

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 33-99558

REVLON, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

13-3662955

(I.R.S. Employer
Identification No.)

625 MADISON AVENUE, NEW YORK, NEW YORK
(Address of principal executive offices)

10022
(Zip Code)

Registrant's telephone number, including area code: 212-527-4000

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days. Yes No

As of November 1, 1996, 19,875,000 shares of Class A Common Stock and
31,250,000 shares of Class B Common Stock were outstanding. 11,250,000 shares
of Class A Common Stock and all the shares of Class B Common Stock were held
by Revlon Worldwide Corporation, an indirectly wholly owned subsidiary of
Mafco Holdings Inc.

REVLON, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(dollars in millions, except per share data)

ASSETS	September 30, 1996 ----- (Unaudited)	December 31, 1995 -----
Current assets:		
Cash and cash equivalents.....	\$ 21.2	\$ 36.3
Trade receivables, less allowances of \$26.6 and \$23.7, respectively.....	413.3	363.1
Inventories.....	318.1	277.8
Prepaid expenses and other.....	80.0	62.4
	-----	-----
Total current assets.....	832.6	739.6
Property, plant and equipment, net.....	374.2	367.1
Other assets.....	141.3	142.9
Intangible assets related to businesses acquired, net.....	284.1	285.7
	-----	-----
Total assets.....	\$ 1,632.2	\$ 1,535.3
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Short-term borrowings - third parties.....	\$ 26.8	\$ 22.7
Current portion of long-term debt - third parties.....	9.2	9.2
Accounts payable.....	128.4	151.6
Accrued expenses and other.....	338.5	370.6
	-----	-----
Total current liabilities.....	502.9	554.1
Long-term debt - third parties	1,417.3	1,426.2
Long-term debt - affiliates.....	30.4	41.3
Other long-term liabilities.....	214.4	215.7
Stockholders' deficiency:		
Preferred stock, par value \$.01 per share, 20,000,000 shares authorized, 546 shares of Series A Preferred Stock issued and outstanding.....	54.6	54.6
Class A Common Stock, par value \$.01 per share; 350,000,000 shares authorized, 19,875,000 and 11,250,000 issued and outstanding, respectively.....	0.2	0.1
Class B Common Stock, par value \$.01 per share; 200,000,000 shares authorized, 31,250,000 issued and outstanding.....	0.3	0.3
Capital deficiency.....	(233.2)	(416.8)
Accumulated deficit since June 24, 1992.....	(331.3)	(318.2)
Adjustment for minimum pension liability.....	(17.0)	(17.0)
Currency translation adjustment.....	(6.4)	(5.0)
	-----	-----
Total stockholders' deficiency.....	(532.8)	(702.0)
	-----	-----
Total liabilities and stockholders' deficiency.....	\$ 1,632.2	\$ 1,535.3
	=====	=====

See Notes to Unaudited Consolidated Condensed Financial Statements.

REVLON, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
 (dollars in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Net sales.....	\$ 571.1	\$ 514.5	\$ 1,553.3	\$ 1,379.3
Cost of sales.....	193.0	167.7	516.6	462.9
Gross profit.....	378.1	346.8	1,036.7	916.4
Selling, general and administrative expenses.....	313.1	299.1	912.8	829.5
Operating income	65.0	47.7	123.9	86.9
Other expenses (income):				
Interest expense.....	34.0	35.5	100.0	106.0
Interest and net investment income.....	(0.3)	(1.2)	(2.3)	(3.6)
Amortization of debt issuance costs.....	2.0	2.6	6.5	8.2
Foreign currency losses, net.....	1.9	4.0	5.7	2.2
Miscellaneous, net.....	0.5	(0.6)	1.8	(1.3)
Other expenses, net.....	38.1	40.3	111.7	111.5
Income (loss) before income taxes.....	26.9	7.4	12.2	(24.6)
Provision for income taxes.....	5.8	4.0	18.7	19.4
Income (loss) before extraordinary item.....	21.1	3.4	(6.5)	(44.0)
Extraordinary item - early extinguishment of debt.	-	-	(6.6)	-
Net income (loss).....	\$ 21.1	\$ 3.4	\$ (13.1)	\$ (44.0)
Income (loss) per common share:				
Income (loss) before extraordinary item	\$ 0.41	\$ 0.08	\$ (0.13)	\$ (1.04)
Extraordinary item	-	-	(0.14)	-
Net income (loss)	\$ 0.41	\$ 0.08	\$ (0.27)	\$ (1.04)
Weighted average common shares outstanding..	51,125,000	42,500,000	49,208,333	42,500,000

See Notes to Unaudited Consolidated Condensed Financial Statements.

REVLON, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
 (dollars in millions)

	Nine Months Ended September 30,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (13.1)	\$ (44.0)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	66.7	63.8
Extraordinary item	6.6	--
Gain on sale of business interests and certain fixed assets	--	(2.2)
Change in assets and liabilities:		
Increase in current receivables	(53.9)	(60.0)
Increase in inventories	(42.5)	(51.2)
Increase in prepaid expenses and other current assets	(14.6)	(11.8)
Decrease in accounts payable	(23.0)	(14.8)
Decrease in accrued expenses and other current liabilities	(35.5)	(36.3)
Other, net	(38.5)	(33.5)
Net cash used for operating activities	(147.8)	(190.0)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(39.8)	(33.6)
Proceeds from the sale of business interests and certain fixed assets	--	2.7
Acquisition of businesses, net of cash acquired	(4.1)	--
Net cash used for investing activities	(43.9)	(30.9)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings - third parties	5.2	(0.1)
Proceeds from the issuance of long-term debt - third parties	240.0	348.0
Repayment of long-term debt - third parties	(245.1)	(115.1)
Net proceeds from initial public offering	187.8	--
Proceeds from the issuance of debt - affiliates	93.0	120.0
Repayment of debt - affiliates	(93.0)	(117.7)
Payment of debt issuance costs	(10.9)	(15.2)
Net cash provided by financing activities	177.0	219.9
Effect of exchange rate changes on cash and cash equivalents	(0.4)	2.4
Net (decrease) increase in cash and cash equivalents	(15.1)	1.4
Cash and cash equivalents at beginning of period	36.3	35.4
Cash and cash equivalents at end of period	\$ 21.2	\$ 36.8
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	\$ 111.1	\$ 111.8
Income taxes, net of refunds	13.6	14.7
Supplemental schedule of noncash investing activities:		
In connection with business acquisitions, liabilities were assumed as follows:		
Fair value of assets acquired	\$ 6.7	
Cash paid	(4.2)	
Liabilities assumed	\$ 2.5	

See Notes to Unaudited Consolidated Condensed Financial Statements.

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

(1) BASIS OF PRESENTATION:

Revlon, Inc. (the "Company") is a holding company, formed in April 1992, that conducts its business exclusively through its direct subsidiary, Revlon Consumer Products Corporation and its subsidiaries ("Products Corporation"). The Company is an indirect subsidiary of MacAndrews & Forbes Holdings Inc., a corporation wholly owned by Mafco Holdings Inc.

The accompanying Consolidated Condensed Financial Statements are unaudited. In management's opinion, all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation have been made.

The Unaudited Consolidated Condensed Financial Statements include the accounts of the Company after elimination of all material intercompany balances and transactions. Further, the Company has made a number of estimates and assumptions relating to the assets and liabilities, the disclosure of contingent assets and liabilities and the reporting of revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

The results of operations and financial position, including working capital, for interim periods are not necessarily indicative of those to be expected for a full year, due, in part, to seasonal fluctuations, which are normal for the Company's business.

Certain amounts in the prior year financial statements have been reclassified to conform with the current year's presentation.

The Company matches advertising and promotion expenses with sales revenues for interim reporting purposes. Advertising and promotion expenses estimated for a full year are charged to earnings for interim reporting purposes in proportion to the relationship that net sales for such period bear to estimated full year net sales. As a result, for the nine months ended September 30, 1996 and 1995, disbursements and commitments for advertising and promotion exceeded advertising and promotion expenses by \$25.5 and \$14.4, respectively, and such amounts were deferred.

(2) INVENTORIES

	September 30, 1996	December 31, 1995
Raw materials and supplies.....	\$ 92.1	\$ 84.8
Work-in-process.....	21.9	27.9
Finished goods.....	204.1	165.1
	\$ 318.1	\$ 277.8
	=====	=====

(3) INITIAL PUBLIC OFFERING

On March 5, 1996, the Company completed an initial public offering (the "Offering") in which it issued and sold 8,625,000 shares of its Class A Common Stock for \$24.00 per share. The proceeds, net of underwriter's discount and related fees and expenses, of \$187.8 were used to repay borrowings outstanding under the credit agreement in effect at that time (the "Former Credit Agreement") and to pay fees and expenses related to the credit agreement which became effective on March 5, 1996 (the "Credit Agreement").

REVLON, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

Contemporaneous with the Offering, each of the Company's then outstanding shares of common stock was converted into approximately .1215 of a share of the newly created Class A Common Stock (totaling 11,250,000 shares of Class A Common Stock) and approximately .3376 of a share of the newly created Class B Common Stock (totaling 31,250,000 shares of Class B Common Stock). Prior periods have been restated to reflect this recapitalization.

(4) INCOME (LOSS) PER SHARE AND SUPPLEMENTAL FINANCIAL DATA

The income (loss) per share has been computed based upon the weighted average of 42,500,000 shares of common stock outstanding prior to the Offering and 51,125,000 shares of common stock outstanding after the Offering. The effect of stock options has not been included as it is either immaterial or anti-dilutive.

The following supplemental financial data give effect to 51,125,000 shares of common stock outstanding after the Offering and the application of the net proceeds from the Offering to repay debt and reduce interest expense by an estimated \$2.6 as if such transactions had occurred at the beginning of the period presented.

	Nine Months Ended September 30, 1996
Supplemental financial data:	
Loss before extraordinary item.....	\$ (3.9)
Loss before extraordinary item per share.....	\$ (0.08)

(5) EXTRAORDINARY ITEM

The extraordinary item in the first quarter of 1996 resulted from the write-off of deferred financing costs associated with the extinguishment of the Former Credit Agreement prior to maturity with the net proceeds from the Offering and borrowings under the Credit Agreement.

(6) ACQUISITION

Effective January 1, 1996, Products Corporation acquired from Revlon Holdings Inc. substantially all of the assets of the Tarlow Advertising Division ("Tarlow") in consideration for the assumption of substantially all of the liabilities and obligations of Tarlow and a promissory note in the principal amount of \$4.1 payable not later than November 30, 1996. Net liabilities assumed were approximately \$3.4. The assets acquired and liabilities assumed were accounted for at historical cost in a manner similar to that of a pooling of interests and, accordingly, all prior period financial statements presented have been restated as if the acquisition took place at the beginning of such periods. The \$4.1 promissory note was accounted for as an increase to capital deficiency. A nationally recognized investment banking firm rendered its written opinion that the terms of the purchase are fair from a financial standpoint to Products Corporation. The effect of this acquisition was to increase operating income by \$3.2 and \$1.0 for the nine months ended September 30, 1996 and 1995, respectively.

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLARS IN MILLIONS)

OVERVIEW

The Company's products include an extensive array of glamorous, exciting, innovative and quality products, consisting of cosmetics and skin care, fragrance and personal care products, and professional products, consisting of hair care products for use in and resale by professional salons. In addition, the Company also operates retail outlet stores and has a licensing division.

To reflect the integration of management reporting responsibilities culminating in the third quarter of 1996, the Company determined to present its business geographically as its United States operations, which comprise the Company's business in the United States, and its International operations, which comprise its business outside of the United States. The Company previously presented its business as the Consumer Group, which comprised the Company's consumer products operations throughout the world (except principally Spain, Portugal and Italy) and professional products operations in certain markets, principally in South Africa and Argentina, and the Professional Group, which comprised the Company's professional products operations throughout the world (except principally South Africa and Argentina) and consumer products operations in Spain, Portugal and Italy. The Company has restated the management's discussion and analysis data for prior periods to conform to the presentation for 1996.

RESULTS OF OPERATIONS

The following table sets forth the Company's net sales by operation for the three months and nine months ended September 30, 1996 and 1995, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Net sales:				
United States.....	\$ 344.7	\$ 311.5	\$ 897.7	\$ 788.4
International.....	226.4	203.0	655.6	590.9
	\$ 571.1	\$ 514.5	\$1,553.3	\$1,379.3

The following sets forth certain statements of operations data as a percentage of net sales for the three months and nine months ended September 30, 1996 and 1995, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Cost of sales.....	33.8%	32.6%	33.3%	33.6%
Gross profit.....	66.2	67.4	66.7	66.4
Selling, general and administrative expenses.....	54.8	58.1	58.8	60.1
Operating income.....	11.4	9.3	8.0	6.3

Net sales

Net sales were \$571.1 and \$514.5 for the third quarter of 1996 and 1995, respectively, an increase of \$56.6, or 11.0% and were \$1,553.3 and \$1,379.3 for the nine months ended September 30, 1996 and 1995, respectively, an increase of \$174.0, or 12.6%, primarily as a result of successful new product introductions worldwide, increased demand in the United States, acquisitions of certain exclusive line professional product businesses, increased distribution internationally into the expanding self-select distribution channel and the further development of new international markets.

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLARS IN MILLIONS)

United States. The United States operation's net sales increased to \$344.7 for the third quarter of 1996 from \$311.5 for the third quarter of 1995, an increase of \$33.2, or 10.7% and increased to \$897.7 for the nine months ended September 30, 1996 from \$788.4 for the nine months ended September 30, 1995, an increase of \$109.3, or 13.9%. Net sales improved for the third quarter and nine months ended September 30, 1996 primarily as a result of continued consumer acceptance of new product offerings, general improvement in consumer demand for the Company's color cosmetics in the United States and acquisitions of certain exclusive line professional product businesses, partially offset by overall softness in the fragrance industry and lower sales of one of the Company's prestige brands. The Company improved the dollar share of its Revlon branded cosmetics in the color cosmetics business in the United States self-select distribution channel to 21.8% in the third quarter of 1996 from 19.3% in the third quarter of 1995. New product introductions (including, in 1996, certain products launched during 1995) generated incremental net sales in the third quarter and nine months ended September 30, 1996, principally as a result of launches of products in the COLORSTAY collection, including COLORSTAY foundation, lip makeup, eye makeup and COLORSTAY LASHCOLOR mascara, launches of products in the ALMAY AMAZING collection, including lip makeup, eye makeup, face makeup and concealer, and launches of CHERISH fragrance and MITCHUM CLEAR and ALMAY CLEAR COMPLEXION line extensions.

International. The International operation's net sales increased to \$226.4 for the third quarter of 1996 from \$203.0 for the third quarter of 1995, an increase of \$23.4, or 11.5% and increased to \$655.6 for the nine months ended September 30, 1996 from \$590.9 for the nine months ended September 30, 1995, an increase of \$64.7, or 10.9%. Net sales improved principally as a result of successful new product introductions including, the continued roll-out of the COLORSTAY cosmetics collection and AGE DEFYING makeup, increased distribution into the expanding self-select distribution channel, the further development of new international markets and fees received for the grant of exclusive distribution rights to a small fragrance brand outside the U.S. and Latin America, partially offset by the unfavorable effect on sales of a stronger U.S. dollar against certain foreign currencies, primarily the Japanese yen, South African rand and several European currencies. The International operation's sales are divided into the following geographic areas: Europe, which is comprised of Europe, the Middle East and Africa (in which net sales increased to \$98.0 for the third quarter of 1996 from \$88.9 for the third quarter of 1995, an increase of \$9.1, or 10.2%, and increased to \$292.7 for the nine months ended September 30, 1996 from \$269.1 for the nine months ended September 30, 1995, an increase of \$23.6, or 8.8%); the Western Hemisphere, which is comprised of Canada, Mexico, Central America, South America and Puerto Rico (in which net sales increased to \$78.7 for the third quarter of 1996 from \$68.2 for the third quarter of 1995, an increase of \$10.5, or 15.4%, and increased to \$220.1 for the nine months ended September 30, 1996 from \$195.4 for the nine months ended September 30, 1995, an increase of \$24.7, or 12.6%); and the Far East (in which net sales increased to \$49.7 for the third quarter of 1996 from \$45.9 for the third quarter of 1995, an increase of \$3.8, or 8.3%, and increased to \$142.8 for the nine months ended September 30, 1996 from \$126.4 for the nine months ended September 30, 1995, an increase of \$16.4, or 13.0%).

The Company's operations in Brazil are significant and, along with operations in certain other countries, have been subject to, and may continue to be subject to, significant political and economic uncertainties. In Brazil, net sales, operating income and income before taxes were \$31.9, \$6.0 and \$4.6, respectively, for the third quarter of 1996 compared to \$27.6, \$6.4 and \$5.3, respectively, for the third quarter of 1995 and were \$96.7, \$19.7 and \$15.9, respectively, for the nine months ended September 30, 1996 compared to \$86.0, \$16.4 and \$13.4, respectively, for the nine months ended September 30, 1995. In Mexico, net sales in the third quarter and nine months ended September 30, 1996 and 1995 were adversely affected by the December 1994 devaluation of the Mexican peso and related economic weakness. In Venezuela, net sales and income before taxes in the third quarter and nine months ended September 30, 1996 and 1995 were adversely affected by high inflation and in the 1996 periods by a currency devaluation.

Cost of sales

As a percentage of net sales, cost of sales was 33.8% for the third quarter of 1996 and 33.3% for the nine months ended September 30, 1996, compared to 32.6% and 33.6% for the third quarter and nine months ended

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLARS IN MILLIONS)

September 30, 1995, respectively. The improvement for the nine months ended September 30, 1996 resulted principally from the benefits of relatively fixed overhead absorption against higher production volumes and more efficient global production and purchasing. This improvement was partially offset by, and the slight increase in cost of sales as a percentage of net sales for the third quarter of 1996 was due to, changes in product mix involving an increase in sales of lower margin products in the third quarter and nine months ended September 30, 1996 compared with the corresponding 1995 periods. The changes in product mix were partially attributable to certain exclusive line professional product businesses acquired subsequent to the third quarter of 1995. Additionally, cost of sales was adversely affected by a weaker local currency on cost of imported purchases in certain markets.

Selling, general and administrative expenses

As a percentage of net sales, SG&A expenses were 54.8% for the third quarter of 1996, an improvement from 58.1% for the third quarter of 1995, and 58.8% for the nine months ended September 30, 1996, an improvement from 60.1% for the nine months ended September 30, 1995. SG&A expenses other than advertising expense, as a percentage of net sales, was 37.9% for the third quarter of 1996 compared with 40.9% for the third quarter of 1995 and improved to 42.4% for the nine months ended September 30, 1996 compared with 45.2% for the nine months ended September 30, 1995 primarily as a result of reduced general and administrative expenses and improved productivity in the third quarter and nine months ended September 30, 1996 compared with the corresponding 1995 periods. In accordance with its business strategy, the Company increased advertising and consumer directed promotion during the third quarter and nine months ended September 30, 1996 compared with the corresponding 1995 periods to support growth in existing product lines, new product launches and increased distribution in the self-select distribution channel in many of the Company's markets in the International operation. Advertising expense increased by 8.5% to \$96.6, or 16.9% of net sales, for the third quarter of 1996 compared to \$89.0, or 17.3% of net sales, for the third quarter of 1995 and increased by 23.0% to \$253.4, or 16.3% of net sales, for the nine months ended September 30, 1996 from \$206.1, or 14.9% of net sales, for the nine months ended September 30, 1995.

Operating income

As a result of the foregoing, operating income increased by \$17.3, or 36.3%, to \$65.0 for the third quarter of 1996 from \$47.7 for the third quarter of 1995 and increased by \$37.0, or 42.6%, to \$123.9 for the nine months ended September 30, 1996 from \$86.9 for the nine months ended September 30, 1995.

Other expenses/income

Interest expense was \$34.0 for the third quarter of 1996 compared to \$35.5 for the third quarter of 1995 and \$100.0 for the nine months ended September 30, 1996 compared to \$106.0 for the nine months ended September 30, 1995. The reduction in interest expense is attributable to lower average outstanding borrowings under the Credit Agreement and under the Former Credit Agreement and lower interest rates under the Credit Agreement than under the Former Credit Agreement.

Foreign currency losses, net, were \$1.9 for the third quarter of 1996 compared to \$4.0 for the third quarter of 1995 and \$5.7 for the nine months ended September 30, 1996 compared to \$2.2 for the nine months ended September 30, 1995. The reduction in the foreign currency loss in the third quarter of 1996 as compared to the third quarter of 1995 was primarily due to the Company's reduced exposure against the Japanese yen. The increase in the foreign currency loss for the nine months ended September 30, 1996 as compared to the corresponding 1995 period was due primarily to the currency devaluation in Venezuela and strengthening of the U.S. dollar against the Spanish peseta and several European currencies, partially offset by lower foreign currency losses in Mexico.

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLARS IN MILLIONS)

Provision for income taxes

The provision for income taxes was \$5.8 and \$4.0 for the third quarter of 1996 and 1995, respectively, and \$18.7 and \$19.4 for the nine months ended September 30, 1996 and 1995, respectively. The increase in the third quarter of 1996 as compared to the third quarter of 1995 is due primarily to higher taxable earnings of certain foreign operations. The decrease for the nine months ended September 30, 1996 as compared to the corresponding 1995 period is primarily attributable to the utilization of net operating loss carryforwards in certain foreign operations and a lower statutory tax rate in Brazil, partially offset by higher taxable earnings of certain foreign operations.

Extraordinary item

The extraordinary item in the first quarter of 1996 resulted from the write-off of deferred financing costs associated with the extinguishment of the Former Credit Agreement prior to maturity with the net proceeds from the Offering and borrowings under the Credit Agreement.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash used for operating activities was \$147.8 and \$190.0 for the nine months ended September 30, 1996 and 1995, respectively. The decrease in net cash used for operating activities for the nine months ended September 30, 1996 compared with the nine months ended September 30, 1995 resulted primarily from higher operating income, lower restructuring payments (\$9.5 for the nine months ended September 30, 1996 compared with \$20.6 for the nine months ended September 30, 1995) and the management of working capital levels relative to business growth.

Net cash used for investing activities was \$43.9 and \$30.9 for the nine months ended September 30, 1996 and 1995, respectively, and in the 1996 period consisted of capital expenditures and acquisitions of exclusive line professional product businesses. The increase in capital expenditures was primarily attributable to significant information system enhancements.

Net cash provided by financing activities was \$177.0 and \$219.9 for the nine months ended September 30, 1996 and 1995, respectively. Net cash provided by financing activities for the nine months ended September 30, 1996 included the net proceeds from the Offering, cash drawn under the Former Credit Agreement and under the Credit Agreement, partially offset by the repayment of borrowings under the Former Credit Agreement, the payment of fees and expenses related to the Credit Agreement and repayment of approximately \$5.2 under the Yen Credit Agreement. Net cash provided by financing activities for the nine months ended September 30, 1995 consisted primarily of borrowings under the credit agreement of Products Corporation in effect at that time and borrowings under the Former Credit Agreement, partially offset by repayments of cash drawn under those credit agreements, repayment of \$26.9 under the Yen Credit Agreement and payment of debt issuance costs under the Former Credit Agreement.

In February 1995, Products Corporation entered into the Former Credit Agreement, which provided up to \$500.0 comprised of three senior secured facilities: a \$100.0 term loan facility, a \$225.0 revolving credit facility and a \$175.0 multi currency facility. Borrowings under the Former Credit Agreement were used to refinance Products Corporation's previous \$150.0 credit agreement, refinance then existing lines of credit outside of the United States and refinance approximately \$26.9 paid under the Yen Credit Agreement in January 1995. The Former Credit Agreement was scheduled to terminate on June 30, 1997. The net proceeds of \$187.8 from the Offering were contributed to Products Corporation and were used to repay borrowings under the Former Credit Agreement and to pay fees and expenses related to the Credit Agreement.

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(DOLLARS IN MILLIONS)

In January 1996, Products Corporation entered into the Credit Agreement, which became effective upon consummation of the Offering on March 5, 1996. The Credit Agreement provides, among other things, (i) an extension of the term of the facilities from June 30, 1997 to December 31, 2000, subject to earlier termination in certain circumstances, (ii) a reduction of the interest rates, (iii) an increase in the aggregate amount of the credit facilities from \$500 to \$600 and (iv) the release of security interests in assets of certain foreign subsidiaries of Products Corporation which were then pledged. The Credit Agreement is comprised of four senior secured facilities: a \$130.0 term loan facility, a \$220.0 multi currency facility, a \$200.0 revolving acquisition facility and a \$50.0 standby letter of credit facility. As of September 30, 1996, Products Corporation had approximately \$130.0 outstanding under the term loan facility, \$150.7 outstanding under the multi currency facility, nothing outstanding under the revolving acquisition facility and \$33.5 outstanding under the standby letter of credit facility.

A subsidiary of Products Corporation is the borrower under the Yen Credit Agreement, which had a principal balance of approximately [yen]4.8 billion as of September 30, 1996 (approximately \$43.8 U.S. dollar equivalent as of September 30, 1996). In accordance with the terms of the Yen Credit Agreement, approximately [yen]2.7 billion (approximately \$26.9 U.S. dollar equivalent) was paid in January 1995 and approximately [yen]539 million (approximately \$5.2 U.S. dollar equivalent) was paid in January 1996. A payment of approximately [yen]539 million (approximately \$4.9 U.S. dollar equivalent as of September 30, 1996) is due in January 1997 and the balance of the Yen Credit Agreement of approximately [yen]4.3 billion (approximately \$38.9 U.S. dollar equivalent as of September 30, 1996) is due on December 31, 1997.

The \$70.0 aggregate principal amount of Products Corporation's 10 7/8% Sinking Fund Debentures due 2010 previously purchased on the open market and no longer outstanding will be used to meet future sinking fund requirements of such issue. \$9.0 of such principal amount was used for the sinking fund payment due July 15, 1996.

Products Corporation borrows funds from its affiliates from time to time to supplement its working capital borrowings at interest rates more favorable to Products Corporation than interest rates under the Credit Agreement. No such borrowings were outstanding as of September 30, 1996.

In June 1996, \$10.9 in notes due to Products Corporation under the Financing Reimbursement Agreement from Revlon Holdings Inc. was offset against the \$11.7 demand note payable by Products Corporation to Revlon Holdings Inc.

The Company's principal sources of funds are expected to be cash flow generated from operations and borrowings under the Credit Agreement and other existing working capital lines. The Company's principal uses of funds are expected to be the payment of operating expenses, working capital and capital expenditure requirements and debt service payments.

The Company estimates that capital expenditures for 1996 will be approximately \$60, including approximately \$12 for upgrades to the Company's management information systems. In addition, cash payments related to the 1991 and 1992 restructuring charges are estimated to be approximately \$15 for 1996. Pursuant to a tax sharing agreement, the Company may be required to make tax sharing payments to Mafco Holdings Inc. as if the Company were filing separate income tax returns, except that no payments are required by the Company if and to the extent that Products Corporation is prohibited under the Credit Agreement from making tax sharing payments to the Company. The Credit Agreement prohibits Products Corporation from making any cash tax sharing payments other than in respect of state and local income taxes. The Company anticipates that, as a result of net operating tax losses and prohibitions under the Credit Agreement, no federal tax payments or payments in lieu of taxes pursuant to the tax sharing agreement will be required for 1996.

As of September 30, 1996, Products Corporation was party to a series of interest rate swap agreements (which expire at various dates through December 2001) totaling a notional amount of \$225.0 in which Products

REVLON, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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(DOLLARS IN MILLIONS)

Corporation agreed to pay on such notional amount a variable interest rate equal to the six month London Inter-Bank Offered Rate (5.625% per annum at October 22, 1996) to its counterparties and the counterparties agreed to pay on such notional amounts fixed interest rates averaging approximately 6.03% per annum. Products Corporation entered into these agreements in 1993 and 1994 (and in the first quarter of 1996 extended a portion equal to \$125.0 notional amount through December 2001) to convert the interest rate on \$225.0 of fixed-rate indebtedness to a variable rate. If Products Corporation had terminated these agreements, which Products Corporation considers to be held for other than trading purposes, on September 30, 1996, a loss of approximately \$7.2 would have been realized. Certain other swap agreements were terminated in 1993 for a gain of \$14.0. The amortization of the realized gain on these agreements for the nine months ended September 30, 1996 and full year 1995 was approximately \$2.4 and \$3.2, respectively. The remaining unamortized gain, which is being amortized over the original lives of the agreements, is \$3.9 as of September 30, 1996. Although cash flow from the presently outstanding agreements was positive for the nine months ended September 30, 1996, future positive or negative cash flows from these agreements will depend upon the trend of short-term interest rates during the remaining lives of such agreements. Based on current interest rate levels, Products Corporation expects to have a positive cash flow of \$0.5 from these agreements in 1996. In the event of nonperformance by the counterparties at any time during the remaining lives of the agreements, Products Corporation could lose some or all of any possible future positive cash flows from these agreements. However, Products Corporation does not anticipate nonperformance by such counterparties, although no assurances can be given.

Based upon the Company's current level of operations and anticipated growth in net sales and earnings as a result of its business strategy, the Company expects that cash flows from operations and funds from currently available credit facilities and refinancings of existing indebtedness will be sufficient to enable the Company to meet its anticipated cash requirements for the foreseeable future on a consolidated basis, including for debt service. If the Company is unable to satisfy such cash requirements, the Company could be required to adopt one or more alternatives, such as reducing or delaying capital expenditures, restructuring indebtedness, selling assets or operations, seeking capital contributions or loans from affiliates of the Company or issuing additional shares of capital stock of the Company. The Company, as a holding company, will be dependent on the earnings and cash flow of, and dividends and distributions from, Products Corporation to pay its expenses and to pay any cash dividends or distributions on the Class A Common Stock that may be authorized by the Board of Directors of the Company. The terms of the Credit Agreement, the Senior Subordinated Notes, the 1999 Senior Notes and the Senior Notes generally restrict Products Corporation from paying dividends or making distributions, except that Products Corporation is permitted to pay dividends and make distributions to the Company, among other things, to enable the Company to pay expenses incidental to being a public holding company, including, among other things, professional fees such as legal and accounting, regulatory fees such as Commission filing fees and other miscellaneous expenses related to being a public holding company and to pay dividends or make distributions up to \$5.0 per annum in certain circumstances to finance the purchase by the Company of its Class A Common Stock in connection with the delivery of such Class A Common Stock to grantees under the Revlon, Inc. 1996 Stock Plan. However, there can be no assurance that cash flow from operations and funds from existing credit facilities and refinancing of existing indebtedness will be sufficient to meet the Company's cash requirements on a consolidated basis.

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q for the quarter ended September 30, 1996 as well as other public documents of the Company may contain forward-looking statements which involve risks and uncertainties. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectation and estimates as to future financial performance, including growth in net sales and earnings, cash flows from operations, capital expenditures and the availability of funds from refinancings of indebtedness. In addition to factors that may be described in the Company's Commission filings, including this filing, the following factors, among others, could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by the Company: (i) difficulties or delays in developing and introducing new products or failure of customers to accept new product offerings; (ii) changes in consumer preferences, including reduced consumer demand for the Company's color

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cosmetics and other current products; (iii) difficulties or delays in the Company's continued expansion into the self-select distribution channel and development of new markets; (iv) unanticipated costs or difficulties or delays in completing projects associated with the Company's strategy to improve operating efficiencies, including information system upgrades; (v) effects of and changes in economic conditions, including inflation and monetary conditions, and in trade, monetary, fiscal and tax policies in countries outside of the U.S. in which the Company operates, including Brazil; (vi) actions by competitors, including business combinations, technological breakthroughs, new product offerings and marketing and promotional successes; and (vii) combinations among significant customers or the loss, insolvency or failure to pay its debts by a significant customer or customers. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements which use the terms "believes," "expects," "plans," "anticipated" or "anticipates" to be uncertain and forward-looking.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Exhibit No.

10.8 Second Amended and Restated Operating Services Agreement, by and among Revlon Holdings Inc., Revlon, Inc. and Revlon Consumer Products Corporation, effective as of January 1, 1996.

(b) REPORTS ON FORM 8-K - None

S I G N A T U R E S

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 thereunto duly authorized.

REVLON, INC.

Registrant

By:/s/William J. Fox

By:/s/Lawrence E. Kreider

William J. Fox
Executive Vice President
and Chief Financial Officer

Lawrence E. Kreider
Senior Vice President, Controller
and Chief Accounting Officer

Dated: November 6, 1996

SECOND AMENDED AND RESTATED
OPERATING SERVICES AGREEMENT

by and among

REVLON HOLDINGS INC.,

REVLON, INC.

and

REVLON CONSUMER PRODUCTS CORPORATION

June 24, 1992

(Amended and Restated as of January 1, 1996)

SECOND AMENDED AND RESTATED
OPERATING SERVICES AGREEMENT

OPERATING SERVICES AGREEMENT dated as of June 24, 1992, as amended as of January 1, 1993, amended and restated as of September 1, 1993, amended as of January 1, 1994 and amended and restated as of January 1, 1996 (this "Agreement"), by and among Revlon Holdings Inc., a Delaware corporation ("Holdings"), Revlon, Inc., a Delaware corporation and a wholly owned subsidiary of Holdings ("Public Co."), and Revlon Consumer Products Corporation, a Delaware corporation and a wholly owned subsidiary of Public Co. ("Operating Co.").

W I T N E S S E T H:

WHEREAS, pursuant to an Asset Transfer Agreement, dated June 24, 1992 (the "Transfer Agreement"), by and among Holdings, National Health Care Group, Inc., a Delaware corporation and a wholly owned subsidiary of Holdings, Charles of the Ritz Group Ltd., a Delaware corporation and a wholly owned subsidiary of Holdings, Public Co. and Operating Co., Public Co. has acquired from Holdings and Operating Co. has acquired from Public Co., among other things, the Contributed Assets (as defined in the Transfer Agreement, capitalized terms used and not defined herein shall have the meanings ascribed to them in the Transfer Agreement); and

WHEREAS, Holdings owns certain assets relating to the Charles of the Ritz, Visage Beaute, Bill Blass, Ellen Tracy, Norell, Alexandra de Markoff, Guess and New Essentials businesses (such brands and any brands hereinafter transferred from Operating Co. to Holdings, in each case, to the extent retained by Holdings (and not sold, licensed, sublicensed or otherwise disposed of to Operating Co. or any third party) are collectively referred to herein as the "Retained Brands").

WHEREAS, in connection with and as part of the Transfer Agreement, Operating Co. is willing to perform, or cause its subsidiaries to perform, for Holdings or subsidiaries of Holdings those services for the Retained Brands as set forth herein, for the consideration and upon and subject to the other terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

SERVICES

Section 1.1 Services. Operating Co. hereby agrees to provide, or cause its subcontractors, subsidiaries or subsidiaries' subcontractors to provide, such services (the "Services"), including but not limited to manufacturing, warehousing, invoicing, collection (taking into

account adjustments for returns, allowances and related items), accounting, management information services, research and development, advertising, sales, promotional, marketing, management, licensing, tax, treasury (including making payments on Holdings' behalf), legal and distribution services, for the Retained Brands as had been provided by Holdings, or subsidiaries of Holdings, for the Retained Brands prior to the date hereof or as are reasonably necessary or desirable in order to operate the Retained Brands.

Section 1.2 Retained Brands Inventory. (a) At such time as a third party shall order inventory transferred to Operating Co. pursuant to the Transfer Agreement which relates to the Retained Brands (other than New Essentials), Operating Co. shall sell to Holdings, and Holdings shall purchase from Operating Co., such inventory at a price equal to the value of such inventory as reflected on the books of Operating Co. Such sale to a third party shall be satisfied using such inventory.

(b) At such time as any raw materials, packaging, bulks and componentry ("basic inventory") transferred to Operating Co. pursuant to the Transfer Agreement which is exclusively related to the Retained Brands is converted into finished goods inventory of the Retained Brands, Operating Co. shall sell to Holdings, and Holdings shall purchase from Operating Co., such inventory at a price equal to the cost of goods of such inventory, as reflected on the books of Operating Co. Sales to third parties of such inventory shall be for the account of Holdings.

Section 1.3 Manufactured Goods. At such time as any finished goods inventory of the Retained Brands is manufactured by Operating Co. pursuant to this Agreement, Operating Co. shall sell to Holdings, and Holdings shall purchase from Operating Co., such inventory at a price equal to the cost of goods of such inventory, as reflected on the books of Operating Co.

ARTICLE II

PAYMENT FOR SERVICES

Section 2.1 Payment for Services. Holdings shall pay Operating Co. a fee in cash (the "Service Fee") for the Services provided hereunder which shall be equal to (i) all of Operating Co.'s (and its subsidiaries') and Public Co.'s direct and indirect costs (including an allocable portion of corporate overhead) in connection with providing the Services, all as allocated by Operating Co., and (ii) a fee equal to five percent of the net sales (determined on a basis consistent with Operating Co.'s published financial statements) of the products of the Retained Brands (other than sales of products of the Retained Brands by Operating Co. to Holdings pursuant to Section 1.2 hereof).

Section 2.2 Payment of Charges. Operating Co. shall provide a schedule to Holdings on or before the 30th day following each calendar month calculating the Service Fee

and the payments due pursuant to Section 1.2 hereof, annexing schedules in reasonable detail itemizing the charges so scheduled and the calculations thereof. Payment (net of Holdings' accounts receivables collected by Operating Co. on behalf of Holdings which shall be applied by Operating Co. for payments due Operating Co. hereunder) shall be due on or before the 45th day following each calendar quarter.

ARTICLE III

TERM

Section 3.1 Termination. (a) Subject to Section 6.3 hereof, each of Holdings or Public Co. may terminate this Agreement effective at the end of any calendar month upon 90-days written notice provided, however, that Public Co. may not terminate this Agreement with respect to any Rights owed to a third party arising out of, related to or due to ("related to") the Retained Brands existing on the date hereof or entered into with the consent of Public Co. or Operating Co. for so long as such Rights remain in effect.

(b) Upon the termination of this agreement in accordance with its terms, Operating Co. shall sell to Holdings, and Holdings shall purchase from Operating Co., any finished goods or basic inventory related to the Retained Brands (other than New Essentials) at a price equal to the value of such inventory, as reflected on the books of Operating Co.

ARTICLE IV

INDEMNIFICATION

Section 4.1 Indemnification. (a) Holdings shall indemnify and hold harmless Public Co., Operating Co., their respective subsidiaries and their respective directors, officers, employees, representatives and agents (collectively, the "Public Co. Indemnified Parties") from and against any and all Losses of any kind whatsoever that may be incurred by, imposed upon or asserted or awarded against a Public Co. Indemnified Party related to Public Co.'s, Operating Co.'s or Operating Co.'s subsidiaries performance of the Services, except to the extent the same are related to a Public Co. Indemnified Party's gross negligence or willful misconduct.

(b) Public Co. and Operating Co. shall jointly and severally indemnify and hold harmless Holdings, its subsidiaries and affiliates (other than Public Co. and its subsidiaries) and their respective directors, officers, employees, representatives and agents (collectively, the "Holdings Indemnified Parties") from and against any and all Losses of any kind whatsoever that may be incurred by, imposed upon or asserted or awarded against a Holdings Indemnified Party to the extent related to the gross negligence or willful misconduct of Public Co.'s or Operating Co.'s performance of the Services.

(c) Notwithstanding anything in subsection (a) or (b) to the contrary, Public Co. and Operating Co. shall jointly and severally indemnify and hold harmless a Holdings Indemnified Party for all Losses on account of pollution or the violation of any environmental law, regulations, rules or orders of any federal, state, local or foreign government to the extent directly related to the provision of the Services hereunder, other than Losses attributable to the period prior to the date hereof.

Section 4.2 Insurance. The amount of any claim by a party entitled to indemnification under this Agreement (an "Indemnatee") shall be reduced by any insurance or other benefits which the Indemnatee receives in respect of such Loss. If any Loss for which indemnification has been provided is subsequently reduced by any reimbursement from insurance coverage or other sources, the amount of such reduction shall be remitted to the indemnifying party. The Indemnatee shall use its reasonable efforts to obtain such benefit or reimbursement.

ARTICLE V

ADDITIONAL COVENANTS

Section 5.1 Confidentiality. Holdings and Public Co. and Operating Co. acknowledge that in connection with the performance of Services hereunder, each of (i) Holdings and (ii) Public Co. and Operating Co., as the case may be, will gain access to highly confidential and proprietary information regarding the other and its financial and business affairs, and each of (i) Holdings and (ii) Public Co. and Operating Co., as the case may be, hereby agrees to keep such information confidential and further agrees not to disclose such information to a third party (other than for the purposes of this Agreement and the transactions contemplated hereby), without the prior written consent of the other party except (i) as required by law or the rules of any stock exchange on which any of its securities are listed, (ii) in respect of information to the extent publicly available through no fault or breach hereof by either Holdings or Public Co. or Operating Co., as the case may be, (iii) in respect of information obtained from a third party not, to the knowledge of the party obtaining such information, under any obligation to either Holdings or Public Co. or Operating Co., as the case may be, or (iv) in respect of disclosure made in connection with the \$500,000,000 Credit Agreement dated as of June 24, 1992 by and among Operating Co., the lenders parties thereto, The Chase Manhattan Bank, N.A., Chemical Bank and Citibank, N.A., as Managing Agents, and Chemical Bank, as Administrative Agent or any amendment thereto or credit agreement resulting from the refinancing thereof or any successor credit agreement.

Section 5.2 Limited License. (a) Holdings hereby grants to Operating Co. (and its subsidiaries) during the term of this Agreement a non-exclusive royalty-free license to those trademarks, patents and other intellectual property rights owned by or licensed to Holdings on the date hereof that are Excluded Assets under the Transfer Agreement, other than any intellectual property rights which are the subject of the Sublicensing Agreements, or that come into existence during the

term of this Agreement, and that would have been Excluded Assets had they been in existence on the date hereof used in the manufacturing, marketing, advertising, promotion, distribution or sale of, or research and development in connection with, the Retained Brands (the "Holdings Intellectual Property") subject to and on the condition that Operating Co. at all times adhere to the methods, formulas, specifications and other quality standards of Holdings in effect from time to time in order that the products and services identified by the Retained Brands shall be of a standard and quality satisfactory to Holdings.

(b) Operating Co. acknowledges the ownership (or license rights, as the case may be) of the Holdings Intellectual Property in Holdings and agrees that Operating Co. shall obtain no right of ownership or any other right whatsoever over and in relation to the Holdings Intellectual Property through any right herein permitted, and that all use of the Holdings Intellectual Property shall inure to the benefit of Holdings. Operating Co. agrees not to use the Holdings Intellectual Property after the termination of this Agreement.

(c) Operating Co. hereby grants to Holdings during the term of this Agreement a non-exclusive royalty-free license to continue to use those trademarks, patents and other intellectual property owned by Operating Co. on the date hereof that are Contributed Assets under the Transfer Agreement used in the manufacture, marketing, advertising, promotion, distribution or sale of, or research and development in connection with, the Retained Brands (the "Operating Co. Intellectual Property") subject to and on the condition that Holdings at all times adheres to the methods, formulas, specifications and other quality standards of Operating Co. in effect from time to time in order that the products and services identified by the Retained Brands shall be of a standard and quality satisfactory to Operating Co.

(d) Holdings acknowledges the ownership of the Operating Co. Intellectual Property in Operating Co. and agrees that Holdings shall obtain no right of ownership or any other right whatsoever over and in relation to the Operating Co. Intellectual Property through any right herein permitted, and that all use of the Operating Co. Intellectual Property shall inure to the benefit of Operating Co. Holdings agrees not to use the Operating Co. Intellectual Property after the termination of this Agreement.

Section 5.3 Force Majeure. (a) If performance by Operating Co. of any of the Services is prevented or delayed by strikes, walkouts, fires, embargoes, war or other outbreak of hostilities, acts of federal, state, municipal or other government agencies, delays of carriers or suppliers, public emergency, act of God, or any other cause (including the foregoing) which is beyond Operating Co.'s reasonable control (each, a "Force Majeure Event"), such delay or failure to perform shall not be deemed a breach of this Agreement but any such duty or obligation, the performance or satisfaction of which has been delayed thereby, shall remain in force and shall be performed or satisfied pursuant to this Agreement as soon as said performance or satisfaction becomes legally and commercially practicable. In the event of such a failure or delay, Operating

Co. shall provide its full cooperation to Holdings to secure another party or parties to provide the Services.

(b) Holdings shall have the right to terminate the Services on five days written notice if a material interruption of the provision of such Service is continuous for a period of 30 days unless such interruption is cured prior to the end of the notice period.

ARTICLE VI

RIGHT OF FIRST REFUSAL

Section 6.1 Grant of Right of First Refusal. (a) If Holdings receives a bona fide offer (the "Offer"), from an individual or entity other than Public Co. or Operating Co. (a "Third Party") which Holdings desires to accept, to purchase or otherwise acquire all or any part of the Retained Brands, Holdings shall within 48 hours after it determines that it desires to accept such Offer submit to Public Co. and Operating Co. a notice of such Offer (the "Offer Notice") together with a complete copy of the contract, letter of intent, term sheet, agreement in principle or similar document in respect of such Offer if such has been submitted to Holdings or, if such has not been submitted to Holdings, a reasonably detailed description of the terms of such Offer, including, but not limited to, the name of the proposed purchaser, the price and consideration offered, the duration of the Offer and any other material terms and conditions of the Offer.

(b) Either of Public Co. or Operating Co. shall have the right (the "Purchase Right") at any time during the 90-day period (the "Exercise Period") commencing on the date of Public Co.'s and Operating Co.'s receipt of the Offer Notice to notify Holdings that it intends to purchase the Retained Brands on terms substantially the same as those specified in the Offer Notice by delivering to Holdings a written notice (the "Exercise Notice") to that effect prior to the expiration of the Exercise Period. The Exercise Notice shall also specify a closing date (the "Closing Date") which shall not be later than the later of (i) the closing date specified in the Offer or (ii) 30 days after the date of the Exercise Notice.

(c) If the consideration proposed to be paid by such Third Party consists of non-cash consideration, Public Co. or Operating Co. may, at its election, pay the fair market value of such non-cash consideration (or any part thereof) in cash. The fair market value of such non-cash consideration shall be determined in good faith by Holdings and Public Co. or Operating Co.

(d) The closing associated with the sale of all or a portion of the Retained Brands (the "Closing") shall occur on the Closing Date and at a place and at a time mutually agreed upon by Holdings and Public Co.

(e) If Public Co. or Operating Co. fails to deliver an Exercise Notice during the Exercise Period or the Closing shall not occur by the Closing Date, Holdings shall be free to sell such portion of the Retained Brands to the Third Party on terms no less favorable to Holdings

as those specified in the Offer Notice for a period of 180 days after the earlier to occur of (i) the expiration of the Exercise Period and (ii) the date Public Co. or Operating Co. declines to exercise its Purchase Right, provided Holdings shall give Public Co. and Operating Co. notice of such sale at least ten days prior to the closing therefor together with a copy of each definitive agreement relating thereto. If the sale or transfer of the Retained Brands is not so consummated within such period or if any of the terms or conditions of the proposed sale or transfer are modified in any manner materially adverse to Holdings, Holdings shall not have the right to sell, dispose of or otherwise transfer such portion of the Retained Brands unless and until it re-offers Public Co. and Operating Co. the Purchase Right pursuant to the terms of this Article VI. Thereafter, Public Co. shall have the rights set forth in this Section 6.1 with respect to such renewed or modified offer as if the same were an original Offer as described above.

(f) If the terms of an Offer are at any time modified, amended or supplemented in any material respect, Holdings shall promptly furnish Public Co. with a copy of such modification, amendment or supplement.

Section 6.7 Notice of Intention to Sell the Retained Brands. If at any time Holdings desires to actively seek offers to purchase all or a portion of the Retained Brands, Holdings shall promptly give Public Co. and Operating Co. a written notice to that effect and shall thereupon make available to Public Co. and Operating Co. for immediate inspection the Retained Brands and other relevant data with respect to the Retained Brands. Holdings shall provide to Public Co. and Operating Co. all written presentations made available to Third Parties in connection with a prospective sale of the Retained Brands.

Section 6.8 Termination. (a) If, in accordance with the terms of this Article VI, Public Co. and Operating Co. elect not to exercise a Purchase Right with respect to all or a portion of the Retained Brands and Holdings transfers the Retained Brands to a Third Party in accordance with the terms of the Offer, Public Co.'s and Operating Co.'s Purchase Right with respect to the Retained Brands so transferred shall terminate upon the transfer of the Retained Brands to such Third Party. Notwithstanding the foregoing, no failure of Public Co. to exercise its Purchase Right as to any portion of the Retained Brands shall be deemed a waiver or limitation of any rights of Public Co. as to any other portion of the Retained Brands.

(b) Upon any transfer of all or a portion of the Retained Brands to a Third Party, this Agreement shall terminate with respect to the Retained Brands so transferred.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Amendment and Modification; Waiver. This Agreement may be amended, modified or supplemented only by written agreement of the parties hereto. The failure of

any of the parties hereto to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefit thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 7.2 Successors and Assigns; Parties in Interest; Assignment. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective permitted successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties hereto, except that Public Co. or Operating Co. may transfer or assign, in whole or from time to time in part, to one or more of their respective affiliates, any or all of its rights and obligations hereunder, and Public Co. or Operating Co. may assign its obligations hereunder with respect to any Service to an entity which acquires the facility at which such Service is performed, provided that such acquirer agrees to assume and perform the same, but no such transfer or assignment to an affiliate or third party will relieve the transferring party of its obligations hereunder.

Section 7.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt by the respective parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(d) if to Holdings, to:

c/o MacAndrews & Forbes Holdings Inc.
38 East 63rd Street
New York, New York 10022
Attention: Glenn P. Dickes, Esq.

(e) if to Public Co., to:

Revlon, Inc.
625 Madison Avenue
New York, New York 10022
Attention: Wade H. Nichols III, Esq.

(f) if to Operating Co., to:

Revlon Consumer Products Corporation
625 Madison Avenue

New York, New York 10022
Attention: Wade H. Nichols III, Esq.

Section 7.4 Expenses. The payment of taxes incurred in connection with this Agreement shall be governed by the Tax Sharing Agreement (as defined in Section 7.7 hereof). Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 7.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

Section 7.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.7 Entire Agreement. This Agreement, the Transfer Agreements, the Reimbursement Agreement, the Real Property Asset Transfer Agreement, the Sublicensing Agreements and the Tax Sharing Agreement, and the exhibits and schedules hereto and thereto, as such agreements may be amended or modified, constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, among the parties with respect to the subject matter hereof.

Section 7.8 Captions. The captions herein are included for convenience of reference only and are not intended to be part of or affect the meaning or interpretation of this Agreement.

Section 7.9 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 7.10 Severability. This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof, which shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto here caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

REVLON HOLDINGS INC.

By: /s/ Glenn P. Dickes

Glenn P. Dickes
Vice President

REVLON, INC.

By: /s/ Robert K. Kretzman

Robert K. Kretzman
Vice President

REVLON CONSUMER PRODUCTS
CORPORATION

By: /s/ Robert K. Kretzman

Robert K. Kretzman
Vice President

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