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

FORM 8-K

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

April 28, 2009
Date of Report

EVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1 -7685

(Commission
File Number)

95-1492269

(IRS Employer
Identification No.)

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

(Address of principal executive offices)

91103

(Zip Code)

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

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

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

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

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's (the "Company") news release dated April 28, 2009, regarding its preliminary, unaudited financial results for the first quarter of 2009. This information is being furnished (not filed) under this Form 8-K. Additionally, the Company will discuss its preliminary financial results during a webcast and teleconference call today at 2:00 p.m. (EDT). To access the webcast and teleconference call, please go to the Company's Web site at <http://www.investors.averydennison.com>.

Avery Dennison Corporation's presentation dated April 28, 2009, regarding its preliminary financial review and analysis for the first quarter of 2009, is attached hereto as Exhibit 99.2. This information is being furnished (not filed) under this Form 8-K. Additionally, this information is available on the Company's Web site at <http://www.investors.averydennison.com>.

Section 5 — Corporate Governance and Management

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On April 23, 2009, the Board of Directors of the Company authorized the amendment and restatement of the Company's Bylaws (as amended and restated to date, the "Amended and Restated Bylaws"). Effective as of April 23, 2009, the Amended and Restated Bylaws were amended to clarify a number of provisions and to address certain recent changes in Delaware law. The primary changes implemented by the amendments are described below.

1. **Nomination and Stockholder Business.** Section 14 of Article II was amended to, among other things:
 - (i) require a stockholder nominating a director or proposing business to be considered at a stockholders meeting to update and supplement its notice, if necessary, so that the information provided or required to be provided in such notice is true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof;
 - (ii) require a stockholder nominating a director or proposing other business to be considered at a stockholders meeting to include the following information in its notice: the class and number of shares owned (beneficially and of record) by the stockholder; a description of any agreements the stockholder has with affiliates or third parties concerning the stockholder proposal or director nomination; a description of any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares the stockholder has with respect to the Company's stock; a representation that the stockholder is entitled to vote at the meeting and intends to attend the meeting to present the proposal or director nomination; and whether the stockholder intends to conduct a proxy solicitation; and
 - (iii) require a stockholder nominating a director or proposing other business to be considered at a stockholders meeting to comply with both the advance notice requirements pursuant to the Company's Amended and Restated Bylaws (other than for such matters brought properly under and in compliance with Rule 14a-8 of the Securities and Exchange Act of 1934, as amended from time to time (the "Exchange Act")) and the applicable rules and regulations promulgated under the Exchange Act.
2. **Indemnification and Insurance.** Section 1 of Article VI was amended to revise existing indemnification and expense advancement provisions to clarify that such provisions:
 - (i) constitute a contract between the Company and the indemnified person that vests at the time of such person's service to or at the request of the Company;
 - (ii) cannot be terminated by the Company, Board of Directors or the stockholders of the Company with respect to a person's service prior to the date of such termination; and
 - (iii) protect the rights of, and apply to, both current and former directors and officers.
3. **Records and Reports.** To avoid inconsistencies with Section 220 of the Delaware General Corporation Law, which governs a stockholder's right of access to books and records, former Article VII has been deleted in its entirety.

The foregoing description of the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to such document, a copy of which is filed as Exhibit 3.2 hereto and incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

3.2 Bylaws, as amended and restated

99.1 On April 28, 2009, Avery Dennison Corporation issued a news release announcing its preliminary, unaudited financial results for the first quarter ending April 4, 2009.

99.2 On April 28, 2009, Avery Dennison Corporation provided a presentation regarding its preliminary financial review and analysis for the first quarter ending April 4, 2009.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: Certain statements contained in this report on Form 8-K and in Exhibit 99.1 and Exhibit 99.2 are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or expected results depending on a variety of factors, including but not limited to risks and uncertainties relating to investment in development activities and new production facilities; fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; the financial condition and inventory strategies of customers; customer and supplier concentrations; changes in customer order patterns; loss of significant contract(s) or customer(s); timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; impact of competitive products and pricing; selling prices; business mix shift; volatility of capital and credit markets; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings, including a previous government investigation into industry competitive practices, and any related proceedings or lawsuits pertaining thereto or to the subject matter thereof related to the concluded investigation by the U.S. Department of Justice (“DOJ”) (including purported class actions seeking treble damages for alleged unlawful competitive practices, which were filed after the announcement of the DOJ investigation), as well as the impact of potential violations of the U.S. Foreign Corrupt Practices Act; changes in governmental regulations; changes in political conditions; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; worldwide and local economic conditions; impact of epidemiological events on the economy and the Company’s customers and suppliers; acts of war, terrorism, natural disasters; and other factors.

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company’s products and on the carrying value of its assets; (2) the impact of competitors’ actions, including pricing, expansion in key markets, and product offerings; (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; (4) potential adverse developments in legal proceedings and/or investigations, including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

For a more detailed discussion of these and other factors, see Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in the Company’s Form 10-K, filed on February 25, 2009. The forward-looking statements included in this Form 8-K are made only as of the date of this Form 8-K, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

The financial information presented in the news release, included as an Exhibit to this Current Report, represents preliminary, unaudited financial results.

SIGNATURES

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

AVERY DENNISON CORPORATION

Date: April 28, 2009

By: /s/ Daniel R. O'Bryant
Name: Daniel R. O'Bryant
Title: Executive Vice President, Finance and Chief
Financial Officer

EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description</u>
3.2	Bylaws, as amended and restated
99.1	News release dated April 28, 2009.
99.2	Presentation dated April 28, 2009.

**AVERY DENNISON CORPORATION
AMENDED AND RESTATED BYLAWS**

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Section 2. Amendment by Directors

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**AMENDED AND RESTATED BYLAWS
OF
AVERY DENNISON CORPORATION**
(a Delaware Corporation)

Avery Dennison Corporation (hereinafter called the “corporation”), pursuant to the provisions of Section 109 of the General Corporation Law of the State of Delaware (the “General Corporation Law”) adopts these Amended and Restated Bylaws (hereinafter, the “Bylaws”), which restate, amend and supersede the bylaws of the corporation, as previously amended, in their entirety as described below:

**ARTICLE I
OFFICES**

Section 1. *Registered Office.*

The registered office of Avery Dennison Corporation in the State of Delaware shall be at 1209 Orange Street, in the City of Wilmington, County of New Castle, and the name of the registered agent at that address shall be The Corporation Trust Company.

Section 2. *Principal Office.*

The principal executive office for the transaction of the business of the corporation is hereby fixed and located in Los Angeles County, California. The board of directors is hereby granted full power and authority to change said principal executive office from one location to another within or without the State of California.

Section 3. *Other Offices.*

The corporation may also have offices at such other places within or without the State of Delaware as the board of directors may from time to time determine, or the business of the corporation may require.

**ARTICLE II
STOCKHOLDERS**

Section 1. *Place of Meetings.*

Meetings of stockholders shall be held at any place, if any, within or outside the State of Delaware designated by the board of directors. In the absence of any such designation, stockholders’ meetings shall be held at the principal executive office of the corporation.

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Section 2. *Annual Meetings of Stockholders.*

The annual meeting of stockholders shall be held on the last Thursday in April of each year at 1:30 p.m. of said day, or on such other day, which shall not be a legal holiday, and at such other time as shall be determined by the board of directors. Any previously scheduled annual meeting of stockholders may be postponed by resolution of the board of directors upon public notice given prior to the date previously scheduled for such annual meeting of stockholders.

Section 3. *Special Meetings.*

A special meeting of the stockholders may be called at any time by the board of directors, or by a majority of the directors or by a committee authorized by the board to do so. Any previously scheduled special meeting of the stockholders may be postponed by resolution of the board of directors upon public notice given prior to the date previously scheduled for such special meeting of the stockholders. Business transacted at any special meeting of the stockholders shall be limited to the purpose stated in the notice of meeting.

Section 4. *Notice of Stockholders' Meetings.*

All notices of meetings of stockholders shall be sent or otherwise given in accordance with Section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting being noticed, unless otherwise required by law. The notice shall specify the place, if any, date and hour of the meeting and (i) in case of a special meeting, the purpose or purposes for which the meeting is called, or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the stockholders. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, management intends to present for election.

Section 5. *Manner of Giving Notice; Affidavit of Notice.*

Notice of any meeting of stockholders shall be given either personally or by mail or telegraphic or other written communication or by electronic transmission, charges prepaid, addressed to the stockholder at the address of such stockholder appearing on the books of the corporation or given by the stockholder to the corporation for the purpose of notice. Whenever notice is required to be given to any stockholder to whom (1) notice of 2 consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such 2 consecutive annual meetings, or (2) all, and at least 2, payments (if sent by first-class mail) of dividends or interests or securities during a 12 month period, have been mailed addressed to such person at such person's address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice shall not be required. If any such person shall deliver to the corporation a written notice setting forth such person's then current address, the requirement that notice be given to such person shall be reinstated. If mailed, notice shall be deemed to have been given at the time when deposited in the United States mail, or if delivered personally or sent by means of electronic transmission, notice shall be deemed to have been given at the time provided in accordance with applicable law.

An affidavit of the mailing or other means of giving any notice of any stockholders' meeting shall be executed by the secretary, assistant secretary or any transfer agent of the corporation giving such notice, and shall be filed and maintained in the minute book of the corporation.

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Section 6. *Quorum.*

The presence in person or by proxy of the holders of a majority of the voting power of the outstanding shares entitled to vote at any meeting of stockholders shall constitute a quorum for the transaction of business. The stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. *Adjourned Meeting and Notice Thereof.*

Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the Chairman of the meeting, but in the absence of a quorum, no other business may be transacted at such meeting, except as provided in Section 6 of this Article II.

When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof (and, in the event that the adjourned meeting is to be conducted by means of remote communications, the means of remote communication by which stockholders and proxy holders may be deemed to be present in person and to vote at the meeting) are announced at the meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than thirty (30) days. Notice of any such adjourned meeting, if required, shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 4 and 5 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 8. *Voting.*

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 11 of this Article II. Such vote may be by voice vote or by ballot, at the discretion of the Chairman of the meeting. If a quorum is present, the affirmative vote of a majority in voting power of the shares represented at the meeting and entitled to vote on any matter shall be the act of the stockholders, unless otherwise provided by the General Corporation Law, the certificate of incorporation (including the certificate of designations of preferences as to any preferred stock), these Bylaws, or the rules and regulations of any stock exchange applicable to the corporation, or applicable law or pursuant to any rule or regulation applicable to the corporation or its securities.

At a stockholders' meeting involving the election of directors, no stockholder shall be entitled to cumulate (i.e., cast for any one or more candidates a number of votes greater than the number of the stockholder's shares). The required vote for the election of directors shall be as set forth in Section 15 of this Article II.

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Section 9. *Waiver of Notice or Consent by Absent Stockholders.*

The actions of stockholders taken at any meeting thereof, either annual or special, however called and noticed, and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, not present in person or by proxy, gives a waiver of notice or a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of stockholders. All such waivers, consents or approvals shall be filed with the corporate records or made part of the minutes of the meeting.

Attendance of a person at a meeting shall also constitute a waiver of notice of such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if such objection is expressly made at the meeting.

Section 10. *No Stockholder Action by Written Consent Without a Meeting.*

Stockholders may take action only at a regular or special meeting of stockholders.

Section 11. *Record Date for Stockholder Notice and Voting.*

For purposes of determining the holders entitled to notice of any meeting or to vote, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days prior to the date of any such meeting, and in such case only stockholders of record on the date so fixed are entitled to notice and to vote, notwithstanding any transfer of any shares on the books of the corporation after the record date fixed as aforesaid, except as otherwise provided in the General Corporation Law.

If the board of directors does not so fix a record date, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

Section 12. *Proxies.*

Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by proxy. Without limiting the manner in which a proxy may be granted, a stockholder may grant a proxy in the following manners: (i) by executing a writing authorizing another person or persons to act for such stockholder as proxy or (ii) by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to a person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided however that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. A written proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic

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transmission or electronic transmission or otherwise) by the stockholder or the stockholder's attorney in fact. A proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, prior to the vote pursuant thereto, by a writing or electronic transmission delivered to the corporation stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy, or (ii) notice of the death or incapacity of the maker of such proxy is received by the corporation before the vote pursuant thereto is counted; provided, however, that no such proxy shall be valid after the expiration of three years from the date of such proxy, unless otherwise provided in the proxy.

Section 13. *Inspectors of Election; Opening and Closing the Polls.*

The board of directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

Section 14. *Nomination and Stockholder Business.*

(A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the board of directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the board of directors or any committee thereof or (c) by the proper request of any stockholder of the corporation who was a stockholder of record of the corporation at the time the notice provided for in this Bylaw is delivered to the secretary of the corporation and at the time of the annual meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Bylaw. The immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and included in the corporation's notice of meeting) before an annual meeting of stockholders.

(2) Without qualification or limitation, for any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Bylaw, the stockholder must have given timely notice thereof and timely updates and supplements thereof in writing to the secretary of the corporation and any such proposed business other than the nominations of persons for election to the board of directors must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the corporation not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary

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date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the corporation). In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(3) Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the board of directors of the corporation is increased, effective at the annual meeting, and there is no public announcement by the corporation naming the nominees for the additional directorships or specifying the size of the increased board of directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for the additional directorships created by such increase, if it shall be delivered to the secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

In addition, to be timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the secretary at the principal executive offices of the corporation not later than five (5) business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the board of directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (1) by or at the direction of the board of directors or (2) provided that the board of directors has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record both at the time the notice provided for in this Bylaw is delivered to the secretary of the corporation and at the time of the meeting, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Bylaw. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the board of directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Section 16 of this Article II of these Bylaws) shall be delivered to the secretary at the principal executive offices of the corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to

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such annual meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the board of directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting, or the public announcement thereof, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) Disclosure Requirements. (1) To be proper in form, a stockholder's notice (whether given pursuant to paragraph (A) or paragraph (B) of this Bylaw) to the secretary must include the following, as applicable.

(a) As to each person, if any, whom the stockholder proposes to nominate for election or reelection as a director, in addition to the matters set forth in paragraph (c) below: (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected and (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner on whose behalf the nomination is being made, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant;

(b) As to any other business that the stockholder proposes to bring before the meeting other than a nomination of a director or directors, in addition to the matters set forth in paragraph (c) below: (i) a brief description of the business desired to be brought before the meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the corporation, the language of the proposed amendment), (iii) the reasons for conducting such business at the meeting, and (iv) any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder;

(c) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made: (i) the name and address of such stockholder, as they appear on the corporation's books, and the name and address of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of shares of the corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares

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of the corporation or with a value derived in whole or in part from the value of any class or series of shares of the corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the corporation, through the delivery of cash or other property, or otherwise, and without regard of whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right (a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the corporation, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such stockholder, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the corporation ("Short Interests"), (E) any rights to dividends on the shares of the corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the corporation, (F) any proportionate interest in shares of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice and any updates and supplements thereof, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the corporation held by such stockholder, and (I) any direct or indirect interest of such stockholder in any contract with the corporation, any affiliate of the corporation or any principal competitor of the corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (iii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination and (v) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of

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proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and

(d) With respect to each person, if any, whom the stockholder proposes to nominate for election or reelection to the board of directors, a stockholder's notice must, in addition to the matters set forth in paragraphs (a) and (c) above, also include the completed and signed questionnaire, representation and agreement required by Section 16 of this Article II of these Bylaws. The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(2) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw; provided, however, that any references in this Bylaw to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to paragraph (A) or paragraph (B) of this Bylaw (other than, as provided in the last sentence of (A)(1), matters brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Bylaw shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors, if and to the extent provided for under law, pursuant to any applicable provisions of the certificate of incorporation or these Bylaws.

(D) General. (1) Only such persons who have been properly nominated in accordance with the procedures set forth in this Bylaw shall be eligible to be elected at an annual or special meeting of stockholders of the corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Bylaw. Except as otherwise provided by law, the certificate of incorporation or these Bylaws, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Bylaw (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (C)(1)(c)(iv) of this Bylaw) and (b) if any proposed nomination or business was not made or proposed in compliance with this Bylaw, to declare that such proposed nomination or business shall be disregarded and no action shall be taken on such proposed nomination or business. Notwithstanding the foregoing provisions of this Bylaw, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the corporation to present a nomination or

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proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the corporation. For purposes of this Bylaw, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Section 15. *Required Vote for Directors.*

(A) **Majority Vote.** Except as otherwise required by law or by the certificate of incorporation, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present; provided, however, that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the votes of shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Bylaw, “a majority of the votes cast” shall mean that the number of shares voted “for” a director’s election exceeds the number of votes cast “against” that director’s election (with “abstentions” and “broker nonvotes” not counted as votes cast either “for” or “against” that director’s election).

(B) If a nominee who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her resignation to the board of directors in accordance with the agreement contemplated by Section 16 of this Article II of these Bylaws. The Nominating and Governance Committee shall make a recommendation to the board of directors on whether to accept or reject the tendered resignation, or whether other action should be taken. The board of directors shall act on the tendered resignation, taking into account the Committee’s recommendation and publicly disclose (in a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results.

The Nominating and Governance Committee in making its recommendation, and the board of directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Governance Committee or the decision of the board of directors with respect to his or her resignation. If such incumbent director’s resignation is not accepted by the board of directors, such director shall continue to serve until the end of his or her term and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director’s resignation is accepted by the board of directors pursuant to this Bylaw, or if a nominee for director is not elected and the nominee is not an incumbent director, then the board of directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 4 of Article III of these Bylaws or may decrease the size of the board of directors pursuant to the provisions of Section 2 of Article III of these Bylaws.

Section 16. *Submission of Questionnaire, Representation and Agreement.*

To be eligible to be a nominee for election or reelection as a director of the corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 14 of this

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Article II) to the secretary at the principal executive offices of the corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the secretary upon written request) and a written representation and agreement (in the form provided by the secretary upon written request) that such person (A) will abide by the requirements of Section 15 of this Article II, (B) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law, (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (D) agrees to comply with the corporation's outside directors stock ownership policies, if any, and (E) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation.

ARTICLE III

DIRECTORS

Section 1. *Powers.*

Subject to the provisions of the General Corporation Law and any limitations in the certificate of incorporation and these Bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the power and authority to:

(a) Select and remove all officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, the certificate of incorporation or these Bylaws, fix their compensation, and require from them security for faithful service.

(b) Change the principal executive office or the principal business office in the State of California from one location to another; cause the corporation to be qualified to do business in any other state, territory, dependency, or foreign country and conduct business within or outside the State of California; designate any place within or without the State of California for the holding of any stockholders' meeting or meetings, including annual meetings; adopt, make and use a corporate seal, and prescribe the forms of certificates of stock, and alter the form of such seal and of such certificates from time to time as in their judgment they may deem best, provided that such forms shall at all times comply with the provisions of law.

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(c) Authorize the issuance of shares of stock of the corporation from time to time, upon such terms as may be lawful, in consideration of money paid, labor done or services actually rendered, debts or securities canceled or tangible or intangible property actually received.

(d) Borrow money and incur indebtedness for the purpose of the corporation, and cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, or other evidences of debt and securities therefor.

Section 2. Number and Qualification of Directors.

The number of directors of the corporation shall be eleven (11) until changed by a Bylaw amending this Section 2 of this Article III, duly adopted by the board of directors or by the stockholders.

Section 3. Election and Term of Office of Directors.

Subject to Section 15 below, one class of the directors shall be elected at each annual meeting of the stockholders, but if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of stockholders held for that purpose. All directors shall hold office until their respective successors are duly elected and qualified. Irrespective of the provisions of Section 15 of this Article III and of the preceding sentence, a director shall automatically be retired on the date of the expiration of the first annual meeting following his 72nd birthday.

Section 4. Vacancies and Newly Created Directorships.

Vacancies and newly created directorships on the board of directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. Each director elected to fill a vacancy shall hold office for the remainder of the term of the person whom he or she succeeds until a successor has been elected and qualified.

A vacancy or vacancies in the board of directors shall be deemed to exist in the case of the death, retirement, resignation, disqualification or removal of any director, or if the authorized number of directors be increased.

Any director may resign or voluntarily retire upon giving written notice to the chairman of the board, the president, the secretary or the board of directors. Such retirement or resignation shall be effective upon the giving of the notice, unless the notice specifies a later time for its effectiveness. If such retirement or resignation is effective at a future time, the board of directors may elect a successor to take office when the retirement or resignation becomes effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office. No director may be removed during his term except for cause.

Section 5. Place of Meetings and Telephonic Meetings.

Regular meetings of the board of directors may be held at any place within or without the State of Delaware that has been designated from time to time by resolution of the board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board shall be held at any place within or without the State of Delaware that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the corporation. Any meeting, regular or special, may be held by conference telephone

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or other communication equipment, so long as all directors participating in such meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.

Section 6. *Annual Meetings.*

Immediately following each annual meeting of stockholders, the board of directors shall hold a regular meeting for the purpose of organization, any desired election of officers and transaction of other business. Notice of this meeting shall not be required.

Section 7. *Other Regular Meetings.*

Other regular meetings of the board of directors shall be held at such time as shall from time to time be determined by the board of directors. Such regular meetings may be held without notice provided that notice of any change in the determination of time of such meeting shall be sent to all of the directors. Notice of a change in the determination of the time shall be given to each director in the same manner as for special meetings of the board of directors.

Section 8. *Special Meetings.*

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board or the president or any vice president or the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone or by electronic transmission to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at his or her address as it is shown upon the records of the corporation. In case such notice is mailed, it shall be deposited in the United States mail at least four (4) days prior to the time of the holding of the meeting. In case such notice is delivered personally, or by telephone, telegram or other form of electronic transmission, it shall be delivered personally, or by telephone, or transmitted by other electronic transmission at least forty-eight (48) hours prior to the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated to either the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

Section 9. *Quorum.*

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 10. *Waiver of Notice.*

The actions of the board of directors at any meeting thereof, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if a quorum be present and if, either before or after the meeting, each of the directors not present gives a waiver of notice, a consent to holding the meeting or an approval of the minutes thereof. The waiver of notice or

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consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director.

Section 11. *Adjournment.*

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 12. *Notice of Adjournment.*

Notice of the time and place of an adjourned meeting need not be given if the time and place thereof are announced at the adjourned meeting, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of such time and place shall be given prior to the time of the adjourned meeting, in the manner specified in Section 8 of this Article III, to the directors who were not present at the time of the adjournment.

Section 13. *Action Without Meeting.*

Any action required or permitted to be taken by the board of directors may be taken without a meeting, if all members of the board shall consent to such action in compliance with applicable law.

Section 14. *Fees and Compensation of Directors.*

Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses, as may be fixed or determined by resolution of the board of directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for such services.

Section 15. *Classification of Directors.*

The board of directors shall be and is divided into three classes, Class I, Class II and Class III. The number of directors in each class shall be the whole number contained in the quotient arrived at by dividing the authorized number of directors by three, and if a fraction is also contained in such quotient then if such fraction is one-third (1/3) the extra director shall be a member of Class III and if the fraction is two-thirds (2/3) one of the extra directors shall be a member of Class III and the other shall be a member of Class II. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected.

In the event of any increase or decrease in the authorized number of directors, (a) each director then serving as such shall nevertheless continue as a director of the class of which he is a member until the expiration of his current term, or his prior death, resignation or removal, and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the board of directors to such class or classes as shall, so far as possible, bring the number of directors in the respective classes into conformity with the formula in this Section 15, as applied to the new authorized number of directors.

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Section 16. *Chairman of the Board.*

The board of directors may, by resolution, select a member of the board of directors to act as chairman of the board. The chairman of the board shall preside over the meetings of the board of directors and shall have such other duties as may be delegated to the chairman by the board of directors. The chairman of the board shall not be an officer of the corporation, unless otherwise provided by resolution of the board of directors.

ARTICLE IV COMMITTEES

Section 1. *Committees of Directors.*

The board of directors may, by resolution adopted by the board of directors, designate one or more committees, including an executive committee, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board, shall have all the authority of the board, except with respect to:

- (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law to be submitted to the stockholders for approval; or
- (b) adopting, amending or repealing any Bylaw of the corporation.

Section 2. *Meetings and Action of Committees.*

Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Sections 5 (place of meetings), 7 (regular meetings), 8 (special meetings and notice), 9 (quorum), 10 (waiver of notice), 11 (adjournment), 12 (notice of adjournment) and 13 (action without meetings), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time of regular meetings of committees may be determined by resolution of the board of directors as well as the committee, special meetings of committees may also be called by resolution of the board of directors, and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V OFFICERS

Section 1. *Officers.*

The officers of the corporation shall be the chief executive officer, the president, a vice president, a secretary and a treasurer. The corporation may also have, at the discretion of the chief executive officer or the board of directors, one or more additional vice presidents, one or more assistant secretaries, one or more

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assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any number of offices may be held by the same person.

Section 2. *Election of Officers.*

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen annually by the board of directors, and each shall hold his office until he shall resign or be removed or otherwise disqualified to serve or his successor shall be elected and qualified.

Section 3. *Subordinate Officers, etc.*

The chief executive officer or the board of directors may appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the chief executive officer or the board of directors may from time to time determine.

Section 4. *Removal and Resignation of Officers.*

Any officer may be removed, either with or without cause, by the board of directors, at any regular or special meeting thereof, or, except in case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. *Vacancies in Office.*

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 6. *Chief Executive Officer.*

The chief executive officer shall, subject to the control of the board of directors, have general supervision, direction and control of the business and affairs of the corporation. If so determined by resolution of the board of directors, the chairman of the board shall also be the chief executive officer.

Section 7. *President.*

The president shall exercise and perform such powers and duties with respect to the administration of the business and affairs of the corporation as may from time to time be assigned to him by the chief executive officer or by the board of directors, or as may be prescribed by the Bylaws. If so determined by resolution of the board of directors, the president shall also be the chief executive officer and/or the chief operating officer.

Section 8. *Vice Presidents.*

In the absence or disability of the president, a vice president designated by the board of directors shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform

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such other duties as from time to time may be prescribed for them respectively by the board of directors or the Bylaws.

Section 9. *Secretary.*

The secretary shall keep or cause to be kept, at the principal executive office or such other place as the board of directors may order, a book of minutes of all meetings and actions of directors, committees of directors and stockholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' and committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a stock register, or a duplicate register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors required by the Bylaws or by law to be given, and he shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by the Bylaws.

Section 10. *Treasurer.*

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall be open at all reasonable times to inspection by any director.

The treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the chief executive officer or the board of directors. He shall disburse the funds of the corporation as may be ordered by the chief executive officer or the board of directors, shall render to the chief executive officer or the board of directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the chief executive officer, the board of directors or the Bylaws.

Section 11. *Assistant Secretaries and Assistant Treasurers.*

Any assistant secretary may perform any act within the power of the secretary, and any assistant treasurer may perform any act within the power of the treasurer, subject to any limitations which may be imposed in these Bylaws or in board resolutions.

ARTICLE VI
INDEMNIFICATION OF DIRECTORS, OFFICERS,
EMPLOYEES AND OTHER AGENTS

Section 1. *Indemnification and Insurance.*

(A) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the General Corporation Law as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in paragraph (C) of this Bylaw, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors. The right to indemnification conferred in this Bylaw shall be a contract right that vests at the time that such person’s service to or at the request of the corporation commences and includes the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the corporation within 20 days after the receipt by the corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Bylaw or otherwise.

(B) To obtain indemnification under this Bylaw, a claimant shall submit to the corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant’s entitlement thereto shall be made as follows: (1) if requested by the claimant, by independent counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by independent counsel, (i) by the

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board of directors by a majority vote of a quorum consisting of disinterested directors (as hereinafter defined), or (ii) by a committee of disinterested directors designated by disinterested directors, even though less than a quorum, or (iii) if a quorum of the board of directors consisting of disinterested directors is not obtainable or, even if obtainable, such quorum of disinterested directors so directs, by independent counsel in a written opinion to the board of directors, a copy of which shall be delivered to the claimant, or (iv) if a quorum of disinterested directors so directs, by the stockholders of the corporation. In the event the determination of entitlement to indemnification is to be made by independent counsel at the request of the claimant, the independent counsel shall be selected by the board of directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change of Control" as defined in the 1996 Stock Incentive Plan, in which case the independent counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the board of directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

(C) If a claim under paragraph (A) of this Bylaw is not paid in full by the corporation within 30 days after a written claim pursuant to paragraph (B) of this Bylaw has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim, including attorney's fees to the fullest extent permitted by law. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law, nor an actual determination by the corporation (including its board of directors, independent counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(D) If a determination shall have been made pursuant to paragraph (B) of this Bylaw that the claimant is entitled to indemnification, the corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (C) of this Bylaw.

(E) The corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (C) of this Bylaw that the procedures and presumptions of this Bylaw are not valid, binding and enforceable and shall stipulate in such proceeding that the corporation is bound by all the provisions of this Bylaw.

(F) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Bylaw (i) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise and (ii) cannot be terminated by the corporation, the board of directors or the stockholders of the corporation with respect to a person's

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service prior to the date of such termination. No repeal or modification of this Bylaw shall in any way diminish or adversely affect the rights of any current or former director, officer, employee or agent of the corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(G) The corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law. To the extent that the corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of this Bylaw, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

(H) The corporation may, to the extent authorized from time to time by the board of directors or the chief executive officer, grant rights to indemnification, and rights to be paid by the corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any current or former employee or agent of the corporation to the fullest extent of the provisions of this Bylaw with respect to the indemnification and advancement of expenses of current or former directors and officers of the corporation.

(I) If any provision or provisions of this Bylaw shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Bylaw (including, without limitation, each portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Bylaw (including, without limitation, each such portion of any paragraph of this Bylaw containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of this Bylaw:

(1) “disinterested director” means a director of the corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) “independent counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the corporation or the claimant in an action to determine the claimant’s rights under this Bylaw.

(K) Any notice, request or other communication required or permitted to be given to the corporation under this Bylaw shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the corporation and shall be effective only upon receipt by the Secretary.

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Section 2. *Fiduciaries of Corporate Employee Benefit Plan.*

This Article VI does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 1 of this Article VI. Nothing contained in this Article VI shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by Section 410 of the Employee Retirement Income Security Act of 1974, as amended, other than this Article VI.

ARTICLE VII

GENERAL CORPORATE MATTERS

Section 1. *Record Date for Purposes Other Than Notice and Voting.*

For purposes of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty (60) days prior to any such action, and in such case only stockholders of record on the date so fixed are entitled to receive the dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date fixed as aforesaid, except as otherwise provided in the General Corporation Law.

If the board of directors does not so fix a record date, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such action, whichever is later.

Section 2. *Checks, Drafts, Evidences of Indebtedness.*

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors.

Section 3. *Corporate Contracts and Instruments; How Executed.*

The board of directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 4. *Stock Certificates.*

The shares of the corporation shall be represented by certificates, provided that the board of directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until

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such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the board of directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation certifying the number of shares owned by such holder in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 5. *Lost Certificates.*

Except as hereinafter in this Section 5 provided, no new stock certificate shall be issued in lieu of an old certificate unless the latter is surrendered to the corporation and canceled at the same time. The board of directors may in case any stock certificate or certificate for any other security is lost, stolen or destroyed, authorize the issuance of a new certificate in lieu thereof, upon such terms and conditions as the board of directors may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

Section 6. *Representation of Stock of Other Corporations.*

The chairman of the board, the president, or any vice president, or any other person authorized by resolution of the board of directors by any of the foregoing designated officers, is authorized to vote on behalf of the corporation any and all stock or other equity interest of any other corporation or corporations, foreign or domestic, standing in the name of the corporation. The authority herein granted to said officers to vote or represent on behalf of the corporation any and all stock by the corporation in any other corporation or corporations, or other entity or entities, may be exercised by any such officer in person or by any person authorized to do so by proxy duly executed by said officer.

Section 7. *Construction and Definitions.*

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the General Corporation Law shall govern the construction of the Bylaws. Without limiting the generality of the foregoing, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

Section 8. *Fiscal Year.*

The fiscal year of the corporation shall commence on or about the first day of the calendar year, as determined by the officers of the corporation.

Section 9. *Seal.*

The seal of the corporation shall be round and shall bear the name of the corporation and words and figures denoting its organization under the laws of the State of Delaware and year thereof, and otherwise shall be in such form as shall be approved from time to time by the board of directors.

ARTICLE VIII
AMENDMENTS

Section 1. *Amendment by Stockholders.*

New Bylaws may be adopted or these Bylaws may be amended or repealed by the stockholders by vote of not less than 80% of the total voting power of all shares of stock of the corporation entitled to vote in the election of directors, considered for purposes of this Section 1 as one class.

Section 2. *Amendment by Directors.*

Subject to the rights of the stockholders as provided in Section 1 of this Article VIII, to adopt, amend or repeal Bylaws, Bylaws may be adopted, amended or repealed by the board of directors.

Amended and restated as of April 23, 2009

**AVERY DENNISON ANNOUNCES
FIRST QUARTER 2009 RESULTS**

PASADENA, Calif. — April 28, 2009 — Avery Dennison Corporation (NYSE:AVY) today announced preliminary first quarter 2009 results.

All non-GAAP terms are reconciled to GAAP in the attached tables.

First Quarter Financial Summary — Preliminary

(\$ millions, except per share amounts)

	Q1 2009 (14 weeks)		Q1 2008 (13 weeks)		% Change vs. P/Y	
					Reported	Organic (a)
Net sales, by segment:						
Pressure-sensitive Materials	\$ 808.8	\$ 919.6			-12%	-11%
Retail Information Services	316.0	372.0			-15%	-20%
Office and Consumer Products	184.4	194.4			-5%	-7%
Other specialty converting businesses	117.0	159.2			-27%	-29%
Total net sales	\$ 1,426.2	\$ 1,645.2			-13%	-15%
	As Reported (GAAP)			Adjusted Non-GAAP (b)		
			% of Sales			
	2009	2008	% Change	2009	2008	% of Sales
				2009	2008	2009
Operating income (loss) before interest and taxes, by segment:						
Pressure-sensitive Materials	\$ 36.8	\$ 71.8	-49%	4.5%	7.8%	\$ 47.9 \$ 75.6 -37% 5.9% 8.2%
Retail Information Services	(21.4)	(3.7)	n/m	-6.8%	-1.0%	(11.8) 4.8 -346% -3.7% 1.3%
Office and Consumer Products	23.4	21.9	7%	12.7%	11.3%	26.1 22.0 19% 14.2% 11.3%
Other specialty converting businesses	(27.5)	9.5	-389%	-23.5%	6.0%	(11.8) 9.7 -222% -10.1% 6.1%
Corporate expense	(30.7)	(9.1)				(9.5) (9.1)
Total operating income (loss) before interest and taxes	\$ (19.4)	\$ 90.4	-121%	-1.4%	5.5%	\$ 40.9 \$ 103.0 -60% 2.9% 6.3%
Interest expense	27.5	29.5				27.5 29.5
Income (loss) from operations before taxes	\$ (46.9)	\$ 60.9	-177%	-3.3%	3.7%	\$ 13.4 \$ 73.5 -82% 0.9% 4.5%
(Benefit from) provision for income taxes	\$ (0.7)	\$ (7.5)				\$ 2.0 \$ (5.4)
Net income (loss)	\$ (46.2)	\$ 68.4	-168%	-3.2%	4.2%	\$ 11.4 \$ 78.9 -86% 0.8% 4.8%
Net income (loss) per common share, assuming dilution	\$ (0.46)	\$ 0.69	-167%			\$ 0.11 \$ 0.80 -86%
YTD Free Cash Flow (c)				2009	2008	
				\$ (7.3)	\$ 1.1	

- a) Percentage change in sales before the impact of acquisitions, divestitures, foreign currency translation, and extra week in Q1-09.
- b) Excludes restructuring and asset impairment charges, transition costs associated with acquisition integrations, and other items (see accompanying schedules A-3 and A-4 for reconciliation to GAAP measures).
- c) Free Cash Flow (a non-GAAP measure) as used herein is defined as net cash provided by operating activities (as reported), less purchase of property, plant, equipment, software, and other deferred charges, plus proceeds from sale of investments, net (see accompanying schedule A-3 for reconciliation to GAAP measure).

“Sales and profits were down in the first quarter, reflecting a very challenging macroeconomic environment. Business conditions remain weak, particularly in the retail sector,” said Dean A. Scarborough, president and chief executive officer of Avery Dennison. “However, the decline moderated after a very weak January.

“We continue to respond to the challenges by reducing fixed costs and accelerating productivity improvements,” added Scarborough. “These actions plus continued investment in our growth initiatives will further position the Company for strong growth and increased returns when market conditions improve. We are weathering the storm, and expecting to generate solid free cash flow in 2009.

“I am pleased by the dedication, resolve, and resilience of Avery Dennison employees worldwide, and thank them for their hard work in a difficult economy.”

For more details on the Company’s results for the quarter, see the Company’s Supplemental Presentation Materials, “First Quarter 2009 Financial Review and Analysis,” posted at the Company’s Web site at www.investors.averydennison.com, and furnished under Form 8-K with the SEC.

First Quarter, 2009 Results by Segment

All references to sales reflect comparisons on an organic basis, which exclude the impact of acquisitions, foreign currency translation, and an extra week in the first quarter of 2009.

Pressure-sensitive Materials (PSM)

- Roll Materials sales declined in every region, reflecting weakness in end-markets. Sales were particularly soft in the more economically sensitive Graphics and Reflective Products division.
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- The decline in operating margin reflected reduced fixed-cost leverage and the effects of raw material inflation. These factors outweighed the benefits of price increases, restructuring, and other productivity initiatives.

Retail Information Services (RIS)

- The decline in sales primarily reflected continued weakness of the retail apparel market in the U.S. and in Europe.
- The decline in operating margin was driven by reduced fixed-cost leverage and cost inflation. These were offset in part by incremental integration savings and the benefit of restructuring and other productivity actions.
- The Company is implementing significant restructuring measures in this segment in 2009, and continues to transform the business to strengthen its competitive advantages to drive future growth and profitability improvement.

Office and Consumer Products (OCP)

- The decline in sales reflected weak end-market demand, partially offset by the effect of customer inventory management.
 - The increase in operating margin reflected the benefit of price increases to offset raw material inflation carried throughout 2008, restructuring, and other productivity initiatives.
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Other specialty converting businesses

- The decline in sales is primarily attributable to lower volume in products sold to the automotive and housing construction industries.
- Operating margin declined due to reduced fixed-cost leverage, which more than outweighed the benefit of restructuring and other productivity initiatives.
- The Company is implementing significant restructuring measures in these businesses in 2009.

Consolidated Items and Actions

- In the fourth quarter of 2008, the Company began a restructuring program expected to reduce costs across all segments of the business. The Company currently targets in excess of \$150 million in annualized savings over the next two years (estimating \$75 million benefit, net of transition costs, in 2009). The restructuring includes reductions of approximately 10% of the Company's global workforce. The Company estimates that it will incur approximately \$130 million of cash restructuring charges associated with these actions, with the majority to be incurred in 2009. In addition to the savings from these new actions, the Company expects approximately \$40 million of carryover savings from previously implemented actions, including benefits from the Paxar integration.

At the end of the first quarter of 2009, the Company achieved run-rate savings representing approximately 30% of its restructuring target, and anticipates reaching 50% by the end of the second quarter.

- The Company's effective tax rate was approximately 2% in the first quarter of 2009. The ongoing annual tax rate is expected to be in the low 20% range, varying significantly from quarter to quarter.
- The Company commenced an interim goodwill impairment test that management believes is likely to result in a non-cash impairment charge. This charge may impact the final first quarter 2009 financial results to be filed with the Company's Form 10-Q.

Avery Dennison is a recognized industry leader that develops innovative identification and decorative solutions for businesses and consumers worldwide. The Company's products include pressure-sensitive labeling materials; graphics imaging media; retail apparel ticketing and branding systems; RFID inlays and tags; office products; specialty tapes; and a variety of specialized labels for automotive, industrial and durable goods applications. A FORTUNE 500 Company with sales of \$6.7 billion in 2008, Avery Dennison is based in Pasadena, California and employs more than 36,000 employees in over 60 countries. For more information, visit 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. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or expected results depending on a variety of factors, including but not limited to risks and uncertainties relating to investment in development activities and new production facilities; fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; the financial condition and inventory strategies of customers; customer and supplier concentrations; changes in customer order patterns; loss of significant contract(s) or customer(s); timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; impact of competitive products and pricing; selling prices; business mix shift; volatility of capital and credit markets; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings, including a previous government investigation into industry competitive practices, and any related proceedings or lawsuits pertaining thereto or to the subject matter thereof related to the concluded investigation by the U.S. Department of Justice (“DOJ”) (including purported class actions seeking treble damages for alleged unlawful competitive practices, which were filed after the announcement of the DOJ investigation), as well as the impact of potential violations of the U.S. Foreign Corrupt Practices Act; changes in governmental regulations; changes in political conditions; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; worldwide and local economic conditions; impact of epidemiological events on the economy and the Company’s customers and suppliers; acts of war, terrorism, natural disasters; and other factors.

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company’s products and on the carrying value of its assets; (2) the impact of competitors’ actions, including pricing, expansion in key markets, and product offerings; (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; (4) potential adverse developments in legal proceedings and/or investigations including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

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 most recent Form 10-K, filed on February 25, 2009, with the Securities and Exchange Commission. The forward-looking statements included in this document are made only as of the date of this document, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

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

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

	(UNAUDITED)	
	Three Months Ended	
	Apr. 4, 2009 (14 Weeks)	Mar. 29, 2008 (13 Weeks)
Net sales	\$ 1,426.2	\$ 1,645.2
Cost of products sold	1,081.1	1,221.2
Gross profit	345.1	424.0
Marketing, general & administrative expense	304.2	328.0
Interest expense	27.5	29.5
Other expense (1)	60.3	5.6
(Loss) income from operations before taxes	(46.9)	60.9
Benefit from income taxes	(0.7)	(7.5)
Net (loss) income	\$ (46.2)	\$ 68.4
Per share amounts:		
Net (loss) income per common share, assuming dilution	\$ (0.46)	\$ 0.69
Average common shares outstanding, assuming dilution	100.5	98.6
Common shares outstanding at period end	105.0	98.5

(1) Other expense for the first quarter of 2009 includes \$39.1 of restructuring costs, asset impairment and lease cancellation charges and a loss of \$21.2 from debt extinguishment.

Other expense for the first quarter of 2008 includes \$5.6 of restructuring costs and asset impairment charges.

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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 accordance with U.S. 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, 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.

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 measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g. restructuring charges, asset impairments, certain effects of acquisitions and related integration costs, loss from debt extinguishment, gains on sales of assets, etc.), from certain of the Company's GAAP measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's "core" or "underlying" operating results. These non-GAAP 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. The Company utilizes the anticipated full-year GAAP tax rate to determine adjusted non-GAAP net income.

Limitations associated with the use of the Company's non-GAAP measures include (1) the exclusion of items that recur from time to time (e.g. restructuring, asset impairment charges, discontinued operations, etc.) and items that occur infrequently (e.g. loss from debt extinguishment) from calculations of the Company's earnings and operating margin; (2) the exclusion of certain effects of acquisitions, including integration costs and certain financing costs; (3) the exclusion of interest expense from the calculation of the Company's operating margin; and (4) the exclusion of any mandatory debt service requirements, as well as the exclusion of other uses of the cash generated by operating activities that do not directly or immediately support the underlying business (such as discretionary debt reductions, dividends, share repurchase, acquisitions, etc.) for calculation of free cash flow. While certain items that the Company excludes from GAAP measures recur, these items tend to be disparate in amount and timing. Based upon feedback from investors and financial analysts, the Company believes that supplemental non-GAAP measures provide information that is useful to the assessment of the Company's performance and operating trends.

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

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

	(UNAUDITED)	
	Three Months Ended	
	Apr. 4, 2009 (14 Weeks)	Mar. 29, 2008 (13 Weeks)
Reconciliation of GAAP to Non-GAAP Operating Margin:		
Net sales	\$ 1,426.2	\$ 1,645.2
(Loss) income from operations before taxes	\$ (46.9)	\$ 60.9
GAAP Operating Margin	(3.3%)	3.7%
(Loss) income from operations before taxes	\$ (46.9)	\$ 60.9
Non-GAAP adjustments:		
Restructuring costs	17.1	3.3
Asset impairment and lease cancellation charges	22.0	2.3
Loss from debt extinguishment	21.2	—
Transition costs associated with acquisition integrations (1)	—	7.0
Interest expense	27.5	29.5
Adjusted non-GAAP operating income before taxes and interest expense	\$ 40.9	\$ 103.0
Adjusted Non-GAAP Operating Margin	2.9%	6.3%
Reconciliation of GAAP to Non-GAAP Net Income:		
As reported net (loss) income	\$ (46.2)	\$ 68.4
Non-GAAP adjustments, net of taxes:		
Restructuring costs	16.3	2.8
Asset impairment and lease cancellation charges	21.0	1.9
Loss from debt extinguishment	20.3	—
Transition costs associated with acquisition integrations	—	5.8
Adjusted Non-GAAP Net Income	\$ 11.4	\$ 78.9

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

	(UNAUDITED)	
	Three Months Ended	
	Apr. 4, 2009 (14 Weeks)	Mar. 29, 2008 (13 Weeks)
Reconciliation of GAAP to Non-GAAP Earnings Per Share:		
As reported (loss) income per common share, assuming dilution	\$ (0.46)	\$ 0.69
Non-GAAP adjustments per share, net of taxes:		
Restructuring costs	0.16	0.03
Asset impairment and lease cancellation charges	0.21	0.02
Loss from debt extinguishment	0.20	—
Transition costs associated with acquisition integrations	—	0.06
Adjusted Non-GAAP income per common share, assuming dilution	\$ 0.11	\$ 0.80
Average common shares outstanding, assuming dilution	100.5	98.6

(1) 2008 QTD includes \$7 of transition costs associated with acquisition integrations and change-in-control costs reported in marketing, general & administrative expense.

	(UNAUDITED)	
	Three Months Ended	
	Apr. 4, 2009 (14 Weeks)	Mar. 29, 2008 (13 Weeks)
Reconciliation of GAAP to Non-GAAP Cash Flow:		
Net cash provided by operating activities	\$ 16.0	\$ 56.0
Purchase of property, plant and equipment	(15.7)	(38.4)
Purchase of software and other deferred charges	(8.2)	(16.5)
Proceeds from sale of investments, net	0.6	—
Free Cash Flow	\$ (7.3)	\$ 1.1

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AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

	(UNAUDITED)					
	First Quarter Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2009 (14 Weeks)	2008 (13 Weeks)	2009 (1) (14 Weeks)	2008 (2) (13 Weeks)	2009 (14 Weeks)	2008 (13 Weeks)
Pressure-sensitive Materials	\$ 808.8	\$ 919.6	\$ 36.8	\$ 71.8	4.5%	7.8%
Retail Information Services	316.0	372.0	(21.4)	(3.7)	(6.8%)	(1.0%)
Office and Consumer Products	184.4	194.4	23.4	21.9	12.7%	11.3%
Other specialty converting businesses	117.0	159.2	(27.5)	9.5	(23.5%)	6.0%
Corporate Expense	N/A	N/A	(30.7)	(9.1)	N/A	N/A
Interest Expense	N/A	N/A	(27.5)	(29.5)	N/A	N/A
TOTAL FROM OPERATIONS	\$ 1,426.2	\$ 1,645.2	\$ (46.9)	\$ 60.9	(3.3%)	3.7%

- (1) Operating loss for the first quarter of 2009 includes \$39.1 of restructuring costs, asset impairment and lease cancellation charges and a loss of \$21.2 from debt extinguishment; of the total \$60.3, the Pressure-sensitive Materials segment recorded \$11.1, the Retail Information Services segment recorded \$9.6, the Office and Consumer Products segment recorded \$2.7, the other specialty converting businesses recorded \$15.7 and Corporate recorded \$21.2.
- (2) Operating income for the first quarter of 2008 includes \$7 of transition costs associated with acquisition integrations and \$5.6 of restructuring costs and asset impairment charges; of the total \$12.6, the Pressure-sensitive Materials segment recorded \$3.8, the Retail Information Services segment recorded \$8.5, the Office and Consumer Products segment recorded \$.1 and the other specialty converting businesses recorded \$.2.

Beginning 2009, the Company modified its approach to allocating Corporate costs to its operating segments to better reflect the costs required to support operations within segment results. Prior year amounts have been restated to conform with the new methodology.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	First Quarter Ended			
	OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2009	2008	2009	2008
Pressure-sensitive Materials				
Operating income, as reported	\$ 36.8	\$ 71.8	4.5%	7.8%
Non-GAAP adjustments:				
Restructuring costs	7.6	1.5	1.0%	0.2%
Asset impairment and lease cancellation charges	3.5	2.3	0.4%	0.2%
Adjusted non-GAAP operating income	\$ 47.9	\$ 75.6	5.9%	8.2%
Retail Information Services				
Operating loss, as reported	\$ (21.4)	\$ (3.7)	(6.8%)	(1.0%)
Non-GAAP adjustments:				
Restructuring costs	5.8	1.5	1.9%	0.4%
Asset impairment charges	3.8	—	1.2%	—
Transition costs associated with acquisition integrations	—	7.0	—	1.9%
Adjusted non-GAAP operating (loss) income	\$ (11.8)	\$ 4.8	(3.7%)	1.3%
Office and Consumer Products				
Operating income, as reported	\$ 23.4	\$ 21.9	12.7%	11.3%
Non-GAAP adjustments:				
Restructuring costs	0.9	0.1	0.5%	—
Asset impairment charges	1.8	—	1.0%	—
Adjusted non-GAAP operating income	\$ 26.1	\$ 22.0	14.2%	11.3%
Other specialty converting businesses				
Operating (loss) income, as reported	\$ (27.5)	\$ 9.5	(23.5%)	6.0%
Non-GAAP adjustments:				
Restructuring costs	2.8	0.2	2.4%	0.1%
Asset impairment charges	12.9	—	11.0%	—
Adjusted non-GAAP operating (loss) income	\$ (11.8)	\$ 9.7	(10.1%)	6.1%

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AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

ASSETS	(UNAUDITED)	
	Apr. 4, 2009	Mar. 29, 2008
Current assets:		
Cash and cash equivalents	\$ 83.0	\$ 73.2
Trade accounts receivable, net	864.2	1,116.9
Inventories, net	533.4	658.3
Other current assets	208.6	285.7
Total current assets	1,689.2	2,134.1
Property, plant and equipment, net	1,399.4	1,592.7
Goodwill	1,723.1	1,738.3
Other intangibles resulting from business acquisitions, net	291.3	320.5
Non-current deferred and refundable income taxes	170.3	76.4
Other assets	407.3	542.8
	\$ 5,680.6	\$ 6,404.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	\$ 812.4	\$ 750.8
Accounts payable	549.1	743.5
Other current liabilities	547.9	621.0
Total current liabilities	1,909.4	2,115.3
Long-term debt	1,139.2	1,545.1
Other long-term liabilities	692.1	632.8
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	612.5	745.5
Retained earnings	2,291.4	2,314.8
Accumulated other comprehensive (loss) income	(325.6)	168.8
Cost of unallocated ESOP shares	(1.2)	(3.8)
Employee stock benefit trusts	(190.3)	(379.6)
Treasury stock at cost	(571.0)	(858.2)
Total shareholders' equity	1,939.9	2,111.6
	\$ 5,680.6	\$ 6,404.8

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

	(UNAUDITED)	
	Three Months Ended	
	Apr. 4, 2009 (14 Weeks)	Mar. 29, 2008 (13 Weeks)
Operating Activities:		
Net (loss) income	\$ (46.2)	\$ 68.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	49.3	50.2
Amortization	21.9	20.1
Provision for doubtful accounts	6.1	4.0
Asset impairment and net loss on sale and disposal of assets	25.3	9.5
Loss from debt extinguishment	21.2	—
Stock-based compensation	6.4	8.0
Other non-cash items, net	4.6	(8.0)
	<u>88.6</u>	<u>152.2</u>
Changes in assets and liabilities and other adjustments, net of the effect of business acquisitions	(72.6)	(96.2)
Net cash provided by operating activities	<u>16.0</u>	<u>56.0</u>
Investing Activities:		
Purchase of property, plant and equipment	(15.7)	(38.4)
Purchase of software and other deferred charges	(8.2)	(16.5)
Proceeds from sale of investments, net	0.6	—
Other	0.7	0.5
Net cash used in investing activities	<u>(22.6)</u>	<u>(54.4)</u>
Financing Activities:		
Net increase (decrease) in borrowings (maturities of 90 days or less)	89.8	(360.8)
Additional borrowings (maturities longer than 90 days)	—	400.1
Payments of debt (maturities longer than 90 days)	(58.1)	(0.1)
Dividends paid	(43.7)	(43.8)
Proceeds from exercise of stock options, net	0.2	1.5
Other	(2.9)	2.3
Net cash used in financing activities	<u>(14.7)</u>	<u>(0.8)</u>
Effect of foreign currency translation on cash balances	(1.2)	0.9
(Decrease) increase in cash and cash equivalents	<u>(22.5)</u>	<u>1.7</u>
Cash and cash equivalents, beginning of year	105.5	71.5
Cash and cash equivalents, end of period	<u>\$ 83.0</u>	<u>\$ 73.2</u>

The first quarter of 2009 reflects the extinguishment of debt of \$331 and related contracts payable of \$13 in exchange for Treasury shares of \$296, cash for \$43 and an adjustment to additional paid-in-capital of \$16. This exchange resulted in a loss of \$21.

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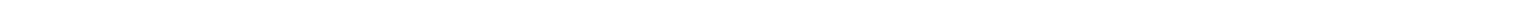


Supplemental Presentation Materials

***First Quarter 2009 Financial Review
and Analysis***

(unaudited)

April 28, 2009



Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements and financial or other business targets are subject to certain risks and uncertainties. Actual results and trends may differ materially from historical or expected results depending on a variety of factors, including but not limited to risks and uncertainties relating to investment in development activities and new production facilities; fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions; ability of the Company to generate sustained productivity improvement; successful integration of acquisitions; successful implementation of new manufacturing technologies and installation of manufacturing equipment; the financial condition and inventory strategies of customers; customer and supplier concentrations; changes in customer order patterns; loss of significant contract(s) or customer(s); timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; impact of competitive products and pricing; selling prices; business mix shift; volatility of capital and credit markets; credit risks; ability of the Company to obtain adequate financing arrangements and to maintain access to capital; fluctuations in interest rates; fluctuations in pension, insurance and employee benefit costs; impact of legal proceedings, including a previous government investigation into industry competitive practices, and any related proceedings or lawsuits pertaining thereto or to the subject matter thereof related to the concluded investigation by the U.S. Department of Justice ("DOJ") (including purported class actions seeking treble damages for alleged unlawful competitive practices, which were filed after the announcement of the DOJ investigation), as well as the impact of potential violations of the U.S. Foreign Corrupt Practices Act; changes in governmental regulations; changes in political conditions; fluctuations in foreign currency exchange rates and other risks associated with foreign operations; worldwide and local economic conditions; impact of epidemiological events on the economy and the Company's customers and suppliers; acts of war, terrorism, natural disasters; and other factors.

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products and on the carrying value of its assets; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (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; (4) potential adverse developments in legal proceedings and/or investigations, including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

The financial information presented in this document represents preliminary, unaudited financial results.

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP measures as defined by SEC rules. The most directly comparable GAAP measures have been included in the earnings news release for the quarter. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included with the financial schedules accompanying the earnings news release for the quarter, along with certain supplemental analysis provided in this document. ***(See Attachments A-2 through A-4 to Exhibit 99.1, news release dated April 28, 2009.)***

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 measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g., restructuring charges, asset impairments, certain effects of acquisitions and related integration costs, loss from debt extinguishment, gains on sales of assets, etc.), from certain of the Company's GAAP measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's "core" or "underlying" operating results. These non-GAAP 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. The Company applies the anticipated full-year GAAP tax rate to determine adjusted non-GAAP net income. ***(See Attachment A-2 to Exhibit 99.1 for discussion of limitations associated with the use of these non-GAAP measures.)***

The information in this document has been furnished (not filed) under Form 8-K with the SEC and is posted at the Investors section of the Company's Web site.

- Continued deterioration in global macroeconomic environment drove first quarter volume declines across all segments and regions
 - » Declines moderated after a very weak January
- Operating margin contracted, as impact of lower volume more than offset benefits of productivity initiatives and pricing actions implemented to offset inflation
- Actions underway to weather the storm and position Company for strong growth and profit improvement as markets improve:
 - » Expanding initiatives to reduce fixed-cost structure, particularly in RIS and other specialty converting businesses
 - » Maintaining investment in emerging business opportunities
 - » Remaining highly focused on Free Cash Flow:
 - › Targeting improved working capital efficiency
 - › Closely monitoring capital/IT spend against reduced budget
 - » Completed HiMEDS conversion to strengthen balance sheet and reduce interest expense

- Net sales declined 13% from prior year
 - » Net effect of DM Label acquisition was 0.6%
 - » Currency translation reduced sales growth by 6.4% (approx. \$0.05 negative impact to earnings per share)
 - » Extra week added about 7% of sales for the quarter
- On an organic basis, net sales declined 15%
 - » *Throughout this document, all references to first quarter 2009 organic sales change refer to results before the impact of acquisitions, foreign currency translation, and an extra week in the 2009 fiscal calendar*
- Operating margin before restructuring and asset impairment charges and other items declined to 2.9%
 - » Decline reflects raw material inflation and reduced fixed-cost leverage, partially offset by productivity improvement and pricing actions

- Accelerated and expanded efforts to reduce fixed-cost structure
 - » Now anticipate more than \$150 million of annualized savings from restructuring initiated in the fourth quarter of last year, with roughly \$75 mil. of benefit (net of transition costs) expected in 2009
 - » By the end of the first quarter, achieved run-rate savings representing approximately 30% of target (anticipate 50% by end of second quarter)
- Effective tax rate was approx. 2%; ongoing annual tax rate expected to be in the low 20% range, varying significantly from quarter to quarter
- Reported E.P.S. of \$(0.46) includes \$0.57 of restructuring and asset impairment charges and other items
 - » \$0.37 of restructuring and asset impairment charges
 - » \$0.20 associated with HiMEDS conversion (debt extinguishment)
- Adjusted E.P.S. of \$0.11
- Company commenced an interim goodwill impairment test that management believes is likely to result in a non-cash impairment charge which may impact final first quarter 2009 financial results to be filed with Form 10-Q



Sales Analysis

	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>	<u>1Q09</u>
<i>Organic Sales Change⁽¹⁾</i>	(1.9)%	(0.6)%	(2.4)%	(8.1)%	(14.5)%*
Acquisitions, Net of Divestitures	14.1%	13.5%	0.6%	0.6%	0.6%
Currency Translation	6.1%	7.1%	4.5%	(4.4)%	(6.4)%
Extra Week of Sales	n/a	n/a	n/a	n/a	7.0%
Reported Sales Change	18.4%	20.0%	2.6%	(11.8)%	(13.3)%

* Decline moderated after a very weak January

⁽¹⁾ Reported Sales Change (year-over-year) less the impacts of foreign currency translation, acquisitions, net of divestitures, and extra week in Q1-09 (calculation may not tie due to rounding).

	<u>1Q09</u>	<u>1Q08⁽²⁾</u>	<u>4Q08⁽²⁾</u>
Gross Profit Margin (total Company)	24.2%	25.8%	25.0%
<u>Operating Margin (non-GAAP⁽¹⁾):</u>			
Pressure-sensitive Materials	5.9%	8.2%	5.3%
Retail Information Services	(3.7)%	1.3%	1.2%
Office and Consumer Products	14.2%	11.3%	20.4%
Other specialty converting businesses	(10.1)%	6.1%	(6.5)%
Total Company	2.9%	6.3%	4.9%

⁽¹⁾ Earnings before interest and taxes, restructuring and asset impairment charges, and other items detailed in Attachments A-3 and A-4 of Exhibit 99.1.

⁽²⁾ Prior year numbers restated for change in methodology related to allocation of corporate expense to operating segments.

- Gross profit margin declined to 24.2%
 - » Decline reflects reduced fixed-cost leverage and raw material inflation, partially offset by benefits from pricing actions and productivity
- Marketing, general and administrative (MG&A) expense ratio increased by 1.4 points compared to the prior year
 - » Absolute MG&A spending decreased by approximately \$24 mil. compared to the prior year, due to cost reductions and currency translation, partially offset by costs associated with the extra week of sales

PRESSURE-SENSITIVE MATERIALS

- Reported sales of \$809 mil., down 12% compared with prior year
 - » Organic sales decline of approx. 11%
- Rate of change in sales (organic basis) for roll materials business, by region:
 - » Europe: low double digit decline
 - » North America: mid single digit decline
 - » Emerging Markets (Asia, Eastern Europe, South America): low double digit decline
- Graphics & Reflective sales down more than 20% on an organic basis
- Excluding restructuring charges and other items, operating margin declined to 5.9%, as reduced fixed-cost leverage and the effects of raw material inflation more than offset the benefit of price increases, restructuring and other productivity initiatives

RETAIL INFORMATION SERVICES

- Reported sales of \$316 mil., down 15% compared with prior year
 - » Organic sales decline of approx. 20%
- Operating margin before restructuring charges and other items declined to a negative 3.7%, as carryover of integration savings (approx. \$5 mil.) and other productivity actions were more than offset by the effects of:
 - » Lower volume (reduced fixed-cost leverage)
 - » Employee-related, raw material and other cost inflation
- Implementing significant restructuring measures in this segment in 2009
- Continue to transform the business, strengthening competitive advantages to drive future growth and profitability improvement

OFFICE AND CONSUMER PRODUCTS

- Reported sales of \$184 mil., down 5% compared with prior year
 - » Organic sales decline of approx. 7%
- Excluding restructuring charges and other items, operating margin improved by 2.9 points to 14.2%, reflecting the benefit of price increases to offset raw material inflation carried throughout 2008, restructuring, and other productivity initiatives

OTHER SPECIALTY CONVERTING BUSINESSES

- Reported sales of \$117 mil., down 27% compared with prior year
 - » Organic sales decline of approx. 29%
- Excluding restructuring charges and other items, operating margin declined to a negative 10.1%, as the benefit of productivity initiatives was more than offset by reduced fixed-cost leverage
- Implementing significant restructuring measures in this segment in 2009



Year-To-Date Cash Flow

<i>(\$ Millions)</i>	<u>2009</u>	<u>2008</u>
Net cash provided by operating activities	\$ 16.0	\$ 56.0
Purchase of property, plant and equipment	\$(15.7)	\$(38.4)
Purchase of software and other deferred charges	\$ (8.2)	\$(16.5)
Proceeds from sale of investments, net	<u>\$ 0.6</u>	<u>\$ 0.0</u>
Free Cash Flow ⁽¹⁾	\$ (7.3)	\$ 1.1
Dividends paid	\$(43.7)	\$(43.8)

⁽¹⁾ Net cash provided by operating activities (as reported), less purchase of property, plant, equipment, software, and other deferred charges, plus proceeds from sale of investments, net.



Update to Contributing Factors to 2009 Financial Results

January Commentary

- Currency translation (at current rates, represents approx. 7% headwind to reported sales growth; approx. \$40 mil. negative impact to EBIT vs. 2008)
- Estimated \$70 mil. of savings (net of transition costs) from new restructuring actions
 - » Majority of the \$120 mil. estimated total restructuring costs associated with new actions will be recognized in 2009
- Carryover savings of approx. \$40 mil. from previously implemented actions
- Increased investment in new business opportunities and transformation of RIS business model
- Incremental pension and other employee-related expenses
- Lower interest expense
- Higher tax rate
- 53 weeks in 2009 fiscal year; 14 weeks in first quarter (minimal benefit to FY earnings)
- Capital expenditures (including IT) of \$120 to \$150 mil.
 - » Depreciation and amortization ≈ \$275 mil.
- Expected incremental contribution to pension fund = \$25 mil.

April Revisions

- Currency translation (at current rates, represents approx. 6% headwind to reported sales growth; approx. \$30 mil. negative impact to EBIT vs. 2008)
- Estimated \$75 mil. of savings (net of transition costs) from new restructuring actions
 - » Majority of the \$130 mil. estimated total restructuring costs associated with new actions will be recognized in 2009
- Potential goodwill impairment charge that is likely to impact reported E.P.S. (no impact to Free Cash Flow or debt covenants)

