U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 30, 1995

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

COMMISSION FILE NUMBER 1-7685

AVERY DENNISON CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	95-1492269
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
150 NORTH ORANGE GROVE BOULEVARD, PASADENA, CALIFORNIA	91103
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (818) 304-2000

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common stock, $1 par value	New York Stock Exchange Pacific Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Not applicable.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The aggregate market value of voting stock held by non-affiliates as of February 27, 1996, was approximately $2,871,381,513.

Number of shares of common stock, $1 par value, outstanding as of February 27, 1996: 52,798,966.

The following documents are incorporated by reference into the Parts of this report below indicated:

DOCUMENT	INCORPORATED BY REFERENCE INTO:
Annual Report to Shareholders for fiscal year ended December 30, 1995 (the "1995 Annual Report")	PARTS I, II
Definitive Proxy Statement for Annual Meeting of Stockholders to be held April 25, 1996 (the "1996 Proxy Statement")	PARTS III, IV

PART I

ITEM 1. BUSINESS

Avery Dennison Corporation ("Registrant") was incorporated in 1977 in the state of Delaware as Avery International Corporation, the successor corporation to a California corporation of the same name which was incorporated in 1946. In 1990, Registrant merged one of its subsidiaries into Dennison Manufacturing Company ("Dennison"), as a result of which Dennison became a wholly owned subsidiary of Registrant, and in connection with which Registrant's name was changed to Avery Dennison Corporation.

The principal business of Registrant and its subsidiaries (Registrant and its subsidiaries are sometimes hereinafter referred to as the "Company") is the production of self-adhesive materials. Some are "converted" into labels and other products through embossing, printing, stamping and die-cutting, and some are sold in unconverted form as base materials, tapes and reflective sheeting. The Company also manufactures and sells a variety of office products and other items not involving pressure-sensitive components, such as notebooks, three-ring binders, organizing systems, felt-tip markers, glues, fasteners, business forms, tickets, tags, and imprinting equipment.

A self-adhesive material is one that adheres to a surface by mere press-on contact. It consists of four elements--a face material, which may be paper, metal foil, plastic film or fabric; an adhesive which may be permanent or removable; a release coating; and a backing material to protect the adhesive against premature contact with other surfaces, and which can also serve as the carrier for supporting and dispensing individual labels. When the products are to be used, the release coating and protective backing are removed, exposing the adhesive, and the label or other device is pressed or rolled into place.

Self-adhesive materials may initially cost more than materials using heat or moisture activated adhesives, but their use often effects substantial cost savings because of their easy and instant application, without the need for adhesive activation. They also provide consistent and versatile adhesion, minimum adhesive deterioration and are available in a large selection of materials in nearly any size, shape or color.

International operations, principally in Western Europe, constitute a significant portion of the Company's business. In addition, the Company is currently expanding operations in Asia Pacific, Latin America and Eastern Europe. Aside from certain risks normally attending international operations, such as changes in economic conditions, currency fluctuation, exchange control regulations and the effect of international relations and domestic affairs of non-U.S. countries on the conduct of business, the nature of these operations and the countries in which they are conducted are such as to present no business risks which would have a material adverse effect on the Company.

The Company manufactures and sells its products from 200 manufacturing facilities and sales offices located in 33 countries, and employs a total of approximately 15,500 persons worldwide.

No material part of the Company's business is dependent upon a single customer or a few customers and the loss of a particular customer or a few customers would not have a material adverse effect on the Company's business. However, sales of the Company's U.S. office products sector are increasingly concentrated in a small number of major customers, principally discount office products superstores and distributors (see Note 4 of Notes to Consolidated Financial Statements on page 47 of the 1995 Annual Report, which is incorporated by reference). United States export sales are an insignificant part of the Company's business. Backlogs are not considered material in the industries in which the Company competes.

The Company's business is separated into three principal industry sectors--Pressure-Sensitive Adhesives and Materials, Office Products, and Converted Products. The Company's operations within each of these three sectors are further divided organizationally into various groups, each consisting of divisions which manufacture products similar in nature or sell to similar markets.

PRESSURE-SENSITIVE ADHESIVES AND MATERIALS SECTOR

These units manufacture and sell Fasson- and Avery-brand pressure-sensitive base materials generally in unconverted form, and include Materials North America, European Operations--Materials, Automotive and Graphic Systems, and Chemical Divisions. Base materials consist primarily of papers, fabrics, plastic films and metal foils which are primed and coated with Company-developed and purchased adhesives and laminated with specially coated backing papers and films for protection. They can be sold in roll or sheet form with either solid or patterned adhesive coatings, and are available in a wide range of face materials, sizes, thicknesses and adhesive properties. The business of these units is not seasonal.

Materials North America (including units in Canada, Mexico, South America, Australia and Asia Pacific) and European Operations--Materials (including a unit in South Africa) manufacture and sell a wide range of pressure-sensitive coated papers, films and foils, in roll and sheet form, to label printers, converters and merchant distributors for labeling, decorating, fastening, electronic data processing and special applications, and also provide paper and film stock for use in a variety of industrial, commercial and consumer applications. Certain units also manufacture and sell proprietary film face stocks and specialty insulation paper. Specialty tapes are sold to industrial and medical converters and original equipment manufacturers, and to disposable-diaper producers throughout the world. During 1995, the Company established distribution centers in Mexico, Chile and Brazil.

Automotive and Graphic Systems units manufacture and sell a variety of films and other products to the worldwide automotive, architectural, printing and graphics markets. These units sell durable cast and reflective films to the construction, automotive after-market, fleet transportation, sign and industrial equipment markets, and retroreflective films for government and traffic applications. In converted form, these products and the Company's Dry Paint products, including Avloy and Avcoat products, are supplied to automotive original equipment manufacturers. In addition, these units sell specialty print-receptive films to the industrial label and office products markets, metallic dispersion products to the packaging industry and proprietary woodgrain film laminates for housing exteriors and automotive applications.

The Chemical Divisions produce a range of solvent and emulsion-based acrylic polymer adhesives, protective coatings and binders for internal uses as well as for other companies.

The Company competes, both domestically and internationally, with a relatively small number of medium to large firms. Entry of competitors into the field of pressure-sensitive adhesives and materials is limited by high capital requirements and a need for sophisticated technical know-how.

OFFICE PRODUCTS SECTOR

Office products units manufacture stock products which are sold primarily through office products wholesalers and dealers, through mass market channels of distribution, and through discount office products superstores. The business of these units is not seasonal, except for certain stationery products sold through various channels during the back-to-school selling season.

Office products units in North America and Europe manufacture and sell a wide range of products for home, school and office uses, including pressure-sensitive labels, laser and ink-jet printer labels and software, binders, dividers, presentation and organizing systems (including indexing and tabbing guides), adhesive products, marking devices and numerous other office products. These units produce the Avery-brand line of stock self-adhesive products, including copier, laser and ink-jet labels and related software; laser-printer card and index products; unprinted labels; correction tape; file folder, color-coding and data-processing labels; notebooks; notebook and presentation dividers; three-ring binders; sheet protectors; and various vinyl and heat-sealed products. These operations also manufacture and sell a wide range of other stationery products, including felt-tip markers, adhesives and specialty products under brand names such as Avery, Marks-A-Lot and HI-LITER, and accounting products, note pads and business forms under the Avery and National brand names.

Office products units in the United Kingdom also manufacture and distribute office products and accessories including plastic desk and office accessories, computer storage units, filing racks and cabinets, organizers, index systems and related items, and a wide range of manila files, folders and wallets, lever arch files, suspension files and project covers under the Myers and Guidex brand names. Office products units in France produce a line of Doret- and Cheval-brand binder and document protection products.

Office products units are generally leaders in most markets in which they compete even though they must compete with other large manufacturers on a global basis. Among the principal competitors in the office products business are Esselte AB, American Brands, Inc. and Minnesota Mining and Manufacturing Co. The Company believes that its ability to service its customers with an extensive product line, its distribution strength, and its ability to develop internally and to commercialize successfully new products are probably the most important factors in developing and maintaining the various units' competitive position.

CONVERTED PRODUCTS SECTOR

Converted products units manufacture and sell a wide range of converted products including labels, tags, fasteners and automated labeling and imprinting equipment to a wide variety of customers for industrial and retail applications. They include European Operations, Converted and Fastener Products and Label Ventures businesses. Converted products include pressure-sensitive base materials, and paper or plastic film which are converted into labels and other products by embossing, printing, stamping and die-cutting. These products are sold by units in this sector directly to manufacturers and packagers and retailers, as well as through international subsidiaries, distributors and licensees. The business of these units is not seasonal. In December 1995, the Company sold certain non-strategic North American label converting businesses, and reorganized the North American units under Converted and Fastener Products and Label Ventures businesses.

The European Operations group manufactures and sells a wide range of custom pressure-sensitive labels for functional, decorative and information purposes, and automated label application and imprinting machines to the automotive, pharmaceutical, cosmetic, durable goods and consumer packaged goods markets. Its products are sold by subsidiaries located in Europe. This group also furnishes production, merchandising and technical information to independent licensees operating in several foreign countries to assist them in converting self-adhesive base materials, and in selling a product line similar to that of the group's subsidiaries.

The Converted Products businesses produce custom pressure-sensitive and heat-transfer labels for the automotive, durable goods, information automation and consumer packaged goods industries. Custom pressure-sensitive products for the automotive and durable goods markets are sold directly to a wide range of industrial users in North America, and custom pressure-sensitive labels and specialty forms/label combination products are sold to the electronic data processing market, primarily in North America. Self-adhesive stamps are also produced for the U.S. and international postal services by the Label Ventures businesses. Soabar Products and Fastener Divisions design, fabricate and sell a wide variety of tags and labels and an established line of machines for imprinting, dispensing and attaching preprinted roll tags and labels. The machine products are designed for use with tags as a complete system. These units also design, assemble and sell integrated shipping and receiving systems. Principal markets include apparel, retail and industrial companies for identification, tracking and control applications principally in North America, Europe and Asia Pacific. The Fastener Division produces plastic tying and attaching products for retail and industrial users. Products are sold directly to end users and internationally through subsidiaries, as well as through distributors and licensees in other countries.

These business units usually occupy a solid position in most markets in which they compete, although many face strong local competition. The Company believes that its diverse technical foundation, including a significant range of electronic imprinting and data control systems, high speed printers, automatic labeling systems and fastening devices are probably the most important factors in developing and maintaining the various units' competitive position.

ASIA PACIFIC GROUP

The Asia Pacific Group was created in 1994 to strengthen and expand the Company's presence in the Asia Pacific region. Divisions in the Group are included in the three industry sectors described above for financial reporting purposes. Included in the Group are Fasson Australia, which manufactures and sells pressure-sensitive base materials in Australia and New Zealand; Soabar Hong Kong, which produces and sells promotional and price marking bar-coded tags and labels for the Asian garment industry; Avery Dennison Australia, which manufactures office product labels, variable-information printed labels and Therimage-brand decorating systems for distribution in the Asia Pacific region; and Avery China and Avery Korea, which manufacture and distribute pressure-sensitive base materials principally in their respective countries. Also included in the Asia Pacific Group are organizations for the distribution of fasteners, base materials and office products in Southeast Asia and Japan, including Hong Kong and Singapore. In 1995, the Company constructed a base materials manufacturing plant, located near Shanghai, China, which began production in the second half of the year. In 1996, the Company plans to expand its distribution operations into other Asia Pacific countries.

RESEARCH AND DEVELOPMENT

Many of the Company's current products are the result of its own research and development efforts. The Company expended $52.7 million, $49.1 million and $45.5 million in 1995, 1994 and 1993, respectively, on research related activities by operating units and the Avery Research Center (the "Research Center"), located in Pasadena, California. A substantial amount of the Company's research and development activities are conducted at the Research Center. Much of the effort of the Research Center applies to two or more of the Company's industry sectors, and cannot readily be allocated among such sectors. In addition, many such expenditures are for products and projects at a relatively early stage of development, and the sector in which they will be utilized cannot be determined at the time the expenditures are made. However, research and development expenditures which can be identified by Company industry sectors are approximately proportional to the percentages of Company sales represented by each such sector.

The operating units' research efforts are directed primarily toward developing new products and processing techniques and improving product performance, often in close association with customers. The Research Center supports the units' product development work, and focuses closely on basic research and development in new adhesives, materials and coating processes. Research and development generally focuses on projects affecting more than one industry sector in such areas as printing and coating technologies, and adhesive, release, coating and ink chemistries.

The loss of any of the Company's individual patents, trademarks or licenses, or any group of related patents, trademarks or licenses, would not be material to the business of the Company taken as a whole, nor to any of the Company's three industry sectors, except those referred to above.

THREE-YEAR SUMMARY OF SECTOR INFORMATION

The Business Sector Information attributable to the Company's operations for the three years ended December 30, 1995, which appears in Note 10 of Notes to Consolidated Financial Statements on pages 51 and 52 of the 1995 Annual Report, is incorporated herein by reference.

OTHER MATTERS

At present, the Company produces a majority of its self-adhesive materials using non-solvent technology. However, a significant portion of the Company's manufacturing process for self-adhesive materials utilizes certain evaporative organic solvents which, unless controlled, would be emitted into the atmosphere. Emissions of these substances are regulated by instrumentalities of federal, state, local and foreign governments. During the past several years, the Company has made a substantial investment in solvent capture and control units and solvent-free systems. Installation of these units and systems has reduced atmospheric emissions and the Company's requirements for solvents.

Major research efforts have been directed toward development of new adhesives and solvent-free adhesive processing systems. Emulsion and hot-melt adhesives and solventless silicone systems have been installed at the Company's Peachtree City, Georgia; Fort Wayne and Greenfield, Indiana; Rancho Cucamonga, California; Quakertown, Pennsylvania; Rodange, Luxembourg; Turnhout, Belgium; Hazerswoude, The Netherlands; and Cramlington, England facilities, as well as other plants in the United States, Australia, Brazil, France, Germany, Korea and China.

The Company does not believe that the costs of complying with applicable laws enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, will have a material effect upon the capital expenditures, earnings or competitive position of the Company.

For information regarding the Company's potential responsibility for cleanup costs at certain hazardous waste sites, see "Legal Proceedings" (Part I, Item 3) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Part II, Item 7).

ITEM 2. PROPERTIES

The Company operates 30 principal manufacturing facilities ranging in size from approximately 100,000 square feet to approximately 370,000 square feet and totaling over 5 million square feet. The following sets forth the locations of such principal facilities and the business sectors for which they are presently used:

PRESSURE-SENSITIVE ADHESIVES AND MATERIALS SECTOR

Domestic--Painesville and Fairport, Ohio; Peachtree City, Georgia; Quakertown, Pennsylvania; Rancho Cucamonga, California; Greenfield, Fort Wayne, Lowell and Schererville, Indiana.

Foreign--Hazerswoude, The Netherlands; Cramlington, England; Champ-sur-Drac, France; Turnhout, Belgium; Ajax, Canada; Rodange, Luxembourg; and Haan, Germany.

OFFICE PRODUCTS SECTOR

Domestic--Torrance, California; Gainesville, Georgia; Rochelle and Rolling Meadows, Illinois; Chicopee and Springfield, Massachusetts; Meridian, Mississippi; and Crossville, Tennessee.

Foreign--Bowmanville, Canada; and La Monnerie and Troyes, France.

CONVERTED PRODUCTS SECTOR

Domestic--Philadelphia, Pennsylvania; Framingham, Massachusetts; and Clinton, South Carolina.

In addition to the Company's principal manufacturing facilities described above, the Company's principal facilities include its corporate headquarters facility in Pasadena, California, offices located in Wooburn Green, England; Leiden, The Netherlands; Concord, Ohio and Framingham, Massachusetts and the Research Center, located in Pasadena, California.

All of the Company's principal properties identified above are owned in fee except the Torrance, California; Rolling Meadows, Illinois; Springfield, Massachusetts; Ajax, Canada; and small portions of the Framingham, Massachusetts; and La Monnerie, France facilities, all of which are leased.

All of the buildings comprising the facilities identified above were constructed after 1954 except parts of the Framingham, Massachusetts plant and office complex, construction of the first portion of which was completed in 1893 and which has been enlarged on several occasions thereafter. All buildings owned or leased are well maintained and of sound construction, and are considered suitable and generally adequate for the

Company's present needs. The Company intends to expand capacity and provide facilities to meet future increased demand. Owned buildings and plant equipment are insured against major losses from fire and other usual business risks. The Company knows of no material defects in title to, or encumbrances on, any of its properties except for mortgage liens against the Meridian, Mississippi; La Monnerie and Troyes, France and Turnhout, Belgium plants and three other facilities not listed separately above.

ITEM 3. LEGAL PROCEEDINGS

The Company, like other U.S. corporations, has periodically received notices from the U.S. Environmental Protection Agency ("EPA") and state environmental agencies alleging that the Company is a potentially responsible party ("PRP") for past and future cleanup costs at hazardous waste sites. The Company has been designated by the EPA and/or other responsible state agencies as a PRP at 16 waste disposal or waste recycling sites which are the subject of separate investigations or proceedings concerning alleged soil and/or groundwater contamination and for which no settlement of the Company's liability has been agreed upon. Litigation has been initiated by a governmental authority with respect to three of these sites, but the Company does not believe that any such proceedings will result in the imposition of monetary sanctions. The Company is participating with other PRPs at all such sites, and anticipates that its share of cleanup costs will be determined pursuant to remedial agreements entered into in the normal course of negotiations with the EPA or other governmental authorities. The Company has accrued liabilities for all sites, including sites in which governmental agencies have designated the Company as a PRP, where it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. However, because of the uncertainties associated with environmental assessment and remediation activities, future expense to remediate the currently identified sites, and sites which could be identified in the future for cleanup, could be higher than the liability currently accrued.

The Registrant and its subsidiaries are involved in various other lawsuits, claims and inquiries, most of which are routine to the nature of the business. In the opinion of the Company's management, the resolution of these matters will not materially affect the financial position, results of operations or liquidity of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT*

NAME	AGE	SERVED AS OFFICER SINCE	FORMER POSITIONS AND OFFICES WITH REGISTRANT	
Charles D. Miller Chairman and Chief Executive Officer (Also Director of Registrant)	68	May 1965	1964-1983	Various positions of increasing responsibility
Philip M. Neal President and Chief Operating Officer (Also Director of Registrant)	55	January 1974	1974-1990 1990	Various positions of increasing responsibility Executive Vice President
R. Gregory Jenkins Senior Vice President, Finance and Chief Financial Officer	59	July 1981	1974-1988	Various positions of increasing responsibility
Robert J. Keegan Executive Vice President and Global Strategy Officer	48	August 1995	**1972-1989 **1990-1991 **1991-1995	Various positions of increasing responsibility with Eastman Kodak Company President, Kodak Spain, Eastman Kodak Company Vice President, Consumer Imaging Business Manager, Europe, Middle East, Africa Eastman Kodak Company
Alan J. Gotcher Senior Vice President, Manufacturing and Technology	46	November 1984	1984-1990	Vice President, Corporate Research
Robert G. van Schoonenberg Vice President, General Counsel and Secretary	49	December 1981		None
Wayne H. Smith Vice President and Treasurer	54	June 1979		None
Thomas E. Miller Vice President and Controller	48	March 1994	1973-1990 1990-1993 1993-1994	Various positions of increasing responsibility Assistant Controller V.P. and Assistant Controller
Diane B. Dixon Vice President, Corporate Communications	44	December 1985	1982-1985	Director of Communications
Susan B. Garelli Vice President, Human Resources	44	October 1994	**1987-1991 **1991-1993 **1993-1994	V.P., Human Resources, Columbia Pictures Entertainment, Inc. Senior V.P., Human Resources and Corporate Communications, JWP, Inc. Consultant, JWP, Inc.

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* All officers are elected to serve a one year term and until their successors are elected and qualify.

** Business experience prior to service with Registrant.

EXECUTIVE OFFICERS OF THE REGISTRANT* (CONTINUED)

NAME	AGE	SERVED AS OFFICER SINCE		FORMER POSITIONS AND OFFICES WITH REGISTRANT
Paul B. Germeraad Vice President and Director, Corporate Research	48	May 1991	**1989-1991	Director, Flexible Packaging Technical Group, James River Corporation
Johan J. Goemans Vice President, Management Information Systems	52	October 1992	1975-1990	Various positions of increasing responsibility
			1991-1992	Director of Distribution and Logistics, Fasson Roll Division U.S.
James L. Fletcher Vice President, Customer Service and Logistics			1988-1991	Senior Manufacturing Systems Consultant
			1991-1993	V.P., Customer Logistics
Gary A. McCue Vice President, Strategic Value Development	59	November 1987	1987-1994	Vice President and Controller
			1994	Vice President, Corporate Value Planning and Development
Kim A. Caldwell Senior Group Vice President, Worldwide Materials	48	June 1990	1974-1985	Various positions of increasing responsibility
			1985-1990	Vice President and General Mgr., Fasson Roll Div. (U.S.)
Geoffrey T. Martin Senior Vice President, European Operations	41	January 1994	1986-1988	Managing Director, Label Systems 1988-1992 V.P. and General Manager, Label Systems UK and Ireland
			1992-1993	V.P., Office Products Group Europe
			1993-1994	Group Vice President, Converting and Office Products Europe
Donald L. Thompson Group Vice President, Office Products	54	October 1993	1973-1988	Various positions of increasing responsibility
			1988-1993	V.P. and General Manager, Commercial Products Division
			1993	V.P., Sales and Customer Operations, North America
James E. Shaw Group Vice President, Automotive and Graphic Systems	64	February 1994	1986-1991	V.P. and General Manager, Graphic Systems Division
			1991-1994	V.P. and General Manager, Automotive and Graphic Systems Divisions
Robert D. Fletcher Group Vice President, Asia Pacific	60	March 1976	1967-1988	Various positions of increasing responsibility
			1988-1993	Group Vice President, International Converting Group
Donald R. McKee Group Vice President, Converted and Fastener Products, North America	59	December 1995	1971-1989	Various positions of increasing responsibility
			1989-1993	Vice President and General Manager, Fasson Films Division
			1993-1995	Vice President and General Manager, Soabar Systems Division
			1995	Vice President, Soabar Products and Fastener Divisions

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* All officers are elected to serve a one year term and until their successors are elected and qualify.

** Business experience prior to service with Registrant.

PART II

ITEM 5. MARKET FOR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information called for by this item appears on page 56 of Registrant's 1995 Annual Report and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for each of Registrant's last five fiscal years appears on pages 34 and 35 of Registrant's 1995 Annual Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

	1995	1994	1993
	(DOLLARS IN MILLIONS)		
Sales	$3,113.9	$2,856.7	$2,608.7
Cost of sales	2,156.6	1,948.9	1,790.6
Gross profit	957.3	907.8	818.1
Marketing, general and administrative expenses	689.8	691.9	642.7
Net gain on divestitures and restructuring charges	1.5	--	--
Earnings before interest and taxes	269.0	215.9	175.4
Gross profit (percent)	30.7%	31.8%	31.4%
Earnings before interest and taxes (percent)	8.6%	7.6%	6.7%

Sales increased to $3.11 billion in 1995, a 9 percent increase over 1994 sales of $2.86 billion. During the fourth quarter of 1995, the Company sold a portion of its North American label converting operations. These businesses accounted for approximately 2 percent of the Company's total sales. Excluding the impact of business divestitures and changes in foreign currency exchange rates for 1995, sales increased approximately 7 percent. In 1994, sales increased 10 percent over 1993 sales of $2.61 billion. Changes in foreign currency had little effect on 1994 total year sales. Each of the Company's 1995, 1994 and 1993 fiscal years consisted of 52 weeks. The Company's sales growth rate may moderate during 1996 if there is slower economic growth.

Gross profit margins for the years ended 1995, 1994 and 1993 were 30.7 percent, 31.8 percent and 31.4 percent, respectively. The decrease during 1995 was primarily due to a shift in product mix, plant and major production line start-ups, and $1.6 million in expense related to LIFO inventories compared to a benefit of $400,000 for 1994. Gross profit margins during 1994 improved compared to 1993 primarily due to productivity improvements throughout the Company and an improved product mix on increased sales. The gross profit margin in 1994 increased despite plant start-up costs for a number of large facilities, rising raw material prices for all business sectors and almost no benefit from the reduction of LIFO inventories compared to a benefit of $11.4 million in 1993.

Marketing, general and administrative expense as a percent of sales was 22.2 percent in 1995, 24.2 percent in 1994 and 24.6 percent in 1993. The ongoing improvement during 1995 was primarily attributable to benefits from the Company's cost reduction programs, a shift in product mix and increased sales. The improvement in 1994 over 1993 was primarily attributable to cost reduction efforts throughout the Company on increased sales and was achieved despite major investments in geographic expansion, business realignment and new product programs.

Business restructuring actions were taken during the fourth quarter of 1995 resulting in a net pretax gain of $1.5 million. Consistent with the Company's strategic plan and in order to improve future profitability, the Company took specific actions to restructure certain operations, including the sale of certain nonstrategic North

American label converting businesses. Certain businesses which no longer met the Company's strategy for converting technology were sold for $95 million. A $40.7 million pretax gain on the sale of these businesses was offset by the Company's current restructuring program, which had an estimated cost of $39.2 million. The restructuring program included the closure of four plants and the reorganization of certain manufacturing, distribution and administrative sites. These costs consisted of severance and related costs for approximately 400 positions worldwide ($16.2 million), discontinuance of product lines and related asset write-offs ($13.1 million), and plant closure and other costs ($9.9 million). The Company's restructuring programs are expected to take approximately 9 to 18 months to complete and will result in estimated annual savings of $14 to $17 million when fully implemented. These programs are an integral part of the Company's ongoing effort to identify opportunities to improve its administrative and manufacturing cost structures.

Interest expense as a percent of sales was 1.4 percent in 1995, 1.5 percent in 1994 and 1.7 percent in 1993. Interest expense increased in 1995 due to higher debt levels but was more than offset by the impact of increased sales. The decrease in 1994 was due to comparable interest expense on increased sales.

Income before taxes, as a percent of sales, was 7.2 percent for 1995, 6.1 percent for 1994 and 5.1 percent for 1993. The improvement during 1995 was primarily due to lower operating and interest expenses as a percent of sales. The increase in 1994 over 1993 was primarily due to improved gross profit margins and lower operating expenses as a percent of sales. The effective tax rate was 36 percent in 1995, 36.7 percent in 1994, and 37 percent in 1993.

	1995	1994	1993
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
Net income	$143.7	$109.4	$84.4
Earnings per share	2.70	1.97	1.46
Average shares outstanding	53.3	55.6	58.0

Net income increased to $143.7 million in 1995 compared to $109.4 million in 1994 and $84.4 million in 1993, reflecting a 31 percent increase over 1994 and the Company's fifth consecutive year of improved profitability. Earnings per share reached a record high of $2.70 in 1995 compared to $1.97 in 1994, a 37 percent increase. Excluding the effect of accounting changes, net income for 1993 was $83.3 million, or $1.44 per share. Net income, as a percent of sales, was 4.6 percent, 3.8 percent and 3.2 percent in 1995, 1994 and 1993, respectively.

RESULTS OF OPERATIONS BY BUSINESS SECTOR

PRESSURE-SENSITIVE ADHESIVES AND MATERIALS

	1995	1994	1993
	(IN MILLIONS)		
Sales	$1,739.4	$1,538.2	$1,336.9
Income from operations before interest and taxes	156.8	150.7	126.4

The pressure-sensitive adhesives and materials sector reported increased sales and profitability for 1995 compared to 1994. Profitability for the sector increased during 1995 despite $15.1 million in restructuring charges taken during the fourth quarter. The U.S. operations reported a significant increase in sales due to unit volume growth and pricing actions. Profitability improvement was primarily due to sales growth and lower operating expenses as a percent of sales, but was partially offset by plant and major equipment start-up costs for capacity expansion, and the reorganization of certain manufacturing sites. Sales for the European operations increased significantly primarily as a result of volume growth from improved economic conditions over 1994, pricing actions and changes in foreign currency rates. Profitability increased, despite costs taken for restructuring programs, primarily as a result of sales growth, lower operating expenses as a percent of sales and a more favorable product mix.

The pressure-sensitive adhesives and materials sector reported significant sales and profitability improvements for 1994 compared to 1993. The U.S. operations reported a significant sales increase due to improved economic conditions in major markets, and revenue and unit volume growth as a result of new products and pricing actions. Solid profitability improvement was primarily due to sales growth and cost reduction programs. Improved economic conditions, pricing actions, and volume growth led to a significant sales increase for the European operations. The sales growth, coupled with productivity improvements and cost reduction programs, resulted in significant profitability increases for the European operations. The Company experienced no significant adverse effects from the Mexican currency devaluation during 1994.

OFFICE PRODUCTS

	1995	1994	1993
	(IN MILLIONS)		
Sales	$897.5	$842.4	$792.9
Income from operations before interest and taxes	75.2	67.7	59.3

The office products sector reported solid sales and profitability growth for 1995 compared to 1994. Sector profitability during 1995 was impacted by $15.6 million in restructuring charges recorded during the fourth quarter. The U.S. operations reported increased sales and profitability for 1995. Significant sales growth for Avery-brand labels and indexes were partially offset by the elimination of lower margin business. Profitability increased for the U.S. operations due to successful new products, an improved product mix and cost reduction actions, including the consolidations of distribution warehouses and sales forces in the U.S. The European operations reported significant sales growth due to new products, improved economic conditions and changes in foreign currency rates. A more favorable product mix coupled with cost reduction actions taken in previous years led to significant profitability increases in Europe over 1994.

The office products sector reported solid sales and profitability growth for 1994 compared to 1993. In the U.S., sales and profitability increased primarily as a result of successful new products and promotional programs and an improved product mix. Profitability improved at the U.S. operations despite significantly lower benefits from the reduction of LIFO inventories in 1994 compared to 1993 and higher costs related to the consolidations of distribution warehouses and sales forces. The European office products businesses reported significantly improved profitability on decreased sales compared to 1993. Decreased sales were primarily due to the effects of non-core product pruning and the weak French economy in early 1994. Profitability improved significantly, primarily as a result of cost reduction actions taken in previous years and an improved product mix, and was achieved despite costs related to continuous business improvement programs.

CONVERTED PRODUCTS

	1995	1994	1993
	(IN MILLIONS)		
Sales	$611.7	$576.5	$541.4
Income from operations before interest and taxes	68.5	31.9	23.1

The converted products sector reported increased sales for 1995 compared to 1994. Profitability during 1995 included a $40.7 million gain from the sale of certain nonstrategic North American label converting operations, offset by $8.5 million in restructuring charges taken in early December. Excluding the net gain on sale and other restructuring actions, the U.S. converting operations reported increased sales and decreased profitability for 1995. New products, an improved European economy and changes in foreign currency rates increased sales for the international converting businesses, while an improved product mix and lower operating expenses as a percent of sales resulted in significantly higher profitability.

The converted products sector reported significant profitability improvements on solid sales growth for 1994 compared to 1993. Profitability increased despite costs incurred to improve operations and significantly lower benefits from the reduction of LIFO inventories in 1994 compared to 1993. Sales for the Soabar and fastener businesses increased due to improving retail and apparel markets and new products. Profitability was up significantly primarily due to increased sales, coupled with the elimination of unprofitable product lines and lower operating expenses as a result of cost reduction actions. The international converting businesses reported modest sales growth and decreased profitability for 1994. The effects of an improved European economy on sales was partially offset by sales lost from the elimination of unprofitable lines of business and costs incurred to improve operations. The U.S. label businesses reported a solid increase in sales and significant profitability gains due primarily to increased sales to the automotive, durable and consumer goods markets and lower operating expenses as a percent of sales.

FINANCIAL CONDITION

Average working capital, excluding short-term debt, as a percent of sales was 9.6 percent in 1995, 10 percent in 1994 and 12.3 percent in 1993. The decrease was primarily due to higher sales and an increase in current liabilities. Average inventory turnover was 9.0 turns in 1995, 9.3 turns in 1994 and 8.7 in 1993; the average number of days sales outstanding in accounts receivable was 55 days in 1995 and 1994, compared to 57 days in 1993.

Net cash flow from operating activities was $187.9 million in 1995 and $265 million in 1994. The decrease was primarily due to a change in working capital requirements which were partially offset by the increase in net income.

Total debt increased $28.7 million to $449.4 million compared to year end 1994. Total debt to total capital was 35.5 percent at year end 1995 compared to 36.6 percent at year end 1994. Long-term debt as a percent of total long-term capital decreased to 29 percent from 32.3 percent at year end 1994. During 1995, the Company issued $100 million in principal amount of medium-term notes which have an average interest rate of 7.3 percent and maturities ranging from 2005 to 2025. A portion of the medium-term notes was used to retire short-term debt.

Shareholders' equity increased to $815.8 million from $729 million at year end 1994. During 1995, the Company repurchased 852,000 shares of common stock at a cost of $35.1 million. The cost of treasury stock held, net of shares reissued under the Company's stock option and incentive plans, at year end 1995 increased $26.5 million to $279.9 million from year end 1994. In January 1995, the Board of Directors authorized the repurchase of an additional five million shares of the Company's outstanding common stock for an aggregate of 15.2 million shares authorized for repurchase. As of year end 1995, a cumulative 10.8 million shares of common stock had been purchased under this authorization.

The return on average shareholders' equity was 18.6 percent in 1995, 14.8 percent in 1994 and 11 percent in 1993. The improvements during 1995 and 1994 were primarily due to a significant increase in profitability and the Company's share repurchase program. The return on average total capital for those three years was 14.4 percent, 12.1 percent and 9.3 percent, respectively. The increases during 1995 and 1994 were primarily due to profitability improvements and more effective utilization of the Company's assets.

The Company, like other U.S. corporations, has periodically received notices from the U.S. Environmental Protection Agency and state environmental agencies alleging that the Company is a potentially responsible party (PRP) for past and future cleanup costs at hazardous waste sites. The Company has received requests for information, notices and/or claims with respect to 16 waste sites in which the Company has no ownership interest. Litigation has been initiated by a governmental authority with respect to three of these sites, but the Company does not believe that any such proceedings will result in the imposition of monetary sanctions. Environmental investigatory and remediation projects are also being undertaken on property presently owned by the Company. The Company has accrued liabilities for all sites where it is probable that a loss will be incurred and the amount of the loss can be reasonably estimated. However, because of the uncertainties associated with environmental assessments and remediation activities, future expense to remediate the currently identified sites, and sites which could be identified in the future for cleanup, could be higher than the liability currently accrued.

LIQUIDITY AND CAPITAL RESOURCES

In addition to cash flow from operations, the Company has more than adequate financing arrangements, at competitive rates, to conduct its operations.

The Company's 1995 restructuring program included the sale of certain nonstrategic North American label converting businesses. Sale proceeds of $95 million are being used for general corporate purposes, including funding capital spending, debt repayment, share repurchase and profit improvement programs. The restructuring programs had an estimated cost of $39.2 million, of which $24.5 million remained accrued at year end, related primarily to employee severance and plant closure costs. Total cash expenditures for the restructuring program are estimated at $19.7 million. By year end 1995, approximately $1.5 million had been paid, primarily for employee severance and related costs.

The Company continues to expand its operations in Asia Pacific, Latin America and Europe. The Company's future results are subject to changes in economic conditions and the impact of fluctuations in foreign currency exchange and interest rates. To manage its exposure to these fluctuations, the Company may enter into currency and interest rate contracts, where appropriate.

Capital expenditures increased to $190.3 million in 1995 from $163.3 million in 1994. In 1995, capital spending was directed primarily to the pressure-sensitive adhesives and materials businesses. Capital expenditures for 1996 are expected to be approximately $225 million.

The annual dividends per share increased to $1.11 in 1995 from $.99 in 1994 and $.90 in 1993.

During 1995, the Company experienced moderate increases in raw materials prices. These inflationary pressures are expected to decrease in 1996 and should be substantially offset by pricing actions and productivity improvements.

FUTURE ACCOUNTING REQUIREMENTS

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 121 on accounting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 121 requires the Company to review the carrying amounts of its long-lived assets and certain identifiable intangible assets for impairment. If it is determined the carrying amount of the asset is not recoverable, the Company is required to recognize an impairment loss. The accounting standard will be implemented during the first quarter of 1996; however, the loss, if any, has not yet been determined.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this item is contained in Registrant's Consolidated Financial Statements and the Notes thereto appearing on pages 40 through 52, and in the Report of Independent Certified Accountants on page 53 of Registrant's 1995 Annual Report and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning directors called for by this item is incorporated by reference from pages 2, 3 and 4 of the 1996 Proxy Statement which is to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the end of the fiscal year covered by this report. Information concerning executive officers called for by this item appears in Part I of this report. The information concerning late filings under Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference from page 15 of the 1996 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by items 11, 12 and 13 is incorporated by reference from pages 5 through 23 of the 1996 Proxy Statement which is to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the end of the fiscal year covered by this report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) (2) Financial statements and financial statement schedules filed as part of this report are listed in the accompanying Index to Financial Statements and Financial Statement Schedules.

(3) Exhibits filed as a part of this report are listed in the Exhibit Index, which follows the financial statements and schedules referred to above. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c) is identified in the Exhibit Index.

(b) Reports on Form 8-K: There were no reports on Form 8-K filed for the three months ended December 30, 1995.

(c) Those Exhibits, and the Index thereto, required to be filed by Item 601 of Regulation S-K are attached hereto.

(d) Those financial statement schedules required by Regulation S-X which are excluded from Registrant's 1995 Annual Report by Rule 14a-3(b)(1), and which are required to be filed as financial statement schedules to this report, are indicated in the accompanying Index to Financial Statements and Financial Statement Schedules.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVERY DENNISON CORPORATION

By: /s/ R. Gregory Jenkins

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

Dated: March 28, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Charles D. Miller Charles D. Miller	Chairman and Chief Executive Officer; Director	March 28, 1996
/s/ Philip M. Neal Philip M. Neal	President and Chief Operating Officer; Director	March 28, 1996
/s/ R. Gregory Jenkins R. Gregory Jenkins	Senior Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	March 28, 1996
/s/ Thomas E. Miller Thomas E. Miller	Vice President and Controller (Principal Accounting Officer)	March 28, 1996

SIGNATURE	TITLE	DATE
/s/ Dwight L. Allison, Jr. Dwight L. Allison, Jr.	Director	March 28, 1996
/s/ John C. Argue John C. Argue	Director	March 28, 1996
/s/ Joan T. Bok Joan T. Bok	Director	March 28, 1996
/s/ Frank V. Cahouet Frank V. Cahouet	Director	March 28, 1996
/s/ Richard M. Ferry Richard M. Ferry	Director	March 28, 1996
/s/ F. Daniel Frost F. Daniel Frost	Director	March 28, 1996
/s/ Peter W. Mullin Peter W. Mullin	Director	March 28, 1996
/s/ Sidney R. Petersen Sidney R. Petersen	Director	March 28, 1996
/s/ John B. Slaughter John B. Slaughter	Director	March 28, 1996
/s/ Lawrence R. Tollenaere Lawrence R. Tollenaere	Director	March 28, 1996

AVERY DENNISON CORPORATION

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Individual financial statements of 50% or less owned entities accounted for by the equity method have been omitted because, considered in the aggregate or as a single subsidiary, they do not constitute a significant subsidiary.

With the exception of the consolidated financial statements and the accountants' report thereon listed in the above index, and the information referred to in Items 1, 5 and 6, all of which is included in the 1995 Annual Report and incorporated herein by reference, the 1995 Annual Report is not to be deemed "filed" as part of this report.

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
of Avery Dennison Corporation

Our report on the consolidated financial statements of Avery Dennison Corporation and subsidiaries has been incorporated by reference in this Form 10-K from page 53 of the 1995 Annual Report to Shareholders of Avery Dennison Corporation. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed in the index on page S-1 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Los Angeles, California
January 30, 1996

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(IN MILLIONS)

	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS FROM ACQUISITIONS	DEDUCTIONS--UNCOLLECTIBLE ACCOUNTS WRITTEN OFF	BALANCE AT END OF YEAR
1995					
Allowance for doubtful accounts	$18.5	$4.7	$ --	$5.6	$17.6
1994					
Allowance for doubtful accounts	$16.7	$7.5	$ --	$5.7	$18.5
1993					
Allowance for doubtful accounts	$18.4	$7.7	$ --	$9.4	$16.7

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Avery Dennison Corporation on Form S-8 (File Nos. 2-47617, 2-60937, 2-82207, 33-1132, 33-3645, 33-3637, 33-27275, 33-35995-01, 33-41238, 33-45376, 33-54411, 33-58921 and 33-63979) of our report, which includes an explanatory paragraph regarding the Company's adoption of the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", SFAS No. 109, "Accounting for Income Taxes" and SFAS No. 112, "Employers' Accounting for Postemployment Benefits" during 1993, dated January 30, 1996, which appears on page 53 of the 1995 Annual Report to Shareholders and is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the financial statement schedule listed in the index on page S-1.

COOPERS & LYBRAND L.L.P.

Los Angeles, California
March 28, 1996

AVERY DENNISON CORPORATION

EXHIBIT INDEX

FOR THE YEAR ENDED DECEMBER 30, 1995

INCORPORATED BY REFERENCE:

EXHIBIT NO.	ITEM	ORIGINALLY FILED AS EXHIBIT NO.	DOCUMENT
(3.1)	Restated Articles of Incorporation..	B	Proxy Statement dated February 28, 1977 for Annual Meeting of Stockholders March 30, 1977; located in File No. 0-225 at Securities and Exchange Commission, 450 5th St., N.W., Washington, D.C.
(3.1.1)	Amendment to Certificate of Incorporation, filed April 10, 1984 with Office of Delaware Secretary of State...........................	3.1.1	1983 Annual Report on Form 10-K
(3.1.2)	Amendment to Certificate of Incorporation, filed April 11, 1985 with Office of Delaware Secretary of State...........................	3.1.2	1984 Annual Report on Form 10-K
(3.1.3)	Amendment to Certificate of Incorporation filed April 6, 1987 with Office of Delaware Secretary of State...........................	3.1.3	1986 Annual Report on Form 10-K
(3.1.4)	Amendment to Certificate of Incorporation filed October 17, 1990 with Office of Delaware Secretary of State................	3.1	Current Report on Form 8-K filed October 31, 1990
(3.2)	By-laws, as amended................	3(ii)	First Quarterly Report for 1995 on Form 10-Q
(4.1)	Rights Agreement dated as of June 30, 1988...........................	1	Current Report on Form 8-K filed July 9, 1988
(4.1.1)	Amendment to Rights Agreement dated as of December 9, 1994............	1	Current Report on Form 8-K filed December 14, 1994
(4.2)	Indenture, dated as of March 15, 1991, between Registrant and Security Pacific National Bank, as Trustee (the "Indenture")..........	4	Registration Statement on Form S-3 (File No. 33-39491)
(4.3)	Officers' Certificate establishing a series of Securities entitled "Medium-Term Notes" under the Indenture..........................	28.1	Current Report on Form 8-K filed March 25, 1991
(4.4)	First Supplemental Indenture, dated as of March 16, 1993, between Registrant and BankAmerica National Trust Company, as successor Trustee (the "Supplemental Indenture").....	4.2	Registration Statement on Form S-3 (File No. 33-59642)

EXHIBIT NO.	ITEM	ORIGINALLY FILED AS EXHIBIT NO.	DOCUMENT
(4.5)	Officers' Certificate establishing a series of Securities entitled "Medium-Term Notes" under the Indenture, as amended by the Supplemental Indenture............	4.1	Current Report on Form 8-K filed April 7, 1993
(4.6)	Officers' Certificate establishing a series of Securities entitled "Medium-Term Notes, Series B" under the Indenture, as amended by the Supplemental Indenture	4.1	Current Report on Form 8-K filed March 29, 1994
(4.7)	Officers' Certificate establishing a series of Securities entitled "Medium-Term Notes, Series C" under the Indenture, as amended by the Supplemental Indenture	4.1	Current Report on Form 8-K filed May 12, 1995
(10.1)	*Amended 1973 Stock Option and Stock Appreciation Rights Plan for Key Em- ployees of Avery International Corporation ("1973 Plan")..........	10.1	1987 Annual Report on Form 10-K
(10.1.1)	*Form of Incentive Stock Option Agreement for use under 1973 Plan..	10.1.3	1984 Annual Report on Form 10-K
(10.1.2)	*Form of Non-Qualified Stock Option Agreement for use under 1973 Plan..	10.1.4	1987 Annual Report on Form 10-K
(10.1.3)	*Form of coupled Stock Appreciation Right Agreement for use under 1973 Plan...............................	10.1.5	1985 Annual Report on Form 10-K
(10.1.4)	1985 U.K. Stock Option Scheme.......	10.1.7	1985 Annual Report on Form 10-K
(10.1.5)	Form of Incentive Stock Option Agreement for use under U.K. Stock Option Scheme......................	10.1.8	1985 Annual Report on Form 10-K
(10.1.6)	Form of Stock Option Agreement for use under U.K. Stock Option Scheme.	10.1.9	1985 Annual Report on Form 10-K
(10.2.2)	*Form of Incentive Stock Option Agreement for use under 1988 Plan..	10.2.2	1991 Annual Report on Form 10-K
(10.3)	*Deferred Compensation Plan for Directors..........................	10.3	1981 Annual Report on Form 10-K
(10.5)	*Executive Medical and Dental Plan (description)......................	10.5	1981 Annual Report on Form 10-K
(10.6)	*Executive Financial Counseling Service (description).............	10.6	1981 Annual Report on Form 10-K
(10.7.1)	*Executive Employment Security Policy dated February 1, 1983......	10.7.1	1982 Annual Report on Form 10-K
(10.7.2)	*Executive Employment Security Policy dated February 1, 1985......	10.13	1984 Annual Report on Form 10-K
(10.7.3)	*Executive Employment Security Policy dated November 19, 1987.....	10.7.3	1993 Annual Report on Form 10-K

EXHIBIT NO.	ITEM	ORIGINALLY FILED AS EXHIBIT NO.	DOCUMENT
(10.8.1)	*Agreement dated October 24, 1990 with Charles D. Miller.............	10.8.1	1990 Annual Report on Form 10-K
(10.8.2)	*Agreement dated October 23, 1990 with Philip M. Neal................	10.8.2	1990 Annual Report on Form 10-K
(10.9)	*Executive Group Life Insurance Plan...............................	10.9	1982 Annual Report on Form 10-K
(10.10)	*Form of Indemnity Agreements between Registrant and certain directors and officers.............	10.10	1986 Annual Report on Form 10-K
(10.10.1)	*Form of Indemnity Agreement between Registrant and certain directors and officers.......................	10.10.1	1993 Annual Report on Form 10-K
(10.11)	*Supplemental Executive Retirement Plan...............................	10.11	1983 Annual Report on Form 10-K
(10.11.1)	*Amended Letter of Grant to C.D. Miller under Supplemental Executive Retirement Plan....................	10.11.2	1992 Annual Report on Form 10-K
(10.12)	*Complete Restatement and Amendment of Avery Dennison Corporation Executive Deferred Compensation Plan...............................	10.12	1994 Annual Report on Form 10-K
(10.12.1)	*Form of Enrollment Agreement for use under Executive Deferred Compensation Plan..................	10.13.2	1985 Annual Report on Form 10-K
(10.13)	*Fourth Amended Avery Dennison Retirement Plan for Directors......	10.13.2	1992 Annual Report on Form 10-K
(10.15)	*1988 Stock Option Plan for Non-Employee Directors ("Director Plan")............................	10.15	1987 Annual Report on Form 10-K
(10.15.1)	*Amendment No. 1 to 1988 Stock Option Plan for Non-Employee Directors ("Director Plan")........	10.15.1	1994 Annual Report on Form 10-K
(10.15.2)	*Form of Non-Employee Director Stock Option Agreement for use under Director Plan......................	10.15.2	1994 Annual Report on Form 10-K
(10.16)	*Complete Restatement and Amendment of Avery Dennison Corporation Executive Variable Deferred Compensation Plan..................	10.16	1994 Annual Report on Form 10-K
(10.16.1)	*Form of Enrollment Agreement for use under Executive Variable Deferred Compensation Plan.........	10.16.1	1987 Annual Report on Form 10-K
(10.17)	*Complete Restatement and Amendment of Avery Dennison Corporation Directors Deferred Compensation Plan...............................	10.17	1994 Annual Report on Form 10-K
(10.17.1)	*Form of Enrollment Agreement for use under Directors Deferred Compensation Plan..................	10.17.2	1985 Annual Report on Form 10-K

EXHIBIT NO.	ITEM	ORIGINALLY FILED AS EXHIBIT NO.	DOCUMENT
(10.18)	*Complete Restatement and Amendment of Avery Dennison Corporation Directors Variable Deferred Compensation Plan..................	10.18	1994 Annual Report on Form 10-K
(10.18.1)	*Form of Enrollment Agreement for use under Directors Variable Deferred Compensation Plan.........	10.18.1	1989 Annual Report on Form 10-K
(10.19)	*1990 Stock Option and Incentive Plan for Key Employees of Avery International Corporation ("1990 Plan")............................	10.19	1989 Annual Report on Form 10-K
(10.19.1)	*Amendment No. 1 to 1990 Plan.......	10.19.3	1993 Annual Report on Form 10-K
(10.19.2)	*Form of Incentive Stock Option Agreement for use under 1990 Plan..............................	10.19.2	1991 Annual Report on Form 10-K
(10.19.3)	*Form of Non-Qualified Stock Option Agreement for use under 1990 Plan..	10.19.3	1994 Annual Report on Form 10-K
(10.19.4)	*Form of Non-Qualified Stock Option Agreement for use under 1990 Plan (for LTIP Participants)............	10.19.4	1994 Annual Report on Form 10-K
(10.20.1)	*1982 Incentive Stock Option Plan of Dennison Manufacturing Company.....	4.3	Registration Statement on Form S-8 (File No. 33-35995-01)
(10.20.2)	*1985 Incentive Stock Option Plan of Dennison Manufacturing Company.....	4.4	Registration Statement on Form S-8 (File No. 33-35995-01)
(10.20.3)	*1988 Stock Option Plan of Dennison Manufacturing Company.............	4.5	Registration Statement on Form S-8 (File No. 33-35995-01)
(10.20.4)	*Amendments effective as of October 16, 1990 to the 1982 Incentive Stock Option Plan, 1985 Incentive Stock Option Plan and 1988 Stock Option Plan of Dennison Manufacturing Company.............	4.6	Registration Statement on Form S-8 (File No. 33-35995-01)
(10.27.1)	*Amended and Restated Key Executive Long-Term Incentive Plan ("LTIP")..	10.27.1	1993 Annual Report on Form 10-K
(10.28)	*Complete Restatement and Amendment of Avery Dennison Corporation Executive Deferred Retirement Plan.	10.28	1994 Annual Report on Form 10-K
(10.28.1)	*Form of Enrollment Agreement for use under Executive Deferred Retirement Plan...................	10.28.1	1992 Annual Report on Form 10-K
(10.29)	*Executive Incentive Compensation Plan..............................	10.29	1993 Annual Report on Form 10-K

EXHIBIT NO.	ITEM	ORIGINALLY FILED AS EXHIBIT NO.	DOCUMENT
(10.30)	*Senior Executive Incentive Compensation Plan..................	10.30	1993 Annual Report on Form 10-K
(10.31)	*Executive Variable Deferred Retirement Plan....................	10.31	Registration Statement on Form S-8 (File No. 33-63979)

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* Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-K pursuant to Item 14(c).

SUBMITTED HEREWITH:

EXHIBIT NO.	ITEM
10.27.2	*Second Amended and Restated Key Executive Long-Term Incentive Plan
10.31.1	*Amended and Restated Executive Variable Deferred Retirement Plan
10.32	*Benefit Restoration Plan
11	Statement re Computation of Net Income Per Share Amounts
13	Portions of Annual Report to Shareholders for fiscal year ended December 30, 1995
21	List of Subsidiaries
23	Consent of Independent Accountants (see page S-4)
27	Financial Data Schedule

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* Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-K pursuant to Item 14(c).

STATEMENT AND AGREEMENT REGARDING
LONG-TERM DEBT OF REGISTRANT

Except as indicated above, Registrant has no instrument with respect to long-term debt under which securities authorized thereunder equal or exceed 10% of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish a copy of its long-term debt instruments to the Commission upon request.

[LOGO OF AVERY DENNISON]

EXHIBIT 10.27.2

AVERY DENNISON CORPORATION

SECOND AMENDED AND RESTATED KEY EXECUTIVE LONG-TERM INCENTIVE PLAN

Effective as of January 1, 1995

TABLE OF CONTENTS

SECOND AMENDED AND RESTATED
KEY EXECUTIVE LONG-TERM INCENTIVE PLAN

I. PURPOSE

The purpose of the Second Amended and Restated Key Executive Long-Term Incentive Plan (the "Plan") is to focus key executives of Avery Dennison Corporation (the "Company") on factors that influence the Company's long-term growth and success. The Plan provides a means whereby Participants are given an opportunity to share financially in the future value they help to create for the Company and its stockholders.

II. PARTICIPATION

Participation in the Plan is limited to key executives of the Company who, in the opinion of the Compensation Committee of the Board of Directors, have the responsibility to materially influence the Company's long-range performance, and who have been recommended for participation by the Chief Executive Officer of the Company and designated as Participants by the Compensation Committee.

III. DEFINITIONS

"ACHIEVEMENT FACTOR" means the percentage to be used in determining a Participant's deferred cash incentive Award for achieving a specified percentage of the pre-established Performance Objectives.

"AFTER-TAX INTEREST EXPENSE" means total interest expense as disclosed in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable, multiplied by one (1) minus the Tax Rate.

"AVERAGE CAPITAL" means the numerical average for a given year of ending Capital for the five most recently completed fiscal quarters, including the last quarter of that year.

"AVERAGE SHAREHOLDERS' EQUITY" means the numerical average for a given year of ending Shareholders' Equity for the five most recently completed fiscal quarters, including the last quarter of that year.

"AWARD" refers to either (a) a Stock Option granted under the 1990 Plan evidenced by an Option Agreement which generally incorporates the terms and provisions of the Plan relating to Stock Options, or (b) a deferred cash incentive earned by a Participant based on the achievement of Company and, in some cases, Business Unit financial objectives.

"BASE SALARY" means the annual base salary rate in effect for a Participant as of the end of a Performance Cycle.

"BUSINESS UNIT" or "UNIT" refers to a group, division or subsidiary of the Company.

"BUSINESS UNIT NET INCOME" means net income of a Business Unit as reported in the Company's internally prepared Summary of Operations.

"BUSINESS UNIT ROTC" means the return on total capital of a Business Unit as reported in the Company's internally prepared Summary of Operations.

"CAPITAL" refers to the sum of Shareholders' Equity and Long-Term Debt.

"CASH FLOW FROM OPERATIONS" means net cash provided by operating activities as disclosed in the Company's annual reports to shareholders and quarterly reports on Form 10-Q.

"CAUSE" means (i) continued failure by a Participant to perform his or her duties (except as a direct result of the Participant's incapacity due to physical or mental illness) after receiving notification by the Chief Executive Officer or an individual designated by the Chief Executive Officer (or the Board of Directors in the case of the Chief Executive Officer) identifying the manner in which the Participant has failed to perform his or her duties, (ii) engaging in conduct, which, in the opinion of a majority of the Board of Directors, is materially injurious to the Company, or (iii) conviction of the Participant of any felony involving moral turpitude.

"CHANGE OF CONTROL" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A, Regulation 240.14a-101, promulgated under the Securities Exchange Act of 1934 as now in effect or, if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 which serve similar purposes; provided that, without limitation, a Change of Control shall be deemed to have occurred if and when (a) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities, or (b) individuals who were members of the Board of Directors of the Company immediately prior to a meeting of the stockholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board of Directors following such election.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMPANY ROTC" means the return on total capital of the Company as reported in the Company's internally prepared Summary of Operations.

"COMPENSATION COMMITTEE" or "COMMITTEE" refers to the Compensation Committee of the Board of Directors of the Company.

"DISABILITY" refers to a physical or mental condition that prevents a Participant from performing his or her normal duties of employment. If a Participant makes application for disability benefits under the Company's long-term disability program and qualifies for such benefits, the Participant shall be presumed to qualify as totally and permanently disabled under the Plan.

"DISCRETIONARY POOL" or "POOL" refers to the sum of cash payments made available by the Compensation Committee to Participants who have achieved exceptional performance and to other Company employees who have made significant contributions to the achievement of Performance Objectives.

"EARNINGS PER SHARE" or "EPS" means earnings per share, including extraordinary gains and losses, divested operations and changes in accounting principles as disclosed in the Company's annual reports to shareholders.

"ECONOMIC VALUE ADDED" means operating profit after taxes on income minus a capital charge based upon the Company's weighted average cost of capital.

"EFFECTIVE DATE" means January 1, 1995, which is the first day of the initial Performance Cycle.

"FAIR MARKET VALUE" means the average of the high and low trading price of the Company's common stock on a given day, as reported on the New York Stock Exchange Composite Tape.

"GAAP" means generally accepted accounting principles.

"LONG-TERM DEBT" means long-term debt as disclosed in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable.

"NET INCOME" refers to after-tax net income, including extraordinary items, discontinued operations and changes in accounting principles, as disclosed in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable.

"NET SALES" means net sales as disclosed in the Company's annual reports to shareholders and quarterly reports on Form 10-Q.

"1990 PLAN" refers to the 1990 Stock Option and Incentive Plan for Key Employees of Avery Dennison Corporation (formerly named Avery International Corporation), or a successor plan.

"OPTION AGREEMENT" means a written stock option agreement evidencing options granted under the 1990 Plan which generally incorporates the terms and provisions of the Plan relating to Stock Options.

"PARTICIPANT" means an executive of the Company designated by the Compensation Committee to participate in the Plan.

"PEER GROUP" refers to a specified group of companies approved by the Compensation Committee against which the financial performance of the Company will be compared for purposes of the Plan.

"PERFORMANCE CYCLE" or "CYCLE" refers to the three-year period over which performance is measured for purposes of determining cash Awards under the Plan. The initial Performance Cycle will cover the Company's 1995 through 1997 fiscal years.

"PERFORMANCE OBJECTIVE" means one of the pre-established performance objectives for the Company and its Business Units for a Performance Cycle including, without limitation, ROTC, EPS, ROS, ROE, Net Income, Net Sales, Cash Flow from Operations and Economic Value Added.

"RETIREMENT" means a termination of service in accordance with the retirement provisions of either (a) the Company sponsored tax qualified defined benefit retirement plan in which a Participant is participating immediately prior to the date of such termination of service, or (b) the Company-sponsored Supplemental Retirement Plan (SERP) in which the Participant is participating immediately prior to the date of such termination of service. If the Participant does not participate in either of the above retirement plans, then Retirement means a termination of service in accordance with the retirement provisions of the Company's tax-qualified defined contribution retirement plan in which the Participant then participates.

"ROE" means the percentage determined by dividing "Net Income" by "Average Shareholders' Equity."

"ROS" means the percentage determined by dividing Net Income by Net Sales.

"ROTC" means the percentage determined by dividing (a) the sum of Net Income plus After-Tax Interest Expense by (b) Average Capital.

"SERVICE" means continuous and substantially full-time employment with the Company.

"SHAREHOLDERS' EQUITY" means total shareholders' equity, as disclosed in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable.

"STOCK OPTION" or "OPTION" refers to an option to purchase common stock of the Company at a fixed price for a specified period granted pursuant to the 1990 Plan and evidenced by an Option Agreement which generally incorporates the terms and provisions of the Plan relating to Stock Options.

"SUCCESS FACTOR AWARD" refers to the additional deferred cash incentive Award earned for achieving greater than the Target Performance Objectives established for a Performance Cycle.

"SUCCESS FACTOR PERFORMANCE OBJECTIVE" means one of the pre-established Company Performance Objectives used to determine the Success Factor Award.

"TARGET AWARD" refers to the deferred cash incentive Award earned for achieving the Target Performance Objectives established for a Performance Cycle.

"TARGET PERFORMANCE OBJECTIVE" means one of the pre-established Performance Objectives used to determine the Target Award.

"TAX RATE" refers to taxes on income divided by income before taxes on income, each as disclosed in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable, subject to adjustments to exclude the effect of unusual, non-recurring items, as described in the Company's annual reports to shareholders and Peer Group companies' annual reports to shareholders and quarterly reports on Form 10-Q, if applicable.

"TERMINATION OF SERVICE" means a termination of Service from the Company for any reason, whether voluntary or involuntary, including death, Retirement and Disability.

"TRANSFER" means the appointment of a Participant to a new position within the Company which may either be within the same position classification under the Plan or in a different position classification under the Plan.

"WEIGHTING FACTOR" means the percentage of a Participant's Target Award or Success Factor Award which will be calculated based on the achievement of a particular Performance Objective.

IV. GENERAL PLAN DESCRIPTION

A. OVERVIEW

Commencing as of the Effective Date, the Plan provides for each Participant (a) the opportunity to receive an annual grant of Stock Options, and (b) the opportunity to earn a deferred cash incentive Award based on the financial performance of the Company and, in some cases, its Business Units.

B. STOCK OPTIONS

(1) SIZE OF GRANT

Annual Stock Option grants will be determined by the Committee.

(2) EXERCISE PRICE AND EXERCISE PERIOD

The exercise price for Options will equal 100% of the Fair Market Value of the Company's common stock as of the date of grant. Options will have a maximum exercise period ("Term") of ten (10) years from the date of grant.

(3) VESTING PROVISIONS

Options will vest (become available for exercise) nine years and nine months from their date of grant.

However, if certain conditions are met, Options will become eligible for accelerated or early vesting three years from their date of grant. Such early vesting will occur provided that the Company ROTC for the Company's most recently completed fiscal year equals or exceeds the ROTC of the median company among the Peer Group for that year (e.g., the performance test for accelerated vesting for Options granted in 1995 will be based on ROTC for the 1998 fiscal year).

If the Company meets the performance test described above, all prior non-vested Options eligible for early vesting will become available for exercise as soon as possible following certification of the Company's performance and the performance of the median company among the Peer Group by the Committee.

If the Company fails to meet the performance test described above, all prior non-vested Options eligible for early vesting will be subject to a similar performance test following the end of the next fiscal year. The test for early vesting of Options will continue to "roll" in the manner described above until the Company passes the performance test or nine years and nine months have elapsed from the date of grant.

(4) OTHER PROVISIONS

All Options granted as contemplated by the Plan will be granted under the 1990 Plan. Each Option granted under the 1990 Plan will be evidenced by an Option Agreement specifying the terms and conditions of the Option. In the event of any inconsistency between the Plan and an Option Agreement, the terms and conditions of the Option Agreement shall control.

C. DEFERRED CASH INCENTIVE AWARDS

In addition to the opportunity for annual Option grants described in Section IV.B. above, each Participant will be provided with the opportunity to earn a deferred cash incentive Award after the end of a three-year Performance Cycle equal to the Target Award plus the Success Factor Award.

(1) PERFORMANCE CYCLE

The initial Performance Cycle will cover the period beginning with the Company's 1995 fiscal year and ending with the Company's 1997 fiscal year. Subsequent three-year Performance Cycles will begin every two years, starting with the Company's 1997 fiscal year.

(2) RANGE OF TARGET AND SUCCESS FACTOR AWARD OPPORTUNITIES

The deferred cash incentive Target Award opportunity for each Participant during each Performance Cycle ranges from 30% to 80% of Base Salary depending upon position classification as illustrated in Table 1 below. The deferred cash incentive Success Factor Award opportunity for each Participant during each Performance cycle also ranges from 30% to 80%. Classification of Participants into the categories listed in Table 1 will be recommended by the Chief Executive Officer of the Company and approved by the Compensation Committee.

TABLE 1
DEFERRED CASH INCENTIVE AWARD RANGE
BY POSITION CLASSIFICATION

CATEGORY	POSITION CLASSIFICATION	TOTAL AWARD RANGE AS % OF BASE SALARY	TARGET AWARD AS % OF BASE SALARY	SUCCESS FACTOR AWARD AS % OF BASE SALARY
1	Senior Executive Officers	0% - 160%	80%	80%
1	Corporate & Staff Officers	0% - 60%	30%	30%
2	Division VP/GM's and Officers	0% - 90%	30% - 45%	30% - 45%
2	Group and Sub-Group VP's	0% - 120%	60%	60%

The actual Total Award earned within the above range will depend upon the level of achievement versus specific Performance Objectives established under the Plan for each Performance Cycle.

(3) PERFORMANCE MEASUREMENT AND CALCULATION OF TARGET AWARDS

(A) CALCULATION FORMULA

Target Awards will be determined based upon the Company's, or in some cases, Business Unit's achievement versus pre-established Target Performance Objectives. The total Target Award will equal the sum of the Awards for each Target Performance Objective. The Target Award for each Target Performance Objective will equal the product of the Base Salary times the Target Award as a percent of Base Salary times the Weighting Factor (set forth in (b) and (c) below) times the Achievement Factor (set forth in (d) below) for that Target Performance Objective.

The foregoing formula can be expressed as the following mathematical equation:

Total Target Award = [Target Award (Base Salary x Target Award as % of Base Salary) x Weighting Factor x Achievement Factor for first Target Performance Objective] + [Target Award (Base Salary x Target Award as % of Base Salary) x Weighting Factor x Achievement Factor for second Target Performance Objective] + [Target Award (Base Salary x Target Award as % of Base Salary) x Weighting Factor x Achievement Factor for third Target Performance Objective, if any] + [Target Award (Base Salary x Target Award as % of Base Salary) x Weighting Factor x Achievement Factor for fourth Target Performance Objective, if any].

(B) WEIGHTING FACTORS - CATEGORY 1

For Participants classified in Category 1, Target Awards will be determined based upon the Company's achievement versus pre-established Company Target Performance Objectives.

For the initial Performance Cycle, the Company Target Performance Objectives will be weighted as follows in determining the Target Award:

PERFORMANCE OBJECTIVE	WEIGHTING FACTOR
Company ROTC	50%
EPS	50%

In subsequent Performance Cycles, the Compensation Committee may select different measures (including, without limitation, ROS, ROE, Net Income, Net Sales, Cash Flow from Operations and Economic Value Added) and weightings to determine such Target Awards.

(C) WEIGHTING FACTORS - CATEGORY 2

For Participants classified in Category 2, deferred cash incentive Target Awards will be determined based upon the performance of the Participant's Business Unit against pre-established Business Unit Target Performance Objectives.

For the initial Performance Cycle, the Business Unit Target Performance Objectives will have the following Weighting Factors:

PERFORMANCE OBJECTIVE	WEIGHTING FACTOR
Business Unit ROTC	50%
Business Unit Net Income	50%

In subsequent Performance Cycles, the Compensation Committee may select different measures (including, without limitation, ROS, ROE, Net Income, Net Sales, Cash Flow from Operations and Economic Value Added) and weightings to determine such Target Awards.

(D) ACHIEVEMENT FACTOR

The Achievement Factor for each Target Performance Objective will be between a threshold Achievement Factor of 70% (for achieving 80% of the Target Performance Objective) and a maximum Achievement Factor of 100% (for achieving the Target Performance Objective) as illustrated in the table below. The Achievement Factors for performance between the threshold and 100% Achievement Factors will be linearly interpolated.

% ACHIEVEMENT OF TARGET PERFORMANCE OBJECTIVE	ACHIEVEMENT FACTOR
Less than 80%	0
80%	70%
85%	77.5%
90%	85.0%
95%	92.5%
100%	100%

(E) MEASUREMENT PROCESS

The measurement of Company and Business Unit Target Performance Objectives will be based upon performance during the final year of the Cycle. For subsequent Performance Cycles, performance measurement may be based upon different criteria (e.g., average performance over the Cycle) at the discretion of the Compensation Committee.

(4) PERFORMANCE MEASUREMENT AND CALCULATION OF SUCCESS FACTOR AWARDS

(A) CALCULATION FORMULA

Participants in Category 2 are eligible for a Success Factor Award only if the percentage of achievement of each of their Business Unit Target Performance Objectives equals or exceeds 80% and only if the average of the percentages of achievement of their Business Unit Target Performance Objectives equals or exceeds 100%.

Success Factor Awards will be determined based on the Company's achievement versus pre-established Success Factor Performance Objectives which exceed the Target Performance Objectives. The total Success Factor Award will equal the sum of the Success Factor Awards for each Success Factor Performance Objective. The Success Factor Award for each Success Factor Performance Objective will equal the product of the Base Salary times the Success Factor Award as a percent of Base Salary times the Weighting Factor (set forth in (b) below) times the Achievement Factor (set forth in (c) below) for that Success Factor Performance Objective.

The foregoing formula can be expressed as the following mathematical equation:

Total Success Factor Award = [Success Factor Award (Base Salary x Success Factor Award as % of Base Salary) x Weighting Factor x Achievement Factor for first Success Factor Performance Objective] + [Success Factor Award (Base Salary x Success Factor Award as % of Base Salary) x

Weighting Factor x Achievement Factor for second Success Factor Performance Objective] + [Success Factor Award (Base Salary x Success Factor Award as % of Base Salary) x Weighting Factor x Achievement Factor for third Success Factor Performance Objective, if any] + [Success Factor Award (Base Salary x Success Factor Award as % of Base Salary) x Weighting Factor x Achievement Factor for fourth Success Factor Performance Objective, if any].

(B) WEIGHTING FACTORS

For Participants in both Category 1 and Category 2, Success Factor Awards will be determined based upon the Company's achievement versus pre-established Company ROTC and EPS Success Factor Performance Objectives which exceed the Target Performance Objectives.

For the initial Performance Cycle, the Success Factor Performance Objectives will be weighted as follows in determining the Success Factor Award:

PERFORMANCE OBJECTIVE	WEIGHTING FACTOR
Company ROTC	50%
EPS	50%

In subsequent Performance Cycles, the Compensation Committee may select different measures (including, without limitation, ROS, ROE, Net Income, Net Sales, Cash Flow from Operations and Economic Value Added) and weighting to determine such Success Factor Awards.

(C) ACHIEVEMENT FACTOR

At the beginning of each Performance Cycle, the Compensation Committee will establish two levels of Success Factor Performance Objectives which are in excess of the Target Performance Objectives.

If the Company's performance is between the Target Performance Objective and the first level Success Factor Performance Objective, then the Achievement Factor for that Success Factor Performance Objective will be between 0% and 50%. The Achievement Factor for performance between the Target Performance Objective and the first level Success Factor Performance Objective will be linearly interpolated.

If the Company's performance is between the first level Success Factor Performance Objective and the second level Success Factor Performance Objective then the Achievement Factor for that Success Factor Performance Objective will be between 50% and 100%. The Achievement Factor for performance between the first level Success Factor Performance Objective and the second level Success Factor Performance Objective will be linearly interpolated.

(D) MEASUREMENT PROCESS

The measurement of Company Success Factor Performance Objectives will be based upon performance during the final year of the Performance Cycle. For subsequent Performance Cycles, performance measurement may be based upon different criteria (e.g., average performance over the Cycle) at the discretion of the Compensation Committee.

(5) DISCRETIONARY POOL PARTICIPATION

A Discretionary Pool will be available for each Performance Cycle to provide the opportunity for Participants (other than those Participants whose Target Award is 80%) who have achieved exceptional performance to earn more than the Target Award plus the Success Factor Award, or for individuals who are not selected to be Participants in the Plan but who have made significant contributions to the achievement of Performance Objectives to earn cash payments. A "target" Discretionary Pool will be determined by the Compensation Committee prior to the beginning of each Performance Cycle. The actual Discretionary Pool made available will be determined by the Committee at the end of the Performance Cycle and may exceed or fall below the "target" Pool based upon the Committee's assessment of (i) overall Company performance during the Cycle and (ii) the performance of the individual Business Units.

The actual Discretionary Pool approved by the Compensation Committee will be allocated among individuals recommended by the Chief Executive Officer and approved by the Compensation Committee; provided, however, that Participants whose Target Award is 80% will not be eligible for participation in the Discretionary Pool. No payments will be made from the Discretionary Pool unless at least one of the Company's EPS or ROTC threshold Target Performance Objectives (i.e., 80% of the Target Performance Objective) for the Performance Cycle has been met.

V. PEER GROUP PERFORMANCE MEASUREMENT

In order to facilitate the Peer Group performance comparison needed to determine the accelerated Option vesting, the Peer Group ROTC figures for the individual years used to determine accelerated Option vesting will be based upon the twelve months performance for each company in the Peer Group closest to the Company's fiscal year end, based on the most recent publicly available financial information for such company.

VI. NEW PARTICIPANTS

New Participants may be added to the Plan at any time at the discretion of the Compensation Committee. The timing and performance test for determining accelerated vesting for the grant will be identical to the test and timing associated with the regular Option grant made to other Participants for that fiscal year. If an executive becomes a Participant, he or she will be eligible to receive an Option grant at the time of the next regular Option grant.

For the deferred cash incentive portion of the Plan, the Award opportunity of a new Participant will be prorated for each Performance Cycle based on the number of months of participation in the Plan divided by 36. Notwithstanding the above, an individual must participate in the Plan for at least 12 months during any Performance Cycle to be eligible to receive a deferred cash incentive Award for that Cycle.

VII. TERMINATION OF SERVICE

A. STOCK OPTIONS

Options may be exercised following a Termination of Service in the manner and to the extent provided for in the Option Agreement which governs the grant.

B. DEFERRED CASH INCENTIVE AWARDS

If a Participant terminates Service with the Company prior to the end of a Performance Cycle due to voluntary termination or termination for Cause, the Participant will not receive any deferred cash incentive Award for that Performance Cycle.

Upon a Termination of Service during a Performance Cycle due to death or Disability, a Participant's deferred cash incentive Award opportunity for that Cycle will be prorated by dividing the number of full months of participation in the Cycle by thirty-six (36).

If a Participant's Service is terminated involuntarily without Cause prior to the completion of a Performance Cycle, the Participant will be entitled to receive the following percentage of his or her earned deferred cash incentive Award for the Cycle:

IF TERMINATION OCCURS BETWEEN X MONTHS FROM START OF CYCLE	% OF EARNED AWARD TO BE PAID
0 - 27 Months	0%
27 - 36 Months	33 1/3%

Upon a Termination of Service due to Retirement prior to the completion of a Performance Cycle, the Participant will be entitled to receive the following percentage of his or her earned deferred cash incentive Award for the Cycle:

IF TERMINATION OCCURS BETWEEN X MONTHS FROM START OF CYCLE	% OF EARNED AWARD TO BE PAID
0 - 3 Months	0%
3 - 12 Months	33 1/3%
12 - 15 Months	50%
15 - 24 Months	66 2/3%
24 - 27 Months	Prorate to 100%
27 - 36 Months	100%

VIII. PAYMENT OF EARNED DEFERRED CASH INCENTIVE

Earned Awards under the deferred cash incentive portion of the Plan (net of any applicable taxes) will be paid in cash as soon as possible following the determination of Company and Business Unit performance for the Performance Cycle. Upon the death of a Participant, the Compensation Committee may elect to provide early payment in order to facilitate the settlement of the Participant's estate.

IX. TRANSFERS

Upon a Transfer prior to the completion of a Performance Cycle, the Participant will earn his or her deferred cash incentive Award for the Cycle based on his or her old and/or new positions, as follows:

IF TRANSFER OCCURS BETWEEN X MONTHS FROM START OF CYCLE	AWARD EARNED IN OLD/NEW POSITION
0 - 6 Months	100% in new position
6 - 30 Months	Prorated between old and new positions
30 - 36 Months	100% in old position

X. PLAN ADMINISTRATION

A. GENERAL ADMINISTRATION

The Compensation Committee will administer the Plan, and will interpret the provisions of the Plan. The interpretation and application of these terms by the Compensation Committee shall be binding and conclusive. The Committee's authority will include, but is not limited to:

- The selection of Participants;

- The establishment and modification of performance measures, Performance Objectives and weighting of objectives;

- The determination of performance results and Awards;

- Exceptions to the provisions of the Plan made in good faith and for the benefit of the Company.

B. ADJUSTMENTS FOR EXTRAORDINARY EVENTS

If an event occurs during a Performance Cycle that materially influences Company or Business Unit financial performance and is deemed by the Compensation Committee to be extraordinary and out of the control of management, the Committee may, in its sole discretion, increase or decrease the Performance Objectives used to determine deferred cash incentive Awards or Option vesting. Events warranting such action may include, but are not limited to, changes in accounting, tax or regulatory rulings and significant changes in economic conditions resulting in "windfall" gains or losses.

C. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

The Committee may amend, suspend or terminate the Plan, whole or in part, at any time, if, in the sole judgment of the Committee, such action is in the best interests of the Company. Notwithstanding the above, any such amendment, suspension or termination must be prospective in that it may not deprive Participants of that which they otherwise would have received under the Plan for the current Performance Cycle had the Plan not been amended, suspended or terminated.

D. DESIGNATION OF BENEFICIARIES

Each Participant shall have the right at any time to designate any person or persons as beneficiary(ies) to whom any cash payments earned under the Plan shall be made in the event of the Participant's death prior to the distribution of all benefits due the Participant under the Plan. Each beneficiary designation shall be effective only when filed in writing with the Company during the Participant's lifetime, on a Beneficiary Designation Form approved by the Compensation Committee.

The filing of a new Beneficiary Designation Form will cancel all designations previously filed. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date of filing of a Beneficiary Designation Form shall revoke such designation unless:

- In the case of divorce, the previous spouse was not designated as beneficiary, and

.   In the case of marriage, the Participant's new spouse had previously been designated as beneficiary.

The spouse of a married Participant shall join in any designation of a beneficiary other than the spouse on a form prescribed by the Compensation Committee.

If a Participant fails to designate a beneficiary as provided for above, or if the beneficiary designation is revoked by marriage, divorce or otherwise without execution of a new designation, then the Compensation Committee shall direct the distribution of Plan benefits to the Participant's estate.

XI. CHANGE OF CONTROL

A.   Subject to paragraphs (C) through (E) of this Section XI, upon a Change of Control: (i) each Participant shall receive a cash payment equal to his or her Target Award under the deferred cash incentive portion of the Plan for each Performance Cycle that begins on or before the date of the Change of Control and ends after the date of the Change of Control, based on the Participant's annual base salary rate in effect at the time of the Change of Control; and (ii) treatment of Options upon a Change of Control will be governed by the provisions of the relevant Option Agreement.

B.   Following a Change of Control, each Participant shall continue to be entitled to receive payments under the deferred cash incentive portion of the Plan for each Performance Cycle that begins on or before the date of the Change of Control and ends after the date of the Change of Control, as earned in accordance with the terms of the Plan, to the extent such Participant has not already received such payment for that Performance Cycle pursuant to paragraph (A) of this Section XI.

C.   Notwithstanding the foregoing, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of a Participant (whether paid or payable or distributed or distributable pursuant to the terms of the Plan or otherwise) (a "Payment") would be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Participant pursuant to the Plan (such payments or distributions pursuant to the Plan are hereinafter referred to as "Plan Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value that maximizes the aggregate present value of Plan Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. For purposes of this Section XI, present value shall be determined in accordance with Section 280(d)(4) of the Code.

D.   All determinations required to be made under paragraphs (C) through (E) of this Section XI shall be made by Coopers & Lybrand (the "Accounting Firm"), which shall provide detailed supporting calculations to both the Company and the Participant within 30 business days of the date of the Change of

Control or such earlier time as is requested by the Company. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant. The Participant shall determine which and how much of the Plan Payments (or, at the election of the Participant, other Payments) shall be eliminated or reduced consistent with the requirements of paragraph (C) of this Section XI, provided that, if the Participant does not make such determination within ten business days of the receipt of the calculations made by the Accounting Firm, the Company shall elect which and how much of the Plan Payments shall be eliminated or reduced consistent with the requirements of paragraph (C) of this Section XI and shall notify the Participant promptly of such election. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Participant such amounts as are then due to the Participant under the Plan.

E. As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Plan Payments will have been made by the Company that should not have been made ("Overpayment") or that additional Plan Payments that will not have been made by the Company could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Accounting Firm determines that an Overpayment has been made, any such Overpayment shall be treated for all purposes as a loan to the Participant, which the Participant shall repay to the Company together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Participant to the Company (or if paid by the Participant to the Company shall be returned to the Participant) if and to the extent such payment would not reduce the amount which is subject to taxation under Section 4999 of the Code. In the event that the Accounting Firm determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Participant together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

XII. PRIOR PLANS

The Company's Key Executive Long-Term Incentive Plan, effective as of January 1, 1991 and the Company's Amended and Restated Key Executive Long-Term Incentive Plan effective as of January 3, 1993 (the "Prior Plans"), shall remain in effect as to all Participants therein for the balance of the initial Performance Cycles thereunder (1991 to 1993 and 1993 to 1995, respectively) and for Options granted thereunder. Nothing contained in this Plan shall affect the calculation or payment of benefits under the Prior Plans as to such initial Performance Cycles, or the vesting of Options granted under the Prior Plans.

XIII. MISCELLANEOUS PROVISIONS

A. UNSECURED STATUS OF CLAIM

Participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any specific property or assets of the Company. No assets of the Company shall be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfillment of the Company's obligations under the Plan.

Any and all of the Company's assets shall be, and shall remain, the general unpledged and unrestricted assets of the Company. The Company's obligations under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay benefits in the future.

B. EMPLOYMENT NOT GUARANTEED

Nothing contained in the Plan nor any action taken in the administration of the Plan shall be construed as a contract of employment or as giving a Participant any right to be retained in the Service of the Company.

C. RIGHT OF OFFSET

If a Participant becomes entitled to a payment under the deferred cash incentive portion of the Plan, and if at such time the Participant has outstanding any debt, obligation or other liability representing any amount owing to the Company, then the Company may offset such amount against the amount of the payment otherwise due the Participant under the Plan.

D. NONASSIGNABILITY

No person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey, in advance of actual receipt, the benefits, if any, payable under the Plan, or any part thereof, or any interest therein, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No portion of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, lien or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency. Any such transfer or attempted transfer in violation of the preceding provisions shall be null and void.

E. VALIDITY

In the event that any provision of the Plan is held to be invalid, void or unenforceable, the same shall not effect, in any respect whatsoever, the validity of any other provision of the Plan.

F. WITHHOLDING-TAX

The Company shall withhold from all benefits due under the Plan an amount sufficient to satisfy any federal, state and local tax withholding requirements.

G. APPLICABLE LAW

The Plan shall be governed in accordance with the laws of the State of Delaware.

H. INUREMENT OF RIGHTS AND OBLIGATIONS

The rights and obligations under the Plan shall inure to the benefit of, and shall be binding upon the Company, its successors and assigns, and the Participants and their beneficiaries.

EXHIBIT 10.31.1

AVERY DENNISON CORPORATION
AMENDED AND RESTATED
EXECUTIVE VARIABLE DEFERRED
RETIREMENT PLAN

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December 2, 1995

AVERY DENNISON CORPORATION
EXECUTIVE VARIABLE DEFERRED RETIREMENT PLAN

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AVERY DENNISON CORPORATION
EXECUTIVE VARIABLE DEFERRED RETIREMENT PLAN

ARTICLE I
PURPOSE

The purpose of this Executive Variable Deferred Retirement Plan (the "Plan") is to provide a means whereby Avery Dennison Corporation, a Delaware corporation (the "Company"), may afford an opportunity for financial planning to a select group of management and highly compensated employees of the Company and its subsidiaries who have rendered and continue to render valuable services to the Company or its subsidiaries which constitute an important contribution towards the Company's continued growth and success, by providing for additional future retirement payments so that these employees may be retained and their productive efforts encouraged.

ARTICLE 2
DEFINITIONS AND CERTAIN PROVISIONS

Annual Base Salary. "Annual Base Salary" means with respect to a Participant for any Plan Year such Participant's fixed, basic, straight time, and regularly recurring wages and salary, any payments for overtime hours, vacation pay, compensation paid in lieu of vacation, and holiday pay; but excluding all Bonus, long-term incentive cash awards, other discretionary bonuses, severance allowances, forms of incentive compensation, Savings Plan or other qualified plan contributions made by the Company, Retirement Plan or other qualified plan benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments.

Annual Deferral. "Annual Deferral" means the amount of Annual Base Salary and Bonus which the Participant elects to defer for a Plan Year.

Authorization Form. "Authorization Form" means the authorization form which an Eligible Employee files with the Company to participate in the Plan for a given Plan Year.

Beneficiary. "Beneficiary" means the person or persons or entity designated as such in accordance with Article 6.

Benefit Unit. "Benefit Unit" means an annual unit (and related Annual Deferral) enrolled in by a Participant pursuant to Article 4 providing the benefits described in Article 5. Each Benefit Unit will be covered by a separate annual Authorization Form.

Bonus. "Bonus" means with respect to a Participant for any Plan Year the bonus paid to the Participant in such Plan Year under the Bonus Plan on account of services rendered to the Company during the immediately preceding Plan Year. "1995 Bonus" means a Participant's bonus earned in 1995 but paid in 1996. "1996 Bonus" means a Participant's bonus earned in 1996 but paid in 1997.

Bonus Plan. "Bonus Plan" means all annual bonus plans sponsored by the Company from time to time.

Committee. "Committee" means the deferred compensation plan committee appointed to administer the Plan pursuant to Article 3.

Declared Rate. "Declared Rate" means, with respect to any of the investment funds listed below that are maintained by Pacific Mutual Life Insurance Company for its variable life insurance policy that is known as "Select Exec." and any month of a Plan Year, the rate of return equal to that which would have been generated had a Participant's Deferral Account balance been invested in such investment fund for such month, determined as follows. At the end of each month of a Plan Year, Pacific Mutual Life Insurance Company will report to the Company the actual gross performance of each investment fund. The rate of return determined based on such gross performance for an investment fund, less an administrative charge of 0.017%, will be the Declared Rate for the investment fund for the month.

Declared Rate 1. This rate is based on the performance of the Money Market Fund.

Declared Rate 2. This rate is based on the performance of the Managed Bond Fund.

Declared Rate 3. This rate is based on the performance of the Growth LT Fund.

Declared Rate 4. This rate is based on the performance of the Equity Index Fund.

Declared Rate 5. This rate is based on the performance of the International Fund.

Deferrals will not necessarily be invested by the Company in the above investment funds, even though the actual performance of the investment fund will be used to measure the Declared Rate.

Deferral Account. "Deferral Account" means the notional account established for record keeping purposes for a Participant pursuant to Section 4.5.

Direct Cash Compensation. "Direct Cash Compensation" means for any date within a Plan Year the sum of (a) the Participant's Annual Base Salary as of the first day of the Plan Year plus (b) the Participant's Bonus paid in such Plan Year, but before reduction pursuant to this Plan.

Disability. "Disability" means any inability on the part of an Employee, commencing before age 64 1/2, as determined by the Committee, in its complete and sole discretion, to perform the substantial and material duties of his or her job due to injury or sickness lasting for more than one hundred eighty (180) consecutive days. Disability for purposes of this Plan shall be deemed to commence as of the first day following the end of such one hundred eighty (180) day period. If an Employee makes application for disability benefits under the Social Security Act, as now in effect or as hereafter amended, and qualifies for such benefits, the Employee shall be presumed to suffer from a Disability under this Plan, subject to the above timing requirements. The Committee may require the Employee to submit to an examination by a physician or medical clinic selected by the Committee. On the basis of such medical evidence and in the absence of qualification for disability benefits under the Social Security Act, the determination of the Committee as to whether or not a condition of Disability exists shall be conclusive. To constitute Disability, the same must commence after the Employee has become a Participant in the Plan.

Discounted Cash Out Election. "Discounted Cash Out Election" means the written election by a Participant or Beneficiary in a form acceptable to the Committee to receive all or part of the Participant's Deferral Account pursuant to the terms and conditions of Section 5.9.

Early Retirement. "Early Retirement" means with respect to any Benefit Unit the termination of a Participant's employment with Employer for reasons other than death (a) between ages 55 and 65, and (b) after fifteen (15) years of employment with Employer.

Eligible Employee. "Eligible Employee" means an Employee who is eligible to participate in the Plan based on criteria established by the Committee.

Emergency Benefit. "Emergency Benefit" means the benefit that is payable pursuant to Section 5.5 of the Plan.

Employee. "Employee" means any person employed by the Employer on a regular full-time salaried basis, including officers of the Employer.

Employer. "Employer" means the Company and any of its wholly-owned subsidiaries.

Enrollment Period. "Enrollment Period" means the periods designated from year to year by the Committee for open enrollments. The initial Enrollment Period will be between November 13-30, 1995. Authorization Forms shall be submitted to the Committee prior to the beginning of any Plan Year. For subsequent Enrollment Periods, the Eligible Employee must submit an Authorization Form during the Enrollment Period designated by the Committee.

Normal Retirement. "Normal Retirement" means the termination of a Participant's employment with Employer for reasons other than death on or after the Participant attains age 65.

Participant. "Participant" means an Eligible Employee who has filed a completed and executed Authorization Form with the Committee and is participating in the Plan in accordance with the provisions of Article 4.

Plan Year. "Plan Year" means the fiscal year beginning December 1 and ending November 30.

Rabbi Trust. "Rabbi Trust" means the trust described in Section 8.1.

Retirement Age. "Retirement Age" means the age attained by a Participant on the birthday that precedes the date when Participant ceases to be an Employee at age 55 or later.

Retirement Benefit. "Retirement Benefit" means benefits payable to a Participant when Participant has satisfied all of the requirements for Normal or Early Retirement (as defined in Article 2).

Retirement Plan. "Retirement Plan" means the Retirement Plan for the Employees of Avery Dennison Corporation, as amended from time to time.

Savings Plan. "Savings Plan" means the Avery Dennison Corporation Employee Savings Plan, as amended from time to time.

Survivor Benefit. "Survivor Benefit" means those Plan benefits that become payable upon the death of a Participant pursuant to the provisions of Section 5.4.

Termination Benefit. "Termination Benefit" means the lump sum amount payable to a Participant who ceases to be an Employee pursuant to the provisions of Section 5.3.

ARTICLE 3
ADMINISTRATION OF THE PLAN

A deferred compensation plan committee ("Committee") consisting of three or more members shall be appointed by the Company's Chairman and Chief Executive Officer to administer the Plan and establish, adopt, or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, with any such interpretations to be conclusive. All decisions of the committee shall be by vote of at least a majority of its members and shall be final and binding. Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a Participant. The initial members of the Committee are the Chairman and Chief Executive Officer, the Chief Financial Officer, the Vice President, Human Resources, the Vice President, General Counsel and Secretary, the Vice President, Treasurer, the Vice President, Compensation & Benefits, the Vice President, Treasury Operations, the Director, Corporate Accounting and Financial Reporting.

ARTICLE 4
PARTICIPATION

4.1 Participation Election. An Eligible Employee shall become a Participant in the Plan on the first day of the Plan Year coincident with or next following the date the employee becomes an Eligible Employee, provided such Employee has filed an Authorization Form with the Committee. To be effective, the Eligible Employee must submit the Authorization Form during the Enrollment Period.

4.2 Annual Deferral. In the Authorization Form, and subject to the restrictions set forth herein, the Eligible Employee shall designate the amount of Annual Base Salary and Bonus to be deferred for the next Plan Year.

4.3 Sources of Annual Deferral. Except for the initial Plan Year, Annual Deferrals may be made from Bonus earned during the following calendar year and for Annual Base Salary earned from the next December 1 of the covered Plan Year through the next November 30. For the initial Plan Year, Annual Deferrals may be made from: (i) the Participant's 1995 Bonus; (ii) the Participant's 1996 Bonus; and the Participant's Annual Base Salary between December 1, 1995 and November 30, 1996.

4.4 Maximum Deferral. The maximum amount of Direct Cash Compensation that may be deferred shall be 10% of an Eligible Employee's Annual Base Salary and 10% of an Eligible Employee's Bonus without regard to amounts contributed to the Savings Plan, provided that the Committee may permit greater Annual Deferrals.

4.5 Deferral Accounts. Solely for record keeping purposes, the Company shall maintain a Deferral Account for each Participant for all Benefit Units offered to the Participants during the eight-year period commencing December 1, 1995. The amount by which a Participant's Direct Cash Compensation is reduced pursuant to this Article IV shall be credited by the Employer to the Participant's Deferral Account no later than the first day of the month following the month in which such Direct Cash Compensation would otherwise have been paid. The Deferral Account shall be debited by the amount of any payments made by the Employer to the Participant or the Beneficiary pursuant to this Plan.

4.6 Interest on Deferral Accounts. A Participant may elect to credit the deferrals to any combination of Declared Rates in 25% increments, as long as the total equals 100% of the deferrals. The Participant's Deferral Account will be credited with a rate of return (positive or negative) based on the Declared Rate(s) which he elects. The rate of return (positive or negative) will be credited monthly to Deferral Accounts. The rate to be credited to a Participant's Deferral Account will be calculated each month as the weighted average of the Declared Rate(s) elected by the Participant for that Deferral Account, with the weights being based on the Declared Rate(s) election for that Deferral Account in effect at the beginning of the month.

A Participant may change his Declared Rate(s) election twice a year effective as of the following June 1 and December 1 of each year by filing a written notice with the Committee at least 30 days in advance. Deferral Account balances will not necessarily be invested in these investment funds by the Company, even though the actual performance of the investment fund that is chosen to measure the Declared Rate will determine the rate of return (positive or negative) on the Participant's Deferral Account.

4.7 Valuation of Accounts. The value of a Deferral Account as of any date shall equal the amounts theretofore credited to such account, plus the interest deemed to be earned on such account in accordance with this Article IV through the day preceding such date, less the amounts theretofore debited to such account.

4.8 Statement of Accounts. The Committee shall submit to each Participant, within one hundred twenty (120) days after the close of each Plan Year, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in his Deferral Account.

Each statement of account shall show the Participant's deferrals and the interest credited to the Participant's Deferral Account.

ARTICLE 5
BENEFITS

5.1 Retirement Benefit. A Participant is eligible for a Retirement Benefit under this Plan when he has satisfied all of the requirements for Normal Retirement or Early Retirement. The Retirement Benefit will be based on the total value of the Deferral Account.

The Retirement Benefit will be paid beginning on the date and in the manner which the Participant elects no earlier than thirteen months prior to retirement. A Participant may elect to receive his Retirement Benefit at retirement in either a lump sum or installments over a specified number of years or a combination of a lump sum payment and installment payments; provided, however, that the maximum payout period for Retirement Benefits shall be subject to Section 5.8. In the event a payout election period exceeds the maximum period permitted by Section 5.8, the elected payout period shall be reduced to the maximum period permitted by Section 5.8. All installment payments will be calculated on an annual basis but paid in such intervals as may be determined by the Committee, provided that such intervals shall not be less frequent than quarterly.

If a Participant elects to receive his Retirement Benefit in installment payments, the payments will be made in such intervals as may be determined by the Committee, provided that such intervals shall not be less frequent than quarterly, based on the Deferral Account balance at the beginning of the payment period. The payments will be redetermined annually by dividing the Participant's current Deferral Account balance at the beginning of the year by the number of remaining years in the payment period based on the Participant's retirement payment election. The rate of return (positive or negative) during any payment year will be credited during the year on the unpaid Deferral Account balance at the applicable Declared Rate(s). A Participant may continue to change his Declared Rate(s) election twice a year, effective as of the following June 1 or December 1 of each year by filing a written notice with the Committee at least 30 days in advance, as long as he has a remaining Deferral Account balance.

5.2 Disability. If a Participant suffers a Disability, Participant deferrals that otherwise would have been credited to the Participant's Deferral Accounts will cease during such Disability. The Participant's Deferral Accounts will continue to earn interest at the Declared Rate(s) which he has chosen. The Participant's Deferral Account will be distributed as a Retirement Benefit, Termination Benefit or Survivor Benefit, whichever is applicable, beginning on the date and in the form which the Participant elected in his Authorization Form. If a Participant recovers from a Disability and returns to employment with the Employer during the Benefit Deferral Period, the Participant shall resume making deferrals pursuant to his Authorization Form.

5.3 Termination Benefit.

(a) Certain Terminations of Employment. If a Participant (i) ceases to be an Employee for any reason other than death, Disability or Normal or Early Retirement, or (ii) fails to return to the status of an Employee within sixty (60) days following recovery from a Disability prior to Normal or Early Retirement, the Employer shall pay to the Participant in one lump sum an amount (the "Termination Benefit") equal to the value of the Deferral Account for such Benefit Unit. In computing the Termination Benefit, the value of the Deferral Account will be based on interest at the applicable Declared Rate. The Participant shall be entitled to no further benefits under this Plan for such Benefit Units.

(b) Termination of a Benefit Unit. With the written consent of the Committee, a Participant may terminate an Authorization Form by filing with the Committee a written request to so terminate the Authorization Form. Upon termination of an Authorization Form, no further reductions shall be made in the Participant's Direct Cash Compensation pursuant to the Authorization Form, and the Participant shall immediately cease to be eligible for any benefits with respect to such Authorization Form, other than the Termination Benefit. No other benefit shall be payable to either the Participant or any Beneficiary of such Participant with respect to the terminated Authorization Form. In its sole discretion, the Committee may pay the Termination Benefit with respect to a terminated Authorization From on a date earlier than a Participant's termination of employment with the Employer, with such Termination Benefit to be calculated as if the Participant had terminated employment with the Employer on the date of such payment.

5.4 Survivor Benefits.

(a) Pre-Retirement. If a Participant dies and is not receiving Retirement Benefit payments with respect to his Benefit Unit(s), a Survivor Benefit will be paid to his Beneficiary in annual installments over five years. The aggregate Survivor Benefit will be equal to the Deferral Account balance for the Benefit Units. The annual Survivor Benefit payments shall be redetermined each year based upon the value of the Deferral Account at that time. However, if the value of the Deferral Account is less than or equal to $50,000 for a Beneficiary, the Company, will pay said amount in a lump sum.

(b) Post-Retirement. If a Participant dies and is not receiving Retirement Benefit payments with respect to his Benefit Unit(s), a Survivor Benefit will be paid to his Beneficiary in annual installments over five years. The aggregate Survivor Benefit will be equal to the Deferral Account balance for the Benefit Units. The annual Survivor Benefit payments shall be redetermined each year based upon the value of the Deferral Account at that time. However, if the value of the Deferral Account is less than or equal to $50,000 for a Beneficiary, the Company, will pay said amount in a lump sum.

5.5 Emergency Benefit. In the event that the Committee, upon written petition of the Participant or Beneficiary, determines, in its sole discretion, that the Participant or Beneficiary has suffered an unforeseeable financial emergency, the Employer shall pay to the Participant or Beneficiary, as soon as practicable following such determination, an amount necessary to meet the emergency not in excess of the Termination Benefit to which the Participant is entitled hereunder if said Participant had a termination of service on the date of such determination (the "Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence. An unforeseeable financial emergency for purposes of this Plan shall exist for any Participant or Beneficiary who is deemed to be in constructive receipt of income on account of deferred benefits payable under the terms of the Plan, and in such event all deferred benefits giving rise to said constructive receipt of income shall be paid to the Participant or Beneficiary in question. Notwithstanding the foregoing, the final determination by the Internal Revenue Service ("IRS") or court of competent jurisdiction, all time for appeal having lapsed, that the Employer is not the owner of the assets of the Rabbi Trust, with the result that the income of the Rabbi Trust is not treated as income of the Company pursuant to Sections 671 through 679 of the Code, or the final determination by (i) the IRS, (ii) a court of competent jurisdiction, all time for appeal having lapsed, or (iii) counsel to the Company that a federal tax is payable by the Participant or Beneficiary with respect to assets of the Rabbi Trust or the Participant's or Beneficiary's Deferral Accounts prior to the distribution of those assets or Deferral Accounts to the Participant or Beneficiary shall in any event constitute an unforeseeable financial emergency entitling such Participant or Beneficiary to an Emergency Benefit provided for in this Section. Cash needs arising from foreseeable events such as the purchase of a home or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. The amount of benefits otherwise payable under the Plan shall thereafter be adjusted to reflect the reduction of a Deferral Account due to the early payment of the Emergency Benefit.

5.6 Small Benefit. Notwithstanding anything herein to the contrary, in the event the total amount owed to a Participant or a Beneficiary after the Participant ceases to be an Employee is $50,000 or less, the Company, in its sole discretion, may elect to distribute any such amount in a single lump sum payment.

5.7 Withholding; Unemployment Taxes. To the extent required by the law in effect at the time payments are made, the Employer shall withhold from payments made hereunder the minimum taxes required to be withheld by the federal or any state or local government. To the extent FICA or Medicare Tax is payable on account of compensation deferred hereunder, such tax shall, to the extent possible, be withheld from the Participant's Direct Cash Compensation that is not deferred into this Plan.

5.8 Maximum Payout Period. Notwithstanding any Eligible Employee's election to the contrary, the maximum number of years over which benefits may be paid from the Plan shall be limited as follows: (i) Retirement Age 55 receives lump sum; (ii) Retirement Ages 56 and 57 may receive benefits in a lump sum or for five years; (iii) Retirement Ages 58 and 59 may receive benefits in a lump sum or for five or ten years; (iv) Retirement Ages 60 and 61 may receive benefits in a lump sum or for five, ten, or fifteen years; and (v) Retirement Ages 62 and above may receive benefits in a lump sum or for five, ten, fifteen or twenty years.

5.9 Discounted Cash Out Election

(a) During the course of any Plan Year prior to the date on which a Participant ceases employment with the Company, the Participant may make one election to receive all or part of the Participant's Deferral Account in a single lump-sum payment that shall be paid within fifteen (15) days after the end of the month in which the Participant files a written election to receive a discounted lump sum payment pursuant to this Section 5.9 (a). Interest on the amount elected to be withdrawn shall cease to accrue at the end of the month in which the Discounted Cash Out Election is made. The requirements for a valid Discounted Cash Out Election and the manner of determining the amount to be paid to a

Participant who makes a pre-retirement Discounted Cash Out Election are as follows:

(i) The Discounted Cash Out Election must be for an amount of $200,000 or greater, unless a Participant has a Deferral Account worth less than $200,000 at the time of the Discounted Cash Out Election in which case the amount of the Discounted Cash Out Election may be equal to 100% of the Deferral Account in question.

(ii) The amount available for the Discounted Cash Out Election shall be determined by establishing the value of the Participant's Deferral Account as if the Participant ceased employment with the Company on the last day of the month during which the Participant files a written Discounted Cash Out Election.

(iii) If a Participant elects to receive his entire Deferral Account via a Discounted Cash Out Election, the Participant's Deferral Account shall be deemed fully distributed to the Participant. The amount, however, actually distributed to the Participant shall be the amount of the Deferral Account less a penalty equal to six percent (6%) of the amount otherwise distributable.

(iv) If a Participant elects to receive $200,000, or some higher dollar amount of his Deferral Account, the amount elected shall be deemed distributed to the Participant. The amount, however, actually distributed to the Participant shall be the elected amount less a penalty equal to six percent (6%) of the elected amount.

(b) During the course of any Plan Year or part which follows a Participant's Early or Normal Retirement date, the Participant or the Beneficiary may make up to two elections to receive all or part of the Participant's Deferral Account in single lump sum payments that shall be paid within fifteen (15) days after the end of the month in which the Participant or Beneficiary files a written election to receive a discounted lump sum payment pursuant to this Section 5.9(b). Interest on the amount elected to be withdrawn from such Deferral Account shall cease to accrue at the end of the month in which the Discounted Cash Out Election is filed. The requirements for each valid Discounted Cash Out Election and the manner of determining the amount to be paid to a Participant or Beneficiary who makes a post-retirement Discounted Cash Out Election are as follows:

(i) The Discounted Cash Out Election must be for an amount of $200,000 or greater, unless a Participant or Beneficiary has a Deferral Account worth less than $200,000 at the time of the Discounted Cash Out Election in which case the amount of the Discounted Cash Out Election may be equal to 100% of the Deferral Account in question.

(ii) If a Participant or Beneficiary elects to receive his entire Deferral Account via a Discounted Cash Out Election, the Participant's or Beneficiary's Deferral Account shall be deemed fully distributed to the Participant or Beneficiary. The amount, however, actually distributed to the electing Participant or Beneficiary shall be the amount of the Deferral Account less a penalty equal to six percent (6%) of the amount otherwise distributable.

(iii) If a Participant or Beneficiary elects to receive $200,000 or some higher dollar amount of his Deferral Account, the amount elected shall be deemed fully distributed to the Participant or Beneficiary. The amount, however, actually distributed to the Participant or Beneficiary shall be the elected amount less a penalty equal to six percent (6%) of the elected amount.

(iv) If a Participant or Beneficiary makes a Discounted Cash Out Election(s) or receives payment(s) of an Emergency Benefit and a portion of a Deferral Account remains unpaid, future monthly benefit payments shall be reduced to reflect the withdrawn part of the Deferral Account and there shall be no reduction in the previously scheduled number of monthly benefit payments.

ARTICLE 6
BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as Beneficiary or Beneficiaries to whom payment under this Plan shall be made in the event of Participant's death prior to complete distribution to Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a form prescribed by the Committee.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. Any finalized divorce or marriage (other than a common law marriage) of a Participant subsequent to the date of filing of a Beneficiary designation form shall revoke such designation unless in the case of divorce the previous spouse or a trust naming as a beneficiary said previous spouse was not designated as a Beneficiary and unless in the case of marriage the Participant's new spouse or a trust naming as a beneficiary said new spouse had previously been designated as a Beneficiary.

If a Participant fails to designate a Beneficiary as provided above, or if his Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Committee shall direct the distribution of such benefits to the Participant's estate.

ARTICLE 7
AMENDMENT OR TERMINATION OF PLAN

The Chairman and Chief Executive Officer of the Company may amend the Plan; provided, however, that (i) no such amendment shall be effective to decrease the benefits accrued by any Participant or Beneficiary of a deceased Participant (including, but not limited to, the rate of interest credited to the Deferral Accounts) prior to the Plan Year commencing after the date of such amendment; (ii) no such amendment shall decrease the Declared Rates established herein; (iii) Section 5.1 may not be amended; (iv) the definition of Declared Rate may not be amended; and (v) the other substantive provisions of the Plan related to the calculation of benefits or the manner or timing of payments to be made under the Plan shall not be amended so as to prejudice the rights of any Participant or Beneficiary of a deceased Participant.

Notwithstanding any terms herein to the contrary, the Company may not terminate the Plan. The Company shall not have any obligation to, but may, in its discretion, allow additional deferrals into this Plan.

ARTICLE 8
MISCELLANEOUS

8.1 Effective Date. The effective date of this Plan is December 1, 1995.

8.2 Unsecured General Creditor. The Company intends to establish and fund the Avery Dennison Corporation Executive Compensation Trust ("Rabbi Trust"). The assets of the Rabbi Trust shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from the Rabbi Trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any specific property or assets of

Employer, nor shall they be beneficiaries of, or have any rights, claims, or interests in any life insurance policies, annuity contracts, or the proceeds therefrom owned or which may be acquired by Employer ("Policies"). Apart from the Rabbi Trust, such Policies or other assets of Employer shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Plan. Any and all of the Employer's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of Employer. Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of Employer to pay money in the future.

8.3 Waiver of Stay, Extension and Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the benefits due hereunder, wherever such laws may be enacted, now or at any time hereafter in force, or which may affect the administration or performance of this Plan; and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the realization of any benefits to which the Participants hereunder are entitled, but will suffer and permit the realization of all such benefits as though no such law had been enacted.

8.4 Obligations To Employer. If a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Employer, then the Employer may offset such amount owed to it against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

8.5 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable, hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

8.6 Employment Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Employee any right to be retained in the employ of the Company.

8.7 Protective Provisions. Each Participant shall cooperate with the Employer by furnishing any and all information requested by the Employer in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Employer may deem necessary and taking such other relevant action as may be requested by the Employer. If a Participant refuses so to cooperate, the Employer shall have no further obligation to the Participant under the Plan, other than payment to such Participant of the cumulative reductions in Direct Cash compensation theretofore made pursuant to this Plan.

8.8 Gender, Singular & Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.9 Captions. The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.10 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

8.11 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Employer, directed to the attention of the Vice President, General Counsel and Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.10 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of California

Exhibit 10.32

THE BENEFIT RESTORATION PLAN

OF AVERY DENNISON CORPORATION

THE BENEFIT RESTORATION PLAN

OF AVERY DENNISON CORPORATION

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BENEFIT RESTORATION PLAN

OF

AVERY DENNISON CORPORATION

Avery Dennison Corporation, a Delaware corporation, adopted the Benefit Restoration Plan of Avery Dennison Corporation (the "Plan"), effective as of December 1, 1994 (the "Effective Date"), for the benefit of its eligible Employees.

The Plan constitutes an unfunded "excess benefit plan" within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is maintained primarily for the purpose of providing deferred Compensation for a select group of management or highly compensated employees, within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1).

ARTICLE I

DEFINITIONS

Section 1.1 - General

Whenever the following terms are used in the Plan with the first letter capitalized, they shall have the meaning specified below unless the context clearly indicates to the contrary.

Section 1.2 - Actuarial Equivalent

"Actuarial Equivalent" shall mean the equivalent of a given Benefit or a given amount payable in another manner or by other means, determined by or under the direction of the Administrator in accordance with actuarial principles, methods and assumptions which are found to be appropriate by the Enrolled Actuary, acting independently of the Administrator or the Company and in the exercise of his sole professional judgment. Such principles, methods and assumptions, however, shall be reasonable in the aggregate and shall constitute the Enrolled Actuary's best estimate of anticipated experience under the Plan. Such assumptions shall include at any time, those assumptions then in effect under the Qualified Plan. For purposes of calculating lump sum amounts under Section 5.2, such assumptions shall be those set forth in Sections 1.2(a)(i)b and 1.2(a)(ii)b of the Qualified Plan.

Section 1.3 - Administrator

"Administrator" shall mean Avery Dennison Corporation, acting through its Board or its delegates, except that if it appoints a Committee under Section 6.4, the term "Administrator" shall mean the Committee as to those duties, powers and responsibilities specifically conferred upon the Committee.

Avery Dennison Corporation shall have all duties and responsibilities imposed by ERISA, except as specifically assigned to, delegated to or reserved to the Board, and the Committee under the Plan.

Section 1.4 - Beneficiary

"Beneficiary" shall mean a person or trust properly designated by a Participant or Former Participant in the manner provided in the Qualified Plan.

Section 1.5 - Benefit

"Benefit" of a Participant shall mean the benefit payable pursuant to Article IV.

Section 1.6 - Board

"Board" shall mean the Board of Directors of Avery Dennison Corporation. The Board may delegate any power or duty otherwise allocated to the Administrator to any other person or persons, including a Committee appointed under Section 6.4.

Section 1.7 - Code

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

Section 1.8 - Committee

"Committee" shall mean the BRP Committee of Avery Dennison Corporation, as appointed pursuant to Section 6.4, if any.

Section 1.9 - Company; Company Affiliate

(a) "Company" shall mean Avery Dennison Corporation, any other company which subsequently adopts the Plan as a whole or as to any one or more divisions, in accordance with Section 7.3(b), and any successor company which continues the Plan under Section 7.3(a).

(b) "Company Affiliate" shall mean any employer which, at the time of reference, was, with the Company, a member of a controlled group of corporations or trades or businesses under common control, or a member of an affiliated service group, as determined under regulations issued by the Secretary under Code Sections 414(b), (c), (m) and 415(h) and any other entity required to be aggregated with the Company pursuant to regulations issued under Code Section 414(o).

Section 1.10 - Effective Date

"Effective Date" shall mean the effective date of the Plan which shall be December 1, 1994.

Section 1.11 - Employee

(a) "Employee" shall mean any person who renders services to the Company in the status of an employee as the term is defined in Code Section 3121(d), excluding any person retained to render services as an independent contractor. "Employee" shall not include leased Employees treated as Employees of the Company pursuant to Code Sections 414(n) and 414(o) or employees of a Company Affiliate.

(b) For purposes of this Plan, a United States citizen shall be treated as an employee of the Company if he is employed by a foreign subsidiary of the Company or a Company Affiliate to which there applies an agreement under Section 3121(a) of the Code and if no contributions to a funded plan of deferred compensation (whether or not a plan described in Sections 401(a), 403(a) or 405(a) of the Code) are provided by any other person with respect to the compensation paid to such citizen by the foreign subsidiary, unless otherwise elected by the Vice President, Compensation and Benefits of Avery Dennison Corporation.

(c) "Employee" shall also mean any Included Affiliate Employee.

Section 1.12 - Enrolled Actuary

"Enrolled Actuary" shall mean the person enrolled by the Joint Board for the Enrollment of Actuaries established under subtitle C of title III of ERISA who has been engaged by the Administrator on behalf of all Participants to make and render all necessary actuarial determinations, statements, opinions, assumptions, reports and valuations under the Plan as required by law or requested by the Administrator.

Section 1.13 - ERISA

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 1.14 - Former Participant

"Former Participant" shall mean a Participant who has had a Separation from the Service.

Section 1.15 - Included Affiliate Employee

"Included Affiliate Employee" shall mean any person who is employed by a Company Affiliate and would not be an Employee but for the fact that the Vice President, Compensation and Benefits of Avery Dennison Corporation has determined that he be so treated.

Section 1.16 - Military Leave

Any Employee who leaves the Company or a Company Affiliate directly to perform service in the Armed Forces of the United States or in the United States Public Health Service under conditions entitling him to reemployment rights as provided in the laws of the United States, shall, solely for the purposes of the Plan and irrespective of whether he is compensated by the Company or such Company Affiliate during such period of service, be presumed an Employee on Military Leave. An Employee's Military Leave shall expire if such Employee voluntarily resigns from the Company or such Company Affiliate during such period of service, or if he fails to make application for reemployment within the period specified by such laws for the preservation of his reemployment rights. For purposes of computing an Employee's service, no more than 365 days of service shall be credited for any Military leave except as required by Treas. Reg. Section 1.410(a)-7(b)(6)(iii).

Section 1.17 - Participant

"Participant" shall mean any person included in the Plan as provided in Article II.

Section 1.18 - Plan

"Plan" shall mean the Benefit Restoration Plan of Avery Dennison Corporation.

Section 1.19 - Plan Year

"Plan Year" shall be the twelve month period from December 1 through the last day of the following November, including all such years prior to the adoption of the Plan.

Section 1.20 - Qualified Benefit

"Qualified Benefit" of a Participant for a Plan Year shall mean the benefit calculated pursuant to Article IV of the Qualified Plan (as applicable based upon the circumstances of the Participant's Separation from the Service).

Section 1.21 - Qualified Plan

"Qualified Plan" shall mean The Retirement Plan for Employees of Avery Dennison Corporation, as in effect on the date hereof and as may be amended from time to time.

Section 1.22 - Separation from the Service

(a) "Separation from the Service" of an Employee shall mean his retirement or resignation from or discharge by the Company or a Company Affiliate, or his death but not his transfer among the Company and Company Affiliates.

(b) A leave of absence or sick leave authorized by the Company or a Company Affiliate in accordance with established policies, a vacation period, a temporary layoff for lack of work or a Military Leave shall not constitute a Separation from the Service; provided, however, that

(i) continuation upon a temporary layoff for lack of work for a period in excess of twelve months shall be considered a discharge effective as of the expiration of the twelfth month of such period, and

(ii) failure to return to work upon expiration of any leave of absence, sick leave, Military Leave or vacation or within three days after recall from a temporary layoff for lack of work shall be considered a resignation effective as of the date of expiration of such leave of absence, sick leave, Military Leave, or vacation or the expiration of the third day after recall from any such temporary layoff.

Section 1.23 - Vested Benefit

"Vested Benefit" of a Participant on a given date shall mean the Benefit provided hereunder if the Participant were to have a Separation from Service on such date with a "Vested Benefit" under the Qualified Plan.

ARTICLE II

ELIGIBILITY

Section 2.1 - Requirements for Participation

Only those Employees of the Company who satisfy criteria set by the Administrator from time to time, shall be Participants. The Administrator shall have the power to make or revoke such designation hereunder in its sole discretion, and any designation or revocation by the Board shall be binding and final on all Employees, Beneficiaries and other interested persons.

ARTICLE III

FUNDING OF BENEFITS

Section 3.1 - Source of Benefits

The Plan shall be unfunded. All benefits payable under the Plan shall be paid from the Company's general assets, and nothing contained in the Plan shall require the Company to set aside or hold in trust any funds for the benefit of a Participant or his Beneficiary, each of whom shall have the status of a general unsecured creditor with respect to the Company's obligation to make payments under the Plan. Any funds of the Company available to pay benefits under the Plan shall be subject to the claims of general creditors of the Company and may be used for any purpose by the Company.

ARTICLE IV

BENEFITS

Section 4.1 - Determination of Benefits

(a) A Participant's Benefit shall be the excess of

(i) the total, for each Plan Year commencing on or after the Effective Date, of the Qualified Benefit, but

a with "Compensation," as defined in the Qualified Plan,

1 determined without reference to the limitations of Code Section 401(a)(17) ($150,000 annual limit adjusted for increases in the cost of living), and

2 including the Participant's deferrals under the Company's non-qualified deferred compensation program earned on or after the Effective Date, and

b without application of the limitation on benefits under Code Section 415, over

(ii) the total of the actual Qualified Benefits for such years,

but not less than zero.

ARTICLE V

PAYMENT OF BENEFITS

Section 5.1 - Beneficiary; Form of Benefits

Each Participant shall designate his Beneficiary and elect the form and the timing of his Benefits hereunder in accordance with the procedures set forth in the Qualified Plan; provided, however, that any designations and/or elections made by Participant under Article IV of the Qualified Plan with respect to his "Benefits" thereunder shall be equally applicable to his Benefits under this Plan.

Section 5.2 - Payment of Benefits

A Participant's Benefits shall be paid in accordance with Section 5.1, except that a Participant will receive his Benefit in an Actuarially Equivalent lump sum if it would otherwise have been paid in the form of an annuity with monthly payments of less than $300.

Section 5.3 - Forfeitures

If a Participant has a Separation from the Service while all or any portion of his Benefit is not a Vested Benefit, such portion of his Benefit shall immediately be forfeited.

ARTICLE VI

ADMINISTRATIVE PROVISIONS

Section 6.1 - Administrator's Duties and Powers

(a) The Administrator shall conduct the general administration of the Plan in accordance with the Plan and shall have all the necessary power and authority to carry out that function. Among its necessary powers and duties are the following:

(i) To delegate all or part of its function as Administrator to others and to revoke any such delegation.

(ii) To determine questions of vesting of Participants and their entitlement to benefits, subject to the provisions of Section 6.11.

(iii) To select and engage attorneys, accountants, actuaries, appraisers, brokers, consultants, administrators, physicians, the Committee under Section 6.4, or other persons to render service or advice with regard to any responsibility the Administrator or the Board has under the Plan, or otherwise, to designate such persons to carry out fiduciary responsibilities under the Plan, and (with the Committee, the Companies, the Board and its officers, and Employees) to rely upon the advice, opinions or valuations of any such persons, to the extent permitted by law, being fully protected in acting or relying thereon in good faith.

(iv) To interpret the Plan for purpose of the administration and application of the Plan, in a manner not inconsistent with the Plan or applicable law and to amend or revoke any such interpretation.

(v) To conduct claims procedures as provided in Section 6.11

(b) Every finding, decision, and determination made by the Administrator shall, to the full extent permitted by law, be final and binding upon all parties, except to the extent found by a court of competent jurisdiction to constitute an abuse of discretion.

Section 6.2 - Limitations Upon Powers

The Plan shall be uniformly and consistently administered, interpreted and applied with regard to all Participants in similar circumstances. The Plan shall be administered, interpreted and applied fairly and equitably and accordance with the specified purposes of the Plan.

Section 6.3 - Final Effect of Administrator Action

Except as provided in Section 6.11, all actions taken and all determinations made by the Administrator in good faith shall be final and binding upon all Participants and any person interested in the Plan.

Section 6.4 - Committee

The Administrator may, but need not, appoint a Committee consisting of three or more members to hold office during the pleasure of the Administrator. The Committee shall have such powers and duties as are delegated to it by the Administrator and shall function as specified in Section 1.3. Committee members shall not receive payment for their services as such.

Section 6.5 - Resignation

A Committee member may resign at any time by delivering written notice to the Administrator.

Section 6.6 - Vacancies

Vacancies in the Committee shall be filled by the Administrator.

Section 6.7 - Majority Rule

The Committee shall act by a majority of its members in office; provided, however, that the Committee may appoint one of its members or a delegate to act on behalf of the Committee on matters arising in the ordinary course of administration of the Plan or on specific matters.

Section 6.8 - Indemnification by the Company; Liability Insurance

(a) The Company shall pay or reimburse any of the Company's officers, directors, Committee members or Employees who are fiduciaries with respect to the Plan for all expenses incurred by such persons in, and shall indemnify and hold them harmless from, all claims, liability and costs (including reasonable attorneys' fees) arising out of the good faith performance of their fiduciary functions.

(b) The Company may obtain and provide for any such person, at the Company's expense, liability insurance against liabilities imposed on him by law.

Section 6.9 - Recordkeeping

(a) The Administrator shall maintain suitable records as follows:

(i) Records of each Participant's individual Benefit.

(ii) Records which show the operations of the Plan during each Plan Year.

(iii) Records of the Administrator's deliberations and decisions.

(b) The Administrator shall appoint a secretary, and at its discretion, an assistant secretary, to keep the record of proceedings, to transmit its decisions, instructions, consents or directions to any interested party, to execute and file, on behalf of the Committee, such documents, reports or other matters as may be necessary or appropriate to perform ministerial acts.

(c) The Administrator shall not be required to maintain any records or accounts which duplicate any records or accounts maintained by the Company.

Section 6.10 - Inspection of Records

Copies of the Plan and records of a Participant's Benefit shall be open to inspection by him or his duly authorized representatives at the office of the Administrator at any reasonable business hour.

Section 6.11 - Claims Procedure

The claims procedures hereunder shall be in accordance with the claims procedures set forth in the Qualified Plan; provided that for purposes of the claims procedure under this Plan, the review official described in the Qualified Plan shall be the President of the Company.

Section 6.12 - Conflicting Claims

The procedures for the resolution of conflicting claims by the Committee shall be in accordance with the procedures set forth in the applicable section of the Qualified Plan.

Section 6.13 - Service of Process

The Secretary of the Avery Dennison Corporation is hereby designated as agent of the Plan for the service of legal process.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1 - Amendment, Termination or Suspension of the Plan

(a) The Plan may be amended or terminated by the Board at any time. Such amendment or termination may modify or eliminate any benefit hereunder other than a benefit or a portion of a benefit that is a Vested Benefit.

(b) If the Board determines that payments under the Plan would have a material adverse effect on the Company's ability to carry on its business, the Board may suspend such payments temporarily for such time as in its sole discretion it deems advisable, but in no event for a period in excess of one year. The Company shall pay such suspended payments immediately upon the expiration of the period of suspension.

(c) The Plan is intended to provide benefits for "a select group of management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and, except for benefits or portions of benefits that have vested (which at the option of the Board, may be accelerated and the balance paid in a single, Actuarial Equivalent lump sum), no further benefits shall be paid hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of the Company's regular outside employee benefits counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt.

Section 7.2 - Limitation on Rights of Employees

The Plan is strictly a voluntary undertaking on the part of the Company and shall not constitute a contract between the Company and any Employee, or consideration for, or an inducement or condition of, the employment of an Employee. Nothing contained in the Plan shall give any Employee the right to be retained in the service of the Company or to interfere with or restrict the right of the Company, which is hereby expressly reserved, to discharge or retire any Employee, except as provided by law, at any time without notice and with or without cause. Inclusion under the Plan will not give any Employee any right or claim to any benefit hereunder except to the extent such right has specifically become fixed under the terms of the Plan and there are funds available therefor in the hands of the Company. The doctrine of substantial performance shall have no application to Employees, Participants or any other persons entitled to payments under the Plan. Each condition and provision, including numerical items, has been carefully considered and constitutes the minimum limit on performance which will give rise to the applicable right.

Section 7.3 - Plan Binding in Event of Consolidation or Merger; Adoption of Plan by Other Companies

(a) In the event of the consolidation or merger of a Company with or into any other corporation, this Plan shall be binding on such new corporation.

(b) Any Company or Company Affiliate may, with the approval of the Board, adopt the Plan as a whole company or as to any one or more divisions effective as of the first day of any Plan Year by resolution of its own board of directors or agreement of its partners. Such Company or Company Affiliate shall give written notice of such adoption to the Committee by its duly authorized officers.

Section 7.4 - Assignments, etc. Prohibited

Except for the withholding of any tax under the laws of the United States or any state or locality, no part of a Participant's Benefit hereunder shall be liable for the debts, contracts or engagements of any Participant, his Beneficiaries or successors in interest, or be taken in execution by levy, attachment or garnishment or by any other legal or equitable proceeding prior to distribution, nor shall any such person have any rights to alienate, anticipate, commute, pledge, incumber or assign any Benefits or payments hereunder in any manner whatsoever except to designate a Beneficiary as provided herein.

Section 7.5 - Errors and Misstatements

In the event of any misstatement or omission of fact by a Participant to the Committee or any clerical error resulting in payment of benefits in an incorrect amount, the Committee shall promptly cause the amount of future payments to be corrected upon discovery of the facts and shall cause the Company to pay the

Participant or any other person entitled to payment under the Plan any underpayment in cash in a lump sum or to recoup any overpayment from future payments to the participant or any other person entitled to payment under the Plan in such amounts as the Committee shall direct or to proceed against the Participant or any other person entitled to payment under the Plan for recovery of any such overpayment.

Section 7.6 - Payment on Behalf of Minor, Etc.

In the event any amount becomes payable under the Plan to a minor or a person who, in the sole judgment of the Committee is considered by reason of physical or mental condition to be unable to give a valid receipt therefor, the Committee may direct that such payment be made to any person found by the Committee in its sole judgment, to have assumed the care of such minor or other person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Company, the Board, the Committee and their officers, directors and employees.

Section 7.7 - Governing Law

This Plan shall be construed, administered and governed in all respects under and by applicable federal laws and, where state law is applicable, the laws of the State of California.

Section 7.8 - Pronouns and Plurality

The masculine pronoun shall include the feminine pronoun, and the singular the plural where the context so indicates.

Section 7.9 - Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

Section 7.10 - References

Unless the context clearly indicates to the contrary, a reference to a statute, regulation or document shall be construed as referring to any subsequently enacted, adopted or executed statute, regulation or document.

EXHIBIT 11

AVERY DENNISON CORPORATION AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE AMOUNTS

	1995	1994	1993
(A) Weighted average number of common shares outstanding..................	53,251,458	55,559,318	57,953,287
Additional common shares issuable under employee stock options using the treasury stock method...........	1,394,264	1,290,606	776,241
(B) Weighted average number of common shares outstanding assuming the exercise of stock options...........	54,645,722	56,849,924	58,729,528
(C) Net income applicable to common stock.	$143,702,000	$109,400,000	$84,400,000
Net income per share as reported (C / A).	$2.70	$1.97	$1.46
Net income per share giving effect to the exercise of outstanding stock options (C / B).................................	$2.63	$1.92	$1.44

ELEVEN-YEAR SUMMARY AVERY DENNISON CORPORATION

(Dollars and shares in millions)	Compound Growth Rate 5 Year	10 Year	1995/(1)/	1994	1993/(2)/	1992	1991	1990/(3)/
FOR THE YEAR								
Net sales	3.8	6.9	$ 3,113.9	$2,856.7	$ 2,608.7	$2,622.9	$2,545.1	$2,590.2
Gross profit	3.4	6.0	957.3	907.8	818.1	838.2	796.2	808.3
Marketing, general and administrative expense /(3), (5), (6)/	(1.7)	4.9	689.8	691.9	642.7	665.7	653.9	752.7
Interest expense	2.1	7.4	44.3	43.0	43.2	42.3	37.5	40.0
Income before taxes /(1)/	70.5	10.4	224.7	172.9	132.2	130.2	104.8	15.6
Taxes on income	52.9	8.7	81.0	63.5	48.9	50.1	41.8	9.7
Net income/(2)/	89.4	11.5	143.7	109.4	84.4	80.1	63.0	5.9
Research and development expense	(.4)	3.6	52.7	49.1	45.5	46.7	48.7	53.7
Depreciation	3.4	8.2	95.3	87.9	84.1	83.8	83.1	80.8
Average shares outstanding	(3.0)	(.7)	53.3	55.6	58.0	60.4	61.9	62.0
PER SHARE INFORMATION								
Net income/(2)/	93.3	12.3	2.70	1.97	1.46	1.33	1.02	.10
Dividends/(4)/	11.6	13.6	1.11	.99	.90	.82	.76	.64
Book value at year end	2.4	5.0	15.38	13.61	12.80	13.63	13.47	13.65
Market price at year end	18.4	10.8	50.13	35.50	29.38	28.75	25.38	21.50
Market price range			33.25 to 50.13	26.63 to 35.75	25.50 to 31.13	23.25 to 28.88	19.38 to 25.50	15.63 to 33.00
AT YEAR END								
Working capital			127.6	122.8	141.6	222.6	226.0	298.8
Property, plant and equipment, net			907.4	831.6	758.5	779.9	814.2	821.7
Total assets			1,963.6	1,763.1	1,639.0	1,684.0	1,740.4	1,890.3
Long-term debt			334.0	347.3	311.0	334.8	329.5	376.0
Total debt			449.4	420.7	397.5	427.5	424.0	510.4
Shareholders' equity			815.8	729.0	719.1	802.6	825.0	846.3
Number of employees			15,500	15,400	15,750	16,550	17,095	18,816
STATISTICS								
Gross profit margin (percent)			30.7	31.8	31.4	32.0	31.3	31.2
Marketing, general and administrative expense as a percent of sales			22.2	24.2	24.6	25.4	25.7	25.2
Pretax profit margin (percent)			7.2	6.1	5.1	5.0	4.1	.6
Net profit margin (percent)			4.6	3.8	3.2	3.1	2.5	.2
Effective tax rate (percent)			36.0	36.7	37.0	38.5	39.9	62.2
Research and development expense as a percent of sales			1.7	1.7	1.7	1.8	1.9	2.1
Long-term debt as a percent of total long-term capital			29.0	32.3	30.2	29.4	28.5	30.8
Total debt as a percent of total capital			35.5	36.6	35.6	34.8	33.9	37.6
Return on average shareholders' equity (percent)			18.6	14.8	11.0	9.7	7.7	.7
Return on average total capital (percent)			14.4	12.1	9.3	8.3	6.7	1.5

/(1)/ Includes pretax income of $1.5 million related to the net gain on divestitures and restructuring charges recorded during the fourth quarter of 1995, which increased net income by $1 million, or $.02 per share.
/(2)/ Includes income of $1.1 million or $.02 per share related to the cumulative effect of accounting changes recorded during the first quarter of 1993.
/(3)/ Includes pretax charges of $85.2 million in connection with a 1990 restructuring related to the merger of Avery International Corporation and Dennison Manufacturing Company and $13.8 million of merger-related costs. After adjusting for these charges, 1990 net income was $71.7 million, or $1.16 per share.
/(4)/ Dividends per share in 1988 exclude a $.05 per share payment for redemption of share purchase rights.
/(5)/ Includes pretax charges of $25.2 million in connection with a 1987 restructuring, which reduced net income by $25 million, or $.41 per share.
/(6)/ Includes pretax charges of $23.5 million in connection with a 1985 restructuring and a provision for a legal action filed against the Company, which reduced net income by $13.9 million, or $.24 per share.

Eleven - Year Summary

(Dollars and shares in millions)	1989	1988/(4)/	1987/(5)/	1986	1985/(6)/
FOR THE YEAR					
Net sales	$2,490.9	$ 2,291.4	$2,165.1	$1,828.4	$1,590.5
Gross profit	806.7	780.2	734.6	620.1	533.9
Marketing, general and administrative expense /(3), (5), (6)/	591.0	554.7	571.2	460.6	428.9
Interest expense	35.1	35.5	32.4	26.6	21.6
Income before taxes /(1)/	180.6	190.0	131.0	132.9	83.4
Taxes on income	66.4	73.0	60.8	61.0	35.1
Net income/(2)/	114.2	117.0	70.2	71.9	48.3
Research and development expense	51.0	47.4	41.5	37.3	37.1
Depreciation	71.5	63.8	58.8	49.9	43.3
Average shares outstanding	62.1	61.7	60.3	57.3	57.0
PER SHARE INFORMATION					
Net income/(2)/	1.84	1.90	1.16	1.25	.85
Dividends/(4)/	.54	.465	.41	.35	.31
Book value at year end	13.06	12.48	11.48	10.25	9.43
Market price at year end	31.88	22.00	18.63	18.69	18.00
Market price range	21.00 to 31.88	17.13 to 26.00	16.00 to 29.13	17.25 to 23.75	14.13 to 19.69
AS OF YEAR END					
Working capital	323.9	314.3	325.8	319.8	299.3
Property, plant and equipment, net	714.1	667.3	574.2	512.8	433.6
Total assets	1,715.9	1,652.2	1,558.5	1,352.4	1,089.8
Long-term debt	317.8	298.8	301.0	320.3	195.0
Total debt	418.9	411.3	393.2	384.3	255.5
Shareholders' equity	811.3	769.6	705.9	585.8	534.2
Number of employees	19,215	19,114	19,360	19,156	17,650
STATISTICS					
Gross profit margin (percent)	32.4	34.0	33.9	33.9	33.6
Marketing, general and administrative expense as a percent of sales	23.7	24.2	26.4	25.2	27.0
Pretax profit margin (percent)	7.3	8.3	6.1	7.3	5.2
Net profit margin (percent)	4.6	5.1	3.2	3.9	3.0
Effective tax rate (percent)	36.8	38.4	46.4	45.9	42.1
Research and development expense as a percent of sales	2.0	2.1	1.9	2.0	2.3
Long-term debt as a percent of total long-term capital	28.1	28.0	29.9	35.3	26.7
Total debt as a percent of total capital	34.1	34.8	35.8	39.6	32.4
Return on average shareholders' equity (percent)	14.7	16.0	10.5	12.8	9.4
Return on average total capital (percent)	12.0	12.7	8.3	10.6	8.5

Consolidated Balance Sheet

(Dollars in millions)	1995	1994
Assets		
Current assets:		
Cash and cash equivalents	$ 27.0	$ 3.1
Trade accounts receivable, less allowance for doubtful accounts of $17.6 and $18.5 for 1995 and 1994, respectively	444.1	391.8
Inventories, net	223.2	206.4
Other receivables	24.8	26.7
Prepaid expenses	21.9	16.5
Deferred taxes	59.1	32.4
Total current assets	800.1	676.9
Property, plant and equipment, at cost:		
Land	37.8	32.4
Buildings	388.9	375.1
Machinery and equipment	1,089.1	1,021.6
Construction-in-progress	136.3	103.2
	1,652.1	1,532.3
Accumulated depreciation	744.7	700.7
	907.4	831.6
Intangibles resulting from business acquisitions, net	124.3	127.6
Non-current deferred taxes	5.8	13.7
Other assets	126.0	113.3
	$1,963.6	$1,763.1
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term and current portion of long-term debt	$ 115.4	$ 73.4
Accounts payable	169.9	181.5
Accrued payroll and employee benefits	132.2	106.2
Other accrued liabilities	215.1	164.4
Income taxes payable	39.0	26.9
Deferred taxes	.9	1.7
Total current liabilities	672.5	554.1
Long-term debt	334.0	347.3
Long-term retirement benefits and other accrued liabilities	99.8	92.7
Non-current deferred taxes	41.5	40.0
Shareholders' equity		
Common stock, $1 par value, authorized - 200,000,000 shares; issued - 62,063,312 shares at year end 1995 and 1994	62.1	62.1
Capital in excess of par value	191.6	193.0
Retained earnings	837.8	753.2
Cumulative foreign currency translation adjustment	33.8	16.7
Cost of unallocated ESOP shares	(27.0)	(37.6)
Minimum pension liability	(2.6)	(5.0)
Treasury stock at cost, 9,003,763 shares and 8,513,642 shares at year end 1995 and 1994, respectively	(279.9)	(253.4)
Total shareholders' equity	815.8	729.0
	$1,963.6	$1,763.1

See Notes to Consolidated Financial Statements.

Consolidated Statement of Income

(In millions, except per share amounts)	1995	1994	1993
Net sales	$3,113.9	$2,856.7	$2,608.7
Cost of products sold	2,156.6	1,948.9	1,790.6
Gross profit	957.3	907.8	818.1
Marketing, general and administrative expense	689.8	691.9	642.7
Net gain on divestitures and restructuring charges	1.5	--	--
Interest expense	44.3	43.0	43.2
Income before taxes on income and cumulative effect of changes in accounting principles	224.7	172.9	132.2
Taxes on income	81.0	63.5	48.9
Income before cumulative effect of changes in accounting principles	143.7	109.4	83.3
Cumulative effect of changes in accounting principles	--	--	1.1
Net income	$ 143.7	$ 109.4	$ 84.4
Per common share amounts			
Income before cumulative effect of changes in accounting principles	$ 2.70	$ 1.97	$ 1.44
Cumulative effect of changes in accounting principles	--	--	.02
Net income	$ 2.70	$ 1.97	$ 1.46
Average shares outstanding	53.3	55.6	58.0
Shares outstanding at year end	53.1	53.5	56.2

See Notes to Consolidated Financial Statements

Consolidated Statement of Shareholders' Equity

(Dollars in millions)	Common stock, $1 par value	Capital in excess of par value	Retained earnings	Cumulative foreign currency translation adjustment	Cost of unallocated ESOP shares	Minimum pension liability	Treasury stock
Fiscal year ended 1992	$62.1	$196.8	$666.6	$ 29.6	$(64.9)	--	$ (87.6)
Repurchase of 2,902,695 shares for treasury							(82.9)
Stock issued under option plans, net of tax, and dividends paid on stock held by leveraged ESOPs		(2.4)					6.4
Net income			84.4				
Dividends: $.90 per share			(52.1)				
Translation adjustments, net of tax				(39.7)			
ESOP transactions, net					11.7		
Minimum pension liability						$(8.9)	
Fiscal year ended 1993	62.1	194.4	698.9	(10.1)	(53.2)	(8.9)	(164.1)
Repurchase of 3,223,966 shares for treasury							(105.7)
Stock issued under option plans, net of tax, and dividends paid on stock held by leverages ESOPs		(1.4)					16.4
Net income			109.4				
Dividends: $.99 per share			(55.1)				
Translation adjustments, net of tax				26.8			
ESOP transactions, net					15.6		
Minimum pension liability						3.9	
Fiscal year ended 1994	62.1	193.0	753.2	16.7	(37.6)	(5.0)	(253.4)
Repurchase of 851,824 shares for treasury							(35.1)
Stock issued under option plans, net of tax, and dividends paid on stock held by leveraged ESOPs		(1.4)					8.6
Net income			143.7				
Dividends: $1.11 per share			(59.1)				
Translation adjustments, net of tax				17.1			
ESOP transactions, net					10.6		
Minimum pension liability						2.4	
Fiscal year ended 1995	$62.1	$191.6	$837.8	$ 33.8	$(27.0)	$(2.6)	$(279.9)

See Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

(In millions)	1995	1994	1993
Operating Activities			
Net income	$ 143.7	$ 109.4	$ 84.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	95.3	87.9	84.1
Amortization	12.6	14.6	11.3
Net gain on divestitures and restructuring charges	(1.5)	--	--
Deferred taxes	(17.6)	(6.7)	(14.4)
Cumulative effect of changes in accounting principles	--	--	(1.1)
Changes in assets and liabilities, net of the effect of foreign currency translation, business divestitures and restructuring charges:			
Trade accounts receivable, net	(52.5)	(24.6)	(8.6)
Inventories, net	(18.5)	(19.2)	32.4
Other receivables	1.8	2.8	(5.0)
Prepaid expenses	(5.3)	(2.6)	2.8
Accounts payable and accrued liabilities	18.6	96.4	32.0
Taxes on income	11.4	(.8)	21.3
Long-term retirement benefits and other accrued liabilities	(.1)	7.8	7.8
Net cash provided by operating activities	187.9	265.0	247.0
Investing Activities			
Purchase of property, plant and equipment	(190.3)	(163.3)	(100.6)
Proceeds from sale of assets and business divestitures	96.7	16.2	4.9
Other	(19.1)	(10.2)	(6.2)
Net cash used in investing activities	(112.7)	(157.3)	(101.9)
Financing Activities			
Additions to long-term debt	100.0	100.5	101.0
Reductions in long-term debt	(107.9)	(49.3)	(111.9)
Net increase (decrease) in short-term debt	40.5	(16.0)	(1.0)
Dividends paid	(59.1)	(55.1)	(52.1)
Purchase of treasury stock	(35.1)	(105.7)	(82.9)
Other	10.2	15.0	4.0
Net cash used in financing activities	(51.4)	(110.6)	(142.9)
Effect of foreign currency translation on balances	.1	.2	(.3)
Increase (decrease) in cash and cash equivalents	23.9	(2.7)	1.9
Cash and cash equivalents, beginning of year	3.1	5.8	3.9
Cash and cash equivalents, end of year	$ 27.0	$ 3.1	$ 5.8

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The Company is a worldwide manufacturer of pressure-sensitive adhesives and materials, office products and converted products. The Company's major markets are in office products, retail, industrial tapes, durable goods, apparel, food, transportation, health care and data processing. Pressure-Sensitive Adhesives and Materials is the largest sector, contributing approximately half of the Company's total sales with Office Products and Converted Products contributing approximately 30 percent and 20 percent of total sales, respectively. Sales are generated primarily in the United States, continental Europe and the United Kingdom.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. Investments in certain affiliates (20 percent to 50 percent ownership) are accounted for by the equity method of accounting. Certain prior year amounts have been reclassified to conform with current year presentation.

Fiscal Year

The Company's financial reporting calendar for fiscal years 1995, 1994 and 1993 reflected 52-week periods ending December 30, 1995, December 31, 1994, and January 1, 1994, respectively. Normally each fiscal year consists of 52 weeks, but every fifth or sixth fiscal year consists of 53 weeks.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Changes in Accounting Principles

During 1993, the Company adopted three accounting standards issued by the Financial Accounting Standards Board. The adoption of the accounting standards had no effect on cash flow, but had a one-time cumulative effect on net income as follows:

	Income (expense)	
(In millions, except per share amounts)	Total	Per share
Accounting for income taxes	$ 16.3	$ .28
Accounting for postretirement benefits, net of tax	(14.2)	(.24)
Accounting for postemployment benefits, net of tax	(1.0)	(.02)
Increase in net income for 1993	$ 1.1	$ .02

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 121 on accounting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 121 requires the Company to review the carrying amounts of its long-lived assets and certain identifiable intangible assets for impairment. If it is determined the carrying amount of the asset is not recoverable, the Company is required to recognize an impairment loss. The accounting standard will be implemented during the first quarter of 1996; however, the loss, if any, has not yet been determined.

Revenue Recognition

Sales, provisions for estimated sales returns, and the cost of products sold are recorded at the time of shipment.

Cash and Cash Equivalents

The Company considers cash on hand, deposits in banks and short-term investments, with maturities of three months or less when purchased, as cash and cash equivalents. The carrying amounts of these assets approximate fair value due to the short maturity of the instruments. At the end of 1995, $23.6 million was held in short-term investments.

During the fourth quarter of 1995 the Company sold its nonstrategic North American label converting operations for $95 million as part of a restructuring plan (see Note 2). Proceeds from the sale are being used to fund capital spending, to repay debt, fund share buyback and accelerate profit improvement programs. Cash paid for interest and taxes was as follows:

(In millions)	1995	1994	1993
Interest, net of capitalized amounts	$46.7	$42.7	$39.8
Income taxes, net of refunds	87.2	70.6	42.0

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using both the first-in, first-out (FIFO) and last-in, first-out (LIFO) methods. Inventories valued using the LIFO method comprised 40 percent, 41 percent and 38 percent of inventories before LIFO adjustment at year end 1995, 1994 and 1993, respectively.

During 1993, certain inventories were reduced resulting in the liquidation of LIFO inventory carried at lower costs prevailing in prior years as compared with current costs. The effect was to reduce 1993 cost of products sold by $11.4 million and $.4 million in 1994, while $1.6 million of LIFO expense was recognized in 1995. Inventories at year end were as follows:

(In millions)	1995	1994	1993
Raw materials	$ 78.5	$ 81.6	$ 75.7
Work-in-process	72.4	55.9	43.2
Finished goods	109.6	105.2	101.9
LIFO adjustment	(37.3)	(36.3)	(36.7)
	$223.2	$206.4	$184.1

Property, Plant and Equipment

Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repair costs are expensed as incurred; renewals and betterments are capitalized. Upon the sale or retirement of properties, the accounts are relieved of the cost and the related accumulated depreciation, with any resulting profit or loss included in income.

Intangibles Resulting From Business Acquisitions

Intangibles resulting from business acquisitions consist primarily of the excess of the acquisition cost over the fair value of net assets acquired and are amortized over a 25- to 40-year period using the straight-line method. The Company evaluates the carrying value of its goodwill on an ongoing basis and recognizes an impairment when the estimated future undiscounted cash flows from operations are less than the carrying value of the goodwill. Accumulated amortization at year end 1995 and 1994 was $40.3 million and $35.3 million, respectively.

Environmental Expenditures

Environmental expenditures that do not contribute to current or future revenue generation are expensed. Expenditures for newly acquired assets and those which extend or improve the economic useful life of existing assets are capitalized and amortized over the remaining asset life. The Company reviews, on a quarterly basis, its estimates of costs of compliance with environmental laws and the cleanup of various sites, including sites in which governmental agencies have designated the Company as a potentially responsible party. When it is probable that obligations have been incurred and where a minimum cost or a reasonable estimate of the cost of compliance or remediation can be determined, the applicable amount is accrued. For other potential liabilities, the timing of accruals coincides with the related ongoing site assessments. Potential insurance reimbursements are not recorded or offset against the liabilities until received, and liabilities are not discounted.

Foreign Currency Translation

Financial statements of non-U.S. subsidiaries are translated into U.S. dollars at current rates, except for revenue, costs and expenses which are translated at average current rates during each reporting period. Gains and losses resulting from foreign currency transactions, other than those transactions described below, are included in income currently. Gains and losses resulting from hedging the value of investments in certain non-U.S. subsidiaries and from translation of financial statements are excluded from the statement of income and are recorded directly to a separate component of shareholders' equity.

Translation gains and losses of subsidiaries operating in hyperinflationary economies are included in net income currently.

Transaction and translation losses decreased net income in 1995, 1994 and 1993, by $1.8 million, $1.5 million and $3.4 million, respectively.

Financial Instruments

The Company enters into forward exchange and interest rate contracts to manage exposure to fluctuations in foreign currency exchange and interest rates.

Gains and losses on contracts that hedge specific foreign currency commitments are deferred and subsequently recognized in net income in the period in which the underlying transaction is consummated.

The net amounts paid or received on interest rate agreements are recognized as adjustments to interest expense over the terms of the agreements. Contract premiums paid, if any, are amortized to interest expense over the terms of the underlying instruments.

Research and Development

Research and development costs are expensed as incurred. Research and development expense for 1995, 1994 and 1993 was $52.7 million, $49.1 million and $45.5 million, respectively.

Note 2. Restructuring

During 1995, the Company took specific actions to restructure certain businesses to improve future profitability. These actions, which included the sale of non-strategic businesses and restructuring programs, resulted in a net pretax gain of $1.5 million.

The portion of the North American label converting operations which no longer met the Company's strategy for converting technology was sold during the fourth quarter for $95 million. These businesses accounted for approximately 2 percent of the Company's total sales. The cash proceeds are being used for general corporate purposes, including funding capital spending, profit improvement programs, debt repayment and share repurchase. The $40.7 million pretax gain on the sale of these businesses was offset by charges related to the Company's 1995 restructuring program.

The Company's restructuring program resulted in a one-time pretax charge of $39.2 million and included the closure of four plants and the reorganization of certain manufacturing, distribution and administrative sites. The costs consisted primarily of employee severance and related costs ($16.2 million) for approximately 400 positions worldwide, discontinuance of product lines and related asset write-offs ($13.1 million) and plant closure and other costs ($9.9 million). As of year end 1995, $24.5 million remained accrued, and related primarily to employee severance and plant closure costs. Total cash expenditures for the restructuring program are estimated at $19.7 million. By year end 1995, approximately $1.5 million had been paid, primarily employee severance and related costs. The

Company's restructuring programs are expected to take approximately 9 to 18 months to complete and will result in estimated annual savings of $14 to $17 million when fully implemented.

Note 3. Debt

Long-term debt at year end was as follows:

(In millions)	1995	1994
Domestic variable-rate short-term borrowings refinanced on a long-term basis	--	$ 31.0
Medium-term notes (6.1% to 8.5% at year end)	$365.0	280.0
Leveraged ESOP borrowings (8.4% at year end)	2.8	8.4
Industrial Revenue Bonds (4.3% to 9.9% at year end)	22.0	22.0
Other long-term debt, principally non-U.S. (6.0% to 10.0% at year end)	23.1	30.3
	412.9	371.7
Less: Amount classified as current	(78.9)	(24.4)
	$334.0	$347.3

The Company has a revolving credit agreement with four domestic banks to provide up to $150 million in borrowings through July 1, 2000, with all amounts borrowed under this agreement due on the same date. The Company may extend the revolving period and due date under certain conditions with approval of the banks. The financing available under this revolving credit agreement will be used, as needed, to repay short-term and currently maturing long-term debt, and to finance other corporate requirements.

In addition to the revolving credit agreement above, the Company had short-term lines of credit available aggregating $302.0 million at the end of 1995, of which $36.5 million was utilized at variable interest rates ranging from 5 to 13 percent.

During 1995, the Company issued $100 million in principal amount of medium-term notes in increments of $2.5 to $20 million. The notes have a weighted average interest rate of 7.3 percent and maturities from 2005 through 2025. A portion of the proceeds from the medium-term notes were used to reduce short-term debt. The Company's remaining medium-term notes have maturities from 1996 through 2005 and have a weighted average interest rate of 7.4 percent.

The amount of long-term debt outstanding at the end of 1995, which matures during 1996 through 2000, is $78.9 million, $14.3 million, $6.2 million, $1.0 million and $2.0 million, respectively.

The fair value of the Company's debt is estimated based on the discounted amount of future cash flows using the current rates offered to the Company for debt of the same remaining maturities. At year end 1995 and 1994, the fair value of the Company's total debt was $456.1 million and $395.8 million, respectively.

The terms of the various loan agreements in effect at year end require maintenance of specified amounts of consolidated tangible net worth and consolidated earnings before interest and taxes to consolidated interest. Under the most restrictive provisions, $228.5 million of retained earnings was not restricted at the end of 1995.

The Company incurred total interest cost in 1995, 1994 and 1993 of $47.5 million, $45.7 million and $45.5 million, respectively, of which $3.2 million, $2.7 million and $2.3 million, respectively, was capitalized as part of the cost of assets constructed for the Company's use. Included in interest expense was $.3 million for 1995, $5.6 million for 1994 and $8.5 million for 1993 relating to the Company's operations in Brazil. The 1994 and 1993 amounts reflect extraordinarily high nominal rates of interest resulting from hyperinflationary conditions in that country, prior to July, 1994.

Note 4. Financial Instruments

The Company enters into forward exchange contracts to reduce risk from exchange rate fluctuations associated with receivables, payables, loans and commitments denominated in foreign currencies that arise primarily as a result of its operations outside the United States. At the end of 1995 and 1994, the Company had forward exchange contracts with a notional value of $221.2 million and $141.8 million, respectively, substantially all of which were denominated in European currencies. In general, the maturities of the contracts coincide with the underlying exposure positions they are intended to hedge. Of the total contracts outstanding, 92 percent have maturities within 12 months. The remainder have maturities ranging from one to two years. The carrying value approximates the fair value, which, based on quoted market prices of comparable instruments, was a net liability of approximately $.2 million and a net asset of approximately $1 million at the end of 1995 and 1994, respectively.

The counterparties to forward exchange contracts and interest rate agreements consist of a large number of major international financial institutions. The Company centrally monitors its positions and the financial strength of its counterparties. Therefore, while the Company may be exposed to losses in the event of nonperformance by these counterparties, it does not anticipate losses.

During 1994, the Company entered into an interest rate cap agreement to protect itself from rising interest rates. The agreement effectively set a ceiling interest rate of 7.6 percent on $40 million of the Company's variable-rate borrowings commencing December 1995 for a period of three years. During 1995, the Company terminated this agreement with no significant impact on the Company's operating results. In addition, all interest rate swap agreements matured in 1995.

At the end of 1995, the Company had letters of credit outstanding totaling $18 million which guaranteed various trade activities. The aggregate contract amount of all outstanding letters of credit approximates fair value.

As of year end 1995 and 1994, approximately 20 percent of trade accounts receivables were from 7 and 6 domestic customers, respectively. While the Company does not require its customers to provide collateral, the financial position and operations of these customers are monitored on an ongoing basis. Although the Company may be exposed to losses in the event of nonpayment, it does not anticipate such losses.

The Company has an agreement with a bank whereby it has the right to sell certain accounts receivable. The available commitment of this agreement at the end of 1995 was $50 million, subject to limited recourse provisions. At the end of 1994, $30 million of trade receivables had been sold and not yet collected under the agreement. At the end of 1995, no trade receivables had been sold.

Note 5. Commitments

Minimum annual rentals on operating leases for the years 1996 to 2000 are $29.3 million, $23.5 million, $20.6 million, $17.1 million and $16.4 million, respectively. Operating leases relate primarily to office and warehouse space and office, EDP and transportation equipment.

The Company has an agreement to purchase certain information technology services through June 30, 2002; however, the agreement may be terminated at the Company's option on June 30, 2000. Total commitments remaining under the agreement approximated $19 million as of December 30, 1995.

Rent expense for 1995, 1994 and 1993 was $39.4 million, $39.7 million and $41.6 million, respectively.

Note 6. Taxes Based on Income

Taxes based on income were as follows:

(In millions)	1995	1994	1993
Current:			
U.S. Federal tax	$ 51.8	$34.9	$ 36.2
State taxes	10.2	6.8	6.2
Non-U.S. taxes	34.6	28.0	18.9
	96.6	69.7	61.3
Deferred:			
U.S. taxes	(4.4)	(2.1)	(7.1)
Non-U.S. taxes	(11.2)	(4.1)	(5.3)
	(15.6)	(6.2)	(12.4)
Tax expense	$ 81.0	$63.5	$ 48.9

The principal items accounting for the difference in taxes as computed at the U.S. statutory rate and as recorded were as follows:

(In millions)	1995	1994	1993
Computed tax at 35% of income before taxes	$78.7	$60.5	$46.3
Increase (decrease) in taxes resulting from:			
State taxes, net of federal tax benefits	6.6	4.4	4.0
Other items, net	(4.3)	(1.4)	(1.4)
Tax Expense	$81.0	$63.5	$48.9

Consolidated income before taxes for U.S. and non-U.S. operations was as follows:

(In millions)	1995	1994	1993
U.S.	$145.3	$ 97.6	$ 88.0
Non-U.S.	79.4	75.3	44.2
	$224.7	$172.9	$132.2

U.S. income taxes have not been provided on undistributed earnings of non-U.S. subsidiaries ($360.1 million at year end 1995) because such earnings are considered to be reinvested indefinitely or because U.S. income taxes on dividends would be substantially offset by foreign tax credits.

Operating loss carryforwards for non-U.S. subsidiaries aggregating $53.1 million are available to reduce income taxes payable for tax purposes, of which $17.9 million will expire over the period from 1996 through 2002, while $35.2 million can be carried forward indefinitely.

Statement of Financial Accounting Standards (SFAS) No. 109 was adopted as of the beginning of 1993 and superseded the Company's previous practice of accounting for income taxes under APB No. 11. In accordance with SFAS No. 109, deferred income taxes for 1995 and 1994 reflect the temporary differences between the amounts at which assets and liabilities are recorded for financial reporting purposes and the amounts utilized for tax purposes. SFAS No. 109 requires the use of the statutory tax rates in effect for the year in which the differences are expected to reverse and allows the establishment of certain deferred tax assets not previously recognized. The one-time cumulative effect of adopting SFAS No. 109 increased net income in 1993 by $16.3 million.

The primary components of the temporary differences which gave rise to the Company's deferred tax assets and liabilities, at year end 1995 and 1994, are as follows:

(In millions)	1995	1994	1993
Accrued expenses not currently deductible	$ 71.2	$ 43.0	$ 37.6
Net operating losses	17.7	21.2	21.4
Postretirement and postemployment benefits	10.6	9.9	9.1
Pension costs	3.3	4.9	4.7
Valuation allowance	(8.9)	(15.0)	(14.9)
Depreciation	(68.6)	(60.1)	(60.4)
Other items, net	(2.8)	.5	(.1)
Total net deferred tax assets (liabilities)	$ 22.5	$ 4.4	$ (2.6)

Note 7. Shareholders' Equity

The Company's Certificate of Incorporation authorizes five million shares of $1 par value preferred stock, with respect to which the Board of Directors may fix the series and terms of issuance, and 200 million shares of $1 par value voting common stock.

The Board of Directors has authorized the repurchase of an aggregate 15.2 million shares of the Company's outstanding common stock. The acquired shares will be held as treasury stock and may be reissued under the Company's stock option and incentive plans. At year end 1995, approximately 10.8 million shares had been repurchased under this authorization.

The Company maintains various stock option and incentive plans. Under the plans, incentive stock options and stock options granted to directors may be granted at not less than 100% of the fair market value of the Company's common stock on the date of the grant, whereas nonqualified options granted to executives may be issued at prices no less than par value. Options that are not exercised expire ten years from the date of grant. Shares available for grant at the end of 1995 were .8 million. The following table sets forth stock option information relative to all plans:

(In thousands, except per share amounts)	1995	1994	1993
Options outstanding, beginning of fiscal year	4,825.1	4,398.3	4,189.2
Options granted	896.0	1,391.5	614.9
Options exercised	(477.6)	(782.5)	(307.8)
Options canceled/expired	(131.2)	(182.2)	(98.0)
Options outstanding, end of fiscal year	5,112.3	4,825.1	4,398.3
Options exercisable, end of fiscal year	2,654.9	2,482.3	2,750.4

	1995	1994	1993
Option prices per share:			
Exercised	$17.81 to $32.50	$12.22 to $28.00	$ 9.52 to $28.00
Outstanding	16.63 to 47.25	16.63 to 32.50	12.22 to 28.00
Exercisable	16.63 to 32.50	16.63 to 28.00	12.22 to 28.00

During 1988, the Company issued preferred stock purchase rights, declaring a dividend of one such right on each outstanding share of common stock. When exercisable, each new right will entitle its holder to buy one one-hundredth of a share of Series A Junior Participating Preferred Stock at a price of $95.00 per one one-hundredth of a share until July 1998. The rights will become exercisable if a person acquires 20 percent or more of the Company's common stock or makes an offer, the consummation of which will result in the person's owning 20 percent or more of the Company's common stock. In the event the Company is acquired in a merger, each right entitles the holder to purchase common stock of the acquiring company having a market value of twice the exercise price of the right. If a person or group acquires 20 percent or more of the Company's common stock, each right entitles the holder to purchase the Company common stock with a market value equal to twice the exercise price of the right. The rights may be redeemed by the Company at a price of one cent per right at any time prior to a person's or group's acquiring 20 percent of the Company's common stock. The 20 percent threshold may be reduced by the Company to as low as 10 percent at any time prior to a person's acquiring a percent of Company stock equal to the lowered threshold.

Note 8. Contingencies

The Company has been designated by the U.S. Environmental Protection Agency (EPA) and/or other responsible state agencies as a potentially responsible party (PRP) at 16 waste disposal or waste recycling sites which are the subject of separate investigations or proceedings concerning alleged soil and/or groundwater contamination and for which no settlement of the Company's liability has been agreed upon. Litigation has been initiated by a governmental authority with respect to three of these sites, but the Company does not believe that any such proceedings will result in the imposition of monetary sanctions.

The Company is participating with other PRPs at all such sites, and anticipates that its share of cleanup costs will be determined pursuant to remedial agreements entered into in the normal course of negotiations with the EPA or other governmental authorities.

The Company has accrued liabilities for all sites, including sites in which governmental agencies have designated the Company as a PRP, where it is probable that a loss will be incurred and the minimum cost or amount of loss can be reasonably estimated. However, because of the uncertainties associated with environmental assessment and remediation activities, future expense to remediate the currently identified sites, and sites which could be identified in the future for cleanup, could be higher than the liability currently accrued.

The Company and its subsidiaries are involved in various other lawsuits, claims and inquiries, most of which are routine to the nature of the business. In the opinion of management, the resolution of these matters will not materially affect the financial position, results of operations or liquidity of the Company.

Note 9. Employee Retirement Plans
Defined Benefit Plans

The Company sponsors a number of defined benefit plans covering substantially all U.S. employees, employees in certain other countries and non-employee directors. It is the Company's policy to make contributions to these plans sufficient to meet the minimum funding requirements of applicable laws and regulations, plus such additional amounts, if any, as the Company's actuarial consultants advise to be appropriate. Plan assets are invested in a diversified portfolio that consists primarily of equity securities. Benefits payable to employees are based primarily on years of service and employees' pay during their employment with the Company. Certain benefits provided by Avery Dennison's U.S. defined benefit plan are paid in part from an employee stock ownership plan. The net pension cost and the funded status of the defined benefit plans for 1995, 1994 and 1993 are summarized as follows:

Net Pension Cost

(In millions)	1995	1994	1993
Service cost	$ 8.7	$ 9.5	$ 10.2
Interest cost	26.4	24.5	23.7
Return on plan assets	(69.9)	(14.0)	(45.6)
Net amortization and deferral	34.6	(20.1)	14.0
Net pension (income) cost	$ (.2)	$ (.1)	$ 2.3
Assumptions used:			
Weighted average discount rate	7.4%	8.0%	7.3%
Weighted average rate of increase in future compensation levels	5.3	5.4	5.3
Weighted average expected long-term rate of return on assets	9.7	9.7	10.0

Funded Status of Pension Plans

	Fully Funded Plans		Underfunded Plans	
(In millions)	1995	1994	1995	1994
Actuarial present value of:				
Vested benefits	$196.0	$175.7	$132.3	$113.5
Non-vested benefits	.1	.9	.2	.9
Accumulated benefit obligation	196.1	176.6	132.5	114.4
Effect of projected future salary increases	29.2	29.8	14.9	13.4
Projected benefit obligation	225.3	206.4	147.4	127.8
Plan assets at fair value	304.6	276.6	109.3	85.2
Plan assets in excess of (less than) projected benefit obligation	79.3	70.2	(38.1)	(42.6)
Unrecognized net loss (gain)	.7	(1.1)	19.3	19.7
Unrecognized prior service cost	(14.6)	(15.5)	8.0	9.4
Unrecognized net asset at year end	(24.8)	(28.4)	(1.6)	(1.9)
Adjustment to recognize minimum liability	--	--	(10.8)	(13.8)
Prepaid (accrued) pension cost	$ 40.6	$ 25.2	$(23.2)	$(29.2)

As a result of changes in assumptions used during 1995 and 1994, the Company had recorded an additional liability of $10.8 million and $13.8 million, respectively. These amounts are offset in 1995 and 1994 by a charge to equity of $2.6 million and $5 million, respectively, and the recording of an intangible pension asset of $8.2 million and $8.8 million, respectively. Consolidated pension expense for 1995, 1994 and 1993 was $2 million, $2.4 million and $4.8 million, respectively.

Defined Contribution Plans

The Company sponsors various defined contribution plans covering its U.S. employees, including two 401(k) savings plans. The Company matches participant contributions to the two 401(k) savings plans based on formulas within the individual plans. The Avery Dennison Corporation Employee Savings Plan (Savings Plan) has a leveraged employee stock ownership plan feature (ESOP II) which allows the plan to borrow funds to purchase shares of the Company's common stock at market prices. Savings Plan expense consists primarily of stock contributions from ESOP II to participant accounts.

The Company also maintains a leveraged employee stock ownership plan (ESOP I) for employees not covered by a collective bargaining agreement. ESOP I also borrowed funds to purchase shares of the Company's common stock at market prices.

ESOP expense is calculated using both the cost of shares allocated method and the cash flow method. The following table sets forth certain information relating to the Company's ESOPs on a combined basis.

(In millions)	1995	1994	1993
Interest expense	$ 3.4	$ 2.3	$ 3.1
Dividends on unallocated ESOP shares used for debt service	1.9	2.3	2.6
Total ESOP expense	7.5	10.5	5.8
Contributions to pay interest and principal on ESOP borrowings	7.4	10.1	5.1

Consolidated expense for all defined contribution plans, including total ESOP expense, for 1995, 1994 and 1993 was $8.2 million, $11.2 million and $10.4 million, respectively.

Other Postretirement Benefits

The Company provides postretirement health benefits to its retired employees up to the age of 65 under a cost-sharing arrangement, and supplemental Medicare benefits to certain U.S. retirees over the age of 65. The Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" as of the beginning of fiscal 1993. The accounting standard requires the accrual of the cost of providing certain postretirement benefits over the employees' years of service, rather than accounting for such costs on a pay-as-you-go (cash) basis. The Company elected to immediately recognize the accumulated postretirement benefit obligation and recorded a one-time cumulative charge of $23 million ($14.2 million, net of tax) upon implementation of the accounting standard in 1993. The cumulative charge represents the benefits earned by active and retired employees prior to 1993.

The following table sets forth the Company's unfunded obligation and amount recognized in the consolidated balance sheet as of year end 1995 and 1994:

(In millions)	1995	1994
Actuarial present value of benefit obligation		
Retirees	$ 5.8	$ 6.2
Fully eligible participants	7.8	6.5
Other active participants	19.9	15.6
Accumulated postretirement benefit obligation	33.5	28.3
Plan assets	--	--
Accumulated postretirement benefit obligation in excess of plan assets	33.5	28.3
Unrecognized net loss	3.3	.1
Unrecognized prior service cost	1.3	1.4
Accrued postretirement benefit obligation	$28.9	$26.8

Net periodic postretirement benefit costs included (in millions):	1995	1994	1993
Service cost	$ 1.1	$ 1.2	$ .9
Interest cost	2.2	2.1	1.8
Net amortization and deferral	.1	.1	--
Net periodic postretirement expense	$ 3.4	$ 3.4	$ 2.7

The Company's policy is to fund the cost of the postretirement benefits on a cash basis.

A health care cost trend rate of 12 percent was assumed for 1995 and will decline 1 percent annually to 6 percent by 2001 and remain at that level. The discount rates assumed were 7.25 percent for 1995 and 8 percent for 1994. A one percent increase in the health care cost trend rate would cause the accumulated postretirement benefit obligation to increase by $4.4 million and service and interest cost to increase by $.5 million for 1995.

Other Retirement Plans

The Company has deferred compensation plans that permit eligible employees and directors to defer a specified portion of their compensation. The deferred compensation, together with certain Company contributions, earn a specified rate of return. As of year end 1995 and 1994, the Company had accrued $48.2 million and $40.8 million, respectively, for its obligations under these plans. The Company's expense, which includes Company contributions and interest expense, was $5.6 million, $4 million and $3.8 million, for 1995, 1994 and 1993, respectively. A portion of the interest may be forfeited by participants in the event employment is terminated before age 55 other than by reason of death, disability or retirement.

To assist in the funding of these plans, the Company purchases corporate-owned life insurance contracts. Proceeds from the insurance policies are payable to the Company upon the death of the participant. The cash surrender value of these policies, net of outstanding loans, included in "Other assets" was $16.4 million and $13.7 million as of year end 1995 and 1994, respectively.

Note 10. Sectors of Business Operations

The Company operates in three principal industry sectors: the production of pressure-sensitive adhesives and materials; the production of office products; and the production of converted products.

During the fourth quarter of 1995, the Company sold a portion of its North American label converting operations. These businesses accounted for approximately 10 percent, or $63 million, of the 1995 converted products sector's sales. A $40.7 million gain from restructuring activities was recorded in the converted products sector's income from operations before interest and taxes during 1995. The businesses sold, excluding the gain on sale and restructuring charges, accounted for $2.6 million of the converted products sector's profitability for 1995.

Intersector sales are recorded at or near market prices and are eliminated in determining consolidated sales. Income from operations represents total revenue less operating expenses. General corporate expenses, interest expense and taxes on income are excluded from the computation of income from operations. Certain prior year amounts have been reclassified to conform with current year presentation.

Financial information by industry and geographic sectors is set forth below:

(In millions)	1995/(1)/	1994	1993
Sales by industry sector:			
Pressure-sensitive adhesives and materials	$1,739.4	$1,538.2	$1,336.9
Office products	897.5	842.4	792.9
Converted products	611.7	576.5	541.4
Intersector	(134.7)	(114.9)	(90.3)
Divested operations	--	14.5	27.8
Net sales	$3,113.9	$2,856.7	$2,608.7
Income from operations before interest and taxes:			
Pressure-sensitive adhesives and materials	$ 156.8	$ 150.7	$ 126.4
Office products	75.2	67.7	59.3
Converted products	68.5	31.9	23.1
Divested operations	--	(5.8)	(3.2)
	300.5	244.5	205.6
Corporate administrative and research and development expenses	(31.5)	(28.6)	(30.2)
Interest expense	(44.3)	(43.0)	(43.2)
Income before taxes	$ 224.7	$ 172.9	$ 132.2
Identifiable assets by industry sector:			
Pressure-sensitive adhesives and materials	$ 959.4	$ 853.2	$ 752.9
Office products	476.6	464.4	450.6
Converted products	309.9	303.4	294.3
Intersector	(28.5)	(25.9)	(37.2)
Corporate, including divested operations	246.2	168.0	178.4
Total assets	$1,963.6	$1,763.1	$1,639.0

/(1)/ Fiscal 1995 results include a pretax gain of $40.7 million from the sale of a portion of its North American label converting operations and was included in the converted products 1995 operating results. Fiscal 1995 results also include a pretax restructuring charge of $39.2 million, to restructure its business and reduce costs to improve future profitability. The restructuring charge was allocated as follows: $15.1 million to the Pressure-sensitive adhesives and materials sector; $15.6 million to the Office products sector; $8.5 million to the Converted products sector. The restructuring charge, along with the gain on divestiture, was included in pretax income as "Net gain on divestitures and restructuring charges".

(In millions)	1995	1994	1993
Sales by geographic sector:			
U.S.	$2,009.4	$1,870.8	$1,693.6
Non-U.S.	1,143.1	997.2	923.4
Intersector	(38.6)	(25.8)	(36.1)
Divested operations	--	14.5	27.8
Net sales	$3,113.9	$2,856.7	$2,608.7
Income from operations before interest and taxes:			
U.S.	$ 219.6	$ 189.8	$ 163.7
Non-U.S.	80.9	60.5	45.1
Divested operations	--	(5.8)	(3.2)
	300.5	244.5	205.6
Corporate administrative and research and development expenses	(31.5)	(28.6)	(30.2)
Interest expense	(44.3)	(43.0)	(43.2)
Income before taxes	$ 224.7	$ 172.9	$ 132.2
Identifiable assets by geographic sector:			
U.S.	$1,009.7	$ 939.0	$ 833.2
Non-U.S.	723.1	666.0	646.2
Intersector	(15.4)	(9.9)	(18.8)
Corporate, including divested operations	246.2	168.0	178.4
Total assets	$1,963.6	$1,763.1	$1,639.0

The Company's non-U.S. operations, conducted primarily in continental Europe and the United Kingdom, are on the FIFO basis of inventory cost accounting. U.S. operations use both FIFO and LIFO. Export sales from the United States to unaffiliated customers are not a material factor in the Company's business.

Identifiable assets are those assets of the Company which are identifiable with the operations in each industry or geographic sector. Corporate assets consist principally of Corporate property, plant and equipment, tax-related asset accounts and other non-operating assets. Intersector receivables are eliminated in determining consolidated identifiable assets.

Capital expenditures and depreciation expense by industry sector are set forth below:

(In millions)	1995	1994	1993
Capital expenditures:			
Pressure-sensitive adhesives and materials	$106.1	$107.1	$ 57.1
Office products	31.2	23.0	24.2
Converted products	43.1	23.6	13.6
Corporate, including divested operations	9.9	9.6	5.7
	$190.3	$163.3	$100.6
Depreciation expense:			
Pressure-sensitive adhesives and materials	$ 47.2	$ 40.5	$ 36.6
Office products	20.2	19.3	20.6
Converted products	17.6	18.7	17.8
Corporate, including divested operations	10.3	9.4	9.1
	$ 95.3	$ 87.9	$ 84.1

Note 11. Quarterly Financial Information (Unaudited)

(In millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter/(1)(2)/
1995/(1)/				
Net sales	$773.2	$780.5	$783.5	$776.7
Gross profit	244.8	239.0	235.0	238.5
Net income	34.5	35.7	35.8	37.7
Net income per share	.65	.67	.67	.71
1994				
Net sales	$667.7	$718.6	$733.7	$736.7
Gross profit	212.5	227.7	232.6	235.0
Net income	25.2	27.9	27.8	28.5
Net income per share	.45	.50	.50	.52
1993/(2)/				
Net sales	$666.5	$662.2	$638.1	$641.9
Gross profit	210.0	207.2	198.9	202.0
Income before cumulative effect of changes in accounting principles	22.2	22.8	19.0	19.3
Net income	23.3	22.8	19.0	19.3
Income per share before cumulative effect of changes in accounting principles	.38	.39	.33	.34
Net income per share	.40	.39	.33	.34

/(1)/ Net income for the fourth quarter of 1995 includes income of $1 million, or $.02 per share, related to the net gain on divestitures and restructuring charges.

/(2)/ During the fourth quarter of 1993, certain inventories were reduced, resulting in the liquidation of LIFO inventory. The effect was to reduce cost of products sold by $4.4 million.

Report of Independent Certified Public Accountants

To the Board of Directors and Shareholders
of Avery Dennison:

We have audited the accompanying consolidated balance sheet of Avery Dennison Corporation and subsidiaries as of December 30, 1995, and December 31, 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above, which appear on pages 40 through 52 of this Annual Report, present fairly, in all material respects, the consolidated financial position of Avery Dennison Corporation and subsidiaries as of December 30, 1995, and December 31, 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 30, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 109, "Accounting for Income Taxes" and SFAS No. 112, "Employers' Accounting for Postemployment Benefits" during 1993.

Coopers & Lybrand L.L.P.
Los Angeles, California
January 30, 1996

Corporate Information

Counsel
Latham & Watkins
Los Angeles

Independent Accountants
Coopers & Lybrand L.L.P.
Los Angeles

Transfer Agent-Registrar
First Interstate Bank of California
Corporate Trust Department
P.O. Box 54163
Terminal Annex
Los Angeles, CA 90054
(800) 522-6645

Annual Meeting

The Annual Meeting of Shareholders will be held at 1:30 pm, Thursday, April 25, 1996, in the Conference Center of the Avery Dennison Corporate Center, 150 North Orange Grove Boulevard, Pasadena, California.

Dividend Reinvestment Plan

Shareholders of record may reinvest their cash dividends in additional shares of Avery Dennison common stock at market price without the payment of any brokerage commissions, service charges, or other expenses.

Shareholders may also invest optional cash payments of up to $3,000 per month in Avery Dennison common stock at market price.

Avery Dennison investors not yet participating in the plan, as well as brokers and custodians who hold Avery Dennison common stock for clients, may obtain a copy of the plan by writing to First Interstate Bank of California, Attn. Dividend Reinvestment Services. P.O. Box 60975, Los Angeles, CA 90060, (800) 522-6645. Avery Dennison absorbs all costs of operating the plan.

Form 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, will be furnished to shareholders and interested investors free of charge upon written request to the Secretary of the Corporation.

Corporate Headquarters
150 North Orange Grove Boulevard
Pasadena, California 91103
(818) 304-2000

Mailing Address
P.O. Box 7090
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Fax: (818) 792-7312

Investor Relations Contact
Wayne H. Smith, Vice President and Treasurer
(818) 304-2000
investorcom@averydennison.com

Stock and Dividend Data

Common shares of Avery Dennison are listed on the New York and Pacific stock exchanges. Ticker symbol: AVY.

	1995		1994	
	High	Low	High	Low
Market Price				
First Quarter	40 3/8	33 1/4	31 1/4	27 1/4
Second Quarter	43 3/4	39	31 1/8	26 5/8
Third Quarter	42	39 1/4	35 3/8	28 7/8
Fourth Quarter	50 1/8	40 7/8	35 3/4	31 1/4

Prices shown represent closing prices on the NYSE.

	1995	1994
Dividends Per Share		
First Quarter	.27	.24
Second Quarter	.27	.24
Third Quarter	.27	.24
Fourth Quarter	.30	.27

Number of shareholders of record at year end 1995: 9,895

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

		JURISDICTION IN WHICH ORGANIZED
1.	Avery Dennison Corporation (publicly-owned parent of consolidate group)	Delaware
2.	A.V. Chemie A.G.	Switzerland
3.	AEAC, Inc.	Delaware
4.	Avery (Thailand) Co., Ltd.	Thailand
5.	Avery Automotive Limited	United Kingdom
6.	Avery Buroprodukte GmbH	Germany
7.	Avery Chile S.A.	Chile
8.	Avery China Company Limited	China
9.	Avery Coordination Center N.V.	Belgium
10.	Avery Corp.	Delaware
11.	Avery de Mexico S.A. de C.V.	Mexico
12.	Avery Dennison (Hong Kong) Limited	Hong Kong
13.	Avery Dennison (India) Private Limited	India
14.	Avery Dennison (Ireland) Limited	Ireland
15.	Avery Dennison (Retail) Limited	Australia
16.	Avery Dennison Argentina S.A.	Argentina
17.	Avery Dennison Australia Limited	Australia
18.	Avery Dennison C.A.	Venezuela
19.	Avery Dennison Canada Inc.	Canada
20.	Avery Dennison Danmark A/S	Denmark
21.	Avery Dennison Foreign Sales Corporation	Barbados
22.	Avery Dennison France S.A.	France
23.	Avery Dennison Holdings Limited	Australia
24.	Avery Dennison Mexico S.A. de C.V.	Mexico
25.	Avery Dennison Office Products Company	Nevada
26.	Avery Dennison Office Products U.K. Ltd.	United Kingdom
27.	Avery Dennison Overseas Corporation	Massachusetts
28.	Avery Dennison Singapore (Pte) Ltd.	Singapore
29.	Avery Dennison U.K. Limited	United Kingdom
30.	Avery Etiketsystemer A/S	Denmark
31.	Avery Etiketten B.V.	Netherlands
32.	Avery Etiketten N.V.	Belgium
33.	Avery Etikettier-Logistik GmbH	Germany
34.	Avery Etikettsystem Svenska AB	Sweden
35.	Avery Foreign Sales Corporation B.V.	Netherlands
36.	Avery Graphic Systems, Inc.	Delaware
37.	Avery Guidex Limited	United Kingdom
38.	Avery Holding AG	Switzerland

	JURISDICTION IN WHICH ORGANIZED
39. Avery Holding B.V.	Netherlands
40. Avery Holding Limited	United Kingdom
41. Avery Holding S.A.	France
42. Avery International France S.A.	France
43. Avery International Holding GmbH	Germany
44. Avery International Overseas Finance N.V.	Netherlands Antilles
45. Avery Korea Limited	Korea
46. Avery Label (Northern Ireland) Limited	United Kingdom
47. Avery Maschinen GmbH	Germany
48. Avery Pacific Corporation	California
49. Avery Properties Pty. Limited	Australia
50. Avery Specialty Tape Division N.V.	Belgium
51. Avery, Inc.	California
52. Cardinal Insurance Limited	Bermuda
53. Dennison do Brasil Industria e Comercio Ltda.	Brazil
54. Dennison International Company	Massachusetts
55. Dennison International Holding B.V.	Netherlands
56. Dennison Ireland Limited	Ireland
57. Dennison Limited	United Kingdom
58. Dennison Magnetic Media Limited	Ireland
59. Dennison Manufacturing (Trading) Ltd.	United Kingdom
60. Dennison Manufacturing Company	Nevada
61. Dennison Monarch Systems, Inc.	Delaware
62. Dennison Office Products Limited	Ireland
63. DMC Development Corporation	Nevada
64. Etikettrykkeriet A/S	Denmark
65. Fasson (Schweiz) A.G.	Switzerland
66. Fasson Belgie N.V.	Belgium
67. Fasson Canada Inc.	Canada
68. Fasson de Mexico S.A.	Mexico
69. Fasson Deutschland GmbH	Germany
70. Fasson Espana S.A.	Spain
71. Fasson France S.a.r.L.	France
72. Fasson Hemel Hempstead Limited	United Kingdom
73. Fasson Ireland Limited	Ireland
74. Fasson Italia S.p.A.	Italy
75. Fasson Luxembourg S.A.	Luxembourg

	JURISDICTION IN WHICH ORGANIZED
76. Fasson Nederland B.V.	Netherlands
77. Fasson Norge A/S...	Norway
78. Fasson Osterreich GmbH.....................................	Austria
79. Fasson Portugal Produtos Auto-Adesivos Lda.	Portugal
80. Fasson Products (Proprietary) Limited......................	South Africa
81. Fasson Produtos Adesivos Ltda.	Brazil
82. Fasson Pty. Limited..	Australia
83. Fasson Scandinavia A/S.....................................	Denmark
84. Fasson Suomi OY..	Finland
85. Fasson Sverige AB..	Sweden
86. Fasson U.K. Limited..	United Kingdom
87. Indumarco Comercial Ltda.	Brazil
88. LDNA Corporation...	California
89. Metallised Films & Papers Ltd.	United Kingdom
90. Monarch Industries, Inc.	New Jersey
91. Novexx Modul Vertriebs GmbH................................	Germany
92. Presto SarL..	France
93. Retail Products Limited....................................	Ireland
94. Security Printing Division, Inc.	Delaware
95. Soabar Systems (Hong Kong) Limited.........................	Hong Kong
96. Soabar Systems Hong Kong B.V.	Netherlands
97. Societe Civile Immobiliere Sarrail.........................	France
98. TIADECO Participacoes, Ltda.	Brazil

All of the preceding subsidiaries have been consolidated in the Registrant's financial statements and no separate financial statements have been filed.

The parent company also owns 50% of Avery-Toppan Company, Limited (Japan) and 51% of Avery--Petofi KFT (Hungary), which companies may be deemed to be subsidiaries. Registrant's share of the losses and profits is included on an equity basis in the Consolidated Statement of Income.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-30-1995
JAN-01-1995
DEC-30-1995
27,000
0
461,700
(17,600)
223,200
800,100
1,652,100
(744,700)
1,963,600
672,500
334,000
62,100
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3,113,900
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688,300
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44,300
224,700
81,000
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143,700
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