

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

FORM 8-K

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

January 31, 2014
Date of Report

AVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1 -7685

(Commission
File Number)

95-1492269

(IRS Employer
Identification No.)

207 Goode Avenue
Glendale, California

(Address of principal executive offices)

91203

(Zip Code)

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

150 North Orange Grove Boulevard, Pasadena, California 91103
(Former name or former address, if changed since last report.)

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

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

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's (the "Company's") press release, dated January 31, 2014, regarding the Company's preliminary, unaudited financial results for fourth quarter and full-year 2013, and guidance for the 2014 fiscal year, is attached hereto as Exhibit 99.1 and is being furnished (not filed) with this Form 8-K.

The Company's supplemental presentation materials, dated January 31, 2014, regarding the Company's preliminary, unaudited financial review and analysis for fourth quarter and full-year 2014, and guidance for the 2014 fiscal year, is attached hereto as Exhibit 99.2 and is being furnished (not filed) with this Form 8-K. The press release and presentation materials are also available on the Company's website at www.investors.averydennison.com.

The Company will discuss its preliminary, unaudited financial results during a webcast and teleconference today, January 31, 2014, at 1:00 .p.m. ET. To access the webcast and teleconference, please go to the Company's website at www.investors.averydennison.com.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 Press release, dated January 31, 2014, announcing the Company's preliminary, unaudited fourth quarter and full-year 2013 financial results.
- 99.2 Supplemental presentation materials, dated January 31, 2014, regarding the Company's preliminary, unaudited financial review and analysis for fourth quarter and full-year 2013.



For Immediate Release

AVERY DENNISON ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2013 RESULTS

- Ø 4Q13 Reported EPS (including discontinued operations) of \$0.43
 - Ø Adjusted EPS (non-GAAP, continuing operations) of \$0.69
- Ø 4Q13 Net sales grew approximately 7 percent on reported and organic basis to \$1.58 billion
- Ø FY13 Reported EPS (including discontinued operations) of \$2.16
 - Ø Adjusted EPS (non-GAAP, continuing operations) of \$2.68
- Ø FY13 Net sales grew approximately 5 percent on reported and organic basis to \$6.14 billion
- Ø Expect 2014 growth in adjusted EPS (non-GAAP, continuing operations) of 8 to 19 percent

GLENDALE, Calif., January 31, 2014 – Avery Dennison Corporation (NYSE:AVY) today announced preliminary, unaudited results for its fourth quarter and full year ended December 28, 2013. All non-GAAP financial measures referenced in this document are reconciled to GAAP in the attached tables. Unless otherwise indicated, the discussion of the company's results is focused on its continuing operations, and comparisons are to the same period in the prior year. Results reflect classification of Office and Consumer Products (OCP) and Designed and Engineered Solutions (DES) businesses as discontinued operations.

"I'm happy to report another year of excellent progress toward our long-term goals," said Dean Scarborough, Avery Dennison chairman, president and CEO. "We delivered a solid finish to a strong year, with higher-than-expected top-line growth, a significant increase in earnings, and solid free cash flow.

"Both of our core businesses beat their sales targets through innovation and share gain," Scarborough added. "At the same time, they delivered outstanding margin expansion, further strengthening their competitive positions. I thank all the members of our global team for their contributions to these results.

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"We will continue to deliver on our long-term financial commitments through top-line growth, margin expansion, and disciplined capital management, while returning significant cash to shareholders through dividends and share repurchase," Scarborough said.

For more details on the company's results, see the summary table accompanying this news release, as well as the supplemental presentation materials, "Fourth Quarter and Full Year 2013 Financial Review and Analysis," posted on the company's website at www.investors.averydennison.com, and furnished to the SEC on Form 8-K.

Fourth Quarter 2013 Results by Segment

All references to sales reflect comparisons on an organic basis, which exclude the estimated impact of currency translation, product line exits, acquisitions and divestitures. Adjusted operating margin refers to earnings before interest expense and taxes, excluding restructuring costs and other items, as a percentage of sales.

Pressure-sensitive Materials (PSM)

PSM segment sales increased approximately 8 percent. Within the segment, Label and Packaging Materials sales increased mid-single digits. Combined sales for Graphics, Reflective, and Performance Tapes increased

low double digits.

Operating margin improved 180 basis points to 9.5 percent as the benefit of higher volume, lower restructuring costs, and productivity initiatives more than offset the impact of changes in product mix. Adjusted operating margin improved 100 basis points.

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Retail Branding and Information Solutions (RBIS)

RBIS segment sales increased approximately 3 percent driven by increased demand from European retailers and brands.

Operating margin increased 460 basis points to 7.4 percent as the benefit of productivity initiatives and higher volume, as well as the impact of a prior year impairment and a gain on sale of assets, more than offset higher employee-related expenses. Adjusted operating margin improved 140 basis points.

Other

Share Repurchases

The company repurchased 6.6 million shares in 2013 at an aggregate cost of \$283 million.

Discontinued Operations

On July 1, 2013, the company completed the sale of its OCP and DES businesses. Net loss per share from discontinued operations was \$(0.02) in the quarter.

Income Taxes

The full-year tax rate was 33 percent, in line with expectations.

Cost Reduction Actions

In 2013, the company realized approximately \$75 million in savings from the program initiated in the first half of 2012. The company incurred restructuring costs, net of gain on sale of assets, of approximately \$23 million in 2013.

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Outlook

In its supplemental presentation materials, "Fourth Quarter and Full Year 2013 Financial Review and Analysis," the company provides a list of factors that it believes will contribute to its 2014 financial results. Based on the factors listed and other assumptions, the company expects 2014 earnings per share from continuing operations of \$2.60 to \$2.90. Excluding an estimated \$0.30 per share for restructuring costs and other items, the company expects adjusted (non-GAAP) earnings per share from continuing operations of \$2.90 to \$3.20.

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

About Avery Dennison

Avery Dennison (NYSE:AVY) is a global leader in labeling and packaging materials and solutions. The company's applications and technologies are an integral part of products used in every major market and industry. With operations in more than 50 countries and 26,000 employees worldwide, Avery Dennison serves customers with insights and innovations that help make brands more inspiring and the world more intelligent. Headquartered in Glendale, California, the company reported sales from continuing operations of \$6.1 billion in 2013. Learn more at www.averydennison.com.

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“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

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

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

For a more detailed discussion of these and other factors, see “Risk Factors” and “Management's Discussion and Analysis of Results of Operations and Financial Condition” in the company's 2012 Form 10-K, filed on February 27, 2013 with the Securities and Exchange Commission, and subsequent quarterly reports on Form 10-Q. The forward-looking statements included in this document are made only as of the date of this document, and the company undertakes no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.

For more information and to listen to a live broadcast or an audio replay of the quarterly conference call with analysts, visit the Avery Dennison website at www.investors.averydennison.com

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Fourth Quarter Financial Summary - Preliminary

(in millions, except per share amounts)

	4Q	4Q	% Change vs. P/Y							
	2013	2012	Reported	Organic (a)						
Net sales, by segment:										
Pressure-sensitive Materials	\$1,149.1	\$1,060.5	8%	8%						
Retail Branding and Information Solutions	417.4	407.5	2%	3%						
Other specialty converting businesses	17.4	15.1	15%	7%						
Total net sales	\$1,583.9	\$1,483.1	7%	7%						
	As Reported (GAAP)			Adjusted Non-GAAP (b)						
	4Q	4Q	% Change	% of Sales		4Q	4Q	% Change	% of Sales	
	2013	2012		2013	2012	2013	2012		2013	2012
Operating income (loss) before interest and taxes, by segment:										
Pressure-sensitive Materials	\$108.7	\$81.2		9.5%	7.7%	\$110.8	\$91.0		9.6%	8.6%
Retail Branding and Information Solutions	31.0	11.6		7.4%	2.8%	31.5	25.0		7.5%	6.1%
Other specialty converting businesses	(2.1)	(4.5)		-12.1%	-29.8%	(2.1)	(2.5)		-12.1%	-16.6%
Corporate expense	(23.9)	(23.1)				(22.8)	(20.2)			
Total operating income before interest and taxes / operating margin	\$113.7	\$65.2	74%	7.2%	4.4%	\$117.4	\$93.3	26%	7.4%	6.3%
Interest expense	\$16.0	\$18.0				\$16.0	\$18.0			
Income from continuing operations before taxes	\$97.7	\$47.2	107%	6.2%	3.2%	\$101.4	\$75.3	35%	6.4%	5.1%
Provision for income taxes	\$53.0	\$19.2				\$33.3	\$26.3			
Net income from continuing operations	\$44.7	\$28.0	60%	2.8%	1.9%	\$68.1	\$49.0	39%	4.3%	3.3%
(Loss) income from discontinued operations, net of tax	(\$2.0)	\$21.0	n/m	-0.1%	1.4%					

Net income	\$42.7	\$49.0	-13%	2.7%	3.3%
Net income (loss) per common share, assuming dilution:					
Continuing operations	\$0.45	\$0.28	61%	\$0.69	\$0.48 44%
Discontinued operations	(\$0.02)	\$0.20	n/m		
Total Company	\$0.43	\$0.48	-10%		

- (a) Percentage change in sales excluding the estimated impact of currency translation, product line exits, acquisitions and divestitures.
(b) Excludes restructuring costs and other items (see accompanying schedules A-2 to A-4 for reconciliation to GAAP financial measures).

Full Year Financial Summary - Preliminary
(in millions, except per share amounts)

	FY	FY	% Change vs. FY					
	2013	2012	Reported	Organic (a)				
Net sales, by segment:								
Pressure-sensitive Materials	\$4,455.0	\$4,257.6	5%	5%				
Retail Branding and Information Solutions	1,611.1	1,535.0	5%	5%				
Other specialty converting businesses	73.9	70.9	4%	8%				
Total net sales	\$6,140.0	\$5,863.5	5%	5%				
As Reported (GAAP)								
	FY	FY	% Change		% of Sales			
	2013	2012			2013	2012		
Operating income (loss) before interest and taxes, by segment:								
Pressure-sensitive Materials	\$442.8	\$359.7	9.9%	8.4%	\$453.6	\$393.2	10.2%	9.2%
Retail Branding and Information Solutions	81.7	53.3	5.1%	3.5%	101.7	78.1	6.3%	5.1%
Other specialty converting businesses	(8.3)	(16.2)	-11.2%	-22.8%	(8.2)	(11.4)	-11.1%	-16.1%
Corporate expense	(94.1)	(86.3)			(88.4)	(80.6)		
Total operating income before interest and taxes / operating margin	\$422.1	\$310.5	36%	6.9%	\$458.7	\$379.3	21%	7.5%
Interest expense	\$59.0	\$72.9			\$59.0	\$72.9		
Income from continuing operations before taxes	\$363.1	\$237.6	53%	5.9%	\$399.7	\$306.4	30%	6.5%
Provision for income taxes	\$118.8	\$80.0			\$131.1	\$103.8		
Net income from continuing operations	\$244.3	\$157.6	55%	4.0%	\$268.6	\$202.6	33%	4.4%
(Loss) income from discontinued operations, net of tax	(\$28.5)	\$57.8	n/m	-0.5%				
Net income	\$215.8	\$215.4	0%	3.5%				
Net income (loss) per common share, assuming dilution:								
Continuing operations	\$2.44	\$1.52	61%		\$2.68	\$1.96	37%	
Discontinued operations	(\$0.28)	\$0.56	n/m					
Total Company	\$2.16	\$2.08	4%					
					2013	2012		
Estimated Free Cash Flow from Continuing Operations (c)					330.3	302.9		

- (a) Percentage change in sales excluding the estimated impact of currency translation, product line exits, acquisitions and divestitures.
(b) Excludes restructuring costs and other items (see accompanying schedules A-2 to A-5 for reconciliation to GAAP financial measures).
(c) Free cash flow refers to cash flow from operations, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sale of property, plant and equipment, plus (minus) net proceeds from sales (purchases) of investments, plus discretionary contributions to pension plans and charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures. Free cash flow excludes uses of cash that do not directly or immediately support the underlying business, such as discretionary debt reductions, dividends, share repurchases, and certain effects of acquisitions and divestitures (e.g., cash flow from discontinued operations, taxes, transaction costs).

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

(UNAUDITED)

	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
Net sales	\$ 1,583.9	\$ 1,483.1	\$ 6,140.0	\$ 5,863.5
Cost of products sold	1,167.6	1,101.1	4,502.3	4,335.3
Gross profit	416.3	382.0	1,637.7	1,528.2
Marketing, general & administrative expense	298.9	288.7	1,179.0	1,148.9
Interest expense	16.0	18.0	59.0	72.9
Other expense, net ⁽¹⁾	3.7	28.1	36.6	68.8
Income from continuing operations before taxes	97.7	47.2	363.1	237.6

Provision for income taxes	53.0	19.2	118.8	80.0
Income from continuing operations	44.7	28.0	244.3	157.6
(Loss) income from discontinued operations, net of tax (including gain before taxes on disposal of \$49.4 and provision for taxes of \$65.4)	(2.0)	21.0	(28.5)	57.8
Net income	\$ 42.7	\$ 49.0	\$ 215.8	\$ 215.4
Per share amounts:				
Net income (loss) per common share, assuming dilution				
Continuing operations	\$ 0.45	\$ 0.28	\$ 2.44	\$ 1.52
Discontinued operations	(0.02)	0.20	(0.28)	0.56
Net income per common share, assuming dilution	\$ 0.43	\$ 0.48	\$ 2.16	\$ 2.08
Average common shares outstanding, assuming dilution	98.5	101.2	100.1	103.5

⁽¹⁾ "Other expense, net" for the fourth quarter of 2013 includes severance and related costs of \$6.3, asset impairment, lease and other contract cancellation charges of \$1.4, and certain transaction costs of \$1.1, partially offset by gain on sale of assets of \$5.1.

"Other expense, net" for the fourth quarter of 2012 includes severance and related costs of \$16.2, asset impairment and lease cancellation charges of \$3.1, indefinite-lived intangible asset impairment charges of \$7, and costs associated with exiting product lines of \$1.8.

"Other expense, net" for fiscal year 2013 includes severance and related costs of \$27.2, asset impairment, lease and other contract cancellation charges of \$13.1, charitable contribution to Avery Dennison Foundation of \$10, certain transaction costs of \$3.2, and legal settlement of \$2.5, partially offset by gain on sale of assets of \$17.8, and gain from curtailment of pension obligation of \$1.6.

"Other expense, net" for fiscal year 2012 includes severance and related costs of \$49.3, asset impairment and lease cancellation charges of \$6.5, indefinite-lived intangible asset impairment charges of \$7, costs associated with exiting product lines of \$3.9, and certain transaction costs of \$2.7, partially offset by gain on sale of product line of \$0.6.

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

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

The company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess the underlying performance of the company in a single period. By excluding certain accounting effects, both positive and negative, of certain items (e.g., restructuring costs, asset impairments, legal settlements, certain effects of strategic transactions and related costs, loss from debt extinguishments, loss from curtailment and settlement of pension obligations, gains or losses on sale of certain assets and other items), the company believes that it is providing meaningful supplemental information to facilitate an understanding of the company's core operating results and liquidity measures. These non-GAAP financial measures are used internally to evaluate trends in the company's underlying business, as well as to facilitate comparison to the results of competitors for a single period. While some of the items excluded from GAAP financial measures may recur, they tend to be disparate in amount, frequency, and timing.

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

Organic sales change refers to the increase or decrease in sales excluding the estimated impact of currency translation, product line exits, acquisitions and divestitures.

Adjusted operating margin refers to earnings before interest expense and taxes, excluding restructuring costs and other items, as a percentage of sales.

Adjusted EBITDA refers to earnings before interest expense, taxes, depreciation, and amortization, excluding restructuring costs and other items.

Adjusted tax rate refers to the anticipated full year GAAP tax rate adjusted for certain events.

Adjusted net income refers to reported net income adjusted for the tax-effected restructuring costs and other items.

Adjusted EPS refers to as reported net income per common share, assuming dilution, adjusted for the tax-effected restructuring costs and other items.

Free cash flow refers to cash flow from operations, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sale of property, plant and equipment, plus (minus) net proceeds from sales (purchases) of investments, plus discretionary contributions to pension plans and charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures. Free cash flow excludes uses of cash that do not directly or immediately support the underlying business, such as discretionary debt reductions, dividends, share repurchases, and certain effects of acquisitions and divestitures (e.g., cash flow from discontinued operations, taxes, transaction costs).

Net debt to adjusted EBITDA ratio refers to total debt less cash and cash equivalents, divided by adjusted EBITDA.

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

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EVERY DENNISON
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except % and per share amounts)

	(UNAUDITED)			
	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
Reconciliation of Operating Margins:				
Net sales	\$ 1,583.9	\$ 1,483.1	\$ 6,140.0	\$ 5,863.5
Income from continuing operations before taxes	\$ 97.7	\$ 47.2	\$ 363.1	\$ 237.6
Income from continuing operations before taxes as a percentage of sales	6.2%	3.2%	5.9%	4.1%
Adjustment:				
Interest expense	\$ 16.0	\$ 18.0	\$ 59.0	\$ 72.9
Operating income from continuing operations before interest expense and taxes	\$ 113.7	\$ 65.2	\$ 422.1	\$ 310.5
Operating Margins	7.2%	4.4%	6.9%	5.3%
Income from continuing operations before taxes	\$ 97.7	\$ 47.2	\$ 363.1	\$ 237.6
Adjustments:				
Restructuring costs:				
Severance and related costs	6.3	16.2	27.2	49.3
Asset impairment, lease and other contract cancellation charges	1.4	3.1	13.1	6.5
Other items ⁽¹⁾	(4.0)	8.8	(3.7)	13.0
Interest expense	16.0	18.0	59.0	72.9
Adjusted operating income from continuing operations before interest expense and taxes (non-GAAP)	\$ 117.4	\$ 93.3	\$ 458.7	\$ 379.3
Adjusted Operating Margins (non-GAAP)	7.4%	6.3%	7.5%	6.5%
Reconciliation of GAAP to Non-GAAP Net Income from Continuing Operations:				
As reported net income from continuing operations	\$ 44.7	\$ 28.0	\$ 244.3	\$ 157.6
Non-GAAP adjustments, net of tax:				
Restructuring costs and other items ⁽²⁾	23.4	21.0	24.3	45.0
Adjusted Non-GAAP Net Income from Continuing Operations	\$ 68.1	\$ 49.0	\$ 268.6	\$ 202.6

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AVERY DENNISON
PRELIMINARY RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except % and per share amounts)

(UNAUDITED)

	Three Months Ended		Twelve Months Ended	
	Dec. 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
Reconciliation of GAAP to Non-GAAP Net Income per Common Share from Continuing Operations:				
As reported net income per common share from continuing operations, assuming dilution	\$ 0.45	\$ 0.28	\$ 2.44	\$ 1.52
Non-GAAP adjustments per common share, net of tax:				
Restructuring costs and other items ⁽²⁾	0.24	0.20	0.24	0.44
Adjusted Non-GAAP Net Income per Common Share from Continuing Operations, assuming dilution	\$ 0.69	\$ 0.48	\$ 2.68	\$ 1.96
Average common shares outstanding, assuming dilution	98.5	101.2	100.1	103.5

⁽¹⁾ Includes charitable contribution to Avery Dennison Foundation, indefinite-lived intangible asset impairment charges, certain transaction costs, legal settlement, costs associated with exiting product lines, gain on sale of assets and product line, and gain from curtailment of pension obligation.

⁽²⁾ Reflects the full year estimated tax effect of restructuring costs and other items.

(UNAUDITED)

Twelve Months Ended

	Dec. 28, 2013	Dec. 29, 2012
Reconciliation of GAAP to Non-GAAP Free Cash Flow:		
Net cash provided by operating activities	\$ 320.1	\$ 513.4
Purchases of property, plant and equipment	(129.2)	(99.2)
Purchases of software and other deferred charges	(52.2)	(59.1)
Proceeds from sale of property, plant and equipment	38.7	4.2
Sale (purchases) of investments, net	0.1	(6.7)
Plus: charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures	10.0	---
Discretionary pension contributions utilizing proceeds from divestitures	50.1	---
Plus (minus): estimated net divestiture-related payments and free cash outflow (inflow) from discontinued operations	92.7	(49.7)
Estimated Free Cash Flow - Continuing Operations	\$ 330.3	\$ 302.9

(UNAUDITED)

Twelve Months Ended

Dec. 28, 2013

Proceeds from Sale of Businesses:	
Proceeds from sale of businesses, net of cash provided	\$ 481.2
Estimated net divestiture-related payments and free cash outflow from discontinued operations	(92.7)
Net proceeds from sale of businesses	388.5
Charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures	(10.0)
Discretionary pension contributions utilizing proceeds from divestitures	(50.1)
Net proceeds from sale of businesses less discretionary contributions	\$ 328.4

AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)
(UNAUDITED)

Fourth Quarter Ended

	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2013	2012	2013 ⁽¹⁾	2012 ⁽²⁾	2013	2012
Pressure-sensitive Materials	\$ 1,149.1	\$ 1,060.5	\$ 108.7	\$ 81.2	9.5%	7.7%
Retail Branding and Information Solutions	417.4	407.5	31.0	11.6	7.4%	2.8%
Other specialty converting businesses	17.4	15.1	(2.1)	(4.5)	(12.1%)	(29.8%)
Corporate Expense	N/A	N/A	(23.9)	(23.1)	N/A	N/A
TOTAL FROM CONTINUING OPERATIONS	\$ 1,583.9	\$ 1,483.1	\$ 113.7	\$ 65.2	7.2%	4.4%

(1) Operating income for the fourth quarter of 2013 includes severance and related costs of \$6.3, asset impairment, lease and other contract cancellation charges of \$1.4, and certain transaction costs of \$1.1, partially offset by gain on sale of assets of \$5.1. Of the total \$3.7, the Pressure-sensitive Materials segment recorded \$2.1, the Retail Branding and Information Solutions segment recorded \$0.5, and Corporate recorded \$1.1.

(2) Operating income for the fourth quarter of 2012 includes severance and related costs of \$16.2, asset impairment and lease cancellation charges of \$3.1, indefinite-lived intangible asset impairment charges of \$7, and costs associated with exiting product lines of \$1.8. Of the total \$28.1, the Pressure-sensitive Materials segment recorded \$9.8, the Retail Branding and Information Solutions segment recorded \$13.4, the other specialty converting businesses recorded \$2, and Corporate recorded \$2.9.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

Fourth Quarter Ended

	OPERATING INCOME		OPERATING MARGINS	
	2013	2012	2013	2012
Pressure-sensitive Materials				
Operating income and margins, as reported	\$ 108.7	\$ 81.2	9.5%	7.7%
Adjustments:				
Restructuring costs:				
Severance and related costs	1.6	8.9	0.1%	0.8%
Asset impairment and lease cancellation charges	0.5	0.9	---	0.1%
Adjusted operating income and margins (non-GAAP)	\$ 110.8	\$ 91.0	9.6%	8.6%
Retail Branding and Information Solutions				
Operating income and margins, as reported	\$ 31.0	\$ 11.6	7.4%	2.8%
Adjustments:				
Restructuring costs:				
Severance and related costs	4.7	4.5	1.1%	1.1%
Asset impairment, lease and other contract cancellation charges	0.9	1.9	0.2%	0.5%
Indefinite-lived intangible asset impairment charges	---	7.0	---	1.7%
Gain from sale of assets	(5.1)	---	(1.2%)	---
Adjusted operating income and margins (non-GAAP)	\$ 31.5	\$ 25.0	7.5%	6.1%
Other specialty converting businesses				
Operating loss and margins, as reported	\$ (2.1)	\$ (4.5)	(12.1%)	(29.8%)
Adjustments:				
Restructuring costs:				
Severance and related costs	---	0.2	---	1.3%
Product line exits	---	1.8	---	11.9%
Adjusted operating loss and margins (non-GAAP)	\$ (2.1)	\$ (2.5)	(12.1%)	(16.6%)

Twelve Months Year-to-Date

	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2013	2012	2013 ⁽¹⁾	2012 ⁽²⁾	2013	2012
Pressure-sensitive Materials	\$ 4,455.0	\$ 4,257.6	\$ 442.8	\$ 359.7	9.9%	8.4%
Retail Branding and Information Solutions	1,611.1	1,535.0	81.7	53.3	5.1%	3.5%
Other specialty converting businesses	73.9	70.9	(8.3)	(16.2)	(11.2%)	(22.8%)
Corporate Expense	N/A	N/A	(94.1)	(86.3)	N/A	N/A
TOTAL FROM CONTINUING OPERATIONS	\$ 6,140.0	\$ 5,863.5	\$ 422.1	\$ 310.5	6.9%	5.3%

(1) Operating income for fiscal year 2013 includes severance and related costs of \$27.2, asset impairment, lease and other contract cancellation charges of \$13.1, charitable contribution to Avery Dennison Foundation of \$10, certain transaction costs of \$3.2, and legal settlement of \$2.5, partially offset by gain on sale of assets of \$17.8, and gain from curtailment of pension obligation of \$1.6. Of the total \$36.6, the Pressure-sensitive Materials segment recorded \$10.8, the Retail Branding and Information Solutions segment recorded \$20, the other specialty converting businesses recorded \$1, and Corporate recorded \$5.7.

(2) Operating income for fiscal year 2012 includes severance and related costs of \$49.3, asset impairment and lease cancellation charges of \$6.5, indefinite-lived intangible asset impairment charges of \$7, costs associated with exiting product lines of \$3.9, and certain transaction costs of \$2.7, partially offset by gain on sale of product line of \$0.6. Of the total \$68.8, the Pressure-sensitive Materials segment recorded \$33.5, the Retail Branding and Information Solutions segment recorded \$24.8, the other specialty converting businesses recorded \$4.8, and Corporate recorded \$5.7.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Twelve Months Year-to-Date			
	OPERATING INCOME		OPERATING MARGINS	
	2013	2012	2013	2012
Pressure-sensitive Materials				
Operating income and margins, as reported	\$ 442.8	\$ 359.7	9.9%	8.4%
Adjustments:				
Restructuring costs:				
Severance and related costs	7.0	31.5	0.2%	0.7%
Asset impairment, lease and other contract cancellation charges	3.8	2.6	0.1%	0.1%
Gain on sale of product line	---	(0.6)	---	---
Adjusted operating income and margins (non-GAAP)	\$ 453.6	\$ 393.2	10.2%	9.2%
Retail Branding and Information Solutions				
Operating income and margins, as reported	\$ 81.7	\$ 53.3	5.1%	3.5%
Adjustments:				
Restructuring costs:				
Severance and related costs	19.9	14.4	1.2%	0.9%
Asset impairment, lease and other contract cancellation charges	8.6	3.4	0.5%	0.2%
Indefinite-lived intangible asset impairment charges	---	7.0	---	0.5%
Gain from curtailment of pension obligation	(1.6)	---	(0.1%)	---
Gain on sale of assets	(6.9)	---	(0.4%)	---
Adjusted operating income and margins (non-GAAP)	\$ 101.7	\$ 78.1	6.3%	5.1%
Other specialty converting businesses				
Operating loss and margins, as reported	\$ (8.3)	\$ (16.2)	(11.2%)	(22.8%)
Adjustments:				
Restructuring costs:				
Severance and related costs	---	0.7	---	1.0%
Asset impairment charges	0.1	0.2	0.1%	0.2%
Product line exits	---	3.9	---	5.5%
Adjusted operating loss and margins (non-GAAP)	\$ (8.2)	\$ (11.4)	(11.1%)	(16.1%)

-more-

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**AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)**

(UNAUDITED)

ASSETS	Dec. 28, 2013	Dec. 29, 2012
Current assets:		
Cash and cash equivalents	\$ 351.6	\$ 235.4
Trade accounts receivable, net	1,016.5	972.8
Inventories, net	494.1	473.3
Assets held for sale	1.3	472.2
Other current assets	228.3	258.0
Total current assets	2,091.8	2,411.7

Property, plant and equipment, net	922.5	1,015.5
Goodwill	751.1	764.4
Other intangibles resulting from business acquisitions, net	96.0	125.0
Non-current deferred income taxes	263.4	331.6
Other assets	485.8	457.1
	\$ 4,610.6	\$ 5,105.3

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term borrowings and current portion of long-term debt and capital leases	\$ 76.9	\$ 520.2
Accounts payable	889.5	804.3
Liabilities held for sale	---	160.5
Other current liabilities	587.7	589.5
Total current liabilities	1,554.1	2,074.5
Long-term debt and capital leases	950.6	702.2
Other long-term liabilities	613.7	747.7
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	812.3	801.8
Retained earnings	2,009.1	1,910.8
Accumulated other comprehensive loss	(281.1)	(278.0)
Treasury stock at cost	(1,172.2)	(977.8)
Total shareholders' equity	1,492.2	1,580.9
	\$ 4,610.6	\$ 5,105.3

-more-

A-7

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

(UNAUDITED)

Twelve Months Ended

	Dec. 28, 2013	Dec. 29, 2012
Operating Activities:		
Net income	\$ 215.8	\$ 215.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	135.6	150.1
Amortization	69.0	70.5
Provision for doubtful accounts and sales returns	16.3	19.5
Gain on sale of businesses	(49.3)	---
Indefinite-lived intangible asset impairment charge	---	7.0
Asset impairment and net (gain) loss on sale/disposal of assets	(5.8)	11.7
Stock-based compensation	34.0	38.9
Other non-cash expense and loss	49.3	41.8
Other non-cash income and gain	(11.8)	---
Changes in assets and liabilities and other adjustments	(133.0)	(41.5)
Net cash provided by operating activities	320.1	513.4
Investing Activities:		
Purchases of property, plant and equipment	(129.2)	(99.2)
Purchases of software and other deferred charges	(52.2)	(59.1)
Proceeds from sale of product line	---	0.8

Proceeds from sale of property, plant and equipment	38.7	4.2
Sale (purchases) of investments, net	0.1	(6.7)
Proceeds from sale of businesses, net of cash provided	481.2	---
Other	0.8	---
Net cash provided by (used in) investing activities	339.4	(160.0)

Financing Activities:

Net (decrease) increase in borrowings (maturities of 90 days or less)	(435.3)	42.3
Additional borrowings (maturities longer than 90 days)	250.0	---
Payments of debt (maturities longer than 90 days)	(1.9)	(1.8)
Dividends paid	(112.0)	(110.4)
Share repurchases	(283.5)	(235.2)
Proceeds from exercise of stock options, net	44.8	10.2
Other	(8.3)	(2.7)
Net cash used in financing activities	(546.2)	(297.6)
Effect of foreign currency translation on cash balances	2.9	1.6
Increase in cash and cash equivalents	116.2	57.4
Cash and cash equivalents, beginning of year	235.4	178.0
Cash and cash equivalents, end of year	\$ 351.6	\$ 235.4

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Inspired Brands.
Intelligent World.™

Fourth Quarter and Full-Year 2013 Financial Review and Analysis

(preliminary, unaudited)

Supplemental Presentation Materials

Unless otherwise indicated, the discussion of the company's results is focused on its continuing operations, and comparisons are to the same period in the prior year. Results reflect classification of Office and Consumer Products (OCP) and Designed and Engineered Solutions (DES) as discontinued operations. The company completed the sale of these businesses on July 1, 2013.

January 31, 2014

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

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

For a more detailed discussion of these and other factors, see "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the company's 2012 Form 10-K, filed on February 27, 2013 with the Securities and Exchange Commission, and subsequent quarterly reports on Form 10-Q. The forward-looking statements included in this document are made only as of the date of this document, and the company undertakes no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures, including limitations associated with these non-GAAP financial measures, are provided in the financial schedules accompanying the earnings news release for the quarter. (See Attachments A-2 through A-5 to news release dated January 31, 2014.)

The company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess the underlying performance of the company in a single period. By excluding certain accounting effects, both positive and negative, of certain items (e.g., restructuring costs, asset impairments, legal settlements, certain effects of strategic transactions and related costs, loss from debt extinguishments, loss from curtailment and settlement of pension obligations, gains or losses on sale of certain assets and other items), the company believes that it is providing meaningful supplemental information to facilitate an understanding of the company's core operating results and liquidity measures. These non-GAAP financial measures are used internally to evaluate trends in the company's underlying businesses, as well as to facilitate comparison to the results of competitors for a single period. While some of the items excluded from GAAP financial measures may recur, they tend to be disparate in amount, frequency, and timing.

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

- *Organic sales change* refers to the increase or decrease in sales excluding the estimated impact of currency translation, product line exits, acquisitions and divestitures.
- *Adjusted operating margin* refers to earnings before interest expense and taxes, excluding restructuring costs and other items, as a percentage of sales.
- *Adjusted EBITDA* refers to earnings before interest expense, taxes, depreciation, and amortization, excluding restructuring costs and other items.
- *Adjusted tax rate* refers to the anticipated full year GAAP tax rate adjusted for certain events.
- *Adjusted net income* refers to reported net income adjusted for the tax-effected restructuring costs and other items.
- *Adjusted EPS* refers to as reported net income per common share, assuming dilution, adjusted for the tax-effected restructuring costs and other items.
- *Free cash flow* refers to cash flow from operations, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sale of property, plant and equipment, plus (minus) net proceeds from sales (purchases) of investments, plus discretionary contributions to pension plans and charitable contribution to Avery Dennison Foundation utilizing proceeds from divestitures. Free cash flow excludes uses of cash that do not directly or immediately support the underlying business, such as discretionary debt reductions, dividends, share repurchases, and certain effects of acquisitions and divestitures (e.g., cash flow from discontinued operations, taxes, transaction costs).
- *Net debt to adjusted EBITDA ratio* refers to total debt less cash and cash equivalents, divided by adjusted EBITDA.

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

Achieved significant progress against long-term earnings and sales growth targets

- > Sales up approx. 5% on organic basis, above high end of expectations, driven by higher volume
- > Operating margin, as reported, improved 160 basis points
 - » Adjusted operating margin improved 100 basis points
- > Reported EPS (including discontinued operations) of \$2.16
 - » Adjusted EPS (non-GAAP, continuing operations) of \$2.68, up 37%
- > Solid free cash flow from continuing operations of \$330 mil.

Continued to deliver on promise of sustained cost and capital discipline

- > Focused portfolio with sale of OCP and DES (effective July 1, 2013)
- > Drove step-function improvement in operating margin
 - » Achieved approx. \$75 million of restructuring savings
- > Returned \$396 million of cash to shareholders, including the repurchase of 6.6 million shares for \$283 million

Fourth Quarter Overview and 2014 Outlook

Adjusted EPS near high end of company's expectations

- > Sales up approx. 7% on organic basis, above high end of expectations, driven by higher PSM volume
- > Operating margin, as reported, improved 280 basis points due to lower restructuring charges and other items, as well as the benefit of productivity initiatives and higher volume, partially offset by the continued impact of changes in product mix and higher employee-related expenses
 - » Adjusted operating margin improved 110 basis points
 - » Restructuring savings of approx. \$15 million in the quarter
- > Reported EPS (including discontinued operations) of \$0.43
 - » Adjusted EPS (non-GAAP, continuing operations) of \$0.69, up 44%
- > Free cash flow from continuing operations above high end of expectations due to timing

2014 Outlook

- > Adjusted EPS growth of 8% to 19% on 3% to 5% organic sales growth
- > Solid free cash flow and strong balance sheet
- > Continued intent to return majority of cash to shareholders, while investing for future productivity and growth

Sales Trend Analysis

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Organic Sales Change	6.7%	3.7%	5.0%	3.6%	6.6%
Currency Translation	(1.5%)	0.3%	(0.6%)	0.7%	0.2%
Reported Sales Change*	5.0%	3.9%	4.2%	4.0%	6.8%

*Totals may not sum due to rounding and other factors.

Segment Sales and Margin Analysis

	<u>4Q13</u>	
	<u>Reported</u>	<u>Organic</u>
Sales Growth:		
Pressure-sensitive Materials	8%	8%
Retail Branding and Information Solutions	2%	3%
Other specialty converting businesses	15%	7%
Continuing Operations	7%	7%

	<u>Adjusted (Non-GAAP)</u>			
	<u>As Reported</u>		<u>Adjusted (Non-GAAP)</u>	
	<u>4Q13</u>	<u>4Q12</u>	<u>4Q13</u>	<u>4Q12</u>
Operating Margin:				
Pressure-sensitive Materials	9.5%	7.7%	9.6%	8.6%
Retail Branding and Information Solutions	7.4%	2.8%	7.5%	6.1%
Other specialty converting businesses	(12.1%)	(29.8%)	(12.1%)	(16.6%)
Continuing Operations	7.2%	4.4%	7.4%	6.3%

Fourth Quarter Segment Overview

PRESSURE-SENSITIVE MATERIALS (PSM)

- > Reported sales of \$1.15 bil., up approx. 8% compared to prior year
 - » Sales up approx. 8% on organic basis
- > Label and Packaging Materials sales up mid-single digits on organic basis
- > Combined sales for Graphics, Reflective, and Performance Tapes up low double digits on organic basis
- > Operating margin improved 180 basis points to 9.5% as the benefit of higher volume, lower restructuring costs, and productivity initiatives more than offset the impact of changes in product mix. Adjusted operating margin improved 100 basis points.

RETAIL BRANDING AND INFORMATION SOLUTIONS (RBIS)

- > Reported sales of \$417 mil., up approx. 2% compared to prior year
 - » Sales up approx. 3% on organic basis
- > Operating margin increased 460 basis points to 7.4% as the benefit of productivity initiatives and higher volume, as well as the impact of a prior year impairment and a gain on sale of assets, more than offset higher employee-related expenses. Adjusted operating margin improved 140 basis points.

Segment Results vs Long-Term Targets (2012 –2015)

	ORGANIC SALES GROWTH		ADJ. OPERATING MARGIN ⁽¹⁾ ADJ. EBITDA MARGIN ⁽¹⁾	
	2012 - 2015 Target (4-Yr CAGR)	2012 / 2013 Results (2-Yr CAGR)	2015 Target ⁽²⁾	2013 Results
PSM	3 - 5%	4.4%	9 - 10% 12 - 13%	10.2% 12.7%
RBIS	3 - 5%	4.0%	8.5 - 9.5% 13.5 - 14.5%	6.3% 11.7%
Other specialty converting	5 - 8%	5.2%	> 5% > 10%	(11.1%) (5.6%)

(1) Excluding restructuring charges and other items (see Appendix for reconciliation to GAAP measures).

(2) Adjusted to reflect new segment reporting and classification of DES as discontinued operations. Prior to the realignment and reclassification of DES, adjusted operating margin targets were 8.5 - 9.5% for PSM, 8 - 9% for RBIS, and > 5% for other specialty converting; adjusted EBITDA margin targets were 11.5 - 12.5% for PSM, 13 - 14% for RBIS, and > 10% for other specialty converting.

Company Results vs Long-Term Targets (2012 –2015)

	FROM CONTINUING OPERATIONS		
	2012 – 2015 TARGETS ⁽¹⁾	2012 / 2013 ⁽²⁾	2014 OUTLOOK
Organic Sales Growth	3% – 5%	4.3%	3% – 5% <small>3-YR CAGR ~4%</small>
Adjusted Net Income Growth	10% – 15%	25.5%	4% – 16% <small>3-YR CAGR = 18% – 22%</small>
Adjusted EPS Growth	15% – 20%+	29.4%	8% – 19% <small>3-YR CAGR = 22% – 26%</small>
Annual Free Cash Flow	\$300 mil.+	\$317 mil. (2-yr avg.)	\$300 mil.+
Net Debt to Adjusted EBITDA	1.7x to 2.0x	1.5x (2013 avg.)	< 2x

(1) All percentages reflect four-year compound annual growth rates, with 2011 as the base period.

(2) All percentages reflect two-year compound annual growth rates, with 2011 as the base period (see Appendix, as well as attachments A-2 through A-5 to news release dated January 31, 2014, for reconciliations to GAAP Measures).

2014 EPS Guidance

Reported EPS	\$2.60 - \$2.90
<u>Add Back:</u>	
Estimated restructuring costs and other items	~ \$0.30
Adjusted EPS (non-GAAP)	\$2.90 - \$3.20

Contributing Factors to 2014 EPS Guidance

- > Organic sales growth of 3% to 5% (excludes benefit of extra week of sales)
 - » 53 weeks in 2014 fiscal year; 14 weeks in fourth quarter (adding ~1% to reported sales growth, slight impact to earnings, modest headwind to free cash flow)
 - » At recent rates, currency translation has modest negative impact to reported sales growth and EBIT
- > Tax rate comparable to 2013
- > Capital expenditures (including IT) of ~\$185 mil. and cash restructuring costs of ~\$45 mil.
- > Average shares outstanding (assuming dilution) of ~97 mil.
- > Free cash flow in excess of \$300 mil.

Appendix: Reconciliation of Non-GAAP Financial Measures

(Organic Sales Growth)

	(\$ in millions)			2-Yr CAGR
Avery Dennison				
Net sales	2011	2012	2013	
	\$5,844.9	\$5,863.5	\$6,140.0	
Organic sales change		3.8%	4.8%	4.3%
Foreign currency translation		-3.4%	0.1%	
Reported sales change*		0.3%	4.7%	
Pressure-Sensitive Materials				
Net sales	2011	2012	2013	
	\$4,261.0	\$4,257.6	\$4,455.0	
Organic sales change		4.1%	4.7%	4.4%
Foreign currency translation		-4.2%	0.1%	
Reported sales change*		-0.1%	4.6%	
Retail Branding & Information Solutions				
Net sales	2011	2012	2013	
	\$1,510.1	\$1,535.0	\$1,611.1	
Organic sales change		3.1%	4.9%	4.0%
Foreign currency translation		-1.5%	0.0%	
Reported sales change*		1.6%	5.0%	
Other Specialty Converting				
Net sales	2011	2012	2013	
	\$73.8	\$70.9	\$73.9	
Organic sales change		2.9%	7.6%	5.2%
Foreign currency translation		-3.9%	1.4%	
Product Line Exit		-2.9%	-4.8%	
Reported sales change*		-3.9%	4.2%	

*Totals may not sum due to rounding and other factors.



Appendix: Reconciliation of Non-GAAP Financial Measures

(EBIT/EBITDA Margins by Segment: Full-Year 2013)

(\$ in millions)	Pressure- Sensitive Materials	Retail Branding & Information Solutions	Other Specialty Converting
Net sales	\$4,455.0	\$1,611.1	\$73.9
Earnings before interest and taxes ("EBIT"), as reported	\$442.8	\$81.7	(\$8.3)
EBIT margin, as reported	9.9%	5.1%	-11.2%
Non-GAAP Adjustments:			
Restructuring costs:			
Severance and related costs	\$7.0	\$19.9	---
Asset impairment, lease and other contract cancellation charges	\$3.8	\$8.6	\$0.1
Other items	---	(\$8.5)	---
Adjusted EBIT (non-GAAP)	\$453.6	\$101.7	(\$8.2)
Adjusted EBIT margin (non-GAAP)	10.2%	6.3%	-11.1%
Depreciation and amortization*	\$113.4	\$86.7	\$4.1
Adjusted earnings before interest, taxes, depreciation & amortization ("EBITDA")	\$567.0	\$188.4	(\$4.1)
Adjusted EBITDA margin	12.7%	11.7%	-5.6%

* Reflects total company depreciation and amortization expense, including indirect depreciation and amortization (primarily software) allocated to the segments and other specialty converting on a percentage of sales basis



Appendix: Reconciliation of Non-GAAP Financial Measures

(Net Income and EPS)

Net Income				2-Yr CAGR
(\$ in millions)	2011	2012	2013	
As reported net income from continuing operations	\$141.7	\$157.6	\$244.3	
Non-GAAP adjustments, net of tax:				
Restructuring costs and other items	\$28.9	\$45.0	\$24.3	
Adjusted non-GAAP net income from continuing operations	\$170.6	\$202.6	\$268.6	25.5%

EPS				2-Yr CAGR
	2011	2012	2013	
As reported net income per common share from continuing operations, assuming dilution	\$1.33	\$1.52	\$2.44	
Non-GAAP adjustments per common share, net of tax:				
Restructuring costs and other items	\$0.27	\$0.44	\$0.24	
Adjusted non-GAAP net income per common share from continuing operations, assuming dilution	\$1.60	\$1.96	\$2.68	29.4%

Appendix: Reconciliation of Non-GAAP Financial Measures

(Net Debt to Adjusted EBITDA)

(\$ in millions)	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	4-pt Avg.
Net sales	\$1,443.0	\$1,490.4	\$1,447.0	\$1,483.1	\$1,498.9	\$1,552.3	\$1,504.9	\$1,583.9	
Earnings before interest and taxes ("EBIT"), as reported	\$80.6	\$92.2	\$72.5	\$65.2	\$93.3	\$124.3	\$90.8	\$113.7	
Non-GAAP Adjustments:									
Restructuring costs:									
Severance and related costs	\$5.7	\$9.8	\$17.6	\$16.2	\$6.8	\$5.4	\$8.7	\$6.3	
Asset impairment, lease and other contract cancellation charges	\$1.5	\$0.4	\$1.5	\$3.1	\$1.3	\$2.4	\$8.0	\$1.4	
Other items	\$0.4	\$1.0	\$2.8	\$8.8	(\$0.6)	(\$8.1)	\$9.0	(\$4.0)	
Adjusted EBIT (non-GAAP)	\$88.2	\$103.4	\$94.4	\$93.3	\$100.8	\$124.0	\$116.5	\$117.4	
Depreciation	\$40.5	\$34.7	\$36.0	\$38.9	\$35.0	\$34.5	\$35.4	\$30.7	
Amortization	\$18.9	\$16.5	\$17.5	\$17.6	\$16.5	\$17.3	\$17.0	\$18.2	
Adjusted earnings before interest, taxes, depreciation & amortization ("EBITDA")	\$147.6	\$154.6	\$147.9	\$149.8	\$152.3	\$175.8	\$168.9	\$166.3	
Total Debt as of Dec. 28, 2013	\$1,316.9	\$1,374.7	\$1,377.1	\$1,222.4	\$1,357.4	\$1,389.6	\$1,065.7	\$1,027.5	
Less: Cash and cash equivalents as of Dec. 28, 2013	\$190.7	\$161.4	\$190.7	\$235.4	\$207.7	\$211.6	\$309.6	\$351.6	
Net Debt	\$1,126.2	\$1,213.3	\$1,186.4	\$987.0	\$1,149.7	\$1,178.0	\$756.1	\$675.9	
Net Debt to Adjusted LTM* EBITDA (Non-GAAP)					1.9	1.9	1.2	1.0	1.5

*LTM = Last twelve months



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