

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT: MARCH 29, 1994

DATE OF EARLIEST EVENT REPORTED: MARCH 29, 1994

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.)
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150 NORTH ORANGE GROVE BOULEVARD, PASADENA, CALIFORNIA 91103  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:  
(818) 304-2000

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits.

- 1 Distribution Agreement dated March 29, 1994 between Registrant, Goldman, Sachs & Co. and J.P. Morgan Securities Inc.
- 4.1 Certificate establishing a series of Securities entitled "Medium-Term Notes, Series B" under the Indenture between Registrant and Security Pacific National Bank, as Trustee, dated as of March 15, 1991, as amended by a First Supplemental Indenture, dated as of March 16, 1993, between Registrant and BankAmerica National Trust Company, as successor Trustee, without exhibits.
- 4.2 Form of Fixed Rate Note described in Exhibit 4.1
- 4.3 Form of Floating Rate Note described in Exhibit 4.1
- 5 Opinion of Counsel to the Company regarding legality.
- 24 Consent of Counsel to the Company (included in Exhibit 5).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 29, 1994.

AVERY DENNISON CORPORATION

By: /s/ R. GREGORY JENKINS

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R. Gregory Jenkins  
Senior Vice President, Finance  
and Chief Financial Officer

AVERY DENNISON CORPORATION

U.S. \$100,000,000

MEDIUM-TERM NOTES, SERIES B

DISTRIBUTION AGREEMENT  
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March 29, 1994

Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004

J.P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260

Dear Sirs:

Avery Dennison Corporation, a Delaware corporation (the "Company"), proposes to issue and sell from time to time its Medium-Term Notes, Series B (the "Securities") in an aggregate amount up to \$100,000,000 and agrees with each of you (individually, an "Agent," and collectively, the "Agents") as set forth in this Agreement.

Subject to the terms and conditions stated herein and to the reservation by the Company of the right to sell Securities directly on its own behalf, the Company hereby (i) appoints each Agent as an agent of the Company for the purpose of soliciting and receiving offers to purchase Securities from the Company pursuant to Section 2(a) hereof and (ii) agrees that, except as otherwise contemplated herein, whenever it determines to sell Securities directly to any Agent as principal, it will enter into a separate agreement (each a "Terms Agreement"), substantially in the form of Annex I hereto, relating to such sale in accordance with Section 2(b) hereof.

The Securities will be issued under an Indenture, dated as of March 15, 1991, between the Company and Security Pacific National Bank, as trustee, as amended by the First Supplemental Indenture, dated as of March 16, 1993 between the Company and BankAmerica National Trust Company, as successor trustee (the "Trustee"). The Indenture, as amended by the First Supplemental Indenture, shall hereinafter be referred to as the "Indenture." The Securities shall have the maturity ranges, interest rates, if any, redemption provisions, if any, and other terms set forth in the Prospectus referred to below as it may be amended or

supplemented from time to time. The Securities will be issued, and the terms and rights thereof established, from time to time by the Company in accordance with the Indenture.

1. The Company represents and warrants to, and agrees with, each Agent that:

(a) A registration statement on Form S-3 in respect of \$100,000,000 aggregate amount of debt securities of the Company, including the Securities, has been filed with the Securities and Exchange Commission (the "Commission"); such registration statement and any post-effective amendment thereto, each in the form heretofore delivered or to be delivered to such Agent, excluding exhibits to such registration statement, but including all documents incorporated by reference in the prospectus included therein, have been declared effective by the Commission in such form; no other document with respect to such registration statement or document incorporated by reference therein, other than the prospectus and prospectus supplement filed or to be filed with the Commission under Rule 424(b) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"), and the Current Report on Form 8-K dated concurrently herewith, has heretofore been filed or transmitted for filing with the Commission; and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in such registration statement or filed with the Commission pursuant to Rule 424(a) under the Act being hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto and the documents incorporated by reference in the prospectus contained in the registration statement, at the time such part of the registration statement became effective, but excluding Form T-1 and, if applicable, including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act, each as amended at the time such part of the registration statement became effective, being hereinafter collectively called the "Registration Statement"; the prospectus (including, if applicable, any prospectus supplement) relating to the Securities, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, being hereinafter called the "Prospectus"; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any

amendment or supplement to any Preliminary Prospectus or the Prospectus, including any supplement to the Prospectus that sets forth only the terms of a particular issue of the Securities (a "Pricing Supplement"), shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated therein by reference; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any reference to the Prospectus as amended or supplemented shall be deemed to refer to and include the Prospectus as amended or supplemented (including by the applicable Pricing Supplement filed in accordance with Section 4(a) hereof) in relation to Securities sold pursuant to this Agreement, in the form filed with the Commission pursuant to Rule 424(b) under the Act and in accordance with Section 4(a) hereof, including any documents incorporated by reference therein as of the date of such filing);

(b) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus, or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Agent expressly for use in the Prospectus as amended or supplemented to relate to the Securities;

(c) The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in

all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and the Registration Statement does not and will not, as of the effective date of any part of the Registration Statement and any amendment thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Prospectus does not and will not, as of the applicable filing date of the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties contained in this Section 1(c) shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Agent expressly for use in the Prospectus as amended or supplemented to relate to the Securities;

(d) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented, which would individually or in the aggregate have a material adverse effect on the business, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole; and, since the respective dates as of which information is given in the Registration Statement and the Prospectus as amended or supplemented, there has not been any decrease in the capital stock of the Company in excess of \$20 million or any increase in total debt of the Company and its subsidiaries of more than \$50 million (excluding the issuance of any of the Securities) or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented;

(e) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with power

and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus;

(f) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable;

(g) The Securities have been duly authorized and, when issued and delivered pursuant to this Agreement and any Terms Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture, which will be substantially in the form filed and incorporated by reference, as the case may be, as an exhibit to the Registration Statement, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or limiting the rights and remedies of creditors generally and to the unavailability of specific performance, injunctive relief or other equitable remedies; the Indenture has been duly authorized and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or limiting the rights and remedies of creditors generally and to the unavailability of specific performance, injunctive relief or other equitable remedies; and the Indenture conforms and the Securities of any particular issuance of Securities will conform to the descriptions thereof contained in the Prospectus as amended or supplemented to relate to such issuance of Securities;

(h) The issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any Terms Agreement, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the Certificate of Incorporation, as amended, or the Bylaws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; and no consent, approval, authorization, order, registration or qualification of or

with any court or governmental agency or body is required for the solicitation of offers to purchase Securities, the issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement, any Terms Agreement or the Indenture, except such as have been, or will have been prior to the Commencement Date (as defined in Section 3 hereof), obtained under the Act or the Trust Indenture Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the solicitation by such Agent of offers to purchase Securities from the Company and with purchases of Securities by such Agent as principal, as the case may be, in each case in the manner contemplated hereby;

(i) Other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or to which any property of the Company or any of its subsidiaries is subject, which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole, and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others; and

(j) Immediately after any sale of Securities by the Company hereunder or under any Terms Agreement, the aggregate amount of Securities which shall have been issued and sold by the Company hereunder or under any Terms Agreement and of any debt securities of the Company (other than such Securities) that shall have been issued and sold pursuant to the Registration Statement will not exceed the amount of debt securities registered under the Registration Statement.

2. (a) On the basis of the representations and warranties, and subject to the terms and conditions herein set forth, each of the Agents hereby severally and not jointly agrees, as agent of the Company, to use its best efforts to solicit and receive offers to purchase the Securities from the Company upon the terms and conditions set forth in the Prospectus as amended or supplemented from time to time. So long as this Agreement shall remain in effect with respect to any Agent, the Company shall not, without the consent of such Agent, solicit or accept offers to purchase, or sell, any debt securities with a maturity at the time of original issuance of 9 months or more except pursuant to this Agreement, any Terms Agreement, a private placement not constituting a public offering under the Act, in connection with a firm commitment underwriting pursuant to an



underwriting agreement that does not provide for a continuous offering of medium-term debt securities or as otherwise provided in this Section 2(a). However, the Company reserves the right to sell, and may solicit and accept offers to purchase, Securities directly on its own behalf, and, in the case of any such sale not resulting from a solicitation made by any Agent, no commission will be payable with respect to such sale. These provisions shall not limit Section 4(f) hereof or any similar provision included in any Terms Agreement. In addition, after notice to the Agents, the Company may appoint one or more additional agents to solicit and receive offers to purchase Securities from the Company upon the terms and conditions set forth in the Prospectus as amended or supplemented from time to time, provided that any such additional agent is made a party to this Agreement or executes a distribution agreement substantially identical to this Agreement.

Procedural details relating to the issue and delivery of Securities, the solicitation of offers to purchase Securities and the payment in each case therefor shall be as set forth in the Administrative Procedure attached hereto as Annex II as it may be amended from time to time by written agreement between the Agents and the Company (the "Administrative Procedure"). The provisions of the Administrative Procedure shall apply to all transactions contemplated hereunder other than those made pursuant to a Terms Agreement. Each Agent and the Company agree to perform the respective duties and obligations specifically provided to be performed by each of them in the Administrative Procedure. The Company will furnish to the Trustee a copy of the Administrative Procedure as from time to time in effect.

The Company reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase the Securities. As soon as practicable, but in any event not later than one business day in New York City, after receipt of notice from the Company, the Agents will suspend solicitation of offers to purchase Securities from the Company until such time as the Company has advised the Agents that such solicitation may be resumed.

The Company agrees to pay each Agent a commission, at the time of settlement of any sale of a Security by the Company as a result of a solicitation made by such Agent, in an amount equal to the following applicable percentage of the principal amount of such Security sold:

Range of Maturities -----	Commission (percentage of aggregate principal amount of Securities sold) -----
From 9 months to less than 1 year .....	.125%
From 1 year to less than 18 months .....	.150%
From 18 months to less than 2 years .....	.200%
From 2 years to less than 3 years .....	.250%
From 3 years to less than 4 years .....	.350%
From 4 years to less than 5 years .....	.450%
From 5 years to less than 6 years .....	.500%
From 6 years to less than 7 years .....	.550%
From 7 years to less than 10 years .....	.600%
From 10 years to less than 15 years .....	.625%
From 15 years to less than 20 years .....	.675%
20 years to 30 years .....	.750%

(b) Each sale of Securities to any Agent as principal shall be made in accordance with the terms of this Agreement and (unless the Company and such Agent shall otherwise agree) a Terms Agreement which will provide for the sale of such Securities to, and the purchase thereof by, such Agent. A Terms Agreement may also specify certain provisions relating to the reoffering of such Securities by such Agent. The commitment of any Agent to purchase Securities as principal, whether pursuant to any Terms Agreement or otherwise, shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall specify the principal amount of Securities to be purchased by any Agent pursuant thereto, the price to be paid to the Company for such Securities, any provisions relating to rights of, and default by, underwriters acting together with such Agent in the reoffering of the Securities and the time and date and place of delivery of and payment for such Securities. Such Terms Agreement shall also specify any requirements for opinions of counsel, accountants' letters and officers' certificates pursuant to Section 4 hereof.

For each sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the procedural details relating to the issue and delivery of such Securities and payment therefor shall be as set forth in the Administrative Procedure. For each such sale of Securities to an Agent as principal that is not made pursuant to a Terms Agreement, the Company agrees to pay such Agent a commission (or grant an equivalent discount) as provided in Section 2(a) hereof and in accordance with the schedule set forth therein.

Each time and date of delivery of and payment for Securities to be purchased by an Agent as principal, whether set

forth in a Terms Agreement or in accordance with the Administrative Procedure, is referred to herein as a "Time of Delivery".

3. The documents required to be delivered pursuant to Section 6 hereof on the Commencement Date (as defined below) shall be delivered to the Agents at the offices of Latham & Watkins at 10:00 a.m., Los Angeles time, on the date of this Agreement, which date and time of such delivery may be postponed by agreement between the Agents and the Company but in no event shall be later than the day prior to the date on which solicitation of offers to purchase Securities is commenced or on which any Terms Agreement is executed (such time and date being referred to herein as the "Commencement Date").

4. The Company covenants and agrees with each Agent:

(a) (i) To make no amendment or supplement to the Registration Statement or the Prospectus (A) prior to the Commencement Date which shall be reasonably disapproved by any Agent promptly after reasonable notice thereof or (B) after the date of any Terms Agreement or other agreement by an Agent to purchase Securities as principal and prior to the related Time of Delivery which shall be reasonably disapproved by any Agent party to such Terms Agreement or so purchasing as principal promptly after reasonable notice thereof; (ii) to prepare, with respect to any Securities to be sold through or to such Agent pursuant to this Agreement, a Pricing Supplement with respect to such Securities in a form previously approved by such Agent and to file such Pricing Supplement pursuant to Rule 424(b)(3) under the Act not later than the close of business of the Commission on the fifth business day after the date on which such Pricing Supplement is first used; (iii) to make no amendment or supplement to the Registration Statement or Prospectus, other than any Pricing Supplement, at any time prior to having afforded each Agent a reasonable opportunity to review and comment thereon; (iv) to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities, and during such same period to advise such Agent, promptly after the Company receives notice thereof, of the time when any amendment to the Registration Statement has been filed or has become effective or any supplement to the Prospectus or any amended Prospectus (other than any Pricing Supplement that relates to Securities not purchased through or by such Agent) has been filed with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of

any prospectus relating to the Securities, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amendment or supplement of the Registration Statement or Prospectus or for additional information; and (v) in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any such prospectus or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) Promptly from time to time to take such action as such Agent may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as such Agent may request and to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale of the Securities; provided, however, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To furnish such Agent with copies of the Registration Statement and each amendment thereto, with copies of the Prospectus as each time amended or supplemented, other than any Pricing Supplement (except as provided in the Administrative Procedure), in the form in which it is filed with the Commission pursuant to Rule 424 under the Act, and with copies of the documents incorporated by reference therein, all in such quantities as such Agent may reasonably request from time to time; and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the Securities (including Securities purchased from the Company by such Agent as principal) and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify such Agent and request such Agent, in its capacity as agent of the Company, to suspend solicitation of offers to purchase Securities from the Company (and, if so notified, such Agent shall cease such solicitations as soon as practicable, but in any event not later than one business day later); and if the Company

shall decide to amend or supplement the Registration Statement or the Prospectus as then amended or supplemented, to so advise such Agent promptly by telephone (with confirmation in writing) and to prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or the Prospectus as then amended or supplemented that will correct such statement or omission or effect such compliance; provided, however, that if during such same period such Agent continues to own Securities purchased from the Company by such Agent as principal or such Agent is otherwise required to deliver a prospectus in respect of transactions in the Securities, the Company shall promptly prepare and file with the Commission such an amendment or supplement;

(d) To make generally available to its securityholders as soon as practicable, but in any event not later than eighteen months after the effective date of the Registration Statement (as defined in Rule 158(c)) an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) So long as any Securities are outstanding, to furnish to such Agent copies of all reports or other communications (financial or other) furnished to stockholders, and deliver to such Agent (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as such Agent may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission);

(f) That, from the date of any Terms Agreement with such Agent or other agreement by such Agent to purchase Securities as principal and continuing to and including the earlier of (i) the termination of the trading restrictions for the Securities purchased thereunder, as notified to the Company by such Agent and (ii) the related Time of Delivery, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company which both mature more than 9 months after such Time of Delivery and are substantially similar to the Securities without the prior written consent of such Agent;

(g) That each acceptance by the Company of an offer to purchase Securities hereunder (including any purchase by such Agent as principal not pursuant to a Terms Agreement), and each execution and delivery by the Company of a Terms Agreement with such Agent, shall be deemed to be an affirmation to such Agent that the representations and warranties of the Company contained in or made pursuant to this Agreement are true and correct as of the date of such acceptance or of such Terms Agreement, as the case may be, as though made at and as of such date, and an undertaking that such representations and warranties will be true and correct as of the settlement date for the Securities relating to such acceptance or as of the Time of Delivery relating to such sale, as the case may be, as though made at and as of such date (except that such representations and warranties shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented relating to such Securities);

(h) That reasonably in advance of each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement) and each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion or opinions by O'Melveny & Myers, counsel to the Agents, as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish to such counsel such papers and information as they may reasonably request to enable them to furnish to such Agent the opinion or opinions referred to in Section 6(b) hereof;

(i) That each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement), each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of an opinion under this Section 4(i) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish or cause to be furnished forthwith to such Agent a written opinion of Robert G. van Schoonenberg, General Counsel of the Company, and of Latham & Watkins, counsel to the Company, or other counsel for the Company satisfactory to such Agent, dated the date of such amendment, supplement, incorporation or Time of Delivery relating to such sale, as the case may be, in form satisfactory to such Agent, to the effect that such Agent may rely on the opinions of such counsel referred to in

Section 6(c) (1) and (2) hereof which were last furnished to such Agent to the same extent as though they were dated the date of such letter authorizing reliance (except that the statements in such last opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such opinion, an opinion of the same tenor as the opinion of such counsel referred to in Section 6(c) hereof but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(j) That each time the Registration Statement or the Prospectus shall be amended or supplemented and each time that a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, in either case to set forth financial information included in or derived from the Company's consolidated financial statements or accounting records, and each time the Company sells Securities to such Agent as principal pursuant to a Terms Agreement and such Terms Agreement specifies the delivery of a letter under this Section 4(j) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall cause the independent certified public accountants who have certified the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement forthwith to furnish such Agent a letter, dated the date of such amendment, supplement, incorporation or Time of Delivery relating to such sale, as the case may be, in form satisfactory to such Agent, of the same tenor as the letter referred to in Section 6(d) hereof but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Company, to the extent such financial statements and other information are available as of a date not more than five business days prior to the date of such letter; provided, however, that, with respect to any financial information or other matter, such letter may reconfirm as true and correct at such date as though made at and as of such date, rather than repeat, statements with respect to such financial information or other matter made in the letter referred to in Section 6(d) hereof which was last furnished to such Agent;

(k) That each time the Registration Statement or the Prospectus shall be amended or supplemented (other than by a Pricing Supplement), each time a document filed under the Act or the Exchange Act is incorporated by reference into the Prospectus, and each time the Company sells Securities to such Agent as principal and the applicable Terms

Agreement specifies the delivery of a certificate under this Section 4(k) as a condition to the purchase of Securities pursuant to such Terms Agreement, the Company shall furnish or cause to be furnished forthwith to such Agent a certificate, dated the date of such supplement, amendment, incorporation or Time of Delivery relating to such sale, as the case may be, in such form and executed by such officers of the Company as shall be satisfactory to such Agent, to the effect that the statements contained in the certificate referred to in Section 6(g) hereof which was last furnished to such Agent are true and correct at such date as though made at and as of such date (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of such certificate, certificates of the same tenor as the certificates referred to in said Section 6(g) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date; and

(1) To offer to any person who has agreed to purchase Securities as the result of an offer to purchase solicited by such Agent the right to refuse to purchase and pay for such Securities if, on the related settlement date fixed pursuant to the Administrative Procedure, any condition set forth in Section 6(a), 6(e) or 6(f) hereof shall not have been satisfied (it being understood that the judgment of such person with respect to the impracticability or inadvisability of such purchase of Securities shall be substituted, for purposes of this Section 4(1), for the respective judgments of an Agent with respect to certain matters referred to in such Sections 6(a), 6(e) and 6(f), and that such Agent shall have no duty or obligation whatsoever to exercise the judgment permitted under such Sections 6(a), 6(e) and 6(f) on behalf of any such person).

5. The Company covenants and agrees with each Agent that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus, the Prospectus and any Pricing Supplements and all other amendments and supplements thereto and the mailing and delivering of copies thereof to such Agent; (ii) the fees, disbursements and expenses of counsel for the Agents in connection with any opinions to be rendered by such counsel hereunder and under any Terms Agreement and the transactions contemplated hereunder and under any Terms Agreement; (iii) the cost of printing, producing or reproducing this Agreement, any Terms Agreement, any Indenture, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the



Securities; (iv) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 4(b) hereof, including the fees and disbursements of counsel for the Agents in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (v) any fees charged by securities rating services for rating the Securities; (vi) any filing fees incident to any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Securities; (vii) the cost of preparing the Securities; (viii) the fees and expenses of any Trustee and any agent of any Trustee and any transfer or paying agent of the Company and the fees and disbursements of counsel for any Trustee or such agent in connection with any Indenture and the Securities; (ix) any advertising expenses connected with the solicitation of offers to purchase and the sale of Securities so long as such advertising expenses have been approved by the Company; and (x) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. Except as provided in Sections 7 and 8 hereof, each Agent shall pay all other expenses it incurs.

6. The obligation of any Agent, as agent of the Company, at any time ("Solicitation Time") to solicit offers to purchase the Securities and the obligation of any Agent to purchase Securities as principal, pursuant to any Terms Agreement or otherwise, shall in each case be subject, in such Agent's discretion, to the condition that all representations and warranties and other statements of the Company herein (and, in the case of an obligation of an Agent under a Terms Agreement, in or incorporated in such Terms Agreement by reference) are true and correct at and as of the Commencement Date and any applicable date referred to in Section 4(k) hereof that is prior to such Solicitation Time or Time of Delivery, as the case may be, and at and as of such Solicitation Time or Time of Delivery, as the case may be, the condition that prior to such Solicitation Time or Time of Delivery, as the case may be, the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) (i) With respect to any Securities sold at such Solicitation Time or at or prior to such Time of Delivery, as the case may be, the Prospectus as amended or supplemented (including the Pricing Supplement) with respect to such Securities shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 4(a) hereof; (ii) no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and (iii) all requests for

additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of such Agent;

(b) O'Melveny & Myers, counsel to the Agents, shall have furnished to such Agent (i) such opinion or opinions, dated the Commencement Date, with respect to the incorporation of the Company, this Agreement, the validity of the Indenture, the Securities, the Registration Statement, the Prospectus as amended or supplemented and other related matters as such Agent may reasonably request, and (ii) if and to the extent requested by such Agent, with respect to each applicable date referred to in Section 4(h) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, an opinion or opinions, dated such applicable date, to the effect that such Agent may rely on the opinion or opinions which were last furnished to such Agent pursuant to this Section 6(b) to the same extent as though it or they were dated the date of such letter authorizing reliance (except that the statements in such last opinion or opinions shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in any case, in lieu of such an opinion or opinions, an opinion or opinions of the same tenor as the opinion or opinions referred to in clause (i) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date; and in each case such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) (1) Robert G. van Schoonenberg, General Counsel of the Company, or other counsel for the Company satisfactory to such Agent, shall have furnished to such Agent his written opinions, dated the Commencement Date and each applicable date referred to in Section 4(i) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in form and substance satisfactory to such Agent, to the effect that:

(i) Each of the significant subsidiaries (as that term is defined in Rule 12b-2 of the Exchange Act) of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) Other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a

party or to which any property of the Company or any of its subsidiaries is subject, which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole; and to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(iii) The issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and the applicable Terms Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of its properties, which breach or violation would individually or in the aggregate have a material adverse effect on the financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole, nor will such action result in any violation of the provisions of the Certificate of Incorporation, as amended, of the Company or the Bylaws of the Company;

(iv) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the solicitation of offers to purchase Securities, the issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement, any applicable Terms Agreement, or the Indenture, except such as have been obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the solicitation by the Agents of offers to purchase Securities from the Company and with purchases of Securities by an Agent as principal, as the case may be, in each case in the manner contemplated hereby; and

(v) Such counsel does not know of any amendment to the Registration Statement required to be filed or any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be incorporated by reference into the Prospectus as amended or supplemented or required to be described in the Registration Statement or the Prospectus as amended or supplemented which are not filed or incorporated by reference or described as required;

(2) Latham & Watkins, counsel for the Company, or other counsel for the Company satisfactory to such Agent, shall have furnished to such Agent their written opinions, dated the Commencement Date and each applicable date referred to in Section 4(i) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in form and substance satisfactory to such Agent, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) This Agreement and any applicable Terms Agreement have been duly authorized, executed and delivered by the Company;

(iii) The Securities have been duly authorized and, when duly executed, authenticated, issued and delivered by the Company, and paid for as contemplated by this Agreement and any applicable Terms Agreement, will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or limiting the rights and remedies of creditors generally and to the unavailability of specific performance, injunctive relief or other equitable remedies; and the Indenture conforms and the Securities will conform in all material respects to the descriptions thereof in the Prospectus as amended or supplemented;

(iv) The Indenture has been duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Trustee, constitutes a valid and legally binding instrument, enforceable in accordance with its terms,

subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or limiting the rights and remedies of creditors generally and to the unavailability of specific performance, injunctive relief or other equitable remedies; and the Indenture has been duly qualified under the Trust Indenture Act;

(v) The issue and sale of the Securities, the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any applicable Terms Agreement and the consummation of the transactions herein and therein contemplated will not result in any violation of the provisions of the Certificate of Incorporation of the Company, as amended, or the Bylaws of the Company;

(vi) The documents incorporated by reference in the Prospectus (other than the financial statements, related schedules and other financial or statistical data therein, as to which such counsel need express no opinion), when they became effective or were filed with the Commission, as the case may be, appeared on their face to comply as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; and

(vii) The Registration Statement and the Prospectus as amended and supplemented and any further amendments and supplements thereto made by the Company prior to the date of such opinion (other than the financial statements, related schedules and other financial or statistical data therein, as to which such counsel need express no opinion) appeared on their face to comply as to form in all material respects with the requirements of the Act and the Trust Indenture Act and the rules and regulations thereunder;

Such counsel shall state that they have participated in conferences with officers and other representatives of the Company at which the contents of the Registration Statement and Prospectus and related matters were discussed and, although such counsel may state that they are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and the Prospectus and have not made any independent check or verification thereof, such counsel shall state that during the course of such participation (relying in connection with questions of materiality, on representations of factual matters of officers and other representatives of the Company), nothing has come to their attention that caused them to believe that the

Registration Statement, at the time any part of it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or the Prospectus, as of its date and at the date of such opinion, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no belief with respect to the financial statements, schedules and other financial or statistical data included in the Registration Statement or the Prospectus or with respect to the Form T-1.

(d) Not later than 10:00 a.m., Los Angeles time, on the Commencement Date and not later than 10:00 a.m., New York City time, on each applicable date referred to in Section 4(j) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, the independent certified public accountants who have certified the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to such Agent a letter, dated the Commencement Date or such applicable date, as the case may be, in form and substance satisfactory to such Agent, to the effect set forth in Annex III hereto;

(e) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus as amended or supplemented any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented and (ii) since the respective dates as of which information is given in the Prospectus as amended or supplemented there shall not have been any decrease in the capital stock of the Company in excess of \$20 million or any increase in the total debt of the Company and its subsidiaries of more than \$50 million (excluding the issuance of any of the Securities) or any change, or any development involving a prospective change, in or affecting the business, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of such Agent so material and adverse as to make it impracticable or inadvisable to proceed with the solicitation by such Agent of offers to purchase Securities

from the Company or the purchase by such Agent of Securities from the Company as principal, as the case may be, on the terms and in the manner contemplated in the Prospectus as amended or supplemented;

(f) There shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this clause (iii) in the judgment of such Agent makes it impracticable or inadvisable to proceed with the solicitation of offers to purchase Securities or the purchase of Securities from the Company as principal, pursuant to the applicable Terms Agreement or otherwise, as the case may be, on the terms and in the manner contemplated in the Prospectus as amended or supplemented; (iv) any downgrading in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act; or (v) such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities; and

(g) The Company shall have furnished or caused to be furnished to such Agent certificates of officers of the Company dated the Commencement Date and each applicable date referred to in Section 4(k) hereof that is on or prior to such Solicitation Time or Time of Delivery, as the case may be, in such form and executed by such officers of the Company as shall be satisfactory to such Agent, as to the accuracy of the representations and warranties of the Company herein at and as of the Commencement Date or such applicable date, as the case may be, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to the Commencement Date or such applicable date, as the case may be, as to the matters set forth in subsections (a) and (e) of this Section 6, and as to such other matters as such Agent may reasonably request.

7. (a) The Company will indemnify and hold harmless each Agent against any losses, claims, damages or liabilities, joint or several, to which such Agent may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the

Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Agent for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein; and provided, further, that the Company shall not be liable to any Agent under the indemnity agreement in this subsection (a) with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Agent results from the fact such Agent sold, or acted as Agent, in the sale of, such Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus (excluding any documents incorporated by reference) or of the Prospectus as then amended or supplemented (excluding any documents incorporated by reference) in any case where such delivery is required by the Act if the Company has previously furnished copies thereof to such Agent and the loss, claim, damage or liability of such Agent results from an untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in the Prospectus (or the Prospectus as amended or supplemented).

(b) Each Agent will, severally and not jointly, indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, the Registration Statement, the Prospectus, the



Prospectus as amended or supplemented or any other prospectus relating to the Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation and except as otherwise provided herein. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings, in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the

indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and each Agent on the other from the offering of the Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and each Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and each Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of Securities (before deducting expenses) received by the Company bear to the total commissions or discounts received by such Agent in respect thereof. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading relates to information supplied by the Company on the one hand or by any Agent on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Agent agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by per capita allocation (even if all Agents were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable

considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), an Agent shall not be required to contribute any amount in excess of the amount by which the total public offering price at which the Securities purchased by or through it were sold exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of each of the Agents under this subsection (d) to contribute are several in proportion to the respective purchases made by or through it to which such loss, claim, damage or liability (or action in respect, thereof) relates and are not joint.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Agent within the meaning of the Act; and the obligations of each Agent under this Section 7 shall be in addition to any liability which such Agent may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

8. Each Agent, in soliciting offers to purchase Securities from the Company and in performing the other obligations of such Agent hereunder (other than in respect of any purchase by an Agent as principal, pursuant to a Terms Agreement or otherwise), is acting solely as agent for the Company and not as principal. Each Agent will make reasonable efforts to assist the Company in obtaining performance by each purchaser whose offer to purchase Securities from the Company was solicited by such Agent and has been accepted by the Company, but such Agent shall not have any liability to the Company in the event such purchase is not consummated for any reason. If the Company shall default on its obligation to deliver Securities to a purchaser whose offer it has accepted, the Company shall (i) hold each Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) notwithstanding such default, pay to the Agent that solicited such offer any commission to which it would be entitled in connection with such sale.

9. The respective indemnities, agreements, representations, warranties and other statements by any Agent and the Company set forth in or made pursuant to this Agreement shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Agent or any controlling person of any Agent, or the Company, or any officer or director or any controlling person of the Company, and shall survive each delivery of and payment for any of the Securities.

10. The provisions of this Agreement relating to the solicitation of offers to purchase Securities from the Company may be suspended or terminated at any time by the Company as to any Agent or by any Agent as to such Agent upon the giving of written notice of such suspension or termination to such Agent or the Company, as the case may be. In the event of such suspension or termination with respect to any Agent, (x) this Agreement shall remain in full force and effect with respect to any Agent as to which such suspension or termination has not occurred, (y) this Agreement shall remain in full force and effect with respect to the rights and obligations of any party which have previously accrued or which relate to Securities which are already issued, agreed to be issued or the subject of a pending offer at the time of such suspension or termination and (z) in any event, this Agreement shall remain in full force and effect insofar as the fourth paragraph of Section 2(a), Section 4(d), Section 4(e), Section 5, Section 7, Section 8 and Section 9 hereof are concerned.

11. Except as otherwise specifically provided herein or in the Administrative Procedure, all statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and if to Goldman, Sachs & Co. shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail to 85 Broad Street, New York, New York 10004, Facsimile Transmission No. (212) 363-7609, Attention: Credit Department, and if to J.P. Morgan Securities Inc. shall be sufficient in all respects when delivered or sent by telex, facsimile transmission or registered mail to 60 Wall Street, New York, New York 10260, Facsimile Transmission No. (212) 648-5151, Attention: Transaction Execution Group-Capital Markets Services, 3rd Floor, and if to the Company shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail to 150 North Orange Grove Boulevard, Pasadena, California 91103, Facsimile Transmission No. (818) 304-2319, Attention: Vice President and Treasurer.

12. This Agreement and any Terms Agreement shall be binding upon, and inure solely to the benefit of, each Agent and the Company, and to the extent provided in Section 7, Section 8 and Section 9 hereof, the officers and directors of the Company

and any person who controls any Agent or the Company, and their respective personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any Terms Agreement. No purchaser of any of the Securities through or from any Agent hereunder shall be deemed a successor or assign by reason merely of such purchase.

13. Time shall be of the essence in this Agreement and any Terms Agreement. As used herein, the term "business day" shall mean any day when the Commission in Washington, D.C. is open for business.

14. This Agreement and any Terms Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

15. This Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be an original, but all of such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof, whereupon this letter and the acceptance by each of you thereof shall constitute a binding agreement between the Company and each of you in accordance with its terms.

Very truly yours,

AVERY DENNISON CORPORATION

By: /s/ GREGORY JENKINS

-----  
Name: R. Gregory Jenkins  
Title: Senior Vice President,  
Finance and Chief Financial  
Officer

Accepted in New York, New York,  
as of the date hereof:

/s/ GOLDMAN, SACHS & CO.

-----  
(Goldman, Sachs & Co.)

J.P. MORGAN SECURITIES INC.

By: /s/ GREGORY WILLIAMS

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Name: Gregory Williams  
Title: Managing Director

AVERY DENNISON CORPORATION

MEDIUM-TERM NOTES

TERMS AGREEMENT

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\_\_\_\_\_, 19\_\_

[Goldman, Sachs & Co.,  
85 Broad Street,  
New York, New York 10004.]

[J.P. Morgan Securities Inc.  
60 Wall Street  
New York, New York 10260]

Dear Sirs:

Avery Dennison Corporation (the "Company") proposes, subject to the terms and conditions stated herein and in the Distribution Agreement, dated March 29, 1994 (the "Distribution Agreement"), between the Company on the one hand and Goldman, Sachs & Co. and J.P. Morgan Securities Inc. (the "Agents") on the other, to issue and sell to [Goldman, Sachs & Co.] [J.P. Morgan Securities Inc.] the securities specified in the Schedule hereto (the "Purchased Securities"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as agents of the Company, of offers to purchase Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Company or make such party subject to the provisions therein relating to the solicitation of offers to purchase securities from the Company, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Terms Agreement, except that each representation and warranty in Section 1 of the Distribution Agreement which makes reference to the Prospectus shall be deemed to be a representation and warranty as of the date of the Distribution Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Terms Agreement in relation

to the Prospectus as amended and supplemented to relate to the Purchased Securities.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Purchased Securities, in the form heretofore delivered to you is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Company agrees to issue and sell to [Goldman, Sachs & Co.] [J.P. Morgan Securities Inc.] and [Goldman, Sachs & Co.] and [J.P. Morgan Securities Inc.] agrees to purchase from the Company the Purchased Securities, at the time and place, in the principal amount and at the purchase price set forth in the Schedule hereto.

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof, and upon acceptance hereof by you this letter and such acceptance hereof, including those provisions of the Distribution Agreement incorporated herein by reference, shall constitute a binding agreement between you and the Company.

AVERY DENNISON CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

Accepted:

[\_\_\_\_\_  
Goldman, Sachs & Co.)]

[J.P. Morgan Securities Inc.]

By: \_\_\_\_\_  
Name:  
Title:



Title of Purchased Securities:

[ %] Medium-Term Notes(SM)

Aggregate Principal Amount:

[\$ or units of other Specified Currency]

[Price to Public:]

Purchase Price by [Goldman, Sachs & Co.] [J.P. Morgan Securities Inc.]:

% of the principal amount of the Purchased Securities  
[, plus accrued interest from to ]  
[and accrued amortization, if any, from to  
]

Method of and Specified Funds for Payment of Purchase Price:

[By certified or official bank check or checks, payable to the order of the Company, in [[New York] Clearing House] [immediately available] funds]

[By wire transfer to a bank account specified by the Company in [next day] [immediately available] funds]

Time of Delivery:

Closing Location for Delivery of Securities:

Maturity:

Interest Rate:

[ %]

Interest Payment Dates:

[months and dates]

Documents to be Delivered:

The following documents referred to in the Distribution Agreement shall be delivered as a condition to the Closing:

[(1) The opinion or opinions of counsel to the Agents referred to in Section 4(h).]

[(2) The opinions of counsel to the Company referred to in Section 4(i).]

[(3) The accountants' letter referred to in Section 4(j).]

[(4) The officers' certificate referred to in Section 4(k).]

Other Provisions (including Syndicate Provisions, if applicable):

EVERY DENNISON CORPORATION

ADMINISTRATIVE PROCEDURE

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This Administrative Procedure relates to the Securities defined in the Distribution Agreement, dated March 29, 1994 (the "Distribution Agreement"), between Avery Dennison Corporation (the "Company") and Goldman, Sachs & Co. and J.P. Morgan Securities Inc. (together, the "Agents"), to which this Administrative Procedure is attached as Annex II. Defined terms used herein and not defined herein shall have the meanings given such terms in the Distribution Agreement, the Prospectus as amended or supplemented or the Indenture.

The procedures to be followed with respect to the settlement of sales of Securities directly by the Company to purchasers solicited by an Agent, as agent, are set forth below. The terms and settlement details related to a purchase of Securities by an Agent, as principal, from the Company will be set forth in a Terms Agreement pursuant to the Distribution Agreement, unless the Company and such Agent otherwise agree as provided in Section 2(b) of the Distribution Agreement, in which case the procedures to be followed in respect of the settlement of such sale will be as set forth below. An Agent, in relation to a purchase of a Security by a purchaser solicited by such Agent, is referred to herein as the "Selling Agent" and, in relation to a purchase of a Security by such Agent as principal other than pursuant to a Terms Agreement, as the "Purchasing Agent".

The Company will advise each Agent in writing of those persons with whom such Agent is to communicate regarding offers to purchase Securities and the related settlement details.

Each Security will be issued only in fully registered form and will be represented by either a global security (a "Global Security") delivered to the Trustee, as agent for The Depository Trust Company (the "Depository") and recorded in the book-entry system maintained by the Depository (a "Book-Entry Security") or a certificate issued in definitive form (a "Certificated Security") delivered to a person designated by an Agent, as set forth in the applicable Pricing Supplement. An owner of a Book-Entry Security will not be entitled to receive a certificate representing such a Security, except as provided in the Indenture.

Certificated Securities will be issued in accordance with the Administrative Procedure set forth in Part I hereof, and

Book-Entry Securities will be issued in accordance with the Administrative Procedure set forth in Part II hereof.

PART I: ADMINISTRATIVE PROCEDURE FOR CERTIFICATED SECURITIES

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Posting Rates by Company:

The Company and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Certificated Securities that may be sold as a result of the solicitation of offers by an Agent. The Company may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Company decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by Company:

Each Agent will promptly advise the Company by telephone or other appropriate means of all reasonable offers to purchase Certificated Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Company to purchase Certificated Securities as a Purchasing Agent. The Company will have the sole right to accept offers to purchase Certificated Securities and may reject any such offer in whole or in part.

The Company will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Certificated Securities. If the Company accepts an offer to purchase Certificated Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Sale Information to Company by Selling Agent:

After the acceptance of an offer by the Company, the Selling Agent or Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the "Sale Information") to the Company by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal amount of Certificated Securities to be purchased;
- (2) If a Fixed Rate Certificated Security, the interest rate and the initial Interest Payment Date;

- (3) Maturity Date;
- (4) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;
- (5) The Base Rate and the Exchange Rate Determination Date, if applicable;
- (6) Issue Price;
- (7) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (8) Net proceeds to the Company;
- (9) Settlement Date (as defined below);
- (10) If a redeemable Certificated Security, such of the following as are applicable:
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and
  - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (11) If a Floating Rate Certificated Security, such of the following as are applicable:
  - (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,
  - (iv) Maximum Rate,
  - (v) Minimum Rate,
  - (vi) Initial Interest Rate,
  - (vii) Interest Reset Dates,
  - (viii) Calculation Dates,
  - (ix) Interest Determination Dates,
  - (x) Interest Payment Dates,

- (xi) Regular Record Dates, and
- (xii) Calculation Agent;
- (12) Name, address and taxpayer identification number of the registered owner(s);
- (13) Denomination of certificates to be delivered at settlement; and
- (14) Book-Entry Security or Certificated Security.

Preparation of Pricing Supplement by Company:

If the Company accepts an offer to purchase a Certificated Security, it will prepare a Pricing Supplement. The Company will supply at least ten copies of such Pricing Supplement to the Selling Agent or Purchasing Agent, as the case may be, not later than 5:00 p.m., New York City time, on the business day following the date of acceptance of such offer, or if the Company and the purchaser agree to settlement on the date of such acceptance, not later than noon, New York City time, on such date. The Company will arrange to have ten Pricing Supplements filed with the Commission not later than the close of business of the Commission on the fifth business day following the date on which such Pricing Supplement is first used.

Delivery of Confirmation and Prospectus to Purchaser by Selling Agent:

The Selling Agent will deliver to the purchaser of a Certificated Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) in relation to such Certificated Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale or (b) the Certificated Security.

Date of Settlement:

All offers solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Company will be settled on a date (the "Settlement Date") which is the fifth business day after the date of acceptance of such offer, unless the Company and the purchaser agree to settlement (a) on any other business day after the acceptance of such offer or (b) with respect to an offer accepted by the Company prior to 10:00 a.m., New York City time, on the date of such acceptance.

Instruction from Company to Trustee for Preparation of Certificated Securities:

After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Company will communicate such Sale Information to the Trustee by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means.

The Company will instruct the Trustee by facsimile transmission or other acceptable written means to authenticate and deliver the Certificated Securities no later than 2:15 p.m., New York City time, on the Settlement Date. Such instruction will be given by the Company prior to 3:00 p.m., New York City time, on the business day prior to the Settlement Date unless the Settlement Date is the date of acceptance by the Company of the offer to purchase Certificated Securities in which case such instruction will be given by the Company by 11:00 a.m., New York City time.

Preparation and Delivery of Certificated Securities by Trustee and Receipt of Payment Therefor:

The Trustee will prepare each Certificated Security and appropriate receipts that will serve as the documentary control of the transaction.

In the case of a sale of Certificated Securities to a purchaser solicited by an Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Selling Agent for the benefit of the purchaser of such Certificated Securities against delivery by the Selling Agent of a receipt therefor. On the Settlement Date the Selling Agent will deliver payment for such Certificated Securities in immediately available funds to the Company in an amount equal to the issue price of the Certificated Securities less the Selling Agent's commission; provided that the Selling Agent reserves the right to withhold payment for which it has not received funds from the purchaser. The Company shall not use any proceeds advanced by a Selling Agent to acquire securities.

In the case of a sale of Certificated Securities to a Purchasing Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, deliver the Certificated Securities to the Purchasing Agent against delivery of payment for such Certificated Securities in immediately available funds to the Company in an amount equal to the issue price of the Certificated Securities less the Purchasing Agent's discount.

Failure of Purchaser to Pay Selling Agent:

If a purchaser (other than a Purchasing Agent) fails to make payment to the Selling Agent for a Certificated Security, the Selling Agent will promptly notify the Trustee and the Company thereof by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means. The Selling Agent will immediately return the Certificated Security to the Trustee. Immediately upon receipt of such Certificated Security by the Trustee, the Company will return to the Selling Agent an amount equal to the amount previously paid to the Company in respect of such Certificated Security. The Company will reimburse the Selling Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Company.

The Trustee will cancel the Certificated Security in respect of which the failure occurred, make appropriate entries in its records and, unless otherwise instructed by the Company, destroy the Certificated Security.

PART II: ADMINISTRATIVE PROCEDURE FOR BOOK-ENTRY SECURITIES

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In connection with the qualification of the Book-Entry Securities for eligibility in the book-entry system maintained by the Depository, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representation from the Company and the Trustee to the Depository, dated the date hereof, and a Medium-Term Note Certificate Agreement between the Trustee and the Depository, dated as of April 1993 (the "Certificate Agreement"), and its obligations as a participant in the Depository, including the Depository's Same-Day Funds Settlement System ("SDFS").

Posting Rates by the Company:

The Company and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Book-Entry Securities that may be sold as a result of the solicitation of offers by an Agent. The Company may establish a fixed set of interest rates and maturities for an offering period ("posting"). If the Company decides to change already posted rates it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by the Company:

Each Agent will promptly advise the Company by telephone or other appropriate means of all reasonable offers to purchase Securities other than those rejected by such Agent.



Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Company to purchase Book-Entry Securities as a Purchasing Agent. The Company will have the sole right to accept offers to purchase Book-Entry Securities and may reject any such offer in whole or in part.

The Company will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Book-Entry Securities. If the Company accepts an offer to purchase Book-Entry Securities it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Sale Information to the Company by Selling Agent and Settlement Procedures:

A. After the acceptance of an offer by the Company, the Selling Agent or Purchasing Agent, as the case may be, will communicate promptly, but in no event later than the time set forth under "Settlement Procedure Timetable" below, the following details of the terms of such offer (the "Sale Information") to the Company by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal amount of Book-Entry Securities to be purchased;
- (2) If a Fixed Rate Book-Entry Security the interest rate and initial Interest Payment Date;
- (3) Maturity Date;
- (4) Specified Currency and if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency (it being understood that currently the Depository accepts deposits of Global Securities denominated in U.S. dollars only);
- (5) The Base Rate and the Exchange Rate Determination Date, if applicable;
- (6) Issue Price;
- (7) Selling Agent's commission or Purchasing Agent's discount or commission, as the case may be;
- (8) Net Proceeds to the Company;
- (9) Settlement Date (as defined below);

- (10) If a redeemable Book-Entry Security, such of the following as are applicable;
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and
  - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (11) If a Floating Rate Book-Entry Security such of the following as are applicable:
  - (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,
  - (iv) Maximum Rate,
  - (v) Minimum Rate,
  - (vi) Initial Interest Rate,
  - (vii) Interest Reset Dates,
  - (viii) Calculation Dates,
  - (ix) Interest Determination Dates,
  - (x) Interest Payment Dates,
  - (xi) Regular Record Dates, and
  - (xii) Calculation Agent;
- (12) Name, address and taxpayer identification number of the registered owner(s);
- (13) Denomination of certificates to be delivered at settlement; and
- (14) Book-Entry Security or Certificated Security.

B. After receiving the Sale Information from the Selling Agent or Purchasing Agent, the Company will communicate such Sale Information to the Trustee by facsimile transmission or other acceptable written means. The Trustee will assign a CUSIP number to the Global Security from a list of CUSIP numbers previously

delivered to the Trustee by the Company representing such Book-Entry Security and then advise the Company and the Selling Agent or Purchasing Agent, as the case may be, of such CUSIP number.

C. The Trustee will enter a pending deposit message through the Depository's Participant Terminal System, providing the following settlement information to the Depository, and the Depository shall forward such information to such Agent and Standard & Poor's Corporation:

- (1) The applicable Sale Information;
- (2) CUSIP number of the Global Security representing such Book-Entry Security;
- (3) Whether such Global Security will represent any other Book-Entry Security (to the extent known at such time);
- (4) Number of the Participant account maintained by the Depository on behalf of the Selling Agent or Purchasing Agent as the case may be;
- (5) The interest payment period; and
- (6) Initial Interest Payment Date for such Book-Entry Security and the number of days by which such date succeeds the record date for the Depository's purposes (which, in the case of Floating Rate Securities which reset weekly shall be the date five calendar days immediately preceding the applicable Interest Payment Date and in the case of all other Book-Entry Securities shall be the Regular Record Date, as defined in the Security) and, if calculable at that time, the amount of interest payable on such Interest Payment Date.

D. The Trustee will complete and authenticate the Global Security previously delivered by the Company representing such Book-Entry Security.

E. The Depository will credit such Book-Entry Security to the Trustee's participant account at the Depository.

F. The Trustee will enter an SDFS deliver order through the Depository's Participant Terminal System instructing the Depository to (i) debit such Book-Entry Security to the Trustee's participant account and credit such Book-Entry Security to such Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Book-Entry Security less such Agent's commission or discount. The entry of such a deliver

order shall constitute a representation and warranty by the Trustee to the Depository that (a) the Global Security representing such Book-Entry Security has been issued and authenticated and (b) the Trustee is holding such Global Security pursuant to the Certificate Agreement.

G. Such Agent will enter an SDFS deliver order through the Depository's Participant Terminal System instructing the Depository (i) to debit such Book-Entry Security to such Agent's participant account and credit such Book-Entry Security to the participant accounts of the Participants with respect to such Book-Entry Security and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Agent for an amount equal to the price of such Book-Entry Security.

H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "F" and "G" will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.

I. Upon confirmation of receipt of funds the Trustee will transfer to the account of the Company maintained at Bank of America National Trust and Savings Association, Los Angeles, California, or such other account as the Company may have previously specified to the Trustee, in funds available for immediate use, the amount transferred to the Trustee in accordance with Settlement Procedure "F".

J. Upon request, the Trustee will send to the Company a statement setting forth the principal amount of Book-Entry Securities outstanding as of that date under the Indenture.

K. Such Agent will confirm the purchase of such Book-Entry Security to the purchaser either by transmitting to the Participants with respect to such Book-Entry Security a confirmation order or orders through the Depository's institutional delivery system or by mailing a written confirmation to such purchaser.

L. The Depository will, at any time upon request of the Company or the Trustee, promptly furnish to the Company or the Trustee a list of the names and addresses of the participants for whom the Depository has credited Book-Entry Securities.

#### Preparation of Pricing Supplement:

If the Company accepts an offer to purchase a Book-Entry Security, it will prepare a Pricing Supplement reflecting the terms of such Book-Entry Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Pricing Supplement, not later than 5:00 p.m., New York City time on the Business Day following

the receipt of the Sale Information, or if the Company and the purchaser agree to settlement on the Business Day following the date of acceptance not later than noon, New York City time, on such date. The Company will arrange to have ten Pricing Supplements filed with the Commission not later than the close of business of the Commission on the fifth Business Day following the date on which such Pricing Supplement is first used.

Delivery of Confirmation and Prospectus to Purchaser by Selling Agent:

The Selling Agent will deliver to the purchaser of a Book-Entry Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) in relation to such Book-Entry Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale or (b) the Book-Entry Security.

Date of Settlement:

The receipt by the Company of immediately available funds in payment for a Book-Entry Security and the authentication and issuance of the Global Security representing such Book-Entry Security shall constitute "settlement" with respect to such Book-Entry Security. All orders accepted by the Company will be settled on the fifth Business Day pursuant to the timetable for settlement set forth below unless the Company and the purchaser agree to settlement on another day which shall be no earlier than the next Business Day.

Settlement Procedure Timetable:

For orders of Book-Entry Securities solicited by an Agent, as agent, and accepted by the Company for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "I" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure - - - - -	Time - - - - -	
A	5:00 p.m.	on the Business Day following the acceptance of an offer by the Company or 10:00 a.m. on the Business Day prior to the settlement date, whichever is earlier
B	12:00 noon	on the sale date

C	2:00 p.m.	on the sale date
D	9:00 a.m.	on settlement date
E	10:00 a.m.	on settlement date
F-G	2:00 p.m.	on settlement date
H	4:45 p.m.	on settlement date
I	5:00 p.m.	on settlement date

If a sale is to be settled more than one Business Day after the sale date, Settlement Procedures "B" and "C" shall be completed as soon as practicable but not later than 2:00 p.m. on the first Business Day after the sale date. If the Initial Interest Rate for a Floating Rate Book-Entry Security has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 2:00 p.m. on the second Business Day before the settlement date. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Book-Entry Security is rescheduled or cancelled, the Trustee, upon obtaining knowledge thereof, will deliver to the Depository, through the Depository's Participation Terminal System, a cancellation message to such effect by no later than 2:00 p.m. on the Business Day immediately preceding the scheduled settlement date.

#### Failure to Settle:

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Security pursuant to Settlement Procedure "F", the Trustee may deliver to the Depository through the Depository's Participant Terminal System as soon as practicable a withdrawal message instructing the Depository to debit such Book-Entry Security to the Trustee's participant account, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Book-Entry Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Securities represented by a Global Security, the Trustee will mark such Global Security "cancelled", make appropriate entries in the Trustee's records and send such cancelled Global Security to the Company. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be cancelled and not immediately reassigned. If a withdrawal message is processed with respect to

one or more, but not all, of the Book-Entry Securities represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Security or Securities and shall be cancelled immediately after issuance and the other of which shall represent the remaining Book-Entry Securities previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Security is not timely paid to the participants with respect to such Book-Entry Security by the beneficial purchaser thereof (or a person, including an indirect participant in the Depository, acting on behalf of such purchaser), such participants and, in turn, the Agent for such Book-Entry Security may enter deliver orders through the Depository's Participant Terminal System debiting such Book-Entry Security to such participant's account and crediting such Book-Entry Security to such Agent's account and then debiting such Book-Entry Security to such Agent's participant account and crediting such Book-Entry Security to the Trustee's participant account and shall notify the Company and the Trustee thereof. Thereafter, the Trustee will (i) immediately notify the Company of such order and the Company shall transfer to such Agent funds available for immediate use in an amount equal to the price of such Book-Entry Security which was credited to the account of the Company maintained at the Trustee in accordance with Settlement Procedure I, and (ii) deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Company will reimburse such Agent on an equitable basis for the loss of its use of funds during the period when the funds were credited to the account of the Company.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Security, the Depository may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Securities to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement Procedure "D" for the authentication and issuance of a Global Security representing the other Book-Entry Securities to have been represented by such Global Security and will make appropriate entries in its records. The Company will, from time to time, furnish the Trustee with a sufficient quantity of Securities.

## ACCOUNTANTS' LETTER

Pursuant to Section 4(j) and Section 6(d), as the case may be, of the Distribution Agreement, the Company's independent certified public accountants shall furnish letters to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(ii) In their opinion, the financial statements and any supplementary financial information and schedules examined by them and included or incorporated by reference in the Registration Statement or the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act or the Exchange Act, as applicable, and the related published rules and regulations thereunder; and, if applicable, they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the consolidated interim financial statements, selected financial data, pro forma financial information and/or condensed financial statements derived from audited financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been furnished to the Agents;

(iii) The unaudited selected financial information with respect to the consolidated results of operations and financial position of the Company for the five most recent fiscal years included or incorporated by reference in the Prospectus and included or incorporated by reference in Item 6 of the Company's Annual Report on Form 10-K for the most recent fiscal year agrees with the corresponding amounts (after restatement where applicable) in the audited consolidated financial statements for the five such fiscal years which were included or incorporated by reference in the Company's Annual Reports on Form 10-K for such fiscal years;

(iv) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest



available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since the date of the latest audited financial statements included or incorporated by reference in the Prospectus, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters, the performance of procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS No. 71, Interim Financial Information and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included or incorporated by reference in the Company's Quarterly Reports on Form 10-Q incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act as it applies to Form 10-Q and the related published rules and regulations thereunder or that any material modifications should be made thereto for such unaudited condensed consolidated financial statements to be in conformity with generally accepted accounting principles;

(B) any other unaudited income statement data and balance sheet items included in the Prospectus do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included or incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(C) the unaudited financial statements which were not included in the Prospectus but from which were derived the unaudited condensed financial statements referred to in Clause (A) and any unaudited income statement data and balance sheet items included in the Prospectus and referred to in Clause (B) were not determined on a basis substantially consistent with the basis for the audited financial statements included or

incorporated by reference in the Company's Annual Report on Form 10-K for the most recent fiscal year;

(D) any unaudited pro forma consolidated condensed financial statements included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and stock appreciation rights, upon earn-outs of performance shares and upon conversions of convertible securities, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in the consolidated long-term debt of the Company and its subsidiaries, or any decreases in consolidated stockholders' equity or other items specified by the Agents, or any increases in any items specified by the Agents, in each case as compared with amounts shown in the latest balance sheet included or incorporated by reference in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included or incorporated by reference in the Prospectus to the specified date referred to in Clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Agents, or any increases in any items specified by the Agents, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Agents, except in each case for increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(v) In addition to the examination referred to in their report(s) included or incorporated by reference in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) and (iv) above, they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Agents which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Prospectus (excluding documents incorporated by reference), or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Agents or in documents incorporated by reference in the Prospectus specified by the Agents, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.

All references in this Annex III to the Prospectus shall be deemed to refer to the Prospectus (including the documents incorporated by reference therein) as defined in the Distribution Agreement as of the Commencement Date referred to in Section 6(d) thereof and to the Prospectus as amended or supplemented (including the documents incorporated by reference therein) as of the date of the amendment, supplement, incorporation or the Time of Delivery relating to the Terms Agreement requiring the delivery of such letter under Section 4(j) thereof.

AVERY DENNISON CORPORATION  
OFFICERS' CERTIFICATE  
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Each of the undersigned hereby certifies, pursuant to Sections 102, 201 and 301 of the Indenture, dated as of March 15, 1991, between Avery Dennison Corporation, a Delaware corporation (the "Company"), and Security Pacific National Bank, as Trustee, as amended by a First Supplemental Indenture, dated as of March 16, 1993, between the Company and BankAmerica National Trust Company, as successor Trustee (the "Trustee") (collectively, the "Indenture"), as set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

A. There is hereby established pursuant to resolutions duly adopted by the Board of Directors of the Company on February 24, 1994 (copies of such resolutions are delivered herewith), a series of Securities to be issued under the Indenture, which shall have the following terms:

1. The title of the Securities of the series is "Medium-Term Notes, Series B" (the "Notes").

2. The limit upon the aggregate principal amount of the Notes which may be authenticated and delivered under the Indenture (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Sections 304, 305, 306, 906 or 1107 of the Indenture) is \$100,000,000.

3. The Notes may be issued in the form of one or more Global Securities or in definitive form as determined from time to time by any of the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer or the Senior Vice President, Finance and Chief Financial Officer of the Company (each, a "Designated Person"). The Depository Trust Company shall be the initial Depository with respect to any of the Notes issued as Global Securities.

4. Interest payable at Maturity shall be payable to the Person to whom principal is payable.

5. The date on which the principal of each of the Notes is payable shall be any day from nine months to thirty years from the date of issuance as determined by a Designated Person.

6. The rate at which each of the Notes shall bear interest shall be established by a Designated Person, and may be either a fixed interest rate (hereinafter, a "Fixed Rate Note") or may vary from time to time in accordance with one of the interest rate formulas (hereinafter, a "Floating Rate Note"), i.e. either the "Commercial Paper Rate," "LIBOR,"

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the "CD Rate," the "Federal Funds Rate," the "Treasury Rate," the "Prime Rate" or any other formula established by a Designated Person as more fully described in the forms of Notes included as Exhibit A hereto (collectively, "Exhibit A").

7. The date from which interest shall accrue for each Note shall be the respective date of issuance of each of the Notes, unless otherwise determined by a Designated Person or as set forth in Exhibit A hereto.

8. The Interest Payment Dates for Fixed Rate Notes shall be July 15 and January 15 unless otherwise determined by a Designated Person. The Regular Record Dates for the payment of interest on Fixed Rate Notes shall be July 1 and January 1 unless otherwise determined by a Designated Person. The Interest Payment Dates and Regular Record Dates for Floating Rate Notes shall be as set forth in Exhibit A hereto and as determined by a Designated Person.

9. Interest on the Fixed Rate Notes shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Floating Rate Notes shall be computed on the basis set forth in Exhibit A hereto.

10. Payments of principal, premium, if any, and interest on any Note issued as Global Securities and any Note issued in definitive form shall be made as set forth in Exhibit A hereto or as determined by a Designated Person.

11. Unless otherwise established by a Designated Person, the Notes will not be redeemable at the option of the Company. If a Designated Person determines that a Note shall be redeemable at the option of the Company, the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which, any Note may be redeemed, in whole or in part, at the option of the Company shall be established by a Designated Person and include the provisions set forth in Exhibit A hereto.

12. Unless otherwise established by a Designated Person, the Company shall have no obligation to repay, redeem or purchase any Note pursuant to any sinking fund or analogous provisions or at the option of a holder thereof.

If any such obligation is established with respect to any Note by a Designated Person, the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which each such Note shall be repaid, redeemed or purchased, in whole or in part, pursuant to such obligation, shall be established by a Designated Person and include the provisions set forth in Exhibit A hereto.

13. The denominations in which the Notes shall be issuable are \$100,000 or any amount in excess thereof which is an integral multiple of \$1,000. The authorized denominations of any Note denominated in other than U.S. dollars will be the amount of the Specified Currency (as defined below) for such Note equivalent, at the noon buying rate for cable transfers in The City of New York for such Specified Currency (the "Exchange Rate") on the first Business Day next preceding the date on which the Company accepts the offer to purchase such Note, to U.S. \$100,000 (rounded down to an integral multiple of 10,000 units of such Specified Currency) and any greater amount that is an integral multiple of 10,000 units of such Specified Currency.

14. The currency or currencies in which payment of the principal of, any premium on, or any interest on each of the Notes shall be payable if other than U.S. dollars shall be any one or more foreign or composite currencies (such as the European Currency Unit or "ECUs") as established by a Designated Person (the "Specified Currency").

15. Whether the principal of or any premium or interest on each Note is to be payable, at the election of the Company or a holder thereof, in a Specified Currency or Specified Currencies, other than that or those in which the Note is stated to be payable, the Specified Currency or Specified Currencies in which payment of the principal of or any premium or interest on each Note as to which such election is made shall be payable, and the period or periods within which and the terms and conditions upon which such election is to be made shall be as set forth in Exhibit A hereto or as established by a Designated Person.

16. "Business Day," when used with respect to any Place of Payment (as defined below), shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not (i) a day on which banking institutions in the Place of Payment are authorized or obligated by law or executive order to close, and (ii) if the Note is denominated in a Specified Currency, not a day on which banking institutions are authorized or obligated by law or executive order to close

in the principal financial center of the country issuing the Specified Currency (which in the case of European Currency Units ("ECUs") shall be Brussels, in which case "Business Day" shall not include any day that is a non-ECU clearing day as determined by the ECU Banking Association in Paris). Unless otherwise determined by a Designated Person, "London Business Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

17. The places where the principal of (and premium, if any) and interest on the Notes are payable shall be the corporate trust office of the Trustee in the Borough of Manhattan, The City of New York or such other location as specified by a Designated Person (each a "Place of Payment").

18. The Notes may be issued at various times, with different terms as established by a Designated Person, including without limitation, different dates on which the principal or any installment of principal is payable, with different rates of interest or different methods by which rates of interest may be determined, with different dates on which such interest may be payable, with different redemption or payment dates and may be denominated in different currencies or payable in different currencies, or with payments of principal of or any premium or interest on any of the Notes determined by reference to an index, formula or other method or methods.

19. The terms of the Notes include the provisions of Exhibit A hereto, which is hereby incorporated by reference herein.

B. The forms of certificates evidencing the Fixed Rate Notes and Floating Rate Notes included in Exhibit A are hereby duly approved.

C. The appointment of the Trustee as a Paying Agent of the Company under the Indenture, as Calculation Agent and Exchange Rate Agent in connection with the Notes is hereby duly approved.

D. The undersigned, by execution of this Officers' Certificate, hereby certify that the execution of this Officers' Certificate was duly approved by the Board of Directors of the Company and attached hereto as Exhibit B is a true and correct copy of the resolutions adopted by the Board of Directors of the Company on February 24, 1994 with respect thereto (the "Board Resolutions").

E. Each of the undersigned has read the provisions of Section 301 of the Indenture and the definitions relating thereto and the Board Resolutions. In the opinion of each of the undersigned, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to

whether or not all conditions precedent provided in the Indenture relating to the establishment of a series of Securities under the Indenture, designated as the Medium-Term Notes in this Officers' Certificate, have been complied with. In the opinion of each of the undersigned, all such conditions precedent have been complied with.

F. This Officers' Certificate shall constitute evidence of, and shall be, action by the undersigned as officers designated in the Board Resolutions to determine and establish the specific terms of the Notes.



IN WITNESS WHEREOF, the undersigned have hereunto executed this Officers' Certificate as of the 29th day of March, 1994.

By /s/ R. GREGORY JENKINS

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R. Gregory Jenkins Senior Vice  
President, Finance and Chief Financial  
Officer

By /s/ WAYNE H. SMITH

\_\_\_\_\_  
Wayne H. Smith Vice President and  
Treasurer

CUSIP NO.

PRINCIPAL AMOUNT:

REGISTERED NOTE NO.

\$ \_\_\_\_\_

AVERY DENNISON CORPORATION  
MEDIUM-TERM NOTES, SERIES B  
(FIXED RATE NOTE)  
DUE FROM NINE MONTHS TO 30 YEARS FROM DATE OF ISSUE

This Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee of a Depository. This Global Note is exchangeable for Notes registered in the name of a Person other than the Depository or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in such limited circumstances.

Unless this certificate is presented by an authorized representative of the Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ORIGINAL ISSUE DATE:

MATURITY DATE:

PRINCIPAL AMOUNT:

SPECIFIED CURRENCY:  
(if other than U.S. dollars)

AUTHORIZED DENOMINATIONS:  
(if Specified Currency is other than U.S. dollars)

EXCHANGE RATE AGENT:  
(if Specified Currency is other than U.S. dollars)

DEPOSITARY:  
(if Note is a Global Note)

DATE ON OR AFTER WHICH THIS  
NOTE IS REDEEMABLE AT THE  
OPTION OF THE COMPANY:

INITIAL REDEMPTION %:

ANNUAL REDEMPTION % REDUCTION:

INTEREST RATE PER ANNUM:

REGULAR RECORD DATES:

INTEREST PAYMENT DATES:

DATE ON OR AFTER WHICH THIS  
NOTE IS REPAYABLE AT THE  
OPTION OF THE HOLDER:

INITIAL REPAYMENT %:

ANNUAL REPAYMENT % REDUCTION:

SINKING FUND:

EVERY DENNISON CORPORATION, a Delaware corporation (the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the face hereof at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, on the maturity date shown above, or if such date is not a Business Day (as defined below), the next succeeding Business Day (the "Maturity Date"), in such coin or currency specified above (a "Specified Currency") as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on said principal sum at said offices or agencies, at the rate per annum (computed on the basis of a 360-day year of twelve 30-day months) shown above, in like Specified Currency, semi-annually on each Interest Payment Date set forth above from and after the date of this Note and on the Maturity Date or date of redemption or repayment, if any, until payment of said principal sum has been made or duly provided, provided, however, that the Company will

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make such payments in respect of non-U.S. dollar denominated Notes in the Specified Currency indicated above in amounts determined as set forth on the reverse hereof; provided, however, that payments of principal (and premium, if

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any) and interest on Notes denominated in other than U.S. dollars will nevertheless be made in U.S. dollars (i) at the election of the holder as provided herein and (ii) at the election of the Company in the case of the imposition of exchange controls or other circumstances beyond the control of the Company as provided herein. Unless this Note is a Note which has been issued upon transfer of, in exchange for, or in replacement of a predecessor Note, interest on this Note shall accrue from the Interest Payment Date next preceding the date of this Note to which interest has been paid, unless the date hereof is an Interest Payment Date to which interest has been paid, in which case from the date of this Note, or unless no interest has been paid on this Note, in which case from the Original Issue Date indicated above. If this Note has been issued upon transfer of, in exchange for, or in replacement of a predecessor Note, interest on this Note shall accrue from the last Interest Payment Date to which interest was paid on such predecessor Note or, if no interest was paid on such predecessor Note, from the Original Issue Date indicated above. Each payment of interest in respect of an Interest Payment Date will include interest accrued to but excluding such Interest Payment Date. The first payment of interest on a Note originally issued and dated between a Regular Record Date (as defined below) and an Interest Payment Date will be due and payable on the Interest Payment Date following the next succeeding Regular Record Date to the registered owner on such next succeeding Regular Record Date. Subject to certain exceptions provided in the Indenture referred to on the reverse hereof, the interest so payable on any Interest Payment Date will be paid to the person in whose name this Note is registered at the close of business on the July 1 or January 1 immediately preceding such Interest Payment Date or on such other Regular Record Date indicated on the face hereof prior to such Interest Payment Date, whether or not a Business Day (each such date a "Regular Record Date"), and interest payable on the Maturity Date or upon redemption or repayment will be paid to the person to whom said principal sum is payable.

Payment of interest on this Note due on any Interest Payment Date (other than interest on this Note due to the holder hereof on the Maturity Date or a redemption or repayment date, if any) to be made in U.S. dollars will be paid by check mailed by first class mail to the person entitled thereto at his last address as it appears on the Security Register or by wire transfer of immediately available funds to a designated account maintained in the United States upon receipt by the Trustee of written instructions not later than the Regular Record Date for the related Interest Payment Date by the registered holder of this Note. Such instructions shall remain in effect with respect to payments of interest made on subsequent Interest Payment Dates unless revoked or changed by written instructions received by the Trustee from such holder,

provided that any such written revocation or change which is received by the

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Trustee after a Regular Record Date and before the related Interest Payment Date shall not be effective with respect to the interest payable on such Interest Payment Date. Payment of the principal of, premium, if any, and interest, if any, on this Note due to the holder hereof on the Maturity Date or upon earlier redemption or repayment to be made in U.S. dollars will be paid, in immediately available funds, upon surrender of this Note at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York; provided that this Note is surrendered to the paying agent appointed under

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the Indenture (the "Paying Agent") in time for the Paying Agent to make such payment in accordance with its normal procedures.

Payments of interest to be made in a Specified Currency other than U.S. dollars (other than interest on this Note due to the holder hereof on the Maturity Date or date of redemption or repayment, if any) will be paid by wire

transfer of immediately available funds to a designated account maintained with a bank in the country issuing the Specified Currency, or if this Note is denominated in European Currency Units ("ECUs"), to an ECU account, or other jurisdiction acceptable to the Company and the Trustee as shall have been designated at least five Business Days prior to the Interest Payment Date by the registered holder of this Note on the relevant Regular Record Date. Payment in a Specified Currency, other than U.S. dollars of the principal of, and premium, if any, and interest on this Note due to the holder hereof on the Maturity Date or upon any earlier redemption or repayment will be made by wire transfer of immediately available funds to a designated account maintained with a bank in the country issuing the Specified Currency, or if this Note is denominated in ECUs, to an ECU account, or other jurisdiction acceptable to the Company and the Trustee as shall have been designated at least five Business Days prior to the Maturity Date or the redemption or repayment date, as the case may be, by the registered holder of this Note on the Maturity Date or the redemption or repayment date, as the case may be, provided that this Note is presented for surrender to the Paying Agent in time for the Paying Agent to make such payment in such funds in accordance with its normal procedures. Such designation for wire transfer purposes shall be made by filing the appropriate information with the Trustee at its corporate trust office or agency in the Borough of Manhattan, The City of New York and, unless revoked by written notice to the Trustee received by the Trustee on or prior to the date five Business Days prior to the applicable Interest Payment Date, Maturity Date or date of redemption or repayment, as the case may be, any such designation shall remain in effect with respect to any further payments with respect to this Note payable to such holder. If a payment of principal, premium, if any, and interest to be made in a Specified Currency other than U.S. dollars cannot be made by wire transfer because the required designation has not been received by the Trustee on or before the requisite date or for any other reason, a notice will be mailed to the holder at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Trustee's receipt of such a designation, such payment will be made within five Business Days of such receipt. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but any tax,

assessment or governmental charge imposed upon payments will be borne by the holder or holders of this Note in respect of which payments are made.

The holder of any Note denominated in a Specified Currency other than U.S. dollars may elect to receive payments of principal, premium, if any, or interest in U.S. dollars by transmitting a written request for such payment to the Trustee at its corporate trust office or agency in the Borough of Manhattan, The City of New York on or prior to the Regular Record Date immediately preceding any Interest Payment Date or the date fifteen calendar days prior to the Maturity Date or date of redemption or repayment, if applicable. Such request may be in writing (mailed or hand delivered) or by cable or telex or, if promptly confirmed in writing, by other form of facsimile transmission. Any such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the Regular Record Date for the applicable Interest Payment Date or the date fifteen calendar days prior to the Maturity Date or applicable date of redemption or repayment.

If the principal of (and premium, if any) or interest on this Note is payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the holder of this Note by making payment in U.S. dollars as provided herein.

Any payment on this Note due on any day which is not a Business Day (as defined below) need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the due date and no interest shall accrue for the period from and after such date.

THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

"Business Day" shall mean, as used herein with respect to any particular location, each Monday, Tuesday, Wednesday, Thursday and Friday which is (a) not a day on which banking institutions in a Place of Payment (as defined in the Indenture) generally are authorized or obligated by law or executive order to close and (b) in the event that this Note is denominated in a Specified Currency other than U.S. dollars, not a day on which banking institutions in the principal financial center of the country issuing the Specified Currency are authorized or obligated by law or executive order to close (or, if this Note is denominated in European Currency Units ("ECUs"), in Brussels, in which case "Business Day" shall not include any day that is a non-ECU clearing day as determined by the ECU Banking Association in Paris).

Additional provisions of this Note are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by an authorized signatory of the Trustee under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, AVERY DENNISON CORPORATION has caused this instrument to be signed manually or by facsimile by its duly authorized officers, and has caused a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION      AVERY DENNISON CORPORATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture

By:

Chairman and Chief  
Executive Officer

BANKAMERICA NATIONAL TRUST COMPANY,  
as Trustee,

By:

Attest:

Authorized Signatory

Secretary

or

BANKAMERICA NATIONAL TRUST COMPANY,  
as Authenticating Agent

By:

Authorized Signatory

AVERY DENNISON CORPORATION

MEDIUM-TERM NOTES, SERIES B  
(FIXED RATE NOTE)  
DUE FROM NINE MONTHS TO 30 YEARS FROM DATE OF ISSUE

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (hereinafter called the "Securities"), all issued or to be issued under and pursuant to an Indenture dated as of March 15, 1991, duly executed and delivered by the Company to Security Pacific National Bank, as trustee, as amended by a First Supplemental Indenture, dated as of March 16, 1993, duly executed and delivered by the Company to BankAmerica National Trust Company, as successor trustee (such Indenture as amended by such First Supplemental Indenture being hereinafter called the "Indenture" and such successor trustee being hereinafter called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, duties and immunities thereunder of the Trustee and the rights thereunder of the holders of the Securities. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking or analogous funds, if any, may be subject to different covenants and events of default, and may otherwise vary as provided or permitted in the Indenture. This Note is one of a series of the Securities designated as the Medium-Term Notes, Series B (the "Notes") of the Company. The Notes may mature at different times, bear interest at different rates, be redeemable at different times or not at all, be repayable at the option of the holder at different times or not at all, be denominated in different currencies and otherwise vary as provided or permitted in the Indenture. Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

If this Note is denominated in a Specified Currency other than U.S. dollars, any U.S. dollar amount to be received by a holder of this Note who elects to receive payments in U.S. dollars will be based on the highest bid quotation (rounded to the nearest cent, with one-half cent rounded up) in The City of New York received by the Exchange Rate Agent (as specified on the face hereof) as of 11:00 A.M., New York City time, on the second Business Day next preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Notes electing to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available on the second Business Day preceding the date of a payment, such payment will be made in the Specified Currency. All currency exchange costs associated with any payments in U.S. dollars will be borne by the holder hereof by deductions from such payments.

If the principal, premium, if any, or interest on this Note is payable in a Specified Currency other than U.S. dollars and, due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Specified Currency is not available at the time of any scheduled payment of principal, premium, if any, or interest to be made in the Specified Currency, then the Company shall be entitled to satisfy its obligations hereunder by making such payment in U.S. dollars. Any such payment shall be made on the basis of the most recently available noon buying rate for cable transfers in The City of New York for such Specified Currency. Any payment under such circumstances in U.S. dollars where required payment is in a Specified Currency will not constitute a default under the Indenture.

In case an Event of Default, as defined in the Indenture, with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, immediately due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Securities of each series issued under the Indenture which are affected thereby, at the time outstanding, as provided in the Indenture, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any indenture supplemental thereto or modifying in any manner the rights of the

holders of the Securities of such series provided, however, that no such

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supplemental indenture shall, among other things, (i) change the fixed maturity of any Security, or reduce the principal amount thereof, or reduce the rate or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation, or change the currency in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity Date without the consent of the holder of each such Security so affected, or (ii) reduce the aforesaid percentage of Securities of any series, the consent of the holders of which is required for any such supplemental indenture or the consent of whose holders is required for any waiver provided for in the Indenture, without the consent of the holders of all Securities affected then outstanding. The Indenture also contains provisions permitting the holders of at least a majority in aggregate principal amount of the Securities of any series then outstanding to waive compliance by the Company with certain provisions of the Indenture with respect to such series and certain past defaults under the Indenture with respect to such series and their consequences, except in each case a failure to pay principal or premium, if any, or interest on such Securities of such series. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and



binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued upon the registration of transfer hereof or in exchange or substitution therefor, irrespective of whether or not any notation thereof is made upon this Note or other such Notes.

If so provided on the face of this Note, this Note may be redeemed by the Company on any Business Day on or after the "Date on or After Which the Note is Redeemable at the Option of the Company" as specified on the face hereof. On and after such date, if any, this Note may be redeemed in whole or in part, at the option of the Company, in increments of \$1,000 or, in the case of non-U.S. dollar denominated Notes, in an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination) provided that the remaining principal amount of any Note partially redeemed shall be at least \$100,000 or, in the case of non-U.S. dollar denominated Notes, the minimum Authorized Denomination referred to on the face hereof. The redemption price shall equal the product of the principal amount of this Note to be redeemed multiplied by the Redemption Percentage, plus accrued interest, if any, to the date of redemption. The Redemption Percentage shall initially equal the Initial Redemption Percentage specified on the face of this Note, and shall decline at each anniversary of the "Date on or After Which this Note is Redeemable at the Option of Company by the amount of the Annual Redemption Percentage Reduction specified on the face of this Note, until the Redemption Percentage is equal to 100%.

If so provided on the face of this Note, this Note will be repayable at the option of the holder in whole or in part in increments of \$1,000 or, in the case of non-U.S. dollar denominated Notes, in an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination) provided that the remaining principal amount of any Note surrendered for partial repayment shall be at least \$100,000 or, in the case of non-U.S. dollar denominated Notes, the minimum Authorized Denomination referred to on the face hereof, on any Business Day on or after the "Date on or After Which this Note is Repayable at the Option of the Holder" (as stated on the face hereof). The repurchase price shall equal the product of the principal amount of this Note to be repurchased multiplied by the Repayment Percentage, plus accrued interest, if any, to the repayment date. The Repayment Percentage shall initially equal the Initial Repayment Percentage specified on the face of this Note, and shall decline at each anniversary of the "Date on or After Which this Note is Repayable at the Option of the Holder" by the amount of the Annual Repayment Percentage Reduction specified on the face of this Note, until the Repayment Percentage is equal to 100%. In order for the holder to exercise its option to cause the Company to repurchase all or any portion of this Note, the Company must receive at the applicable address of the Trustee set forth below or at such other place or places of which the Company shall from time to time notify the holder of this Note, on or before the fifteenth, but not earlier than the twenty-fifth calendar day, or, if such day is not a Business Day, the next succeeding Business Day, prior to the repayment date, either (i) this Note, with the form below entitled "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission, or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States of America setting forth (a) the name, address and telephone number of the holder of this Note, (b) the principal amount of this Note and the amount of this Note to be repaid, (c) a statement that the option to elect repayment is being exercised thereby, and (d) a guarantee stating that the Company will receive this Note, with the form below entitled "Option to Elect Repayment" duly completed, not later than five Business Days after the date of such telegram, telex, facsimile transmission or letter (and this Note and form duly completed are received by the Company by such fifth Business Day). Any such election shall be irrevocable. The address to which such deliveries are to be made is BankAmerica National Trust Company, Attention: Domestic Corporate Trust Administration, One World Trade Center, New York, New York 10048 (or, at such other places as the Company shall notify the holders of the Notes). All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Company, whose determination will be final and binding.

The Notes are issuable in global or definitive form without coupons in Authorized Denominations of \$100,000 and integral multiples of \$1,000 in excess thereof or, if the Specified Currency is other than U.S. dollars, in the denominations indicated on the face hereof. Upon due presentment for registration of transfer of this Note at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, a new Note or Notes in authorized denominations in the Specified Currency for an equal aggregate principal amount and like interest rate and maturity will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture and to the limitations described below if applicable,

without charge except for any tax or other governmental charge imposed in connection therewith.

This Note is exchangeable only if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for this Global Note or if at any time the Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor Depositary is not appointed within the time specified in the Indenture, or (ii) the Company in its sole discretion determines that all Global Notes of the same series as this Note shall be exchangeable for definitive Notes of differing denominations aggregating a like amount in registered form. If this Note is exchangeable pursuant to the preceding sentence, it shall be exchangeable for definitive Notes of differing denominations aggregating a like amount in registered form in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, bearing interest at the same rate or pursuant to the same formula, having the same date of issuance, redemption provisions, if any, Specified Currency, Maturity Date and other terms.

The Depositary will not sell, assign, transfer or otherwise convey any beneficial interest in this Note unless such beneficial interest is in an amount equal to \$100,000 or an integral multiple of \$1,000 in excess thereof or, if this Note is denominated in a currency other than U.S. dollars, an Authorized Denomination indicated on the face hereof. The Depositary, by accepting this Note, agrees to be bound by such provision.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the places, at the respective times, at the rate and in the currency herein prescribed.

The Company, the Trustee and their respective agents may deem and treat the registered holder hereof as the absolute owner of this Note at such holder's address as it appears on the Security Register as kept by the Trustee or duly authorized agent of the Company (whether or not this Note shall be overdue), for the purpose of receiving payment of or on account hereof and for all other purposes, and neither the Company nor the Trustee nor any of their respective agents shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder, shall, to the extent of the sum or sums paid, satisfy and discharge liability for moneys payable on this Note. Notwithstanding the foregoing, if this Note is a Global Note, the Company, the Trustee and their respective agents shall treat a person as the holder of such principal amount of Notes as shall be represented by a Global Note as shall be specified in a written statement of the Depository for purposes of obtaining any consents or directions required to be given by holders of Securities pursuant to the Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto or any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such personal liability of every such incorporator, stockholder, officer and director, as such, being expressly waived and released by the acceptance hereof and as a condition of and as part of the consideration for the issuance of this Note.

This Note shall be governed by and construed in accordance with the laws of the State of California.

OPTION TO ELECT REPAYMENT

TO BE COMPLETED ONLY IF THIS NOTE IS REPAYABLE  
AT THE OPTION OF THE HOLDER AND THE HOLDER  
ELECTS TO EXERCISE SUCH RIGHT

The undersigned hereby irrevocably requests and instructs the Company to repay the within Note (or portion thereof specified below) pursuant to its terms at a price equal to the principal amount thereof, together with interest to the repayment date, to the undersigned, at \_\_\_\_\_

(please print or typewrite name and address of the undersigned).

For this Note to be repaid the Company must receive at the applicable address of the Trustee set forth in the within Note or at such other place or places of which the Company shall from time to time notify the holder of the within Note, on or before the fifteenth, but not earlier than the twenty-fifth, calendar day, or, if such day is not a Business Day, the next succeeding Business Day, prior to the repayment date, either (i) the within Note, with this "Option to Elect Repayment" form duly completed, or (ii) a telegram, telex, facsimile transmission, or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States of America setting forth (a) the name, address and telephone number of the holder of the Note, (b) the principal amount of the Note and the amount of the Note to be repaid, (c) a statement that the option to elect repayment is being exercised thereby, and (d) a guarantee stating that the Note and this "Option to Elect Repayment" form duly completed will be received by the Company not later than five Business Days after the date of such telegram, telex, facsimile transmission or letter (and such Note and form duly completed are received by the Company by such fifth Business Day).

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof (which shall be an integral multiple of \$1,000 or, if the Note is denominated in a currency other than U.S. dollars, an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination)) which the holder elects to have repaid: \_\_\_\_\_; and specify the denomination or denominations (which shall be \$100,000 or an integral multiple of \$1,000 in excess thereof or, if the Note is denominated in a currency other than U.S. dollars, an Authorized Denomination) of the Note or Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid): \_\_\_\_\_.

Date: \_\_\_\_\_

NOTICE: The signature to this Option to Elect Repayment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any other change whatsoever.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--as tenants in common	UNIF GIFT MIN ACT--	_____CUSTODIAN_____
TEN ENT	--as tenants by the entireties		(Cust) (Minor)
JT TEN	--as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts to Minors Act	_____
			(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

Please Insert Social Security or Other Identifying Number of Assignee

\_\_\_\_\_  
/ \_\_\_\_\_ / \_\_\_\_\_

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

the within Note of AVERY DENNISON CORPORATION and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

CUSIP NO.  
REGISTERED NOTE NO.

PRINCIPAL AMOUNT:  
\$ \_\_\_\_\_

AVERY DENNISON CORPORATION  
MEDIUM-TERM NOTES, SERIES B  
(FLOATING RATE NOTE)  
DUE FROM NINE MONTHS TO 30 YEARS FROM DATE OF ISSUE

This Note is a Global Note within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. This Global Note is exchangeable for Notes registered in the name of a Person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Note (other than a transfer of this Note as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in such limited circumstances.

Unless this certificate is presented by an authorized representative of The Depositary Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depositary Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ORIGINAL ISSUE DATE:

MATURITY DATE:

ISSUE PRICE:

PRINCIPAL AMOUNT:

SPECIFIED CURRENCY:  
(if other than U.S. dollars)

AUTHORIZED DENOMINATIONS:  
(if Specified Currency is  
other than U.S. dollars)

EXCHANGE RATE AGENT:  
(if Specified Currency is other  
than U.S. dollars)

DEPOSITARY:  
(if Note is Global Note)

DATE ON OR AFTER WHICH THIS  
NOTE IS REDEEMABLE AT THE  
OPTION OF THE COMPANY:

INITIAL REDEMPTION %:

ANNUAL REDEMPTION % REDUCTION:

SINKING FUND:

INITIAL INTEREST RATE:

INTEREST RATE BASIS:

INDEX MATURITY:

SPREAD (+ or -):

SPREAD MULTIPLIER:

MAXIMUM INTEREST RATE:

MINIMUM INTEREST RATE:

CALCULATION AGENT:

REGULAR RECORD DATES:

INTEREST PAYMENT DATES:

INTEREST DETERMINATION DATES:

INTEREST CALCULATION DATES:

INTEREST RATE RESET PERIOD:

INTEREST RESET DATES:

DATE ON OR AFTER WHICH THIS NOTE IS  
REPAYABLE AT THE OPTION OF THE HOLDER:

INITIAL REPAYMENT %:

ANNUAL REPAYMENT % REDUCTION:

AVERY DENNISON CORPORATION, a Delaware corporation (herein called the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the face hereof at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, on the maturity date shown above, or if such date is not a Business Day (as defined herein), the next succeeding Business Day, except that in the event the Interest Rate Basis specified on the face hereof is LIBOR, and if such next succeeding Business Day falls in the next calendar month, on the next preceding Business Day (the "Maturity Date"), in such coin or currency specified above (a "Specified Currency") as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on the Interest Payment Dates specified above, commencing with the first Interest Payment Date specified above following the Original Issue Date specified above, and on the Maturity Date or date of redemption or repayment, if any, on said principal sum at said offices or agencies, in the Specified Currency, at a rate per annum equal to the Initial Interest Rate specified above until the first Interest Reset Date specified above following the Original Issue Date specified above and thereafter at a rate per annum determined in accordance with the provisions on the reverse hereof under the heading "Determination of Interest Rate Per Annum for Commercial Paper Rate Notes," "Determination of Interest Rate Per Annum for Prime Rate Notes," "Determination of Interest Rate Per Annum for LIBOR Notes," "Determination of Interest Rate Per Annum for Treasury Rate Notes," "Determination of Interest Rate Per Annum for CD Rate Notes," or "Determination of Interest Rate Per Annum for Federal Funds Rate Notes," depending upon whether the Interest Rate Basis is Commercial Paper Rate, Prime Rate, LIBOR, Treasury Rate, CD Rate or Federal Funds Rate, as specified above; provided, however, that if any Interest Payment

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Date specified above would otherwise fall on a day that is not a Business Day, such Interest Payment Date will be the next succeeding day that is a Business Day, except that in the event that the Interest Rate Basis for this Note is LIBOR, and if such next succeeding Business Day falls in the next calendar month, such Interest Payment Date will be the next preceding day that is a Business Day; provided, further, that the Company will make such payments in

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respect of non-U.S. dollar denominated Notes in the Specified Currency indicated above in amounts determined as set forth on the reverse hereof; provided,

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however, that payments of principal (and premium, if any) and interest on Notes

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denominated in other than U.S. dollars will nevertheless be made in U.S. dollars (i) at the election of the holder as provided herein and (ii) at the election of the Company in the case of the imposition of exchange controls or other circumstances beyond the control of the Company as provided herein. Interest on this Note shall accrue (a) if the rate at which interest on this Note is payable shall be adjusted monthly, quarterly, semi-annually or annually, as specified above under "Interest Rate Reset Period" and as determined in accordance with the provisions on the reverse hereof, from the Interest Payment Date next preceding the date of this Note to which interest has been paid, unless the date hereof is an Interest Payment Date to which interest has been paid, in which case from the date of this Note, or unless no interest has been paid on this Note, in which case from the Original Issue Date specified above, until payment of said principal sum has been made or duly provided for or (b) if the rate at which interest on this Note is payable shall be adjusted daily or weekly, as specified above under "Interest Rate Reset Period" and as determined in accordance with the provisions on the reverse hereof, from the day following the Regular Record Date (as defined herein) next preceding the date of this Note through which interest has been paid, unless the date hereof is a Regular Record Date through which interest has been paid, in which case from the day after the date of this Note, or unless no interest has been paid on this Note, in which case from the day following the Original Issue Date specified above, until payment of said principal sum has been made or duly provided for. Subject to certain exceptions provided in the Indenture referred to on the reverse hereof, the interest so payable on any Interest Payment Date will be paid to the person in whose name this Note is registered at the close of business on the Regular Record Date next preceding such Interest Payment Date, and interest payable on the Maturity Date or upon earlier redemption or repayment will be paid to the person to whom said principal sum is payable; provided, however, that the first

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payment of interest on a Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date to the registered owner on such next succeeding Regular Record Date. "Regular Record Date" shall mean the fifteenth calendar day prior to any Interest Payment Date, whether or not a Business Day. "Business Day" shall mean: (a) if the Interest Rate Basis for this Note is other than LIBOR, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in a Place of Payment (as defined in the Indenture) generally are authorized or obligated by law or executive order to



close, and in the event that this Note is denominated in a Specified Currency other than U.S. dollars, not a day on which banking institutions are authorized or obligated by law or executive order to close in the principal financial center of the country issuing the Specified Currency (or, if this Note is denominated in European Currency Units ("ECUs"), in Brussels, in which case "Business Day" shall not include any day that is a non-ECU clearing day as determined by the ECU Banking Association in Paris); or (b) if the Interest Rate Basis of this Note is LIBOR, any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

Payment of interest on this Note due on any Interest Payment Date (other than interest on this Note due to the holder hereof on the Maturity Date or a redemption or repayment date, if any) to be made in U.S. dollars will be made by check mailed by first class mail to the person entitled thereto at the holder's last address as it appears in the Security Register or by wire transfer of immediately available funds to a designated account maintained in the United States upon receipt by the Trustee of written instructions not later than the Regular Record Date for the related Interest Payment Date by the registered holder of this Note. Such instructions shall remain in effect with respect to payments of interest made on subsequent Interest Payment Dates unless revoked or changed by written instructions received by the Trustee from such holder,

provided that any such written revocation or change which is received by the

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Trustee after a Regular Record Date and before the related Interest Payment Date shall not be effective with respect to the interest payable on such Interest Payment Date. Payment of the principal of, premium, if any, and interest, if any, on this Note due to the holder hereof on the Maturity Date or upon earlier redemption or repayment to be made in U.S. dollars will be made, in immediately available funds, upon surrender of this Note at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York; provided that this Note is surrendered to the paying agent appointed under

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the Indenture (the "Paying Agent") in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures.

Payments of interest to be made in a Specified Currency other than U.S. dollars (other than interest on this Note due to the holder hereof on the Maturity Date or date of redemption or repayment, if any) will be paid by wire transfer of immediately available funds to a designated account maintained with a bank in the country issuing the Specified Currency, or if this Note is denominated in ECUs, to an ECU account, or other jurisdiction acceptable to the Company and the Trustee as shall have been designated at least five Business Days prior to the Interest Payment Date by the registered holder of this Note on the relevant Regular Record Date. Payment in a Specified Currency other than U.S. dollars of the principal and premium, if any, and interest on this Note due to the holder hereof on the Maturity Date or upon any earlier redemption or repayment will be made by wire transfer of immediately available funds to a designated account maintained with a bank in the country issuing the Specified Currency, or if this Note is denominated in ECUs, to an ECU account, or other jurisdiction acceptable to the Company and the Trustee as shall have been designated at least five Business Days prior to the Maturity Date or the redemption or repayment date, as the case may be, by the registered holder of this Note on the Maturity Date or the redemption or repayment date, as the case may be, provided that this Note is presented for surrender to the Paying Agent in time for the Paying Agent to make such payment in such funds in accordance with its normal procedures. Such designation for wire transfer purposes shall be made by filing the appropriate information with the Trustee at its corporate trust office or agency in the Borough of Manhattan, The City of New York and, unless revoked by written notice to the Trustee received by the Trustee on or prior to the date five Business Days prior to the applicable Interest Payment Date, Maturity Date or date of redemption or repayment, as the case may be, such designation shall remain in effect with respect to any further payments with respect to this Note payable to such holder. If a payment of principal, premium, if any, and interest to be made in a Specified Currency other than U.S. dollars cannot be made by wire transfer because the required designation has not been received by the Trustee on or before the requisite date or for any other reason, a notice will be mailed to the holder at its registered address requesting a designation pursuant to which such wire transfer can be made and, upon the Trustee's receipt of such a designation, such payment will be made within five Business Days of such receipt. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holder or holders of this Note in respect of which payments are made.

The holder of any Note denominated in a Specified Currency other than U.S. dollars may elect to receive payments of principal, premium, if any, or interest in U.S. dollars by transmitting a written request for such payment to the Trustee at its corporate trust office in the Borough of Manhattan, The City of New York on or prior to the Regular Record Date immediately preceding any Interest Payment Date or the date fifteen calendar days prior to the Maturity Date or date of redemption or repayment, if applicable. Such request may be in writing (mailed or hand delivered) or by cable or telex or, if promptly confirmed in writing, by other form of facsimile transmission. Any such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the Regular Record Date for the applicable Interest Payment Date or the date fifteen calendar days prior to the Maturity Date or applicable date of redemption or repayment.

If the principal of (and premium, if any) or interest on this Note is payable in a Specified Currency other than U.S. dollars and such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the holder of this Note by making payment in U.S. dollars as provided herein.

Any payment on this Note due on any day which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day (or if the Interest Rate Basis specified on the face hereof is LIBOR and if such next succeeding Business Day falls in the next calendar month, the next preceding Business Day) with the same force and effect as if made on the due date and if paid on the next succeeding Business Day no interest shall accrue for the period from and after such date.

THE GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

Additional provisions of this Note are contained on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by an authorized signatory of the Trustee or its duly authorized agent under the Indenture referred to on the reverse hereof.

IN WITNESS WHEREOF, AVERY DENNISON CORPORATION, has caused this instrument to be signed manually or by facsimile by its duly authorized officers, and has caused a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION      AVERY DENNISON CORPORATION

This is one of the Securities  
of the series designated herein  
referred to in the within-  
mentioned Indenture

By:

Chairman and Chief  
Executive Officer

BANKAMERICA NATIONAL TRUST COMPANY,  
as Trustee,

By:

Attest:

Authorized Signatory

Secretary

or

BANKAMERICA NATIONAL TRUST COMPANY,  
as Authenticating Agent

By:

Authorized Signatory

[REVERSE]

AVERY DENNISON CORPORATION

MEDIUM-TERM NOTES, SERIES B  
(FLOATING RATE NOTE)  
DUE FROM NINE MONTHS TO 30 YEARS FROM DATE OF ISSUE

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Company (hereinafter called the "Securities"), all issued or to be issued under and pursuant to an Indenture dated as of March 15, 1991, duly executed and delivered by the Company to Security Pacific National Bank, as trustee, as amended by a First Supplemental Indenture, dated as of March 16, 1993, duly executed and delivered by the Company to BankAmerica National Trust Company, as successor trustee (such Indenture as amended by such First Supplemental Indenture being hereinafter called the "Indenture" and such successor trustee being hereinafter called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, duties and immunities thereunder of the Trustee and the rights thereunder of the holders of the Securities. As provided in the Indenture, the Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest, if any, at different rates, may be subject to different redemption provisions, if any, may be subject to different sinking or analogous funds, if any, may be subject to different covenants and events of default, and may otherwise vary as provided or permitted in the Indenture. This Note is one of a series of the Securities, designated as the Medium-Term Notes, Series B (the "Notes") of the Company. The Notes may mature at different times, bear interest at different rates, be redeemable at different times or not at all, be repayable at the option of the holder at different times or not at all, be denominated in different currencies and otherwise vary as provided or permitted by the Indenture. Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

The interest rate in effect from the date of issue to the first Interest Reset Date specified on the face hereof shall be the Initial Interest Rate specified on the face hereof. Commencing with the first Interest Reset Date specified on the face hereof following the Original Issue Date specified on the face hereof, the rate at which interest on this Note is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually or otherwise as specified on the face hereof under "Interest Rate Reset Period";

provided, however, that the interest rate in effect hereon for the ten calendar

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days immediately prior to the Maturity Date hereof will be that in effect on the tenth day next preceding such Maturity Date specified on the face hereof. Each such adjusted rate shall be applicable from and including the Interest Reset Date to which it relates to but not including the next succeeding Interest Reset Date or until the Maturity Date, as the case may be.

Determination of Interest Rate Per Annum for Prime Rate Notes. If the  
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Interest Rate Basis specified on the face hereof is Prime Rate, the interest rate per annum determined with respect to any Interest Determination Date specified on the face hereof shall equal the rate, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof, and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward, set forth for the relevant Interest Determination Date in "Statistical Release H.15(519), Selected Interest Rates," published by the Board of Governors of the Federal Reserve System or any successor publication of the Board of Governors of the Federal Reserve System ("Release H.15(519)") under the heading "Bank Prime Loan." In the event that such rate is not published prior to 9:00 A.M., New York City time, on the relevant Interest Calculation Date, then the interest rate per annum with respect to such Interest Determination Date will be determined by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the display designated as page "NYMF" on the Reuters Monitor Money Rates Service (or such other page as may replace the NYMF page on that service for the purpose of displaying prime rates or base lending rates of major United States banks) ("Reuters Screen NYMF Page") as such bank's prime rate or base lending rate as in effect for such Interest Determination Date, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread

Multiplier, if any, set forth on the face hereof, and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward. If fewer than four such rates but more than one such rate appear on the Reuters Screen NYMF Page for the Interest Determination Date, the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Interest Determination Date by four major money center banks in The City of New York selected by the Calculation Agent. If fewer than two such rates appear on the Reuters Screen NYMF Page, the Prime Rate will be determined by the Calculation Agent on the basis of the rates furnished in The City of New York by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States or any State thereof, having total equity capital of at least U.S. \$500,000,000 and being subject to the supervision or examination by Federal or State authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate will be the Prime Rate in effect on such Interest Determination Date.

Determination of Interest Rate Per Annum for LIBOR Notes. If the Interest

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Rate Basis specified on the face hereof is LIBOR, the interest rate per annum determined with respect to any Interest Determination Date specified on the face hereof shall be determined by the Calculation Agent and shall equal either (a) the arithmetic mean of the offered rates for deposits in

U.S. dollars having the specified Index Maturity, commencing on the second Market Day immediately following such Interest Determination Date, that appears on the Reuters Screen LIBO Page (as defined herein) as of 11:00 A.M., London time, on such Interest Determination Date, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"), or (b) the rate for deposits in U.S. dollars having the specified Index Maturity, commencing on the second Market Day immediately following such Interest Determination Date, that appears on the Telerate Page 3750 as of 11:00 A.M., London time, on such Interest Determination Date, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof ("LIBOR Telerate"). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace page LIBO on that service for the purpose of displaying London interbank offered rates of major banks). "Telerate Page 3750" means the display designated as "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). If neither LIBOR Reuters nor LIBOR Telerate is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If at least two such offered rates appear on the Telerate Page 3750, the rate in respect of such Interest Determination Date will be the arithmetic mean of such offered rates as determined by the Calculation Agent. If fewer than two offered rates appear on the Reuters Screen LIBO Page, or if no rate appears on the Telerate Page 3750, as applicable, LIBOR in respect of such Interest Determination Date will be determined as if the parties had specified the rate described in the following paragraph.

On any Interest Determination Date on which fewer than two offered rates appear on the Reuters Screen LIBO Page as specified in (a) above or on which no rate appears on the Telerate Page 3750, as specified in (b) above, as applicable, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market selected by the Calculation Agent (the "Reference Banks") at approximately 11:00 A.M., London time, on such Interest Determination Date to prime banks in the London interbank market, having the specified Index Maturity, commencing on the second Market Day immediately following such Interest Determination Date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such Interest Determination Date will be the arithmetic mean of such quotations, adjusted by the addition or subtraction of the Spread, if any, or the multiplication by the Spread Multiplier, if any, specified on the face hereof. If fewer than two quotations are provided, LIBOR in respect of such Interest Determination Date will be the arithmetic mean of the rates quoted by three major banks in The City of New York selected by the Calculation Agent at approximately 11:00 A.M., New York City time, on such Interest Determination Date for loans in U.S. dollars to leading European banks, having the specified Index Maturity, such loans commencing on the second Market Day immediately following such Interest Determination Date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in such market at such time, adjusted by the addition or subtraction of the Spread, if any, or the multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that

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if the banks in The City of New York selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

Determination of Interest Rate Per Annum for Treasury Rate Notes. If the  
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Interest Rate Basis specified on the face hereof is Treasury Rate, the interest rate per annum determined with respect to any Interest Determination Date specified on the face hereof shall equal the rate for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified on the face hereof as published in Release H.15(519) under the heading "U.S. Government Securities-Treasury Bills-auction average (investment)" or, if not so published by 3:00 P.M., New York City time, on the Interest Calculation Date (as specified on the face hereof) pertaining to such Interest Determination Date, the average rate for the aforementioned auction (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury, in either case, adjusted by the addition or

subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof. In the event that the results of such auction of Treasury bills having the specified Index Maturity are not otherwise reported as provided above by 3:00 P.M., New York City time, on such Interest Calculation Date, or if no such auction is held in a particular week, then the interest rate per annum with respect to such Interest Determination Date shall be calculated by the Calculation Agent and shall be the yield to maturity (expressed as a bond equivalent, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Interest Determination Date, of three primary United States securities dealers selected by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity specified on the face hereof, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that if the dealers selected as aforesaid by the

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Calculation Agent are not quoting as described in this sentence, the interest rate per annum hereon with respect to such Interest Determination Date shall be the interest rate per annum in effect hereon on such Interest Determination Date.

Determination of Interest Rate Per Annum for Commercial Paper Rate Notes.  
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If the Interest Rate Basis specified on the face hereof is Commercial Paper Rate, the interest rate per annum determined with respect to any Interest Reset Date specified on the face hereof shall equal (a) the Money Market Yield (as defined herein) of the rate for the relevant Interest Determination Date for commercial paper having the Index Maturity specified on the face hereof, (i) as such rate is published in Release H.15(519), under the heading "Commercial Paper," or (ii) if such rate is not published by 3:00 P.M., New York City time, on the relevant Interest Calculation Date, the Money Market Yield on such Interest Determination Date of such rate for commercial paper having the specified Index Maturity as published by the Federal Reserve Bank of New York in its daily statistical release, "Composite 3:30 P.M. Quotations for U.S. Government Securities" ("Composite Quotations"), under the heading "Commercial Paper," or (b) if by 3:00 P.M., New York City time, on such Interest Calculation Date, such rate is not published in either H.15(519) or Composite Quotations, the Money Market Yield of the arithmetic mean (calculated to the nearest one hundred-thousandth of a



percentage point, with five one-millionths of a percentage point rounded upward) of the offered rates as of 11:00 A.M., New York City time, on such Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity specified on the face hereof placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized rating agency, in each of the above cases (a) and (b) adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof; provided, however, that

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if such rate is not published in either H.15(519) or Composite Quotations by 3:00 p.m., New York City time, on such Interest Calculation Date and fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as described in (b) above, the interest rate per annum hereon with respect to such Interest Reset Date shall be the interest rate per annum in effect hereon on such Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = 100 \times \frac{360 \times D}{360 - (D \times M)}$$

where "D" refers to the per annum rate for commercial paper, quoted on a bank discount basis and expressed as a decimal calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward; and "M" refers to the actual number of days in the period for which interest is being calculated.

Determination of Interest Rate Per Annum for CD Rate Notes. If the

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Interest Rate Basis specified on the face hereof is CD Rate, the Interest Rate per annum determined with respect to any Interest Determination Date specified on the face hereof shall equal the rate, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward, on such date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in Release H.15(519) under the heading "CDs (Secondary Market)." In the event that such rate is not published by 3:00 P.M., New York City time, on the relevant Interest Calculation Date, then the interest rate per annum shall be the rate on such Interest Determination Date for negotiable certificates of deposit having the specified Index Maturity as published in Composite Quotations under the heading "Certificates of Deposit," adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward. If by 3:00 P.M., New York City time, on such Interest Calculation Date such rate is not published in either Release H.15(519) or Composite Quotations, the interest rate per annum shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates, as of 10:00 A.M., New York City time, on such Interest Determination Date, of three leading non-bank dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent (after consultation with the Company) for negotiable certificates of deposit of major United States money market banks of the highest credit standing (in the market for negotiable certificates of deposit) with a remaining maturity closest to the specified Index Maturity in a denomination of U.S. \$5,000,000, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward; provided, however, that, if the dealers selected as aforesaid by

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the Calculation Agent are not quoting as mentioned in this sentence, the interest rate per annum with respect to such Interest Determination Date will be the interest rate per annum in effect on such Interest Determination Date.

Determination of Interest Rate Per Annum for Federal Funds Rate Notes. If

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the Interest Rate Basis specified on the face hereof is Federal Funds Rate, the interest rate per annum determined with respect to any Interest Determination Date shall be the rate on such date for Federal Funds as published in Release H.15(519) under the heading "Federal Funds (Effective)," adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or

by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward. In the event that such rate is not published prior to 9:00 A.M., New York City time, on the relevant Interest Calculation Date, then the per annum interest rate shall be the rate on such Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate," adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a point rounded upward. If by 9:00 A.M., New York City time, on such Interest Calculation Date such rate is not published in either Release H.15(519) or Composite Quotations, then the per annum interest rate for such Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the rates, as of 9:00 A.M., New York City time, on such Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York selected by the Calculation Agent, adjusted by the addition or subtraction of the Spread, if any, specified on the face hereof, or by multiplication by the Spread Multiplier, if any, specified on the face hereof and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward; provided,

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however, that if the brokers selected as aforesaid by the Calculation Agent are  
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not quoting as mentioned in this sentence, the interest rate per annum with respect to such Interest Determination Date will be the interest rate per annum in effect on such Interest Determination Date.

Notwithstanding the foregoing, the interest rate per annum hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof. The Calculation Agent shall calculate the interest rate hereon in accordance with the foregoing on or before each Interest Calculation Date.

At the request of the holder hereof, the Calculation Agent will provide to the holder hereof the interest rate hereon then in effect and, if different, the interest rate which will become effective on the next Interest Reset Date as a result of a determination made on the most recent Interest Determination Date with respect to this Note. The Calculation Agent's determination of the interest rate hereon will be final and binding in the absence of manifest error.

Interest payments hereon will include interest accrued to but excluding the applicable Interest Payment Date; provided, however, that if the rate at which

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interest on this Note is payable shall be adjusted daily or weekly as specified on the face hereof under "Interest Rate Reset Period" and as determined in accordance with the provisions hereof, interest payable on any Interest Payment Date, other than interest payable on any date on which principal hereof is payable, will include interest accrued through but excluding the day following the next preceding Regular Record Date. Accrued interest hereon from the Original Issue Date or from the last date to which interest hereon has been paid, as the case may be, shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day from the Original Issue Date or from the last date to which interest shall have been paid, as the case may be, to but excluding the date for which accrued interest is being calculated. The interest factor (expressed as a decimal and calculated to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward) for each such day shall be computed by dividing the interest rate per annum (expressed as a decimal and calculated to the next highest one hundred-thousandth of a percentage point) applicable to such date by 360 if the Interest Rate Basis specified on the face hereof is Prime Rate, LIBOR, Commercial Paper Rate, CD Rate or Federal Funds Rate, or by the actual number of days in the year if the Interest Rate Basis specified on the face hereof is Treasury Rate.

If this Note is denominated in a Specified Currency other than U.S. dollars, any U.S. dollar amount to be received by a holder of this Note who elects to receive payment in U.S. dollars will be based on the highest bid quotation (rounded up to the nearest cent, with one-half cent rounded up) in The City of New York received by the Exchange Rate Agent (specified on the face hereof) as of 11:00 A.M., New York City time, on the second Business Day next preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Notes electing to receive U.S. dollar payments on such payment date and at which the applicable dealer commits to execute a contract. If three such bid quotations are not available on the second Business Day preceding the date of a payment, such payment will be made in the Specified Currency. All currency exchange costs associated with any payments in U.S. dollars will be borne by the holder hereof by deductions from such payments.

If the principal, premium (if any) or interest on this Note is payable in a Specified Currency other than U.S. dollars and, due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Specified Currency is not available at the time of any scheduled payment of principal, premium, if any, or interest to be made in the Specified Currency, then the Company shall be entitled to satisfy its obligations hereunder by making such payment in U.S. dollars. Any such payment shall be made on the basis of the most recently available noon buying rate for cable transfers in The City of New York for such Specified Currency. Any payment under such circumstances in U.S. dollars where required payment is in a Specified Currency will not constitute a default under the Indenture.

In case an Event of Default, as defined in the Indenture, with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, immediately due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Securities of each series issued under the Indenture which are affected thereby, at the time outstanding, as provided in the

Indenture, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any indenture supplemental thereto or modifying in any manner the rights of the holders of the Securities of such series; provided, however, that no such

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supplemental indenture shall, among other things, (i) change the fixed maturity of any Security, or reduce the principal amount thereof, or reduce the rate or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation, or change the currency in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Maturity Date without the consent of the holder of each such Security so affected, or (ii) reduce the aforesaid percentage of Securities of any series, the consent of the holders of which is required for any such supplemental indenture or the consent of whose holders is required for any waiver provided for in the Indenture, without the consent of the holders of all Securities affected then outstanding. The Indenture also contains provisions permitting the holders of at least a majority in aggregate principal amount of the Securities of any series then outstanding to waive compliance by the Company with certain provisions of the Indenture with respect to such series and certain past defaults under the Indenture with respect to such series and their consequences, except in each case a failure to pay principal or premium, if any, or interest on such Securities of such series. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued upon the

registration of transfer hereof or in exchange or substitution therefor, irrespective of whether or not any notation thereof is made upon this Note or other such Notes.

If so provided on the face of this Note, this Note may be redeemed at the option the Company on any Business Day on or after the "Date on or After Which This Note is Redeemable at the Option of the Company" as specified on the face hereof. On and after such date, if any, this Note may be redeemed in whole or in part in part in increments of \$1,000 or, in the case of non-U.S. dollar denominated Notes, of an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination) provided that the remaining principal amount of any Note partially redeemed shall be at least \$100,000 or, in the case of non-U.S. dollar denominated Notes, the minimum Authorized Denomination referred to on the face hereof. The redemption price shall be equal to the product of the principal amount of this Note to be redeemed multiplied by the Redemption Percentage, plus accrued interest, if any, to the date of redemption. The Redemption Percentage shall initially equal the Initial Redemption Percentage specified on the face of this Note, and shall decline at each anniversary of the "Date on or After Which This Note is Redeemable at the Option of the Company" by the amount of the Annual Redemption Percentage Reduction specified on the face of this Note, until the Redemption Percentage is equal to 100%.

If so provided on the face of this Note, this Note will be repayable at the option of the holder in whole or in part in increments of \$1,000 or, in the case of non-U.S. dollar denominated Notes, of an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination) provided that the remaining principal amount of any Note surrendered for partial repayment shall be at least \$100,000 or, in the case of non-U.S. dollar denominated Notes, the minimum Authorized Denomination referred to on the face hereof, on any Business Day on or after the "Date on or After Which This Note is Repayable at the Option of the Holder" (as stated on the face hereof). The repurchase price shall equal the product of the principal amount of this Note to be repurchased multiplied by the Repayment Percentage, plus accrued interest, if any, to the repayment date. The Repayment Percentage shall initially equal the Initial Repayment Percentage specified on the face of this Note, and shall decline at each anniversary of the "Date on or After Which This Note is Repayable at the Option of the Holder" by the amount of the Annual Repayment Percentage Reduction specified on the face of this Note, until the Repayment Percentage is equal to 100%. In order for the holder to exercise its option to cause the Company to repurchase all or any portion of this Note, the Company must receive at the applicable address of the Trustee set forth below or at such other place or places of which the Company shall from time to time notify the holder of this Note, on or before the fifteenth, but not earlier than the twenty-fifth day, or, if such day is not a Business Day, the next succeeding Business Day, prior to the repayment date, either (i) this Note, with the form below entitled "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission, or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States of America setting forth (a) the name, address and telephone number of the holder of this Note, (b) the principal amount of this Note and the amount of this Note to be repaid, (c) a statement that the option to elect repayment is being exercised thereby, and (d) a guarantee stating that the Company will receive this Note, with the form below entitled "Option to Elect Repayment" duly completed, not later than five Business Days after the date of such telegram, telex, facsimile transmission or letter (and this Note and form duly completed are received by the Company by such fifth Business Day). Any such election shall be irrevocable. The addresses to which such deliveries are to be made is BankAmerica National Trust Company, Attention: Domestic Corporate Trust Administration, One World Trade Center, New York, New York 10048 (or, at such other places as the Company shall notify the holders of the Notes). All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Company, whose determination will be final and binding.

The Notes are issuable in global or definitive form without coupons in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof or, if the Specified Currency is other than U.S. dollars, in the Authorized Denominations indicated on the face hereof. Upon due presentment for registration of transfer of this Note at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, a new Note or Notes in authorized denominations in the Specified Currency for an equal aggregate principal amount and like interest rate and maturity will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture and to the limitations described below if applicable, without charge except for any tax or other governmental charge imposed in

connection therewith.

This Note is exchangeable only if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for this Global Note or if at any time the Depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and a successor Depositary is not appointed within the time specified in the Indenture, or (ii) the Company in its sole discretion determines that all Global Notes of the same series as this Note shall be exchangeable for definitive Notes of differing denominations aggregating a like amount in registered form. If this Note is exchangeable pursuant to the preceding sentence, it shall be exchangeable for definitive Notes of differing denominations aggregating a like amount in registered form in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, bearing interest at the same rate or pursuant to the same formula, having the same date of issuance, redemption provisions, if any, Specified Currency, Maturity Date and other terms.

The Depositary will not sell, assign, transfer or otherwise convey any beneficial interest in this Note unless such beneficial interest is in an amount equal to \$100,000 or an integral multiple of \$1,000 in excess thereof or, if this Note is denominated in a currency other than U.S. dollars, an Authorized Denomination indicated on the face hereof. The Depositary, by accepting this Note, agrees to be bound by such provision.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the places, at the respective times, at the rate and in the currency herein prescribed.

The Company, the Trustee and any of their respective agents may deem and treat the registered holder hereof as the absolute owner of this Note at such holder's address as it appears on the Security Register as kept by the Trustee or duly authorized agent of the Company (whether or not this Note shall be overdue), for the purpose of receiving payment of or on account hereof and for all other purposes, and neither the Company nor the Trustee nor any of their respective agents shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder, shall, to the extent of the sum or sums paid, satisfy and discharge liability for moneys payable on this Note. Notwithstanding the foregoing, if this Note is a Global Note, the Company, the Trustee and their respective agents shall treat a person as the holder of such principal amount of Notes as shall be represented by a Global Note as shall be specified in a written statement of the Depositary for purposes of obtaining any consents or directions required to be given by holders of Securities pursuant to the Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any indenture supplemental thereto or any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such personal liability of every such incorporator, stockholder, officer and director, as such, being expressly waived and released by the acceptance hereof and as a condition of and as part of the consideration for the issuance of this Note.

This Note shall be governed by and construed in accordance with the laws of the State of California.

OPTION TO ELECT REPAYMENT

TO BE COMPLETED ONLY IF THIS NOTE IS REPAYABLE  
AT THE OPTION OF THE HOLDER AND THE HOLDER  
ELECTS TO EXERCISE SUCH RIGHT

The undersigned hereby irrevocably requests and instructs the Company to repay the within Note (or portion thereof specified below) pursuant to its terms at a price equal to the principal amount thereof, together with interest to the repayment date, to the undersigned, at \_\_\_\_\_

(please print or typewrite name and address of the undersigned).

For this Note to be repaid the Company must receive at the applicable address of the Trustee set forth in the within Note or at such other place or places of which the Company shall from time to time notify the holder of the within Note, on or before the fifteenth, but not earlier than the twenty-fifth, day, or, if such day is not a Business Day, the next succeeding Business Day, prior to the repayment date, either (i) the within Note, with this "Option to Elect Repayment" form duly completed, or (ii) a telegram, telex, facsimile transmission, or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. or a commercial bank or a trust company in the United States of America setting forth (a) the name, address and telephone number of the holder of the Note, (b) the principal amount of the Note and the amount of the Note to be repaid, (c) a statement that the option to elect repayment is being exercised thereby, and (d) a guarantee stating that the Note and this "Option to Elect Repayment" form duly completed will be received by the Company not later than five Business Days after the date of such telegram, telex, facsimile transmission or letter (and such Note and form duly completed are received by the Company by such fifth Business Day).

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof (which shall be an integral multiple of \$1,000 or, if the Note is denominated in a currency other than U.S. dollars, an amount equal to the integral multiples referred to on the face hereof under "Authorized Denominations" (or, if no such reference is made, an amount equal to the minimum Authorized Denomination)) which the holder elects to have repaid: \_\_\_\_\_; and specify the denomination or denominations (which shall be \$100,000 or an integral multiple of \$1,000 in excess thereof or, if the Note is denominated in a currency other than U.S. dollars, an Authorized Denomination) of the Note or Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any specification, one such Note will be issued for the portion not being repaid): \_\_\_\_\_.

Date: \_\_\_\_\_

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Notice: The signature of this Option to Elect Repayment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any other change whatsoever.



ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--as tenants in common	UNIF GIFT MIN ACT--	_____CUSTODIAN_____
		(Cust)	(Minor)
TEN ENT	--as tenants by the entireties		
JT TEN	--as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts to Minors Act	
		_____	
		(State)	

Additional abbreviations may also be used though not in the above List.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

Please Insert Social Security or other Identifying Number of Assignee

\_\_\_\_\_  
/\_\_\_\_\_/\_\_\_\_\_  
PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

\_\_\_\_\_  
the within Note of AVERY DENNISON CORPORATION and does hereby irrevocably constitute and appoint

\_\_\_\_\_  
attorney to transfer said Note on the books of the Company, with full power of substitution in the promises.

Dated: \_\_\_\_\_  
\_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

[LETTERHEAD OF LATHAM WATKINS]

March 29, 1994

Avery Dennison Corporation  
150 North Orange Grove Boulevard  
Pasadena, California 91103

Re: \$100,000,000 Aggregate Principal  
Amount of Debt Securities of  
Avery Dennison Corporation  
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Ladies and Gentlemen:

We have acted as your counsel in connection with the issuance and sale from time to time of Medium Term Notes, Series B, due from nine months to 30 years from the date of issue (the "Securities") pursuant to that certain Indenture, dated as of March 15, 1991, between Avery Dennison Corporation (the "Company") and Security Pacific National Bank, as Trustee, as amended by that certain First Supplemental Indenture, dated as of March 16, 1993, between the Company and BankAmerica National Trust Company, as successor trustee (the "Trustee") (collectively, the "Indenture"). The Securities are registered on the Registration Statement on Form S-3 (File No. 33-52737; the "Registration Statement"), filed by the Company on March 18, 1994 under the Securities Act of 1933, as amended (the "Act"). We are familiar with the proceedings taken, and are familiar with the additional proceedings proposed to be taken, by you in connection with the authorization, issuance and sale of the Securities. We have examined the Registration Statement and the Indenture under which the Securities are to be issued.

Based on the foregoing, and in reliance thereon, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that the Securities have been duly authorized by all necessary corporate action on the part of the Company and when the final terms of a particular Security and of its issuance and sale have been duly established in conformity with the Indenture, and when such Security has been duly executed, authenticated, issued and delivered by the Company, and paid for as contemplated by the Distribution Agreement, dated as of March 29, 1994, among the Company, Goldman, Sachs & Co. and J.P. Morgan Securities Inc., and by any applicable Terms Agreement, such Security will be a valid, binding and enforceable obligation of the Company entitled to the benefits provided by the Indenture.

Our opinion is subject to the following limitations, qualifications and exceptions: (a) the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws, or equitable principles, relating to or limiting the rights of creditors generally; (b) the use of the term enforceable shall not imply any opinion as to the availability of specific performance, injunctive relief or other equitable remedies; (c) we advise you that a California court may not strictly enforce certain covenants contained in the Indenture or allow acceleration of the maturity of the indebtedness evidenced by the Securities if it concludes that such enforcement or acceleration would be unreasonable under the then existing circumstances; and (d) that certain rights, remedies and waivers contained in the Indenture or Securities may be limited or rendered ineffective by applicable California laws or judicial decisions governing such provisions, but such laws or judicial decisions do not render the Indenture or the Securities invalid or unenforceable as a whole.

We consent to the incorporation by reference of this opinion in the Registration Statement.

Very truly yours,

LATHAM & WATKINS