
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

Date of Report (Date of Earliest Event Reported):

December 3, 2009

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)

(I.R.S. Employer
Identification No.)

150 North Orange Grove Boulevard, Pasadena,
California

91103

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

626-304-2000

Not Applicable

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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 3, 2009, the Compensation and Executive Personnel Committee ("Committee") of Avery Dennison Corporation's ("Company") Board of Directors ("Board") adopted the Key Executive Change of Control Severance Plan ("Change of Control Severance Plan") pursuant to which each specified Company executive designated as a participant is eligible for severance payments upon certain terminations of employment in connection with a "change of control" of the Company, subject to the terms and conditions described in the Change of Control Severance Plan. Upon a covered termination of employment, a participant designated as Tier A will receive three times the sum of his annual pay, his highest annual bonus received in the preceding three years and the cash value of his health benefits, and a participant designated as Tier B will receive two times the sum of his annual pay, his highest annual bonus received in the preceding three years and the cash value of his health benefits. Each participant in the Change of Control Severance Plan will also receive a pro-rata bonus for the year of termination based on the highest annual bonus received by such participant in the preceding three years, as well as outplacement services for up to one year following the termination of employment. In certain circumstances, if a participant would otherwise have incurred excise taxes under Section 4999 of the Internal Revenue Code of 1986, as amended ("Code"), such participant's payments will be reduced to the "safe harbor amount" (as defined in the Change of Control Severance Plan), such that no such excise taxes would be due. Payments under the Change of Control Severance Plan are offset by payments received by the participant under any other Company severance plan or agreement. Payments under the Change of Control Severance Plan are intended to be exempt from or to comply with Section 409A of the Code and the Department of Treasury regulations and other guidance issued thereunder. The foregoing description is qualified in its entirety by reference to the Change of Control Severance Plan, which is filed as Exhibit 10.35 to this report and is incorporated herein by reference.

On December 3, 2009, the Committee adopted the Executive Severance Plan ("Severance Plan") pursuant to which each specified Company employee designated as a participant is eligible for severance payments upon certain involuntary terminations of employment initiated by the Company or any of its affiliates or subsidiaries, subject to the terms and conditions described in the Severance Plan. Upon a covered termination of employment, a participant designated as Level 1 will receive two times the sum of his annual pay, his highest annual bonus received in the preceding three years and the cash value of his health benefits, and a participant designated as Level 2, Level 3 or Level 4 will receive the sum of his annual pay, his highest annual bonus received in the preceding three years and the cash value of his health benefits. Participants in the Severance Plan will also be eligible for outplacement services for up to one year following termination of employment. Payments under the Severance Plan are offset by payments received by the participant under any statutory, legislative or regulatory requirement or under any other Company severance plan or agreement. Payments under the Severance Plan are intended to be exempt from or to comply with Section 409A of the Code and the Department of Treasury regulations and other guidance issued thereunder. The foregoing description is qualified in its entirety by reference to the Severance Plan, which is filed as Exhibit 10.36 to this report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit - 10.35 Key Executive Change of Control Severance Plan

Exhibit - 10.36 Executive Severance Plan

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

December 9, 2009

By: */s/ Daniel R. O'Bryant*

*Name: Daniel R. O'Bryant
Title: Executive Vice President, Finance, and Chief Financial Officer
(Principal Financial Officer)*

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.35	Key Executive Change of Control Severance Plan
10.36	Executive Severance Plan

AVERY DENNISON CORPORATION KEY EXECUTIVE
CHANGE OF CONTROL SEVERANCE PLAN

Avery Dennison Corporation has issued this Avery Dennison Corporation Key Executive Change of Control Severance Pay Plan to provide certain designated executives of the Company and its affiliates and Subsidiaries with severance protection under covered circumstances.

ARTICLE I.
DEFINITIONS AND INTERPRETATIONS

Section 1.01 Definitions. Capitalized terms used in this Plan shall have the following meanings, except as otherwise provided or as the context of the Plan otherwise requires:

“*Annual Bonus*” shall have the meaning set forth in Section 3.01(a)(ii).

“*Annual Salary*” shall mean the highest annualized rate of base salary applicable to the Participant during the six month period ending on the Termination Date. For the avoidance of doubt, “base salary” shall include amounts earned in the applicable period the payment of which is deferred to a future year but shall not include amounts earned in prior periods the payment of which is deferred to the applicable period, and “base salary” also shall not include any bonus, commission, incentive or retention payments, stock options or other stock related rights, or other forms of employee benefits such as vacation, insurance, health or medical benefits, disability benefits, workers’ compensation, supplemental unemployment benefits, and post-employment or retirement benefits (including but not limited to compensation, pension, health, medical or life insurance).

“*Benefit Plan*” shall mean any “employee benefit plan” (including any “employee benefit plan” within the meaning of Section 3(3) of ERISA), program, arrangement or practice maintained, sponsored or provided by the Company or any of its Subsidiaries, including those relating to compensation, bonuses, profit-sharing, stock option, or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers’ compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance or other benefits).

“*Board*” shall mean the Board of Directors of the Company.

“*Cause*” shall mean: (a) Participant’s commission of a crime or other act that could materially damage the reputation of the Company; (b) Participant’s theft, misappropriation, or embezzlement of Company property; (c) Participant’s falsification of records maintained by the Company; (d) Participant’s substantial failure to comply with the written policies and procedures of the Company as they may be published or revised from time-to-time; (e) Participant’s misconduct; or (f) Participant’s substantial failure to perform the material duties of Participant’s job with the Company, which failure is not cured within 30 days after written notice from the Company specifying the act or acts of non-performance. Determination of Cause shall be made by the Compensation Committee or one or more individuals designated by the Compensation Committee, in its sole and exclusive discretion.

“*Change of Control*” shall mean “a change in the ownership or effective control,” or in “the ownership of a substantial portion of the assets of” the Company, within the meaning of Section 409A, and shall include any of the following events as such concepts are interpreted under Section 409A:

(a) the date on which a majority of members of the Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(b) the acquisition, by any one Person, or by Persons acting as a group, or by a corporation owned by a group of Persons that has entered into a merger, acquisition, consolidation, purchase, stock acquisition, asset acquisition, or similar business transaction with the Company, of:

(i) ownership of stock of the Company, that, together with any stock previously held by such Person or group, constitutes more than fifty percent (50%) of either (i) the total fair market value or (ii) the total voting power of the stock of the Company;

(ii) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the Company, during the twelve-month period ending on the date of such acquisition; or

(iii) assets from the Company that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the Company during the twelve-month period ending on the date of such acquisition; provided, however, that any transfer of assets to a related person as defined under Section 409A shall not constitute a Change of Control.

“*Change of Control Period*” shall mean the period beginning on the date of a Change of Control and ending on the date twenty-four (24) months following such Change of Control.

“*Change of Control Severance Payment*” shall have the meaning set forth in Article III.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended in the past and the future. Reference in this Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

“*Company*” shall mean Avery Dennison Corporation and its Successors and assigns.

“*Comparable Position*” shall mean a job position with the Company or any of its Subsidiaries, or any of their respective Successors and assigns, the principal work location of which does not satisfy the conditions of subsection (d) of the definition of “Good Reason” and which

position provides pay and benefits that as a whole are substantially equivalent to, or better than, the Participant's aggregate pay and benefits with the Company at the time of the Termination of Employment when taking into account the Participant's base salary, target bonus opportunity, incentive pay and equity opportunities, health and welfare benefits, severance protection, and other benefits.

"*Compensation Committee*" shall mean the "Compensation and Executive Personnel Committee" of the Board.

"*Disability*" shall mean, when used with reference to any Participant, long term disability as defined by the applicable long term disability plan maintained by the Company or one of its Subsidiaries under which the Participant is covered.

"*Effective Date*" shall mean the date that the Compensation Committee adopts this Plan.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as amended in the past and future, and any rules and regulations promulgated thereunder.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Excise Tax*" shall have the meaning set forth in Section 3.03.

"*Good Reason*" shall mean "a separation from service for good reason" as set forth in Section 409A, which shall mean that, without the express written consent of the Participant, one or more of the following shall have occurred without being timely remedied in the manner set forth below: (a) a material diminution in the Participant's base compensation; (b) a material diminution in the Participant's authority, duties, or responsibilities; (c) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report; (d) a material change in the geographic location at which the Participant must perform the services; or (e) any other action or inaction that constitutes a material breach by the Company of the agreement under which the Participant provides services. The Participant shall have "Good Reason" in connection with any or all of the above solely if (i) the Participant provides notice to the Company of the existence of the particular condition, action or inaction which the Participant considers to give the Participant "Good Reason" within 90 days of the initial existence of such condition, action or inaction, and (ii) the Company shall not have remedied the condition, action or inaction within 30 days of its receipt of the Participant's notice. The effective date of any termination for "Good Reason" shall be no later than 12 months after the initial existence of such condition, action or inaction constituting "Good Reason."

"*Parachute Value*" of a Payment shall mean the present value as of the date of the Change of Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the accounting firm referred to in Section 3.03 for purposes of determining whether and to what extent the Excise Tax (as defined in Section 3.03) will apply to such Payment.

"*Participant(s)*" shall mean an employee (or employees) of the Company or any of its Subsidiaries or affiliates who are from time-to-time designated as Participants in accordance with Section 2.01 of the Plan.

"*Payments*" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.

"*Person*" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) of the Exchange Act, except that such term shall not include (a) the Company or any of its Subsidiaries, (b) a trustee or other fiduciary holding securities under a Benefit Plan of the Company or any of its affiliates, (c) an underwriter temporarily holding securities pursuant to an offering of such securities, or (d) a corporation owned, directly or indirectly, by substantially all of the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

"*Plan*" shall mean this Avery Dennison Corporation Key Executive Change of Control Severance Plan, as may be amended, supplemented or modified from time to time in accordance with its terms.

"*Safe Harbor Amount*" shall mean three times the Participant's "base amount," (within the meaning of Section 280G(b)(3) of the Code, as may be amended from time to time) less \$1.

"*Section 409A*" shall mean Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date.

"*Severance Multiplier*" shall mean the multiplier, designated pursuant to Section 2.01(c) in accordance with a Participant's Tier, to be applied to a Participant's Change of Control Severance Payment under Section 3.01.

"*Specified Employee*" shall mean any Participant who, as of such Participant's Termination Date, is determined to be a "key employee" of the Company if, at such time, the Company has any stock that is publicly traded on an established securities market or otherwise. For purposes of this definition, a Participant is a "key employee" if the Participant meets the requirements of Sections 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the twelve (12) month period ending on the last day of the applicable calendar year (referred to as the "identification date" below). If a Participant is a "key employee" as of the identification date, such Participant shall be treated as a "key employee" for the entire twelve (12) month period beginning on the first day of the fourth month following the identification date. For purposes of this definition, a Participant's compensation for the twelve (12) month period ending on an identification date shall mean such Participant's compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Company for such period.

"*Subsidiary*" shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 33% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, as well as partnerships and limited liability companies, in which the Company holds a 33% or more interest.

“*Successor*” shall mean a successor to all or substantially all of the business, operations or assets of the Company or such other portion of the Company’s business as shall be determined by the Compensation Committee.

“*Termination Date*” shall mean, with respect to any Participant, the actual date of the Participant’s Termination of Employment.

“*Termination of Employment*” shall mean the time when the employee-employer relationship between the Participant and the Company or any subsidiary of the Company is terminated for any reason, with or without Cause, including, but not limited to, a termination by resignation, discharge, death, Disability or retirement; provided that such “Termination of Employment” constitutes a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h).

“*Termination Notice*” shall mean written notice from the Company to any Participant stating that the Participant’s employment is terminated for Cause or Disability in accordance with Section 5.07(c).

“*Tier*” shall mean the tier designated for each Participant by the Compensation Committee in accordance with Section 2.01. Each Participant’s “Tier” shall be listed on Exhibit A to this Plan.

Section 1.02 Interpretation. In this Plan, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” refer to this Plan as a whole and not to any particular Article, Section or other subdivision, (b) reference to any Article or Section, means such Article or Section hereof and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

ARTICLE II.

ELIGIBILITY AND BENEFITS

Section 2.01 Eligible Employees. Only employees of the Company or any of its Subsidiaries or affiliates who are designated as Participants according to this Section 2.01 shall be eligible for payments and benefits under this Plan.

(a) The Participants shall be set forth on *Exhibit A* to this Plan. The Compensation Committee shall be authorized on and after the Effective Date to designate as Participants one or more employees of the Company or any of its Subsidiaries or affiliates (including new hires), which employees shall remain Participants unless the Compensation Committee, in its discretion, removes such designation. The designation of an employee as a Participant (or removal of such designation) shall be in writing, signed by the authorized representative of the Compensation Committee confirming the designation. The Compensation Committee also shall designate the Participant’s Tier for purposes of the Severance Multiplier, which designated Tier may be changed by the Compensation Committee in its discretion. Participants and their Tiers shall be listed on *Exhibit A* to this Plan, which shall be amended as required when new designations or changes to the designations are made by the Compensation Committee.

(b) The Compensation Committee may delegate to the Chief Executive Officer of the Company, in writing, authority to designate Participants and to designate each Participant’s Tier for purposes of the Severance Multiplier, or to remove or change such designations, so long as the employee to be designated is not an “officer” within the meaning of Section 16(b) of the Exchange Act. Such Participant and Tier designations (and any changes thereto) shall also be listed in *Exhibit A*.

(c) A designation of “Tier A” shall mean the Participant’s Severance Multiplier is three (3x). A designation of “Tier B” shall mean the Participant’s Severance Multiplier is two (2x).

Section 2.02 Individuals Not Eligible. An individual shall not be eligible to be a Participant in the Plan, and shall not be designated as such, if the individual is otherwise designated by the Company as a temporary employee, as an individual working for the Company or any of its affiliates or subsidiaries on referral from a temporary personnel agency or employee leasing agency, or as an independent contractor or person working for an independent contractor.

ARTICLE III.

SEVERANCE AND RELATED TERMINATION BENEFITS

Section 3.01 Termination of Employment during Change of Control Period. In the event that, during a Change in Control Period, a Participant incurs a Termination of Employment initiated by the Company or any Subsidiary or affiliate without Cause or initiated by the Participant for Good Reason (for the avoidance of doubt, the Terminations of Employment covered by the preceding clause do not include a Termination of Employment (w) due to Disability or death, (x) where there is a simultaneous reemployment or continuing employment of the Participant by the Company or any Subsidiary or affiliate of the Company in any position; (y) resulting from the Participant declining an offer of simultaneous reemployment or continuing employment in a Comparable Position with the Company or with any Subsidiary or affiliate of the Company; and (z) where a Successor or assign of the Company, or of that portion of the assets of the Company that is transferred, sold or outsourced to the Successor or assign, offers to the Participant a Comparable Position), the Participant shall receive the following Change of Control Severance Payment and benefits, subject to Section 3.02 and any other conditions set forth in this Plan:

(a) Subject to the limitations set forth in Section 3.05, the Change of Control Severance Payment shall be a lump sum cash payment equal to the sum of (x) the sum of the amounts described in Sections 3.01(a)(i), (ii), and (iii) multiplied by the Participant’s Severance Multiplier and (y) the amount described in Section 3.01(a)(iv):

(i) The Participant’s Annual Salary.

(ii) The highest of the bonus payments received by the Participant under the applicable Company annual bonus plan for the last three annual periods completed prior to the Termination Date (the “*Annual Bonus*”). For the avoidance of doubt, the Annual Bonus shall

not include any long term incentive compensation, commissions, or any other incentive or retention compensation, bonuses, or awards of any kind other than the annual bonus plan applicable to the Participant.

(iii) The cash value of twelve months of employee and employer premiums (as previously established by the Company in its sole and exclusive discretion) for qualified medical and dental plans in which the Participant participates, as of the Termination Date, but excluding any supplemental health and welfare benefits.

(iv) The product of (A) the Participant's Annual Bonus and (B) a fraction, the numerator of which is the number of days which have elapsed in the Company's current fiscal year through the Termination Date, and the denominator of which is 365.

(b) The Participant shall be eligible for outplacement services appropriate for a senior executive of the Company, to be provided by a nationally recognized outplacement firm capable of providing such services, selected by the Participant with the Company's approval, in an amount not to exceed twenty-five thousand dollars and 00/100 cents (\$25,000.00) to the extent such services are used by the Participant within one (1) year of his or her Termination Date. The Company will reimburse the outplacement firm directly.

(c) Subject to Section 3.04, any Change of Control Severance Payment shall be paid to the Participant on or before the 90th day after the Termination Date.

(d) The Company shall deduct any required tax withholding from any Change of Control Severance Payments. There shall be no deferrals, contributions or additional accruals to any qualified savings or retirement plan of the Company or to any deferred compensation plan of the Company from, or based on, any Change of Control Severance Payment.

Section 3.02 Condition to Receipt of Severance Benefits. In order to receive any Change of Control Severance Payment or benefit under this Plan, the Participant must timely execute, deliver and not revoke a Separation and Release Agreement with the Company on or prior to the 60th day following the Participant's Termination Date in a form and with content determined solely and exclusively by the Compensation Committee (or its designee) and containing generally the following provisions, unless prohibited by law: No-Hire, Non-Competition, Confidentiality, Non-Disclosure, Claw-Back, Cooperation, Return of Company Property, and Comprehensive Waiver, Release and Covenant Not-To-Sue. Such Separation and Release Agreement shall be provided by the Company to the Participant on or about the Participant's Termination Date.

Section 3.03 Parachute Payments. In the event that it shall be determined that any payment or distribution to or for the benefit of any Participant under this Plan or under any other Company plan, contract or agreement would, but for the effect of this Section, be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (collectively, such excise tax, together with any such interest or penalties, the "*Excise Tax*"), then, in the event that the after-tax value of all Payments to a Participant (such after-tax value to reflect the deduction of the Excise Tax and all income or other taxes on such Payments) would, in the aggregate, be less than the after-tax value (so calculated) to the Participant of the Safe Harbor Amount, (i) the cash portions of the Payments payable to the Participant under this Plan shall be reduced, in the order in which they are due to be paid, until the Parachute Value of all Payments paid to the Participant, in the aggregate, equals the Safe Harbor Amount, and (ii) if the reduction of the cash portions of the Payments, payable under this Plan, to zero would not be sufficient to reduce the Parachute Payments to the Safe Harbor Amount, then any cash portions of the Payments payable to the Participant under any other plans shall be reduced, in the order in which they are due to be paid, until the Parachute Value of all Payments paid to the Participant, in the aggregate, equals the Safe Harbor Amount, and (iii) if the reduction of all cash portions of the Payments, payable pursuant to this Plan and otherwise, to zero would not be sufficient to reduce the Parachute Payments to the Safe Harbor Amount, then non-cash portions of the Payments shall be reduced, in the order in which they are due to be paid, until the Parachute Value of all Payments paid to the Participant, in the aggregate, equals the Safe Harbor Amount.

Section 3.04 Section 409A Compliance. No payments under this Article III shall be paid to a Participant prior to or during the 6-month period following the Participant's Termination Date if the Company determines in its sole discretion that paying such amounts at the time or times indicated in this Article III would be a prohibited payment of deferred compensation to a Specified Employee under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is not made as a result of the previous sentence, then within 15 business days following the end of such 6-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Participant's death), the Company shall pay the Participant a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Participant during such period, and any remaining amounts due to such Participant shall be paid as otherwise provided in the Plan. For any payment that is delayed under this Article III, the Company shall also pay to the Participant interest on the delayed payment at a rate equal to the rate provided under Section 1274(b)(2)(B) of the Code as of the Termination Date.

Section 3.05 Limitation of Benefits. Notwithstanding anything to the contrary in this Plan, a Participant's Change of Control Severance Payment shall be reduced by the aggregate amount of any termination, redundancy, severance or similar separation payments or benefits (other than state unemployment benefits) which such Participant is eligible for and receives, due to the Participant's Termination of Employment, under any other agreement or plan (including, without limitation, any severance plans of the Company or any Subsidiary or affiliate or any government-mandated plans) or pursuant to any statutory, legislative, or regulatory requirement.

Section 3.06 Plan Unfunded; Participant's Rights Unsecured. The Company shall not be required to establish any special or separate fund or make any other segregation of funds or assets to assure the payment of any Change of Control Severance Payment or benefit under this Plan. The right of any Participant to receive the benefits provided for herein shall be an unsecured claim against the general assets of the Company. No payment or benefit under this Plan shall be deemed earned, vested or accrued compensation or benefits except according to the express terms of this Plan.

ARTICLE IV.

DISPUTE RESOLUTION

Section 4.01 Any disputes, controversies or claims which arise between any Participant (or any person claiming by, through or under any Participant) and the Company or any of its Subsidiaries and affiliates (including the Compensation Committee) relating to or arising out of this Plan, which are not settled by agreement between the parties, shall be settled by arbitration in accordance with the then-current Rules of Practice and Procedure for Employment Arbitration (“Rules”) of the Judicial Arbitration and Mediation Services, Inc. (“JAMS”). The arbitration shall be before a single arbitrator selected in accordance with the JAMS Rules or otherwise by mutual agreement of the parties. The arbitration shall take place in Los Angeles County, California, unless the parties agree to hold the arbitration at another location. Depositions and other discovery shall be allowed in accordance with the JAMS Rules. The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the State of California or federal law, or both, as applicable to the claim(s) asserted.

Section 4.02 In consideration of the benefits provided herein, the anticipated expedition and the minimizing of expense of this arbitration remedy, and other good and valuable consideration, the arbitration provisions of this Plan shall provide the exclusive remedy for disputes arising hereunder, and each party expressly waives any right such party may have to seek redress in any other forum. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability and enforceability of this Plan, including but not limited to any claim that all or any part of this Plan is void or voidable. The arbitration and any decision and award or order of the arbitrator shall be final and binding upon the parties and judgment thereon may be entered in the Superior Court of the State of California or any other court having jurisdiction.

Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Plan and to enforce an arbitration award. Except as otherwise provided in this Plan, both the Company and the Participant agree that neither of them shall initiate or prosecute any lawsuit or administrative action in any way related to any claim covered by this Plan.

Section 4.03 Any claim which either party has against the other party, that could be submitted for resolution pursuant to this Article IV must be presented in writing by the claiming party to the other party within one year of the date the claiming party knew or should have known of the facts giving rise to the claim. Unless the party against whom any claim is asserted waives the time limits set forth above, any claim not brought within the time periods specified shall be waived and forever barred, even if there is a federal or state statute of limitations which would have given more time to pursue the claim.

Section 4.04 The Company shall advance the costs and expenses of the arbitrator. In any arbitration to enforce any of the provisions or rights under this Plan, the unsuccessful party in such arbitration, as determined by the arbitrator, shall pay to the successful party or parties all costs, expenses and reasonable attorneys’ fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party or parties shall recover an award in any such arbitration proceeding, such costs, expenses and attorneys’ fees shall be included as part of such award. Notwithstanding the foregoing provision, in no event shall the successful party or parties be entitled to recover an amount from the unsuccessful party for costs, expenses and attorneys’ fees that exceeds the unsuccessful party’s costs, expenses and attorneys’ fees in connection with the action or proceeding. Any reimbursement of attorneys’ fees pursuant to this Section 4.04 shall be provided no later than the last day of the Participant’s taxable year following the later of (i) the year in which such attorneys’ fees were incurred and (ii) the year in which the arbitrator determined that the Participant was the successful party.

Section 4.05 Each of the above terms and conditions shall have separate validity, and the invalidity of any part thereof shall not affect the remaining parts.

ARTICLE V.

MISCELLANEOUS PROVISIONS

Section 5.01 Cumulative Benefits. Except as provided in Section 3.05 or as otherwise agreed to in a writing signed between the Company and the Participant, the rights and benefits provided to any Participant under this Plan are cumulative of, and are in addition to, all of the other rights and benefits provided to such Participant under any Benefit Plan or any agreement between such Participant and the Company or any of its Subsidiaries; provided, that, in no event shall a Participant be entitled to participate in the Severance Pay Plan of Avery Dennison Corporation, as amended and re-stated effective January 1, 2009, and any amendments or successors to that plan.

Section 5.02 No Mitigation. No Participant shall be required to mitigate the amount of any payment provided for in this Plan by seeking or accepting other employment following a Termination of Employment with the Company. The amount of any payment or benefit provided for in this Plan shall not be reduced by any compensation or benefit earned by a Participant as the result of employment by another employer or by retirement or other benefits, except as described in Section 3.05.

Section 5.03 Amendment, Modification or Termination.

(a) The Compensation Committee may amend, modify, or terminate the Plan at any time in its sole discretion; provided, however, that: (i) no such amendment, modification or termination may materially and adversely affect any rights of any Participant who has incurred a Termination of Employment on or prior to the date of such amendment, modification or termination; (ii) any termination of the Plan or modification that is a material diminishment of the severance benefit shall not be effective until twelve (12) months after written notice of such action has been provided to the Participants, except that any modification or amendment shall be immediately applicable to any employee designated as a Participant after the date that the Compensation Committee adopts the modification or amendment; and (iii) the Plan shall not be terminated or materially amended during any Change of Control Period. Notwithstanding the foregoing, the Plan shall terminate when all of the obligations to Participants hereunder have been satisfied in full.

(b) Notwithstanding Section 5.03(a) or any other provision of this Plan, and to the fullest extent applicable, this Plan shall be interpreted and the terms shall be applied in accordance with Section 409A. In the event that the Compensation Committee in its sole and exclusive discretion determines that any payments, disbursements, or benefits provided, or to be provided, under this Plan may be subject to, and not in compliance with, Section 409A, the Compensation Committee may adopt at any time (without any obligation to do so or to indemnify any Participant for failure to do so) such limited amendments to this Plan, including amendments with retroactive effect, that it reasonably determines are necessary or appropriate to (i) exempt the compensation and benefits payable under this Plan from Section 409A and/or

preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (ii) comply with the requirements of Section 409A; and all such amendments shall be immediately effective as to all Participants.

Section 5.04 Administration.

(a) Subject to the limitations of the Plan, the Compensation Committee shall have full and final authority, in its sole and exclusive discretion, to administer the Plan, to construe and interpret its provisions, to decide matters arising under the Plan, and to take all other actions deemed necessary or advisable for the proper administration of this Plan. No discretionary action by the Compensation Committee, or any person who is delegated authority under this Plan, shall amend or supersede the express provisions of this Plan.

(b) For any matter under this Plan for which the Compensation Committee or Company has discretion or authority affecting whether or not an employee is designated as a Participant and the Participant's eligibility to receive a payment or benefit or the amount of the payment or benefit (such as determinations of Cause, Disability, or eligibility), such discretion or authority shall be retained by the Compensation Committee exclusively relative to any such employee who is an officer of the Company under Section 16(b) of the Exchange Act ("*16(b) Officers*").

(c) For any matter under this Plan not covered by Section 5.04(b) and for which the Compensation Committee or Company has discretion or authority (such as determinations of Cause, Disability, or eligibility), the Compensation Committee may delegate such discretion or authority to one or more appropriate executives, except for the authority to terminate the Plan which shall remain exclusively with the Compensation Committee.

Section 5.05 Consolidations, Mergers, Etc. In the event of a merger, consolidation or other transaction, nothing herein shall relieve the Company from any of the obligations set forth in the Plan; provided, however, that nothing in this Section 5.05 shall prevent an acquirer of or Successor to the Company from assuming the obligations, or any portion thereof, of the Company hereunder pursuant to the terms of the Plan provided that such acquirer or Successor provides adequate assurances of its ability to meet this obligation. In the event that an acquirer of or Successor to the Company agrees to perform the Company's obligations, or any portion thereof, hereunder, the Company shall require any person, firm or entity which becomes its Successor to expressly assume and agree to perform such obligations in writing, in the same manner and to the same extent that the Company would be required to perform hereunder if no such succession had taken place.

Section 5.06 Successors and Assigns. This Plan shall be binding upon and inure to the benefit of the Company and its Successors and assigns. This Plan and all rights of each Participant shall inure to the benefit of and be enforceable by such Participant and his or her personal or legal representatives, executors, administrators, heirs and permitted assigns. If any Participant should die while any amounts are due and payable to such Participant hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such Participant's devisees, legatees or other designees or, if there be no such devisees, legatees or other designees, to such Participant's estate. No payments, benefits or rights arising under this Plan may be assigned or pledged by any Participant, except under the laws of descent and distribution.

Section 5.07 Notices.

(a) All notices and other communications provided for in this Plan shall be in writing and shall be delivered as follows: (i) if to the Company, at the Company's principal office address or such other address as the Company may have designated by written notice to all Participants for purposes hereof, directed to the attention of the General Counsel, and (ii) if to any Participant, at his or her residence address on the records of the Company or to such other address as he or she may have designated to the Company in writing for purposes hereof. Each such notice or other communication according to this Plan shall be deemed to have been duly delivered upon being deposited in the United States Mail via certified or registered mail, return receipt requested, postage prepaid, or by overnight delivery using a service capable of tracking and confirmation of receipt (with postage fees prepaid) such as FedEx or UPS, except that any change of notice address shall be effective only upon receipt.

(b) The Company's Vice President of Compensation and Benefits (or the person serving in the equivalent role for the Company), or such other executive as may be designated by the Compensation Committee from time to time, shall deliver to each Participant, within thirty (30) days of such Participant's designation on *Exhibit A* hereto as eligible for this Plan, a letter notifying such Participant that he or she has been designated as a Participant in the Plan and his or her Severance Multiplier and Tier, and a copy of the Plan (but not *Exhibit A*). Within thirty (30) days following any material amendment to the Plan or any change to the Participant's Severance Multiplier, the Vice President of Compensation and Benefits of the Company (or such other executive as may be designated by the Compensation Committee from time to time) shall deliver such amendment, amended Plan, or other confirming document to each affected Participant.

(c) For purposes of this Plan, in order for the Company to terminate any Participant's employment for Cause, the Company must deliver a Termination Notice to such Participant, which notice shall be dated the date it is transmitted for delivery to such Participant, shall specify the Termination Date and shall state that the termination is for Cause and shall set forth in reasonable detail the particulars thereof. For purposes of this Plan, in order for the Company to terminate any Participant's employment for Disability, the Company must give a Termination Notice to such Participant, which notice shall be dated the date it is transmitted for delivery to such Participant, shall specify the Termination Date and shall state that the termination is for Disability and shall set forth in reasonable detail the particulars thereof. Any Termination Notice delivered by the Company that does not comply, in all material respects, with the foregoing requirements shall be invalid and ineffective for purposes of this Plan.

Section 5.08 No Employment Rights Conferred. This Plan shall not be deemed to create a right, promise, contract or guarantee of employment, continued employment, or of any particular job position, between any Participant and the Company and/or any of its affiliates or Subsidiaries.

Section 5.09 Severability. If any provision of the Plan is, becomes or is deemed to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Plan shall not be affected thereby.

Section 5.10 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws rules, and applicable federal law.

AVERY DENNISON CORPORATION
EXECUTIVE SEVERANCE PLAN

Avery Dennison Corporation has issued this Avery Dennison Corporation Executive Severance Plan to provide certain designated executives of the Company and its affiliates and subsidiaries with severance protection under covered circumstances.

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

Capitalized terms used in this Plan shall have the following meanings, except as otherwise provided or as the context of the Plan otherwise requires:

“*Annual Salary*” shall mean only the Participant’s highest annualized rate of base salary designated for the Participant during the six month period ending on the Termination Date. For the avoidance of doubt, Annual Salary shall not include any bonus, commission, incentive, retention or deferred compensation, stock options or other stock related rights, or other forms of employee benefits such as vacation, insurance, health or medical benefits, disability benefits, workers’ compensation, supplemental unemployment benefits, and post-employment or retirement benefits (including but not limited to compensation, pension, health, medical or life insurance).

“*Board*” shall mean the Board of Directors of the Company.

“*Cause*” shall mean: (1) Participant’s commission of a crime or other act that could materially damage the reputation of the Company; (2) Participant’s theft, misappropriation, or embezzlement of Company property; (3) Participant’s falsification of records maintained by the Company; (4) Participant’s substantial failure to comply with the written policies and procedures of the Company as they may be published or revised from time-to-time; (5) Participant’s misconduct; or (6) Participant’s substantial failure to perform the material duties of Participant’s job with the Company, which failure is not cured within 30 days after written notice from the Company specifying the act or acts of non-performance. Determination of Cause shall be made by the Compensation Committee or one or more individuals designated by the Compensation Committee, in its sole and exclusive discretion.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended in the past and the future.

“*Comparable Position*” shall mean a job position with the Company or any of its affiliates or subsidiaries, or any of their respective successors and assigns, the principal work location of which is within at least 50 miles of the Participant’s residence (or if further away does not require a materially longer commute than Participant’s commute at Participant’s job position as of the Termination Date) and provides pay and benefits that as a whole are substantially equivalent to, or better than, the Participant’s aggregate pay and benefits with the Company at the time of the Termination of Employment when taking into account the Participant’s base salary, target bonus opportunity, incentive pay and equity opportunities, health and welfare benefits, severance protection, and other benefits.

“*Compensation Committee*” shall mean the “Compensation and Executive Personnel Committee” of the Board.

“*Company*” shall mean Avery Dennison Corporation, including its successors and assigns.

“*Disability*” shall mean, when used with reference to any Participant, long term disability as defined by the applicable long term disability plan maintained by the Company or one of its subsidiaries under which the Participant is covered.

“*Effective Date*” shall mean the date that the Compensation Committee adopts this Plan.

“*Participant(s)*” shall mean an employee (or employees) of the Company or any of its subsidiaries or affiliates who are from time-to-time designated as Participants in accordance with Section 2.1 of the Plan.

“*Plan*” shall mean this Avery Dennison Executive Severance Plan, as may be amended or modified from time-to-time.

“*Section 409A*” shall mean Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the Effective Date of the Plan.

“*Severance Payment*” shall mean the amount described in Section 3.2 of the Plan.

“*Severance Multiplier*” shall mean the multiplier, if any, designated according to Section 2.1 to be applied to a Participant’s Severance Payment under Section 3.2. The Severance Multiplier shall be listed on Exhibit A to this Plan.

“*Specified Employee*” shall mean any Participant who, as of such Participant’s Termination Date, is determined to be a “key employee” of the Company if, at such time, the Company has any stock that is publicly traded on an established securities market or otherwise. For purposes of this definition, a Participant is a “key employee” if the Participant meets the requirements of Sections 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding Section 416(i)(5) of the Code) at any time during the twelve (12) month period ending on the last day of the Company’s applicable fiscal year (referred to as the “identification date” below). If a Participant is a “key employee” as of the identification date, such Participant shall be treated as a “key employee” for the entire twelve (12) month period beginning on the first day of the fourth month following the identification date. For purposes of this definition, a Participant’s compensation for the twelve (12) month period ending on an identification date shall mean such Participant’s compensation, as determined under Treasury Regulation Section 1.415(c)-2(d)(4), from the Company for such period.

“*Termination Date*” shall mean, with respect to any Participant, the actual date of the Participant’s Termination of Employment.

“*Termination of Employment*” shall mean the time when the employee-employer relationship between the Participant and the Company or any subsidiary of the Company is terminated for any reason, with or without Cause, including, but not limited to a termination by resignation,

discharge, death, Disability or retirement; provided that such “Termination of Employment” constitutes a “separation from service” within the meaning of Treasury Regulation Section 1.409A-1(h) .

ARTICLE II

ELIGIBILITY

Section 2.1 Eligible Employees. Only employees of the Company who are designated as Participants according to this Section 2.1 shall be eligible for payments and benefits under this Plan.

(a) The Participants shall be set forth on *Exhibit A* to this Plan. The Compensation Committee shall be authorized on and after the Effective Date to designate as Participants one or more employees of the Company (including new hires). The Compensation Committee also shall designate the Participant’s Level for purposes of the Severance Multiplier. Participants and their Level shall be listed on *Exhibit A* to this Plan, which shall be amended as required according to designations made by the Compensation Committee.

(b) The Compensation Committee may delegate to one or more senior executives the authority to designate Participants and to designate a Participant’s Level for purposes of the Severance Multiplier, provided however that the Compensation Committee shall retain (and shall not delegate) such authority relative to designations of Participant and Level status for any employee who is an “officer” within the meaning of Section 16(b) of the Exchange Act.

(c) A designation of “Level 1” shall mean the Participant’s Severance Multiplier is two (2x). A designation of “Level 2”, “Level 3” or “Level 4” shall mean the Participant has a Severance Multiplier of one (1x).

Section 2.2 Individuals Not Eligible. Notwithstanding Section 2.1, no Participant shall be eligible to receive any payments or benefits under this Plan if at the time of Termination of Employment the Participant is eligible for and receives severance payments and benefits under the Avery Dennison Key Executive Change of Control Severance Plan or under any other agreement or plan that contains a change of control provision for severance pay and benefits. An individual shall not be eligible to be a Participant in the Plan, and shall not be designated as such, if the individual is otherwise designated by the Company as a temporary employee, as an individual working for the Company or any of its affiliates or subsidiaries on referral from a temporary personnel agency or employee leasing agency, or as an independent contractor or person working for an independent contractor.

ARTICLE III

SEVERANCE AND RELATED TERMINATION BENEFITS

Section 3.1 Conditions to Receipt of Severance Pay and Benefits. In order to receive any payments or benefits under this Plan, an eligible Participant must satisfy each of the following requirements:

(a) The Participant must incur an involuntary Termination of Employment that is initiated by the Company or by any of its affiliates or subsidiaries, except that a Participant shall not be entitled to severance pay and benefits under any of the following circumstances: (i) a Termination of Employment for Cause, or due to Disability, Death, or the Participant’s voluntary resignation; (ii) an employment termination where there is a simultaneous reemployment or continuing employment of the Participant by the Company or any subsidiary or affiliate of the Company in any position; (iii) an employment termination resulting from the Participant declining an offer of simultaneous reemployment or continuing employment in a Comparable Position with the Company or with any subsidiary or affiliate of the Company; and (iv) an employment termination where a successor or assign of the Company, or of that portion of the Company that is transferred, sold or outsourced to the successor or assign, offers to the Participant a Comparable Position.

(b) The Participant must timely execute, deliver and not revoke a Separation and Release Agreement on or prior to the 60th day following the Participant’s Termination Date in a form and with content determined solely and exclusively by the Compensation Committee (or its designee) and containing generally the following provisions, unless prohibited by law: No-Hire, Non-Competition, Confidentiality, Non-Disclosure, Claw-Back, Cooperation, Return of Company Property, and Comprehensive Waiver, Release and Covenant Not-To-Sue. Such Separation and Release Agreement shall be provided by the Company to the Participant on or about the Participant’s Termination Date.

Section 3.2 Severance Benefits. For any Participant who satisfies the conditions of Section 3.1, the Participant shall receive the following Severance Payment and benefits on the sixtieth (60th) day after the Participant’s Termination Date:

(a) The Severance Payment shall be a lump sum cash payment equal to the sum of the amounts described in Section 3.2(a)(i), (ii), and (iii), multiplied by the Participant’s Severance Multiplier listed in *Exhibit A*, if any:

(i) The Participant’s Annual Salary.

(ii) The highest of the last three (3) annual bonus payments received by the Participant under the applicable Company annual bonus plan as of the Termination Date. For this Section 3.2(a)(ii), annual bonus shall not include any long term incentive compensation, commissions, or any other incentive or retention compensation, bonuses, or awards of any kind other than the annual bonus plan applicable to the Participant; and

(iii) The cash value of twelve months of premiums (employee and employer premiums) for qualified medical and dental plans in which the Participant participates as of the Termination Date, with such premium amounts determined by the Company in its sole and exclusive discretion, and excluding any supplemental health and welfare benefits.

(b) Outplacement services appropriate for a senior executive of the Company in an amount and nature determined by the Compensation Committee (or its designee) in its sole and exclusive discretion. Such outplacement benefits must be fully used by the Participant within one (1) year of his or her Termination Date. The Company will reimburse the outplacement firm directly.

(c) No payments under this Section 3.2 shall be paid to a Participant prior to or during the 6-month period following the Participant's Termination Date if the Company determines in its sole discretion that paying such amounts at the time or times indicated in this Section 3.2 would be a prohibited payment of deferred compensation to a Specified Employee under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is not made as a result of the previous sentence, then within 15 business days following the end of such 6-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Participant's death), the Company shall pay the Participant a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Participant during such period, and any remaining amounts due to such Participant shall be paid as otherwise provided in the Plan. For any payment that is delayed under this Section 3.2(c), the Company shall also pay to the Participant interest on the delayed payment at a rate equal to the short term Applicable Federal Rate (as published by the Internal Revenue Service) as of the Termination Date.

(d) Withholding and Deductions. The Company shall deduct any required tax withholding from any severance payments. There shall be no deferrals, contributions or additional accruals to any qualified savings or retirement plan of the Company or to any deferred compensation plan of the Company, from, or based on, any Severance Payment.

Section 3.3 Limitation of Benefits. The Severance Payment described in Section 3.2(a) shall be reduced by the aggregate amount of any severance or similar type of payment required to be paid to a Participant under any statutory, legislative, or regulatory requirement for severance pay, or under any severance agreement or plan (of the Company or any affiliate), due to the Participant's Termination of Employment. For the avoidance of doubt, this limitation and reduction does not include benefits under plans such as retirement pension and savings plans, supplemental retirement plans, deferred compensation plans, and similar compensation or benefit plans.

Section 3.4 Plan Unfunded; Participant's Rights Unsecured. The Company shall not be required to establish any special or separate fund or make any other segregation of funds or assets to assure the payment of any Severance Payment or benefit under this Plan. The right of any Participant to receive a Severance Payment and benefits provided for under this Plan shall be an unsecured claim against the general assets of the Company. No payment or benefit under this Plan shall be deemed earned, vested or accrued compensation or benefits, except according to the express terms of this Plan.

ARTICLE IV

DISPUTE RESOLUTION

Section 4.1 Negotiation. If a claim, dispute or controversy shall arise between any Participant (or any person claiming by, through or under any Participant) and the Company or its subsidiaries and affiliates (including the Compensation Committee) relating to or arising out of this Plan, either disputant shall give written notice to the other disputant ("*Dispute Notice*") that it wishes to resolve such claim, dispute or controversy by negotiations, in which event the disputants shall attempt in good faith to negotiate a resolution of such claim, dispute or controversy. If the claim, dispute or controversy is not resolved within 30 days after the effective date of the Dispute Notice (as described in Section 5.5), either disputant may initiate arbitration of the claim, dispute or controversy as provided in Section 4.2. All negotiations pursuant to this Section 4.1 shall be held at the Company's principal offices in Pasadena, California (or such other place as the disputants shall mutually agree) and shall be treated as compromise and settlement negotiations to avoid litigation, for the purposes of federal and state rules of evidence and procedure.

Section 4.2 Arbitration. Subject to Section 4.3, any claim, dispute or controversy arising out of or relating to this Plan that has not been resolved by negotiations in accordance with Section 4.1 within 30 days of the effective date of the Dispute Notice (as described in Section 5.5) shall, upon the written request of either disputant, be settled by final and binding arbitration conducted expeditiously in accordance with the commercial arbitration rules of the American Arbitration Association regarding resolution of employment-related disputes. A demand for arbitration under this Section shall be submitted within 10 business days after the expiration of the 30-day negotiation period under Section 4.1(a), unless the parties mutually agree to an extension of this time frame. The arbitrator may, without limitation, award injunctive relief, but shall not be empowered to award damages in excess of the Severance Payment and benefit provisions of this Plan, and each disputant shall be deemed to have irrevocably waived any other damages claims including compensatory damages, emotional distress damages, punitive damages, costs, and attorneys' fees. The arbitrator's decision shall be final and legally binding on the disputants and their successors and assigns, and the judgment by the arbitrator may be entered in any court having jurisdiction. The arbitrator shall not have any authority to alter the terms of this Plan. Each party shall pay its own fees, disbursements, and costs relating to or arising out of any arbitration. All arbitration conferences and hearings shall be held within a thirty (30) mile radius of the Participant's assigned office location with the Company.

Section 4.3 Exclusivity. No legal action may be brought with respect to this Plan except for the purpose of specifically enforcing the provisions of this Article IV or for the purpose of enforcing any arbitration award made pursuant to Section 4.2.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1 No Mitigation. No Participant shall be required to mitigate the amount of any payment provided for in this Plan by seeking or accepting other employment following a Termination of Employment with the Company. The amount of any payment or benefit provided for in this Plan shall not be reduced by any compensation or benefit earned by a Participant as the result of employment by another employer or by retirement or other benefits, except as described in Section 3.3.

Section 5.2 Amendment, Modification or Termination.

(a) The Compensation Committee may amend, modify, or terminate the Plan at any time in its sole and exclusive discretion; provided however that: (i) no such amendment, modification or termination may materially and adversely affect any rights of any Participant who has incurred a Termination of Employment on or prior to the effective date of such amendment, modification, or termination; and (ii) any termination of the Plan or modification that is a material diminishment of the severance benefit shall not be effective until twelve (12) months after written notice of such action has been provided to the Participants, except that any modification or amendment shall be immediately applicable to any employee designated as a Participant after the date that the Compensation Committee adopts the modification or amendment.

(b) Notwithstanding Section 5.2(a) or any other provision of this Plan, and to the fullest extent applicable, this Plan shall be interpreted and the terms shall be applied in accordance with Section 409A. In the event that the Compensation Committee (or its designee), in its sole and exclusive discretion, determines that any payments, disbursements, or benefits provided, or to be provided, under this Plan may be subject to, and not in compliance with, Section 409A, the Compensation Committee (or its designee) may adopt at any time (without any obligation to do so or to indemnify any Participant for failure to do so) such limited amendments to this Plan, including amendments with retroactive effect, that it reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Plan from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A; and all such amendments shall be immediately effective as to all Participants.

(c) Subject to any restriction stated in this Plan, the Compensation Committee may delegate its authority to amend or modify the Plan under this Section 5.2 to one or more appropriate executives of the Company, so long as such authority is used by the designated executives in order to clarify the Plan, ensure legal compliance, or to facilitate efficient and effective administration of the Plan and the payment of severance and benefits under the Plan. The Compensation Committee shall not delegate its authority to terminate the Plan or to diminish or increase the formula for determining a Severance Payment.

Section 5.3 Administration.

(a) Subject to the limitations of the Plan, the Compensation Committee shall have full and final authority, in its sole and exclusive discretion, to administer the Plan, to construe and interpret its provisions, to decide matters arising under the Plan, and to take all other actions deemed necessary or advisable for the proper administration of this Plan. This authority and discretion includes, but is not limited to, determining whether objective (or subjective) criteria under the Plan have been satisfied, resolving any possible inconsistencies or ambiguities, determining eligibility, determining the amount of any payments or benefits, ensuring compliance with legal and tax matters, and delegating to other persons or entities any duty that would be the responsibility of the Compensation Committee.

(b) For any matter under this Plan for which the Compensation Committee has discretion or authority affecting whether or not an employee is designated as a Participant and the Participant's eligibility to receive a severance payment or benefit or the amount of a severance payment or benefit (including but not limited to determinations of Cause, Disability, eligibility, or Level), such discretion or authority shall be retained exclusively by the Compensation Committee relative to any person who is an officer of the Company under Section 16(b) of the Securities and Exchange Act of 1934, as amended ("16(b) Officers").

(c) Subject to Section 5.2, for any matter under this Plan not covered by Section 5.3(b) and for which the Compensation Committee or Company has discretion or authority (such as determinations of Cause, Disability, or eligibility), the Compensation Committee may delegate such discretion or authority to one or more appropriate executives of the Company.

Section 5.4 Successors and Assigns. This Plan shall be binding upon and inure to the benefit of the Company and its successors and assigns. This Plan and all rights of each Participant shall inure to the benefit of and be enforceable by such Participant and his or her personal or legal representatives, executors, administrators, heirs and permitted assigns. If any Participant should die while any amounts are due and payable to such Participant hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such Participant's devisees, legatees or other designees or, if there be no such devisees, legatees or other designees, to such Participant's estate. No payments, benefits or rights arising under this Plan may be assigned or pledged by any Participant, except under the laws of descent and distribution.

Section 5.5 Notices.

(a) All notices and other communications provided for in this Plan shall be in writing and shall be delivered as follows: (i) if to the Company, at the Company's principal office address or such other address as the Company may have designated by written notice to all Participants for purposes hereof, directed to the attention of the General Counsel, and (ii) if to any Participant, at his or her residence address on the records of the Company or to such other address as he or she may have designated to the Company in writing for purposes hereof. Each such notice or other communication according to this Plan shall be deemed to have been duly delivered upon being deposited in the United States Mail via certified or registered mail, return receipt requested, postage prepaid, or by overnight delivery using a service capable of tracking and confirmation of receipt (with postage fees prepaid) such as FedEx or UPS, except that any change of notice address shall be effective only upon receipt.

(b) The Company's Vice President of Compensation (or the person serving in the equivalent role for the Company), or such other executive as may be designated by the Compensation Committee from time to time, shall deliver to each Participant, within thirty (30) days of such Participant's designation on *Exhibit A* hereto as eligible for this Plan, a letter notifying such Participant that he or she has been designated as a Participant in the Plan and his or her Severance Multiplier, as well as a copy of this Plan (but not *Exhibit A*). Within thirty (30) days following any material amendment to the Plan or any change to the Participant's multiplier, the Vice President of Compensation of the Company (or such other executive as may be designated by the Compensation Committee from time) shall deliver such amendment, amended Plan, or other confirming document to each affected Participant.

(c) For purposes of this Plan, in order for the Company to terminate any Participant's employment for Cause, the Company must deliver a Termination Notice to such Participant, which notice shall be dated the date it is transmitted for delivery to such Participant, shall specify the Termination Date and shall state that the termination is for Cause and shall set forth in reasonable detail the particulars thereof. For purposes of this Plan, in order for the Company to terminate any Participant's employment for Disability, the Company must give a Termination Notice to such Participant, which notice shall be dated the date it is transmitted for delivery to such Participant, shall specify the Termination Date and shall state that the termination is for Disability and shall set forth in reasonable detail the particulars thereof. Any Termination Notice delivered by the Company that does not comply, in all material respects, with the foregoing requirements shall be invalid and ineffective for purposes of this Plan.

Section 5.6 No Employment Rights Conferred. This Plan shall not be deemed to create a right, promise, contract or guarantee of employment, continued employment, or of any particular job position, between any Participant and the Company and/or any of its affiliates or subsidiaries.

Section 5.7 Severability. If any provision of the Plan is, becomes or is deemed to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Plan shall not be affected thereby.

Section 5.8 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws rules, and applicable federal law.