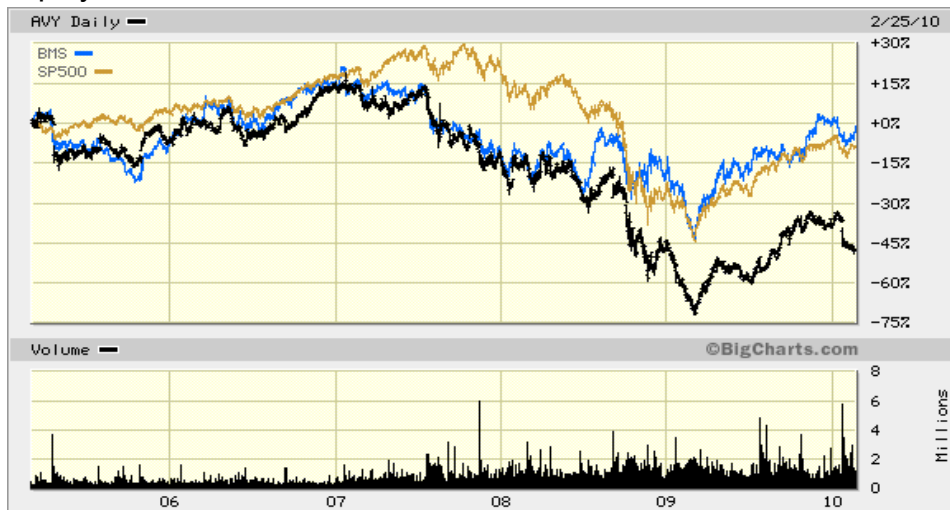


Avery Dennison Corporation (AVY) 2/25/10

AVY operates in the design and production of various office supplies, adhesives, and labels. The company operates in three segments; Pressure Sensitive Materials, Retail Information Services, and Retail Information Services. AVY was founded in 1925 and is headquartered in Pasadena, California.

Current Price	\$31.51
52 Week High	\$40.23
52 Week Low	\$17.02
One Yr Target	\$40.00
Market Cap (in billions)	\$3.32
P/E (Trailing)	n/a
P/E(1 Yr Forward)	10.26
P/E/G	2.43
ROA	-13.53%
ROE	-47.98%
EPS	n/a
Beta	1.18
Annualized Dividend	\$0.80
Dividend Yield	2.54%
Analyst Consensus	2.10
Debt to Equity	1.65



Annual EPS

2006	\$3.48	
2007	\$3.53	1.28%
2008	\$2.75	-21.98%
2009	-\$7.51	-373.04%
ttm	n/a	n/a

Annual Revenue (in millions)

2006	\$5,575.90	
2007	\$6,307.80	13.13%
2008	\$6,710.40	6.38%
2009	\$5,952.70	-11.29%

Annual Net Income (in millions)

2006	\$373.20	
2007	\$375.30	0.56%
2008	\$270.60	-27.90%
2009	-\$790.90	-392.28%

Free Cash Flows (in millions)

2006	\$315.50	
2007	\$244.60	-22.47%
2008	\$348.10	42.31%
2009	\$466.20	33.93%

Required Rate of Return

11.65%

Dividend Growth Model

Present Value of 2015 Price	\$11.26
Holding Period Return (5 years)	-3.21%

Expected Annualized Return Model

Present Value of 2015 Price	\$26.79
Holding Period Return (5 years)	-2.74%

Residual Income Model

Intrinsic Stock Price	\$180.21
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Analysis

Positives

Negatives

Horrid management efficiency ratios, the ROA and ROE

No P/E ratio because of no earnings and high PEG ratio

Financial Statements

Income Statement shows very little growth across years and low margins

Debt on Balance Sheet isint bad but declining Retained Earnings are

Cash Flows are steadily positive but show no growth, Capital Expenditures not too bad

Industry Analysis

Office Supplies and Paper Products should see appreciation when job growth returns

AVY has average financial ratios for its industry

Summary

AVY has been a company in decline over the past several years and its stock price reflects this. Particularly dependant on business cycles and consumer spending, demand for AVY products has been down of late. Its financial ratios are pretty bad and its financial statements have been in steep decline as of late. A little more than half of revenue is generated globally and most of that from the adhesive labels unit, which had seen great increase in demand for its products. The valuation models show a company on the decline as the RI model is very high and the forward looking DG and EAR models low. Currently not much is expected of AVY with the economy still in a see-saw recovery, but eventually when it does AVY's stock should see some nice pop. The longer 2-5 year outlook for AVY is about market-perform, but for a shorter term play AVY is a buy.