

AVON PRODUCTS INC
Form 424B3
February 25, 2009
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-149402

Information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 25, 2009

Preliminary Prospectus Supplement

(To Prospectus Dated February 27, 2008)

Avon Products, Inc.

% Notes Due

% Notes Due

This is an offering of \$ aggregate principal amount of our % Notes due (the Notes) and \$ aggregate principal amount of our % Notes due (the Notes and, with the Notes, the Notes). The Notes will mature on , unless redeemed prior to maturity. The Notes will mature on , unless redeemed prior to maturity. We will pay interest on the Notes semi-annually in arrears on each and , commencing , 2009.

We may redeem some or all of the Notes at any time and from time to time at the prices described under the heading Description of Notes Optional Redemption.

The Notes will be our unsecured senior obligations and will rank equally with our other unsecured senior indebtedness.

This prospectus supplement and the accompanying prospectus include additional information about the terms of the Notes.

Investing in the notes involves risks. See the Risk Factors section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and the Risk Factors section on page S-10 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Per	Note	Total	Note	Per	Note	Total	Note
Public offering price(1)		%	\$			%	\$	
Underwriting discount		%	\$			%	\$	
Proceeds, before expenses, to Avon(1)		%	\$			%	\$	

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(1) Plus accrued interest, if any, from _____, 2009, if settlement occurs after that date.

We expect that the Notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking S.A. on or about _____, 2009.

Joint Book-Running Managers

J.P. Morgan

Deutsche Bank Securities

Morgan Stanley

The date of this prospectus supplement is _____, 2009.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not and the underwriters have not authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission that is incorporated by reference in this prospectus supplement and the accompanying prospectus, is accurate only as of their respective dates. The terms the Company, Avon, we, us, and our refer to Avon Products, Inc. and our consolidated subsidiaries, where appropriate.

This prospectus supplement and the accompanying prospectus are for distribution in the United Kingdom only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons). This prospectus supplement and the accompanying prospectus are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus supplement and the accompanying prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (EEA) which has implemented the Prospectus Directive (2003/71/EC) (each a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make any offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in each case, in relation to such offer. Neither the Company nor any of the underwriters have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Company or any underwriter to publish a prospectus for such offer.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You can inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You can obtain copies of these materials from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings will also be available to you on the SEC's website at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which our common stock is listed.

The SEC allows the incorporation by reference of the information filed by us with the SEC, which means that important information can be disclosed to you by referring to those documents. Those documents that are filed prior to the date of this prospectus supplement and the accompanying prospectus are considered part of this prospectus supplement, and those documents that are filed after the date of this prospectus supplement and prior to the sale of securities to you pursuant to this prospectus supplement will be considered a part of this prospectus supplement. Information that we file later with the SEC will automatically update and supersede the previously filed information. The documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus supplement and the accompanying prospectus and before termination of this offering are incorporated by reference herein:

Our Annual Report on Form 10-K for the year ended December 31, 2008, filed on February 20, 2009.

Our Definitive Proxy Statement on Schedule 14A, filed on March 31, 2008.

Our current report on Form 8-K, filed on February 19, 2009, with respect to Item 2.05 only.

The description of our common stock contained in the Registration Statement on Form 8-A dated March 18, 1998, filed with the SEC to register such securities under the Exchange Act, including any amendment or report filed for the purpose of updating such description.

The description of our shareholder rights plan contained in our current report on Form 8-K, filed on March 18, 1998, including any amendment or report filed for the purpose of updating such description.

All documents filed by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus supplement and the accompanying prospectus and before termination of this offering. We are not, however, incorporating by reference any documents or portions thereof, whether specifically listed above or filed in the future, that are not deemed filed with the SEC, including any information furnished pursuant to Items 2.02 or 7.01 of Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

Copies of these SEC reports and other documents are also available, without charge, upon written or oral request, from Investor Relations, Avon Products, Inc., 1345 Avenue of the Americas, New York, NY 10105-0196 or by sending an email to investor.relations@avon.com or by calling (212) 282-5623. Information about us is also available on our web site at www.avon.com. Information on our web site is not incorporated by reference into this prospectus supplement or the accompanying prospectus and therefore is not part of this prospectus supplement or the accompanying prospectus.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement and the accompanying prospectus that are not historical facts or information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as estimate, project, forecast, plan, believe, may, expect, anticipate, intend, planned, potential, can, expectation and similar expressions, or the negative of those expressions, may constitute forward-looking statements. Such forward-looking statements are based on management's reasonable current assumptions and expectations. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, levels of activity, performance or achievement of Avon to be materially different from any future results expressed or implied by such forward-looking statements, and there can be no assurance that actual results will not differ materially from management's expectations. Such factors include, among others, the following:

our ability to implement the key initiatives of and realize the operating margins and projected benefits (in the amounts and time schedules we expect) from our global business strategy, including our multi-year restructuring initiatives, product mix and pricing strategies, enterprise resource planning, customer service initiatives, product line simplification program, sales and operation planning process, strategic sourcing initiative, outsourcing strategies, zero-overhead-growth philosophy, cash flow from operations and cash management, tax, foreign currency hedging and risk management strategies;

our ability to realize the anticipated benefits (including any projections concerning future revenue and operating margin increases) from our multi-year restructuring initiatives or other strategic initiatives on the time schedules or in the amounts that we expect, and our plans to invest these anticipated benefits ahead of future growth;

the possibility of business disruption in connection with our multi-year restructuring initiatives or other strategic initiatives;

our ability to realize sustainable growth from our investments in our brand and the direct-selling channel;

a general economic downturn, a recession globally or in one or more of our geographic regions, such as North America, or sudden disruption in business conditions, and the ability of our broad-based geographic portfolio to withstand such economic downturn, recession or conditions;

the inventory obsolescence and other costs associated with our product line simplification program;

our ability to effectively implement initiatives to reduce inventory levels in the time period and in the amounts we expect;

our ability to achieve growth objectives or maintain rates of growth, particularly in our largest markets and developing and emerging markets;

our ability to successfully identify new business opportunities and identify and analyze acquisition candidates, and our ability to negotiate and consummate acquisitions as well as to successfully integrate or manage any acquired business;

the effect of political, legal and regulatory risks, as well as foreign exchange or other restrictions, imposed on us, our operations or our Representatives by governmental entities;

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our ability to successfully transition our business in China in connection with the resumption of direct selling in that market in 2006, our ability to operate using the direct-selling model permitted in that market and our ability to retain and increase the number of Active Representatives there over a sustained period of time;

the effect of economic factors, including inflation and fluctuations in interest rates and currency exchange rates, and the potential effect of such fluctuations on our business, results of operations and financial condition;

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general economic and business conditions in our markets, including social, economic and political uncertainties in the international markets in our portfolio;

any consequences of the internal investigation of our China operations;

information technology systems outages, disruption in our supply chain or manufacturing and distribution operations, or other sudden disruption in business operations beyond our control as a result of events such as acts of terrorism or war, natural disasters, pandemic situations and large scale power outages;

the risk of product or ingredient shortages resulting from our concentration of sourcing in fewer suppliers;

the quality, safety and efficacy of our products;

the success of our research and development activities;

our ability to attract and retain key personnel and executives;

competitive uncertainties in our markets, including competition from companies in the cosmetics, fragrances, skin care and toiletries industry, some of which are larger than we are and have greater resources;

our ability to implement our Sales Leadership program globally, to generate Representative activity, to enhance the Representative experience and increase Representative productivity through investments in the direct-selling channel and to compete with other direct-selling organizations to recruit, retain and service Representatives;

the impact of the seasonal nature of our business, adverse effect of rising energy, commodity and raw material prices, changes in market trends, purchasing habits of our consumers and changes in consumer preferences, particularly given the global nature of our business and the conduct of our business in primarily one channel;

our ability to protect our intellectual property rights;

the risk of an adverse outcome in our material pending and future litigations;

our ratings and our access to financing and ability to secure financing at attractive rates; and

the impact of possible pension funding obligations, increased pension expense and any changes in pension regulations or interpretations thereof on our cash flow and results of operations.

Additional information identifying such factors is contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC. We undertake no obligation to update any such forward-looking statements.

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SUMMARY

This summary may not contain all the information that may be important to you. You should read the entire prospectus supplement and accompanying prospectus, as well as all the documents incorporated by reference herein and therein, before making an investment decision.

The Company

We are a global manufacturer and marketer of beauty and related products. Our business is conducted worldwide, primarily in the direct selling channel. We presently have sales operations in 66 countries and territories, including the United States, and distribute products in 44 more. Our reportable segments are based on geographic operations in six regions: Latin America; North America; Central & Eastern Europe; Western Europe, Middle East & Africa; Asia Pacific; and China. We centrally manage global Brand Marketing, Supply Chain and Sales organizations. Beginning in the fourth quarter of 2008, we changed our product categories from Beauty, Beauty Plus and Beyond Beauty to Beauty, Fashion and Home. Beauty consists of cosmetics, fragrances, skin care and toiletries. Fashion consists of fashion jewelry, watches, apparel, footwear and accessories. Home consists of gift and decorative products, housewares, entertainment and leisure, children's and nutritional products. Sales from Health and Wellness products and *mark.*, a global cosmetics brand that focuses on the market for young women, are included among these three categories based on product type. Sales are made to the ultimate consumer principally through the direct selling by 5.8 million active independent Representatives, who are independent contractors and not employees of Avon. The success of our business is highly dependent on recruiting, retaining and servicing our Representatives.

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The Offering

Issuer	Avon Products, Inc.
Securities Offered	\$ aggregate principal amount of % Notes due and \$ aggregate principal amount of % Notes due .
Maturity	The Notes will mature on , and the Notes will mature on , .
Interest Rate	The Notes will bear interest at % per year, and the Notes will bear interest at % per year.
Interest Payment Dates	Each and , commencing , 2009. Interest on the Notes being offered by this prospectus supplement will accrue from , 2009.
Ranking	The Notes will be our unsecured senior obligations and will rank equally with our other existing and future unsecured senior indebtedness.
Guarantees	The Notes will not be guaranteed by any of our subsidiaries.
Optional Redemption	We may redeem some or all of the Notes at any time and from time to time at the prices described under the heading Description of Notes Optional Redemption.
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Repurchase Event (as defined herein), we will be required to make an offer to purchase the Notes at a price equal to 101% of their aggregate principal amount plus accrued and unpaid interest to the date of repurchase. See Description of Notes Repurchase upon Change of Control Repurchase Event.
Certain Covenants	The Indenture governing the Notes contains covenants that will limit our ability to, among other things: <p style="margin-left: 40px;">incur certain liens securing debt;</p> <p style="margin-left: 40px;">engage in certain sale-leaseback transactions; and</p> <p style="margin-left: 40px;">consolidate, merge, convey, transfer or lease all or substantially all of our assets.</p>

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Further Issuances

We may, from time to time, without the consent of the existing holders of any series of Notes, issue additional notes under the Indenture of a series having the same terms as the Notes in all respects, except for the issue date, the issue price and the initial interest payment date. Any such additional notes will be consolidated with and form a single series with the Notes being offered by this prospectus supplement.

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Use of Proceeds	We intend to use the net proceeds from this offering for the repayment of outstanding indebtedness under our commercial paper program and for general corporate purposes. See Use of Proceeds.
Trustee, Registrar and Paying Agent	Deutsche Bank Trust Company Americas.
Governing Law	The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

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RISK FACTORS

We believe that the following factors may affect our ability to fulfill our obligations under the Notes. All of these factors are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. Factors which we believe may be material for the purpose of assessing the market risks associated with our notes are also described below.

We believe that the factors described below, together with the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated by reference herein, represent the principal risks inherent in investing in the Notes, but we do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this prospectus supplement and the accompanying prospectus (including any documents incorporated by reference herein and therein) and reach their own views prior to making any investment decision.

The Indenture governing the Notes does not restrict our ability or our subsidiaries' ability to incur additional indebtedness or issue preferred stock. The Notes will be structurally subordinated to the existing and future indebtedness of our subsidiaries.

The Indenture governing the Notes does not limit our ability or the ability of our subsidiaries to incur additional indebtedness or issue preferred stock. Accordingly, we or our subsidiaries could enter into acquisitions, refinancings, recapitalizations or other highly leveraged transactions that could significantly increase our or our subsidiaries' total amount of outstanding debt. The interest payments needed to service this increased level of indebtedness could have a material adverse effect on our or our subsidiaries' operating results. A highly leveraged capital structure could also impair our or our subsidiaries' overall credit quality, making it more difficult for us to finance our operations or issue future indebtedness on favorable terms, and could result in a downgrade in the ratings of our indebtedness, including the Notes, by rating agencies. Further, if any of our or our subsidiaries' indebtedness is accelerated due to an event of default under such indebtedness and such acceleration results in an event of default under some or all of our other indebtedness, including the Notes, we may not have sufficient funds to repay all of the accelerated indebtedness and the Notes simultaneously.

Claims of creditors of our subsidiaries will have priority over your claims with respect to the assets and earnings of our subsidiaries. Our subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations. Our right to receive any assets of any of our subsidiaries, upon their liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the Indenture.

Upon the occurrence of a Change of Control Repurchase Event (as defined herein), we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the Change of Control (as defined herein) to make the required repurchase of Notes or that restrictions in our then existing debt instruments will not allow such repurchases. In addition, certain important corporate events, such as acquisitions, refinancings, recapitalizations or other highly leveraged transactions that would increase the level of our indebtedness, would not constitute a Change of Control under the Indenture. See Description of Notes Repurchase upon Change of Control Repurchase Event.

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If an active trading market does not develop for the Notes you may not be able to resell them.

Prior to this offering, there was no public market for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. We have been informed by the underwriters that they currently intend to make a market in the Notes after this offering is completed. However, the underwriters may cease their market-making at any time.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering will be approximately \$, after deducting underwriting discounts and commissions and estimated expenses of the offering payable by us. We intend to use the net proceeds from this offering for the repayment of outstanding indebtedness under our commercial paper program and for general corporate purposes. At December 31, 2008, we had commercial paper outstanding of \$499.7 million at a weighted average annual interest rate of 0.656% and a weighted average maturity of approximately 14 days.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges for the years indicated:

	Year Ended December 31,				
	2004	2005	2006	2007	2008
Consolidated Ratio of Earnings to Fixed Charges ⁽¹⁾	16.9	12.3	6.0	6.2	9.3

⁽¹⁾ We currently do not have any preference securities outstanding and we did not pay or accrue any preference dividends during the years presented above.

For purposes of computing the ratio of earnings to fixed charges, earnings consist of earnings before income taxes, minority interest and cumulative effect of accounting changes, plus fixed charges and the amortization of capitalized interest. Fixed charges consist of interest incurred on indebtedness, amortization of debt discount, fees and expenses plus one-third of the rental expense from operating leases, which management believes is a reasonable approximation of the interest component of rental expense. The ratios of earnings to fixed charges are calculated as follows:

(Income before income taxes, minority interest and cumulative effect of accounting changes)

+ (Fixed charges) + (Amortization of capitalized interest)

(Fixed charges)

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DESCRIPTION OF NOTES

All references to Avon, the Company, we, us and our in this section and in the accompanying prospectus under the heading Description of Securities We May Offer Debt Securities and Guarantees are to Avon Products, Inc., and do not include its subsidiaries.

General

We will issue the Notes under a base indenture between us and Deutsche Bank Trust Company Americas, as trustee, dated as of February 27, 2008, as supplemented by a third supplemental indenture and a fourth supplemental indenture between us and the trustee. For convenience, the base indenture, as supplemented by the third supplemental indenture and the fourth supplemental indenture, is referred to herein as the Indenture. Although for convenience, the Notes and the Notes are referred to as Notes, each will be issued as a separate series and will not together have any class voting rights. Accordingly, for purposes of this Description of Notes, references to the Notes shall be deemed to refer to each series of Notes separately, and not to the Notes and the Notes on any combined basis. The following is a summary of the material provisions of the Indenture. It does not include all of the provisions of the Indenture. The following description of the particular terms of the Notes supplements the description in the accompanying prospectus of the general terms and provisions of our debt securities. We urge you to read the Indenture because it defines your rights. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended.

We will issue the Notes in fully registered form in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The trustee will initially act as Paying Agent and Registrar for the Notes. The Notes may be presented for registration or transfer and exchange at the offices of the Registrar. We may change any Paying Agent and Registrar without notice to holders of the Notes. We will pay principal (and premium, if any) on the Notes at the trustee's corporate office in New York, New York. At our option, interest may be paid at the trustee's corporate trust office or by check mailed to the registered address of holders.

Principal, Maturity and Interest

The Notes will initially be limited to \$ in aggregate principal amount and will mature on , . The Notes will initially be limited to \$ in aggregate principal amount and will mature on , . Interest on the Notes will accrue at a rate of % per annum, and interest on the Notes will accrue at a rate of % per annum, and in each case will be payable semi-annually in arrears in cash on each and , commencing on , 2009, to the persons who are registered holders on the calendar day immediately preceding the applicable interest payment date. Interest on the Notes will be computed on the basis of a 360-day year comprising twelve 30-day months. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance.

The Notes will not be entitled to the benefit of any mandatory sinking fund.

Ranking

The Notes will be our unsecured senior obligations and will rank equally with our other existing and future unsecured senior indebtedness.

Optional Redemption

Each series of Notes will be redeemable, as a whole or in part, at our option, at any time or from time to time, by mailing notice to the registered address of each holder of that series of Notes at least 30 days but not

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more than 60 days prior to the redemption. The redemption price will be equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) on those Notes discounted, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the applicable Treasury Rate (as defined below) plus basis points with respect to any Notes being redeemed and at a rate equal to the sum of the applicable Treasury Rate plus basis points with respect to any Notes being redeemed. In either case, accrued interest, if any, will be paid to the date of redemption.

Definitions

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes being redeemed.

Comparable Treasury Price means, with respect to any Redemption Date, as determined by us (i) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (ii) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the trustee at our direction.

Redemption Date, when used with respect to any Note to be redeemed, means the date which is a business day fixed for such redemption by us pursuant to the Indenture.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer, at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

Reference Treasury Dealers means any four nationally recognized investment banking firms, and their successors, selected by us that are each also a primary U.S. Government securities dealer. If any Reference Treasury Dealer shall cease to be a primary U.S. Government securities dealer, we will substitute another nationally recognized investment banking firm that is a primary U.S. Government securities dealer.

Remaining Scheduled Payments means, with respect to the Notes to be redeemed, the remaining scheduled payments of principal of and interest on those Notes that would be due after the related Redemption Date but for that redemption; *provided, however*, that if such Redemption Date is not an interest payment date with respect to the Notes to be redeemed, the amount of the next succeeding scheduled interest payment on those Notes will be reduced by the amount of interest accrued on such Notes to such Redemption Date.

Treasury Rate means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the second business day immediately preceding that Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

On or after the Redemption Date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the Redemption Date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date. If less than all of any series of Notes are to be redeemed, the Notes of that series to be redeemed shall be selected by the trustee, pro rata, by lot or by a method the trustee deems to be fair and appropriate.

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Repurchase upon Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs with respect to a series of Notes, unless we have exercised our right to redeem such Notes as described above, we will make an offer to each holder of such Notes to repurchase all or any part (in integral multiples of \$1,000) of such Notes held by such holder at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus any accrued and unpaid interest on the Notes repurchased to the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control, but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes with respect to which a Change of Control Repurchase Event shall have occurred on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to repurchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, or the Exchange Act, and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

accept for payment all Notes or portions of Notes (in integral multiples of \$1,000) properly tendered pursuant to our offer;

deposit with the trustee an amount equal to the aggregate repurchase price in respect of all Notes or portions of Notes properly tendered; and

deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Notes being purchased by us.

The trustee will promptly mail to each holder of Notes properly tendered the repurchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided*, that each new Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us, and such third party purchases all Notes properly tendered and not withdrawn under its offer.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control, but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

The terms of our existing and future debt instruments may prohibit us from repurchasing the Notes upon a Change of Control. In the event a Change of Control occurs at a time when we are prohibited from purchasing the Notes, we may seek the consent of our lenders to the purchase of the Notes or may attempt to refinance the

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borrowings that contain such prohibition. If we do not obtain such a consent or repay such borrowings, we will remain prohibited from purchasing the Notes. In such case, our failure to offer to purchase the Notes would constitute a Default under the Indenture, which may, in turn, constitute a default under our existing and future debt instruments.

The definition of *Change of Control* includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase *substantially all*, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require us to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries taken as a whole to another person or group may be uncertain.

Definitions

Below Investment Grade Rating Event means, with respect to a series of the Notes, such series of Notes are rated below Investment Grade by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of such series of Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

Change of Control means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Avon and its subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than Avon or one of its subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act), other than Avon or one of its subsidiaries, becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of Avon's Voting Stock; (3) the first day on which a majority of the members of Avon's Board of Directors are not Continuing Directors; or (4) the adoption of a plan relating to Avon's liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (i) (a) Avon becomes a wholly owned subsidiary of a holding company and (b) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of voting stock immediately prior to that transaction, and/or (ii) (a) Avon reincorporates in another jurisdiction and (b) the holders of Avon's Voting Stock immediately following the reincorporation are substantially the same as the holders of Voting Stock immediately prior to the reincorporation.

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of Avon who (1) was a member of such Board of Directors on the date of the issuance of the Notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of Avon's proxy statement in which such member was named as a nominee for election as a director).

Fitch means Fitch Ratings Ltd.

Investment Grade means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by S&P (or its equivalent under any successor rating

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categories of S&P); and a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch); or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

Moody's means Moody's Investors Service Inc.

Rating Agency means (1) each of Fitch, Moody's and S&P; and (2) if any of Fitch, Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody's or S&P, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc.

Voting Stock means Avon capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. We could, in the future, enter into certain transactions, including asset sales, acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Repurchase Event under the Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings on the Notes.

We may not have sufficient funds to repurchase all the Notes or upon a Change of Control Repurchase Event.

Further Issues of the Same Series

We may, from time to time, without the consent of the existing holders of any series of Notes, issue additional notes under the Indenture of a series having the same terms as any tranche of Notes in all respects, except for the issue date, the issue price and the initial interest payment date, issued hereunder. Any such additional notes having such similar terms will be consolidated with and form a single series with the Notes of that tranche being offered by this prospectus supplement.

In addition to the Notes, we may issue other series of debt securities under the base indenture. There is no limit on the total aggregate principal amount of debt securities that we can issue under the base indenture.

Book-Entry System

Upon sale, the Notes will be represented by one or more Global Securities. The Global Securities representing the Notes will be deposited with, or on behalf of, DTC and will be registered in the name of Cede & Co., as nominee of DTC. The Global Securities may not be transferred except as a whole by a nominee of DTC to DTC or to another nominee of DTC, or by DTC or any such nominee to a successor of DTC of such successor. All Notes will be denominated in United States dollars.

So long as DTC or its nominee is the registered owner of the Global Securities, DTC or its nominee, as the case may be, will be the sole holder of the Notes represented thereby for all purposes under the Indenture. Except as otherwise provided in this section, the beneficial owners of the Global Securities representing the Notes will not be entitled to receive physical delivery of certificated Notes and will not be considered the holders thereof for any purpose under the Indenture, and the Global Securities representing the Notes shall not be exchangeable or transferable. Accordingly, each person owning a beneficial interest in the Global Securities must rely on the

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procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder under the Indenture. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. Such limits and such laws may impair the ability to transfer beneficial interests in the Global Securities representing the Notes.

The Global Securities representing the Notes is exchangeable for certificated Notes of like tenor and terms and of differing authorized denominations aggregating a like amount, only if:

DTC notifies us (or we become aware) that it is unwilling or unable to continue as depository for the Global Securities and a successor depository is not appointed by us within 90 days;

DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and a successor depository is not appointed by us within 90 days;

there shall have occurred and be continuing an Event of Default under the Indenture with respect to the Global Securities and the outstanding Notes shall have become due and payable pursuant to the Indenture and the trustee has requested that certificated Notes be issued; or

we have decided to discontinue use of book-entry transfers through DTC. DTC has advised us that, under its current practices, it would notify its participants of our request, but would only withdraw beneficial interests from the Global Securities at the request of its participants.

Upon any such exchange, the certificated Notes shall be registered in the names of the beneficial owners of the Global Securities representing the Notes as provided by DTC's relevant participants (as identified by DTC).

The description of the operations and procedures of DTC set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we nor the underwriters take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is available to securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Persons who are not participants may beneficially own the Notes held by DTC only through direct participants or indirect participants. Purchases of the Notes under DTC's system must be made by or through direct participants, which will receive a credit for such Notes on DTC's records. The ownership interest of each actual purchaser of each Note represented by the Global Securities (Beneficial Owner) is in turn to be recorded on the direct participants' and indirect participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participants or indirect

participants

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through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Global Securities representing the Notes are to be accomplished by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners of the Global Securities representing the Notes will not receive certificated Notes representing their ownership interests therein, except in the event that use of the book-entry system for such Notes is discontinued.

Principal, premium, if any, and interest payments on the Global Securities representing the Notes will be made to DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, the trustee or ours, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to DTC is our and the trustee's responsibility, disbursement of such payments to direct participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of direct participants and indirect participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to us or the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated Notes are required to be printed and delivered.

The information in this section concerning DTC and DTC's system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof. Transfers between participants in DTC will be effected in accordance with DTC's procedures and will be settled in same-day funds.

Governing Law

The Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York.

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