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 24, 2007
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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

Avery Dennison Corporation's news release dated July 24, 2007, regarding its preliminary, unaudited financial results for the second quarter of 2007, 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 24, 2007, regarding its preliminary financial review and analysis for the second quarter of 2007, 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 24, 2007, Avery Dennison Corporation issued a news release announcing its preliminary, unaudited financial results for the second quarter ending June 30, 2007, along with earnings guidance for the 2007 fiscal year.

99.2 On July 24, 2007, Avery Dennison Corporation provided a presentation regarding its preliminary financial review and analysis for the second quarter ending June 30, 2007, along with earnings guidance for the 2007 fiscal year.

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 fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions, including synergies expected from the integration of the Paxar business in the time and at the cost anticipated; foreign currency exchange rates; worldwide and local economic conditions; impact of competitive products and pricing; selling prices; impact of legal proceedings, including the Australian Competition and Consumer Commission investigation into industry competitive practices, and any related proceedings or lawsuits pertaining to these investigations or to the subject matter thereof or of the concluded investigations by the U.S. Department of Justice ("DOJ"), the European Commission, and the Canadian Department of Justice (including purported class actions seeking treble damages for alleged unlawful competitive practices, and a purported class action related to alleged disclosure and fiduciary duty violations pertaining to 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 based on issues in China; impact of epidemiological events on the economy and the Company's customers and suppliers; successful integration of acquisitions; financial condition and inventory strategies of customers; timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; and other matters referred to in the Company's SEC filings.

The Company believes that the most significant risk factors that could affect its ability to achieve its stated financial expectations in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products; (2) the impact of competitors' actions, including expansion in key markets, product offerings and pricing; (3) the degree to which higher raw material and energy-related costs can be passed on to customers through selling price increases (and previously implemented selling price increases can be sustained), without a significant loss of volume; (4) potential adverse developments in legal proceedings and/or investigations regarding competitive activities, including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions, including expected synergies associated with the Paxar integration.

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 28, 2007. 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 24, 2007	By: /s/ Daniel R. O'Bryant
	Name: Daniel R. O'Bryant
	Title: Executive Vice President, Finance and Chief Financial Officer

EXHIBIT LIST

Exhibit No.	Description
99.1	News release dated July 24, 2007.
99.2	Presentation dated July 24, 2007.

Exhibit 99.1

AVERY DENNISON REPORTS SECOND QUARTER 2007 EARNINGS

Highlights

- Reported net income per share of $0.87 for the second quarter, compared to $1.12 per share for last year
  - Adjusted earnings per share (EPS) of $1.02, up 3 percent, excluding the impact of discontinued operations, the Paxar acquisition, restructuring charges and other items
- Net sales of $1.52 billion, up 8.1 percent from the second quarter of 2006
  - Organic sales growth of approximately 2 percent
- Company completed acquisition of Paxar Corporation on June 15, 2007
  - Cost synergies expected to be higher and realized sooner than initial estimates
  - Annualized cost synergy target raised to $115-$125 million, from $90-$100 million
  - Estimated EPS accretion of $0.40-$0.50 in 2008 and $0.90-$1.00 when completed
- Company revised 2007 EPS outlook to $3.90-$4.10 including Paxar (before restructuring charges and integration costs)

PASADENA, Calif. — July 24, 2007 — Avery Dennison Corporation (NYSE:AVY) today reported net income of $85.8 million or $0.87 per share for the second quarter, compared to $112 million or $1.12 per share for the same period last year. Second quarter 2007 results included Paxar acquisition-related expenses, including software impairment charges, two weeks of operating results from Paxar and higher interest associated with the transaction. The net effect of the Paxar acquisition and other items reduced net income by approximately $0.15 per share for the quarter. Second quarter 2006 results included a net benefit of $0.13 per share related to discontinued operations, net of other items.

The Company reported adjusted earnings of $100.9 million or $1.02 per share for the second quarter of 2007, compared with $99.5 million or $0.99 per share for the same period last year. These adjusted results exclude the impact of discontinued operations, the Paxar acquisition, restructuring and asset impairment charges, and other items.

Net sales for the second quarter were $1.52 billion, an increase of 8.1 percent from $1.41 billion for the same quarter last year. Organic sales growth, which excludes the impact of acquisitions, divestitures and foreign currency translation, was 2 percent. This increase reflected higher unit volumes, partially offset by negative changes in pricing and product mix.

"Net income from continuing operations continued to grow during the second quarter, despite a relatively slow market for roll label materials in North America and a more competitive pricing environment," said Dean A. Scarborough, president and chief executive officer. "Most importantly, the North American roll label material business achieved its first positive volume comparisons in two years. The Company's earnings growth was below expectations, however, and we have lowered the earnings outlook for the year."

Avery Dennison completed the acquisition of Paxar on June 15, 2007 and is merging the company with its Retail Information Services segment (RIS), which serves the global retail information and brand identification market. The Company has raised the estimates of the cost synergies from the transaction to $115-$125 million, from $90-$100 million. EPS accretion is now estimated to be $0.40-$0.50 in 2008, rising to $0.90-$1.00 when fully integrated, up from initial estimates of $0.60 to $0.70 upon completion. One-time costs related to the integration, including charges associated with the consolidation of the two companies' information systems, are now expected to be in the range of $175 to $210 million, up from initial estimates of $150 to $175+ million. An estimated 15 percent of the one-time costs are expected to take the form of non-cash charges.

"During the second quarter, we completed one of the most important acquisitions in the history of the Company," said Scarborough. "The combining of Paxar with RIS is a transformative event for Avery Dennison and will enable us to serve a worldwide market for retail information and brand identification of more than $15 billion."

"We are pleased with the progress of the integration," Scarborough added. "We have retained a significant number of senior level Paxar executives and the leadership team represents a good blend of managers from both companies. Our teams have done a great job of identifying more savings than we initially expected, developing plans to achieve those savings faster than we anticipated, and finding additional opportunities to grow our business. We expect that the combined strength of the two companies, coupled with substantial cost synergies, will create a business that will produce sales growth above the Company average, with expanding profitability and return."

Second Quarter Financial Highlights
(For a more detailed presentation of the Company's results for the quarter, see *Second Quarter 2007 Financial Review and Analysis*, posted at the Company's Web site at www.investors.averydennison.com.)

- Core unit volume grew an estimated 3 percent. The effect of pricing and product mix changes was modestly negative, in line with Company expectations.
- Operating margin (GAAP basis) was 7.3 percent, compared to 8.8 percent for the same period last year. Excluding the effect of the Paxar acquisition, interest expense, restructuring and asset impairment charges, operating margin declined by 10 basis points to 10 percent. (*See Attachment A-3: "Preliminary Reconciliation of GAAP to Non-GAAP Measures".)*
- The effective tax rate was 23 percent. The Company anticipates that the effective tax rate for the year will be in the range of 20-22 percent, with the potential for volatility between quarters.

Segment Highlights
(See Attachments A-4 and A-6: "Preliminary Supplementary Information, Reconciliation of GAAP to Non-GAAP Supplementary Information" for adjusted operating margins included below.)

- Pressure-sensitive Materials reported sales of $879 million, up 8.6 percent from $810 million. Organic sales growth for the segment was approximately 4 percent. Segment operating margin (GAAP basis) was 10.1 percent, compared to 9.6 for the same period last year. Operating margin before restructuring costs, asset impairment charges, and the reversal of an accrual related to a patent lawsuit was 9.8 percent, same as the previous year.
- Retail Information Services reported sales of $219 million, up 20.8 percent from $181 million due to the effect of the Paxar acquisition. Organic sales decline for the segment was approximately one percent. Segment operating margin (GAAP basis) was 0.3 percent, compared to 11.6 percent for the second quarter of 2006. Operating margin before the effects of the acquisition and restructuring costs and asset impairment charges declined 200 basis points to 10.7 percent.
- Office and Consumer Products sales declined one percent to $263 million. Organic sales decline for the segment was approximately 3 percent. Segment operating margin (GAAP basis) was 16.1 percent, compared to 17.1 percent for the same period last year. Operating margin declined 30 basis points to 16.2 percent, excluding divestiture-related expenses and a gain from curtailment and settlement of a pension obligation.

Outlook for the Year

Reflecting second quarter earnings and the effects of the Paxar acquisition, Avery Dennison announced that it expects earnings for 2007, before restructuring charges and integration costs, to be in the range of $3.90 to $4.10. Prior to the announcement of the Paxar acquisition, the Company had expected earnings of $4.05 to $4.30 before restructuring charges. Dilution from the Paxar acquisition is expected to be in the range of $(0.05) to $(0.10) for the year, before restructuring and integration costs.

The Company's earnings expectations reflect an assumption of reported revenue growth from continuing operations in the range of 14 to 16 percent, including a 9 percent contribution from the Paxar acquisition (net of divestitures), and an estimated 3.5 to 4 percent benefit from currency translation.

(For a more detailed presentation of the Company's assumptions underlying its 2007 earnings expectations, see *Second Quarter 2007 Financial Review and Analysis*, posted at the Company's Web site at www.investors.averydennison.com.)

Note: Throughout this release, all calculations of amounts on a per share basis reflect fully diluted shares outstanding.

Avery Dennison is a global leader in pressure-sensitive labeling materials, retail tag, ticketing and branding systems, and office products. Based in Pasadena, Calif., Avery Dennison is a FORTUNE 500 Company with 2006 sales of $5.6 billion. Following the acquisition of Paxar in 2007, Avery Dennison employs more than 30,000 individuals in 51 countries worldwide, who develop, manufacture and market a wide range of products for both consumer and industrial markets. Products offered by Avery Dennison include: Fasson brand self-adhesive materials; Avery Dennison and Paxar brand products for the retail and apparel industries; Avery brand office products and graphics imaging media; specialty tapes, peel-and-stick postage stamps, and labels for a wide variety of automotive, industrial and durable goods applications.

# # #

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

Certain statements contained in this news release 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 fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions, including synergies expected from the integration of the Paxar business in the time and at the cost anticipated; foreign currency exchange rates; worldwide and local economic conditions; impact of competitive products and pricing; selling prices; impact of legal proceedings, including the Australian Competition and Consumer Commission investigation into industry competitive practices, and any related proceedings or lawsuits pertaining to this investigation or to the subject matter thereof or of the concluded investigations by the U.S. Department of Justice ("DOJ"), the European Commission, and the Canadian Department of Justice (including purported class actions seeking treble damages for alleged unlawful competitive practices, and a purported class action related to alleged disclosure and fiduciary duty violations pertaining to 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 based on issues in China; impact of epidemiological events on the economy and the Company's customers and suppliers; successful integration of acquisitions; financial condition and inventory strategies of customers; timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; and other matters referred to in the Company's SEC filings.

The Company believes that the most significant risk factors that could affect its ability to achieve its stated financial expectations in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products; (2) the impact of competitors' actions, including expansion in key markets, product offerings and pricing; (3) the degree to which higher raw material and energy-related costs can be passed on to customers through selling price increases (and previously implemented selling price increases can be sustained), without a significant loss of volume; (4) potential adverse developments in legal proceedings and/or investigations regarding competitive activities, including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions, including expected synergies associated with the Paxar integration.

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 Form 10-K, filed on February 28, 2007, with the Securities and Exchange Commission. The forward-looking statements included in this news release are made only as of the date of this news release, 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 2nd 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	
	Jun. 30, 2007	Jul. 01, 2006	Jun. 30, 2007	Jul. 01, 2006
Net sales	$ 1,523.5	$ 1,409.7	$ 2,913.4	$ 2,746.9
Cost of products sold	1,113.7	1,016.7	2,139.2	1,998.7
Gross profit	409.8	393.0	774.2	748.2
Marketing, general & administrative expense	270.8	251.3	519.1	496.1
Interest expense	20.1	13.6	35.2	28.1
Other expense, net **(1)**	7.5	4.0	9.6	11.6
Income from continuing operations before taxes	111.4	124.1	210.3	212.4
Taxes on income	25.6	27.7	45.3	47.1
Income from continuing operations	85.8	96.4	165.0	165.3
Income from discontinued operations, net of taxes	—	15.6	—	15.4
Net income	$ 85.8	$ 112.0	$ 165.0	$ 180.7
Per share amounts:				
Net income per common share, assuming dilution				
Continuing operations	$ 0.87	$ 0.96	$ 1.67	$ 1.65
Discontinued operations	—	0.16	—	0.15
Net income per common share, assuming dilution	$ 0.87	$ 1.12	$ 1.67	$ 1.80
Average common shares outstanding, assuming dilution	98.7	100.4	98.8	100.3
Common shares outstanding at period end	98.2	100.1	98.2	100.1

(1) Other expense, net, for the second quarter of 2007 includes $10.4 of asset impairment charges and restructuring costs and $.3 of expenses related to a divestiture, partially offset by a reversal of ($3.2) related to a patent lawsuit.

Other expense, net, for the second quarter of 2006 includes $6.1 of restructuring costs and asset impairment charges, charitable contribution of $10 to Avery Dennison Foundation, partially offset by gain on sale of investment of ($10.5) and gain from curtailment and settlement of a pension obligation of ($1.6).

Other expense, net, for 2007 YTD includes $12.5 of asset impairment charges and restructuring costs and $.3 of expenses related to a divestiture, partially offset by a reversal of ($3.2) related to a patent lawsuit.

Other expense, net, for 2006 YTD includes $13.3 of restructuring costs and asset impairment charges, legal accrual related to a patent lawsuit of $.4 and charitable contribution of $10 to Avery Dennison Foundation, partially offset by gain on sale of investment of ($10.5) and gain from curtailment and settlement of a pension obligation of ($1.6).

-more-

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. gains on sales of assets, restructuring charges, asset impairments, effects of acquisitions and related costs, 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.

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.) from calculations of the Company's earnings and operating margin; (2) the exclusion of the effects of acquisitions, including integration costs and interest expense from incremental borrowings to fund acquisitions; (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 some of the items 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.

-more-

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

	(UNAUDITED)			
	Three Months Ended		Six Months Ended	
	Jun. 30, 2007	Jul. 01, 2006	Jun. 30, 2007	Jul. 01, 2006
Reconciliation of GAAP to Non-GAAP Operating Margin:				
Net sales	$ 1,523.5	$ 1,409.7	$ 2,913.4	$ 2,746.9
Income from continuing operations before taxes	$ 111.4	$ 124.1	$ 210.3	$ 212.4
GAAP Operating Margin	**7.3%**	**8.8%**	**7.2%**	**7.7%**
Net sales	$ 1,523.5	$ 1,409.7	$ 2,913.4	$ 2,746.9
Net sales — Paxar	(36.7)	—	(36.7)	—
Adjusted Non-GAAP net sales excluding Paxar	$ 1,486.8	$ 1,409.7	$ 2,876.7	$ 2,746.9
Income from continuing operations before taxes	$ 111.4	$ 124.1	$ 210.3	$ 212.4
Non-GAAP adjustments:				
Restructuring costs	0.9	4.7	3.0	10.1
Asset impairment charges	—	1.4	—	3.2
Asset impairment charges — acquisition related**(1)**	9.5	—	9.5	—
Integration costs associated with the Paxar acquisition	8.3	—	8.3	—
Paxar operating loss	0.7	—	0.7	—
Other **(2)**	(2.9)	(2.1)	(2.9)	(1.7)
Interest expense	20.1	13.6	35.2	28.1
Adjusted non-GAAP operating income before taxes and interest expense	$ 148.0	$ 141.7	$ 264.1	$ 252.1
Adjusted Non-GAAP Operating Margin, excluding Paxar	**10.0%**	**10.1%**	**9.2%**	**9.2%**
Reconciliation of GAAP to Non-GAAP Net Income:				
As reported net income	$ 85.8	$ 112.0	$ 165.0	$ 180.7
Non-GAAP adjustments, net of taxes:				
Restructuring costs	0.7	3.6	2.4	7.8
Asset impairment charges	—	1.1	—	2.5
Asset impairment charges — acquisition related	7.3	—	7.3	—
Integration costs associated with the Paxar acquisition	6.4	—	6.4	—
Paxar net loss	0.5	—	0.5	—
Other	(2.2)	(1.6)	(2.2)	(1.3)
Interest expense associated with borrowings to fund the acquisition	2.4	—	2.4	—
Income from discontinued operations	—	(15.6)	—	(15.4)
Adjusted Non-GAAP Net Income, excluding Paxar	$ 100.9	$ 99.5	$ 181.8	$ 174.3
Reconciliation of GAAP to Non-GAAP Earnings Per Share:				
As reported income per common share, assuming dilution	$ 0.87	$ 1.12	$ 1.67	$ 1.80
Non-GAAP adjustments per share, net of taxes:				
Restructuring costs	0.01	0.04	0.03	0.08
Asset impairment charges	—	0.01	—	0.02
Asset impairment charges — acquisition related	0.07	—	0.07	—
Integration costs associated with the Paxar acquisition	0.06	—	0.06	—
Paxar net loss	0.01	—	0.01	—
Other	(0.02)	(0.02)	(0.02)	(0.01)
Interest expense associated with borrowings to fund the acquisition	0.02	—	0.02	—
Income from discontinued operations	—	(0.16)	—	(0.15)
Adjusted Non-GAAP income per common share excluding Paxar, assuming dilution	$ 1.02	$ 0.99	$ 1.84	$ 1.74
Average common shares outstanding, assuming dilution	98.7	100.4	98.8	100.3

(1) 2007 QTD and YTD includes asset impairment charges related to software assets.

(2) 2007 QTD and YTD includes reversal of an accrual for a patent lawsuit of ($3.2), partially offset by expenses of $.3 related to a divestiture.

2006 QTD includes gain from curtailment and settlement of a pension obligation of ($1.6) and gain on sale of investment of ($10.5), partially offset by charitable contribution of $10 to Avery Dennison Foundation.

2006 YTD includes gain from curtailment and settlement of a pension obligation of ($1.6) and gain on sale of investment of ($10.5), partially offset by charitable contribution of $10 to Avery Dennison Foundation and legal accrual related to a patent lawsuit of $.4.

-more-

AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

	(UNAUDITED) Second Quarter Ended					
	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007 (1)	2006 (2)	2007	2006
Pressure-sensitive Materials	$ 879.3	$ 809.5	$ 88.9	$ 77.4	10.1%	9.6%
Office and Consumer Products	262.7	265.4	42.3	45.3	16.1%	17.1%
Retail Information Services	219.1	181.4	0.6	21.0	0.3%	11.6%
Other specialty converting businesses	162.4	153.4	6.9	4.6	4.2%	3.0%
Corporate Expense	N/A	N/A	(7.2)	(10.6)	N/A	N/A
Interest Expense	N/A	N/A	(20.1)	(13.6)	N/A	N/A
TOTAL FROM CONTINUING OPERATIONS	$1,523.5	$1,409.7	$ 111.4	$ 124.1	7.3%	8.8%

(1) Operating income for the second quarter of 2007 includes $10.4 of asset impairment charges and restructuring costs, $8.3 of integration costs associated with the Paxar acquisition and $.3 of expenses related to a divestiture, partially offset by a reversal of ($3.2) related to a patent lawsuit; of the total $15.8, the Pressure-sensitive Materials segment recorded ($2.7), the Office and Consumer Products segment recorded $.3 and the Retail Information Services segment recorded $18.2.

(2) Operating income for the second quarter of 2006 includes $6.1 of restructuring costs and asset impairment charges, charitable contribution of $10 to Avery Dennison Foundation, partially offset by gain on sale of investment of ($10.5) and gain from curtailment and settlement of a pension obligation of ($1.6); of the total $4, the Pressure-sensitive Materials segment recorded $2.1, the Office and Consumer Products segment recorded ($1.6), the Retail Information Services segment recorded $2, the other specialty converting businesses recorded $.7 and Corporate recorded $.8.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

	Second Quarter Ended			
	OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007	2006
Pressure-sensitive Materials				
Operating income, as reported	**$ 88.9**	**$ 77.4**	**10.1%**	**9.6%**
Non-GAAP adjustments:				
Restructuring costs	0.5	2.0	—	0.2%
Asset impairment charges	—	0.1	—	—
Reversal of an accrual for a patent lawsuit	(3.2)	—	(0.3%)	—
Adjusted non-GAAP operating income	**$ 86.2**	**$ 79.5**	**9.8%**	**9.8%**
Office and Consumer Products				
Operating income, as reported	**$ 42.3**	**$ 45.3**	**16.1%**	**17.1%**
Non-GAAP adjustments:				
Gain from curtailment and settlement of a pension obligation	—	(1.6)	—	(0.6%)
Expenses related to a divestiture	0.3	—	0.1%	—
Adjusted non-GAAP operating income	**$ 42.6**	**$ 43.7**	**16.2%**	**16.5%**
Retail Information Services				
See Attachment A-6: “Preliminary Supplementary Information — Retail Information Services Segment”.				
Other specialty converting businesses				
Operating income, as reported	**$ 6.9**	**$ 4.6**	**4.2%**	**3.0%**
Non-GAAP adjustments:				
Restructuring costs	—	0.7	—	0.5%
Adjusted non-GAAP operating income	**$ 6.9**	**$ 5.3**	**4.2%**	**3.5%**

-more-

AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
(In millions)

(UNAUDITED)
Six Months Year-to-Date

	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007(1)	2006(2)	2007	2006
Pressure-sensitive Materials	$1,739.3	$1,596.7	$ 170.8	$ 143.3	9.8%	9.0%
Office and Consumer Products	477.1	505.3	68.8	81.1	14.4%	16.0%
Retail Information Services	375.4	335.2	7.8	28.6	2.1%	8.5%
Other specialty converting businesses	321.6	309.7	17.8	10.8	5.5%	3.5%
Corporate Expense	N/A	N/A	(19.7)	(23.3)	N/A	N/A
Interest Expense	N/A	N/A	(35.2)	(28.1)	N/A	N/A
TOTAL FROM CONTINUING OPERATIONS	$2,913.4	$2,746.9	$ 210.3	$ 212.4	7.2%	7.7%

(1) Operating income for 2007 includes $12.5 of asset impairment charges and restructuring costs, $8.3 of integration costs associated with the Paxar acquisition and $.3 of expenses related to a divestiture, partially offset by a reversal of ($3.2) related to a patent lawsuit; of the total $17.9, the Pressure-sensitive Materials segment recorded ($1.2), the Office and Consumer Products segment recorded $.9 and the Retail Information Services segment recorded $18.2.

(2) Operating income for 2006 includes $13.3 of restructuring costs and asset impairment charges, legal accrual related to a patent lawsuit of $.4 and charitable contribution of $10 to Avery Dennison Foundation, partially offset by gain on sale of investment of ($10.5) and gain from curtailment and settlement of a pension obligation of ($1.6); of the total $11.6, the Pressure-sensitive Materials segment recorded $6.1, the Office and Consumer Products segment recorded ($.8), the Retail Information Services segment recorded $4.3, the other specialty converting businesses recorded $.7 and Corporate recorded $1.3.

RECONCILIATION OF GAAP TO NON-GAAP SUPPLEMENTARY INFORMATION

Six Months Year-to-Date

	OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007	2006
Pressure-sensitive Materials				
Operating income, as reported	**$ 170.8**	**$ 143.3**	**9.8%**	**9.0%**
Non-GAAP adjustments:				
Restructuring costs	2.0	4.6	0.2%	0.3%
Asset impairment charges	—	1.1	—	0.1%
(Reversal) accrual of a patent lawsuit	(3.2)	0.4	(0.2%)	—
Adjusted non-GAAP operating income	**$ 169.6**	**$ 149.4**	**9.8%**	**9.4%**
Office and Consumer Products				
Operating income, as reported	**$ 68.8**	**$ 81.1**	**14.4%**	**16.0%**
Non-GAAP adjustments:				
Gain from curtailment and settlement of a pension obligation	—	(1.6)	—	(0.3%)
Restructuring costs	0.6	0.8	0.1%	0.2%
Expenses related to a divestiture	0.3	—	0.1%	—
Adjusted non-GAAP operating income	**$ 69.7**	**$ 80.3**	**14.6%**	**15.9%**
Retail Information Services				
See Attachment A-6: "Preliminary Supplementary Information — Retail Information Services Segment".				
Other specialty converting businesses				
Operating income, as reported	**$ 17.8**	**$ 10.8**	**5.5%**	**3.5%**
Non-GAAP adjustments:				
Restructuring costs	—	0.7	—	0.2%
Adjusted non-GAAP operating income	**$ 17.8**	**$ 11.5**	**5.5%**	**3.7%**

AVERY DENNISON
PRELIMINARY SUPPLEMENTARY INFORMATION
RETAIL INFORMATION SERVICES SEGMENT
(In millions)

(UNAUDITED)
Second Quarter Ended

	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007	2006	2007	2006
Retail Information Services, as reported	**$ 219.1**	**$ 181.4**	**$ 0.6**	**$ 21.0**	**0.3%**	**11.6%**
Paxar operating results	(36.7)	—	0.7	—	(1.9%)	—
Subtotal	$ 182.4	$ 181.4	1.3	21.0	0.7%	11.6%
Non-GAAP adjustments:						
Asset impairment charges — acquisition related(1)			9.5	—	5.2%	—
Paxar integration expense			8.3	—	4.6%	—
Restructuring costs			0.4	2.0	0.2%	1.1%
Adjusted non-GAAP operating income excluding Paxar			**$ 19.5**	**$ 23.0**	**10.7%**	**12.7%**

(UNAUDITED)
Six Months Year-to-Date

	NET SALES		OPERATING INCOME		OPERATING MARGINS	
	2007	2006	2007	2006	2007	2006
Retail Information Services, as reported	**$ 375.4**	**$ 335.2**	**$ 7.8**	**$ 28.6**	**2.1%**	**8.5%**
Paxar operating results	(36.7)	—	0.7	—	(1.9%)	—
Subtotal	$ 338.7	$ 335.2	8.5	28.6	2.5%	8.5%
Non-GAAP adjustments:						
Asset impairment charges			—	0.3	—	0.1%
Asset impairment charges — acquisition related(1)			9.5	—	2.8%	—
Paxar integration expense			8.3	—	2.5%	—
Restructuring costs			0.4	4.0	0.1%	1.2%
Adjusted non-GAAP operating income excluding Paxar			**$ 26.7**	**$ 32.9**	**7.9%**	**9.8%**

(1) Asset impairment charges related to software assets.

-more-

AVERY DENNISON
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEET
(In millions)

	(UNAUDITED) Jun. 30, 2007	Jul. 01, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 76.6	$ 49.1
Trade accounts receivable, net	1,151.1	898.2
Inventories, net	640.6	479.7
Other current assets	269.8	161.9
Total current assets	2,138.1	1,588.9
Property, plant and equipment, net	1,578.3	1,279.6
Goodwill and intangibles resulting from business acquisitions, net	1,919.6	780.7
Other assets	527.6	588.1
	$ 6,163.6	$ 4,237.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	$ 1,894.3	$ 326.5
Accounts payable	708.2	605.4
Other current liabilities	615.6	507.7
Total current liabilities	3,218.1	1,439.6
Long-term debt	506.7	721.1
Other long-term liabilities	615.5	411.8
Shareholders' equity:		
Common stock	124.1	124.1
Capital in excess of par value	900.9	775.9
Retained earnings	2,222.5	2,040.3
Accumulated other comprehensive loss	(12.8)	(71.1)
Cost of unallocated ESOP shares	(5.7)	(7.7)
Employee stock benefit trusts	(547.5)	(558.7)
Treasury stock at cost	(858.2)	(638.0)
Total shareholders' equity	1,823.3	1,664.8
	$ 6,163.6	$ 4,237.3

-more-

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

	(UNAUDITED) Six Months Ended	
	Jun. 30, 2007	**Jul. 01, 2006**
Operating Activities:		
Net income	$ 165.0	$ 180.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	79.7	77.9
Amortization	21.1	21.3
Deferred taxes	3.4	3.7
Asset impairment and net loss (gain) on sale and disposal of assets	13.1	(6.1)
Stock-based compensation	10.3	11.9
Other non-cash items, net	(9.9)	(5.2)
	282.7	284.2
Changes in assets and liabilities, net of effect of business acquisitions and divestitures	(151.8)	(151.2)
Net cash provided by operating activities	130.9	133.0
Investing Activities:		
Purchase of property, plant and equipment	(94.7)	(80.5)
Purchase of software and other deferred charges	(29.0)	(15.7)
Payments for acquisitions	(1,284.1)	—
Proceeds from sale of assets	1.7	0.9
Proceeds from sale of businesses and investments	—	29.3
Other	0.7	(0.8)
Net cash used in investing activities	(1,405.4)	(66.8)
Financing Activities:		
Net increase (decrease) in borrowings (maturities of 90 days or less)	1,423.9	(55.7)
Payments of debt (maturities longer than 90 days)	(11.7)	(1.4)
Dividends paid	(85.4)	(85.7)
Purchase of treasury stock	(63.2)	—
Proceeds from exercise of stock options, net	30.5	18.6
Other	(2.1)	8.0
Net cash provided by (used in) financing activities	1,292.0	(116.2)
Effect of foreign currency translation on cash balances	0.6	0.6
Increase (decrease) in cash and cash equivalents	18.1	(49.4)
Cash and cash equivalents, beginning of period	58.5	98.5
Cash and cash equivalents, end of period	$ 76.6	$ 49.1

####

Exhibit 99.2

Second Quarter 2007
Financial Review and Analysis

(Unaudited)

July 24, 2007

Forward-Looking Statements

Certain information presented in this document may constitute "forward-looking" statements. These 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 fluctuations in cost and availability of raw materials; ability of the Company to achieve and sustain targeted cost reductions, including synergies expected from the integration of the Paxar business in the time and at the cost anticipated; foreign currency exchange rates; worldwide and local economic conditions; impact of competitive products and pricing; selling prices; impact of legal proceedings, including the Australian Competition and Consumer Commission investigation into industry competitive practices, and any related proceedings or lawsuits pertaining to this investigation or to the subject matter thereof or of the concluded investigations by the U.S. Department of Justice ("DOJ"), the European Commission, and the Canadian Department of Justice (including purported class actions seeking treble damages for alleged unlawful competitive practices, and a purported class action related to alleged disclosure and fiduciary duty violations pertaining to 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 based on issues in China; impact of epidemiological events on the economy and the Company's customers and suppliers; successful integration of acquisitions; financial condition and inventory strategies of customers; timely development and market acceptance of new products; fluctuations in demand affecting sales to customers; and other matters referred to in the Company's SEC filings.

The Company believes that the most significant risk factors that could affect its ability to achieve its stated financial expectations in the near-term include (1) the impact of economic conditions on underlying demand for the Company's products; (2) the impact of competitors' actions, including expansion in key markets, product offerings and pricing; (3) the degree to which higher raw material and energy-related costs can be passed on to customers through selling price increases (and previously implemented selling price increases can be sustained), without a significant loss of volume; (4) potential adverse developments in legal proceedings and/or investigations regarding competitive activities, including possible fines, penalties, judgments or settlements; and (5) the ability of the Company to achieve and sustain targeted cost reductions, including expected synergies associated with the Paxar integration.

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 statements accompanying the earnings news release for the quarter. ***(See Attachments A-2 through A-6 to Exhibit 99.1, news release dated July 24, 2007.)***

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., gains on sales of assets, restructuring charges, asset impairments, effects of acquisitions and related costs, 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. ***(See Attachment A-2 of 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.

Overview

- Net sales increased 8.1% over prior year
  - **Adjusted unit volume growth was approx. 3%** *(adjusted for early customer orders for office products related to the back-to-school season, offset by completion of customer inventory reduction related to prior year forward buy, as well as exited low-margin business)*
  - **Modestly negative impact from price/mix changes, in line with expectations (~ 50 basis point reduction in sales)**
- Operating margin before restructuring and asset impairment charges and impact of Paxar acquisition declined by 10 basis points
  - **Productivity initiatives compensated for a more competitive pricing environment in roll materials and higher raw material costs, as well as transition costs associated with new productivity actions, higher spending in RIS, and general inflation**

AVERY DENNISON

Overview (continued)

- Effective tax rate for the quarter was 23% *(full year rate expected to be within original guidance of 20% to 22%)*
- Reported E.P.S. of $0.87 includes:
  - Net benefit of $0.01 from the reversal of an accrual related to a patent lawsuit and restructuring costs
  - $0.16 dilution from the Paxar acquisition, including approximately $0.07 of software impairment, $0.06 of integration costs, $0.03 of incremental interest expense and other
- In addition, reported E.P.S. includes $0.02 of transition costs associated with previously announced productivity actions

AVERY DENNISON

Management Analysis of Underlying Sales Trends

	Q2-06	Q3- 06	Q4-06	Q1-07	Q2-07
Core volume growth (est.)	1.0%	3.0%	1.0%	1.5%	2.5%
Comparability adjustments[(1)]	*1.5%*	*(0.5)%*	*(0.5)%*	*1.5%*	*0.5%*
"Underlying" volume growth	*2.5%*	*2.5%*	*0.5%*	*3.0%*	*3.0%*
<u>Other factors impacting reported sales growth</u>:					
Acquisitions, Net of Divestitures	(1.4)%	(1.1)%	(1.1)%	(0.8)%	2.5%
Price/Mix	+ 1%	+ 1%	+ 1%	~ flat	(0.5)%
Currency	(0.3)%	1.8%	2.6%	3.5%	3.5%
Reported Sales Growth	(0.1)%	4.6%	3.5%	3.9%	8.1%
Adj. Organic Sales Growth[(2)]	*3.4%*	*3.4%*	*1.4%*	*2.5%*	*2.3%*

(1) Adjustments for comparability:

2006 – Decision to exit certain low margin private label business; shift in timing of back-to-school orders from Q2 to Q3; prior year short-term benefit of competitor plant strike in Europe (Q2 only); and forward buy in Q4 related to January price increase.

2007 – Decision to exit certain low margin business; price-related forward buy in Q4-06 that pulled sales out of 1H-07; shift in timing of back-to-school orders from Q3 to Q2.

(2) Reported Sales Growth less the impacts of foreign currency translation, acquisition and divestitures, and comparability adjustments (calculation may not tie due to rounding).

Margin Analysis

(excluding Paxar – see Slide 17 for reconciliation to GAAP)

	Q2-07	Q2-06	Q1-07
Gross Profit Margin (Total Company)	26.8%	27.9%	26.2%
Operating Margin (non-GAAP*):			
Pressure-Sensitive Materials	9.8%	9.8%	9.7%
Office and Consumer Products	16.2%	16.5%	12.6%
Retail Information Services	10.7%	12.7%	4.6%
Other Specialty Converting	4.2%	3.5%	6.8%
Total Company	10.0%	10.1%	8.4%
Impact of RFID on reported margin:	*(0.4)%*	*(0.5)%*	*(0.4)%*
Total Company Excluding RFID	10.4%	10.6%	8.8%

* Earnings before interest and taxes, restructuring and asset impairment charges, and other items detailed in Attachments A-3, A-4 and A-6 of Exhibit 99.1.

AVERY DENNISON

Key Factors Impacting Margin

- Excluding Paxar, gross profit margin declined 110 basis points compared with prior year to 26.8%
  - Decline reflects impact of price competition and higher raw material costs, transition expenses associated with new cost reduction initiatives, and general inflation, partially offset by savings from prior year restructuring and other sources of productivity
  - Programs underway to drive gross margin improvement in second half (benefiting Office Products and Roll Materials)
- Excluding Paxar, marketing, general and administrative (MG&A) expense ratio improved 90 basis points to 16.9%
  - Ex-Paxar, absolute MG&A spending was roughly flat vs. prior year, as productivity offset negative effects of currency ($7 mil.) and general inflation
  - Sequentially, MG&A spending increased modestly, as typical seasonal spending increases were partially offset by lower corporate costs

Q2-2007 Segment Overview

PRESSURE-SENSITIVE MATERIALS

- Reported sales of $879 mil., up 8.6% compared with prior year
  - Organic sales growth of approx. 4%
- Change in sales for roll materials business by region, *adjusted for the effect of currency:*
  - Mid single-digit growth in Europe (largest region for this business)
  - North America roughly comparable to prior year (first quarter of positive volume comparisons since start of inflationary cycle in late 2004)
  - Nearly 20% growth for Asia
  - Low double-digit growth for South America
- Graphics & Reflective business increased at low single-digit rate before currency
- Excluding restructuring and asset impairment charges and the reversal of an accrual for a patent lawsuit, operating margin was unchanged vs. prior year at 9.8%, as restructuring and other productivity initiatives offset the negative effects of pricing and unfavorable product mix

Q2-2007 Segment Overview (continued)

RETAIL INFORMATION SERVICES

- Reported sales of $219 mil., up 20.8% compared with prior year due to the Paxar acquisition
  - Organic sales decline of approx. 1%, reflecting soft retail sales among key U.S. customers and share loss in woven labels, as well as share loss in Europe as customers defaulted to Paxar following the acquisition announcement
  - YTD, Paxar has outpaced RIS sales growth, reflecting their established position with faster-growing European retailers/brand owners
- Operating margin before the effects of the acquisition and restructuring costs declined 200 basis points to 10.7%
  - Productivity savings were more than offset by increased expense due to information technology and employee-related costs in Asia, complexity-related cost increases due to smaller order sizes, and general inflation

Q2-2007 Segment Overview (continued)

OFFICE AND CONSUMER PRODUCTS

- Reported sales of $263 mil., down 1.0% compared with prior year
  - Completion of inventory draw-down related to Q4 price-related forward buy reduced sales by an estimated 2 points in the quarter; exited low-margin business contributed another 1 point of decline
  - Shift in timing of back-to-school orders from Q3 to Q2 is estimated to have contributed 3 points of growth
  - Currency contributed 1.7 points of growth
  - Organic sales decline of approx. 2% adjusted for year-on-year comparability issues
- Operating margin declined 30 basis points to 16.2%, excluding divestiture-related expenses and a gain from curtailment and settlement of a pension obligation

OTHER SPECIALTY CONVERTING

- Reported sales of $162 mil., up 5.9% compared with prior year
  - Adjusting for exited low margin business and currency, sales increased on an organic basis by approx. 5%
- Excluding restructuring costs, operating margin increased by 70 basis points to 4.2%, reflecting reduction in loss from RFID

Second Quarter YTD Cash Flow and Debt-To-Total Capital

Millions, except as noted	2007	2006
Cash flow from operations	$130.9	$133.0
Payment for capital expenditures	$ 94.7	$ 80.5
Payment for software and other deferred charges	$ 29.0	$ 15.7
Free Cash Flow(1)	$ 7.2	$ 36.8
Dividends	$ 85.4	$ 85.7
Share Repurchase	$ 63.2	--
Total debt to total capital at end of period	56.8%	38.6%

(1) Cash flow from operations less payment for capital expenditures, software and other deferred charges

AVERY DENNISON

Paxar Financial Outlook

Annual Estimated E.P.S. Accretion (Dilution)

(excluding integration costs / one-time charges)

2007	$(0.07)
2008	$0.40 - $0.50
2009	$0.70 - $0.80
2010	$0.90 - $1.00

Estimated After-Tax Amortization of Intangibles

(per share, included in E.P.S. above)

2007	$ 0.10 to $ 0.15
2008 and on	$ 0.20 to $ 0.30

Estimated Integration Costs / One-Time Charges

amount, timing and accounting treatment (P&L vs. goodwill adjustment) TBD

Restructuring, Asset Impairment, and Integration-Related Costs:	$125 to $135 mil.
IT-Related Costs:	$ 50 to $ 75 mil.
Total:	$175 to $210 mil. *(~ 85% cash)*

AVERY DENNISON

Paxar Financial Outlook *(continued)*

Estimated cost synergies (net of potential offsets): $115 to $125 mil. *(90%+ cash)*

Timing to achieve savings (% of target savings achieved)

2007 Year-End Run Rate:	30% - 40%
2008 Mid-Year Run Rate:	60% - 70%
2008 Year-End Run Rate:	90%+

Financing

Weighted average interest rate of 6.5%

(higher than original expectation due to interest rate increases since transaction was announced, and anticipated mix of financial instruments, including the issuance of hybrid securities)

Updated 2007 Earnings Guidance: Key Assumptions

- Reported revenues expected to increase 14-16% for the full year, including 9% benefit from Paxar acquisition, net of divestitures, and 3.5% to 4.0% benefit from currency translation
  - Core unit volume growth expected to accelerate in second half (additional 2 points of growth compared to Q2 pace), reflecting above-average growth from Paxar business, and anticipated trend improvement/easier comparisons for other businesses
- Operating margin of 9.0% to 10.0%, reflecting:
  - Moderate inflation in raw material costs largely offset with benefit from global sourcing strategies, material cost-outs, and selective price increases
  - Continued pricing pressure in North American and European roll materials businesses
- Interest expense of approximately $105 mil., reflecting acquisition-related debt
- Tax rate within original guidance range of 20% to 22%

2007 Earnings Guidance

	2007 Guidance (updated 7/24/07)
Reported (GAAP) Earnings Per Share, Before Paxar	\$3.90 - \$4.10
Add Back:	
Estimated Restructuring and Asset Impairment Charges[1]	\$0.05 - \$0.10
Adjusted (non-GAAP) Earnings Per Share, Before Paxar	**\$4.00 to \$4.15**
Operational EPS Impact of Paxar[2]	\$(0.05) - \$(0.10)
Adjusted (non-GAAP) Earnings Per Share With Paxar	**\$3.90 to \$4.10**

Restructuring/Asset Impairment Charges and Integration Costs – amount, timing and accounting treatment (P&L vs. goodwill adjustment) to be determined – will provide update in October

[1] Subject to upward revision as plans are finalized
[2] Core business, amortization of intangibles, and incremental interest expense only

Backup: Second Quarter Gross Profit & MG&A GAAP Reconciliation for Effects of Paxar

($ in millions, except as noted)	**Q2-07**	**Q2-06**
Net Sales, as reported	1,523.5	1,409.7
Less Paxar Net Sales	(36.7)	---
Adjusted Net Sales	1,486.8	1,409.7
Gross Proft, as reported	409.8	393.0
Less Paxar Gross Profit*	(11.2)	---
Adjusted Gross Profit	398.6	393.0
Adjusted Gross Profit Margin	***26.8%***	***27.9%***
MG&A Expense, as reported	270.8	251.3
Less Paxar Related Expenses**	(20.2)	---
Adjusted MG&A Expense	250.6	251.3
Adjusted MG&A, as a % of sales	***16.9%***	***17.8%***

* Includes asset valuation step-up impact (inventory, PP&E)

** Includes integration costs (consulting fees, change of control costs, etc.) and amortization of intangibles