

AVON PRODUCTS, INC.

CORPORATE GOVERNANCE GUIDELINES

As amended by the Board of Directors on January 26, 2006

I. Purpose of Guidelines

These corporate governance guidelines are intended to set a proper “tone at the top,” by promoting good corporate citizenship and responsible business practices, and to establish a common set of expectations to assist the Directors in performing their duties in accordance with applicable requirements, and thereby build long-term value for the Company’s shareholders. These guidelines represent the policy of the Company, as adopted by the Board of Directors. The Board will review and, if appropriate, amend these guidelines from time to time.

II. Responsibilities of the Board of Directors

The Board of Directors is elected by shareholders to oversee management and protect shareholders’ long-term interests in the Company.

Basic responsibilities

The Directors’ most basic responsibility is to exercise their business judgment to act in a manner that they reasonably believe is in the best interest of the Company and its shareholders, and, in discharging this obligation, may rely on members of Avon’s management and on the Company’s outside advisors and auditors. Directors must fulfill their responsibilities consistent with their fiduciary duties to the Company’s shareholders and in compliance with all applicable laws and regulations. Each Director must also comply with all of the Company’s policies, including its Code of Business Conduct and Ethics.

Attendance and Participation

Directors are expected to attend all regularly scheduled Board meetings and meetings of the Board Committees on which they serve, and to use their best efforts to attend any special meetings.

Directors are expected to spend the time and effort needed to discharge their responsibilities and to read the materials provided by the Company prior to each Board and Committee meeting and participate actively in each such meeting.

Orientation and Continuing Education

Within three months of being first elected to the Board, a Director is expected to participate in the Company's orientation program for new Directors. This orientation program involves meetings with senior management to familiarize the Director with the Company's business model, properties and operations, strategic plans, significant financial and accounting issues, compliance programs and principal officers. Thereafter, management will continue to keep the Directors informed of major business, financial, regulatory and governance trends and issues that may affect Avon's business.

Annual Self-Assessment

The Board of Directors and the Board Committees, through the Nominating and Corporate Governance Committee, conduct an annual self-assessment to determine whether the Board and its Committees are functioning effectively. Such assessment is based in part on each Director's written evaluation of the Board as a whole and of each Committee on which he or she serves. The results of the assessment are discussed with the non-management Directors in executive session and with the Chairman and Chief Executive Officer ("CEO").

III. Membership on the Board

Size of the Board of Directors

The Company's Certificate of Incorporation and By-Laws provide that the Board shall consist of a minimum of 10 and a maximum of 20 Directors. Within that range, the Board determines the number of Directors on the Board. The Nominating and Corporate Governance Committee will periodically make recommendations to the Board regarding the appropriate size of the Board, such that the Board maintains its expertise and independence while still being able to function effectively as a body.

Independence of the Members of the Board

A majority of the members of the Board of Directors must be "independent," as defined from time to time by the listing standards of the New York Stock Exchange and other applicable laws and regulations. The Board will strive to ensure that all non-management Directors are independent. The Board assesses the independence of its members on at least an annual basis.

A Director shall not be independent:

- (1) If he or she, or any member of his or her immediate family, during the preceding five years:
 - (i) In the case of the Director, is or has been an Avon Associate or, in the case of an immediate family member, is or has been an executive officer of Avon; *provided*, that employment as interim Chairman, CEO or other executive officer does not disqualify a Director from being independent once that employment ceases;

- (ii) Has received more than \$100,000 during any twelve-month period in direct compensation from Avon, excluding: (A) director and committee fees and pension or other forms of deferred compensation for prior service (as long as that compensation is not contingent in any way on continued service); (B) any compensation received for service as an interim Chairman, CEO or other executive officer; and (C) any compensation received by an immediate family member for service as an Associate (other than an executive officer) of Avon;
- (iii) (A) Is or has been a partner of a firm that is Avon's internal or external auditor; (B) in the case of the Director, is or has been an employee of such firm; (C) in the case of an immediate family member, is or has been an employee of such firm who participates or participated in the firm's audit, assurance or tax compliance (but not tax planning) practice or worked on Avon's audit within that time; or
- (iv) Is or has been employed as an executive officer of a company where any of Avon's present executives serves or has served on the compensation committee of the board of directors; or

(2) If the Director is a current employee or an immediate family member is a current executive officer of a company that has made payments to, or has received payments from, Avon for property or services (excluding contributions by Avon to tax-exempt organizations) in an amount which, in any of the last five fiscal years, exceeded the greater of \$1,000,000 or 1% of that other company's consolidated gross revenues.

For purposes of these Corporate Governance Guidelines, "Immediate family member" includes a Director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than household employees) who shares the Director's home.

In addition, the Board must affirmatively determine at least annually that the Director does not have a material relationship with Avon, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with Avon. In making this determination, the Board will broadly consider all relevant facts and circumstances and will consider this issue not merely from the standpoint of the Director, but also from that of persons or organizations with which the Director has an affiliation. This consideration will include: (1) the nature of the relationship; (2) the significance of the relationship to Avon, the other organization and the individual Director; (3) whether or not the relationship is solely a business relationship in the ordinary course of Avon's and the other organization's businesses and does not afford the Director any special benefits; and (4) any commercial, industrial, banking, consulting, legal, accounting, charitable, familial and other relationships; *provided*, that ownership of a significant amount of Avon stock will not, by itself, be a bar to independence. In assessing the independence of Directors and the materiality of any relationship with Avon and the other organization, the Board has determined that a relationship in the ordinary course of business involving the sale, purchase or leasing of property or services will not be deemed material if the amounts involved, on an annual basis, do not exceed the greater of (i) \$1,000,000 or (ii) 1% of Avon's revenues or 1% of the revenues of the other organization involved.

Avon will disclose in its annual proxy statement any contributions it makes to any tax-exempt organization in which a Director serves as an executive officer if, within the preceding five years, contributions in any single fiscal year exceeded the greater of \$1,000,000 or 1% of that tax-exempt organization's consolidated gross revenues.

Other Qualifications

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board regarding additional qualifications for Board membership. All Directors should possess the highest standards of personal and professional ethics, character and integrity. The Nominating and Corporate Governance Committee also takes into account all other factors it considers appropriate, which may include professional experience, knowledge, diversity of backgrounds and the extent to which the candidate would fill a present or evolving need on the Board.

The Board recommends that, except in unusual circumstances, if a Director is employed full-time by a public company, such Director limit the number of boards on which he or she sits to the boards of two other public companies (in addition to Avon's Board and that of his or her employer). If the Director is not employed full-time by a public company, the Board recommends that, except in unusual circumstances, he or she sit on the boards of no more than four other public companies (in addition to Avon's Board). The Nominating and Corporate Governance Committee reviews on a case-by-case basis situations concerning significant involvement by a Director in non-profit or charitable organizations.

Selection of Directors

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and for making recommendations to the Board regarding: (i) nominees for Board membership to fill vacancies and newly created positions, and (ii) the persons to be nominated by the Board for election at the Company's annual meeting of shareholders. In making its recommendations, the Nominating and Corporate Governance Committee evaluates each candidate based on the independence and other qualification standards described above. The Board then determines whom to elect to the Board, pending the next annual election by shareholders.

If there is a need for a new Director because of an open position on the Board or because the Board has determined to increase the total number of Directors, the Nominating and Corporate Governance Committee may retain a third-party search firm to locate candidates that meet the needs of the Board at that time.

The Nominating and Corporate Governance Committee does not solicit Director nominations, but will consider Director candidates recommended by shareholders if properly submitted to the Committee. Shareholders wishing to recommend persons for consideration by the Committee as nominees for election to the Board of Directors can do so by writing to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Avon Products, Inc., 1345 Avenue of the Americas, New York, NY 10105. Recommendations must include the proposed

nominee's name, detailed biographical data, work history, qualifications and corporate and charitable affiliations, as well as a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a Director. Shareholders of record may also nominate candidates for election to the Board by following the procedures set forth in Avon's By-laws.

The By-Laws provide for the annual election of directors at the annual meeting of shareholders.

Tenure

In accordance with Avon's Restated Certificate of Incorporation and By-laws, as amended on May 5, 2005, Directors serve one-year terms. The Board does not believe in limiting the number of terms that a Director may serve, as term limits could deprive the Company and its shareholders of valuable Director experience and familiarity with the Company and its operations.

Resignation and Retirement

In an uncontested election of Directors (*i.e.*, an election where the only nominees are those recommended by the Board of Directors), any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote.

The Nominating and Corporate Governance Committee will promptly consider the resignation submitted by a Director receiving a greater number of votes "withheld" from his or her election than votes "for" his or her election, and the Nominating and Corporate Governance Committee will recommend to the Board whether to accept the tendered resignation or reject it. In considering whether to recommend the acceptance or rejection of the tendered resignation, the Nominating and Corporate Governance Committee will consider all factors deemed relevant by the members of the Nominating and Corporate Governance Committee including, without limitation, the stated reasons why shareholders "withheld" votes for election from such Director, the length of service and qualifications of the Director whose resignation has been tendered, the Director's contributions to the Company, and these guidelines.

The Board will act on the Nominating and Corporate Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting where the election occurred. In considering the Nominating and Corporate Governance Committee's recommendation, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and such additional information and factors the Board believes to be relevant. Following the Board's decision on the Nominating and Corporate Governance Committee's recommendation, the Company will promptly publicly disclose the Board's decision whether to accept the resignation as tendered (providing a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation) in a Form 8-K filed with the Securities and Exchange Commission.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. If a majority of the members of the Nominating and Corporate Governance Committee received a greater number of votes “withheld” from their election than votes “for” their election at the same election, then the independent Directors who are on the Board who did not receive a greater number of votes “withheld” from their election than votes “for” their election (or who were not standing for election) will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them. This Board committee may, but need not, consist of all of the independent Directors who did not receive a greater number of votes “withheld” from their election than votes “for” their election or who were not standing for election.

The guideline contained in the foregoing paragraphs will be summarized or included in each proxy statement relating to an election of directors of the Company.

If a Director’s job or other professional responsibilities changes significantly from the job or responsibilities that the Director held when he or she joined the Board, the Director is expected to offer his or her resignation from the Board to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board whether or not such resignation should be accepted and the Board will decide whether or not to accept such resignation.

Directors are expected to submit their resignation from the Board when they reach the age of 70. The Board has discretion to decide whether or not to accept such resignation. A CEO who retires or leaves the Company is expected to submit simultaneously his or her resignation from the Board and will not be renominated for membership on the Board.

To the extent that one or more Directors’ resignations are accepted by the Board, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

IV. Chairman of the Board

In practice, the positions of CEO and Chairman of the Board are held by the same person, except in unusual circumstances. The Board believes this structure has served the Company well, but will reevaluate this structure from time to time.

V. Board Meetings

Frequency and Scheduling

The Board holds regularly scheduled meetings approximately seven times a year. The scheduling of these meetings is determined by the Chairman, in consultation with the Secretary and members of the Board. The Secretary prepares a schedule for such regular meetings on an annual basis and timely notifies the Board of any changes in the schedule.

Strategic Review Meeting

At least once a year, the Board holds an extended meeting during which the Board reviews the Company's short-term and long-term strategic goals and initiatives and other significant issues that are expected to affect the Company in the future.

Management Development Meeting

At least once a year, the Board holds an off-site meeting to review management development and succession. See "Oversight of Management – Management Development and Succession Planning" below.

Agendas

The Chairman of the Board and CEO and the Secretary establish the agenda for each Board meeting, taking into consideration subjects requested by the Directors. Any Director may suggest items for inclusion on the agenda and may raise at any meeting a subject that is not on the agenda. Certain items pertinent to the oversight and monitoring function of the Board are brought to the Board regularly.

The agenda generally includes an executive session of the non-management Directors, reports of Board Committee activities, a report of management and presentations on one or more business subjects.

Briefing Materials

The Secretary distributes the agenda and, to the extent practical, the associated briefing materials to the Directors approximately one week in advance of each Board meeting, to allow the Directors time to prepare for a meaningful discussion of the items at the meeting.

Attendance of Members of Management; Access to Others

The Chief Financial Officer and General Counsel regularly attend Board and Committee meetings. At the invitation of the Board, on the recommendation of the CEO, other members of management attend Board or Committee meetings or portions thereof to participate in the discussion or to make presentations relating to areas of the Company's operations for which they are responsible.

Directors have full and direct access to all Avon associates and the Company's outside advisors. The Board may also retain its own independent legal, accounting, financial and other advisors, as it deems appropriate.

VI. Executive Sessions

The non-management Directors meet in regularly scheduled executive sessions, as needed, in connection with scheduled Board meetings, without the management Directors or other members of management. If the non-management Directors include a Director who is not independent, the independent non-management Directors will meet at least once a year in executive session.

The Company does not have a “lead” Director. The Board, based on the recommendation of the Nominating and Corporate Governance Committee, has appointed a Presiding Director to preside at all executive sessions of the Board and will review this appointment periodically. In the absence of such Director from any executive session, the non-management Directors will choose from amongst themselves one Director to preside at such executive session.

An interested person who wishes to contact either the Presiding Director or the non-management Directors as a group may do so by addressing his or her correspondence to either the Presiding Director or the Non-Management Directors, c/o Corporate Secretary, Avon Products, Inc., 1345 Avenue of the Americas, New York, NY 10105. All correspondence addressed to a Director will be forwarded to that Director.

VII. Board Committees

Standing Committees

The Board of Directors has four standing Committees: Audit; Compensation; Nominating and Corporate Governance; and Finance and Strategic Planning. The responsibilities of each Committee are set forth in its charter, as established by the Board of Directors, which are available on the Company’s website.

Membership on the Committees

Size of Committees; Qualifications for Membership

Each Committee must consist of at least three Directors. Each member of a Committee must meet the independence standard described above.

The members of the Audit Committee must at all times meet the additional independence and experience requirements applicable to such Committee established by the listing standards of the New York Stock Exchange and other applicable laws and regulations. The Company has a policy prohibiting the members of its Audit Committee from serving on the audit committees of more than two other public companies, in addition to Avon’s Audit Committee.

Selection of Committee Members

The Nominating and Corporate Governance Committee periodically makes recommendations to the Board regarding Committee membership assignments. In making such recommendations, the Nominating and Corporate Governance Committee considers the independence and other requirements, as well as the mix of skills and experience needed for each Committee. The Board rotates Committee membership periodically and generally rotates the Chairmen of the

Committees approximately every five years, although it retains discretion to make exceptions to this practice in appropriate circumstances.

Generally, each Director is expected to serve on two Committees. Due to the significant demands on their time, however: (i) Directors may not serve simultaneously as a member of the Audit and Compensation Committees; (ii) neither the Chairman of the Audit Committee nor the Chairman of the Compensation Committee may serve as the Chairman of any other Board Committee; and (iii) the Chairman of the Audit Committee is not expected to serve as a member of any other Committee.

Meetings of Committees

The Chairman of a Committee, in consultation with senior management, determines the frequency, scheduling and agendas of Committee meetings. Committee members may suggest items for inclusion on the agenda and may raise at any meeting a subject that is not on the agenda. The Secretary for each Committee distributes the agenda and, to the extent practical, the associated briefing materials to the Committee members approximately one week in advance of each Committee meeting, to allow the Committee members time to prepare for a meaningful discussion of the items at the meeting.

The Chairman of each Committee ensures that sufficient time is allotted for each Committee meeting to ensure that the agenda is covered in its entirety. Meetings of the Audit Committee that are scheduled in conjunction with Board meetings are typically held on the day before the Board meeting to ensure that there is sufficient time for discussion of all pertinent issues.

The Board Committees meet in executive session from time to time, as needed.

Access of and to Committees

Each Committee has full and direct access to all Avon associates and the Company's outside advisors, and has the authority to retain its own independent legal, accounting, financial and other advisors, as such Committee deems appropriate.

Any associate who has a complaint or other concern involving accounting, auditing or other financial matters relating to the Company has direct access to the Audit Committee, in accordance with the Company's Code of Business Conduct and Ethics and the procedures set forth therein.

VIII. Director Compensation, Stock Ownership Guidelines and Indemnification

Director Compensation

The Nominating and Corporate Governance Committee is responsible for periodically reviewing and making recommendations to the full Board regarding the compensation of non-management Directors. In setting this compensation, the Nominating and Corporate Governance Committee considers the form and amount of compensation necessary to attract and retain individuals who

are qualified to serve on the Board and to align the interests of the Directors with those of the shareholders. The Committee also considers the impact on the perceived independence of the Directors of compensation in excess of customary amounts and of indirect compensation, such as consulting contracts and charitable contributions to organizations with which a Director is affiliated.

Directors who are employed by the Company or any subsidiary of the Company receive no remuneration for their services as a Director. The Company maintains a Compensation Plan for Non-Employee Directors, which currently provides that each non-management Director receives an annual retainer consisting of cash and an annual grant of restricted stock. In addition to the annual retainer, each non-management Director receives a retainer for service on each Board Committee of which he or she is a member and an additional fee if he or she serves as Chairman of a Board Committee. Restricted stock granted to Directors as part of their annual retainer may not be sold until the termination of such Director's service with the Company.

Director Stock Ownership Guideline

The Board has adopted a stock ownership guideline for non-management Directors requiring them to own common stock of the Company having a value equal to or greater than five times the annual retainer for Directors. Directors have five years from the September 2001 adoption of the guideline to achieve the required ownership level, or five years from the date of their election to the Board, if later. Shares of stock owned of record or beneficially by the Directors (including shares owned by members of their immediate families) and shares of restricted stock are counted toward satisfaction of this ownership guideline; vested and unvested stock options do not count toward the stock ownership guideline.

The Board expects each new Director to become a shareholder of the Company prior to the solicitation of proxies for such Director's election.

Director Indemnification

The Directors are entitled to the benefits of indemnification to the fullest extent permitted by law, the Company's Certificate of Incorporation and By-Laws. It is expected that the Company will maintain reasonable directors' and officers' liability insurance for the benefit of the Directors.

IX. Oversight of Management

CEO Performance Evaluation and Compensation

The Compensation Committee reviews and recommends to the independent members of the Board of Directors the CEO's annual performance goals, which are based on the Company's financial and strategic objectives at that time. Each year, the independent Directors evaluate the CEO's performance against these objectives and also takes into account their assessment of the CEO's performance based on their responses to a written questionnaire. The independent Directors discuss the results of this evaluation in executive session, after which the Chairman of

the Compensation Committee, on behalf of the independent Directors, conducts a formal performance review with the CEO.

The independent Directors approve the CEO's compensation based on the outcome of this formal performance review as well as an analysis of competitive market data. In determining the long-term component of the CEO's compensation, the independent Directors consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies and awards given to the Company's CEO in past years.

Management Development and Succession Planning

The Nominating and Corporate Governance Committee is responsible, on at least an annual basis, for reviewing and recommending to the Board actions relating to management development and succession planning. The CEO meets with the Board at least annually to discuss CEO succession plans and to identify high potential candidates for other senior management positions.

The Nominating and Corporate Governance Committee is responsible for establishing and thereafter periodically reviewing the policies and principles for the selection and performance review of the Company's CEO as well as the policies regarding CEO succession in the event of an emergency or the retirement of the CEO. The Company also strives to have in place at all times succession plans for the top management positions in the Company. These plans may include the development of high-potential associates for additional responsibilities or seeking new talent and skills from sources outside the Company.

Equity compensation plans

The Company has traditionally obtained shareholder approval of equity-based compensation plans and it is the Company's policy that it will continue to obtain shareholder approval for all plans that are defined by the New York Stock Exchange or other applicable rules as "equity-based compensation plans."