

PROPOSAL 7—RESOLUTION REQUESTING REPORT ON PARABENS

The Company is informed that Domini Social Investments LLC, whose address and share ownership will be furnished promptly upon receipt of any oral or written request therefore, together with another shareholder co-proponent, whose name, address and share ownership will be furnished promptly upon receipt of any oral or written request therefore, intend to introduce at the Annual Meeting the following resolution:

“WHEREAS:

According to Avon Products’ website, 82 products, including Auto Focus Light Adjusting Foundation, Beyond Color Illuminating Radiance Vitamin C Foundation, Beyond Color Vertical Lift Foundation, Perfect Wear Total Coverage Concealer, Clear Finish Great Complexion Pressed Powder contain parabens.

Parabens are preservatives that have been identified as estrogenic and disruptive of normal hormone functions.¹ Estrogenic substances are chemicals foreign to the body that mimic the function of the naturally occurring hormone, estrogen.² Estrogen has been shown to control the growth of breast cells,³ and exposure to external estrogens has been shown to increase the risk of breast cancer.⁴

According to a report by the National Research Council, some estrogenic substances are associated with adverse reproductive and developmental effects in wildlife and other animals.⁵ The US National Toxicology Program lists steroidal estrogens as ‘known human carcinogens.’⁶ Although parabens are not ‘steroidal estrogens,’ studies have shown that they can mimic steroidal estrogens in animal studies, including in mammals (see, e.g., Pedersen et al. (2000) and Routledge et al. (1998), cited above).

There is substantial scientific evidence to suggest that increased exposure to substances that behave like estrogen in the body may elevate an individual’s risk of developing cancer.⁷ Parabens are among these substances.⁸

BE IT RESOLVED

The shareholders request that the Board of Directors prepare a report (at reasonable cost and omitting proprietary information), available to shareholders by October 2003 evaluating the feasibility of removing, or substituting with safer alternatives, all parabens used in Avon products.”

The proponents have furnished the following statement in support of the resolution:

“Our company deserves high praise for its commitment to women’s health. Avon has raised approximately \$190 million for women’s health programs in 30 countries through a variety of fundraising programs. Avon states on its web site, “No other company has committed as much money to the cause of women’s health.” Our Company has done more in the breast cancer fight than any other company.

Chemicals that may pose higher-than-average risk to human health, and particularly those that may increase the risk of breast cancer, could undermine our Company's good efforts to support women's health, especially in the breast cancer arena. We believe that they do not belong in our products."

¹ Pedersen, K.L. et al., "The preservatives ethyl-, propyl- and butylparaben are oestrogenic in an in vivo fish assay," *Pharmacology & Toxicology* (Vol. 86(3), pp 110-13, March 2000); Routledge, E.J., et al., "Some alkyl hydroxy benzoate preservatives (parabens) are estrogenic", *Toxicology and Applied Pharmacology* (Vol. 153(1), pp. 12-19 (Nov. 1998) and Kang, K.S. et al, "Decreased sperm number and motile activity on the F1 offspring maternally exposed to butyl p-hydroxybenzoic acid (butyl paraben)", *Journal of Veterinary Medical Science* (Vol. 64(3), pp. 227-35 (March 2002).

² National Research Council, "Hormonally Active Agents in the Environment" (Washington DC, National Academy Press (1999) ("NRC Report").

³ US Department of Health and Human Services, National Toxicology Program, "10th Report on Carcinogens", pp. 116-19 (2002).

⁴ NRC Report, cited above.

⁵ Id.

⁶ US Department of Health and Human Services, National Toxicology Program, "10th Report on Carcinogens", pp. 116-19 (2002).

⁷ NRC Report, cited above.

⁸ See Pedersen at 110-13, Routledge at 12-19, and Kang at 227-35.

Board of Directors Statement on Proposal 7

Consumer safety is Avon's number one priority. As a responsible cosmetics manufacturer, the Company has an extensive formal process for review of the safety and integrity of all of our products and ingredients. Toxicologists at Avon thoroughly evaluate safety data for all ingredients before they are approved for use in any of our products. Also, the Company's scientists participate in industry-wide and professional scientific organizations in order to access and evaluate the latest information to ensure the continued safe use of all our product ingredients. In addition, Avon microbiologists strive to ensure that our products do not present potential health risks from contamination by harmful microorganisms by using preservative systems such as parabens.

Parabens have an extensive history of use in a wide variety of consumer products, foods and beverages for over 70 years. Parabens provide a critical role in frontline defense for preventing disease and infection in humans by preventing fungal and bacterial contamination.

Avon, along with the rest of the cosmetic industry, has widely used parabens due to what we believe to be their ability to reduce the risk of microbial contamination effectively at low concentrations. Parabens are recognized as safe by the World Health Organization as well as government agencies throughout the world. In the United States, the Cosmetic Ingredient Review (CIR) expert panel (an independent body of internationally recognized medical and scientific experts in safety evaluation) has reviewed parabens and concluded they are safe for use in cosmetic products. Importantly, the FDA considers a CIR decision of safety as a significant basis for the use of ingredients in cosmetic products.

There are many published studies conducted by both independent scientists and agencies on parabens, some of which specifically address the issue of carcinogenicity.^{1,2} We believe that these studies do not support the proponents' assertion that there is substantial scientific evidence linking exposure to parabens with increased health risk.

Avon has a strong commitment to women's health and is a leader in the fight against breast cancer. The safety of our products is of primary concern to Avon. We believe that discontinuing the use of parabens and replacement with inferior preservatives would present a potential health risk to our consumers that is neither necessary nor warranted.

Your Board of Directors recommends that you vote AGAINST Proposal 7

¹ JECFA 1974 17th Report of the FAO/WHO expert Committee on Food Additives, Technical Report Series 539, World Health Organization showed no evidence of tumors after a lifetime feeding study in rats up to 1.5g/kg/day.

² Homberger 1968 National Technical Information Service PB No. 183 027 showed no evidence of cancer in rats fed ethylparaben at 1g/kg day over their lifetime.