	37.0%	36.7%
Ratio of Earnings to Fixed Charges(3)	6.8x	4.3x	4.6x	3.9x	4.3x

(1) Net working capital is defined as current assets less current liabilities.
(2) Calculated as total debt divided by the sum of total debt and total equity.
(3) For purposes of these calculations, earnings consists of income before income taxes, distributed income from affiliates, fixed charges and amortization of capitalized interest, less capitalized interest. Earnings does not include gains or losses on assets held for sale. Fixed charges consists of interest on all indebtedness, capitalized interest, amortization of bond discounts and premiums and the portion of rental expense considered to be representative of the interest factor. During these periods no preferred stock dividends were being paid as there were no shares of preferred stock outstanding.

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RISK FACTORS

Investing in the notes involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein, you should consider carefully the following factors relating to us and the notes before making an investment in the notes offered hereby. If any of the following events actually occur, our business, results of operations, financial condition, cash flows or prospects could be materially adversely affected, which in turn could adversely affect the trading price of the notes. You may lose all or part of your original investment.

Risks Relating to Our Business

Certain risks relating to us and our business are described under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. You should carefully review and consider this information.

Risks Relating to the Notes

The notes are effectively subordinated to any secured debt and any liabilities of our subsidiaries.

The notes will rank senior in right of payment to existing and future indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; junior in right of payment to any future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt ranking senior or equal in right of payment to the notes will be available to pay obligations on the notes only after any secured debt has been repaid in full from these assets. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding. The indenture governing the notes does not prohibit us from incurring additional indebtedness, nor does it prohibit any of our subsidiaries from incurring additional liabilities. The terms of the indenture limit our ability to secure additional debt without also securing the notes, to enter into sale and leaseback transactions and to transfer certain of our assets to unrestricted subsidiaries. However, these limitations are subject to numerous exceptions. See Description of the Notes Certain Covenants of the Company.

As of September 26, 2010, we had $626.0 million of outstanding indebtedness on a consolidated basis and our subsidiaries had outstanding indebtedness of $24.5 million.

The notes are our obligations only, and a portion of our operations are conducted through, and a portion of our consolidated assets are held by, our subsidiaries.

The notes are our obligations exclusively and are not guaranteed by any of our subsidiaries. A portion of our consolidated assets are held by our subsidiaries. Accordingly, our ability to service our debt, including the notes, depends partially on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial,

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competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

The notes do not restrict our ability to incur additional debt or prohibit us from taking other action that could negatively impact holders of the notes.

We are not restricted under the terms of the indenture or the notes from incurring additional indebtedness. The terms of the indenture limit our ability to secure additional debt without also securing the notes, to enter into sale and leaseback transactions and to transfer certain of our assets to unrestricted subsidiaries. However, these limitations are subject to numerous exceptions. See Description of the Notes Certain Covenants of the Company. In addition, the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt, secure existing or future debt or take a number of other actions that are not limited by the terms of the indenture and the notes, including repurchasing subordinated indebtedness or common stock or to transfer assets to our parent if we were to form a holding company, could have the effect of diminishing our ability to make payments on the notes when due, causing a loss in the trading value of your notes, if any, and increasing the risk that the credit rating of the notes would be lowered or withdrawn.

We may not have sufficient cash to repurchase the notes upon the occurrence of a Change of Control Repurchase Event.

As described under Description of the Notes Change of Control Repurchase Event, we will be required to offer to repurchase all of the notes upon the occurrence of a Change of Control Repurchase Event. We may not, however, have sufficient cash at that time, or have the ability to arrange necessary financing on acceptable terms, to repurchase the notes under such circumstances. If we are unable to repurchase the notes upon the occurrence of a Change of Control Repurchase Event, it would result in an event of default under the indenture. A default under the indenture could also lead to a default under the agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we might not have sufficient funds to repay the indebtedness and repurchase the notes.

We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or to arrange for quotation on any interdealer quotation system. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time without notice. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price.

Ratings of the notes may not reflect all risks of an investment in the notes.

The notes will be rated by at least one nationally recognized statistical rating organization. The ratings of our notes will primarily reflect our financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold any particular security, including the notes. These ratings do not comment as to market price or suitability for a particular investor. In

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addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes.

An increase in market interest rates could result in a decrease in the value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Even if you are able to resell your notes, many other factors may affect the price you receive, which may be lower than you believe to be appropriate.

Even if you are able to resell your notes, the price you receive will depend on many other factors that may vary over time, including:

- our financial performance, actual and projected;
- the amount of indebtedness we have outstanding;
- the market for similar securities;
- market interest rates;
- the liquidity of the market in which the notes trade;
- the redemption and repayment features of the notes to be sold; and
- the time remaining to maturity of your notes.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

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USE OF PROCEEDS

We expect to receive approximately $ million in net proceeds from the sale of the notes, after deducting underwriters discounts and commissions and other estimated offering expenses payable by us. We intend to use substantially all of the net proceeds from the offering to purchase all or a portion of our outstanding Notes due 2013, 5.625% Notes due 2016 and/or 9.20% Debentures due 2021 tendered in the tender offers and to pay related fees and expenses. Any remaining net proceeds will be used for general corporate purposes.

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CAPITALIZATION

The following table sets forth, as of September 26, 2010, our consolidated cash and cash equivalents, total debt and total capitalization on an actual basis and as adjusted to give effect to the sale of the notes offered hereby. You should read this table in conjunction with our consolidated financial statements and related notes which are incorporated by reference in this prospectus supplement.

	As of September 26, 2010	
	Actual	**As Adjusted**
	(in thousands)	
Cash and cash equivalents	$ 168,700	$
Debt:		
Commercial paper program(1)	$ 43,000	$