

AVON PRODUCTS INC
Form DEF 14A
April 15, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant
Check the appropriate box:

Filed by a Party other than the Registrant

- Preliminary Proxy Statement.
- Confidential, for use of the Commission Only** (as permitted by Rule 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-12.

Avon Products, Inc.

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(2) Form, Schedule or Registration Statement No.:

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Notice of

of Shareholders and Proxy Statement

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April 15, 2016

Dear Fellow Shareholders:

It is my pleasure to invite you to join me, the Board of Directors, senior leaders, and current and former employees at the 2016 Annual Meeting of Shareholders in New York City. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement.

We hope that you will join us in New York, but whether or not you plan to attend the Annual Meeting, your vote is important. I encourage you to vote by telephone, by internet or by signing, dating, and returning your proxy card by mail. Voting instructions are found on page 6 of the Proxy Statement.

On behalf of the Board of Directors and Avon management, thank you for your investment and interest in Avon.

Sincerely yours,

Sheri McCoy
Chief Executive Officer

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AVON PRODUCTS, INC.

777 Third Avenue

New York, NY 10017

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE & TIME:

Meeting Agenda

Thursday, May 26, 2016

9:00 a.m.

PLACE:

W New York Hotel

541 Lexington Avenue
New York, NY 10022

Great Room 2

1 Elect directors;

2 Hold an advisory vote to approve executive compensation;

3 Approve the 2016 Omnibus Incentive Plan;

4 Ratify the appointment of PricewaterhouseCoopers LLP, as our independent registered public accounting firm for 2016; and

5 Transact such other business as may properly come before the meeting.

RECORD DATE:

April 6, 2016

YOUR VOTE IS IMPORTANT YOU CAN VOTE IN ONE OF FOUR WAYS:

VIA THE INTERNET

Visit the website listed on your proxy card

BY MAIL

Sign, date and return your proxy card in the enclosed envelope

BY TELEPHONE

Call the telephone number on your proxy card

IN PERSON

Attend the Annual Meeting

If your shares are held in a stock brokerage account or by a bank or other record holder, follow the voting Instructions on the form that you receive from them. The availability of telephone and internet voting will depend on their voting process.

By order of the Board of Directors,

Ginny Edwards
Vice President & Corporate Secretary
April 15, 2016

Important notice regarding the availability of proxy materials for the shareholder meeting to be held on May 26, 2016:

Our Proxy Statement and Annual Report to Shareholders are available at www.edocumentview.com/avp

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This summary highlights information contained elsewhere in the Proxy Statement and in Avon Products, Inc.'s (Avon, the Company, we, us, or our) Annual Report on Form 10-K for the year ended December 31, 2015. This summary is not a complete description and you should read the entire Proxy Statement carefully before voting. Proxy materials were first sent to shareholders on or about April 15, 2016.

Meeting Agenda

Matter	Board Vote Recommendation	Page Reference (for more detail)
PROPOSAL 1 Election of Directors	FOR EACH NOMINEE	9
PROPOSAL 2 Annual Advisory Vote to Approve Executive Compensation	FOR	69
PROPOSAL 3 Approval of the 2016 Omnibus Incentive Plan	FOR	70
PROPOSAL 4 Ratification of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm for 2016	FOR	83

Board and Governance Highlights

The Company has adopted many leading governance practices that establish strong independent leadership in our boardroom and provide our shareholders with meaningful rights. Highlights include:

Annual election of directors

Proxy Access

Majority vote standard with resignation policy for election of directors in uncontested elections	Non-executive Chairman of the Board and Lead Independent Director	Directors may serve on limited number of other public boards
No supermajority voting with respect to common stock, except as provided under New York Business Corporation law	All directors are independent other than CEO	Several compensation best practices, including double-trigger change-in-control benefits, no excise tax reimbursements for change-in-control payments, stock ownership guidelines and certain holding period requirements
	Since 2012, 90% Board member refreshment including 4 new directors in connection with our recently completed transaction with Cerberus	

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Board Nominees and Designees

The following table provides summary information about each director nominated for election to our Board of Directors (the Board) at the 2016 Annual Meeting (the Director Nominees) and each director elected to the Board by holders of our Series C Preferred Stock (the Series C Designees). Director Nominees are elected annually by a majority of the votes cast by our shareholders, voting together as a single class, and the Series C Designees have been elected by the holders of our Series C Preferred Stock, voting separately as a class.

Names	Nominees and Designees			Committee Membership			
	Director Since	Independent ¹	Other Public Boards	Audit Committee	Compensation and Management Development Committee	Finance Committee	Nominating and Corporate Governance Committee
W. Don Cornwell ²	2002	I	2				
Chan W. Galbato ^{3,4}	2016	I	1				
Nancy Killefer	2013	I	3				
Susan J. Kropf	2015	I	3				
Steven F. Mayer ⁴	2016	I	2				
Helen McCluskey	2014 2012	I	2 0				

Sheri McCoy⁵

Charles H. Noski	2012	I	2
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Cathy D. Ross	2016	I	1
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Michael F. Sanford ⁴	2016	I	0
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¹ **Independent in accordance with NYSE listing standards and our Corporate Governance Guidelines**

² **Lead Independent Director**

³ **Non-executive Chairman of the Board**

⁴ **Series C Designee**

⁵ **CEO**

- Committee Chair

- Member

- Financial Expert

- Non-Voting Observer

Attendance

Each Director Nominee and each Series C Designee is a current director and each Director Nominee that served on the Board in 2015 attended at least 75% of the aggregate number of 2015 meetings of the Board and each Board Committee on which he or she served. Each of the Series C Designees was initially elected to the Board on March 1, 2016. Cathy D. Ross was initially elected to the Board on March 24, 2016.

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Business and Strategy Highlights

During 2015, our CEO, Sheri McCoy, and our Board of Directors conducted an exhaustive review of strategic options to drive greater shareholder value and unlock the value of our international growth markets. A significant part of this review was to find a strong solution for our North America business. The options considered by our Board ranged from continuing to operate the business under the existing model to radical shifts in channel and structure and many variations in between. We talked to other parties in direct selling, consumer packaged goods, and retail as well as other potential investors. We received broad and diverse interest that we narrowed down to the most attractive proposals, both strategically and financially. After a thorough due diligence process, on December 17, 2015, we announced a strategic partnership with Cerberus Capital Management, L.P. (including its affiliates, Cerberus).

On March 1, 2016, we announced the completion of this strategic partnership transaction under which Cerberus made a \$435 million investment in the Company while Avon's North America business was separated into a privately-held company that is approximately 80 percent-owned by Cerberus and 20 percent-owned by Avon. This partnership will allow us to drive revenue increases and enhance profitability in our growing international markets while increasing financial flexibility and improving our capital structure. Cerberus also brings significant operational expertise to both the North America and international businesses. Our continuing ownership position in the North America company allows shareholders to participate in the upside potential from a turnaround of this business.

In light of these changes, as of the end of 2015, Avon is a \$6 billion revenue business with solid underlying growth trends in our top markets. We participate in attractive and growing categories both direct selling and beauty. Avon is an iconic, purpose-driven brand with high quality, innovative products and strong R&D capabilities. We have an unparalleled and growing Representative base and we have leadership positions in key international markets and beauty categories.

In parallel with the review of strategic alternatives, our CEO and management team developed a thorough and comprehensive three-year transformation plan (the Transformation Plan) that was shared with the investment community on January 21, 2016. The plan has three components Investing in Growth, Driving Out Cost and Improving Financial Resilience and has long-term financial goals related to revenue growth, Representative growth and operating margin.

Avon's Transformation Plan builds on the operational progress we made in 2015. In 2015, given our presence in emerging markets, we continued to face challenges given macroeconomic headwinds from foreign currency fluctuations (estimated to be a \$475 million impact on total adjusted operating profit), and we worked hard to mitigate this impact. Despite these challenges, we delivered underlying constant-dollar revenue growth in our international business and grew Active Representatives during the year.

The Board of Directors and the management team have taken the necessary steps in 2015 including the bold strategic decision in concert with development of the Transformation Plan to deliver a stronger path forward. One of the key elements of this plan is our partnership with Cerberus. This is a strong catalyst for the Company and we expect to deliver sustainable shareholder value creation over the coming years. We believe we have continued to make solid operational progress, particularly in our top markets, that puts us on the path for improved financial performance during 2016.

Shareholder Engagement & 2015 Compensation Highlights

Following two years of low say-on-pay support and in preparation for the 2015 compensation planning season, the Chair of our Compensation and Management Development Committee (the Committee) and the Chairman of the

Board of Directors conducted significant shareholder outreach to ensure shareholder perspectives and concerns were heard and well understood. We had discussions with our shareholders about our compensation program and potential 2015 changes. In these conversations, we reviewed potential program updates and discussed the Company's transformation status and forward-looking financial and strategic priorities. The feedback received from our shareholders was tremendously valuable and was incorporated into the Committee's determination of compensation program updates for 2015. Many of the changes to our 2015 compensation programs were directly responsive to shareholder feedback.

Our strategic and financial goals also influenced the design and development of our 2015 compensation programs. The Committee believes that aligning payouts with our performance outcomes is critical for shareholders, as is securing the right talent to lead our efforts. Accordingly, the targets under our annual and long-term incentive programs represent rigorous performance expectations and are aligned with our immediate and long-term financial and strategic goals.

This commitment is illustrated by the following elements of our 2015 compensation program:

- *Performance-Based Structure.* 89% of target CEO pay was at risk based on company performance and 76% of average target for all other NEO pay was at risk.
- *CEO Compensation.* The compensation that Ms. McCoy has realized for the last three years was significantly less than her granted pay opportunity. In addition, 100% of her 2015 long-term incentive award was granted in performance-based restricted stock units.

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- *Below Target Realized Value.* Rigorous targets are set for our incentive plans so that pay realized by our executives continues to be strongly aligned with our performance and growth. For the 2013-2015 long-term incentive award, while the financial funding score was 80% of target, the average NEO realized value as a percentage of target was 16%.
- *Modified Peer Group.* Our peer group was modified to be more aligned with our business.
- *Focus on Reducing Shareholder Dilution.* We shifted a portion of long-term compensation awards to cash for those below senior officers.
- *Added a TSR Component:* We added a total shareholder return (TSR) component to our performance-based restricted stock unit awards whereby payouts cannot exceed target unless absolute TSR is positive.

Key 2016 Compensation Changes

In 2016, we are committed to continuing to improve the alignment of our pay programs with shareholders, while balancing the need to retain a strong leadership team. The Committee believes the changes made to our compensation programs for 2016 will further improve the alignment between executive compensation and the interests of shareholders and support our financial and transformation goals. Changes for this year have continued to focus on limiting shareholder dilution and assessing our executives' pay against a peer group more in-line with the Company's business following the separation of our North America business as part of the Cerberus transaction. Most importantly, we have reduced the value of long-term incentives year-over-year to require upward stock price movement for executives to realize target pay, and to manage our overall equity spend. As shown on page 37 herein, these changes resulted in a reduction of our CEO's long-term incentive compensation of 31% and an overall reduction in her total target compensation of 22% for 2016 compared to 2015. The long-term incentive compensation for our other NEOs, on average, was reduced by 22% over the same period.

Key 2015-2016 Governance Highlights

At the Company's 2015 annual meeting of shareholders, shareholders approved a non-binding shareholder proposal requesting that the Board provide for proxy access. Subsequently, the Company engaged in discussions regarding proxy access with various shareholders, including the proponent of the 2015 proxy access proposal, to gain valuable feedback about the appropriate features and mechanics of a proxy access provision for the Company. In line with this, on March 1, 2016, the Board amended and restated the Company's by-laws (the By-Laws) to, among other things, adopt a proxy access provision, as discussed on page 18 of this Proxy Statement. The Company believes the proxy access By-Law amendments adopted by the Board reflect such shareholder feedback and are responsive to the 2015 shareholder proposal.

In 2016, as part of the strategic partnership with Cerberus, the Company reduced the size of its Board from twelve to eleven directors and the Board is now comprised of six of the Company's incumbent directors, three directors designated by Cerberus, and one additional director jointly selected by the Company and Cerberus. The Company and Cerberus will jointly select one additional director, subject to the agreement with Barington, as further described below. In addition, so long as it maintains a certain ownership level in the Company (as described in more detail on page 28 of this Proxy Statement), Cerberus will have the right to select the director to be appointed as the Chairman. A new Lead Independent Director role was also created on the Board. The Company believes this newly-reconstituted Board and the addition of a Lead Independent Director provides an effective governance framework in support of the

Company's go-forward strategy and transformation.

We have continued to engage our shareholders on these governance and related Company matters. For example, our non-executive Chairman of the Board and Lead Independent Director have participated in meetings to address the strategic partnership with Cerberus and the Company's Transformation Plan, which we believe sets the Company on a solid path to profitability and growth by providing a solution for the North America business as well as capital, focus and resources to support the Company in the execution of its transformation. We will continue to engage investors on a regular basis to better understand and consider their views.

In addition, on March 27, 2016, the Company entered into an agreement (the "Barington Agreement") with an investor group led by Barington Capital Group, L.P. (collectively, "Barington") that, as of March 27, 2016, collectively owned over 3% of the outstanding shares of common stock of the Company. Under the terms of the Barington Agreement, the Company granted Barington the right to approve the appointment of the additional director to be jointly selected by the Company and Cerberus to fill the remaining vacancy on the Board. In addition, under the terms of the Barington Agreement, Barington has withdrawn the nominees that it had previously proposed for election to the Board at the 2016 Annual Meeting and has agreed to vote all of its shares in support of the nominees for election proposed by the Board in this Proxy Statement.

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Governance and Related Materials

The Company has established strong policies, practices and procedures which provide a framework for effective governance. Our Corporate Governance Guidelines describe our Board of Directors' governance policies and practices, including standards for director independence, qualifications for Board and Board Committee membership, Board and Board Committee responsibilities, and Board and CEO evaluations. On March 1, 2016, the Board amended and restated the Company's Corporate Governance Guidelines (the Corporate Governance Guidelines) to, among other things, clarify the rights, duties and responsibilities of the Chairman of the Board and the Lead Independent Director. Highlighted below are some of our key governance and related materials.

Corporate Governance Guidelines	Code of Conduct
Charters of Each Board Committee	Corporate Responsibility Report

The Corporate Governance Guidelines, charters of each Board Committee, and Corporate Responsibility Report are available on our investor website (www.avoninvestor.com) and may be accessed by clicking on Corporate Governance or, in the case of our Corporate Responsibility Report, by clicking on Corporate Responsibility. The Code of Conduct is available at www.avoncompany.com and may be accessed by clicking on Ethics & Compliance under the About Avon heading.

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VOTING AND MEETING INFORMATION

Purpose of Materials

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Avon Products, Inc. (Avon, the Company, we, us, our) of proxies to be voted at our Annual Meeting of Shareholders, which will take place on Thursday, May 26, 2016.

This Proxy Statement describes the matters to be voted on at the Annual Meeting and contains other required information.

Distribution of Proxy Materials

We are providing access to our proxy materials over the Internet. Accordingly, on or about April 15, 2016, we mailed our shareholders a Notice of Internet Availability of Proxy Materials (proxy notice), which contains instructions on how to access our proxy materials over the internet and vote online. If you received a proxy notice, you will not receive a printed copy of our proxy materials by mail unless you request one by following the instructions provided on the proxy notice. We mailed the proxy materials to participants in our Avon Personal Savings Account Plan.

Shareholders Entitled to Vote

Shareholders of our common stock and of our Series C Preferred Stock as of the close of business on April 6, 2016, the record date, are entitled to vote. There were approximately 436,166,974 shares of our common stock

outstanding on April 6, 2016 for an aggregate vote of approximately 436,166,974 (or one vote per share) and 435,000 shares of our Series C Preferred Stock outstanding on April 6, 2016 for an aggregate vote of 87,051,524 (on an as-converted basis). Shareholders of our common stock and of our Series C Preferred Stock will vote together as a single class on all matters being presented in this Proxy Statement, for up to an aggregate 523,218,498 votes. We refer to the holders of shares of our common stock and of shares of our Series C Preferred Stock (which are convertible into shares of our common stock) as *shareholders* throughout this Proxy Statement.

How to Vote

Shareholders can vote in one of several ways:

Via the Internet Visit the website on the proxy notice or proxy card

By Telephone Call the telephone number on the proxy card

By Mail Sign, date and return your proxy card in the enclosed envelope

In Person Attend the Annual Meeting (follow instructions below)

If your shares are held in a stock brokerage account or by a bank or other record holder, follow the voting instructions on the form that you receive from them. The availability of telephone and internet voting will depend on their voting process. If you do not give instructions to the broker, bank or other record holder holding your shares, it will not be authorized to vote with respect to Proposals 1, 2 or 3. We therefore urge you to provide instructions so that your shares may be voted.

Attending the Annual Meeting

Shareholders who would like to attend the Annual Meeting in person are asked to follow the guidelines below. Anyone who arrives without an

admission ticket or pre-registration will not be admitted to the Annual Meeting unless it can be verified that the individual was a shareholder as of April 6, 2016.

Shareholders of Record (shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A.)

Please bring the admission ticket that is attached to your proxy notice and/or proxy card and photo identification. If you vote in advance of the Annual Meeting, please keep a copy of your admission ticket and bring it with you.

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If you do not have your admission ticket at the Annual Meeting, you must bring other proof of your Avon share ownership as of April 6, 2016 and photo identification.

Beneficial Owners (shares are held in a stock brokerage account or by a bank or other record holder)

We recommend that you pre-register to attend the meeting by sending a written request, along with proof of ownership (such as a current brokerage statement), to our Investor Relations Department, Avon Products, Inc., 777 Third Avenue, New York, New York 10017, by mail or by fax to (646) 606-3302. We must receive your request at least one week prior to the Annual Meeting to have time to process your request. In addition, please bring photo identification to the Annual Meeting.

You may attend without pre-registration; however, you must bring proof of your Avon share ownership as of April 6, 2016 and photo identification.

You may vote in person at the Annual Meeting. Please note, however, that shares held in a stock brokerage account or by a bank or other record holder may be voted in person at the Annual Meeting only if you obtain a legal proxy from such broker, bank or other record holder giving you the right to vote the shares.

Voting Instructions

Your proxy, when properly signed and returned to us, or processed by telephone or via the internet, and not revoked, will be voted in accordance with your instructions. We are not aware of any other matter that may be properly presented at the meeting. If any other matter is properly presented, the persons named as proxies on the proxy card will have discretion to vote in their best judgment.

Unless you give other instructions on your proxy card, or unless you give other instructions when you cast your vote by telephone or via the internet, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors as follows: *for* the election of each Director Nominee, the approval of the compensation of our named executive officers, the approval of our 2016 Omnibus Incentive Plan, and the ratification of the appointment of our independent registered public accounting firm.

Revoking Your Proxy or Changing Your Vote

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you may revoke your proxy at any time before it is actually voted by giving written notice of revocation to our Corporate Secretary at the address set forth in the Notice of Annual Meeting of Shareholders, by delivering a proxy bearing a later date (including by telephone or by internet) or by attending and voting in person at the Annual Meeting. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically make that request.

If your shares are held in a stock brokerage account or by a bank or other record holder, you may submit new voting instructions by contacting your broker, bank or other record holder or, if you have obtained a legal proxy from your broker, bank or other record holder giving you the right to vote your shares, by attending the meeting and voting in person.

Quorum Requirements

The presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote at the Annual Meeting will constitute a quorum, permitting the meeting to conduct its business.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a broker or other record holder holding shares for a beneficial owner does not

vote on a particular proposal because that holder does not have discretionary voting power and has not received instructions from the beneficial owner. If you do not give instructions to the broker, bank or other record holder holding your shares, it will not be authorized to vote your shares with respect to Proposals 1, 2, or 3. We therefore urge you to provide instructions so that your shares held in a stock brokerage account or by a bank or other record holder may be voted.

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Approval of a Proposal

Each of the Proposals requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Votes cast means the votes actually cast for or against a particular proposal, whether in person or by proxy. Therefore, abstentions and broker non-votes generally have no effect in determining whether a proposal is approved by shareholders.

Avon Associates Personal

Savings Account Plan

The trustee of the Avon Personal Savings Account Plan (the Plan), as record holder of the shares held in the Plan, will vote the shares allocated to your account in accordance with your instructions. Unless your vote is received by 11: 59 P.M. (New York time) on May 23, 2016 and unless you have specified your instructions, your shares cannot be voted by the trustee.

Voting Deadline

If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A. and if you vote by telephone or the internet, your vote must be received by 1: 00 A.M. (New York time) on May 26, 2016. If you do not prefer to vote by telephone or internet, you should complete and return the proxy card as soon as possible, so that it is received no later than the closing of the polls at the Annual Meeting.

If your shares are held in a stock brokerage account or by a bank or other record holder, you should return your voting instructions in accordance with the instructions provided by the broker, bank or other record holder who holds

the shares on your behalf.

If you hold shares in the Avon Products Inc. Personal Savings Account Plan, your voting instructions must be received by 11: 59 P.M. (New York time) on May 23, 2016.

Tabulation of Votes

Representatives of our transfer agent, Computershare Trust Company, N.A., will tabulate the votes and act as inspectors of election.

Vote Results

We intend to announce preliminary voting results at the Annual Meeting and to publish final results in a current report on Form 8-K within four business days of the Annual Meeting.

All proxies, ballots and voting materials that identify the votes of specific shareholders will generally be kept confidential, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, and to facilitate a successful proxy solicitation.

Householding

Beneficial owners who share a single address may receive only one copy of the proxy notice or the proxy materials, as the case may be, unless their broker, bank or other nominee has received contrary instructions from any beneficial owner at that address. This practice, known as householding, is designed to reduce printing and mailing costs. If any beneficial owner(s) sharing a single address wish to discontinue householding and/or receive a separate copy of the proxy notice or the proxy materials, as the case may be,

or wish to enroll in householding, they should contact their broker, bank or other nominee directly. Alternatively, if any such beneficial owners wish to receive a separate copy of the proxy materials, we will deliver them promptly upon written request to Investor Relations Department, Avon Products, Inc., 777 Third Avenue, New York, New York 10017, by mail or by fax to (646) 606-3302. We currently do not household for our registered shareholders.

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PROPOSAL 1 ELECTION OF DIRECTORS

On March 1, 2016, the Company entered into an Investor Rights Agreement (the "Investor Rights Agreement") with Cleveland Apple Investor L.P., a Delaware limited partnership ("Cerberus Investor"), an affiliate of Cerberus Capital Management, L.P., pursuant to which the Company reduced the size of the Board of Directors of the Company (the "Board") from twelve directors to eleven directors.

The Board has nominated W. Don Cornwell, Nancy Killefer, Susan J. Kropf, Helen McCluskey, Sheri McCoy, Charles H. Noski and Cathy D. Ross (the "Director Nominees") for election to the Board and Cerberus Investor, as the holder of the Company's Series C Preferred Stock, has elected Chan W. Galbato, Steven F. Mayer and Michael F. Sanford (the "Series C Designees") to serve as directors commencing immediately upon the conclusion of the 2016 Annual Meeting. All Director Nominees and Series C Designees are current members of our Board. Each of the Series C Designees will hold office until the next succeeding Annual Meeting or until his or her successor is elected and qualified. Each of the Director Nominees, if elected as a director at the 2016 Annual Meeting, will hold office until the next succeeding Annual Meeting or until his or her successor is elected and qualified. As set forth in further detail on page 28, Cerberus Investor is required to vote its shares in favor of each Director Nominee. Each Director Nominee has consented to serve as a director, if elected. We have no reason to believe that any of the Director Nominees will be unable or unwilling to serve as a director.

We have fewer nominees named than the number of directors fixed by the Board, and the Board is in the process of seeking candidates for the vacant position. Shareholders may not vote for a greater number of persons than the number of nominees named. As described on page 4, the Company entered into the Barington Agreement pursuant to which Barington has been granted the right to approve the appointment of an independent director to the Board that will be selected jointly by the Company and Cerberus in accordance with the terms of the Investor Rights Agreement. Barington has also agreed to withdraw its nominations for election to the Board at the Company's 2016 Annual Meeting and to vote all its shares in favor of the nominees proposed by the Board.

If a Director Nominee receives a greater number of votes withheld from his or her election than votes for such election, he or she is required to tender his or her resignation in accordance with our Corporate Governance Guidelines, as described under "Information Concerning The Board Of Directors Board Policy Regarding Voting for Directors" on page 17.

THE BOARD OF DIRECTORS RECOMMENDS

that you vote FOR the election of each of the Director Nominees listed below.

W. DON CORNWELL

Director Nominee

Director since 2002

Age: 68

COMMITTEE

Audit Committee

Finance Committee (Chair)

Nominating and Corporate Governance Committee

Lead Independent Director

Mr. Cornwell was Chairman and Chief Executive Officer of Granite Broadcasting Corporation from 1988 until his retirement in August 2009, and served as Vice Chairman until December 2009. On December 11, 2006, Granite Broadcasting Corporation filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code and emerged from its restructuring on June 4, 2007. Previously, Mr. Cornwell was Chief Operating Officer for the Corporate Finance Department at Goldman, Sachs & Co. from 1980 to 1988 and Vice President of the Investment Banking Division of Goldman Sachs from 1976 to 1988. He is a member of the joint diversity advisory council of Comcast and NBCUniversal and a trustee of Big Brothers Big Sisters of New York. Mr. Cornwell is a director of Pfizer, Inc. and American International Group, Inc.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Through Mr. Cornwell's career as an entrepreneur driving the growth of a consumer focused media company, an executive in the investment banking industry and as a director of several significant consumer product and health care companies, he has valuable business, leadership, and management experience and brings important perspectives on the issues facing the Company. Mr. Cornwell founded and built Granite Broadcasting Corporation, a consumer-focused media company, through acquisitions and operating growth enabling him to provide insight and guidance on strategic direction and growth. Mr. Cornwell's strong financial background, including his work at Goldman Sachs prior to co-founding Granite and his service on the audit and investment committees of other companies, also provides financial expertise to the Board, including an understanding of financial statements, corporate finance, accounting, and capital markets.

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NANCY KILLEFER

Director Nominee

Director since 2013

Age: 62

COMMITTEE

Compensation and Management Development Committee

Nominating and Corporate Governance Committee (Chair)

Ms. Killefer served as a Senior Partner at McKinsey & Company, an international management consulting firm, until her retirement in August 2013. She joined McKinsey in 1979 and held a number of leadership roles, including as a member of the firm’s governing board. Ms. Killefer led the firm’s recruiting and chaired several of the firm’s personnel committees. From 2000 to 2007, she ran McKinsey’s Washington, D.C. office. From 1997 to 2000, Ms. Killefer served as Assistant Secretary for Management, Chief Financial Officer and Chief Operating Officer at the U.S. Department of Treasury. In 2000, she returned to McKinsey to establish and lead the firm’s Public Sector Practice. She also served as a member of the IRS Oversight Board from 2000 to 2005 and as chair of that body from 2002 to 2004. Ms. Killefer is currently a director of The Advisory Board Company, Cardinal Health and Computer Sciences Corporation. She also serves as a vice chair of the Defense Business Board, an advisory body to the Secretary of Defense and the MyVA Advisory Board, a board advising the VA Secretary.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Ms. Killefer has served in key leadership positions in both the private and public sector and brings to the Board significant expertise in strategy development, execution, marketing, brand-building, and organizational efficiencies across all sectors. In particular, her experience with consumer-based and retail industries is valuable to the Company. In addition, Ms. Killefer’s strong financial background, including her experience as Chief Financial Officer and Chief Operating Officer of the U.S. Department of Treasury, provides expertise to the Board on financial and accounting matters.

SUSAN J. KROPF

Director Nominee

Director since 2015

Age: 67

COMMITTEE

Finance Committee

Ms. Kropf served as President and Chief Operating Officer of Avon Products, Inc. from January 2001, prior to her retirement in 2006. She served as Executive Vice President and Chief Operating Officer, North America and Global Business Operations of Avon from 1999 to 2001 and Executive Vice President and President, North America of Avon from 1998 to 1999. Ms. Kropf was a member of Avon’s Board of Directors from 1998 to 2006. Ms. Kropf is currently a director of Coach, Inc., The Kroger Co., New Avon LLC and The Sherwin-Williams Company. Ms. Kropf also served as a director of Mead Westvaco Inc. until 2015.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Ms. Kropf has extensive operational skills and a deep understanding of direct selling, having held various senior management positions during the course of her 36-year career at Avon, including in the areas of marketing, research and development, product development, customer service, and manufacturing. Ms. Kropf has significant boardroom experience through her service on the boards of various public companies, including experience serving on compensation, audit, and corporate governance board committees.

HELEN MCCLUSKEY

Director Nominee

Director since 2014

Age: 61

COMMITTEE

Compensation and Management Development Committee (Chair)

Ms. McCluskey was President, Chief Executive Officer and a member of the Board of Directors of The Warnaco Group, Inc. from February 2012 to February 2013, when it was acquired by PVH Corp., and she then served on the board of directors of PVH Corp. until June 2014. Ms. McCluskey also served in other leadership roles at Warnaco, including Chief Operating Officer from September 2010 to February 2012 and as Group President from July 2004 to September 2010. Prior to joining Warnaco, Ms. McCluskey held positions of increasing responsibility at Liz Claiborne, Inc. from August 2001 to June 2004. Previously, she spent 18 years in Sara Lee Corporation's intimate apparel units, where she held executive positions in marketing, operations and general management, including President of Playtex Apparel from 1999 to 2001. Ms. McCluskey is a director of Dean Foods and Signet Jewelers Limited.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Ms. McCluskey has a broad background in strategy, business planning and operations derived from her career in consumer businesses. Having built women's brands globally, she contributes a valuable blend of branding, merchandising, marketing and international expertise to the Company. Her experience as a Chief Executive Officer of a global public company provides her with significant expertise in global business matters, corporate leadership and management which enables her to bring important contributions to the oversight of the Company's strategic direction and growth.

Table of Contents**SHERI MCCOY****Director Nominee****Director since 2012****Age: 57****CEO**

Ms. McCoy joined Avon as Chief Executive Officer in April 2012 and was elected to the Board of Directors in May 2012. She joined Avon after 30 years with Johnson & Johnson, where she rose to Vice Chairman in January 2011. Most recently at Johnson & Johnson, Ms. McCoy oversaw Pharmaceutical, Consumer, Corporate Office of Science & Technology, and Information Technology divisions. Prior to that, she served in a number of leadership roles, including Worldwide Chairman, Pharmaceuticals Group from 2009 to 2011; Worldwide Chairman, Surgical Care Group from 2008 to 2009; and Company Group Chairman and Worldwide Franchise Chairman of Ethicon, Inc., a subsidiary of Johnson & Johnson, from 2005 to 2008. Earlier in her career, Ms. McCoy was Global President of the Baby and Wound Care franchise; Vice President, Marketing for a variety of global brands; and Vice President, Research & Development for the Personal Products Worldwide Division. She serves on the boards of New Avon LLC, the Partnership for New York, Catalyst, Stonehill College, and the non-profit science and technology organization FIRST.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Ms. McCoy has a unique combination of strategic and finely honed operational skills and a significant turnaround track record. Throughout her career, she has consistently achieved results and driven change across highly diverse operating units with widely varying product lines, customers, distribution channels, and business models. Ms. McCoy has deep global experience and is highly skilled at managing complex, matrixed organizational structures.

CHARLES H. NOSKI**Director Nominee****Director since 2012****Age: 63****COMMITTEE**

Audit Committee (Chair)

Nominating and Corporate Governance Committee

Mr. Noski served as Vice Chairman of Bank of America Corporation from June 2011 until his retirement in September 2012, having served previously as Executive Vice President and Chief Financial Officer from May 2010 to June 2011. Prior to that, Mr. Noski was Corporate Vice President and Chief Financial Officer of Northrop Grumman Corporation from 2003 to 2005 and served on its board of directors from 2002 to 2005. He was AT&T Corporation's Senior Executive Vice President and Chief Financial Officer from 1999 to 2002 and Vice Chairman of the board of directors during 2002. Earlier in his career, Mr. Noski was President, Chief Operating Officer and Chief Financial Officer of Hughes Electronics Corporation and a Partner with Deloitte & Touche LLP. During the past five years, he has been a director of Avery Dennison Corporation and Merrill Lynch & Co. (a wholly owned subsidiary of Bank of America Corporation). Mr. Noski is currently a director of Microsoft Corporation, The Priceline Group Inc., and the National Association of Corporate Directors. He is also the Chairman of the Board of Trustees of the Financial Accounting Foundation.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Mr. Noski is a seasoned business leader with significant finance, accounting, auditing and business operations expertise. In particular, his role as chief financial officer at major global corporations and his public company board experience enhance his contributions to the Company's transformation and strategy. His key insights into finance and accounting matters, including capital management, restructuring, and capital markets, are highly valuable to the Board.

Table of Contents**CATHY D. ROSS****Director Nominee****Director since 2016****Age: 58**

Ms. Ross served as Executive Vice President and Chief Financial Officer for FedEx Express from 2010 until her retirement in July 2014 and prior to that, as Senior Vice President and Chief Financial Officer from 2004 to 2010, and Vice President, Express Financial Planning from 1998 to 2004. Ms. Ross joined FedEx in 1984 as a senior financial analyst and held numerous other leadership roles. Prior to joining FedEx, she worked for Kimberly-Clark Corporation as a cost analyst and cost analysis supervisor from 1982 to 1984. Ms. Ross serves on the board of directors of the National Civil Rights Museum in Memphis, Tennessee and The Memphis Child Advocacy Center. Ms. Ross is also a director of Steelcase, Inc.

COMMITTEE

Audit Committee

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Ms. Ross' financial and global operating experience honed throughout her career, makes her a valuable member of the Board. In addition, her leadership and extensive knowledge in the area of cost transformation is a tremendous asset to Avon in light of our strategic direction and growth. Ms. Ross' financial and accounting background, including her service on an audit committee of another public company, provides financial expertise to the Board.

CHAN W. GALBATO**Series C Designee****Director since 2016****Age: 53****COMMITTEE**

Audit Committee (non-voting Observer)

Nominating and Corporate Governance Committee

Mr. Galbato was appointed non-executive Chairman of Avon's Board of Directors in March 2016. Mr. Galbato is Chief Executive Officer of Cerberus Operations and Advisory Company, LLC. Prior to joining Cerberus in 2009, he owned and managed CWG Hillside Investments LLC, a consulting business, from 2007 to 2009. From 2005 to 2007, he served as President and CEO of the Controls Group of businesses for Invensys plc and President of Services for The Home Depot. Mr. Galbato previously served as President and Chief Executive Officer of Armstrong Floor Products and Chief Executive Officer of Choice Parts. He spent 14 years with General Electric Company, holding several operating and finance leadership positions within their various industrial divisions as well as holding the role of President and CEO of Coregis Insurance Company, a G.E. Capital company. Mr. Galbato currently serves as Chairman of YP Holdings LLC and lead director of DynCorp International. He also serves on the Board of Directors of Blue Bird Corporation and Steward Health Care, LLC, and on the Board of Managers of New Avon LLC. Mr. Galbato has also served as lead director of the Brady Corporation and as a director of Tower International.

Non-executive Chairman of the Board

Mr. Galbato was elected to the Board of Directors commencing immediately upon the conclusion of the 2016 Annual Meeting by the holders of our Series C Preferred Stock, voting separately as a single class, and is not up for election by our shareholders at the 2016 Annual Meeting.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Mr. Galbato has broad operational and business strategy expertise and has developed significant corporate leadership skills from his experience at public and private companies. Mr. Galbato is recognized for his experience in corporate turnarounds, which enables him to provide guidance in helping to drive the Company's strategic direction and growth.

Table of Contents**STEVEN F. MAYER****Series C Designee****Director since 2016****Age: 56****COMMITTEE**Compensation and
Management Development
Committee

Mr. Mayer is a Senior Managing Director, Co-Head of Global Private Equity and Chairman of the Investment Committee at private investment firm Cerberus Capital Management, L.P. Prior to joining Cerberus in 2002, Mayer served as executive managing director at Gores Technology Group, a private equity investment firm. Before joining Gores Technology Group, he was a managing director at Libra Capital Partners, L.P. (Libra), a private equity investment firm, and was also a managing director and co-head of the Corporate Finance division U.S. Bancorp Libra, an affiliated firm. Prior to joining Libra, Mr. Mayer was a managing director of Aries Capital Group, LLC, a private equity investment firm that he co-founded, and was a principal with Apollo Advisors, L.P. and Lion Advisors, L.P., affiliated private equity investment firms. Prior to that time, Mr. Mayer was an attorney with Sullivan & Cromwell. He currently serves on the Boards of Directors of BlueLinx Holdings Inc., Grifols S.A., Starrus Holdings Limited, and YP Holdings LLC, and on the Board of Managers of New Avon LLC.

Mr. Mayer was elected to the Board of Directors commencing immediately upon the conclusion of the 2016 Annual Meeting by the holders of our Series C Preferred Stock, voting separately as a single class, and is not up for election by our shareholders at the 2016 Annual Meeting.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Mr. Mayer has an extensive background in strategy, operations and corporate finance derived from his career in private equity. Mr. Mayer's knowledge in the areas of finance, international business and strategic investments provide a valuable perspective to the Board.

MICHAEL F. SANFORD**Series C Designee****Director since 2016****Age: 35**

Mr. Sanford is a Managing Director, Co-Head of North American Private Equity, and a member of the Global Private Equity Investment Committee at private investment firm Cerberus Capital Management, L.P. Prior to joining Cerberus in 2006, Mr. Sanford was at The Blackstone Group in its Restructuring and Reorganization Advisory Group from 2004 to 2006, where he advised companies and creditors on a variety of restructuring transactions. Prior to joining Blackstone, from 2003 to 2004, Mr. Sanford worked at Banc of America Securities in its Consumer and Retail Investment Banking Group, where he executed various financing, M&A and leveraged recapitalization transactions. He serves on the Board

COMMITTEE

Finance Committee

of Directors of YP Holdings LLC, Print Media LLC, DynCorp International Inc. and Tier 1 Group LLC and on the Board of Managers of New Avon LLC.

Mr. Sanford was elected to the Board of Directors commencing immediately upon the conclusion of the 2016 Annual Meeting by the holders of our Series C Preferred Stock, voting separately as a single class, and is not up for election by our shareholders at the 2016 Annual Meeting.

KEY ATTRIBUTES, EXPERIENCE AND SKILLS: Mr. Sanford has extensive experience in financing matters and private equity investments. Mr. Sanford's insights into capital management, restructuring, and capital markets are highly valuable to the Board.

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INFORMATION CONCERNING THE BOARD OF DIRECTORS

2015 Board Meetings

Our Board of Directors held thirteen meetings in 2015. Directors are expected to attend all meetings of the Board and the Board Committees on which they serve and to attend the Annual Meeting of Shareholders. In 2015, all directors then serving on the Board attended at least 75% of the aggregate number of 2015 meetings of the Board and of each Board Committee on which he or she served. All of the directors then serving on the Board attended the 2015 Annual Meeting. In addition to participation at Board and Committee meetings and the Annual Meeting of Shareholders, our directors discharge their duties throughout the year through communications with senior management.

Non-employee directors meet in regularly scheduled executive sessions, as needed, without the CEO or other members of management. In 2015, in the absence of the Chairman from any executive session, the non-employee directors choose from among themselves a presiding director.

Board Leadership Structure

The Board currently separates the positions of Chairman, Lead Independent Director and CEO. Mr. Galbato serves as our non-executive Chairman of the Board, Mr. Cornwell serves as our Lead Independent Director and Ms. McCoy serves as our CEO. The Board evaluates its leadership structure periodically and believes that separating the Chairman, Lead Independent Director and CEO roles is important as the Company focuses on its transformation and growth efforts. Following the amendment of the By-Laws on March 1, 2016, the Chairman will preside at all meetings of the Board, including executive sessions, at which the Chairman is present, and the Lead Independent Director will preside at all meetings of the Board at which the Chairman is not present. Additional rights, duties and responsibilities of the Chairman and the Lead Independent Director are set forth in the By-Laws and the Corporate Governance Guidelines. Pursuant to the Investor Rights Agreement, so long as Cerberus Investor maintains a certain ownership level in the Company (as described in more detail on page 28 of this Proxy Statement), Cerberus Investor has the right to select the director to be appointed as our Chairman.

Risk Oversight

The Board administers its risk oversight function primarily through the Audit Committee, which oversees the Company's risk management practices. The Audit Committee is responsible for, among other things, discussing with management on a regular basis the Company's guidelines and policies that govern the process for risk assessment and risk management. Management is responsible for assessing and managing the Company's various risk exposures on a day-to-day basis. In connection with this, the Audit Committee has oversight of the Company's enterprise risk management (ERM) program, which includes a risk management committee, composed of certain key executives. The cross-functional group of key executives who comprise the risk management committee identify, on a periodic basis, the top current and future risks facing the Company, including, but not limited to, strategic, operational, financial and compliance risks, and the associated risk owners are responsible for managing and mitigating these risks. In line with this, the Company provides regular ERM updates to the Audit Committee and other Board Committees, as appropriate, which may have certain ERM risks assigned to them by the Board. The Audit Committee also periodically reports to the full Board on the Company's risk management program.

While the Board has overall responsibility for overseeing risk management, Board Committees oversee risk within their areas of responsibility, as appropriate. For example, as set forth in further detail on page 53, our Compensation and Management Development Committee, with support and advice from its independent consultant, reviews the risk and reward structure of executive compensation plans, policies and practices at least annually to confirm that there are

no compensation-related risks that are reasonably likely to have a material adverse effect on the Company. As set forth in its charter, the Finance Committee is responsible for, among other things, reviewing periodically the Company's strategy for and use of derivatives for hedging risks such as interest rate and foreign exchange risks.

For certain risks, oversight is conducted by the full Board, such as during the Board's annual review of the Company's strategic goals and initiatives and other significant issues that are expected to affect the Company in the future. We believe that the Chairman, Lead Independent Director, CEO, and roles of the Board and the Board Committees provide the appropriate leadership to help ensure effective risk oversight.

Communications with Directors

A shareholder or other interested person who wishes to contact the Chairman, the Lead Independent Director or the non-employee or independent directors as a group may do so by addressing his or her correspondence to the Chairman, the Lead Independent Director or such directors, c/o Corporate Secretary, Avon Products, Inc., 777 Third Avenue, New York, NY 10017. All correspondence addressed to a director or group of directors will be forwarded to that director or group of directors.

Table of Contents**Board Committees**

The Board has the following regular standing committees: Audit Committee, Compensation and Management Development Committee, Nominating and Corporate Governance Committee, and Finance Committee. The charters of each Committee and our Corporate Governance Guidelines are available on our investor website (www.avoninvestor.com). Our Code of Conduct (which applies to the Company's directors, officers and employees) is available at www.avoncompany.com.

Audit Committee	<i>Primary Responsibilities</i>	2015 Meetings: 9
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Charles H. Noski (Chair)	Assists the Board in fulfilling its responsibility to oversee the integrity of our financial statements, controls and disclosures, our compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm, and the performance of our internal audit function and independent registered public accounting firm. The Committee has the authority to conduct any investigation appropriate to fulfilling its purpose and responsibilities.
W. Don Cornwell	
Cathy D. Ross	
Chan W. Galbato*	

*non-voting Observer

The Board has determined that Mr. Noski, Mr. Cornwell and Ms. Ross are audit committee financial experts, under the rules of the Securities and Exchange Commission and that all of the Committee members are independent and financially literate under the listing standards of the New York Stock Exchange.

A further description of the role of the Audit Committee is set forth on pages 81 through 83 under Audit Committee Report and Proposal 4 Ratification of Appointment of Independent Registered Public Accounting Firm.

Compensation and Management Development Committee	<i>Primary Responsibilities</i>	2015 Meetings: 10
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Helen McCluskey (Chair)

Nancy Killefer

Steven F. Mayer

Discharges the responsibilities of the Board relating to executive compensation, including reviewing and establishing our overall executive compensation and benefits philosophy, including review of the risk and reward structure of executive compensation plans, policies and practices, as appropriate. In addition, the Committee, in consultation with the independent members of the Board, reviews and approves the goals and objectives relevant to the compensation of the CEO and determines the compensation of the CEO. It also determines the compensation of all senior officers and oversees incentive compensation plans, including establishing performance measures and evaluating and approving any incentive payouts thereunder.

Reviews and evaluates the Company's talent management and succession planning approach, philosophy, and key processes, and is responsible for development and succession plans for members of the Company's Executive Management Committee and their potential successors.

The Committee may delegate responsibilities to a subcommittee composed of one or more members of the Committee, provided that any action taken shall be reported to the full Committee as soon as practicable, but in no event later than at the Committee's next meeting. In addition, the Committee may delegate certain other responsibilities, as described in the Committee charter. For example, the Committee has delegated to Ms. McCoy as a director the authority to approve annual and off-cycle equity awards to employees who are not senior officers.

A description of the role of the compensation consultant engaged by the Committee, scope of authority of the Committee and the role of executive officers in determining executive compensation is set forth on page 42 under Compensation Discussion and Analysis Roles in Executive Compensation.

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Nominating and Corporate Governance Committee	<i>Primary Responsibilities</i>	2015 Meetings: 6
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Nancy Killefer (Chair)	Identifies individuals qualified to become Board members, consistent with criteria approved by the Board, and recommends to the Board the candidates for directorships to be filled by the Board. A description of the Committee's process for identifying and evaluating nominees for directorships is set forth on page 17 under Director Nomination Process & Shareholder Nominations.
W. Don Cornwell	
Chan W. Galbato	
Charles H. Noski	

Develops and recommends to the Board corporate governance principles, monitors developments in corporate governance, and makes recommendations to the Board regarding changes in governance policies and practices.

Oversees the evaluation of the Board, including conducting an annual evaluation of the performance of the Board and Board committees.

Reviews and recommends to the Board policies regarding the compensation of non-employee directors. A description of the compensation of non-employee directors and the Committee's scope of authority with respect to such matters is set forth on page 20 under Director Compensation Role of Nominating and Corporate Governance Committee.

Finance Committee	<i>Primary Responsibilities</i>	2015 Meetings: 9
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W. Don Cornwell (Chair)	Assists the Board in fulfilling its responsibilities to oversee our financial management, including oversight of our capital structure and financial strategies, investment strategies, banking relationships, and funding of the employee benefit plans.
Susan J. Kropf	
Michael F. Sanford	

Responsible for the oversight of the deployment and management of our capital, including the oversight of certain key business initiatives.

Director Independence

The Board has concluded that each non-employee Director Nominee and Series C Designee (including those who are currently serving as non-employee directors and who served during 2015) is independent.

The Board of Directors assesses the independence of its non-employee members at least annually in accordance with the listing standards of the New York Stock Exchange, the regulations of the Securities and Exchange Commission, and our Corporate Governance Guidelines. As part of its assessment, the Board determines whether or not any such director has a material relationship with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board broadly considers all relevant facts and circumstances and considers 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 includes:

the nature of the relationship;

the significance of the relationship to Avon, the other organization and the individual director;

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

any commercial, industrial, banking, consulting, legal, accounting, charitable, familial and other relationships; *provided*, that ownership of a significant amount of our stock is not, by itself, 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) one percent (1%) of Avon's revenues or one percent (1%) of the revenues of the other organization involved.

In the ordinary course of business, the Company has business relationships with certain companies on which Avon directors also serve on the board of directors, including for example, advertising arrangements, software services, and insurance coverage. Based on the standards described above, the Board has determined that none of these transactions or relationships, nor the associated amounts paid to the parties, was material such that it would impede the exercise of independent judgment.

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Board Policy Regarding Voting for Directors

Our Corporate Governance Guidelines provide that any Director Nominee who receives a greater number of votes withheld than votes for his or her election in an uncontested election of directors will promptly tender his or her resignation. The Nominating and Corporate Governance Committee (the Committee) will recommend to the Board whether to accept or reject the tendered resignation, or whether other action should be taken. The Nominating and Corporate Governance Committee will consider any factors or other information that it considers appropriate or relevant. The Board, taking into account the Nominating and Corporate Governance Committee's recommendation, will act on the tendered resignation and publicly disclose its decision and the rationale within 90 days from the date of the certification of the election results.

Director Nomination Process & Shareholder Nominations

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. The Committee actively considers potential director candidates on an ongoing basis as part of its director succession planning efforts.

The Committee's process for considering all candidates for election as directors, including shareholder-recommended candidates, is designed to ensure that the Committee fulfills its responsibility to recommend candidates that are properly qualified and are not serving any special interest groups, but rather the best interest of all of the shareholders.

In making its recommendations, the Committee evaluates each candidate based on the independence standards described above and other qualification standards described below. For example, our Corporate Governance Guidelines and the charter of the Nominating and Corporate Governance Committee require that our directors possess the highest standards of personal and professional ethics, character and integrity and meet the standards set forth in our Corporate Governance Guidelines. In identifying candidates for membership on the Board, the Committee takes into account all factors it considers appropriate, consistent with criteria approved by the Board, which may include professional experience, knowledge, independence, diversity of backgrounds, and the extent to which the candidate would fill a present or evolving need on the Board. There is not a formal diversity policy; however, diversity of backgrounds, as one factor that the Committee may consider, is broadly construed to include differences of viewpoint, personal and professional experience, skill, gender, race, and other individual characteristics.

Pursuant to the Investor Rights Agreement and the terms and conditions of our Series C Preferred Stock, Cerberus Investor, as the holder of the Series C Preferred Stock, is currently entitled to elect three directors to the Board. In connection with this, Cerberus Investor has elected each of Messrs. Galbato, Mayer and Sanford to serve on the Board commencing immediately upon the conclusion of the 2016 Annual Meeting. So long as Cerberus Investor maintains a certain ownership level in the Company (as described in more detail on page 28 of this Proxy Statement), Cerberus Investor also has the right to select the director to be appointed as our Chairman and has selected Mr. Galbato to serve in this capacity. In addition, pursuant to the Investor Rights Agreement, the Company and Cerberus Investor jointly selected Ms. Ross for election to the Board in accordance with the process described below.

The Committee has retained third-party search firms to locate candidates who may meet the needs of the Board. The firms typically provide information on a number of candidates for review and discussion by the Committee. As appropriate, the Committee chair and other members of the Committee and the Board interview potential candidates. If the Committee determines that a potential candidate meets the needs of the Board, possesses the relevant qualifications, and meets the standards set forth in our Corporate Governance Guidelines, the Committee will vote to

recommend to the Board the election of the candidate as a director. Following the completion of this process with respect to Ms. Ross, members of the Committee determined that Ms. Ross met these standards and, therefore, recommended to the Board the election of this candidate as a director. Pursuant to the Investor Rights Agreement, each of the Company and Cerberus Investor agreed to the election of Ms. Ross to the Board based upon the recommendation of the Committee members. Ms. Ross was elected to the Board on March 24, 2016 by the directors then serving on the Board and has been nominated for election to the Board at the 2016 Annual Meeting.

As described on page 4, the Company entered into the Barington Agreement pursuant to which Barington has been granted the right to approve the appointment of an independent director to the Board that will be selected jointly by the Company and Cerberus Investor in accordance with the terms of the Investor Rights Agreement. Barington has also agreed to withdraw its nominations for election to the Board at the Company's 2016 Annual Meeting and to vote all its shares in favor of the nominees proposed by the Board.

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The Committee will consider director candidates recommended by shareholders if properly submitted to the Committee in accordance with our Corporate Governance Guidelines. 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., 777 Third Avenue, New York, NY 10017. Recommendations must include the proposed nominee's name, detailed biographical data, work history, qualifications and corporate and charitable affiliations. A written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a director is also required. The Committee will then consider the candidate and the candidate's qualifications using the criteria as set forth above. The Committee may discuss with the shareholder making the nomination the reasons for making the nomination and the qualifications of the candidate. The Committee may then interview the candidate and may also use the services of a search firm to provide additional information about the candidate prior to making a recommendation to the Board.

Shareholders of record may also nominate candidates for election to the Board by following the procedures set forth in our By-Laws. On March 1, 2016, the Board amended and restated the Company's By-laws to, among other things, adopt proxy access provisions whereby a shareholder, or a group of up to 20 shareholders, who owns 3% or more of the Company's common stock continuously for at least three years, may nominate and include in the Company's proxy materials candidates for election as directors of the Company. Such shareholder(s) or group(s) of shareholders may nominate up to the greater of two individuals or 20% of the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in the By-Laws and comply with the other procedural requirements of our Corporate Governance Guidelines. Information regarding these procedures for nominations by shareholders will be provided upon request to our Corporate Secretary.

In addition, our Corporate Governance Guidelines provide that any non-employee director who will be age 72 or older at the time of the election may not stand for reelection unless requested by the Board.

Certain Legal Proceedings

In July and August 2010, derivative actions were filed in state court against certain present or former officers and/or directors of the Company (*Carol J. Parker, derivatively on behalf of Avon Products, Inc. v. W. Don Cornwell, et al. and Avon Products, Inc. as nominal defendant* (filed in the New York Supreme Court, Nassau County, Index No. 600570/2010); *Lynne Schwartz, derivatively on behalf of Avon Products, Inc. v. Andrea Jung, et al. and Avon Products, Inc. as nominal defendant* (filed in the New York Supreme Court, New York County, Index No. 651304/2010)). On November 22, 2013, a derivative action was filed in federal court against certain present or former officers and/or directors of the Company and following the federal court's dismissal, an additional action was subsequently filed in New York state court on May 1, 2015 (*Sylvia Pritika, derivatively on behalf of Avon Products, Inc. v. Andrea Jung, et al. and Avon Products, Inc. as nominal defendant* (filed in the New York Supreme Court, New York County, Index No. 651479/2015)). The claims asserted in one or more of these actions include alleged breach of fiduciary duty, abuse of control, waste of corporate assets, and unjust enrichment, relating to the Company's compliance with the Foreign Corrupt Practices Act, including the adequacy of the Company's internal controls. The relief sought against the individual defendants in one or more of these derivative actions include certain declaratory and equitable relief, restitution, damages, exemplary damages and interest. The Company is a nominal defendant, and no relief is sought against the Company itself. On April 28, 2015, an action was filed to seek enforcement of demands for the inspection of certain of the Company's books and records (*Belle Cohen v. Avon Products, Inc.* (filed in the New York Supreme Court, New York County, Index No. 651418/2015)). The parties have reached agreements to settle the derivative and books and records actions. The terms of settlement include certain corporate governance measures as well as releases of claims. The Company accrued approximately \$4 million as of June 30, 2015 with respect to these matters, which the Company expects will be paid by insurance. Settlement is conditioned upon court approval of the proposed resolution of the derivative actions. On March 30, 2016, the court granted preliminary approval of the

settlement and scheduled a hearing to consider final approval for June 30, 2016.

Consistent with the Company's By-Laws and the New York Business Corporation Law, expenses in connection with all of the foregoing actions and certain other matters described in the Company's Annual Report on Form 10-K are being paid by the Company on behalf of certain present or former officers and/or directors.

Compensation and Management Development Committee Interlocks and Insider Participation

No member of our Board's Compensation and Management Development Committee has served as one of our officers or employees at any time. None of our executive officers served during 2015 as a member of the board of directors or as a member of a compensation committee of any other company that has an executive officer serving as a member of our Board of Directors or Compensation and Management Development Committee.

Table of Contents**DIRECTOR COMPENSATION**

The following table discloses compensation received by our non-employee directors during 2015.

Director*	Fees Earned or Paid in Cash (\$) ¹	Stock Awards (\$) ²	All Other Compensation (\$) ³	Total (\$)
Mr. Conant ^{4,5}	343,000	115,001	75	458,076
Mr. Cornwell	97,000	115,001	75	212,076
Ms. Hailey ⁴	91,000	115,001	75	206,076
Ms. Killefer	91,000	115,001	75	206,076
Ms. Kropf	56,000	115,001	44	171,045
Ms. Lagomasino ⁴	96,000	115,001	75	211,076
Ms. Mathew ⁴	87,000	115,001	75	202,076
Ms. McCluskey	87,000	210,834	75	297,909
Mr. Noski	95,000	115,001	75	210,076
Mr. Rodkin ⁴	87,000	115,001	75	202,076
Dr. Stern ⁴	87,000	115,001	6,475	208,476

* Mr. Galbato, Mr. Mayer, Ms. Ross and Mr. Sanford joined the Board in 2016 and did not earn any compensation during 2015.

- 1 This column represents the amount of cash compensation earned in Fiscal 2015 (including any deferred amounts) for Board and Board Committee service. For 2015, only Mr. Noski elected to defer any such amounts. See Annual Retainer Fees below for details.
- 2 Stock awards consist of 16,266 service-based restricted stock units (Service-based RSUs or RSUs), which were granted on May 6, 2015 as part of the annual retainer for non-employee directors. Ms. McCluskey, who joined the Board in July 2014, received an additional pro-rata award of 13,555 RSUs for her service on the Board prior to our 2015 Annual Meeting. The aggregate grant date fair value of the RSUs was determined based on the grant date fair value in accordance with FASB ASC Topic 718. See also Note 10 in the Notes to the Consolidated Financial Statements contained in our Form 10-K for 2015 for a description of our share-based awards.

On December 31, 2015, each non-employee director held the following aggregate number of restricted stock awards, RSUs and option awards:

Mr. Conant: 35,823 RSUs

Mr. Cornwell: 9,563 shares of restricted stock and 50,243 RSUs

Ms. Hailey: 48,729 RSUs

Ms. Killefer: 30,666 RSUs

Ms. Kropf: 16,266 RSUs and options to purchase 184,502 shares

Ms. Lagomasino: 10,819 shares of restricted stock and 50,243 RSUs

Ms. Mathew: 27,785 RSUs

Ms. McCluskey: 29,281 RSUs

Mr. Noski: 33,214 RSUs

Mr. Rodkin: 2,519 shares of restricted stock and 50,243 RSUs

Dr. Stern: 15,999 shares of restricted stock and 50,243 RSUs

- 3 This column includes payments of life and business travel accident insurance premiums and matches made pursuant to the Avon Foundation Matching Gift Program. Non-employee directors are eligible to participate in the Avon Foundation's U.S. Associate Matching Gift Program on the same terms as Avon Products, Inc. employees. Under this program, the Avon Foundation will match a non-employee director's contribution to a charitable organization up to \$15,500 per year. This column includes the following amount, for matches to charitable organizations: Dr. Stern, \$6,400.

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4 Mr. Conant, Ms. Hailey, Ms. Lagomasino, Ms. Mathew, Mr. Rodkin and Dr. Stern resigned from the Board in March 2016.

5 Mr. Conant received a fee of \$250,000 for his service as Independent Chairman of the Board.

Annual Retainer Fees

Directors who are employees of Avon or any of our subsidiaries receive no remuneration for services as a director. As in prior years, in 2015, each non-employee director was entitled to an annual retainer of \$190,000, consisting of \$75,000 in cash plus an annual grant of RSUs having a market value as of the date of grant of approximately \$115,000 based on the closing price of our common stock on the date of grant. Pursuant to the Avon Products, Inc.

Compensation Plan for Non-Employee Directors (the Plan), annual RSU awards are granted on the same date as the Annual Meeting of Shareholders and vest on the date of the next Annual Meeting of Shareholders, provided that such non-employee director has served as a member of the Board of Directors for the entirety of his or her annual term.

Vested RSUs are settled upon a director's departure from the Board. A non-employee director is entitled to regular dividend equivalent payments (to the extent any dividends on common stock are declared and paid) on RSUs but does not have the right to vote RSUs until settlement.

In 2016, we amended the Plan to provide that the Board can accelerate vesting of the annual RSU grant in the event a non-employee director's Board service ceases involuntarily and without cause or in the event of a similar cessation of Board service. Additionally, directors elected by Cerberus Investor pursuant to the terms of the Series C Preferred Stock and the Investor Rights Agreement are entitled to be compensated for their services in the same amounts described above. Each of these directors' compensation that would otherwise be in the form of an annual RSU award will instead be in the form of a contractual right to cash (to be paid upon vesting) in an amount equal to the value of the other non-employee directors' RSU awards as of the date of vesting.

In addition to the annual Board retainer, during 2015, the Company paid a \$10,000 retainer for service on the Audit Committee and a \$6,000 retainer for service on each of the other Board committees. Furthermore, Mr. Conant, who, during 2015, served as the Chairman of the Board, received an additional fee of \$250,000. In 2015, the chair of the Audit Committee received an additional fee of \$10,000, the chair of the Compensation and Management Development Committee received an additional fee of \$9,000, and the chair of each other Committee received an additional fee of \$6,000. In 2016, pursuant to the By-Laws and the terms of the Investor Rights Agreement with Cerberus Investor, the Board has two separate defined roles of non-executive Chairman and Lead Independent Director. The Board approved the changes to the Board roles and, beginning with their respective elections for the one-year term commencing immediately upon the conclusion of the 2016 Annual Meeting, provided for fees for the non-executive Chairman of \$150,000 and for the Lead Independent Director of \$100,000. At certain times, we provide directors with complimentary Avon products, such as samples of new product launches.

Pursuant to the Board of Directors of Avon Products, Inc. Deferred Compensation Plan, non-employee directors may elect to defer all or a portion of their cash retainer fees into a stock account or cash account. The amounts deferred into the stock account increase or decrease in value proportionately with the price of Avon's common stock. In line with this, the amounts deferred into the cash account, inclusive of accumulated interest, earn interest equal to the prime rate.

Stock Ownership Guideline

The Board of Directors has adopted a stock ownership guideline which requires non-employee directors to own shares of our common stock having a value equal to or greater than \$350,000 within five years from the date of their election

to the Board. The Board may waive this stock ownership guideline for any director if the receipt of equity awards or the ownership of Company common stock by such director would violate any policies or procedures to which such director is subject in connection with his or her employment. In line with this, the Board has waived this stock ownership guideline for Messrs. Galbato, Mayer and Sanford. All other current directors were in compliance with this guideline for 2015 or are on track to satisfy it within the period allowed to satisfy the guideline.

Role of the Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for periodically reviewing and making recommendations to the full Board regarding the compensation of non-employee directors. In making its recommendations, the Committee typically 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 shareholders.

The non-employee director compensation practices of other companies to assist it in the development of the compensation program and practices for our non-employee directors.

The impact on the perceived independence of the directors of compensation in excess of customary amounts and of indirect compensation.

The advice of independent consultants retained from time to time by the Nominating and Corporate Governance Committee (whom the Committee did not retain in 2015).

Table of Contents**EXECUTIVE OFFICERS**

The executive officers of the Company as of the date hereof are listed below. Executive officers are generally designated by the Board of Directors at its first meeting following the Annual Meeting of Shareholders or in connection with the appointment to his or her role. Each executive officer holds office until the first meeting of the Board of Directors following the next Annual Meeting of Shareholders or until his or her successor is elected, except in the event of death, resignation, removal or the earlier termination of his or her term of office.

Name	Title	Age	Year Designated Executive Officer
Sheri McCoy	Chief Executive Officer	56	2012
James S. Scully	Executive Vice President, Chief Operating Officer and Chief Financial Officer	51	2015
Fernando Acosta	Executive Vice President, Chief Marketing and Social Selling Officer	48	2011
John P. Higson	Executive Vice President, Europe, Middle East & Africa and Latin America	58	2006
Jeff Benjamin	Senior Vice President, General Counsel and Chief Ethics & Compliance Officer	70	2012
Susan Ormiston	Senior Vice President, Human Resources and Chief Human Resources Officer	45	2013
Nilesh Patel	Senior Vice President and President, Asia Pacific	56	2014
Robert Loughran	Group Vice President, Chief Accounting Officer	51	2012

Sheri McCoy joined Avon as Chief Executive Officer in April 2012 and was elected to the Board of Directors in May 2012. She joined Avon after 30 years with Johnson & Johnson, where she rose to Vice Chairman in January 2011. Most recently at Johnson & Johnson, Ms. McCoy oversaw Pharmaceutical, Consumer, Corporate Office of Science & Technology, and Information Technology divisions. Prior to that, she served in a number of leadership roles, including Worldwide Chairman, Pharmaceuticals Group from 2009 to 2011; Worldwide Chairman, Surgical Care Group from 2008 to 2009; and Company Group Chairman and Worldwide Franchise Chairman of Ethicon, Inc., a subsidiary of Johnson & Johnson, from 2005 to 2008. Earlier in her career, she was Global President of the Baby and Wound Care franchise; Vice President, Marketing for a variety of global brands; and Vice President, Research & Development for the Personal Products Worldwide Division. She serves on the boards of New Avon LLC, the Partnership for New York, Catalyst, Stonehill College, and the non-profit science and technology organization FIRST.

James S. Scully has been Avon's Executive Vice President, Chief Operating Officer and Chief Financial Officer since January 2016. Prior to this, he was Executive Vice President and Chief Financial Officer from March 2015 to December 2015. Prior to joining Avon, Mr. Scully served as the Chief Operating Officer of the J. Crew Group, Inc., a specialty apparel and accessories retailer. Mr. Scully served as J. Crew's Executive Vice President and Chief Financial

Officer from September 2005 to May 2012 and Chief Administrative Officer from April 2008 to April 2013. Prior to joining J. Crew in 2005, Mr. Scully served in key roles at Saks Incorporated from 1997 to 2005, including at various times as Executive Vice President of Human Resources and Strategic Planning, Senior Vice President of Strategic and Financial Planning and Senior Vice President, Treasurer. Mr. Scully held the position of Senior Vice President of Corporate Finance at Bank of America (formerly NationsBank) from 1994 to 1997. Mr. Scully began his career in the banking industry at Connecticut National Bank, which was subsequently acquired by Shawmut Bank.

Fernando Acosta has been Avon's Executive Vice President, Chief Marketing and Social Selling Officer since January 2016. Prior to this, he was Senior Vice President and President, North Latin America and Andean Cluster and Head of Global Brand Marketing from November 2014 to December 2015 and Senior Vice President and President Latin America from December 2011 to November 2014. Prior to joining Avon, Mr. Acosta spent 19 years at Unilever, where he advanced through a series of senior operating positions with increasing responsibility. He served as Unilever's Senior Vice President, Middle Americas beginning in November 2010. Prior to that, he served as Unilever's Senior Vice President, Skin Care and Cleansing from August 2008 to October 2010. Prior to that, he served as Senior Vice President, Dove Personal Care from July 2006 to July 2008. Prior to 2006, Mr. Acosta held various management positions within Unilever's Deodorants and Hair Care businesses.

John P. Higson has been Avon's Executive Vice President, Europe, Middle East & Africa (EMEA) and Latin America since January 2016. Prior to this, he was Avon's Senior Vice President and President, EMEA and Head of Global Field Operations from November 2014 to December 2015 and Senior Vice President and President, EMEA from March 2012 to November 2014. Mr. Higson served as Senior Vice President, Global Commercial Operations from March 2011 to March 2012 and Senior Vice President, Global Direct Selling and Business Model Innovation from June 2009 to March 2011. Prior to that, Mr. Higson was Senior Vice President, Central and Eastern Europe from 2005 to 2009, Area Vice President, Central and Eastern Europe from 2002 to 2005 and, additionally during that period, was General Manager, Avon Poland from 2003 to 2005 and head of Global Sales Development from 1999 to 2002. Before that, he held various positions since joining Avon in 1985.

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Jeff Benjamin has been Avon's Senior Vice President, General Counsel and Chief Ethics & Compliance Officer since September 2012. Prior to joining Avon, he was employed by Novartis Corporation (formerly known as Ciba-Geigy Corporation) from April 1974 through December 2011. There he served in a variety of general counseling positions from 1986 until his retirement in December 2011. In addition, he was Chief Ethics & Compliance Officer at Novartis Corporation from 1997 through 2010 and Chair of the Ethics & Compliance Committee from 2010 through 2011.

Susan Ormiston has been Avon's Senior Vice President, Human Resources and Chief Human Resources Officer since July 2013. Prior to that, Ms. Ormiston served as Group Vice President, Global Functions & HR Operational Excellence since November 2012 and prior to that she held the position Vice President, Human Resources, Global Brand Marketing since joining Avon in August 2010. Prior to joining Avon, Ms. Ormiston was Senior Vice President, Human Resources, at global life insurer New York Life International from June 2007 to July 2010. Earlier in her career, she spent 15 years at IBM, progressing through human resources management roles of increasing responsibility in the U.S. and U.K.

Nilesh Patel has been Avon's Senior Vice President and President, Asia Pacific since February 2014. Prior to joining Avon, Mr. Patel spent 26 years with the Heinz Company, most recently serving as President, Director and Regional CEO of the Heinz ASEAN Region from May 2007 to January 2014. Prior to that, he served as Managing Director and Chairman of the Board of the Board of Directors of Heinz India from 2004 to 2007. Before that, Mr. Patel held positions of increasing responsibility in technical, supply chain, and commercial functions in EMEA and in Asia, including China.

Robert Loughran has been Avon's Group Vice President, Chief Accounting Officer since March 2016 and prior to that Group Vice President, Corporate Controller since May 2015. He also served as Acting Chief Financial Officer from October 2014 to March 2015. Prior to that, Mr. Loughran served as Vice President and Corporate Controller from May 2012 to May 2015 and Vice President and Assistant Controller from September 2009 to May 2012. Prior to that, he held the position of Executive Director, Assistant Controller since joining Avon in 2004.

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OWNERSHIP OF SHARES

The following table shows information for beneficial owners of more than 5% of the outstanding shares of Avon common stock, as set forth in recent filings with the Securities and Exchange Commission (SEC). Beneficial ownership is determined in accordance with SEC rules. In computing a person's percentage ownership of common stock, shares of common stock into which shares of Avon's Series C Preferred Stock are convertible are deemed to be outstanding and beneficially owned only with respect to the person exercising voting and dispositive power over such shares of Series C Preferred Stock, as described in more detail in footnote 1 to the following table.

Name and Address	Amount and Nature of Beneficial Ownership Of Common Stock	Percent of Class
Stephen Feinberg , Cerberus Investor and Avatar GP, LLC ¹ 875 Third Avenue, 11th Floor New York, New York 10022	87,051,524	16.6%
Capital Research Global Investors ² 333 South Hope Street Los Angeles, CA 90071	51,855,341	11.9%
Wellington Management Group LLP ³ c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210	36,059,581	8.3%
Yacktman Asset Management LP ⁴ 6300 Bridgepoint Parkway	34,998,500	8.0%

Building One, Suite 500

Austin, TX 78730

The Vanguard Group⁵

100 Vanguard Blvd.

30,494,994

7.0%

Malvern, Pennsylvania 19355

BlackRock, Inc.⁶

55 East 52nd Street

30,010,292

6.9%

New York, NY 10055

FMR LLC⁷

245 Summer Street

23,719,430

5.4%

Boston, MA 02210

- 1 In its Schedule 13D filed on March 11, 2016 with the SEC, each of Stephen Feinberg, Cerberus Investor and Avatar GP, LLC reported that each may be deemed to beneficially own 435,000 shares of the Company's Series C Preferred Stock, which represents 100% of the outstanding Series C Preferred Stock and was convertible into 87,000,000 shares of the Company's common stock as of March 1, 2016. Such shares are held by Cerberus Investor. Mr. Feinberg exercises sole voting and sole dispositive power over all securities held by Cerberus Investor. The percentage of class noted in the table is on an as-converted basis. Stephen Feinberg is the president, sole director and sole shareholder of Craig Court, Inc., the managing member of Craig Court GP, LLC, which is the general partner of Cerberus Capital Management, L.P. As set forth in further detail on page 28, Cerberus Investor is required to vote its shares of Series C Preferred Stock and common stock in favor of (i) each director nominated to the Board, (ii) the Company's say-on-pay proposal and any other approved equity compensation proposals and (iii) ratification of the Company's independent registered public accounting firm. In its Form 4 filed on March 4, 2016 with the SEC, each of Mr. Feinberg, Cerberus Investor and Avatar GP, LLC reported that each may be deemed to own an additional 51,524 shares of the Company's common stock as of March 31, 2016 as a result of accrued and unpaid dividends on such date.
- 2 In its Schedule 13G/A filed on February 16, 2016 with the SEC, Capital Research Global Investors, a division of Capital Research and Management Company reported the beneficial ownership of 51,855,341 shares. Capital Research Global Investors reported that it had sole voting power with respect to 51,855,341 shares, shared voting power with respect to no shares, sole dispositive power with respect to 51,855,341 shares, and shared dispositive power with respect to no shares.

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- 3 In its Schedule 13G filed on February 11, 2016 with the SEC, Wellington Management Group LLP (Wellington) reported the beneficial ownership of 36,059,581 shares on behalf of itself and the following subsidiaries, which are investment managers and hold shares: Wellington Group Holdings LLP; Wellington Investment Advisors Holdings LLP; Wellington Management Company LLP; Wellington Investment Advisors LLP; Wellington Management Global Holdings, Ltd.; Wellington Management Canada LLC; Wellington Management Singapore Pte Ltd; Wellington Management Hong Kong; Wellington Management International Ltd.; Wellington Management Japan Pte Ltd; and Wellington Management Australia Pty Ltd. Wellington reported that it had sole voting power with respect to no shares, shared voting power with respect to 30,764,575 shares, sole dispositive power with respect to no shares, and shared dispositive power with respect to 36,059,581 shares.

- 4 In its Schedule 13G/A filed on February 5, 2016 with the SEC, Yacktman Asset Management LP (Yacktman) reported the beneficial ownership of 34,998,500 shares. Yacktman reported that it had sole voting power with respect to 34,834,800 shares, shared voting power with respect to no shares, sole dispositive power with respect to 34,998,500 shares, and shared dispositive power with respect to no shares.

- 5 In its Schedule 13G/A filed on February 10, 2016 with the SEC, The Vanguard Group (Vanguard) reported the beneficial ownership of 30,494,994 shares on behalf of itself and the following subsidiaries, which are investment managers and beneficially own shares: Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. Vanguard reported that it had sole voting power with respect to 312,354 shares, shared voting power with respect to 24,900 shares, sole dispositive power with respect to 30,183,840 shares, and shared dispositive power with respect to 311,154 shares.

- 6 In its Schedule 13G filed January 25, 2016 with the SEC, BlackRock, Inc. (BlackRock) reported the beneficial ownership of 30,010,292 shares on behalf of itself and the following subsidiaries: BlackRock Advisors (UK) Limited; BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Ireland Limited; BlackRock Asset Management Schweiz AG; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Institutional Trust Company, N.A.; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd; BlackRock Investment Management, LLC; and BlackRock Life Limited. BlackRock reported that it had sole voting power with respect to 28,298,065 shares, shared voting power with respect to no shares, sole dispositive power with respect to 30,010,292 shares, and shared dispositive power with respect to no shares.

- 7 In its Schedule 13G filed on February 12, 2016 with the SEC, FMR LLC (FMR) and its Director, Vice Chairman, CEO and President, Abigail P. Johnson, reported the beneficial ownership of 23,719,430 shares on behalf of itself and the following subsidiaries, which are investment managers and beneficially own certain shares: Fidelity Institutional Asset Management Trust Company, FMR Co., Inc.; and Strategic Advisers, Inc. FMR reported that it had sole voting power with respect to 1,887,859 shares, sole dispositive power with respect to 23,719,430 shares, and shared voting power and shared dispositive power with respect to no shares.

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The following table sets forth certain information as of March 15, 2016 regarding the beneficial ownership of our common stock by each director, each named executive officer (NEO – those officers listed in the Summary Compensation Table), and all of our directors and executive officers as a group. The total shares, individually and on an aggregate basis, represent less than 1% of Avon's outstanding shares of common stock.

Name	Stock Options					Total
	Shares of Common Stock ¹	or Exercisable within 60 Days	of Shares Beneficially Owned	Restricted Stock Units ²	Currently Exercisable Total Number	
Fernando Acosta	114,384	0	114,384	318,981		433,365
Jeff Benjamin	53,216	0	53,216	191,104		244,320
W. Don Cornwell	12,083 ^{3,4}	0	12,083	50,243		62,326
Chan W. Galbato	0	0	0	0		0
Nancy Killefer	0	0	0	30,666		30,666
Susan J. Kropf	169,861	184,502	354,363	16,266		370,629

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David Legher	60,581	60,667	121,248	204,760	326,008
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Robert Loughran	17,949 ⁴	20,417	38,366	94,431	132,797
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Steven F. Mayer	0	0	0	0	0
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Helen McCluskey	0	0	0	29,281	29,281
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Sheri McCoy	201,236	0	201,236	80,000	281,236
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Charles H. Noski	1,000 ⁴	0	1,000	33,214	34,214
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Michael F. Sanford	0	0	0	0	0
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James S. Scully	79,037	0	79,037	603,470	682,507
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20 directors, NEOs and executive officers as a group	786,679 ⁵	518,149	1,304,828	2,182,044	3,486,872
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1 Shares reflect sole voting and investment power except as otherwise noted.

2 The numbers in this column include unvested Service-based RSUs, which do not afford the holder voting or investment power. Performance RSUs held by executive officers, which will vest only if certain financial goals are met, have not been included and do not afford the holder voting or investment power.

3 Includes the following restricted shares for which the director has sole voting but no investment power as follows:

Mr. Cornwell: 9,563 shares

4 Includes the following:

Mr. Cornwell: 200 shares held in the name of a family member

Mr. Loughran: 8,748 shares held jointly with spouse and 861 shares held in a 401(k) Plan

Mr. Noski: 1,000 shares held in trust

5 Includes shares as to which beneficial ownership is shared with others.

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TRANSACTIONS WITH RELATED PERSONS

Policies and Procedures

We have policies and procedures for the review, approval and ratification of related person transactions as defined under the rules and regulations of the Securities Exchange Act of 1934, as amended.

Under the written charter of the Audit Committee, related person transactions are subject to the review, evaluation and, as appropriate, approval or ratification of the transaction by the Committee. The Committee considers any such related person transactions in a manner that best serves the interests of the Company and the interests of our shareholders.

In addition, our Code of Conduct (the Code), which is available on our Company website (www.avoncompany.com), prohibits all conflicts of interest. Under the Code, conflicts of interest occur when personal, private or family interests interfere in any way, or even appear to interfere, with the interests of the Company. The Company also has a written global conflicts of interest policy for employees, including executive officers, which provides procedures and guidelines for addressing such matters. Under the policy, actual conflicts of interest are prohibited and the appearance of a conflict necessitates the review and prior approval, as appropriate, by certain members of management.

We have multiple processes for identifying related person transactions and conflicts of interest. We annually distribute a questionnaire to our executive officers and members of the Board of Directors requesting certain information regarding, among other things, their immediate family members and employment and beneficial ownership interests, which information is then reviewed for any related person transactions and conflicts of interest. In addition, our global internal audit function periodically surveys our global finance function, including accounts payable, for any amounts paid to any of our directors, executive officers or 5% shareholders, and certain of such persons' affiliates. The global ethics & compliance function undertakes a regular survey of employees, including executive officers, which asks specific questions regarding conflicts of interest, and requires certification of compliance with the Code.

We also have other policies and procedures regarding related person transactions and conflicts of interest. For example, our Corporate Governance Guidelines, which are available on our investor website (www.avoninvestor.com), require that the Board of Directors assess the independence of its non-employee directors at least annually, including a requirement that it determine whether or not any such directors have a material relationship with us, either directly or indirectly, as defined therein and as further described under Information Concerning the Board of Directors Director Independence on page 16. In addition, we maintain a number of controls and procedures, including a written global policy, for the proper review and approval of contracts and other financial commitments.

Transactions with Related Persons

Upon the completion of the Series C Preferred Stock investment in Avon on March 1, 2016 (as further described below), Cerberus Investor, an affiliate of Cerberus Capital Management, L.P., became a related person by virtue of obtaining beneficial ownership of approximately 16.7% of the voting rights of the Company's common stock on an as-converted basis. In connection with the Series C Preferred Stock investment, we participated in several other transactions with Cerberus Investor and one or more of Cerberus' affiliates, all of which were reviewed and approved by the Board as in the best interests of the Company and its shareholders. The Audit Committee determined that no further action was required by it with respect to these transactions under its written charter, since these transactions were previously reviewed and approved by the Board prior to the completion of such transactions and prior to the time any of the Cerberus Investor-designated directors (including Mr. Mayer, who has an indirect material interest in such transactions) joined the Board. We may participate in additional transactions with Cerberus Investor or one or more of

Cerberus's affiliates in the future, which would be subject to the policies and procedures described above, as appropriate.

Separation of North America Business

On March 1, 2016, Cleveland NA Investor LLC (an affiliate of Cerberus) contributed \$170 million of cash into New Avon LLC (New Avon) in exchange for 80.1% of its membership interests, and we contributed (i) assets primarily related to our North America business (including approximately \$100 million of cash, subject to certain adjustments), (ii) certain assumed liabilities of our North America business and (iii) the employees of our North America business into New Avon and retained 19.9% of New Avon's membership interests. The Company and certain of its subsidiaries entered into the following agreements with New Avon in connection with the closing of the Series C Preferred Stock investment and the separation of our North America business on March 1, 2016 and the establishment of New Avon as a standalone North America operating entity.

- *Transition Services Agreements.* The Company and New Avon entered into both a Transition Services Agreement and a Reverse Transition Services Agreement pursuant to which the Company and New Avon will provide each other with certain services, including related to sourcing and supply chain, treasury and financial shared services, human resources, technology, sales, legal and global packaging, for initial service periods of up to 24 months. In connection with these agreements, the Company expects to receive approximately \$24 million from New Avon and to pay New Avon approximately \$1 million, in each case, in fiscal year 2016.

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- *Intellectual Property Agreements.* The Company, certain of its subsidiaries and New Avon entered into an Intellectual Property License Agreement pursuant to which the Company and certain of its subsidiaries licensed to New Avon certain intellectual property rights that the Company and certain of its subsidiaries used in the conduct of the North America business prior to the separation. The Company and New Avon also entered into a Research and Development Agreement pursuant to which the Company will provide New Avon with certain beauty product development services for an initial term through December 31, 2017. In connection with these agreements, the Company expects to receive approximately \$7 million from New Avon in fiscal year 2016.
- *Supply Agreements.* The Company, certain of its subsidiaries and New Avon entered into a Manufacturing and Supply Agreement pursuant to which the Company and certain of its subsidiaries, on the one hand, and New Avon, on the other hand, will manufacture and supply certain products to each other for an initial term through December 31, 2018. The Company and New Avon also entered into a Joint Procurement Sourcing Agreement pursuant to which the Company and New Avon will work together to preserve and enhance volume pricing discount arrangements with suppliers and other counterparties of both the Company and New Avon. In connection with these agreements, the Company expects to receive approximately \$38 million from New Avon and to pay New Avon approximately \$5 million, in each case, in fiscal year 2016.
- *Real Estate Agreements.* The Company and New Avon entered into both a Sublease Agreement and a Real Estate License Agreement pursuant to which the Company will provide New Avon space at the Company's offices in New York, NY and Rye, NY. In connection with these agreements, the Company expects to receive approximately \$7 million from New Avon in fiscal year 2016.

Preferred Stock Investment

On March 1, 2016, we issued and sold to Cerberus Investor 435,000 shares of newly issued Series C Preferred Stock for an aggregate purchase price of \$435 million pursuant to an Investment Agreement among the Company, New Avon and Cerberus Investor. The Series C Preferred Stock ranks senior to the shares of our common stock with respect to dividend rights and rights on the distribution of assets on any liquidation, dissolution or winding up of our affairs. The Series C Preferred Stock has a liquidation preference of \$1,000 per share, representing an aggregate liquidation preference of \$435 million upon issuance. Holders of Series C Preferred Stock are entitled to participate on an as-converted basis in any cash dividends paid to the holders of shares of the Company's common stock. In addition, cumulative preferred dividends accrue daily on the Series C Preferred Stock and are payable at a rate of 1.25% per quarter (net of any dividends on the Company's common stock and subject to increase up to a maximum rate of 5.00% per quarter if the Company breaches certain obligations). Except to the extent not otherwise previously paid by the Company, preferred dividends are payable on the seventh anniversary of the issuance date of the Series C Preferred Stock as and when declared by the Board of Directors and at the end of each quarter thereafter. Accrued and unpaid preferred dividends may be paid, at the Company's option, (i) in cash, (ii) subject to certain conditions, in shares of the Company's common stock or (iii) upon conversion of shares of Series C Preferred Stock, in shares of the Company's non-voting, non-convertible Series D Preferred Stock, par value \$1.00 per share (the Series D Preferred Stock). Any such shares of Series D Preferred Stock issued would have similar preferential rights.

Series C Preferred Stock is convertible at the option of the holders at any time into shares of the Company's common stock at an initial conversion price of \$5.00 per share, which equals an initial conversion rate of 200 shares of the Company's common stock per share of Series C Preferred Stock, subject to certain anti-dilution adjustments. If at any time the volume weighted average price of the common stock exceeds \$10.00 per share (subject to certain anti-dilution adjustments) for a period of 30 consecutive trading days, the Company may cause all of the Series C

Preferred Stock to be converted into shares of common stock based on the then applicable conversion price.

Holders of Series C Preferred Stock are entitled to vote generally with the holders of common stock on an as-converted basis. Holders of Series C Preferred Stock will also be entitled to a separate class vote with respect to (i) amendments to the Company's organizational documents that have an adverse effect on the Series C Preferred Stock, (ii) issuances by the Company of securities that are senior to, or equal in priority with, the Series C Preferred Stock or (iii) the delisting of the Company's common stock, other than in connection with a change of control event.

Upon certain change of control events involving the Company, holders of Series C Preferred Stock can require the Company to repurchase the Series C Preferred Stock for an amount equal to the greater of (i) an amount in cash equal to 100% of the liquidation preference thereof plus all accrued but unpaid dividends or (ii) the consideration the holders would have received if they had converted their shares of Series C Preferred Stock into common stock immediately prior to the change of control event.

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Pursuant to an Investor Rights Agreement between the Company and Cerberus Investor, the Company reduced the size of the Board from twelve directors to eleven directors and granted Cerberus Investor certain minority rights relating to Board representation and other matters. Pursuant to the Investor Rights Agreement, the Board shall consist of six incumbent directors of the Company, two new independent directors jointly selected by the Company and Cerberus Investor and three new directors elected by Cerberus Investor (one of whom has been appointed as the non-executive Chairman). Pursuant to the amendment to the Company's Certificate of Incorporation classifying the Series C Preferred Stock and the Investor Rights Agreement, Cerberus Investor will continue to be entitled to elect: (i) three directors to the Board, so long as Cerberus Investor continues to beneficially own shares of Series C Preferred Stock and/or shares of common stock that represent, on an as-converted basis, at least 75% of Cerberus Investor's initial shares of Series C Preferred Stock on an as-converted basis, (ii) two directors to the Board, so long as Cerberus Investor continues to beneficially own shares of Series C Preferred Stock and/or common stock that represent, on an as-converted basis, at least 50% but less than 75% of Cerberus Investor's initial shares of Series C Preferred Stock on an as-converted basis (the 50% Ownership Requirement) and (iii) one director to the Board, so long as Cerberus Investor continues to beneficially own shares of Series C Preferred Stock and/or common stock that represent, on an as-converted basis, at least 25% but less than 50% of Cerberus Investor's initial shares of Series C Preferred Stock on an as-converted basis (the 25% Ownership Requirement). Until Cerberus Investor no longer meets the 50% Ownership Requirement, Cerberus Investor has the right to select the director to be appointed as the Chairman of the Board. Until Cerberus Investor no longer meets the 25% Ownership Requirement, subject to certain exceptions and to satisfaction by such director designees of independence and other customary qualifications, Cerberus Investor has the right to have one of its director designees serve on each committee of the Board. The Investor Rights Agreement also contemplated the creation of the new Lead Independent Director of the Board, which role has certain customary rights and responsibilities identified in our By-Laws.

Subject to maintaining certain levels of beneficial ownership of Series C Preferred Stock and/or common stock, Cerberus Investor has consent rights over certain actions taken by the Company, including increasing the size of the Board, reinstating the Company's quarterly common stock dividend and incurring indebtedness in excess of certain thresholds. Subject to maintaining certain levels of beneficial ownership of Series C Preferred Stock and/or common stock and certain other factors, Cerberus Investor is required to vote its shares in favor of (i) each director nominated to the Board by the Board, (ii) the Company's say-on-pay proposal and any other approved equity compensation proposals and (iii) ratification of the Company's independent registered public accounting firm.

Cerberus Investor and its affiliates are subject to certain standstill restrictions, including that Cerberus Investor and its affiliates are restricted from acquiring additional securities of the Company in excess of a certain percentage, subject to certain exceptions. The standstill restrictions will terminate upon the occurrence of certain events, including upon the earlier of the date on which (i) Cerberus Investor no longer meets the 25% Ownership Requirement and (ii) the 25% Ownership Requirement remains satisfied (and the 50% Ownership Requirement is not satisfied), no Cerberus Investor designee serves on the Board and Cerberus Investor has irrevocably waived its director nomination and consent rights. Subject to certain exceptions, Cerberus Investor is restricted from transferring the Series C Preferred Stock, Series D Preferred Stock or shares of common stock issued upon conversion of the Series C Preferred Stock (Conversion Common Stock) until March 1, 2018.

Pursuant to the Investor Rights Agreement, Cerberus Investor and its affiliates have (i) certain customary registration rights with respect to Series C Preferred Stock, Series D Preferred Stock, Conversion Common Stock and shares of common stock issued pursuant to the terms of the Series C Preferred Stock, Series D Preferred Stock or the Investor Rights Agreement and (ii) certain customary preemptive rights with respect to the issuance of equity securities by the Company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and greater than 10% shareholders to file certain reports with respect to beneficial ownership of our equity securities. Based solely on a review of copies of reports furnished to us, or written representations that no reports were required, we believe that during 2015 all Section 16 reports that were required to be filed were filed on a timely basis.

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EXECUTIVE COMPENSATION

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LETTER FROM THE COMMITTEE CHAIR

Dear Fellow Shareholders:

As Chair of Avon's Compensation and Management Development Committee, I am committed to leading the Committee and management to design compensation plans that align with shareholder interests, as well as attracting and retaining strong leadership. Our programs have and will continue to be aligned with Company performance and shareholder interests. To that end, I would like to highlight key changes to our compensation programs in 2015, and additional changes made in 2016 as a result of strategic decisions we made as a company.

During early 2015 we continued the extensive shareholder outreach begun in 2014. As a result, changes were made in line with the feedback we received. The following reflect those changes made in response to your concerns (details can be found in the Compensation Discussion and Analysis on pages 35 to 36):

- Removed Committee discretion for our annual incentive program and moved to fully formulaic funding which continues to be based on key financial metrics.
- Added a total shareholder return (TSR) component to our performance-based restricted stock unit awards whereby payouts cannot exceed target unless absolute TSR is positive.
- Modified our long-term performance period for our performance-based restricted stock units from three years to two years in light of business volatility with significant currency devaluations and Company progress on strategic alternatives; this change was for 2015 only.
- Limited shareholder dilution by shifting a portion of long-term compensation awards to cash for those below senior officers.
- Modified the peer group (by eliminating PepsiCo and Hillshire Brand, and adding Coty) to be more aligned with our business.

In December 2015, we announced a strategic partnership with Cerberus Capital Management, L.P. (including its affiliates, Cerberus), which closed on March 1, 2016. Under this partnership, Avon's North America business separated into a privately-held entity that is majority owned by Cerberus, in which Avon retains an approximate 20% ownership share. Simultaneously, Cerberus also invested \$435 million into Avon becoming its largest shareholder. During 2015, our management team developed a thorough and comprehensive three-year transformation plan (the Transformation Plan) that was announced to our Investor Community in January 2016. We are confident that the Cerberus partnership and the Transformation Plan position the Company to drive greater shareholder value, unlock growth and improve financial resilience.

Although we have made significant progress with regard to our compensation programs in 2015, as we confirmed the strategic direction for Avon, and set the path forward with our Transformation Plan, we recognized the opportunity to

make additional changes to improve our programs in 2016. The following are the changes we made to further align with shareholder interests and drive Company performance (details can be found in the Compensation Discussion and Analysis on pages 36 to 37):

- In addition to financial metrics in our annual incentive plan, we have introduced two strategic goals linked directly to our Transformation Plan Active Representative Growth and Cost Reduction/Take Out. Goals have threshold, target and maximum attainment levels and will be assessed quantitatively.
- Given the decline in our stock price, and to limit dilution, we felt it prudent to grant shares consistent with the Cerberus investment. We used a stock price of \$5.00, rather than the actual stock price on the grant date of \$4.22, to determine the number of shares granted to senior officers (this resulted in a 16% reduction in grant date fair value).
- Restored the performance period for performance-based restricted stock units to three years based on relative TSR goals.
- Introduced premium priced stock options with a 30% higher exercise price than the actual stock price at grant, to be exercisable and vest ratably over three years.
- Continued to refine the peer group in light of the new revenue size and geographic footprint of Avon's business post the Cerberus transaction (by removing Procter & Gamble, Kimberly Clark and Limited Brands, and adding Herbalife, Edgewell and Nu Skin).

The actions above resulted in a reduction of our CEO's long-term target incentive compensation of 31% and an overall reduction in her total target compensation of 22%.

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Finally, as we explored a broad array of strategic alternatives for our Company during 2015, and cognizant of the need to retain leadership to execute on our Transformation Plan in a time of uncertainty, the Committee felt it critically important to retain key executives and focus them on achieving certain goals. Accordingly, in August 2015, we provided select executives with a special one-time performance-based retention award aligned with Company performance.

We invite you to read our Compensation Discussion and Analysis that follows for further information on our compensation philosophy and decisions. We expect our compensation programs to support and reinforce our transformation strategy, secure our talent, and drive shareholder value creation. We look forward to maintaining ongoing dialogue with our shareholders.

Sincerely,

Helen McCluskey

Chair, Compensation and Management Development Committee

Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS**

In this section, we describe our executive compensation program for Named Executive Officers (NEOs). Our NEOs for 2015 were the following individuals:

Name	Current Title
Sheri McCoy	Chief Executive Officer
James S. Scully	Executive Vice President, Chief Operating Officer and Chief Financial Officer*
Robert Loughran	Group Vice President, Chief Accounting Officer**
Fernando Acosta	Executive Vice President, Chief Marketing and Social Selling Officer
David Legher	Senior Vice President and President, Avon Brazil and South Market Group
Jeff Benjamin	Senior Vice President, General Counsel and Chief Ethics & Compliance Officer

* James S. Scully joined as our new Executive Vice President and Chief Financial Officer effective March 9, 2015.

** Robert Loughran served as Acting Chief Financial Officer from October 2, 2014 through March 9, 2015, and he continued thereafter, first as Corporate Controller and now as Chief Accounting Officer.

This Compensation Discussion and Analysis (CD&A) is divided into the following sections:

- Executive Summary (page 32)
- Pay-for-Performance (page 39)
- Roles in Executive Compensation (page 42)
- Competitive Positioning and Peer Group (page 43)
- Elements of our Compensation Program (page 44)

- Compensation Governance Best Practices (page 50)
- Additional Information (page 51)

EXECUTIVE SUMMARY

BUSINESS AND STRATEGY UPDATE

During 2015, our CEO, Sheri McCoy, and our Board of Directors conducted an exhaustive review of strategic options to drive greater shareholder value and unlock the value of our international growth markets. A significant part of this review was to find a strong solution for our North America business. The options considered by our Board ranged from continuing to operate the business under the existing model to radical shifts in channel and structure and many variations in between. We talked to other parties in direct selling, consumer-packaged goods, and retail as well as other potential investors. We received broad and diverse interest that we narrowed down to the most attractive proposals, both strategically and financially. After a thorough due diligence process, on December 17, 2015, we announced a strategic partnership with Cerberus Capital Management, L.P. (including its affiliates, Cerberus).

On March 1, 2016, we announced the completion of this strategic partnership transaction under which Cerberus made a \$435 million investment in the Company while Avon's North America business was separated into a privately-held company that is approximately 80 percent-owned by Cerberus and 20 percent-owned by Avon. This partnership will allow us to drive revenue increases and enhance profitability in our growing international markets while increasing financial flexibility and improving our capital structure. Cerberus also brings significant operational expertise to both the North America and international businesses. Our continuing ownership position in the North America company allows shareholders to participate in the upside potential from a turnaround of this business.

In light of these changes, as of the end of 2015, Avon is a \$6 billion revenue business with solid underlying growth trends in our top markets. We participate in attractive and growing categories both direct selling and beauty. Avon is an iconic, purpose-driven brand with high quality, innovative products and strong R&D capabilities. We have an unparalleled and growing Representative base and we have leadership positions in key international markets and beauty categories.

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In parallel with the review of strategic alternatives, our CEO and management team developed a thorough and comprehensive three-year transformation plan (the Transformation Plan) that was shared with the investment community on January 21, 2016. The plan has three components as shown below:

3-Year Transformation Plan	
Components	Details
Invest in Growth	<ul style="list-style-type: none"> · Invest in our Brand and Beauty Categories · Improve Representative Engagement ·