

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
to
SCHEDULE 14D-1
TENDER OFFER STATEMENT
PURSUANT TO SECTION 14(d)(1) OF THE
SECURITIES EXCHANGE ACT OF 1934

and

AMENDMENT NO. 1
to
SCHEDULE 13D
UNDER THE
SECURITIES EXCHANGE ACT OF 1934

STIMSONITE CORPORATION
(Name Of Subject Company)

VISION ACQUISITION CORPORATION

AVERY DENNISON CORPORATION
(Bidders)

COMMON STOCK, PAR VALUE \$.01 PER SHARE
(Title Of Class Of Securities)

860832104
(Cusip Number Of Class Of Securities)

ROBERT G. VAN SCHOONENBERG
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
AVERY DENNISON CORPORATION
150 N. ORANGE GROVE BOULEVARD
PASADENA, CALIFORNIA 91103
(626) 304-2000

(Name, Address And Telephone Number Of Person Authorized To
Receive Notice And Communications On Behalf Of Person(s) Filing Statement)

COPIES TO:
MICHAEL W. STURROCK, ESQ.
LATHAM & WATKINS
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LOS ANGELES, CALIFORNIA 90071
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CUSIP No. 860832104

(1) Name of reporting persons:

AVERY DENNISON CORPORATION

I.R.S. Identification No. of above person (entities only): 951492269

(2) Check the appropriate box if a member of a group (see instructions):

(a)

(b)

(3) SEC use only

(4) Source of funds (see instructions):

[00]

(5) Check box if disclosure of legal proceedings is required pursuant to Items
2(e) or 2(f)

(6) Citizenship or place of organization:

State of Delaware

(7) Aggregate amount beneficially owned by each reporting person:

1,701,666

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see
instructions):

(9) Percent of class represented by amount in Row (7):

20.2%

(10) Type of reporting person (see instructions):

CO

(1) Name of reporting persons:

VISION ACQUISITION CORPORATION

I.R.S. Identification No. of above person (entities only):

(2) Check the appropriate box if a member of a group (see instructions):

(a)
(b)

(3) SEC use only

(4) Source of funds (see instructions):

AF

(5) Check box if disclosure of legal proceedings is required pursuant to Items
2(e) or 2(f)

(6) Citizenship or place of organization:

State of Delaware

(7) Aggregate amount beneficially owned by each reporting person:

1,701,666

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see
instructions):

(9) Percent of class represented to amount in Row (7):

20.2%

(10) Type of reporting person (see instructions):

CO

This Amendment No. 2 to the Schedule 14D-1 and Amendment No. 1 to the Schedule 13D amends and supplements the Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission (the "Commission") on June 10, 1999 (as amended by Amendment No. 1 to the Schedule 14D-1 filed with the Commission on June 22, 1999, the "Schedule 14D-1") and Schedule 13D filed with the Commission on June 10, 1999 (the "Schedule 13D") relating to the cash tender offer by Vision Acquisition Corporation, a Delaware corporation ("Purchaser") and a wholly-owned subsidiary of Avery Dennison Corporation, a Delaware corporation ("Parent") to purchase all of the outstanding shares of common stock, par value \$.01 per share, of Stimsonite Corporation, a Delaware corporation (the "Company") at a purchase price of \$14.75 per Share, net to the seller in cash (subject to applicable withholding of taxes), without any interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated June 10, 1999 (the "Offer to Purchase") and the related Letter of Transmittal. Capitalized terms used and not defined herein shall have the meanings given to them in the Offer to Purchase.

ITEM 4. Source and Amount of Funds or Other Consideration.

Item 4(b) of the Schedule 14D-1 is hereby amended and supplemented as follows:

On June 23, 1999, Parent entered into dealer agreements with Goldman, Sachs & Co. ("Goldman") pursuant to which Goldman has agreed to act as dealer for the private placement of commercial paper which Parent intends to issue in connection with the Offer and for the private placement of extendible commercial notes which Parent intends to issue in connection with the Offer. Such dealer agreements are attached hereto as Exhibits (b)(1) and (b)(2) and are hereby incorporated by reference. On June 23, 1999, Parent also entered into a Commercial Paper Issuing and Paying Agent Agreement with Citibank, N.A. ("Citibank") pursuant to which Citibank has agreed to act as agent in connection with the issuance and payment of the foregoing commercial paper and extendible commercial notes. Such agreement is attached hereto as Exhibit (b)(3) and is hereby incorporated by reference. The commercial paper which Parent intends to issue is expected to be unsecured and is expected to have maturities of less than 366 days from the date of issuance and bear interest at prevailing market rates. The commercial paper is expected to be back-stopped by a credit facility provided by various banks. The extendible commercial notes which Parent intends to issue are expected to be unsecured and are expected to have maturities of less than 390 days from the date of issuance and bear interest at prevailing market rates.

ITEM 11. Material to be Filed as Exhibits.

Item 11 is hereby amended and supplemented as follows:

Exhibit (a)(9). Press Release issued by Parent on June 22, 1999.

Exhibit (b)(1). Commercial Paper Dealer Agreement, dated as of June 23, 1999, between Parent and Goldman, Sachs & Co.

Exhibit (b)(2). Extendible Commercial Notes Dealer Agreement, dated as of June 23, 1999, between Parent and Goldman, Sachs & Co.

Exhibit (b) (3). Commercial Paper Issuing and Paying Agent Agreement, dated as of June 23, 1999, between Parent and Citibank, N.A.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, the undersigned certifies that the information set forth in this Amendment No. 2 to the Schedule 14D-1 and Amendment No. 1 to the Schedule 13D is true, complete and correct.

Dated: June 25, 1999

VISION ACQUISITION CORPORATION

By: /s/ Robert G. van Schoonenberg

Name: Robert G. van Schoonenberg
Title: President

AVERY DENNISON CORPORATION

By: /s/ Robert G. van Schoonenberg

Name: Robert G. van Schoonenberg
Title: Senior Vice President, General
Counsel and Secretary

Media Relations:
Charles E. Coleman (626) 304-2014
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For Immediate Release

Investor Relations:
Wayne H. Smith (626) 304-2001
investorcom@averydennison.com

AVERY DENNISON ANNOUNCES
CLEARANCE OF HART-SCOTT-RODINO WAITING PERIOD
FOR STIMSONITE ACQUISITION

PASADENA, Calif. - June 22, 1999 - Avery Dennison Corporation (NYSE/PSE:AVY) announced today that it has received notice of early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 regarding the previously announced merger of Avery Dennison Corporation and Stimsonite Corporation (NASDAQ:STIM).

A definitive merger agreement relating to the merger was announced on June 4, 1999. Under the terms of the merger agreement, a wholly-owned subsidiary of Avery Dennison commenced a tender offer on June 10, 1999 to purchase all outstanding shares of Stimsonite's common stock for \$14.75 per share in cash. The tender offer is scheduled to close at 12:00 Midnight, New York City time, on Thursday, July 8, 1999, unless extended, and is subject to certain conditions including a minimum of a majority of Stimsonite's outstanding shares (on a fully diluted basis) being properly tendered prior to the expiration of the offer and not withdrawn.

-more-

The acquisition of Stimsonite will strategically expand and strengthen Avery Dennison's reflective films business and will provide significant additions to the Company's proprietary technology base.

Avery Dennison develops, manufactures and markets innovative self-adhesive solutions for consumer products and label systems. Based in Pasadena, Calif., the Company had 1998 sales of \$3.5 billion and makes a wide range of products for consumer and industrial markets, including Avery-brand office products, Fasson-brand self-adhesive materials, peel-and-stick postage stamps, battery labels, automated retail tag and labeling systems, and specialty tapes and chemicals.

Stimsonite Corporation, based in Niles, Ill., is a leading worldwide manufacturer and marketer of reflective safety products for the transportation industry and a pioneer in microreplication technology for a diverse range of industries. Stimsonite products include raised reflective pavement markers, work zone markers, highway delineators and state-of-the-art high performance optical films for use in the construction of highway signs. In 1998, the company generated sales of \$87.4 million, net income of \$4.9 million, and cash flow from operations of \$6.3 million.

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Forward-Looking Statements

Certain information presented in this news release may constitute "forward-looking" statements. These statements 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 availability of raw materials, foreign exchange rates, worldwide and local economic conditions, fluctuations in consumer demand affecting sales to, and production and inventory levels at, customer companies and other matters referred to in the Company's SEC filings.

For more information visit the Avery Dennison Web site at
www.averydennison.com

COMMERCIAL PAPER DEALER AGREEMENT
[4(2) PROGRAM]

between

Avery Dennison Corporation, as Issuer

and

Goldman, Sachs & Co., as Dealer

Concerning Notes to be issued pursuant to an
Issuing and Paying Agency Agreement
dated as of June 23, 1999
between the Issuer and
Citibank, N.A., as Issuing and Paying Agent

Dated as of

June 23, 1999

COMMERCIAL PAPER DEALER AGREEMENT
[4(2) Program]

This agreement ("Agreement") sets forth the understandings between the Issuer and the Dealer, each named on the cover page hereof, in connection with the issuance and sale by the Issuer of its short-term promissory notes (the "Notes") through the Dealer.

Certain terms used in this Agreement are defined in Section 6 hereof.

The Addendum to this Agreement, and any Annexes or Exhibits described in this Agreement or such Addendum, are hereby incorporated into this Agreement and made fully a part hereof.

Section 1. Offers, Sales and Resales of Notes.

1.1 While (i) the Issuer has and shall have no obligation to sell the Notes to the Dealer or to permit the Dealer to arrange any sale of the Notes for the account of the Issuer, and (ii) the Dealer has and shall have no obligation to purchase the Notes from the Issuer or to arrange any sale of the Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases Notes from the Issuer, or arranges for the sale of Notes by the Issuer, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein.

1.2 So long as this Agreement shall remain in effect, and in addition to the limitations contained in Section 1.7 hereof, the Issuer shall not, without the consent of the Dealer, offer, solicit or accept offers to purchase, or sell, any Notes except in transactions with one or more dealers which may from time to time after the date hereof become dealers with respect to the Notes by executing with the Issuer one or more agreements which contain provisions substantially identical to those contained in Section 1 of this Agreement, of which the Issuer hereby undertakes to provide the Dealer prompt notice. In no event shall the Issuer offer, solicit or accept offers to purchase, or sell, any Notes directly on its own behalf in transactions with persons other than broker-dealers as specifically permitted in this Section 1.2.

1.3 The Notes shall be in a minimum denomination of \$250,000 or integral multiples of \$1,000 in excess thereof, will bear such interest rates and will be sold at such discount from their face amounts, as shall be agreed upon by the Dealer and the Issuer, shall have a maturity not exceeding 366 days from the date of issuance (exclusive of days of grace). The Notes shall not contain any provision for extension, renewal or automatic "rollover".

1.4 The authentication and issuance of, and payment for, the Notes shall be effected in accordance with the Issuing and Paying Agency Agreement, and the Notes shall be either individual physical certificates or book-entry notes evidenced by a Master Note registered in the name of DTC or its nominee, in the form or forms annexed to the Issuing and Paying Agency Agreement.

1.5 If the Issuer and the Dealer shall agree on the terms of the purchase of any Note by the Dealer or the sale of any Note arranged by the Dealer (including, but not limited to, agreement with respect to the date of issue, purchase price, principal amount, maturity and interest rate and discount thereof and appropriate compensation for the Dealer's services hereunder) pursuant to this Agreement, the Issuer shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement and payment for such Note shall be made by the purchaser thereof, either directly or through the Dealer, to the Issuing and Paying Agent, for the account of the Issuer. Except as otherwise agreed, in the event that the Dealer is acting as an agent and a purchaser shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement, the Dealer shall promptly notify the Issuer, and if the Dealer has theretofore paid the Issuer for the Note, the Issuer will promptly return such funds to the Dealer against its return of the Note to the Issuer, in the case of a certificated Note, and upon notice of such failure in the case of a book-entry Note. If such failure occurred for any reason other than default by the Dealer, the Issuer shall reimburse the Dealer on an equitable basis for the Dealer's loss of the use of such funds for the period such funds were credited to the Issuer's account.

1.6 The Dealer and the Issuer hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

(a) Offers and sales of the Notes by or through the Dealer shall be made only to: (i) investors reasonably believed by the Dealer to be Qualified Institutional Buyers or Institutional Accredited Investors and (ii) non-bank fiduciaries or agents that will be purchasing Notes for one or more accounts, each of which is reasonably believed by the Dealer to be an Institutional Accredited Investor.

(b) Resales and other transfers of the Notes by the holders thereof shall be made only in accordance with the restrictions in the legend described in clause (e) below.

(c) No general solicitation or general advertising shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the Dealer, the Issuer shall not issue any press release or place or publish any "tombstone" or other advertisement relating to the Notes.

(d) No sale of Notes to any one purchaser shall be for less than \$250,000 principal or face amount, and no Note shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom such purchaser is acting must purchase at least \$250,000 principal or face amount of Notes.

(e) Offers and sales of the Notes by the Issuer through the Dealer acting as agent for the Issuer shall be made in accordance with Section 4(2) of the Securities Act, and shall be subject to the restrictions described in the legend appearing on Exhibit A hereto. A legend substantially to the effect of such Exhibit A shall appear as part of the Private Placement Memorandum used in connection with offers and sales of Notes

hereunder, as well as on each individual certificate representing a Note and each Master Note representing book-entry Notes offered and sold pursuant to this Agreement.

(f) The Dealer shall furnish or shall have furnished to each purchaser of Notes for which it has acted as the Dealer a copy of the then-current Private Placement Memorandum unless such purchaser has previously received a copy of the Private Placement Memorandum as then in effect. The Private Placement Memorandum shall expressly state that any person to whom Notes are offered shall have an opportunity to ask questions of, and receive information from, the Issuer and the Dealer and shall provide the names, addresses and telephone numbers of the persons from whom information regarding the Issuer may be obtained.

(g) The Issuer agrees, for the benefit of the Dealer and each of the holders and prospective purchasers from time to time of the Notes that, if at any time the Issuer shall not be subject to Section 13 or 15(d) of the Exchange Act, the Issuer will furnish, upon request and at its expense, to the Dealer and to holders and prospective purchasers of Notes information required by Rule 144A(d) (4) (i) in compliance with Rule 144A(d).

(h) In the event that any Note offered or to be offered by the Dealer would be ineligible for resale under Rule 144A, the Issuer shall immediately notify the Dealer (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Dealer an amendment or supplement to the Private Placement Memorandum describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

1.7 The Issuer hereby represents and warrants to the Dealer, in connection with offers, sales and resales of Notes, as follows:

(a) Issuer hereby confirms to the Dealer that within the preceding six months neither the Issuer nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof acting on behalf of the Issuer has offered or sold any Notes, or any substantially similar security of the Issuer (including, without limitation, medium-term notes issued by the Issuer), to, or solicited offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof. The Issuer also agrees that as long as the Notes are being offered for sale by the Dealer and the other dealers referred to in Section 1.2 hereof as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Issuer nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof (except as contemplated by Section 1.2 hereof) will offer the Notes or any substantially similar security of the Issuer for sale to, or solicit offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(2) of the Securities Act and shall survive any termination of this Agreement. The Issuer hereby represents and warrants that it has not taken or omitted to take, and will not take or omit to take, any action that would cause the offering and sale of Notes hereunder to be integrated with any

other offering of securities, whether such offering is made by the Issuer or some other party or parties.

(b) In the event that the Dealer purchases Notes as principal and does not resell such Notes on the day of such purchase, to the extent necessary to comply with Regulation T and the interpretations thereunder, the Dealer will sell such Notes either (i) only to offerees it reasonably believes to be QIBs or to QIBs it reasonably believes are acting for other QIBs, in each case in accordance with Rule 144A or (ii) in a manner which would not cause a violation of Regulation T and the interpretations thereunder.

Section 2. Representations and Warranties of Issuer.

The Issuer represents and warrants that:

2.1 The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all the requisite corporate power and authority to execute, deliver and perform its obligations under the Notes, this Agreement and the Issuing and Paying Agency Agreement.

2.2 This Agreement and the Issuing and Paying Agency Agreement have been duly authorized, executed and delivered by the Issuer and constitute legally valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and except as rights under this Agreement to indemnity and contribution may be limited by federal or state laws.

2.3 The Notes have been duly authorized, and when issued as provided in the Issuing and Paying Agency Agreement upon payment of the purchase price therefor as determined in accordance with this Agreement, will be duly and validly issued and will constitute legally valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.4 The offer and sale of Notes in the manner contemplated hereby do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 4(2) thereof, and no indenture in respect of the Notes is required to be qualified under the Trust Indenture Act of 1939, as amended.

2.5 The Notes will rank at least pari passu in right of payment with all other unsecured and unsubordinated indebtedness of the Issuer.

2.6 No consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the SEC, is required to authorize, or is otherwise required in connection with the execution, delivery or performance of, this Agreement, the Notes or the

Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes.

2.7 Neither the execution and delivery of this Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions hereof or thereof by the Issuer, will (i) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer, or (ii) violate or result in a breach or a default under any of the terms of the Issuer's charter documents or by-laws, any contract or instrument to which the Issuer is a party or by which it or its property is bound, or any law or regulation, or any order, writ, injunction or decree of any court or government instrumentality, to which the Issuer is subject or by which it or its property is bound, which breach or default might have a material adverse effect on the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under this Agreement, the Notes or the Issuing and Paying Agency Agreement.

2.8 There is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer or any of its subsidiaries that the Issuer would have been required to disclose in its 1934 Act reports and has not so disclosed.

2.9 The Issuer is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

2.10 Neither the Private Placement Memorandum nor the Company Information contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.11 Each (a) issuance of Notes by the Issuer hereunder and (b) amendment or supplement of the Private Placement Memorandum shall be deemed a representation and warranty by the Issuer to the Dealer, as of the date thereof, that, both before and after giving effect to such issuance and after giving effect to such amendment or supplement, (i) the representations and warranties given by the Issuer set forth above in this Section 2 remain true and correct on and as of such date as if made on and as of such date, (ii) in the case of an issuance of Notes, the Notes being issued on such date have been duly and validly issued and constitute legally valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and (iii) in the case of an issuance of Notes, since the date of the most recent Private Placement Memorandum, there has been no material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer which has not been disclosed to the Dealer in writing.

Section 3. Covenants and Agreements of Issuer.

The Issuer covenants and agrees that:

3.1 The Issuer will give the Dealer prompt notice (but in any event prior to any subsequent issuance of Notes hereunder) of any amendment to, modification of or waiver with respect to, the Notes or the Issuing and Paying Agency Agreement, including a complete copy of any such amendment, modification or waiver.

3.2 The Issuer shall, whenever there shall occur any change in the Issuer's condition (financial or otherwise), operations or business prospects or any development or occurrence in relation to the Issuer that would be material to holders of the Notes or potential holders of the Notes (including any downgrading or receipt of any notice of intended or potential downgrading or any review for potential change in the rating accorded any of the Issuer's securities by any nationally recognized statistical rating organization which has published a rating of the Notes), promptly, and in any event prior to any subsequent issuance of Notes hereunder, notify the Dealer (by telephone, confirmed in writing) of such change, development or occurrence.

3.3 The Issuer shall from time to time furnish to the Dealer such information as the Dealer may reasonably request, including, without limitation, any press releases or material provided by the Issuer to any national securities exchange or rating agency, regarding (i) the Issuer's operations and financial condition, (ii) the due authorization and execution of the Notes and (iii) the Issuer's ability to pay the Notes as they mature.

3.4 The Issuer will take all such action as the Dealer may reasonably request to ensure that each offer and each sale of the Notes will comply with any applicable state Blue Sky laws; provided, however, that the Issuer shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.5 The Issuer will comply with its obligations hereunder, under the Notes and under the Issuing and Paying Agency Agreement, at any time that any of the Notes are outstanding.

3.6 The Issuer shall not issue Notes hereunder unless, prior to the first issuance of Notes hereunder, the Dealer shall have received (a) an opinion of counsel to the Issuer, addressed to the Dealer, satisfactory in form and substance to the Dealer, (b) a copy of the executed Issuing and Paying Agency Agreement as then in effect, (c) a copy of resolutions adopted by the Board of Directors of the Issuer, satisfactory in form and substance to the Dealer and certified by the Secretary or similar officer of the Issuer, authorizing execution and delivery by the Issuer of this Agreement, the Issuing and Paying Agency Agreement and the Notes and consummation by the Issuer of the transactions contemplated hereby and thereby, (d) prior to the issuance of any Notes represented by a book-entry note registered in the name of DTC or its nominee, a copy of the executed Letter of Representations among the Issuer, the Issuing and Paying Agent and DTC and (e) such other certificates, opinions, letters and documents as the Dealer shall have reasonably requested.

3.7 The Issuer shall reimburse the Dealer for all of the Dealer's reasonable out-of-pocket expenses related to this Agreement, including expenses incurred in connection with its preparation and negotiation, and the transactions contemplated hereby (including, but not limited to, the printing and distribution of the Private Placement Memorandum), and, if applicable, for the reasonable fees and out-of-pocket expenses of the Dealer's counsel.

Section 4. Disclosure.

4.1 The Private Placement Memorandum and its contents (other than the Dealer Information) shall be the sole responsibility of the Issuer. The Private Placement Memorandum shall contain a statement expressly offering an opportunity for each prospective purchaser to ask questions of, and receive answers from, the Issuer concerning the offering of Notes and to obtain relevant additional information which the Issuer possesses or can acquire without unreasonable effort or expense.

4.2 The Issuer agrees to promptly furnish the Dealer the Company Information as it becomes available.

4.3 (a) The Issuer further agrees to notify the Dealer promptly upon the occurrence of any event relating to or affecting the Issuer that would cause the Company Information then in existence to include an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

(b) In the event that the Issuer gives the Dealer notice pursuant to Section 4.3(a) and the Dealer notifies the Issuer that it then has Notes it is holding in inventory, the Issuer agrees promptly to supplement or amend the Private Placement Memorandum so that the Private Placement Memorandum, as amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer shall make such supplement or amendment available to the Dealer.

(c) In the event that (i) the Issuer gives the Dealer notice pursuant to Section 4.3(a), (ii) the Dealer does not notify the Issuer that it is then holding Notes in inventory and (iii) the Issuer chooses not to promptly amend or supplement the Private Placement Memorandum in the manner described in clause (b) above, then all solicitations and sales of Notes shall be suspended until such time as the Issuer has so amended or supplemented the Private Placement Memorandum, and made such amendment or supplement available to the Dealer.

Section 5. Indemnification and Contribution.

5.1 The Issuer will indemnify and hold harmless the Dealer, each individual, corporation, partnership, trust, association or other entity controlling the Dealer, any affiliate of the Dealer or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages,

claims, costs and expenses (including, without limitation, reasonable fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that the Private Placement Memorandum, the Company Information or any information provided by the Issuer to the Dealer included (as of any relevant time) or includes an untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) arising out of or based upon the breach by the Issuer of any agreement, covenant or representation made in or pursuant to this Agreement. This indemnification shall not apply to the extent that the Claim arises out of or is based upon Dealer Information.

5.2 Provisions relating to claims made for indemnification under this Section 5 are set forth on Exhibit B to this Agreement.

5.3 In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 5 is held to be unavailable or insufficient to hold harmless the Indemnitees, although applicable in accordance with the terms of this Section 5, the Issuer shall contribute to the aggregate costs incurred by the Dealer in connection with any Claim in the proportion of the respective economic interests of the Issuer and the Dealer; provided, however, that such contribution by the Issuer shall be in an amount such that the aggregate costs incurred by the Dealer do not exceed the aggregate of the commissions and fees earned by the Dealer hereunder with respect to the issue or issues of Notes to which such Claim relates. The respective economic interests shall be calculated by reference to the aggregate proceeds to the Issuer of the Notes issued hereunder and the aggregate commissions and fees earned by the Dealer hereunder.

Section 6. Definitions.

6.1 "Claim" shall have the meaning set forth in Section 5.1.

6.2 "Company Information" at any given time shall mean the Private Placement Memorandum together with, to the extent applicable, (i) the Issuer's most recent report on Form 10-K filed with the SEC and each report on Form 10-Q or 8-K filed by the Issuer with the SEC since the most recent Form 10-K, (ii) the Issuer's most recent annual audited financial statements and each interim financial statement or report prepared subsequent thereto, if not included in item (i) above, (iii) the Issuer's and its affiliates' other publicly available recent reports, including, but not limited to, any publicly available filings or reports provided to their respective shareholders, (iv) any other information or disclosure prepared pursuant to Section 4.3 hereof and (v) any information prepared or approved by the Issuer for dissemination to investors or potential investors in the Notes.

6.3 "Dealer Information" shall mean material concerning the Dealer provided by the Dealer in writing expressly for inclusion in the Private Placement Memorandum.

6.4 "DTC" shall mean The Depository Trust Company.

6.5 "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended.

6.6 "Indemnitee" shall have the meaning set forth in Section 5.1.

6.7 "Institutional Accredited Investor" shall mean an institutional investor that is an accredited investor within the meaning of Rule 501 under the Securities Act and that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the economic risk of an investment in the Notes, including, but not limited to, a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

6.8 "Issuing and Paying Agency Agreement" shall mean the issuing and paying agency agreement described on the cover page of this Agreement, as such agreement may be amended or supplemented from time to time.

6.9 "Issuing and Paying Agent" shall mean the party designated as such on the cover page of this Agreement, as issuing and paying agent under the Issuing and Paying Agency Agreement, or any successor thereto in accordance with the Issuing and Paying Agency Agreement.

6.10 "Non-bank fiduciary or agent" shall mean a fiduciary or agent other than (a) a bank, as defined in Section 3(a)(2) of the Securities Act, or (b) a savings and loan association, as defined in Section 3(a)(5)(A) of the Securities Act.

6.11 "Private Placement Memorandum" shall mean offering materials prepared in accordance with Section 4 (including materials referred to therein or incorporated by reference therein) provided to purchasers and prospective purchasers of the Notes, and shall include amendments and supplements thereto which may be prepared from time to time in accordance with this Agreement (other than any amendment or supplement that has been completely superseded by a later amendment or supplement).

6.12 "Qualified Institutional Buyer" shall have the meaning assigned to that term in Rule 144A under the Securities Act.

6.13 "Rule 144A" shall mean Rule 144A under the Securities Act.

6.14 "SEC" shall mean the U.S. Securities and Exchange Commission.

6.15 "Securities Act" shall mean the U.S. Securities Act of 1933, as amended.

Section 7. General

7.1 Unless otherwise expressly provided herein, all notices under this Agreement to parties hereto shall be in writing and shall be effective when received at the address of the respective party set forth in the Addendum to this Agreement.

7.2 This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

7.3 The Issuer agrees that any suit, action or proceeding brought by the Issuer against the Dealer in connection with or arising out of this Agreement or the Notes or the offer and sale of the Notes shall be brought solely in the United States federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan. EACH OF THE DEALER AND THE ISSUER WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7.4 This Agreement may be terminated, at any time, by the Issuer, upon one business day's prior notice to such effect to the Dealer, or by the Dealer upon one business day's prior notice to such effect to the Issuer. Any such termination, however, shall not affect the obligations of the Issuer under Sections 3.7, 5 and 7.3 hereof or the respective representations, warranties, agreements, covenants, rights or responsibilities of the parties made or arising prior to the termination of this Agreement.

7.5 This Agreement is not assignable by either party hereto without the written consent of the other party; provided, however, that the Dealer may assign its rights and obligations under this Agreement to any affiliate of the Dealer.

7.6 This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

7.7 This Agreement is for the exclusive benefit of the parties hereto, and their respective permitted successors and assigns hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

Avery Dennison Corporation, as Issuer

By: /s/ Robert M. Calderoni

Name: Robert M. Calderoni
Title: Senior Vice President, Finance
and Chief Financial Officer

Goldman, Sachs & Co., as Dealer

By: /s/ W.R. Harrison

Authorized Signatory

EXTENDIBLE COMMERCIAL NOTES DEALER AGREEMENT
[4(2) PROGRAM]

between

Avery Dennison Corporation, as Issuer

and

Goldman, Sachs & Co., as Dealer

Concerning Notes to be issued pursuant to an
Issuing and Paying Agency Agreement
dated as of June 23, 1999
between the Issuer and
Citibank, N.A., as Issuing and Paying Agent

Dated as of

June 23, 1999

EXTENDIBLE COMMERCIAL NOTES DEALER AGREEMENT
[4(2) Program]

This agreement ("Agreement") sets forth the understandings between the Issuer and the Dealer, each named on the cover page hereof, in connection with the issuance and sale by the Issuer of its short-term extendible commercial notes (the "Notes") through the Dealer.

Certain terms used in this Agreement are defined in Section 6 hereof.

The Addendum to this Agreement, and any Annexes or Exhibits described in this Agreement or such Addendum, are hereby incorporated into this Agreement and made fully a part hereof.

Section 1. Offers, Sales and Resales of Notes.

1.1 While (i) the Issuer has and shall have no obligation to sell the Notes to the Dealer or to permit the Dealer to arrange any sale of the Notes for the account of the Issuer, and (ii) the Dealer has and shall have no obligation to purchase the Notes from the Issuer or to arrange any sale of the Notes for the account of the Issuer, the parties hereto agree that in any case where the Dealer purchases Notes from the Issuer, or arranges for the sale of Notes by the Issuer, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Issuer contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein.

1.2 So long as this Agreement shall remain in effect, and in addition to the limitations contained in Section 1.7 hereof, the Issuer shall not, without the consent of the Dealer, offer, solicit or accept offers to purchase, or sell, any Notes except in transactions with one or more dealers which may from time to time after the date hereof become dealers with respect to the Notes by executing with the Issuer one or more agreements which contain provisions substantially identical to those contained in Section 1 of this Agreement, of which the Issuer hereby undertakes to provide the Dealer prompt notice. In no event shall the Issuer offer, solicit or accept offers to purchase, or sell, any Notes directly on its own behalf in transactions with persons other than broker-dealers as specifically permitted in this Section 1.2.

1.3 The Notes shall be in a minimum denomination of \$250,000 or integral multiples of \$1,000 in excess thereof, will bear such interest rates and will be sold at such discount from their face amounts, as shall be agreed upon by the Dealer and the Issuer, shall have a maturity not exceeding 390 days from the date of issuance (exclusive of days of grace) and shall have such terms as attached as Exhibit C hereto and as specified in the Private Placement Memorandum. The Notes shall not contain any provision for extension, renewal or automatic "rollover".

1.4 The authentication and issuance of, and payment for, the Notes shall be effected in accordance with the Issuing and Paying Agency Agreement, and the Notes shall be either individual physical certificates or book-entry notes evidenced by a Master Note registered in the

name of DTC or its nominee, in the form or forms annexed to the Issuing and Paying Agency Agreement.

1.5 If the Issuer and the Dealer shall agree on the terms of the purchase of any Note by the Dealer or the sale of any Note arranged by the Dealer (including, but not limited to, agreement with respect to the date of issue, purchase price, principal amount, maturity and interest rate and discount thereof and appropriate compensation for the Dealer's services hereunder) pursuant to this Agreement, the Issuer shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement and payment for such Note shall be made by the purchaser thereof, either directly or through the Dealer, to the Issuing and Paying Agent, for the account of the Issuer. Except as otherwise agreed, in the event that the Dealer is acting as an agent and a purchaser shall either fail to accept delivery of or make payment for a Note on the date fixed for settlement, the Dealer shall promptly notify the Issuer, and if the Dealer has theretofore paid the Issuer for the Note, the Issuer will promptly return such funds to the Dealer against its return of the Note to the Issuer, in the case of a certificated Note, and upon notice of such failure in the case of a book-entry Note. If such failure occurred for any reason other than default by the Dealer, the Issuer shall reimburse the Dealer on an equitable basis for the Dealer's loss of the use of such funds for the period such funds were credited to the Issuer's account.

1.6 The Dealer and the Issuer hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

(a) Offers and sales of the Notes by or through the Dealer shall be made only to: (i) investors reasonably believed by the Dealer to be Qualified Institutional Buyers or Institutional Accredited Investors and (ii) non-bank fiduciaries or agents that will be purchasing Notes for one or more accounts, each of which is reasonably believed by the Dealer to be an Institutional Accredited Investor.

(b) Resales and other transfers of the Notes by the holders thereof shall be made only in accordance with the restrictions in the legend described in clause (e) below.

(c) No general solicitation or general advertising shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the Dealer, the Issuer shall not issue any press release or place or publish any "tombstone" or other advertisement relating to the Notes.

(d) No sale of Notes to any one purchaser shall be for less than \$250,000 principal or face amount, and no Note shall be issued in a smaller principal or face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom such purchaser is acting must purchase at least \$250,000 principal or face amount of Notes.

(e) Offers and sales of the Notes by the Issuer through the Dealer acting as agent for the Issuer shall be made in accordance with Section 4(2) of the Securities Act, and shall be subject to the restrictions described in the legend appearing on Exhibit A

hereto. A legend substantially to the effect of such Exhibit A shall appear as part of the Private Placement Memorandum used in connection with offers and sales of Notes hereunder, as well as on each individual certificate representing a Note and each Master Note representing book-entry Notes offered and sold pursuant to this Agreement.

(f) The Dealer shall furnish or shall have furnished to each purchaser of Notes for which it has acted as the Dealer a copy of the then-current Private Placement Memorandum unless such purchaser has previously received a copy of the Private Placement Memorandum as then in effect. The Private Placement Memorandum shall expressly state that any person to whom Notes are offered shall have an opportunity to ask questions of, and receive information from, the Issuer and the Dealer and shall provide the names, addresses and telephone numbers of the persons from whom information regarding the Issuer may be obtained.

(g) The Issuer agrees, for the benefit of the Dealer and each of the holders and prospective purchasers from time to time of the Notes that, if at any time the Issuer shall not be subject to Section 13 or 15(d) of the Exchange Act, the Issuer will furnish, upon request and at its expense, to the Dealer and to holders and prospective purchasers of Notes information required by Rule 144A(d)(4)(i) in compliance with Rule 144A(d).

(h) In the event that any Note offered or to be offered by the Dealer would be ineligible for resale under Rule 144A, the Issuer shall immediately notify the Dealer (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Dealer an amendment or supplement to the Private Placement Memorandum describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

1.7 The Issuer hereby represents and warrants to the Dealer, in connection with offers, sales and resales of Notes, as follows:

(a) Issuer hereby confirms to the Dealer that within the preceding six months neither the Issuer nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof acting on behalf of the Issuer has offered or sold any Notes, or any substantially similar security of the Issuer (including, without limitation, medium-term notes issued by the Issuer), to, or solicited offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof. The Issuer also agrees that as long as the Notes are being offered for sale by the Dealer and the other dealers referred to in Section 1.2 hereof as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Issuer nor any person other than the Dealer or the other dealers referred to in Section 1.2 hereof (except as contemplated by Section 1.2 hereof) will offer the Notes or any substantially similar security of the Issuer for sale to, or solicit offers to buy any such security from, any person other than the Dealer or the other dealers referred to in Section 1.2 hereof, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(2) of the Securities Act and shall survive any termination of this Agreement. The Issuer hereby represents and

warrants that it has not taken or omitted to take, and will not take or omit to take, any action that would cause the offering and sale of Notes hereunder to be integrated with any other offering of securities, whether such offering is made by the Issuer or some other party or parties.

(b) In the event that the Dealer purchases Notes as principal and does not resell such Notes on the day of such purchase, to the extent necessary to comply with Regulation T and the interpretations thereunder, the Dealer will sell such Notes either (i) only to offerees it reasonably believes to be QIBs or to QIBs it reasonably believes are acting for other QIBs, in each case in accordance with Rule 144A or (ii) in a manner which would not cause a violation of Regulation T and the interpretations thereunder.

Section 2. Representations and Warranties of Issuer.

The Issuer represents and warrants that:

2.1 The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all the requisite corporate power and authority to execute, deliver and perform its obligations under the Notes, this Agreement and the Issuing and Paying Agency Agreement.

2.2 This Agreement and the Issuing and Paying Agency Agreement have been duly authorized, executed and delivered by the Issuer and constitute legally valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and except as rights under this Agreement to indemnity and contribution may be limited by federal or state laws.

2.3 The Notes have been duly authorized, and when issued as provided in the Issuing and Paying Agency Agreement upon payment of the purchase price therefor as determined in accordance with this Agreement, will be duly and validly issued and will constitute legally valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.4 The offer and sale of Notes in the manner contemplated hereby do not require registration of the Notes under the Securities Act, pursuant to the exemption from registration contained in Section 4(2) thereof, and no indenture in respect of the Notes is required to be qualified under the Trust Indenture Act of 1939, as amended.

2.5 The Notes will rank at least pari passu in right of payment with all other unsecured and unsubordinated indebtedness of the Issuer.

2.6 No consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the SEC, is required to authorize, or is otherwise required in connection with the execution, delivery or performance of, this Agreement, the Notes or the Issuing and Paying Agency Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Notes.

2.7 Neither the execution and delivery of this Agreement and the Issuing and Paying Agency Agreement, nor the issuance of the Notes in accordance with the Issuing and Paying Agency Agreement, nor the fulfillment of or compliance with the terms and provisions hereof or thereof by the Issuer, will (i) result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer, or (ii) violate or result in a breach or a default under any of the terms of the Issuer's charter documents or by-laws, any contract or instrument to which the Issuer is a party or by which it or its property is bound, or any law or regulation, or any order, writ, injunction or decree of any court or government instrumentality, to which the Issuer is subject or by which it or its property is bound, which breach or default might have a material adverse effect on the condition (financial or otherwise), operations or business prospects of the Issuer or the ability of the Issuer to perform its obligations under this Agreement, the Notes or the Issuing and Paying Agency Agreement.

2.8 There is no litigation or governmental proceeding pending, or to the knowledge of the Issuer threatened, against or affecting the Issuer or any of its subsidiaries that the Issuer would have been required to disclose in its 1934 Act reports and has not so disclosed.

2.9 The Issuer is not an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act").

2.10 Neither the Private Placement Memorandum nor the Company Information contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.11 Each (a) issuance of Notes by the Issuer hereunder and (b) amendment or supplement of the Private Placement Memorandum shall be deemed a representation and warranty by the Issuer to the Dealer, as of the date thereof, that, both before and after giving effect to such issuance and after giving effect to such amendment or supplement, (i) the representations and warranties given by the Issuer set forth above in this Section 2 remain true and correct on and as of such date as if made on and as of such date, (ii) in the case of an

issuance of Notes, the Notes being issued on such date have been duly and validly issued and constitute legally valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and (iii) in the case of an issuance of Notes, since the date of the most recent Private Placement Memorandum, there has been no material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer which has not been disclosed to the Dealer in writing.

Section 3. Covenants and Agreements of Issuer.

The Issuer covenants and agrees that:

3.1 The Issuer will give the Dealer (i) prompt notice (but in any event prior to any subsequent issuance of Notes hereunder) of any amendment to, modification of or waiver with respect to, the Notes or the Issuing and Paying Agency Agreement, including a complete copy of any such amendment, modification or waiver, (ii) in the event it elects not to redeem any Notes on the applicable Initial Redemption Date (as defined in the Private Placement Memorandum), written notice of such election by 11:00 a.m. on such Initial Redemption Date, and (iii) not less than five nor more than 25 days' notice of any proposed redemption of the Notes.

3.2 The Issuer shall, whenever there shall occur any change in the Issuer's condition (financial or otherwise), operations or business prospects or any development or occurrence in relation to the Issuer that would be material to holders of the Notes or potential holders of the Notes (including any downgrading or receipt of any notice of intended or potential downgrading or any review for potential change in the rating accorded any of the Issuer's securities by any nationally recognized statistical rating organization which has published a rating of the Notes), promptly, and in any event prior to any subsequent issuance of Notes hereunder, notify the Dealer (by telephone, confirmed in writing) of such change, development or occurrence.

3.3 The Issuer shall from time to time furnish to the Dealer such information as the Dealer may reasonably request, including, without limitation, any press releases or material provided by the Issuer to any national securities exchange or rating agency, regarding (i) the Issuer's operations and financial condition, (ii) the due authorization and execution of the Notes and (iii) the Issuer's ability to pay the Notes as they mature.

3.4 The Issuer will take all such action as the Dealer may reasonably request to ensure that each offer and each sale of the Notes will comply with any applicable state Blue Sky laws; provided, however, that the Issuer shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified or subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.5 The Issuer will comply with its obligations hereunder, under the Notes and under the Issuing and Paying Agency Agreement, at any time that any of the Notes are outstanding.

3.6 The Issuer shall not issue Notes hereunder unless, prior to the first issuance of Notes hereunder, the Dealer shall have received (a) an opinion of counsel to the Issuer, addressed to the Dealer, satisfactory in form and substance to the Dealer, (b) a copy of the executed Issuing and Paying Agency Agreement as then in effect, (c) a copy of resolutions adopted by the Board of Directors of the Issuer, satisfactory in form and substance to the Dealer and certified by the Secretary or similar officer of the Issuer, authorizing execution and delivery by the Issuer of this Agreement, the Issuing and Paying Agency Agreement and the Notes and consummation by the Issuer of the transactions contemplated hereby and thereby, (d) prior to the issuance of any Notes represented by a book-entry note registered in the name of DTC or its nominee, a copy of the executed Letter of Representations among the Issuer, the Issuing and Paying Agent and DTC and (e) such other certificates, opinions, letters and documents as the Dealer shall have reasonably requested.

3.7 The Issuer shall reimburse the Dealer for all of the Dealer's reasonable out-of-pocket expenses related to this Agreement, including expenses incurred in connection with its preparation and negotiation, and the transactions contemplated hereby (including, but not limited to, the printing and distribution of the Private Placement Memorandum), and, if applicable, for the reasonable fees and out-of-pocket expenses of the Dealer's counsel.

Section 4. Disclosure.

4.1 The Private Placement Memorandum and its contents (other than the Dealer Information) shall be the sole responsibility of the Issuer. The Private Placement Memorandum shall contain a statement expressly offering an opportunity for each prospective purchaser to ask questions of, and receive answers from, the Issuer concerning the offering of Notes and to obtain relevant additional information which the Issuer possesses or can acquire without unreasonable effort or expense.

4.2 The Issuer agrees to promptly furnish the Dealer the Company Information as it becomes available.

4.3 (a) The Issuer further agrees to notify the Dealer promptly upon the occurrence of any event relating to or affecting the Issuer that would cause the Company Information then in existence to include an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

(b) In the event that the Issuer gives the Dealer notice pursuant to Section 4.3(a) and the Dealer notifies the Issuer that it then has Notes it is holding in inventory, the Issuer agrees promptly to supplement or amend the Private Placement Memorandum so that the Private Placement Memorandum, as amended or supplemented, shall not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer shall make such supplement or amendment available to the Dealer.

(c) In the event that (i) the Issuer gives the Dealer notice pursuant to Section 4.3(a), (ii) the Dealer does not notify the Issuer that it is then holding Notes in inventory and (iii) the Issuer chooses not to promptly amend or supplement the Private Placement Memorandum in the manner described in clause (b) above, then all solicitations and sales of Notes shall be suspended until such time as the Issuer has so amended or supplemented the Private Placement Memorandum, and made such amendment or supplement available to the Dealer.

Section 5. Indemnification and Contribution.

5.1 The Issuer will indemnify and hold harmless the Dealer, each individual, corporation, partnership, trust, association or other entity controlling the Dealer, any affiliate of the Dealer or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, servants, trustees and agents (hereinafter the "Indemnitees") against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, reasonable fees and disbursements of counsel) or judgments of whatever kind or nature (each a "Claim"), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that the Private Placement Memorandum, the Company Information or any information provided by the Issuer to the Dealer included (as of any relevant time) or includes an untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (ii) arising out of or based upon the breach by the Issuer of any agreement, covenant or representation made in or pursuant to this Agreement. This indemnification shall not apply to the extent that the Claim arises out of or is based upon Dealer Information.

5.2 Provisions relating to claims made for indemnification under this Section 5 are set forth on Exhibit B to this Agreement.

5.3 In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 5 is held to be unavailable or insufficient to hold harmless the Indemnitees, although applicable in accordance with the terms of this Section 5, the Issuer shall contribute to the aggregate costs incurred by the Dealer in connection with any Claim in the proportion of the respective economic interests of the Issuer and the Dealer; provided, however, that such contribution by the Issuer shall be in an amount such that the aggregate costs incurred by the Dealer do not exceed the aggregate of the commissions and fees earned by the Dealer hereunder with respect to the issue or issues of Notes to which such Claim relates. The respective economic interests shall be calculated by reference to the aggregate proceeds to the Issuer of the Notes issued hereunder and the aggregate commissions and fees earned by the Dealer hereunder.

Section 6. Definitions.

6.1 "Claim" shall have the meaning set forth in Section 5.1.

6.2 "Company Information" at any given time shall mean the Private Placement Memorandum together with, to the extent applicable, (i) the Issuer's most recent report on Form 10-K filed with the SEC and each report on Form 10-Q or 8-K filed by the Issuer with the SEC since the most recent Form 10-K, (ii) the Issuer's most recent annual audited financial statements and each interim financial statement or report prepared subsequent thereto, if not included in item (i) above, (iii) the Issuer's and its affiliates' other publicly available recent reports, including, but not limited to, any publicly available filings or reports provided to their respective shareholders, (iv) any other information or disclosure prepared pursuant to Section 4.3 hereof and (v) any information prepared or approved by the Issuer for dissemination to investors or potential investors in the Notes.

6.3 "Dealer Information" shall mean material concerning the Dealer provided by the Dealer in writing expressly for inclusion in the Private Placement Memorandum.

6.4 "DTC" shall mean The Depository Trust Company.

6.5 "Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended.

6.6 "Indemnitee" shall have the meaning set forth in Section 5.1.

6.7 "Institutional Accredited Investor" shall mean an institutional investor that is an accredited investor within the meaning of Rule 501 under the Securities Act and that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the economic risk of an investment in the Notes, including, but not limited to, a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity.

6.8 "Issuing and Paying Agency Agreement" shall mean the issuing and paying agency agreement described on the cover page of this Agreement, as such agreement may be amended or supplemented from time to time.

6.9 "Issuing and Paying Agent" shall mean the party designated as such on the cover page of this Agreement, as issuing and paying agent under the Issuing and Paying Agency Agreement, or any successor thereto in accordance with the Issuing and Paying Agency Agreement.

6.10 "Non-bank fiduciary or agent" shall mean a fiduciary or agent other than (a) a bank, as defined in Section 3(a)(2) of the Securities Act, or (b) a savings and loan association, as defined in Section 3(a)(5)(A) of the Securities Act.

6.11 "Private Placement Memorandum" shall mean offering materials prepared in accordance with Section 4 (including materials referred to therein or incorporated by reference therein) provided to purchasers and prospective purchasers of the Notes, and shall include amendments and supplements thereto which may be prepared from time to time in accordance with this Agreement (other than any amendment or supplement that has been completely superseded by a later amendment or supplement).

6.12 "Qualified Institutional Buyer" shall have the meaning assigned to that term in Rule 144A under the Securities Act.

6.13 "Rule 144A" shall mean Rule 144A under the Securities Act.

6.14 "SEC" shall mean the U.S. Securities and Exchange Commission.

6.15 "Securities Act" shall mean the U.S. Securities Act of 1933, as amended.

Section 7. General

7.1 Unless otherwise expressly provided herein, all notices under this Agreement to parties hereto shall be in writing and shall be effective when received at the address of the respective party set forth in the Addendum to this Agreement.

7.2 This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions.

7.3 The Issuer agrees that any suit, action or proceeding brought by the Issuer against the Dealer in connection with or arising out of this Agreement or the Notes or the offer and sale of the Notes shall be brought solely in the United States federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan. EACH OF THE DEALER AND THE ISSUER WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7.4 This Agreement may be terminated, at any time, by the Issuer, upon one business day's prior notice to such effect to the Dealer, or by the Dealer upon one business day's prior notice to such effect to the Issuer. Any such termination, however, shall not affect the obligations of the Issuer under Sections 3.7, 5 and 7.3 hereof or the respective representations, warranties, agreements, covenants, rights or responsibilities of the parties made or arising prior to the termination of this Agreement.

7.5 This Agreement is not assignable by either party hereto without the written consent of the other party; provided, however, that the Dealer may assign its rights and obligations under this Agreement to any affiliate of the Dealer.

7.6 This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

7.7 This Agreement is for the exclusive benefit of the parties hereto, and their respective permitted successors and assigns hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

Avery Dennison Corporation, as Issuer

By: /s/ Robert M. Calderoni

Name: Robert M. Calderoni
Title: Senior Vice President,
Finance and Chief
Financial Officer

Goldman, Sachs & Co., as Dealer

By: /s/ W.R. Harrison

Authorized Signatory

COMMERCIAL PAPER ISSUING AND PAYING AGENT
AGREEMENT

Agreement, dated as of June __, 1999, between Citibank, N.A., a national banking association, having an office at 111 Wall Street, 5/th/ Floor, New York, New York 10005 Attention: Global Agency & Trust Services ("Citibank") and Avery Dennison Corporation, a corporation organized under the laws of the State of Delaware, having an office at 150 North Orange Grove Boulevard, Pasadena, California 91103 (the "Company").

WITNESSETH:

THAT WHEREAS, the Company wishes to appoint Citibank as its agent in connection with the issuance and payment of its short-term promissory notes described below and Citibank wishes to accept such appointment, each on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the agreements hereinafter set forth, the parties hereby agree as follows:

Section 1. Appointment and Acceptance

The Company hereby appoints Citibank as its agent for the Company in connection with the issuance and payment of Notes (as defined below), and Citibank agrees to act as such upon the terms and conditions set forth in this Agreement.

Section 2. Form of Notes

The Company's short-term promissory notes to be issued by the Company hereunder shall mean promissory notes of the Company, offered for sale in a transaction which is exempt from registration under Section 4(2) of the Securities Act of 1933, as amended (the "1933 Act"), and having maturities of 390 days (or the following business day) or less, and will be book-entry notes only represented by a master note issued by the Company in connection with the book-entry commercial paper program of The Depository Trust Company ("DTC") or other depository (book-entry notes herein called the "Notes" and individually a "Note").

Section 3. Issuance of Notes; Authorized Agents

- (A) Pursuant to the Citi Treasury Manager ("CTM") Agreement with Citibank, Citibank will accept issuance and payment instructions for the Notes through CTM from certain officers, employees, dealers or others authorized to access

CTM (the "Authorized Agents"). Upon receipt of such instructions, the following will occur:

If an Authorized Agent specifies that a Note shall be issued in book-entry form represented by a Master Note, the Authorized Agent shall transmit its instructions through CTM in accordance with the standard prevailing book-entry Note program procedures of the DTC. The release by the Authorized Agent of its issuance instructions to the DTC shall constitute the issuance of a book-entry Note.

(B) The Company shall not instruct Citibank to issue any Note with a maturity date which is to the Company's best knowledge a day on which Citibank's or, the appropriate depository's offices in New York, New York will not be open for business, However, Extendible Commercial Notes ("ECNs") shall have maturities of 390 days (or the following business day) or less.

(C) The Company, or in the case of its Dealers, the Dealer, will supply Citibank with an incumbency certificate listing the names of the Authorized Agents together with specimens of their signatures. Until Citibank receives a subsequent incumbency certificate from the Company or the dealer, as the case may be, Citibank shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Authorized Agents.

Section 4. Delivery of Notes and Payment for Note

(A) All Notes shall be delivered in accordance with DTC rules.

(B) All funds received in payment for Notes are to be credited to the Company's Account No. 0008-1584 at Citibank.

(C) All funds received in payment for Extendible Commercial Notes are to be credited to the Company's account No. 4079-9371 at Citibank.

Section 5. Payment of Notes at Maturity

Citibank agrees to effect payment on the Company's behalf by debiting the Company's Account maintained with Citibank in the amount of the face value amount of such Note, plus interest, if applicable, and to enter appropriate notations of payment. The Company agrees to maintain a sufficient credit balance in said account to pay each Note at maturity.

The Company acknowledges that nothing in this Agreement shall obligate Citibank to extend credit, grant financial accommodation or otherwise advance funds to the Company for the purpose of making any such payments or part thereof otherwise effecting such transactions.

Section 6. Instructions

(A) The Company understands that all instructions, whether by telephone or in writing, are to be directed to Citibank's Global Agency & Trust Services Department. Instructions transmitted through computer terminals (including CTM) or facsimile shall be considered written instructions for the purpose of this Agreement.

(B) All instructions with respect to the issuance of Notes must be given via computer terminal (including CTM) by 1:00 p.m. New York time, unless such computer terminal is not operable in which event Company may give facsimile instructions.

(C) Facsimile or telephone prepayment instructions and cancellation of a previous issuance instruction will be accepted for bookentry issuances from an Authorized Agent if received by Citibank by 2:00 p.m. and, in the case of facsimile instructions, only after a confirming telephone call back to another Authorized Agent of the entity who gave the instruction. Telephone instructions may be subject to recording.

(D) If Citibank acts on any instruction sent by telephone or facsimile, Citibank shall not, provided it complies with this Section 6, and reasonably believes such instruction to have come from an Authorized Agent, be responsible if that instruction is not an authorized instruction of the Company or is not in the form the Company sent or intended to send (whether due to fraud, distortion or otherwise), and the Company shall indemnify Citibank against any loss, liability claim or expense (including reasonable legal fees) it may incur in connection with its acting in accordance with that instruction.

Section 7. Citibank Authorized Representatives

Citibank shall supply the Company with an incumbency certificate listing the names of the officers and employees ("Authorized Representatives") together with specimens of their signatures.

Section 8. Representations and Warranties of the Company

(A) The Company represents and warrants as follows:

(i) The Company is a duly organized and validly existing corporation in good standing under the laws of the state of its incorporation and has the corporate power and authority to own its property, to carry on its business as presently being conducted, to execute and deliver this Agreement, and the Notes, and to perform and observe the conditions hereof and thereof.

(ii) This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes the legally valid and binding agreement of the Company, The issuance and sale of Notes by the Company hereunder have been duly and validly authorized by the Company and when authenticated and delivered by Citibank as provided in this Agreement, each Note will be the legal, valid and binding obligation of the Company.

(iii) The offer and sale by the Company of such Notes will constitute exempt transactions under Section 4(2) of the 1933 Act and, accordingly, registration of the Notes under the 1933 Act will not be required. Qualification of an indenture with respect to the Notes under the Trust Indenture Act of 1939, as amended, will not be required in connection with the offer, issuance, sale or delivery of the Notes.

(iv) No consent or action of, or filing or registration with, any governmental or public regulatory body or authority in the United States is required to authorize, or is otherwise required in connection with, the execution, delivery or performance of this Agreement or the Notes, except for any filings under state securities laws.

(B) Each issuance of Notes by the Company shall be deemed a representation and warranty by the Company to Citibank, as of the date thereof that, both before and after giving effect to such issuance the representations and warranties of the Company set forth in Section 8(A) hereof remain true and correct on and as of such date as if made on and as of such date (except to the extent such representations and warranties expressly relate solely to an earlier date).

Section 9. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflict of law provisions. Any claims made under this Agreement shall be heard and determined in the Federal or state courts located in the State of New York. The Company and Citibank hereby agree to submit to the jurisdiction of the Federal and state courts located in the State of New York for the resolution of any proceedings brought therein relating to claims arising from or in connection with this Agreement.

Section 10. Fees

The Company agrees to pay the fees and expenses for the services rendered under this Agreement as set forth on Schedule A hereto. Citibank reserves the right to increase such fees at any time and from time to time in its sole discretion. The Company will be provided thirty (30) days' advance notice of any prospective increase in fees.

Section 11. Indemnification

(A) Citibank shall indemnify and defend the Company and hold it harmless against any claim or action arising which alleges that the use of CTM, or any module of CTM, infringes a United States patent, copyright, trademark, trade secret or other proprietary right of a third person unless such alleged infringement shall have resulted from (i) a use of CTM or any module thereof not authorized by this Agreement, or (ii) a modification or alteration of CTM or any module thereof made by the Company without the express written authorization of Citibank. The Company agrees that it will notify

Citibank promptly in writing of any such claim and grants Citibank sole right to control the defense and disposition of such claim. If as a result of any such claim, Citibank or the Company is permanently enjoined from using CTM by a final, non-appealable decree, Citibank at its sole option and expense may procure for the Company the right to continue to use CTM or, at its sole option and expense, may replace or modify CTM so as to settle such claim. If modification of CTM is not reasonably practical in the sole opinion of Citibank, after giving due consideration to all factors including financial expense, Citibank may discontinue and terminate this Agreement upon 30 days written notice to the Company and shall refund to the Company all fees paid to Citibank under this Agreement plus any fees and expenses incurred as a result. Any other documents referencing CTM or the use thereof will thereafter be amended accordingly. The foregoing states the entire liability of Citibank with respect to infringement of any proprietary right by CTM.

(B) The Company will indemnify Citibank and hold Citibank harmless from any and all liabilities, losses, damages, costs, taxes, penalties, fees and expenses of any nature (including reasonable attorney fees) arising out of or in connection with Citibank's performance under this Agreement, except for costs, expenses, fees and liabilities arising out of Citibank's negligence or misconduct. This indemnity includes, but is not limited to, any action taken or omitted in good faith within the scope of this Agreement upon telephone instructions, if authorized herein, believed by Citibank in good faith to have been received from or given by any of the Authorized Agents.

(C) The Company agrees that neither Citibank nor any of its officers, employees, and agents shall be liable for any action, or omission to act, taken or made pursuant to this Agreement, except for negligence or misconduct. Citibank shall be liable to the Company for any loss or damage sustained by the Company as a result of the delivery of Notes by Citibank or its officers, employees, or agents in a manner other than as authorized herein.

(D) The indemnities provided by this Section 11 shall survive the termination of the Agreement.

Section 12. Assignment

This Agreement shall not be assignable by either party without the written consent of the other and any purported assignment made in contravention of this Section 12, shall be null and void and of no effect whatsoever. However, Citibank shall have the right to assign, transfer, or subcontract either in whole or in part, any of its rights or obligations under this Agreement to any affiliate of Citibank, upon at least 30 days' prior written notice to the Company.

Section 13. Force Majeure

Either party is excused from performance and shall not be liable for any delay in delivery or for nondelivery, in whole or in part, caused by the occurrence of any

contingency beyond the control of the party including, but not limited to, fires, civil disobedience, riots, rebellions, accident, explosion, flood, storm, Acts of God and similar occurrences.

Section 14. Termination

This Agreement may be terminated by either party upon 30 days' prior written notice to the other. Termination of this Agreement shall not affect the Company's liabilities to Citibank hereunder in connection with any Notes issued prior to such termination. Citibank shall have a continuing obligation to act on behalf of the Company in accordance with the terms and conditions of this Agreement with respect to Notes outstanding, as of the termination date, until such Notes have matured and been paid by the Company.

Section 15. Complete Agreement Counterparts

This Agreement, together with the Schedules attached hereto, constitutes the entire Agreement between the parties with respect to the subject matter hereof and superseded in all respects all prior proposals, negotiations, conversations, discussions and agreements between the parties concerning the subject matter hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

Section 16. Amendment

This Agreement may be amended only in writing signed by the parties hereto.

Section 17. Notices

Notices and other communications hereunder by telephone or documents, shall be addressed as follows:

To Citibank:
Citibank, N.A.
111 Wall Street
5th Floor
New York, New York 10005
Telephone Number: 212/657-7805
Facsimile Number: 212/657-3862

To Company:
Avery Dennison Corporation
150 North Orange Grove Boulevard
Pasadena, California 91103
Attention: J.K. Gain

Director, Treasury Operations
Telephone Number: 626-304-2004
Facsimile Number: 626-304-2319

IN WITNESS WHEREOF, the parties hereto, through their duly authorized officers,
have executed this Agreement as of the day and year set forth above.

COMPANY

CITIBANK, N.A.

By: _____ By: _____

Name: _____ Name: _____
(print) (print)

Title: _____ Title: _____

Date: _____ Date: _____