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

FORM 8-K

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

**July 30, 2009
Date of Report**

AVERY DENNISON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

1 -7685

95-1492269

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

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

91103

(Address of principal executive offices)

(Zip Code)

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

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

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

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

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's (the "Company") news release dated July 30, 2009, regarding its preliminary, unaudited financial results for the second quarter of 2009, is attached hereto as Exhibit 99.1. This information is being furnished (not filed) under this Form 8-K. Additionally, the Company will discuss its preliminary financial results during a webcast and teleconference call today at 2:00 p.m. (EDT). To access the webcast and teleconference call, please go to the Company's Web site at <http://www.investors.averydennison.com>.

Avery Dennison Corporation's presentation dated July 30, 2009, regarding its preliminary financial review and analysis for the second quarter of 2009, is attached hereto as Exhibit 99.2. This information is being furnished (not filed) under this Form 8-K. Additionally, this information is available on the Company's Web site at <http://www.investors.averydennison.com>.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 On July 30, 2009, Avery Dennison Corporation issued a news release announcing its preliminary, unaudited financial results for the second quarter ending July 4, 2009.

99.2 On July 30, 2009, Avery Dennison Corporation provided a presentation regarding its preliminary financial review and analysis for the second quarter ending July 4, 2009.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

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

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The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products and on the carrying value of its assets; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (3) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (4) the impact of an increase in costs associated with the Company's debt; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

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

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

SIGNATURES

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

AVERY DENNISON CORPORATION

Date: July 30, 2009

By: /s/ Mitchell R. Butier

Name: Mitchell R. Butier

Title: Corporate Vice President, Global Finance
and Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description</u>
99.1	News release dated July 30, 2009.
99.2	Presentation dated July 30, 2009.

**AVERY DENNISON ANNOUNCES
SECOND QUARTER 2009 RESULTS
AND REDUCES QUARTERLY DIVIDEND**

*Dividend Action Taken to Focus on Reducing Debt and Managing Cost
of Credit in Light of Continued Economic Uncertainty*

PASADENA, Calif. — July 30, 2009 — Avery Dennison Corporation (NYSE:AVY) today announced preliminary second quarter 2009 results. The Company also announced that it reduced its quarterly dividend from \$0.41 to \$0.20 per share.

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

Second Quarter Financial Summary — Preliminary

(\$ millions, except per share amounts)

	Q2 2009	Q2 2008	% Change vs. P/Y							
			Reported	Organic (a)	As Reported (GAAP)		Adjusted Non-GAAP (b)		% of Sales	
					2009	2008	2009	2008	2009	2008
Net sales, by segment:										
Pressure-sensitive Materials	\$ 793.6	\$ 979.9	-19%	-10%						
Retail Information Services	331.5	438.2	-24%	-20%						
Office and Consumer Products	216.9	255.4	-15%	-11%						
Other specialty converting businesses	113.4	155.4	-27%	-22%						
Total net sales	\$1,455.4	\$1,828.9	-20%	-14%						
Operating income (loss) before interest and taxes, by segment:										
Pressure-sensitive Materials	\$ 50.6	\$ 82.4	-39%	6.4%	8.4%	\$ 64.4	\$ 82.9	-22%	8.1%	8.5%
Retail Information Services	(5.9)	20.3	-129%	-1.8%	4.6%	(0.8)	31.6	-103%	-0.2%	7.2%
Office and Consumer Products	34.5	40.7	-15%	15.9%	15.9%	37.5	44.9	-16%	17.3%	17.6%
Other specialty converting businesses	(10.4)	5.8	-279%	-9.2%	3.7%	(2.7)	5.8	-147%	-2.4%	3.7%
Corporate expense	(8.2)	(5.7)				(8.2)	(10.2)			
Total operating income before interest and taxes	\$ 60.6	\$ 143.5	-58%	4.2%	7.8%	\$ 90.2	\$155.0	-42%	6.2%	8.5%
Interest expense	20.4	29.3				20.4	29.3			
Income from operations before taxes	\$ 40.2	\$ 114.2	-65%	2.8%	6.2%	\$ 69.8	\$125.7	-44%	4.8%	6.9%
Provision for income taxes	\$ 0.4	\$ 21.8				\$ 10.5	\$ 23.6			
Net income	\$ 39.8	\$ 92.4	-57%	2.7%	5.1%	\$ 59.3	\$102.1	-42%	4.1%	5.6%
Net income per common share, assuming dilution	\$ 0.38	\$ 0.93	-59%			\$ 0.56	\$ 1.03	-46%		
YTD Free Cash Flow (c)						\$ 87.5	\$ 99.6			

a) Percentage change in sales before the impact of acquisitions and foreign currency translation

b) Excludes restructuring and asset impairment charges, transition costs associated with acquisition integrations, and other items (see accompanying schedules A-3 and A-4 for reconciliation to GAAP measures).

c) Free Cash Flow (a non-GAAP measure) as used herein is defined as net cash provided by operating activities (as reported), less purchase of property, plant, equipment, software, and other deferred charges, plus proceeds from sale of investments, net (see accompanying schedule A-3 for reconciliation to GAAP measure).

"The Board is committed to paying a dividend, and its decision to reduce the dividend was not taken lightly," said Dean A. Scarborough, president and chief executive officer of Avery Dennison. "However, the possibility of continued poor market conditions beyond 2009, along with increased pension funding requirements, compels us to take precautionary action. Our greatest responsibility during economic uncertainty is to ensure that the Company remains healthy, vibrant, and strong for the future."

"The size of the dividend reduction reflects a combination of the Company's near-term debt reduction target, as well as our target to pay a cash dividend

of 40 to 50 percent of normalized earnings over time," Scarborough said. "When our outlook improves, we expect to raise the dividend in line with this target."

"The decline in sales and profits in the second quarter reflects the continuation of a very challenging macroeconomic environment, particularly in the retail sector," Scarborough said. "I'm pleased that we maintained our gross margin in light of a substantial decline in volume. This is the result of fixed-cost reductions and pricing discipline. These actions, plus continued investment in growth initiatives, position the Company for strong profit growth when volumes improve."

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

Second Quarter, 2009 Results by Segment

All references to sales reflect comparisons on an organic basis, which exclude the impact of acquisitions and foreign currency translation.

Pressure-sensitive Materials (PSM)

- Roll Materials sales declined in every region except Asia, reflecting weakness in end-markets. Sales were particularly soft in the more economically sensitive Graphics and Reflective Products division.
 - The decline in operating margin reflected reduced fixed-cost leverage that more than offset pricing, productivity, and restructuring actions. However,
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these actions drove improvement in the segment's sequential operating margin from 5.9% to 8.1%.

Retail Information Services (RIS)

- The decline in sales primarily reflected reduced demand for apparel in the U.S. and in Europe, and retailers' continued focus on inventory reduction.
- The decline in operating margin reflected reduced fixed-cost leverage that more than offset restructuring and productivity actions.
- The Company is currently implementing aggressive restructuring actions to reduce fixed costs in light of current market conditions, while introducing new products and improving value added services to increase its share of this large market.

Office and Consumer Products (OCP)

- The decline in sales reflected weak end-market demand, led by slower corporate purchase activity.
- Productivity improvements and restructuring actions, as well as pricing, offset most of the impact on operating margin of reduced fixed-cost leverage.

Other specialty converting businesses

- The decline in sales is primarily attributable to lower volume in products sold to the automotive, housing, and construction industries.
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- The decline in operating margin reflected reduced fixed-cost leverage more than offsetting restructuring and productivity improvements.
- The Company is currently implementing significant restructuring measures in these businesses to reduce fixed costs in light of current market conditions.

Consolidated Items and Actions

- In the fourth quarter of 2008, the Company began a restructuring program expected to reduce costs across all segments of the business. The Company has expanded its actions to reduce fixed costs, now targeting in excess of \$160 million in annualized savings by mid-2010 (estimating \$75 million benefit, net of transition costs, in 2009). The Company estimates that it will incur approximately \$130 million of total restructuring charges associated with these actions, with the majority to be incurred in 2009. In addition to the savings from these new actions, the Company expects approximately \$40 million of carryover savings from previously implemented actions.

At the end of the second quarter of 2009, the Company achieved run-rate savings representing approximately 50% of its restructuring target.

- The Company's adjusted tax rate was 15% in the second quarter of 2009. The ongoing annual tax rate is expected to be in the low 20% range, varying significantly from quarter to quarter.
 - As previously announced, in the first quarter of 2009 the Company commenced an interim goodwill impairment test that resulted in a non-cash impairment charge of \$832 million. In the second quarter of 2009, the
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Company completed this goodwill impairment test with no additional charges incurred.

Avery Dennison is a recognized industry leader that develops innovative identification and decorative solutions for businesses and consumers worldwide. The Company's products include pressure-sensitive labeling materials; graphics imaging media; retail apparel ticketing and branding systems; RFID inlays and tags; office products; specialty tapes; and a variety of specialized labels for automotive, industrial and durable goods applications. A FORTUNE 500 Company with sales of \$6.7 billion in 2008, Avery Dennison is based in Pasadena, California and has more than 32,000 employees in over 60 countries. For more information, visit www.averydennison.com.

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

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

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company’s products and on the carrying value of its assets; (2) the impact of competitors’ actions, including pricing, expansion in key markets, and product offerings; (3) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (4) the impact of an increase in costs associated with the Company’s debt; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

For a more detailed discussion of these and other factors, see “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in the Company’s most recent Form 10-K, filed on February 25, 2009, with the Securities and Exchange Commission. The forward-looking statements included in this document are made only as of the date of this document, and the Company undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

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

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

	(UNAUDITED)			
	Three Months Ended		Six Months Ended	
	Jul. 4, 2009 (13 Weeks)	Jun. 28, 2008 (13 Weeks)	Jul. 4, 2009 (27 Weeks)	Jun. 28, 2008 (26 Weeks)
Net sales	\$ 1,455.4	\$ 1,828.9	\$ 2,881.6	\$ 3,474.1
Cost of products sold	1,065.1	1,338.6	2,146.2	2,559.8
Gross profit	390.3	490.3	735.4	914.3
Marketing, general & administrative expense	300.1	341.0	604.3	669.0
Goodwill and indefinite-lived intangible asset impairment charges	—	—	832.0	—
Interest expense	20.4	29.3	47.9	58.8
Other expense, net (1)	29.6	5.8	126.9	11.4
Income (loss) from operations before taxes	40.2	114.2	(875.7)	175.1
Provision for (benefit from) income taxes	0.4	21.8	(16.6)	14.3
Net income (loss)	\$ 39.8	\$ 92.4	\$ (859.1)	\$ 160.8
Per share amounts:				
Net income (loss) per common share, assuming dilution	\$ 0.38	\$ 0.93	\$ (8.41)	\$ 1.62
Average common shares outstanding, assuming dilution	105.7	98.9	102.2	98.9
Common shares outstanding at period end	105.1	98.5	105.1	98.5

(1) Other expense for the second quarter of 2009 includes \$29.6 of restructuring costs, asset impairment and lease cancellation charges.

Other expense, net, for the second quarter of 2008 includes \$10.3 of restructuring costs, asset impairment and lease cancellation charges, partially offset by (\$4.5) related to a gain on sale of investments.

Other expense for 2009 YTD includes \$68.7 of restructuring costs, asset impairment and lease cancellation charges, legal settlement costs of \$37 and a loss of \$21.2 from debt extinguishment.

Other expense, net, for 2008 YTD includes \$15.9 of restructuring costs, asset impairment and lease cancellation charges, partially offset by (\$4.5) related to a gain on sale of investments.

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

Avery Dennison reports financial results in accordance with U.S. GAAP, and herein provides some non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for, GAAP financial measures. These non-GAAP financial measures are intended to supplement the Company's presentation of its financial results that are prepared in accordance with GAAP.

The Company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g. restructuring charges, asset impairments, certain effects of acquisitions and related integration costs, loss from debt extinguishment, gains on sales of assets, etc.), from certain of the Company's GAAP measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's "core" or "underlying" operating results. These non-GAAP measures are used internally to evaluate trends in the Company's underlying business, as well as to facilitate comparison to the results of competitors for a single period. The Company adjusts the full-year GAAP tax rate to exclude the tax rate effect of charges for goodwill and indefinite-lived intangible asset impairments to determine its anticipated adjusted non-GAAP tax rate to derive non-GAAP net income.

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

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

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

	(UNAUDITED)			
	Three Months Ended		Six Months Ended	
	Jul. 4, 2009 (13 Weeks)	Jun. 28, 2008 (13 Weeks)	Jul. 4, 2009 (27 Weeks)	Jun. 28, 2008 (26 Weeks)
Reconciliation of GAAP to Non-GAAP Operating Margin:				
Net sales	\$ 1,455.4	\$ 1,828.9	\$ 2,881.6	\$ 3,474.1
Income (loss) from operations before taxes	\$ 40.2	\$ 114.2	\$ (875.7)	\$ 175.1
GAAP Operating Margin	2.8%	6.2%	(30.4%)	5.0%
Income (loss) from operations before taxes	\$ 40.2	\$ 114.2	\$ (875.7)	\$ 175.1
Non-GAAP adjustments:				
Restructuring costs	25.8	7.2	42.9	10.5
Asset impairment and lease cancellation charges	3.8	3.1	25.8	5.4
Loss from debt extinguishment	—	—	21.2	—
Legal settlement costs	—	—	37.0	—
Goodwill and indefinite-lived intangible asset impairment charges	—	—	832.0	—
Transition costs associated with acquisition integrations (1)	—	5.7	—	12.7
Other (2)	—	(4.5)	—	(4.5)
Interest expense	20.4	29.3	47.9	58.8
Adjusted non-GAAP operating income before taxes and interest expense	\$ 90.2	\$ 155.0	\$ 131.1	\$ 258.0
Adjusted Non-GAAP Operating Margin	6.2%	8.5%	4.5%	7.4%
Reconciliation of GAAP to Non-GAAP Net Income:				
As reported net income (loss)	\$ 39.8	\$ 92.4	\$ (859.1)	\$ 160.8
Non-GAAP adjustments, net of taxes:				
Goodwill and indefinite-lived intangible asset impairment charges	—	—	812.6	—
All other (3)	19.5	9.7	117.2	20.2
Adjusted Non-GAAP Net Income	\$ 59.3	\$ 102.1	\$ 70.7	\$ 181.0

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

	(UNAUDITED)			
	Three Months Ended		Six Months Ended	
	Jul. 4, 2009 (13 Weeks)	Jun. 28, 2008 (13 Weeks)	Jul. 4, 2009 (27 Weeks)	Jun. 28, 2008 (26 Weeks)
Reconciliation of GAAP to Non-GAAP Earnings Per Share:				
As reported income (loss) per common share, assuming dilution	\$ 0.38	\$ 0.93	\$ (8.41)	\$ 1.62
Non-GAAP adjustments per share, net of taxes:				
Goodwill and indefinite-lived intangible asset impairment charges	—	—	7.95	—
All other (3)	0.18	0.10	1.15	0.21
Adjusted Non-GAAP income per common share, assuming dilution	\$ 0.56	\$ 1.03	\$ 0.69	\$ 1.83

Average common shares outstanding, assuming dilution	105.7	98.9	102.2	98.9
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- (1) 2008 QTD and YTD includes transition costs associated with acquisition integrations and change-in-control costs reported in marketing, general & administrative expense.
- (2) 2008 QTD and YTD includes a gain on sale of investments.
- (3) Reflects after tax effect on restructuring costs, asset impairment and lease cancellation charges, legal settlement costs, loss from debt extinguishment, transition costs associated with acquisition integrations and gain on sale of investments.

	(UNAUDITED)	
	Six Months Ended	
	Jul. 4, 2009 (27 Weeks)	Jun. 28, 2008 (26 Weeks)
Reconciliation of GAAP to Non-GAAP Cash Flow:		
Net cash provided by operating activities	\$ 132.8	\$ 188.7
Purchase of property, plant and equipment	(30.5)	(69.1)
Purchase of software and other deferred charges	(14.9)	(33.0)
Proceeds from sale of investments, net	0.1	13.0
Free Cash Flow	\$ 87.5	\$ 99.6

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AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

	(UNAUDITED)					
	Second Quarter Ended					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2009 (13 weeks)	2008 (13 weeks)	2009 ⁽¹⁾ (13 weeks)	2008 ⁽²⁾ (13 weeks)	2009 (13 weeks)	2008 (13 weeks)
Pressure-sensitive Materials	\$ 793.6	\$ 979.9	\$ 50.6	\$ 82.4	6.4%	8.4%
Retail Information Services	331.5	438.2	(5.9)	20.3	(1.8%)	4.6%
Office and Consumer Products	216.9	255.4	34.5	40.7	15.9%	15.9%
Other specialty converting businesses	113.4	155.4	(10.4)	5.8	(9.2%)	3.7%
Corporate Expense	N/A	N/A	(8.2)	(5.7)	N/A	N/A
Interest Expense	N/A	N/A	(20.4)	(29.3)	N/A	N/A
TOTAL FROM OPERATIONS	\$ 1,455.4	\$ 1,828.9	\$ 40.2	\$ 114.2	2.8%	6.2%

- (1) Operating income for the second quarter of 2009 includes \$29.6 of restructuring costs, asset impairment and lease cancellation charges, of which the Pressure-sensitive Materials segment recorded \$13.8, the Retail Information Services segment recorded \$5.1, the Office and Consumer Products segment recorded \$3 and the other specialty converting businesses recorded \$7.7.
- (2) Operating income for the second quarter of 2008 includes \$10.3 of restructuring costs, asset impairment and lease cancellation charges and \$5.7 of transition costs associated with acquisition integrations, partially offset by (\$4.5) related to a gain on sale of investments; of the total \$11.5, the Pressure-sensitive Materials segment recorded \$5, the Retail Information Services segment recorded \$11.3, the Office and Consumer Products segment recorded \$4.2 and Corporate recorded (\$4.5).

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

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Second Quarter Ended			
	OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2009	2008	2009	2008
Pressure-sensitive Materials				
Operating income, as reported	\$ 50.6	\$ 82.4	6.4%	8.4%
Non-GAAP adjustments:				
Restructuring costs	13.4	0.2	1.7%	—
Asset impairment and lease cancellation charges	0.4	0.3	—	0.1%
Adjusted non-GAAP operating income	\$ 64.4	\$ 82.9	8.1%	8.5%
Retail Information Services				
Operating (loss) income, as reported	\$ (5.9)	\$ 20.3	(1.8%)	4.6%
Non-GAAP adjustments:				
Restructuring costs	4.6	2.8	1.4%	0.6%
Asset impairment and lease cancellation charges	0.5	2.8	0.2%	0.7%
Transition costs associated with acquisition integrations	—	5.7	—	1.3%
Adjusted non-GAAP operating (loss) income	\$ (0.8)	\$ 31.6	(0.2%)	7.2%
Office and Consumer Products				
Operating income, as reported	\$ 34.5	\$ 40.7	15.9%	15.9%
Non-GAAP adjustments:				
Restructuring costs	0.3	4.2	0.1%	1.7%
Asset impairment charges	2.7	—	1.3%	—
Adjusted non-GAAP operating income	\$ 37.5	\$ 44.9	17.3%	17.6%
Other specialty converting businesses				
Operating (loss) income, as reported	\$ (10.4)	\$ 5.8	(9.2%)	3.7%
Non-GAAP adjustments:				
Restructuring costs	7.5	—	6.6%	—
Asset impairment charges	0.2	—	0.2%	—
Adjusted non-GAAP operating (loss) income	\$ (2.7)	\$ 5.8	(2.4%)	3.7%

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AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

	(UNAUDITED)					
	Six Months Year-to-Date					
	NET SALES		OPERATING INCOME (LOSS)		OPERATING MARGINS	
2009	2008	2009(1)	2008(2)	2009	2008	
(27 weeks)	(26 weeks)	(27 weeks)	(26 weeks)	(27 weeks)	(26 weeks)	
Pressure-sensitive Materials	\$ 1,602.4	\$ 1,899.5	\$ 50.4	\$ 154.2	3.1%	8.1%
Retail Information Services	647.5	810.2	(859.3)	16.6	(132.7%)	2.0%
Office and Consumer Products	401.3	449.8	57.9	62.6	14.4%	13.9%
Other specialty converting businesses	230.4	314.6	(37.9)	15.3	(16.4%)	4.9%
Corporate Expense	N/A	N/A	(38.9)	(14.8)	N/A	N/A
Interest Expense	N/A	N/A	(47.9)	(58.8)	N/A	N/A
TOTAL FROM OPERATIONS	\$ 2,881.6	\$ 3,474.1	\$ (875.7)	\$ 175.1	(30.4%)	5.0%

- (1) Operating loss for 2009 includes \$832 of goodwill and indefinite-lived intangible asset impairment charges, \$68.7 of restructuring costs, asset impairment and lease cancellation charges, legal settlement costs of \$37 and a loss of \$21.2 from debt extinguishment; of the total \$958.9, the Pressure-sensitive Materials segment recorded \$61.9, the Retail Information Services segment recorded \$846.7, the Office and Consumer Products segment recorded \$5.7, the other specialty converting businesses recorded \$23.4 and Corporate recorded \$21.2.
- (2) Operating income for 2008 includes \$15.9 of restructuring costs, asset impairment and lease cancellation charges and \$12.7 of transition costs associated with acquisition integrations, partially offset by (\$4.5) related to a gain on sale of investments; of the total \$24.1, the Pressure-sensitive Materials segment recorded \$4.3, the Retail Information Services segment recorded \$19.8, the Office and Consumer Products segment recorded \$4.3, the other specialty converting businesses recorded \$.2 and Corporate recorded (\$4.5).

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

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Six Months Year-to-Date			
	OPERATING INCOME (LOSS)		OPERATING MARGINS	
	2009	2008	2009	2008
Pressure-sensitive Materials				
Operating income, as reported	\$ 50.4	\$ 154.2	3.1%	8.1%
Non-GAAP adjustments:				
Restructuring costs	21.0	1.7	1.3%	0.1%
Asset impairment and lease cancellation charges	3.9	2.6	0.3%	0.1%
Legal settlement costs	37.0	—	2.3%	—
Adjusted non-GAAP operating income	\$ 112.3	\$ 158.5	7.0%	8.3%
Retail Information Services				
Operating (loss) income, as reported	\$ (859.3)	\$ 16.6	(132.7%)	2.0%
Non-GAAP adjustments:				
Restructuring costs	10.4	4.3	1.6%	0.5%
Asset impairment and lease cancellation charges	4.3	2.8	0.7%	0.4%
Transition costs associated with acquisition integrations	—	12.7	—	1.6%
Goodwill and indefinite-lived intangible asset impairment charges	832.0	—	128.5%	—
Adjusted non-GAAP operating (loss) income	\$ (12.6)	\$ 36.4	(1.9%)	4.5%
Office and Consumer Products				
Operating income, as reported	\$ 57.9	\$ 62.6	14.4%	13.9%
Non-GAAP adjustments:				
Restructuring costs	1.2	4.3	0.3%	1.0%
Asset impairment charges	4.5	—	1.1%	—
Adjusted non-GAAP operating income	\$ 63.6	\$ 66.9	15.8%	14.9%
Other specialty converting businesses				
Operating (loss) income, as reported	\$ (37.9)	\$ 15.3	(16.4%)	4.9%
Non-GAAP adjustments:				
Restructuring costs	10.3	0.2	4.4%	—
Asset impairment charges	13.1	—	5.7%	—
Adjusted non-GAAP operating (loss) income	\$ (14.5)	\$ 15.5	(6.3%)	4.9%

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AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

ASSETS	(UNAUDITED)	
	Jul. 4, 2009	Jun. 28, 2008
Current assets:		
Cash and cash equivalents	\$ 91.9	\$ 87.1
Trade accounts receivable, net	975.6	1,232.8
Inventories, net	518.4	679.1
Other current assets	208.2	302.0
Total current assets	1,794.1	2,301.0
Property, plant and equipment, net	1,404.0	1,618.2
Goodwill	940.0	1,825.4
Other intangibles resulting from business acquisitions, net	277.1	313.1
Non-current deferred and refundable income taxes	204.6	82.6
Other assets	423.4	557.5
	\$5,043.2	\$ 6,697.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	\$ 791.6	\$ 825.8
Accounts payable	608.0	797.8
Other current liabilities	616.5	685.7
Total current liabilities	2,016.1	2,309.3
Long-term debt	1,134.9	1,545.4
Other long-term liabilities	690.9	644.0
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	623.1	723.7
Retained earnings	1,432.7	2,363.4
Accumulated other comprehensive (loss) income	(219.5)	195.3
Cost of unallocated ESOP shares	—	(3.8)
Employee stock benefit trusts	(188.3)	(345.4)
Treasury stock at cost	(570.8)	(858.2)
Total shareholders' equity	1,201.3	2,199.1
	\$5,043.2	\$ 6,697.8

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

	(UNAUDITED)	
	Six Months Ended	
	Jul. 4, 2009 (27 Weeks)	Jun. 28, 2008 (26 Weeks)
Operating Activities:		
Net (loss) income	\$ (859.1)	\$ 160.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	94.0	101.6
Amortization	38.6	37.0
Provision for doubtful accounts	9.5	8.2
Goodwill and indefinite-lived intangible asset impairment charges	832.0	—
Asset impairments and net loss on sale and disposal of assets	28.0	14.4
Loss from debt extinguishment	21.2	—
Stock-based compensation	13.2	16.9
Other non-cash expense and losses	12.1	—
Other non-cash income and gains	(7.2)	(17.2)
	<u>182.3</u>	<u>321.7</u>
Changes in assets and liabilities and other adjustments, net of the effect of business acquisitions	(49.5)	(133.0)
Net cash provided by operating activities	<u>132.8</u>	<u>188.7</u>
Investing Activities:		
Purchase of property, plant and equipment	(30.5)	(69.1)
Purchase of software and other deferred charges	(14.9)	(33.0)
Payments for acquisitions	—	(125.0)
Proceeds from sale of investments, net	0.1	13.0
Other	(4.2)	5.1
Net cash used in investing activities	<u>(49.5)</u>	<u>(209.0)</u>
Financing Activities:		
Net increase (decrease) in borrowings (maturities of 90 days or less)	65.4	(285.1)
Additional borrowings (maturities longer than 90 days)	—	400.1
Payments of debt (maturities longer than 90 days)	(73.4)	(0.3)
Dividends paid	(89.6)	(87.6)
Proceeds from exercise of stock options, net	0.2	1.9
Other	—	5.4
Net cash (used in) provided by financing activities	<u>(97.4)</u>	<u>34.4</u>
Effect of foreign currency translation on cash balances	0.5	1.5
(Decrease) increase in cash and cash equivalents	<u>(13.6)</u>	<u>15.6</u>
Cash and cash equivalents, beginning of year	105.5	71.5
Cash and cash equivalents, end of period	<u>\$ 91.9</u>	<u>\$ 87.1</u>

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Supplemental Presentation Materials

***Second Quarter 2009 Financial
Review and Analysis***

(unaudited)

July 30, 2009



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

The Company believes that the most significant risk factors that could affect its financial performance in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products and on the carrying value of its assets; (2) the impact of competitors' actions, including pricing, expansion in key markets, and product offerings; (3) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through selling price increases, without a significant loss of volume; (4) the impact of an increase in costs associated with the Company's debt; and (5) the ability of the Company to achieve and sustain targeted cost reductions.

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

Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP measures as defined by SEC rules. The most directly comparable GAAP measures have been included in the earnings news release for the quarter. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included with the financial schedules accompanying the earnings news release for the quarter, along with certain supplemental analysis provided in this document. **(See Attachments A-2 through A-5 to Exhibit 99.1, news release dated July 30, 2009.)**

The Company's non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP measures, may make it difficult to assess the underlying performance of the Company in a single period. By excluding certain accounting effects, both positive and negative (e.g., restructuring charges, asset impairments, certain effects of acquisitions and related integration costs, loss from debt extinguishment, gains on sales of assets, etc.), from certain of the Company's GAAP measures, the Company believes that it is providing meaningful supplemental information to facilitate an understanding of the Company's "core" or "underlying" operating results. These non-GAAP measures are used internally to evaluate trends in the Company's underlying business, as well as to facilitate comparison to the results of competitors for a single period. The Company adjusts the full-year GAAP tax rate to exclude the tax rate effect of charges for goodwill and indefinite-lived intangible asset impairments to determine its anticipated adjusted non-GAAP tax rate to derive non-GAAP net income. **(See Attachment A-2 to Exhibit 99.1 for discussion of limitations associated with the use of these non-GAAP measures.)**

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

- Continued weakness in the global macroeconomic environment drove second quarter volume declines across all segments
- Operating margin contracted, as impact of lower volume more than offset pricing, productivity improvements, and restructuring
- Actions underway to position the Company for strong growth and profit improvement as markets improve:
 - » Expanding fixed cost reductions, particularly in RIS and specialty converting businesses
 - » Reducing dividend in light of continued economic uncertainty
 - » Investing in emerging business opportunities
 - » Remaining highly focused on Free Cash Flow (FCF):
 - › Improving working capital efficiency
 - › Reducing capital/IT spend



Dividend Reduction

- Reducing quarterly dividend from \$0.41 to \$0.20 per share (51% reduction) to focus on reducing debt and managing the cost of credit in light of continued economic uncertainty
- New dividend level accommodates increased pension contributions of \$200-\$300 million through 2013

- Company's precautionary FCF outlook, which assumes:
 - Anticipated Headwinds:
 - Continuation of poor market conditions (no recovery in 2010)
 - Increased pension contributions
 - Offset By:
 - Increased restructuring and productivity
 - Optimized working capital and capital expenditures
- The amount of cash for debt reduction that the Company believes will help maintain credit ratings, access to commercial paper market, and covenant compliance
- Assuming FCF and cash for debt reduction targets, remaining cash flow available for dividends is estimated to average approximately \$90 million/year, representing a 51% cut from prior level

- Net sales declined 20% from prior year
 - » Currency translation reduced sales growth by 6.9% (approx. \$0.04 negative impact to earnings per share)
- On an organic basis, net sales declined 14%
 - » *Throughout this document, all references to organic sales change refer to results before the impact of acquisitions, foreign currency translation, and an extra week in the first quarter of 2009*
- Operating margin before restructuring, asset impairment charges, lease cancellation costs, and other items declined to 6.2%
 - » Decline reflects reduced fixed-cost leverage, partially offset by pricing, productivity improvements, and restructuring

- Expanded actions to reduce fixed costs
 - » Now anticipate more than \$160 million of annualized savings from restructuring initiated in the fourth quarter of last year, with roughly \$75 mil. of benefit (net of transition costs) expected in 2009
 - » Achieved 50% run-rate savings by the end of the second quarter
- Adjusted tax rate was 15%; ongoing annual tax rate expected to be in the low 20% range, varying significantly from quarter to quarter
- Reported EPS of \$0.38 includes \$0.18 of restructuring, asset impairment, and other charges
- Adjusted EPS of \$0.56
- As previously announced, in the first quarter of 2009 the Company commenced an interim goodwill impairment test that resulted in a non-cash charge of \$832 million. In the second quarter of 2009, the Company completed this goodwill impairment test with no additional charges incurred

	<u>Q2-08</u>	<u>Q3-08</u>	<u>Q4-08</u>	<u>Q1-09</u>	<u>Q2-09</u>
<i>Organic Sales Change⁽¹⁾</i>	(0.6%)	(2.4%)	(8.1%)	(14.5%)	(13.5%)
Acquisitions	13.5%	0.6%	0.6%	0.6%	--
Currency	7.1%	4.5%	(4.4%)	(6.4%)	(6.9%)
Extra Week	--	--	--	7.0%	--
Reported Sales Change	20.0%	2.6%	(11.8%)	(13.3%)	(20.4%)

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

	<u>2Q09</u>	<u>2Q08⁽²⁾</u>	<u>1Q09</u>
Gross Profit Margin (total Company)	26.8%	26.8%	24.2%
<u>Operating Margin (non-GAAP⁽¹⁾):</u>			
Pressure-sensitive Materials	8.1%	8.5%	5.9%
Retail Information Services	(0.2)%	7.2%	(3.7)%
Office and Consumer Products	17.3%	17.6%	14.2%
Other specialty converting businesses	(2.4)%	3.7%	(10.1)%
Total Company	6.2%	8.5%	2.9%

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

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

- Gross profit margin flat to prior year at 26.8%
 - » Reduced fixed-cost leverage offset by pricing, productivity improvements, and restructuring
- Marketing, general and administrative (MG&A) expense ratio increased by 2.0 points compared to the prior year
 - » Absolute MG&A spending decreased by approximately \$41 mil. compared to the prior year, due to cost reductions and currency translation

PRESSURE-SENSITIVE MATERIALS

- Reported sales of \$794 mil., down 19% compared with prior year
 - » Organic sales decline of approx. 10%
- Rate of change in sales (organic basis) for roll materials business, by region:
 - » Europe: low double digit decline
 - » North America: mid single digit decline
 - » Emerging Markets: low single digit decline (Asia up modestly)
- Graphics & Reflective sales down approx. 20% on an organic basis
- Excluding restructuring charges and other items, operating margin declined to 8.1%, as reduced fixed-cost leverage more than offset pricing, productivity improvements, and restructuring
 - » These actions drove improvement in the segment's sequential operating margin from 5.9% to 8.1%

RETAIL INFORMATION SERVICES

- Reported sales of \$332 mil., down 24% compared with prior year
 - » Organic sales decline of approx. 20%
- Operating margin before restructuring charges and other items declined to negative 0.2%, as reduced fixed-cost leverage more than offset restructuring and productivity improvements
- Currently implementing significant restructuring measures in this segment

OFFICE AND CONSUMER PRODUCTS

- Reported sales of \$217 mil., down 15% compared with prior year
 - » Organic sales decline of approx. 11%
- Excluding restructuring charges and other items, operating margin declined to 17.3% as productivity improvements and restructuring, as well as pricing, offset most of the impact of reduced fixed-cost leverage

OTHER SPECIALTY CONVERTING BUSINESSES

- Reported sales of \$113 mil., down 27% compared with prior year
 - » Organic sales decline of approx. 22%
- Excluding restructuring charges and other items, operating margin declined to negative 2.4%, as reduced fixed-cost leverage more than offset restructuring and productivity improvements
- Currently implementing significant restructuring measures in these businesses



Year-To-Date Cash Flow

<i>(\$ Millions)</i>	<u>2009</u>	<u>2008</u>
Net cash provided by operating activities	\$132.8	\$ 188.7
Purchase of property, plant and equipment	\$ (30.5)	\$ (69.1)
Purchase of software and other deferred charges	\$ (14.9)	\$ (33.0)
Proceeds from sale of investments, net	<u>\$ 0.1</u>	<u>\$ 13.0</u>
Free Cash Flow ⁽¹⁾	\$ 87.5	\$ 99.6
Dividends paid	\$(89.6)	\$(87.6)

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



Update to Contributing Factors to 2009 Financial Results

April Commentary

- Currency translation (at current rates, represents approx. 6% headwind to reported sales growth; approx. \$30 mil. negative impact to EBIT vs. 2008)
- Estimated \$75 mil. of savings (net of transition costs) from new restructuring actions
 - » Majority of the \$130 mil. estimated total restructuring costs associated with new actions will be recognized in 2009
- Carryover savings of approx. \$40 mil. from previously implemented actions
- Increased investment in new business opportunities
- Incremental pension and other employee-related expenses
- Lower interest expense
- Higher tax rate
- 53 weeks in 2009 fiscal year; 14 weeks in first quarter (minimal benefit to FY earnings)
- Capital expenditures (including IT) of \$120 to \$150 mil.
 - » Depreciation and amortization ≈ \$275 mil.
- Expected incremental contribution to pension fund = \$25 mil.

June Revisions

- Currency translation (at current rates, represents approx. 4% headwind to reported sales growth; approx. \$20 mil. negative impact to EBIT vs. 2008)
- Capital expenditures (including IT) of \$115 to \$130 mil.
- Class-action settlement of \$37 mil.
- Non-cash impairment charge of \$832 mil.

