

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

April 27, 2011
Date of Report

AVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1 -7685

(Commission
File Number)

95-1492269

(IRS Employer
Identification No.)

**150 North Orange Grove Boulevard
Pasadena, California**

(Address of principal executive offices)

91103

(Zip Code)

Registrant's telephone number, including area code **(626) 304-2000**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's (the "Company") news release dated April 27, 2011, announcing its preliminary, unaudited financial results for the first quarter of 2011, including its guidance for the 2011 fiscal year, is attached hereto as Exhibit 99.1 and is being furnished (not filed) under this Form 8-K.

The Company's presentation dated April 27, 2011, regarding its preliminary financial review and analysis for the first quarter of 2011, including its guidance for the 2011 fiscal year, is attached hereto as Exhibit 99.2 and is being furnished (not filed) under this Form 8-K. The news release and presentation are also available on the Company's web site at <http://www.investorsaverydennison.com>.

The Company will discuss its preliminary financial results during a webcast and teleconference today, April 27, 2011, at 1:00 p.m. (ET). To access the webcast and teleconference, please go to the Company's web site at <http://www.investorsaverydennison.com>.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 News release dated April 27, 2011, announcing preliminary, unaudited first quarter 2011 results.

99.2 Presentation dated April 27, 2011, regarding the Company's preliminary financial review and analysis for the first quarter of 2011.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report on Form 8-K and in Exhibits 99.1 and 99.2 are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but not limited to risks and uncertainties relating to: fluctuations in cost and availability of raw materials; impact of competitive products and pricing; fluctuations in demand affecting sales to customers; loss of significant contract(s) or customer(s); collection of receivables from customers; selling prices; business mix shift; worldwide and local economic conditions; changes in tax laws and regulations; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions and successful execution of divestitures; changes in customer order patterns; customer and supplier concentrations; the financial condition and inventory strategies of customers; timely development and market acceptance of new products; investment in development activities and new production facilities; ability of the Company to achieve and sustain targeted cost reductions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; disruptions in information technology systems; successful installation of new or upgraded information technology systems; volatility of capital and credit markets; impairment of capitalized assets, including goodwill and other intangibles; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest and tax rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings and environmental, health and safety laws; changes in governmental regulations; changes in political conditions; impact of epidemiological events on the economy and the Company's customers and suppliers; acts of war, terrorism, and natural disasters; and other factors.

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The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (3) the impact of economic conditions on underlying demand for the Company's products; and (4) the impact of changes in tax laws and regulations throughout the world.

For a more detailed discussion of these and other factors, see Part I, Item 1A. "Risk Factors" and Part II, Item 7. "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's most recent Form 10-K, filed on February 28, 2011. The forward-looking statements included in this Form 8-K are made only as of the date of this Form 8-K, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

The financial information presented in the news release and presentation included as Exhibits to this Current Report is preliminary and unaudited.

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SIGNATURES

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 hereunto duly authorized.

AVERY DENNISON CORPORATION

Date: April 27, 2011

By: /s/ Mitchell R. Butier

Name: Mitchell R. Butier
Title: Senior Vice President
and Chief Financial Officer

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EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description</u>
99.1	News release dated April 27, 2011, announcing preliminary, unaudited first quarter 2011 results.
99.2	Presentation dated April 27, 2011, regarding the Company's preliminary financial review and analysis for the first quarter of 2011.

**AVERY DENNISON ANNOUNCES
FIRST QUARTER 2011 RESULTS**

PASADENA, Calif., April 27, 2011 — Avery Dennison Corporation (NYSE:AVY) today announced preliminary, unaudited first quarter 2011 results. All non-GAAP financial measures are reconciled to GAAP in the attached tables.

First Quarter Financial Summary — Preliminary

(in millions, except per share amounts)

	1Q 2011		1Q 2010				% Change vs. P/Y Reported		% Change vs. P/Y Organic (a)	
Net sales, by segment:										
Pressure-sensitive Materials	\$ 987.0		\$ 897.2				10%		10%	
Retail Branding and Information Solutions	375.1		344.8				9%		9%	
Office and Consumer Products	156.4		179.9				-13%		-13%	
Other specialty converting businesses	140.8		132.8				6%		7%	
Total net sales	\$1,659.3		\$1,554.7				7%		7%	
	As Reported (GAAP)				Adjusted Non-GAAP (b)					
	1Q 2011	1Q 2010	% Change Fav(Unf)	% of Sales 2011	1Q 2011	1Q 2010	% Change Fav(Unf)	% of Sales 2011	1Q 2010	% Change Fav(Unf)
Operating income (loss) before interest and taxes, by segment:										
Pressure-sensitive Materials	\$ 86.2	\$ 87.8	8.7%	9.8%	\$ 89.6	\$ 89.7	9.1%	10.0%		
Retail Branding and Information Solutions	12.1	(0.5)	3.2%	-0.1%	12.4	2.9	3.3%	0.8%		
Office and Consumer Products	1.2	19.4	0.8%	10.8%	1.5	20.1	1.0%	11.2%		
Other specialty converting businesses	(0.8)	2.8	-0.6%	2.1%	(0.2)	3.1	-0.1%	2.3%		
Corporate expense	(13.4)	(15.1)			(13.4)	(15.1)				
Total operating income before interest and taxes	\$ 85.3	\$ 94.4	-10%	5.1%	6.1%	\$ 89.9	\$ 100.7	-11%	5.4%	6.5%
Interest expense	17.9	17.5				17.9	17.5			
Income from operations before taxes	\$ 67.4	\$ 76.9	-12%	4.1%	4.9%	\$ 72.0	\$ 83.2	-14%	4.3%	5.4%
Provision for income taxes	\$ 22.6	\$ 22.2				\$ 17.8	\$ 18.2			
Net income	\$ 44.8	\$ 54.7	-18%	2.7%	3.5%	\$ 54.2	\$ 65.0	-17%	3.3%	4.2%
Net income per common share, assuming dilution	\$ 0.42	\$ 0.51	-18%			\$ 0.51	\$ 0.61	-16%		
<i>YTD Free Cash Flow (c)</i>			2011		2010					
			(\$150.0)		(\$46.8)					

(a) Percentage change in sales before foreign currency translation

(b) Excludes restructuring charges and other items (see accompanying schedules A-3 and A-4 for reconciliation to GAAP financial measures).

(c) Free cash flow refers to cash flow from operations, less net payments for property, plant, and equipment, software and other deferred charges, plus net proceeds from sale (purchase) of investments. Free cash flow excludes mandatory debt service requirements and other uses of cash that do not directly or immediately support the underlying business (such as discretionary debt reductions, dividends, share repurchases, acquisitions, etc.).

“Avery Dennison delivered solid sales growth in the first quarter, with strong performances by Pressure-sensitive Materials and Retail Branding and Information Solutions,” said Dean A. Scarborough, Avery Dennison chairman, president and CEO.

"Pricing actions and productivity initiatives mitigated the impact on margins of increased raw material costs," Scarborough said. "We will continue to aggressively manage the impact of inflation."

"As we expected, Office and Consumer Products had an extremely soft first quarter. We are confident that our investments in new products and demand creation will change the trajectory of this business," Scarborough said.

"For the full year, we expect Avery Dennison to deliver solid growth, margin expansion and strong free cash flow that will support share repurchases later in the year," Scarborough said. "We are well positioned for long-term profitable growth and increased returns."

For more details on the Company's results, see the Company's supplemental presentation materials, "First Quarter 2011 Financial Review and Analysis," posted at the Company's Web site at www.investorsaverydennison.com, and furnished under Form 8-K with the SEC.

First Quarter 2011 Results by Segment

All references to sales reflect comparisons on an organic basis, which exclude the impact of foreign currency translation. All references to operating margin exclude the impact of restructuring charges and other items.

Pressure-sensitive Materials (PSM)

- § Label and Packaging Materials (formerly Roll Materials) sales grew at a low double-digit rate reflecting both solid volume growth and pricing actions. Sales grew at a high single-digit rate in Graphics and Reflective Solutions.
 - § Operating margin declined as the benefits of pricing actions, increased volume, and productivity initiatives were more than offset by raw material inflation.
-

§ Operating margin improved sequentially as the gap between raw material costs and pricing narrowed.

Retail Branding and Information Solutions (RBIS) (formerly Retail Information Services)

- § Sales growth reflected increased demand from retailers and brands in the U.S. and Europe.
- § Operating margin increased due to increased volume and productivity initiatives, partially offset by higher employee costs. Operating margin decreased sequentially due to lower volume, reflecting this segment's normal seasonal trend.

Office and Consumer Products (OCP)

- § More than half of the decline in sales was due to anticipated customer inventory reductions following a build in the fourth quarter of 2010. The balance of the decline was related to weak end market demand and last year's distribution losses with one customer.
- § Operating margin declined due primarily to lower volume and raw material inflation.

Other specialty converting businesses

- § Sales growth primarily reflected increased demand for products for automotive and other specialty applications.
 - § Operating margin declined primarily due to expenses related to a warehouse fire in Brazil. The benefits from increased volume, pricing actions, and productivity initiatives more than offset the impact of raw material inflation. Excluding the impact of the fire, operating profit would have been positive.
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Other

The first quarter effective GAAP tax rate was 34 percent. The adjusted tax rate for the first quarter increased from 22 to 25 percent, reflecting reduced benefits from discrete tax events this year.

Outlook

In the Company's supplemental presentation materials, "First Quarter 2011 Financial Review and Analysis," the Company provides a list of factors that it believes will contribute to its 2011 financial results. Based on the factors listed and other assumptions, the Company continues to expect adjusted (non-GAAP) earnings per share of \$3.00 to \$3.30 and free cash flow of \$325 to \$350 million in 2011.

Note: Throughout this release and the supplemental presentation materials, all calculations of amounts on a per share basis reflect fully diluted shares outstanding.

About Avery Dennison

Avery Dennison (NYSE:AVY) helps make brands more inspiring and the world more intelligent. For more than 75 years the company has been a global leader in pressure-sensitive technology and materials, retail branding and information solutions, and organization and identification products for offices and consumers. A FORTUNE 500 company with sales of \$6.5 billion in 2010, Avery Dennison is based in Pasadena, California and has employees in over 60 countries. For more information, visit [www.averydennison.com](http://wwwaverydennison.com).

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but not limited to risks and uncertainties relating to: fluctuations in cost and availability of raw materials; impact of competitive products and pricing; fluctuations in demand affecting sales to customers; loss of significant contract(s) or customer(s); collection of receivables from customers; selling prices; business mix shift; worldwide and local economic conditions; changes in tax laws and regulations; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions and successful execution of divestitures; changes in customer order patterns; customer and supplier concentrations; the financial condition and inventory strategies of customers; timely development and market acceptance of new products; investment in development activities and new production facilities; ability of the Company to achieve and sustain targeted cost reductions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; disruptions in information technology systems; successful installation of new or upgraded information technology systems; volatility of capital and credit markets; impairment of capitalized assets, including goodwill and other intangibles; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest and tax rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings and environmental, health and safety laws; changes in governmental regulations; changes in political conditions; impact of epidemiological events on the economy and the Company's customers and suppliers; acts of war, terrorism, and natural disasters; and other factors.

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (3) the impact of economic conditions on underlying demand for the Company's products; and (4) the impact of changes in tax laws and regulations throughout the world.

For a more detailed discussion of these and other factors, see "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's 2010 Form 10-K, filed on February 28, 2011 with the Securities and Exchange Commission, and subsequent quarterly reports on Form 10-Q. The forward-looking statements included in this document are made only as of the date of this document, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

For more information and to listen to a live broadcast or an audio replay of the First Quarter conference call with analysts, visit the Avery Dennison Web site at www.investorsaverydennison.com

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AVERY DENNISON
PRELIMINARY CONSOLIDATED STATEMENT OF INCOME
(In millions, except per share amounts)

	(UNAUDITED) Three Months Ended	
	Apr. 2, 2011	Apr. 3, 2010
Net sales	\$ 1,659.3	\$ 1,554.7
Cost of products sold	1,204.9	1,113.9
Gross profit	454.4	440.8
Marketing, general & administrative expense	364.5	340.1
Interest expense	17.9	17.5
Other expense, net (1)	4.6	6.3
Income from operations before taxes	67.4	76.9
Provision for income taxes	22.6	22.2
Net income	\$ 44.8	\$ 54.7

Per share amounts:

Net income per common share, assuming dilution	\$ 0.42	\$ 0.51
Average common shares outstanding, assuming dilution	107.0	106.4

(1) Other expense, net, for the first quarter of 2011 includes \$6.2 of restructuring costs, asset impairment and lease cancellation charges, partially offset by \$(1.6) of legal settlements.

Other expense for the first quarter of 2010 includes \$4.9 of restructuring costs, asset impairment and lease cancellation charges, and \$1.4 of legal settlements.

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Reconciliation of Non-GAAP Financial Measures in Accordance with SEC Regulations G and S-K

Avery Dennison reports financial results in conformity with accounting principles generally accepted in the United States of America, or GAAP, and herein provides some non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for, the comparable GAAP financial measures. These non-GAAP financial measures are intended to supplement the Company's presentation of its financial results that are prepared in accordance with GAAP. Based upon feedback from investors and financial analysts, the Company believes that supplemental non-GAAP financial measures provide information that is useful to the assessment of the Company's performance and operating trends, as well as liquidity.

The Company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g. restructuring charges, asset impairments, legal settlements, certain effects of acquisitions and related integration costs, loss from debt extinguishments, loss from curtailment and settlement of pension obligations, gains or losses on sale of certain assets, etc.), from certain of the Company's GAAP financial measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's core or underlying operating results and liquidity measures. These non-GAAP financial measures are used internally to evaluate trends in the Company's underlying business, as well as to facilitate comparison to the results of competitors for a single period. While some of the items the Company excludes from GAAP financial measures recur, these items tend to be disparate in amount and timing. The Company adjusted the estimated GAAP tax rate to exclude the full year estimated tax effect of charges for restructuring costs, asset impairment and lease cancellation charges, and legal settlements to determine its adjusted non-GAAP tax rate to derive non-GAAP net income.

The Company uses the following non-GAAP financial measures in the accompanying news release and presentation:

Organic sales growth (decline) refers to the change in sales excluding the estimated impact of currency translation.

Non-GAAP operating margin refers to earnings before taxes and interest expense, excluding restructuring charges and other items as a percentage of sales.

Adjusted non-GAAP net income per common share refers to as reported net income per common share, assuming dilution, adjusted for after tax non-GAAP adjustments per common share.

Free cash flow refers to cash flow from operations, less net payments for property, plant, equipment, software and other deferred charges, plus net proceeds from sale (purchase) of investments. Free cash flow excludes mandatory debt service requirements and other uses of cash that do not directly or immediately support the underlying business (such as discretionary debt reductions, dividends, share repurchases, acquisitions, etc.).

The reconciliation set forth below and in the accompanying presentation is provided in accordance with Regulations G and S-K and reconciles the non-GAAP financial measures with the most directly comparable GAAP financial measures.

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AVERY DENNISON**PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

(In millions, except per share amounts)

	(UNAUDITED) Three Months Ended	
	Apr. 2, 2011	Apr. 3, 2010
Reconciliation of GAAP to Non-GAAP Operating Margin:		
Net sales	\$ 1,659.3	\$ 1,554.7
Income from operations before taxes	\$ 67.4	\$ 76.9
GAAP Operating Margin	4.1%	4.9%
Income from operations before taxes	\$ 67.4	\$ 76.9
Non-GAAP adjustments:		
Restructuring costs	2.5	4.7
Asset impairment and lease cancellation charges	3.7	0.2
Legal settlements	(1.6)	1.4
Interest expense	17.9	17.5
Adjusted non-GAAP operating income before taxes and interest expense	\$ 89.9	\$ 100.7
Adjusted Non-GAAP Operating Margin	5.4%	6.5%
Reconciliation of GAAP to Non-GAAP Net Income:		
As reported net income	\$ 44.8	\$ 54.7
Non-GAAP adjustments, net of tax:		
Restructuring charges and other (1)	9.4	10.3
Adjusted Non-GAAP Net Income	\$ 54.2	\$ 65.0

	(UNAUDITED)	
	Three Months Ended	
	Apr. 2, 2011	Apr. 3, 2010

Reconciliation of GAAP to Non-GAAP Net Income Per Common Share:

As reported net income per common share, assuming dilution	\$ 0.42	\$ 0.51
Non-GAAP adjustments per common share, net of tax:		
Restructuring charges and other ⁽¹⁾	0.09	0.10
Adjusted Non-GAAP net income per common share, assuming dilution	\$ 0.51	\$ 0.61
Average common shares outstanding, assuming dilution	107.0	106.4

(1) Reflects the full year estimated tax effect of charges for restructuring costs, asset impairment and lease cancellation charges, and legal settlements.

	(UNAUDITED)	
	Three Months Ended	
	Apr. 2, 2011	Apr. 3, 2010

Reconciliation of GAAP to Non-GAAP Free Cash Flow:

Net cash used in operating activities	\$ (117.5)	\$ (27.9)
Purchase of property, plant and equipment, net	(28.0)	(13.7)
Purchase of software and other deferred charges	(3.7)	(5.5)
(Purchase) proceeds from sale of investments, net	(0.8)	0.3
Free Cash Flow	\$ (150.0)	\$ (46.8)

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AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

	(UNAUDITED) First Quarter Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2011	2010	2011 (1)	2010 (2)	2011	2010
Pressure-sensitive Materials	\$ 987.0	\$ 897.2	\$ 86.2	\$ 87.8	8.7%	9.8%
Retail Branding and Information Solutions	375.1	344.8	12.1	(0.5)	3.2%	(0.1%)
Office and Consumer Products	156.4	179.9	1.2	19.4	0.8%	10.8%
Other specialty converting businesses	140.8	132.8	(0.8)	2.8	(0.6%)	2.1%
Corporate Expense	N/A	N/A	(13.4)	(15.1)	N/A	N/A
Interest Expense	N/A	N/A	(17.9)	(17.5)	N/A	N/A
TOTAL FROM OPERATIONS	\$ 1,659.3	\$ 1,554.7	\$ 67.4	\$ 76.9	4.1%	4.9%

- (1) Operating income for the first quarter of 2011 includes \$6.2 of restructuring costs, asset impairment and lease cancellation charges, partially offset by \$1.6 of legal settlements. Of the total \$4.6, the Pressure-sensitive Materials segment recorded \$3.4, the Retail Branding and Information Solutions segment recorded \$.2, the Office and Consumer Products segment recorded \$.4, and the other specialty converting businesses recorded \$.6.
- (2) Operating income for the first quarter of 2010 includes \$4.9 of restructuring costs, asset impairment and lease cancellation charges, and \$1.4 of legal settlements. Of the total \$6.3, the Pressure-sensitive Materials segment recorded \$1.9, the Retail Branding and Information Solutions segment recorded \$3.4, the Office and Consumer Products segment recorded \$.7, and the other specialty converting businesses recorded \$.3.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	First Quarter Ended			
	OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2011	2010	2011	2010
Pressure-sensitive Materials				
Operating income, as reported	\$ 86.2	\$ 87.8	8.7%	9.8%
Non-GAAP adjustments:				
Restructuring costs	1.9	1.5	0.2%	0.2%
Asset impairment charges	1.5	0.2	0.2%	—
Legal settlements	—	0.2	—	—
Adjusted non-GAAP operating income	\$ 89.6	\$ 89.7	9.1%	10.0%
Retail Branding and Information Solutions				
Operating income (loss), as reported	\$ 12.1	\$ (0.5)	3.2%	(0.1%)
Non-GAAP adjustments:				
Restructuring costs	0.6	2.2	0.2%	0.6%
Asset impairment and lease cancellation charges	1.2	—	0.3%	—
Legal settlements	(1.6)	1.2	(0.4%)	0.3%
Adjusted non-GAAP operating income	\$ 12.3	\$ 2.9	3.3%	0.8%
Office and Consumer Products				
Operating income, as reported	\$ 1.2	\$ 19.4	0.8%	10.8%
Non-GAAP adjustments:				
Restructuring costs	(0.2)	0.7	(0.2%)	0.4%
Lease cancellation charges	0.6	—	0.4%	—
Adjusted non-GAAP operating income	\$ 1.6	\$ 20.1	1.0%	11.2%
Other specialty converting businesses				
Operating (loss) income, as reported	\$ (0.8)	\$ 2.8	(0.6%)	2.1%
Non-GAAP adjustments:				
Restructuring costs	0.2	0.3	0.2%	0.2%
Asset impairment charges	0.4	—	0.3%	—
Adjusted non-GAAP operating (loss) income	\$ (0.2)	\$ 3.1	(0.1%)	2.3%

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AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

	(UNAUDITED)	
	Apr. 2, 2011	Apr. 3, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 120.4	\$ 143.6
Trade accounts receivable, net	1,072.3	963.1
Inventories, net	630.6	519.0
Other current assets	336.9	201.0
Total current assets	2,160.2	1,826.7
Property, plant and equipment, net	1,254.6	1,292.9
Goodwill	957.5	930.7
Other intangibles resulting from business acquisitions, net	223.3	250.2
Non-current deferred and refundable income taxes	266.1	226.4
Other assets	453.0	465.0
	\$ 5,314.7	\$ 4,991.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	\$ 567.6	\$ 628.3
Accounts payable	816.6	695.9
Other current liabilities	563.4	537.4
Total current liabilities	1,947.6	1,861.6
Long-term debt	955.4	1,073.7
Other long-term liabilities	674.5	675.2
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	760.9	722.9
Retained earnings	1,746.0	1,532.0
Accumulated other comprehensive loss	(73.3)	(171.4)
Employee stock benefit trusts	(48.8)	(174.1)
Treasury stock at cost	(771.7)	(652.1)
Total shareholders' equity	1,737.2	1,381.4
	\$ 5,314.7	\$ 4,991.9

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AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

	(UNAUDITED) Three Months Ended	
	Apr. 2, 2011	Apr. 3, 2010
Operating Activities:		
Net income	\$ 44.8	\$ 54.7
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	42.4	44.1
Amortization	17.9	17.7
Provision for doubtful accounts	4.8	9.0
Asset impairment and net loss on sale and disposal of assets	7.9	0.7
Stock-based compensation	11.7	7.5
Other non-cash expense and loss	13.9	9.6
Other non-cash income and gain	(1.9)	—
	141.5	143.3
Changes in assets and liabilities and other adjustments	(259.0)	(171.2)
Net cash used in operating activities	(117.5)	(27.9)
Investing Activities:		
Purchase of property, plant and equipment, net	(28.0)	(13.7)
Purchase of software and other deferred charges	(3.7)	(5.5)
(Purchase) proceeds from sale of investments, net	(0.8)	0.3
Net cash used in investing activities	(32.5)	(18.9)
Financing Activities:		
Net increase in borrowings (maturities of 90 days or less)	185.9	90.5
Payments of debt (maturities longer than 90 days)	(0.7)	(15.1)
Dividends paid	(26.7)	(22.4)
Purchase of treasury stock	(13.5)	—
Proceeds from exercise of stock options, net	1.9	1.0
Other	(5.4)	(1.5)
Net cash provided by financing activities	141.5	52.5
Effect of foreign currency translation on cash balances	1.4	(0.2)
(Decrease) increase in cash and cash equivalents	(7.1)	5.5
Cash and cash equivalents, beginning of year	127.5	138.1
Cash and cash equivalents, end of period	\$ 120.4	\$ 143.6

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Supplemental Presentation Materials

First Quarter 2011
Financial Review and Analysis
(preliminary, unaudited)

April 27, 2011

Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but not limited to risks and uncertainties relating to: fluctuations in cost and availability of raw materials; impact of competitive products and pricing; fluctuations in demand affecting sales to customers; loss of significant contract(s) or customer(s); collection of receivables from customers; selling prices; business mix shift; worldwide and local economic conditions; changes in tax laws and regulations; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions and successful execution of divestitures; changes in customer order patterns; customer and supplier concentrations; the financial condition and inventory strategies of customers; timely development and market acceptance of new products; investment in development activities and new production facilities; ability of the Company to achieve and sustain targeted cost reductions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; disruptions in information technology systems; successful installation of new or upgraded information technology systems; volatility of capital and credit markets; impairment of capitalized assets, including goodwill and other intangibles; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest and tax rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings and environmental, health and safety laws; changes in governmental regulations; changes in political conditions; impact of epidemiological events on the economy and the Company's customers and suppliers; acts of war, terrorism, and natural disasters; and other factors.

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (3) the impact of economic conditions on underlying demand for the Company's products; and (4) the impact of changes in tax laws and regulations throughout the world.

For a more detailed discussion of these and other factors, see "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's 2010 Form 10-K, filed on February 28, 2011 with the Securities and Exchange Commission, and subsequent quarterly reports on Form 10-Q. The forward-looking statements included in this document are made only as of the date of this document, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are included with the financial schedules accompanying the earnings news release for the quarter, along with certain supplemental analysis provided in this document. (*See Attachments A-2 through A-4 to Exhibit 99.1, news release dated April 27, 2011.*)

The Company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g. restructuring charges, asset impairments, legal settlements, certain effects of acquisitions and related integration costs, loss from debt extinguishments, loss from curtailment and settlement of pension obligations, gains or losses on sale of certain assets, etc.), from certain of the Company's GAAP financial measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's core or underlying operating results and liquidity measures. These non-GAAP financial measures are used internally to evaluate trends in the Company's underlying business, as well as to facilitate comparison to the results of competitors for a single period. While some of the items the Company excludes from GAAP financial measures recur, these items tend to be disparate in amount and timing. The Company adjusted the estimated GAAP tax rate to exclude the full year estimated tax effect of charges for restructuring costs, asset impairment and lease cancellation charges, and legal settlements to determine its adjusted non-GAAP tax rate to derive non-GAAP net income. (*See Attachment A-2 to Exhibit 99.1 for a discussion of limitations associated with the use of these non-GAAP financial measures.*)

The Company uses the following non-GAAP financial measures in this presentation:

- *Organic sales growth (decline)* refers to the change in sales excluding the estimated impact of currency translation and, where applicable, an extra week in the fiscal year 2009;
- *Operating margin (non-GAAP)* refers to earnings before taxes and interest expense, excluding restructuring charges and other items, as a percentage of sales;
- *Adjusted EPS* refers to as reported net income per common share, assuming dilution, adjusted for after tax non-GAAP adjustments per common share; and
- *Free cash flow* refers to cash flow from operations, less net payments for property, plant, and equipment, software and other deferred charges, plus net proceeds from sale (purchase) of investments. Free cash flow excludes mandatory debt service requirements and other uses of cash that do not directly or immediately support the underlying business (such as discretionary debt reductions, dividends, share repurchases, acquisitions, etc.).

This document has been furnished (not filed) under Form 8-K with the SEC and may be found at the Company's web site at www.investors.averydennison.com.

First quarter results in line with expectations

- Strong growth in Pressure-sensitive Materials with sequential margin expansion reflecting pricing and productivity
- Continued momentum in Retail Branding and Information Solutions (formerly RIS)
- Office and Consumer Products as expected with operating profit decline driven primarily by lower volume

Solid growth and margin expansion expected in 2011

- Top line growth reflecting volume and price increases
- Raw material costs continue to increase; additional pricing actions and productivity initiatives planned
- Expecting significant decline in profits for Office and Consumer Products; sales trajectory change beginning in 2H as investments begin to pay off
- Continued investment to drive growth and productivity
- Strong Free Cash Flow with commitment to repurchase shares

- Net sales grew approx. 7% on both a reported and organic basis
- Operating margin (non-GAAP) declined 110 basis points to 5.4%
- Interest expense comparable to prior year
- Effective GAAP tax rate of 34%
 - » Adjusted tax rate increased from 22% to 25%, reflecting reduced benefits from discrete tax events this year
- Reported EPS of \$0.42
- Adjusted EPS of \$0.51



Sales Trend Analysis

	<u>1Q10</u>	<u>2Q10</u>	<u>3Q10</u>	<u>4Q10</u>	<u>1Q11</u>
Organic Sales Change	7.3%	14.1%	8.3%	9.0%	6.5%
Currency	4.9%	1.3%	(2.4%)	(1.4%)	0.2%
Extra Week	(3.2%)	--	--	--	--
Reported Sales Change	9.0%	15.4%	5.9%	7.6%	6.7%

	<u>1Q11</u>	<u>1Q10</u>	<u>4Q10</u>
Gross Profit Margin (total Company)	27.4%	28.4%	27.0%
<u>Operating Margin (non-GAAP):</u>			
Pressure-sensitive Materials	9.1%	10.0%	7.8%
Retail Branding and Information Solutions	3.3%	0.8%	4.8%
Office and Consumer Products	1.0%	11.2%	10.3%
Other specialty converting businesses	(0.1%)	2.3%	(1.9%)
Total Company	5.4%	6.5%	5.9%

- Gross profit margin declined 100 basis points vs. prior year to 27.4% as raw material inflation, increased employee-related costs, and negative segment mix more than offset the benefits of pricing actions, productivity initiatives, and higher volume
- Marketing, general and administrative (MG&A) expense ratio was flat to prior year
 - » MG&A expense increased approx. \$24 mil. compared to prior year due primarily to growth and IT infrastructure-related investments, expenses related to a warehouse fire in Brazil, and higher employee-related costs

PRESSURE-SENSITIVE MATERIALS

- Reported sales of \$987 mil., up 10% compared with prior year on both a reported and organic basis
- Label and Packaging Materials (formerly Roll Materials) sales grew at a low double-digit rate on an organic basis reflecting both solid volume growth and pricing actions
- Graphics and Reflective Solutions sales grew at a high single-digit rate on an organic basis
- Operating margin (non-GAAP) declined by 90 basis points as the benefits of pricing actions, increased volume, and productivity initiatives were more than offset by raw material inflation
 - » Operating margin (non-GAAP) improved sequentially by 130 basis points as the gap between raw material costs and pricing narrowed

RETAIL BRANDING AND INFORMATION SOLUTIONS

- Reported sales of \$375 mil., up 9% compared with prior year on both a reported and organic basis
- Operating margin (non-GAAP) increased by 250 basis points to 3.3% driven by increased volume and productivity initiatives, partially offset by higher employee costs
 - » Operating margin (non-GAAP) declined sequentially reflecting normal seasonality

OFFICE AND CONSUMER PRODUCTS

- Reported sales of \$156 mil., down 13% compared with prior year on both a reported and organic basis due to unit volume decline
 - » Anticipated customer inventory reductions following 4Q build represented more than half of the decline
 - » Balance of decline relates to weak end market demand and last year's distribution losses with one customer
- Operating margin (non-GAAP) declined to 1.0% due primarily to the effects of lower volume and raw material inflation

OTHER SPECIALTY CONVERTING BUSINESSES

- Reported sales of \$141 mil., up 6% compared with prior year
 - » Organic sales growth of approx. 7%
- Operating margin (non-GAAP) declined by 240 basis points to negative 0.1% due largely to the impact of the warehouse fire in Brazil
 - » Benefit from increased volume, pricing actions and productivity initiatives more than offset the impact of raw material inflation
 - » Operating profit would have been positive excluding the impact of the fire

Contributing Factors to 2011

Assumptions as of 2/2/11	Assumptions as of 4/27/11
<ul style="list-style-type: none"> Organic sales growth of ~6% Currency translation (at December rates, represents approx. 0.5% tailwind to reported sales growth; approx. \$5 mil. positive impact to EBIT vs. 2010) Raw material inflation of \$140 to \$150 mil., partially offset by raw material cost reduction initiatives and pricing actions Full year OCP operating margin expected to be in the upper single-digits Increased investments in marketing, R&D, and infrastructure Reduction in ongoing retirement plan expenses Interest expense comparable to 2010 Tax rate in the low to mid-twenty percent range Restructuring charges of ~\$20 mil. Capital expenditures (including IT) of ~\$175 mil. Pension contributions of ~\$50 mil. 	<ul style="list-style-type: none"> Organic sales growth of ~7% Currency translation (at March rates, represents approx. 3% tailwind to reported sales growth; approx. \$18 mil. positive impact to EBIT vs. 2010) Raw material inflation of approx. \$220 mil.; increase in inflation largely offset by additional cost reduction initiatives and pricing actions Full year OCP operating margin expected to be in the upper single-digits Increased investments in marketing, R&D, and infrastructure Reduction in ongoing retirement plan expenses Interest expense comparable to 2010 Tax rate in the mid-twenty percent range Restructuring charges of ~\$20 mil. Capital expenditures (including IT) of ~\$175 mil. Pension contributions of ~\$50 mil.



2011 Earnings and Free Cash Flow Guidance

2011 Guidance

Reported (GAAP) Earnings Per Share	\$2.85 - \$3.15
<u>Add Back:</u>	
Estimated Restructuring Charges and Other Items	~ \$0.15
Adjusted (non-GAAP) Earnings Per Share	\$3.00 - \$3.30
Free Cash Flow (before dividends)	\$325 - \$350 mil.

