AVON PRODUCTS INC
Form 8-K
December 17, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 14, 2010

Avon Products, Inc.

(Exact name of registrant as specified in its charter)

New York	**1-4881**	**13-0544597**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

1345 Avenue of the Americas

New York, New York 10105-0196

(Address of principal executive offices) (Zip Code)

(212) 282-5000

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN THE REPORT

Item 1.01 Entry into a Material Definitive Agreement

On December 14, 2010, Avon Products, Inc. (the Company) and Avon Capital Corporation, a wholly owned subsidiary of the Company (ACC and, together with the Company, the Borrowers), entered into a $300 million Credit Agreement with Citibank, N.A. (the Credit Agreement). The Credit Agreement incorporates by reference certain terms and conditions of the existing $1.0 billion Revolving Credit and Competitive Advance Facility Agreement, dated November 2, 2010, by and among the Borrowers, Additional Borrowers (as defined therein), each of the banks and other lenders from time to time parties thereto and Citibank, N.A., as Administrative Agent (the Existing Facility). These terms and conditions include affirmative, negative and financial covenants, which are customary for financings of this type, including, among other things, limits on the incurrence of liens and a minimum interest coverage ratio. The Credit Agreement also incorporates by reference the events of default in the Existing Facility, which are customary for facilities of this type (with customary grace periods, as applicable), including provisions under which, upon the occurrence of an event of default, all outstanding loans may be accelerated and/or the lenders commitments may be terminated. Also under such provisions, upon the occurrence of certain insolvency or bankruptcy related events of default, all amounts payable under the Credit Agreement shall automatically become immediately due and payable, and the lenders commitments will automatically terminate.

The Credit Agreement provides for a one-year $300 million revolving credit facility, of which the entire amount is currently undrawn and available. The Credit Agreement, like the Existing Facility, is available for general corporate purposes, including the support of issuances of commercial paper and loans from the Company to any of its subsidiaries. The Company has provided an unconditional guarantee of the full and punctual payment of ACC s obligations under the Credit Agreement. Within the limits of the unused portion of the facility in effect, amounts under the Credit Agreement may be borrowed, repaid and reborrowed by the Borrowers from time to time until the maturity of the Credit Agreement. Voluntary prepayments and commitment reductions requested by the Company under the Credit Agreement are permitted at any time without fee (other than customary breakage costs relating to the prepayment of any drawn loans) upon proper notice and subject to a minimum dollar requirement. Borrowings under the Credit Agreement bear interest at a rate per annum, which will be, at the Borrowers option, either LIBOR or a floating base rate plus an applicable margin.

In addition to serving as Administrative Agent under the Existing Facility, Citibank, N.A. provides or has provided a variety of financial services to the Company and its affiliates, including investment banking, cash management, equipment financing and leasing services, the issuance of letters of credit and bank guarantees, and interest rate and foreign exchange derivative arrangements.

The foregoing does not constitute a complete summary of the terms of the Credit Agreement, and reference is made to the complete text of the Credit Agreement, which is attached hereto as Exhibit 10.1, and the complete text of the Existing Facility, which was previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Company s Current Report on Form 8-K filed on November 5, 2010.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The disclosure required by this item is included in Item 1.01 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	
10.1	Credit Agreement, dated as of December 14, 2010, among Avon Products, Inc., Avon Capital Corporation and Citibank, N.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVON PRODUCTS, INC.
(Registrant)

By /s/ Charles W. Cramb
Charles W. Cramb
Vice Chairman, Chief Finance and Strategy Officer

Date: December 17, 2010

EXHIBIT INDEX

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