
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

Date of Report (Date of Earliest Event Reported):

December 13, 2010

Avery Dennison Corporation

(Exact name of registrant as specified in its charter)

Delaware

1-7685

95-1492269

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

150 North Orange Grove Boulevard, Pasadena,
California

91103

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

626-304-2000

Not Applicable

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:

- 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))
-

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 9, 2010, the Compensation and Executive Personnel Committee ("Committee") of the Board of Directors of Avery Dennison Corporation (the "Company") approved – subject to obtaining the requisite agreement of plan participants – the freezing of benefits under the Avery Dennison Corporation Supplemental Executive Retirement Plan (as amended and restated, the "SERP") based on the participants' average compensation (as defined in the SERP) as of December 31, 2010, rather than the participants' final average compensation as of the date of retirement. Benefits under the SERP at the time of retirement will continue to be reduced by (i) any benefits to which the participants are otherwise entitled under the Company's Pension Plan and Benefit Restoration Plan; (ii) certain Company contributions to the Company's 401(k) plan; (iii) fixed amounts representative of contributions (plus interest) to the Company's deferred compensation plans; and (iv) estimated Social Security benefits.

As consideration for, and effective upon, their voluntary agreement to the freezing of contractual SERP benefits, the Committee determined that the SERP's only active participants – Dean A. Scarborough, Chairman, President & Chief Executive Officer, and Daniel O'Bryant, Executive Vice President, Business Development (formerly Executive Vice President, Finance and Chief Financial Officer) – would be granted an option to purchase shares of the Company's common stock, the number of which was determined by the Committee by evaluating the present value of the shortfall to each participant projected to be caused by the freezing of the remaining SERP benefits and to provide an additional incentive to create stockholder value. On December 13, 2010, upon his written agreement to the freezing of his contractual SERP benefits, Mr. Scarborough was granted an option to purchase 200,000 shares of the Company's common stock, the same number of shares as the grant he received in February 2010 as part of the Committee's annual equity award process. On December 14, 2010, upon his written agreement to the freezing of his contractual SERP benefits, Mr. O'Bryant was granted an option to purchase 16,000 shares of the Company's common stock. Both options vest ratably over a four-year period.

The Committee determined to freeze participants' SERP benefits to (i) be consistent with the Company's previously-disclosed decision to freeze the accrual of benefits under two of its U.S. defined benefit plans for all employees eligible to participate therein, effective December 31, 2010; (ii) reduce the Company's overall exposure to accounting and cash flow volatility; and (iii) more closely align participants' compensation with the Company's performance.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

* 10.11.2.1 Letter Agreement dated December 13, 2010 between the Company and Dean A. Scarborough.

* 10.11.4.1 Letter Agreement dated December 14, 2010 between the Company and Daniel R. O'Bryant.

* Management contract or compensatory plan or arrangement.

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

December 15, 2010

By: *Susan C. Miller*

Name: Susan C. Miller

Title: Senior Vice President, General Counsel & Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.11.2.1	Letter Agreement dated December 13, 2010 between the Company and Dean A. Scarborough.
10.11.4.1	Letter Agreement dated December 14, 2010 between the Company and Daniel R. O'Bryant.

Exhibit 10.11.2.1

150 North Orange Grove Boulevard

Pasadena, California 91103

Phone 626 304-2000

Fax 626 577 5338

December 13, 2010

Mr. Dean Scarborough
Chairman, President and Chief Executive Officer
Avery Dennison Corporation
150 North Orange Grove Boulevard
Pasadena, California 91103

Dear Mr. Scarborough:

Reference is made to the Avery Dennison Corporation Supplemental Executive Retirement Plan (as amended and restated, the "SERP") and that certain Letter of Grant as of January 1, 2009, by and between Avery Dennison Corporation (the "Company") and you (the "Letter of Grant"). Capitalized terms used but not otherwise defined in this letter agreement (the "Letter Agreement") shall have the meanings assigned to them in the Letter of Grant.

Notwithstanding anything to the contrary in the SERP or the Letter of Grant, effective as of December 31, 2010 (the "Effective Date"), for purposes of calculating your SERP Benefit for any Benefit Commencement Date following the Effective Date, your Average Compensation shall be \$2,546,334 (which is equal to your Average Compensation as of the Effective Date).

Except as otherwise set forth in this Letter Agreement, the terms and provisions of the SERP and the Letter of Grant (including, for the avoidance of doubt, the calculation of the Specified Formula Reductions and any applicable reductions to the SERP Benefit for early commencement of payment) shall remain in full force and effect following the Effective Date.

This Letter Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[signature page follows]

Please indicate your acceptance of the terms and provisions of this Letter Agreement by signing below. By signing below, you acknowledge and agree that you have carefully read this Letter Agreement in its entirety, fully understand and agree to its terms and provisions, and intend and agree that it be final and legally binding.

Very truly yours,

AVERY DENNISON CORPORATION

By: /s/ David E. I. Pyott
David E. I. Pyott
Chairman of the Compensation and Executive Personnel Committee

Agreed and acknowledged as of the date first above written:

/s/ Dean A. Scarborough
Dean A. Scarborough

Exhibit 10.11.4.1

150 North Orange Grove Boulevard

Pasadena, California 91103

Phone 626 304-2000

Fax 626 577 5338

December 14, 2010

Mr. Daniel R. O'Bryant
Executive Vice President, Business Development
Avery Dennison Corporation
150 North Orange Grove Boulevard
Pasadena, California 91103

Dear Mr. O'Bryant:

Reference is made to the Avery Dennison Corporation Supplemental Executive Retirement Plan (as amended and restated, the "SERP") and that certain Letter of Grant as of January 1, 2009, by and between Avery Dennison Corporation (the "Company") and you (the "Letter of Grant"). Capitalized terms used but not otherwise defined in this letter agreement (the "Letter Agreement") shall have the meanings assigned to them in the Letter of Grant.

Notwithstanding anything to the contrary in the SERP or the Letter of Grant, effective as of December 31, 2010 (the "Effective Date"), for purposes of calculating your SERP Benefit for any Benefit Commencement Date following the Effective Date, your Average Compensation shall be \$1,129,800 (which is equal to your Average Compensation as of the Effective Date).

Except as otherwise set forth in this Letter Agreement, the terms and provisions of the SERP and the Letter of Grant (including, for the avoidance of doubt, the calculation of the Specified Formula Reductions and any applicable reductions to the SERP Benefit for early commencement of payment) shall remain in full force and effect following the Effective Date.

This Letter Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[signature page follows]

Please indicate your acceptance of the terms and provisions of this Letter Agreement by signing below. By signing below, you acknowledge and agree that you have carefully read this Letter Agreement in its entirety, fully understand and agree to its terms and provisions, and intend and agree that it be final and legally binding.

Very truly yours,

AVERY DENNISON CORPORATION

By: /s/ David E. I. Pyott
David E. I. Pyott
Chairman of the Compensation and Executive Personnel Committee

Agreed and acknowledged as of the date first above written:

/s/ Daniel R. O'Bryant
Daniel R. O'Bryant